

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Vice President, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman,
Monarch Global Strategies

Craig A. Kelly

Director, Americas International
Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education
Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Carl Meacham

Associate VP for Latin America
Int'l Advocacy Division, PhRMA

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Jaana Remes

Partner,
McKinsey Global Institute

Ernesto Revilla

Head of Latin American
Economics, Citi

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty

Head of Sovereigns Ratings,
Latin America, Fitch

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

Will Mexico's New Plan for Regional Development Work?



Soon after taking office this month, Mexican President Andrés Manuel López Obrador signed a new development plan designed to curb migration from Central America. // File Photo: Mexican Government.

Q In one of his first acts as Mexico's president, Andrés Manuel López Obrador signed an agreement to work with Guatemala, El Salvador and Honduras on an initiative to curb Central American migration to Mexico and the United States. The plan is designed to address the causes of migration and includes a fund to create jobs in the region. What are the key components of López Obrador's development plan for the Central American countries? Will it succeed in reducing migration north? Will López Obrador be able to convince U.S. President Donald Trump to join and contribute to the initiative?

A Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States: "Despite President Trump's anti-Mexico tirades and his threats to shut down the border, the López Obrador government does well in seeking to underscore that the only way Mexico and the United States will be able to address common challenges is under the tenet of shared responsibility and by de facto acknowledging that Mexico does indeed need to play a role in working hand-in-hand with Washington to enhance security and operational control on both sides of our common border. And it has also correctly articulated that solely deterrence-driven strategies to confront transmigration through Mexico will not work. A truly holistic and long-term strategy that seeks to strengthen institutional resilience and human security and enhance sustainable growth is indispensable to tackle the root causes of refugee and labor displacement

Continued on page 2

TODAY'S NEWS

BUSINESS

Goodyear Shuts Down Operations in Venezuela

The U.S.-based tire manufacturer announced it is shuttering operations and laying off its local workforce in the South American country. The company said Venezuela's economic conditions and U.S. sanctions have made it impossible to continue production.

Page 2

POLITICAL

Macri's Father, Brother to Testify in Notebooks Case

The father and brother of Argentina's president are to testify this week about their alleged connections to a bribery case.

Page 2

POLITICAL

Mexico to Invest More Than \$30 Bn to Stem Migration

Mexico's government is planning to make the investments to boost the economies of its southern states, Foreign Minister Marcelo Ebrard said at a U.N.-backed migration conference in Marrakesh, Morocco.

Page 2



Ebrard // File Photo: Mexican Government.

POLITICAL NEWS

Mexico to Invest More Than \$30 Bn to Stem Migration

Mexico's government plans to invest more than \$30 billion to boost the economies of its southern states over the next five years as part of its efforts to curb migration, Foreign Minister Marcelo Ebrard said Monday, Reuters reported. Speaking at a United Nations-backed conference in Marrakesh, Morocco, Ebrard said the investment was part of a broad policy shift under new President Andrés Manuel López Obrador to stem migration more effectively than "containment measures." Ebrard did not provide details about how the money would be used or which policies may change. "What happens to a migrant today in our nation is a disgrace," said Ebrard, seated alongside the foreign ministers of Guatemala, El Salvador and Honduras. "Mexico can't let this happen anymore." In October, caravans of thousands of migrants began trekking north from Central America in efforts to reach the United States. Some 6,000 eventually reached the U.S.-Mexico border, with many requesting asylum in the

United States. López Obrador has been seeking support from the United States for fighting crime and poverty in Central America, which have led migrants to flee. Also on Monday, Brazil's incoming foreign minister said his country would withdraw from the U.N. migration pact that was adopted in Marrakesh after far-right President-elect Jair Bolsonaro takes office on Jan. 1, France 24 reported. "Immigration is welcome, but it should not be indiscriminate," Ernesto Araújo said in a tweet. "It must serve the national interests and cohesion of each society." Araújo added that the U.N. migration pact is an "inappropriate instrument" for dealing with the "problem" of migration. Brazil would be the third country in Latin America, following Chile and the Dominican Republic, to withdraw from the pact.

BUSINESS NEWS

Goodyear Shuts Down Operations in Venezuela

Tire manufacturing company Goodyear announced on Monday that it was closing its

the United States needs to entail a quid pro quo for Mexico. One-sided concessions or bending backwards to avoid a confrontation with President Trump at all costs should not be on the table."

A Rachel Schmidtke, program associate for migration at the Mexico Institute of the Woodrow Wilson Center: "The agreement between President López Obrador and the governments of the three Central American countries is a step in the right direction toward addressing the root causes of migration from the Northern Triangle. The plan states that the four countries will employ their finance ministries to detail plans that will generate jobs and fight poverty with

Continued on page 4

NEWS BRIEFS

Russia Sends Nuclear-Capable Bombers to Venezuela

Russia sent two nuclear-capable strategic bombers to Venezuela on Monday, according to the Russian Defense Ministry, the Associated Press reported. The Tu-160 bombers, which can carry conventional or nuclear-tipped missiles with a range of 3,410 miles, have previously been used by Russia in Syria. The ministry did not say whether the planes were carrying weapons nor how long they would remain in the South American country.

Father, Brother of Argentina's Macri to Testify in 'Notebooks' Case

The father and brother of Argentine President Mauricio Macri are scheduled to testify in a Buenos Aires court on Thursday on their alleged involvement in the so-called "corruption notebooks" case, Agence France-Presse reported Monday. Franco and Gianfranco Macri's construction company, Socma, allegedly paid bribes in exchange for government contracts to complete a state highway when former President Néstor Kirchner was in office from 2003 to 2007.

Puerto Rico to Repair Hurricane-Damaged Streetlights

Puerto Rico's power company said Monday that it will hire private firms to fix 106,000 streetlights that remain inoperable more than one year after Hurricane Maria hit the U.S. territory, the Associated Press reported. Carlos Alvarado, technical operations chief for the island's Electric Power Authority, said he expects to contract companies starting in mid-January, adding that repairs will cost \$40 million, which the U.S. Federal Emergency Management Agency is to reimburse.

FEATURED Q&A / Continued from page 1

in the Northern Triangle nations. But at the same time, it behooves Mexico to be clear-eyed as it enters into these negotiations with the Trump administration. Given the current political landscape in Washington, it is hard to envisage the U.S. government committing to a multi-year and multi-billion-dollar program in Central America. And any new resources earmarked for a southern Mexico and Central American program would most probably be, in a take-from-Peter-to-give-to-Paul dynamic, redirected from ongoing U.S. cooperation programs with Mexico and Central America and not from additional budgets appropriated for this purpose. More importantly, any Mexican cooperation on supporting a program along the lines of the 'remain in Mexico' proposal put forward by

operations in Venezuela and laying off its local workforce, becoming the latest international company to leave the crisis-wracked country, Bloomberg News reported. Employees reportedly arrived at the company's plant in the city of Valencia and found a note that read, "Goodyear Venezuela has been forced to cease operations." The U.S.-based company issued a statement that said that Venezuela's "economic conditions and U.S. sanctions have made [production] impossible," Reuters reported. Eduardo Brems, a member of the company's factory-workers union, told Bloomberg News that Goodyear is paying severance packages to its more than 1,200 workers and giving each employee 10 tires, which are highly valued in the South American country where shortages of basic goods have become common. Other top foreign companies including Kimberly-Clark and Kellogg have been forced to halt operations in Venezuela amid falling demand for consumer goods. Also on Monday, Venezuela's opposition-controlled National Assembly said the country's consumer prices rose 1.3 million percent so far this year, Reuters reported. Monthly inflation decelerated to 144 percent in November, down from 148 percent in October and 233 percent in September, the National Assembly said in a report. [Editor's note: See related [Q&A](#) in the Aug. 2 issue of the Advisor.]

Court Reverses Order Halting Embraer-Boeing Deal

A Brazilian appeals court on Monday overturned a lower court's order that blocked a proposed tie-up between aircraft manufacturer Embraer's civilian business and U.S. plane maker Boeing, Folha de S.Paulo reported. Last week, the lower federal court blocked the deal following a class-action case brought by four legislators from Brazil's leftist Workers' Party, Reuters reported. However, the government's top lawyer sought for the injunction to be overturned, arguing that the lower court's action violated the constitutional rights of freedom of enterprise. Appeals court judge Luiz Alberto de Souza Ribeiro ultimately ruled that the public interest had not been shown to be at risk and

HEALTH BRIEFS

Thousands of Migrants at U.S.-Mexico Border Diagnosed With Respiratory Infections

Of the more than 5,000 Central American migrants camped out at shelters along the U.S.-Mexico border while they apply for asylum in the United States, more than 3,600 have met with Mexican government health officials, and approximately 2,200 have been diagnosed with respiratory infections, USA Today reported Nov. 29. "UNICEF says [migrant] children have limited access to many of the essential services they need, including nutrition, education, psychosocial support and health care," according to U.N. spokesman Stéphane Dujarric, who also said UNICEF officials are urging all governments involved to speed up asylum procedures. Baja California's health secretary, Guillermo Trejo, said the state has spent seven million pesos, roughly \$345,140, to provide medical services for migrants, who trekked for weeks from Honduras, Guatemala and El Salvador and across Mexico on their way to the United States.

Measles Cases on the Rise in Latin America

The number of measles cases in Latin America increased last year, in line with higher numbers registered all over the world, according to a report by the World Health Organization, or WHO, released in November. Approximately 173,000 cases were officially reported in 2017, up by more than 30 percent from the previous year. Venezuela was among the top three countries with the largest measles outbreaks last year, after Germany and Russia, partly because parents are neglecting to vaccinate their children against the disease. The majority of children without vaccines live in the poorest and most disadvantaged communities around the world, WHO official Ann Lindstrand told Reuters. However, in some parts of Latin America, "negative misinformation or mistrust in immunization" also discourages vaccination, Lindstrand added.



Lindstrand // File Photo: World Health Organization.

Malnutrition, Obesity in Latin America and the Caribbean Increase for Third Consecutive Year

Hunger and obesity are both continuing to rise in Latin America and the Caribbean for the third consecutive year, the United Nations' Food and Agriculture Organization, or FAO, said last month. The number of hungry people increased to 39.3 million people, or 6.1 percent of the population, last year, according to a new report by FAO, the Pan American Health Organization, the United Nations Children's Fund and the World Food Program. A shortage of food in crisis-wracked Venezuela left 3.7 million people, or 11.7 percent of the Venezuelan population, starving in 2017. The report also outlined that the number of obese people in the region is increasing by 3.6 million every year, with one in four adults classifying as obese.

that the injunction by the lower court was "hasty and unfounded," Agence France-Presse reported. Under the tie-up that was announced

in July, Boeing is to take an 80 percent stake in Embraer's commercial business in a \$3.8 billion deal.

FEATURED Q&A / Continued from page 2

the intent to provide citizens with a higher quality of life. An integral development plan is necessary to reduce the push factors of migration from Central America, particularly with stronger commitments from governments in the Northern Triangle. Investing in development, governance and security are the only long-term and effective strategies to curb migration from the Northern Triangle. Development is but one piece of the puzzle, but it is an important piece in which to invest resources. The integral development plan can succeed if the governments of the Northern Triangle not only agree to investing in development, but in making a sincere and committed effort to reduce corruption and weak governance as well, which is truly where the root of the problem lies. Mexico can become an important partner in aiding their development through this plan. The U.S. government has a history of investing in development projects in Central America, so it is possible they would sign on to a joint development plan. President Trump and Congress must be convinced that it will yield tangible results in reducing migration. While there is potential for the United States to join, it may come at a cost. The president might push the 'safe third country' agreement in exchange for signing on to the development deal."

A **Oscar Chacón, co-founder and executive director of Alianza Americas:** "The general framework agreement that the governments of Guatemala, Honduras, El Salvador and the newly installed government of Mexico signed represents a positive and hopeful first step. It recognizes the systemic lack of economic and social opportunities that bind together Central American countries and the southern Mexico region as the most difficult challenge that they face. The framework is also positive in that it recognizes the vastly positive effect that human mobility has had for all countries involved in

the migration circuit that binds these countries together. In this respect, the framework suggests that public-policy solutions to migration based on any notion other than that it has been a blessing are simply wrong. While the framework did not directly mention the United States of America, it is obvious that this nation has to be engaged, as it is the primary destination for Mexicans and Central Americans who have migrated over

“**The framework is also positive in that it recognizes the vastly positive effect that human mobility has had for all countries involved...**”

– Oscar Chacón

the past few decades. Where the framework falls short is in pointing out the need for a truly new development paradigm, if these countries are to have a chance at transforming themselves into countries where very few individuals want to leave. It is not just a matter of raising monumental financial resources. It is also a matter of challenging long-exhausted approaches toward healthy, equitable and sustainable ways of life for most people in this region. One key recommendation for Mexican and Central American leaders is to make sure to involve leaders of organized Central American and Mexican immigrant communities residing in the United States. These communities can play a vital support role in bringing about a new future for this region, where migration becomes a truly voluntary choice and not a forced one as it is now the case."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2018

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gkuleta@thedialogue.org

Anastasia Chacón González

Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior Fellow

Bruno Binetti, Nonresident Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at freetrial@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.