

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

Retired VP, 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

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 Sovereign Ratings,
Latin America, Fitch

Roberto Sifon-Arevalo

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

FEATURED Q&A

How Will Cutting off U.S. Aid Affect Central America?



U.S. Secretary of State Mike Pompeo defended the administration's aid cut to Guatemala, El Salvador and Honduras in an appearance Wednesday on Capitol Hill. The "enormous crisis" at the southern border shows aid hasn't been effective, he said. // Photo: U.S. State Department.

Q The administration of U.S. President Donald Trump on March 30 cut direct foreign aid to Guatemala, El Salvador and Honduras. The move followed Trump's threats to end some \$450 million in aid to the so-called "Northern Triangle" countries, saying they have failed to prevent illegal migration to the United States. How will the decision affect the three Central American nations? Will the move alter migrant flows to the United States? Will Guatemala, El Salvador and Honduras make any major policy changes or turn elsewhere for aid as a result?

A Salvador Paiz, president of FUNSEPA and vice president of FUNDESA in Guatemala City: "More than 76,000 migrants crossed the U.S. border without authorization in February, an 11-year high. Harsher detention policies have not deterred thousands of families from fleeing violence and poverty. The cuts in aid are unlikely to generate any substantive policy changes in the short term and might even spur additional migration. While it has become a common practice to group Guatemala, El Salvador and Honduras into the construct of the 'Northern Triangle,' the three countries are, in fact, independent and have their individual characteristics. In the case of Guatemala, some people do flee to escape from gang violence. However, numerous studies demonstrate that the overwhelming majority of people migrate looking for economic opportunities to better the quality of life for themselves and their families. The announcement to cut aid to the region seems like a 'cold turkey' approach to reassess how the aid is invested and to renegotiate the terms of engagement with each of the three Central American

Continued on page 3

TODAY'S NEWS

ECONOMIC

Lower House of Mexico's Congress OKs Labor Reform

Mexico's Chamber of Deputies approved a landmark labor reform that has been seen as needed for implementation of the trade deal that is to replace NAFTA.

Page 2

POLITICAL

Guatemala's Aldana Says She Was Detained in Honduras

Guatemalan presidential candidate Thelma Aldana, a former attorney general, said she was detained and questioned at an airport in Honduras before returning to El Salvador.

Page 3

ECONOMIC

Red Cross to Nearly Triple Aid to Venezuela

The International Committee of the Red Cross said it would increase its aid to Venezuela to \$24.6 billion. The announcement followed a visit to the country by ICRC President Peter Maurer.

Page 2



Maurer // File Photo: International Committee of the Red Cross.

ECONOMIC NEWS

Red Cross to Nearly Triple Humanitarian Aid to Venezuela

The International Committee of the Red Cross announced Thursday that it is nearly tripling its humanitarian aid to Venezuela, from approximately \$9 billion to \$24.6 billion. The announcement followed a visit this week to Venezuela by the ICRC's president, Peter Maurer, where he met with President Nicolás Maduro, members of his government and lawmakers, the organization said in a statement. "During my visit, I talked to many Venezuelans and I saw how they're facing daily challenges due to the deterioration of fragile basic services, including access to health care," Maurer said in the statement. "Hospitals are having difficulties ensuring they have water, electricity, medicine and enough health staff on site. Our cooperation with and support to the public institutions will be crucial to reverse this trend." With the additional funding, the ICRC said it will be expanding its work in the areas of migration, health, water and sanitation, and detention. The ICRC recently signed an agreement with Venezuela's health ministry to provide Venezuelans with emergency health care. The organization's aid will go to 28 hospitals and eight primary health centers. During his visit to Venezuela, the first by an ICRC president in 24 years, Maurer visited Táchira, on the country's border with Colombia, and Bolívar, on the Brazilian border. During the trip, he met with community members, migrants and people who have been affected by armed violence, as well as patients and medical personnel at three hospitals. "Through my visit I wish to confirm and express ICRC's readiness to scale up our activities in support of the Venezuelan people," he said. Venezuela's health system is crumbling as the country's economy is deteriorating and shortages of food and electricity have become common. Maduro has been accused of minimizing the country's problems, even as millions of people have fled to other countries, The Guardian reported. Maduro has started

letting aid into the country, but in February, he blocked aid from entering by partially closing the country's borders. On Thursday, during the International Monetary Fund and World Bank spring meetings in Washington, the heads of both organizations said they are working to move quickly to address the worsening crisis in Venezuela but added that the South American country's disputed presidency is standing in the way, Reuters reported. Maduro still

“It is for our members to indicate which authority they are recognizing diplomatically so we can then follow through.”

—Christine Lagarde

maintains the support of the military and has recognition from countries including Russia and China, as well as diplomatic representation in the United Nations, while the interim presidency of opposition leader Juan Guaidó is recognized by the Organization of American States, the Inter-American Development Bank, the United States, as well as most of Latin America and Europe. "It is for our members to indicate which authority they are recognizing diplomatically so we can then follow through," IMF Managing Director Christine Lagarde told reporters in Washington. The World Bank's new president, David Malpass, told reporters that Venezuela is "something of a deep concern" to the bank. "The World Bank will be deeply involved and we are preparing for that, but the situation is still troublesome on the ground," he said.

Lower House of Mexico's Congress Passes Labor Reform

Mexico's lower house on Thursday approved a landmark labor reform that allows unions to bargain more effectively on behalf of workers, clearing one of the last obstacles to ratifying

NEWS BRIEFS

Jamaica Signs Deal to Deepen Ties With China

Jamaica's government on Thursday signed an agreement to deepen cooperation with China as part of the Asian country's Belt and Road Initiative, the Jamaica Observer reported. The deal promotes greater collaboration in areas such as trade, infrastructure and financial systems, as well as people-to-people connections. Jamaican Foreign Affairs Minister and Senator Kamina Johnson Smith said the next steps will involve identifying proposals for specific projects and programs.

Indigenous Group Sues Ecuador to Stop Land Auctions to Oil Companies

The Waorani hunter-gatherer community in the Amazon region of Ecuador on Thursday went to court in an effort to stop Ecuador's government from auctioning their land to oil companies, in a lawsuit that may set a precedent for other tribes opposed to drilling, Reuters reported. Nemonte Nenquimo, a leader of the Waorani, said the fight is not just about oil but also about different ways of living, "one that protects life, and one that destroys life," the wire service reported.

Copa Airlines CEO Optimistic About Emirates Direct Flight to Panama

Pedro Heilbron, the chief executive officer of Panamanian airline Copa, said Thursday that he is optimistic that Dubai-based Emirates will start a direct flight to Panama City, Gulf News reported. Emirates had earlier planned to begin direct service to Panama, but the plan was shelved. "It makes a perfect combination with a Dubai hub where we could be connecting all over the Middle East, India and other important cities with Central America, the Andean and Caribbean with the help of Copa Airlines in Panama," said Heilbron.

the trade deal signed last year with the United States and Canada to replace the North American Free Trade Agreement, or NAFTA, The Wall Street Journal reported. Lawmakers overwhelmingly approved the legislation, with 417 votes in support and just one against it. The ruling Morena Party as well as main opposition parties voted in favor. The bill will now go to



Monreal // File Photo: Mexican Government.

the Senate, where it is expected to pass by the end of April, according to Majority Leader Ricardo Monreal, the newspaper reported. The law would give workers the right to elect union leaders in direct elections with secret ballots and aims to eliminate the practice of “protection unions,” in which labor leaders can ratify contracts without consent from workers. The law also complies with labor requirements established in the United States-Mexico-Canada Agreement, or USMCA, El Universal reported. On April 2, U.S. House Speaker Nancy Pelosi had warned that the U.S. Congress would not approve the deal unless Mexico passed a labor reform. [Editor’s note: See related [Q&A](#) in the Feb. 20 issue of the Advisor.]

POLITICAL NEWS

Guatemala’s Aldana Says She Was Detained at Airport

Guatemalan presidential candidate and former Attorney General Thelma Aldana on Thursday said she had been detained at an airport in Honduras before leaving the country for El Salvador shortly afterward, Prensa Libre reported. Aldana, who is among the front-runners ahead

FEATURED Q&A / Continued from page 1

governments. One could argue that it is an opportunity to shift from a charity mindset to a job-creation mindset. The private sector is the natural ally to partner with when it comes to generating the requisite new jobs at scale. The heavy-handed cut in aid sends a message to local governments about their inadequate results in curbing illegal migration. However, it also sends a message to transnational criminal organizations (TCOs), which are joyfully celebrating this isolationist blow. Local governments are ill-equipped to fight TCOs without the support of the U.S. government, and TCOs are aware of it.”

A Ana Quintana, senior policy analyst for Latin America and the Western Hemisphere at The Heritage Foundation: “The historically high levels of migrants apprehended at the southern U.S. border has the White House questioning the utility of foreign assistance to source countries in Central America’s Northern Triangle. In February, border officials reported detaining more than 76,000 individuals, 47 percent being family units with children. That number was the highest figure in over five years until the following month, where more than 92,000 migrants were apprehended, over 50 percent of which were family units with children. The figures demonstrate two key facts. First, the humanitarian and security crisis at the

border is growing. Second, the United States and regional partners are falling short of their goal of decreasing migrant outflows from Central America. While we should be cognizant of the Northern Triangle’s domestic challenges, partner nations should push to see real change. For any country,

“While we should be cognizant of the Northern Triangle’s domestic challenges, partner nations should push to see real change.”

— Ana Quintana

particularly the United States, geography determines foreign policy priorities. It is critical that the Trump administration use this opportunity to find better methods of improving cooperation with our regional counterparts. An important component to this strategy is ensuring funds get to where they are needed. To do so, the administration must continue to reform and streamline foreign assistance programming by addressing burdensome legislative directives and earmarks. Central America’s security and stability is a long-term project, and the United States must be in it for the long haul.”

Continued on page 4

of Guatemala’s June 16 presidential election, is facing an arrest warrant at home in relation to charges including embezzlement and tax fraud. She had fled to El Salvador last month to avoid arrest, running her campaign from there. On Thursday, Aldana flew to Honduras, where she said she had been “arbitrarily detained,” lashing out against what she called the “pact of the corrupt,” in which she included Honduran President Juan Orlando Hernández. “Thelma was taken to an office where she was interrogated,” campaign strategist José Carlos Marroquín told Reuters. Honduras’ national police said in a statement that Aldana had not been

detained. Aldana, 63, denies the accusations against her, dismissing the order for her arrest as politically motivated. Her candidacy gives her immunity, but Guatemala’s electoral tribunal last week revoked it, citing irregularities during her tenure as attorney general. As the country’s top prosecutor, Aldana launched investigations into high-level politicians including former President Otto Pérez Molina, who is now in jail, as well as current President Jimmy Morales. Aldana leads the presidential race with 28 percent of support in the most recent poll, Reuters reported. [Editor’s note: See related [Q&A](#) in the Feb. 1 issue of the Advisor.]

FEATURED Q&A / Continued from page 3

A Sarah Blodgett Bermeo, associate professor in the Sanford School of Public Policy at Duke University and associate director of the Duke Center for International Development: “Migrants and asylum seekers leaving the Central American countries of El Salvador, Guatemala and Honduras are fleeing a combination of violence, food insecurity linked to climate change and lack of economic opportunity. President Trump’s decision to cut foreign aid to these countries removes a key tool the United States has to decrease future migration by improving

“Under international law, these governments cannot legally stop people from migrating out of their countries.”

— Sarah Blodgett Bermeo

the underlying conditions forcing people to migrate. Foreign aid is essential for funding regional security initiatives combating organized crime as well as in-country programs building police capacity to counter gang influence. Well-targeted aid programs can be used to provide immediate food assistance and to promote the adoption of more climate-resistant and profitable crops as well as better agriculture techniques that will reduce the need to migrate. Aid can be used to invest in health, education and job training to improve conditions and economic opportunities in these countries. As a way to force the governments of El Salvador, Guatemala, and Honduras to stop migrants from leaving, the Trump administration’s move to cut foreign aid will be unsuccessful. Under international law, these governments cannot legally stop people from migrating out of their countries. Since much aid is channeled through non-governmental organizations and

U.S. contractors, cuts will hurt vulnerable people, not the governments. Moves to make aid more effective and target it to the most vulnerable locations within countries would be far more likely to decrease future migration than the misguided decision to cut aid to El Salvador, Guatemala and Honduras.”

A Ken Baker, CEO of Glasswing International: “From our perspective, a cut in aid will have a very negative impact on the countries of the Northern Triangle, and the most significant impact will be on the areas that are of greatest concern to the current U.S. administration. The money is not given directly to the governments, and it is mainly targeted to address the root causes of migration, bring accountability and reintegrate returned migrants, in the hopes that they will not return again to the United States. These countries will be less able to deal with the challenges of migration without these funds, the technical support and the ability of the United States to convene and mobilize different actors, such as the private sector, to address the challenges of violence and poverty that afflict their communities. Cutting off aid in such an abrupt manner, especially to critical programs, can also have devastating and counterproductive effects. It takes time to build up the confidence of a community, a partner or a school, to get them to join efforts and meet goals. Abruptly terminating these programs will ensure more challenges with migration, and with no thought-out or agreed-upon exit strategy, it will hurt organizations such as ours. The move will most diminish U.S. influence. There are certainly other countries, such as China, that would love to increase their influence in the region and take advantage of their newly re-established relations here.”

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gene.kuleta@thedialogue.org

Anastasia Chacón González
Reporter
achacon@thedialogue.org



Michael Shifter, President

Genaro Arriagada, Nonresident Senior 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 ebrand@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.