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FEATURED Q&A

Do Countries Have Enough Capacity to Handle Migrants?



Migrants fleeing political and economic turmoil have been flooding out of Venezuela and Nicaragua. A group of Venezuelan migrants in Cali, Colombia is pictured above. // Photo: City of Cali.

Q This year, massive flows of migrants have fled economic and political tumult at home for other countries in the Americas. Some 2.3 million Venezuelans have poured out of their country, according to the United Nations, fleeing to Colombia, Brazil and elsewhere. In Costa Rica, a backlog of more than 15,000 Nicaraguans await processing, joining 8,000 already there following street violence and state repression that has shut down entire sectors of the economy in recent months. Northern triangle countries in Central America also continue to see their citizens leave for the United States, despite heated rhetoric over immigration. What is the state of intra-regional migration in the Americas, and will migrant flows pose significant political and security risks for the region's governments in the months ahead? How much capacity, and tolerance, do countries of the hemisphere have for accepting migrants, and where are tensions and hot spots most likely to flare up? Can international organizations and foreign aid provide meaningful relief, considering the scale of the problems?

A Laura Chinchilla Miranda, former president of Costa Rica: "In recent years, the Northern Triangle countries have suffered the scourge of criminal violence, which, combined with high levels of poverty, has resulted in a massive exodus of people. The number of migrants from El Salvador, Guatemala and Honduras in the United States has increased by 25 percent between 2007 and 2015, and the UNHCR estimates that irregular displacement from Mexico to the United States has reached around half a million people per year. Moving

Continued on page 3

TODAY'S NEWS

POLITICAL

Authorities Raid Fernández's Homes in Corruption Case

Argentine authorities searched the homes of former President Cristina Fernández de Kirchner in connection with the so-called "notebooks" corruption scandal.

Page 2

BUSINESS

Cargill to Build \$140 Million Facility in Brazil

The U.S.-based food corporation plans to build the facility to increase its production of pectin, an ingredient used in jams, confections and other products.

Page 2

POLITICAL

Colombia, Peru, Ecuador to Discuss Migrants

Colombian, Peruvian and Ecuadorean migration authorities next week will meet in Bogotá to discuss the Venezuelan migration crisis, said Christian Krüger, the head of Colombia's migration authority.

Page 2



Krüger // File Photo: Colombian Government.

POLITICAL NEWS

Colombia, Peru Ecuador to Discuss Migration Crisis

Migration authorities from Colombia, Peru and Ecuador will meet Monday and Tuesday in Bogotá to discuss the mass migration into those countries of Venezuelans fleeing economic turmoil, *El Tiempo* reported Thursday. Christian Krüger, the head of Colombia's migration authority, made the announcement and said the countries will be seeking a regional solution to address the exodus. "This is not a problem that is exclusive to Colombia, Peru, Ecuador or any one country," he said. "This is a regional problem, and we have to address it as such." Venezuelans are not leaving their country "for pleasure," but rather "as a consequence of a series of expulsion policies generated by [Venezuelan President] Nicolás Maduro," Krüger added. Over the past two weeks, Peru and Ecuador have announced tighter entry requirements for Venezuelans, requiring them to have valid passports to cross their borders. However, as with many goods, there are chronic shortages of passports in Venezuela, and Krüger said he did not favor the same restrictions in Colombia. "To demand passports of Venezuelan citizens, when we know that their government is not issuing them, is to punish the people," he said. On Tuesday, Peru's foreign minister said his country's government was calling for a meeting of the Organization of American States' permanent council to discuss the migrant crisis, *Reuters* reported. Some 2.3 million migrants have left Venezuela since 2014, according to the United Nations. Of that number, more than a million have streamed into Colombia over the past 15 months. On Thursday, Ecuador's government withdrew from the regional Venezuela-led Bolivarian Alliance for the Peoples of Our America, or ALBA, bloc, the Associated Press reported. Then-Venezuelan President Hugo Chávez created the ALBA bloc in 2004 in an effort to counter U.S. influence in the region. In withdrawing from the group, Ecuadorean Foreign Minister José Valencia said his

country wants to be "independent" of organizations that seek to impose "specific views" on political and social issues in the region, the AP reported. Under the government of former President Rafael Correa, a leftist, Ecuador and Venezuela had close relations. However, relations have soured during the government of current centrist President Lenín Moreno.

Argentine Authorities Search Fernández's Homes in Graft Case

Argentine authorities on Thursday searched the homes of former President Cristina Fernández de Kirchner as part of an ongoing investigation in the so-called "notebooks" corruption scandal, *Clarín* reported. Approximately 20 police officers with dogs conducted a 12-hour raid into Fernández's residence in Buenos Aires, beginning at noon and continuing through early Friday morning. Another search team entered her country home in Río Gallegos in Patagonia. At the same time, police raided a convent just



Fernández // File Photo: Argentine Government.

outside Buenos Aires, where two years ago a former official in Fernández's administration was found hiding a bag with \$8 million in cash, *Agence France-Presse* reported. More than a dozen high-level executives and former government officials have been arrested in the massive corruption probe in relation to the former presidencies of Fernández and her late husband, Néstor Kirchner. Secret notebooks kept by Óscar Centeno, the former driver of a public works official, allegedly describe deliveries of bags of cash as political payments for state contracts. On Wednesday, Judge Claudio Bonadio, who is leading the case into

NEWS BRIEFS

Former Swiss Banker Pleads Guilty in PDVSA Money Laundering Case

Matthias Krull, a former Swiss banker, on Wednesday pleaded guilty to laundering \$1.2 billion embezzled from Venezuelan state oil company PDVSA in a case that involves close relatives of an uncited Venezuelan official, who sources familiar with the case say is President Nicolás Maduro, *The Wall Street Journal* reported. As part of his plea, Krull agreed to cooperate in the investigation that would implicate Maduro's three stepsons, who allegedly received \$184 million from the scheme.

Cargill to Build \$140 Mn Facility in Brazil to Boost Production of Pectin

U.S.-based food corporation Cargill will move to invest 550 million reais, or \$140.59 million, in building a new facility in Brazil early in 2019 to boost its production of the food ingredient pectin, the company said Thursday. Pectin is made from citric fruits, and it's used as a texturizer for jams, beverages, dairy products and confections, *Reuters* reported. Bruce McGoogan, head of starches, sweeteners and texturizers at Cargill, said choosing Brazil, which has an abundant citrus fruit supply, will allow the company to meet consumer demand.

Judge Orders Sale of Shares in Citgo's U.S.-Based Parent Company

A U.S. federal judge on Thursday ordered that shares of the U.S.-based parent company of Citgo Petroleum be sold at auction unless Venezuela's government, which controls Citgo, posts a bond, *The Wall Street Journal* reported. The sale was ordered in connection with a case in which defunct Canadian gold miner Crystallex is attempting to collect a \$1.2 billion arbitration award connected to Venezuela's seizure of its assets in 2011.

the multi-million dollar bribery allegations, successfully requested that the Senate partially strip Fernández of her congressional immunity to allow for the searches, AFP reported. That same day, Fernández gave a passionate speech on the Senate floor, calling Bonadio a “puppet” and calling the case political persecution, Clarín reported. [Editor’s Note: See related [Q&A](#) in the Aug. 13 issue of the Advisor.]

ECONOMIC NEWS

Mexico Will Look to Fintech to Boost Inclusion: Official

Mexican President-elect Andrés Manuel López Obrador’s government will bet on fintech companies and large corporate banks to boost financial inclusion in the country, Arturo Herrera, one of the two incoming deputy finance ministers told Reuters in an interview Thursday. “We will still have to create, or help create, a basic infrastructure that enables transactions between people, or between people and financial institutions, in some of the most rural, most disconnected areas of the country,” Herrera said. Only one-third of adults in Mexico have a bank account, Reuters reported. Moreover, Herrera’s team is assessing the possibility of developing digital banking services, he said, adding that they could also revisit Mexico’s fintech law. Current President Enrique Peña Nieto in March signed a new measure to regulate the country’s fintech sector, seeking to prevent money laundering and establish stability, Notimex reported. López Obrador, who is to take office Dec. 1, has said the fight against poverty and inequality will be one of the cornerstones of his government. Gerardo Esquivel, the other future deputy finance minister, said López Obrador’s administration would carry out “deep reforms” in social programs to reduce poverty and inequality more efficiently, Reuters reported. [Editor’s Note: See related [Q&A](#) in the March 21 issue of the Financial Services Advisor.]

FEATURED Q&A / Continued from page 1

south, other migration crises have resulted from political, economic and social collapse in Venezuela and Nicaragua, at the hands of despotic governments. According to the International Organization for Migration, the number of people exiting Venezuela grew to 1.6 million in 2017 from 700,000 in 2015, most of them going to South American countries, particularly Colombia. The grave situation in Nicaragua, in turn, exponentially spiked the number of requests for asylum in the neighboring country of Costa Rica, with some 23,000 requests in the first three months since the crisis started. On top of these diasporas’ considerable humanitarian effects, it is worth taking note of a worrying change in the reception of migrants in countries such as Brazil, Colombia and Costa Rica, where groups hostile toward migrants can be seen, as well as a tightening of immigration policy toward Venezuela in countries such as Ecuador, Peru and Chile. For this reason, a response is urgent—beyond what each receiving country can do, the international community must respond with resources and, above all, actions that contribute to solving the very causes of such tragic migration: In the case of the Northern Triangle, failed policies with regard to organized crime and drug trafficking, and in Venezuela and Nicaragua, a delayed and erratic reaction by the international community in the face of flagrant human rights violations.”

A Manuel Orozco, director of the Migration, Remittances and Development Program at the Inter-American Dialogue:

“Migration in the Americas has dramatically increased to 38 million people in 2018 as compared to 23 million in 2000. Growth since 2010 is directly associated to political fragility and instability in Colombia, Cuba, El Salvador, Guatemala, Haiti, Honduras, Nicaragua and Venezuela, totaling 13 million people (36 percent of all Latin American migration). This mobility has been neglected, if not ignored, for more than a decade

by Western Hemisphere countries, despite warnings from international groups. The risks to the region are significant insofar as instability is forcing people out and causing hardship on at least 13 million families, affecting their well-being and the personal safety of 50 million people. The consequences of mobility include political and security risks. As more people leave, options for political improvement diminish because many of those migrating constituted a backbone for political change.

“As more people leave, options for political improvement diminish because many of those migrating constituted a backbone for political change.”

— Manuel Orozco

Moreover, politically motivated migration is accompanied with economic insecurity and crisis in several countries. More than half of migrants are seeking short-term economic relief, posing a policy problem and burden on migration management in countries including Colombia, Panama, Costa Rica and Ecuador. This situation is more cumbersome because few countries have historically had a migrant host tradition, and thus it creates a difficult space for policy solutions. All these patterns are creating widespread tensions, from extreme xenophobia to border disputes to public intolerance, which will lead not to expulsion but rather to groups’ vulnerability and marginalization. So far, the international community should focus on three main options: first, seek solutions on how to best integrate these migrants, thinking realistically that their lives are now part of the host country. Second, differentiate strategies for refugee relief and migrant integration, with the former as a group that would return in

Continued on page 4

FEATURED Q&A / Continued from page 3

the short term. Third, assess the magnitude of these flows for the next three years and risk prevention methods to reduce these flows, particularly through a concerted hemisphere-wide view of conflict resolution. The consequences and solutions to the economic and political deterioration of these countries' conditions need to be at the top of the Western Hemisphere's agenda."

A **Tomás Páez Bravo, coordinator of the global project for the Venezuelan diaspora at the Universidad Central de Venezuela and international representative at the Hannah Arendt Observatory:** "Nicaragua and Venezuela are facing huge human displacement throughout the region. Poverty, political persecution, repression and humanitarian tragedy destroying regional trade and employment in these countries helps explain the current migratory flow, which is bound to grow quickly in the coming months as the increase in refugee asylum applications indicates. Those who migrate come from impoverished and malnourished societies with high levels of unemployment. They travel with children who have no access to vaccines, which poses an epidemiological regional risk, and they set up camp in areas, regions and countries that are not prepared to receive or manage the immense exodus. This has repercussions on politics and labor, can generate xenophobic responses and potentially become a source of conflict. Many governments have implemented migratory controls that are insufficient and won't impede the growth of migration. The region, including the Lima Group, has denounced the humanitarian crisis and the destruction of democracy in Venezuela, and, aware of the cause of migration into their countries, has designed policies for integration. Neighbor countries are not economically nor institutionally prepared for the exodus. For this reason, international cooperation and multilateral solutions, including better coordination between governments and private

sectors, are indispensable for alleviating the current situation. A new perspective toward the diaspora is needed; what today is seen as a problem may become part of the solution. Migration boosts consumption and investment, and encourages progress through remittances that will help grow regional trade. Diasporas help reduce global poverty."

A **Ronal Rodríguez, political scientist and professor and researcher in the Venezuela Observatory at Universidad del Rosario in Bogotá:** "In less than two years, Colombia has approximately 1.5 million migrants, including returning Colombians, Colombian-Venezuelans and Venezuelans, and more than 600,000 in transit to countries further south. It is the most important migration phenomenon in the Western Hemisphere, in terms of volume and time, and the main consequences of the collapse of the Venezuelan state at the hands of the chavista regime. Colombia, a country with economic gaps and a faulty social system, now has to face a population that is arriving in great need of humanitarian assistance. It is worth highlighting that the institutional response has been characterized by great solidarity with migrants, as well as by the attention and self-management of civil society to face the challenges of such a phenomenon, particularly by religious organizations and NGOs. The country's highly informal economy—more than 50 percent is informal—has absorbed the incoming low-skilled labor, thus generating survival opportunities in the short term and becoming a source of income for migrants. Colombia has taken the route of solidarity with migrants in a long road that is just beginning, but it faces the difficulties of a phenomenon that will last for a long time."

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