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FEATURED Q&A

What Will Relations With China Mean for El Salvador?



Salvadoran Foreign Minister Carlos Castaneda and his Chinese counterpart, Wang Yi, (L-R) formally agreed to establish diplomatic relations between their two countries in an Aug. 21 ceremony in Beijing. // Photo: Salvadoran Government.

Q El Salvador on Aug. 21 became the latest country to break diplomatic relations with Taiwan in favor of establishing them with China. The move left Taiwan with just 17 nations that recognize its government, nine of which are in Latin America and the Caribbean. Why did El Salvador's government make the move now, and what will it mean for the country's economy? What has severing relations with Taiwan and establishing them with China meant for other countries, such as Panama and the Dominican Republic, which have recently made that move? Will more Latin American and Caribbean countries break relations with Taiwan, and what will result from Taiwan's growing diplomatic isolation?

A Margaret Myers, director of the Asia & Latin America Program at the Inter-American Dialogue: "El Salvador's decision to sever ties with Taiwan came as a surprise to most, including plenty of Salvadorans. The current administration reportedly made the decision behind closed doors, so many high-ranking legislators and officials were caught unawares. China no doubt made a series of promises to the ruling Farabundo Martí National Liberation Front (FMLN) in exchange for its support, but the details of those have yet to surface in their entirety. If Costa Rica, the Dominican Republic and Panama are any indication, El Salvador was likely promised more in the way of Chinese investment and trade, in addition to other cooperative agreements. China has expressed particular interest in upgrading the La Unión port. An infusion of Chinese capital and technical assistance could

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TODAY'S NEWS

ECONOMIC

Canada Rejoins Talks on NAFTA Overhaul

Canadian Foreign Minister Chrystia Freeland met separately in Washington with U.S. and Mexican officials on Tuesday, a day after U.S. President Donald Trump announced a trade deal with Mexico.

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POLITICAL

Nicaraguan Gov't to Blame for Rights Violations: U.N. Report

The government committed human rights violations and failed to stop armed mobs from seizing protesters, according to the United Nations human rights office.

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POLITICAL

Brazil's Temer Sends Troops to Venezuelan Border

Brazilian President Michel Temer signed an order to send troops to the border state of Roraima, where Venezuelan migrants have flooded in.

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Temer // File Photo: Brazilian Government.

POLITICAL NEWS

Brazil's Temer Sends Troops to Venezuelan Border

Brazilian President Michel Temer on Tuesday signed an order to send troops to the border state of Roraima to keep order as an influx of Venezuelan migrants enters the country, fleeing economic collapse, Reuters reported. The border state was the site of riot earlier this month in which residents of the town of Pacaraima attacked Venezuelan migrants after four Venezuelans were blamed for the robbery and beating of a local store owner. Temer said his decision to send troops to the state was an effort to maintain order and protect migrants' safety. "The problem of Venezuela is no longer one of internal politics. It is a threat to the harmony of the whole continent," Temer said. There are currently about one million Venezuelans living in Colombia and more than 400,000 in Peru, the Colombian and Peruvian governments said in a joint statement Tuesday. Only 178,000 of the Venezuelans in Peru are being processed or have legal permission to remain there. The United Nations has said

2.3 million Venezuelans have fled their home country since 2014. Meantime, Colombian and Peruvian immigration authorities met Tuesday in Bogotá to discuss the exodus from Venezuela. The officials vowed to create a joint database in order to share information on the Venezuelan migrants, the Associated Press reported. Colombia's immigration director, Christian Krüger, said the database will make it easier for countries to share information such as immigration status, health care and security. He expressed hopes that Ecuador would also join the database.

U.N. Report Blames Nicaraguan Gov't for Rights Violations

The government of Nicaraguan President Daniel Ortega committed human rights violations and failed to stop armed mobs from seizing protesters, some of whom were sexually assaulted, the United Nations human rights office said in a report released today. The country's human rights cases require urgent action, said the report, which cites political persecution, disproportionate use of force and killings by police during the violent protests, which erupt-

NEWS BRIEFS

Report Links 3,000 Deaths in Puerto Rico to Hurricane Maria

More than 3,000 more deaths than expected happened in Puerto Rico last year in the wake of Hurricane Maria, according to a newly released outside evaluation, The New York Times reported. The study, by researchers at George Washington University's Milken Institute School of Public Health, compared the actual death rate on the island to the death rate that would have occurred had the storm not happened.

Brazil's Haddad Denies Corruption Allegations

Fernando Haddad, former Brazilian President Luiz Inácio Lula da Silva's running mate and the man set to replace Lula if the electoral court bars him from participating in the country's upcoming October presidential election, on Tuesday denied allegations of corruption, the Associated Press reported. Prosecutors on Monday accused Haddad of receiving \$1.6 million in illicit campaign financing from construction company UTC Engenharia in exchange for preferential treatment during his bid for São Paulo mayor in 2012. Haddad denied wrongdoing, adding he canceled the construction project.

Salvadoran Authorities Arrest More Than 400 Members of MS-13 Gang

Authorities in El Salvador have arrested more than 400 members of the Mara Salvatrucha gang, widely known as MS-13, the Associated Press reported Tuesday. In one of the country's largest crackdowns on gangs, the National Civil Police detained individuals reportedly involved in extortion, drug trafficking and planning the murder of police officers. Howard Cotto, director of the national police, on Tuesday said authorities are seeking to destabilize the gang's financial and logistics network.

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certainly benefit Salvadorans, but only if conditions are in place to ensure that Chinese engagement is both environmentally and socially sustainable and will result in concrete gains such as new jobs, tech transfer and/or growth in Salvadoran exports. The FMLN no doubt struck this deal with the February presidential election in mind, and it might benefit from big investment-related announcements in the coming months. But the best outcomes for Salvadorans will require open and transparent debate about the benefits and drawbacks of Chinese projects, and critical study of Latin American experiences with Chinese ports and other investments. The consequences of bad deal-making could otherwise be felt for generations to come."

A Ricardo Cevallos, partner at BLP Abogados in El Salvador:
"Five months before the presidential elections in El Salvador, the FMLN after two consecutive presidential terms is under pressure from voters. It does not have the enormous economic support that it had in the past from Venezuela. While President Sánchez Cerén was announcing the breaking of relations with Taiwan, the foreign ministry of Taiwan was making public that it had received a request from the FMLN for an extraordinary amount of money to finance its campaign ahead of next February's election. Additionally, China is interested in investing in the Port of Cutuco in the eastern part of the country, a Saca

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ed in April. “Repression and retaliation against demonstrators continue in Nicaragua as the world looks away,” Zeid Ra’ad Al Hussein, the U.N. high commissioner for human rights, said in a statement. He added, “I urge the Human Rights Council, and the broader international community, to take concrete action to prevent the current crisis from descending into deeper social and political turmoil.” The report urges the Nicaraguan government to resume talks with opponents, which were suspended when Ortega accused the bishops mediating the talks of taking part in a coup conspiracy, the Associated Press reported. More than 300 people have been killed in connection with the protests, and some 2,000 have been injured, with thousands fleeing the country as demonstrations continue, the report said. [See related [Q&A](#) in the Aug. 24 issue of the Advisor.]

ECONOMIC NEWS

Canada Rejoins Talks on NAFTA Overhaul

Canada rejoined talks with the United States and Mexico to renegotiate the North American Free Trade Agreement on Tuesday, Reuters reported. Canada’s foreign minister, Chrystia Freeland, met with U.S. Trade Representative Robert Lighthizer and Mexican trade officials separately in Washington on Tuesday, a day



Freeland // File Photo: U.S. State Department.

after U.S. President Donald Trump announced a preliminary bilateral deal with Mexico to revise NAFTA, while leaving the door open for Canada to join. Freeland said the U.S.-Mexico agreement “set the stage for productive conversa-

THE DIALOGUE CONTINUES

Do Countries Have Enough Capacity to Handle Migrants?

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 Cynthia Mora Izaguirre, researcher at the National University of Costa Rica: “The economic and political realities in the Americas indicate the propensity for migration flows to be increasingly frequent

tions” for Canada and the other parties this week, particularly “significant concessions” on Mexico’s part in relation to automotive labor and rules of origin, the Voice of America reported. However, several issues remain to be ironed out for Canada to agree to the deal, particularly the existing “Chapter 19” regulation, which establishes a settlement mechanism for dumping disputes among the three countries. The United States has wanted to eliminate the

and numerous. Countries’ lack of stability—economic, political and social—pushes people to migrate. Historically, there have been more contributions than problems from human movement. However, current political rhetoric only hides the contributions and emphasizes the problems, which are not even caused by the migrants, but rather by states’ incapacity to provide equal and adequate conditions for all. This situation has reduced tolerance for migrants in several countries in the region, feelings that the media often stir up, forgetting their social responsibility to report truth and not prejudice. This scenario contributes to the immense challenge of trying to effect change through foreign aid and international organizations, which often lack a clear, long-term plan or simply propose the same solution for different countries across the region, without considering each nation’s particularities and the organization’s political role within each state. Providing and maintaining adequate living standards for all is the state’s responsibility and should not fall to international cooperation—something which is clearly lacking in Nicaragua and Venezuela.”

EDITOR’S NOTE: The comment above is a continuation of the [Q&A](#) published in the Aug. 24 issue of the Advisor.

mechanism, and Mexico agreed, according to Lighthizer. Trump on Monday warned that the United States would proceed with a bilateral deal with Mexico, and while Mexican officials have pushed for a three-country pact, President Enrique Peña Nieto is eager to sign an agreement before leaving office Dec. 1, Reuters reported. However, a bilateral deal could face opposition and a higher vote threshold for approval in the U.S. Congress.

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administration project that never took off. El Salvador's Congress is considering the creation of a special economic area surrounding the port. If all this happens, China will have the opportunity to develop the port and a large trading zone for the manufacturing and distribution of Chinese products. This will certainly help an economy that shows no signs of recovery, but at what cost? Taiwan is losing its battle to China's deep pockets. Other countries in the region began this trend of breaking relations in recent years, but the impact on their economies is still being evaluated. China has benefited with a stronger presence in the region that could soon signify faster routes and the benefits of low tariffs for its commerce with North America and Europe. In addition to the economic aspect, there is growing geopolitical presence of China in the area, which the United States is beginning to show concern about."

A **Carlos Imendia, economic consultant based in San Francisco:** "The tip of the iceberg shows a shadowy move from a government months before it leaves office. Underwater, there are more dangerous driving forces related to geopolitics where a country's strategic position matters, opening the old Pandora's box of the 1980s with new actors, in line with Managua's recent moves on a chessboard filled with China's expansionist experiments. Negative economic implications will affect the whole area in the long run. The integration process in general

and the fate of the Central American Bank for Economic Integration in particular may be imperiled. Taiwan finances regional initiatives and is one of the bank's three largest stakeholders. With this decision, it loses an ally on the bank's board of directors, which

“ El Salvador's move is posing critical uncertainties and tensions with the United States...”

— Carlos Imendia

includes several representatives from nations that have dashed its hopes of becoming a state. Scenarios on future dynamics abound, probably with no deserts. However, El Salvador's move is posing critical uncertainties and tensions with the United States with high costs for Central America's well-being. Let's be clear, even though it has supported development projects, Taiwan also has had a corrupting role in the entire isthmus with its checkbook diplomacy. A declining Taiwan doesn't just reflect China's increasing weight in world affairs; it raises the possibility of other shady deals."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gene.kuleta@thedialogue.org.

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