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FEATURED Q&A

Will the U.N. Court End the Belize- Guatemala Dispute?



The territorial dispute between Guatemala and Belize has its roots in the colonial era. Guatemalan soldiers are pictured on patrol near the countries' border. // File Photo: Guatemalan Military.

Q In a May 8 referendum, Belizeans decided to ask the United Nations' International Court of Justice to rule on Guatemala's claim that it owns half of Belize's territory. The referendum followed a similar one more than a year ago in which Guatemalans also voted to send the dispute to the ICJ. How is the court likely to rule on the dispute, the roots of which date back to the colonial era? Why do both Guatemalans and Belizeans have such confidence in their case as to put the matter in the court's hands? What's at stake for both countries in the decision, and would a ruling by the ICJ put an end to the dispute once and for all?

A Alexis Rosado, Belize's ambassador to Guatemala and team leader for the ICJ Referendum Information Campaign: "In a historic referendum on May 8, Belizeans overwhelmingly supported the proposal to submit Guatemala's territorial, insular and maritime claim to the International Court of Justice for final settlement. The 65 percent voter participation in the referendum, where voting is not obligatory, is reflective of Belize's vibrant democratic traditions. With a robust margin in favor of the 'yes' vote—55 to 44 percent—Belizeans overwhelmingly chose to resolve longstanding differences with neighboring Guatemala in a manner that is peaceful and final. The decision came after decades spent exhausting every available avenue for the peaceful settlement of disputes. Resorting to the world's highest court is another mighty step in Belize's never-ending efforts to be at peace with all its neighbors. It also reflects Belize's commitment

Continued on page 4

TODAY'S NEWS

ECONOMIC

Brazil's Economy Contracts in First Quarter

Latin America's largest economy shrank 0.2 percent in the first quarter as compared to the previous three-month period. GDP in the first quarter grew 0.5 percent as compared to the same period a year ago.

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POLITICAL

Former FARC Leader Santrich Freed From Prison

Seuxis Hernández, also known as Jesús Santrich, was released from prison on the orders of the country's Supreme Court. He is wanted in the United States.

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ECONOMIC

Trump to Impose Tariffs on Mexico Over Migration

U.S. President Donald Trump announced his administration would slap Mexico with new tariffs, saying it has failed to stop hundreds of thousands of migrants from traveling through Mexico to the United States.

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Trump // File Photo: White House.

ECONOMIC NEWS

Trump to Slap Mexico With Tariffs Over Migration

U.S. President Donald Trump on Thursday said he would impose new tariffs on all goods from Mexico, saying the country has failed to stop hundreds of thousands of migrants from traveling through its territory in order to reach the United States. Starting on June 10, the United States will impose a tariff of 5 percent on all goods imported from Mexico, the White House said in a statement. The tariffs would gradually increase if Mexico "still has not taken action to dramatically reduce or eliminate the number

“Social problems are not resolved through taxes and coerced measures.”

— Andrés Manuel López Obrador

of illegal aliens crossing its territory into the United States,” the White House said, adding that the tariffs would rise to 10 percent on July 1, to 15 percent on Aug. 1, to 20 percent on Sept. 1 and to 25 percent on Oct. 1. The tariffs “will permanently remain at the 25 percent level unless and until Mexico substantially stops the illegal inflow of aliens coming through its territory,” the White House added. The Trump administration blamed Mexico for the waves of Central American migrants arriving in the United States after traveling through Mexico, saying the neighboring country’s “passive cooperation in allowing this mass incursion constitutes an emergency and extraordinary threat to the national security and economy of the United States.” In response to the announcement, Mexican President Andrés Manuel López Obrador told Trump in an open letter that he did not want confrontation. “The people and nations that we represent deserve that, in any conflict in our relations, as grave as they may be, that we use dialogue and act with prudence and responsibility.” He added, “Human beings

do not abandon their homes for pleasure, but for necessity. It is for that reason, since the start of my government, I have proposed opting for cooperation for development and helping Central American countries with productive investments to create jobs and resolve this painful issue in depth.” López Obrador added that Mexico is complying with its responsibilities, as much as possible and without violating human rights, to stop migrants from traveling through Mexico. “Social problems are not resolved through taxes and coerced measures,” he added.

Brazil’s Economy Contracts 0.2% in First Quarter

Brazil’s economy contracted 0.2 percent in the first three months of the year, as compared to the previous quarter, the first contraction in nine quarters, the Brazilian statistics agency, or IBGE, said Thursday, Agência Brasil reported. Gross domestic product grew 0.5 percent from the same period a year ago. The economy dragged as industrial output declined 0.7 percent in the January-to-March period. The mining sector was particularly hard hit following the collapse of a dam owned by Brazilian iron ore miner Vale in January. The incident killed more than 200 people in the town of Brumadinho in Minas Gerais State and resulted in one of the country’s worst environmental disasters. Vale then announced it would decommission 10 dams similar to the one that failed, shutting down mining operations near them to ensure stability. Other production facilities also shut down following court orders, causing Vale to cut its production forecast for this year by almost one quarter, The Wall Street Journal reported. This had a ripple effect throughout the mining sector, slashing demand for goods and services related to iron-ore production. Brazil’s extractive industry, which includes mining, saw the biggest decline in 15 years, with production falling 6.3 percent as compared to the previous quarter. Meanwhile, confidence that the administration of President Jair Bolsonaro would be able to pass a crucial pension reform through

NEWS BRIEFS

Nicaragua Says it Will Free More Jailed Opponents

Nicaragua’s government said on Thursday that it would release another 50 political prisoners as the opposition threatened more demonstrations if President Daniel Ortega did not free everyone it considers political prisoners, Reuters reported. Ortega’s government has detained hundreds of people during violent protests that first began more than a year ago. The opposition has made the release of the prisoners a requisite of dialogue with the administration, which freed approximately 100 people last week. The government has said it will free all of the anti-government protesters by June 18.

Brazil’s BRF, Marfrig Global Foods Eye Merger

Brazil-based chicken producer BRF and beef producer Marfrig Global Foods are discussing a merger, which would create the world’s fourth-largest meat company by sales, Bloomberg News reported Thursday. The companies, both based in São Paulo, said in securities filings that they agreed to “deepen discussions” on a merger to gain more scale and boost the diversification of its products and geographical presence.

Brazilian Prosecutors Consider Civil Suit Against Banco Bradesco

Brazilian prosecutors are considering a civil lawsuit against Banco Bradesco as they suspect it failed to prevent corruption schemes, Valor Econômico reported Thursday. Prosecutors this week asked a court for an arrest warrant for two Bradesco bank managers in connection to an alleged scheme involving shell companies, fraudulent checks and bank slips that helped launder nearly one billion reais (\$252 million). Prosecutor Eduardo El Hage said Bradesco should have noticed such financial transactions.

Congress has faltered. Bolsonaro's government says the overhaul would save almost one trillion reais (\$251 billion) over 10 years. [Editor's note: See related [Q&A](#) in Tuesday's issue of the Advisor.]

POLITICAL NEWS

Former FARC Leader Jesús Santrich Freed From Prison

A former commander of the Revolutionary Armed Forces of Colombia, or FARC, rebels was released from detention for the second time in less than a month on Thursday, the Associated Press reported. Seuxis Hernández, also known by the alias Jesús Santrich, was freed on the orders of the Supreme Court, which ruled Hernández had parliamentary immunity that protects him from prosecution. The newly formed FARC political party has 10 seats guaranteed in Congress, one of which



Hernández // File Photo: Colombian Government.

belongs to Hernández, though he has not yet been sworn in. Hernández had been released from La Picota prison earlier this month after a special tribunal set up by the country's 2016 peace accord, known by its initials JEP, denied a U.S. request to extradite him on drug trafficking charges. In its ruling, the JEP said there was not enough evidence to determine if the acts happened before or after the signing of the peace deal, the AP reported. Under the agreement, rebels who confessed crimes are spared jail time and extradition, but they are not protected from crimes committed after the signing of the accord. Minutes after his release on May 17, authorities rearrested Hernández,

THE DIALOGUE CONTINUES

Why Does Brazil's Economy Continue to Struggle Along?

Q Brazil's government is cutting its 2019 growth forecast to 1.5 percent, down from 2.2 percent, Economy Minister Paulo Guedes said May 14, adding that it is asking the country's development bank, BNDES, for additional funding of as much as 240 billion reais (\$60 billion) in order to meet current expenditures without resorting to issuing debt. Moreover, central bank data suggests real activity in March declined for the third consecutive month and by larger than expected, on top of activity declines in January and February. What is behind the government's lowered forecast for economic growth this year, and why does it differ from previous estimates? Which sectors are most likely to take a hit, and why? Is supplementary funding from BNDES enough to help the government meet its budget goals?

A Joel Korn, president of WKI Brasil and senior international partner at UPITE Consulting Services: "Regretfully, lower economic growth forecast revisions for 2019 are not over yet. It is likely to continue in the direction of a negligible 1 percent expansion, as in the past two years. Considering the 2015-2016 recession, it marks a worrisome fifth consecutive year of weak economic performance, with the obvious negative implications on per-capita income and unemployment. Previous estimates for an economic recovery in 2019 were somewhat optimistic, largely driven by a perception that the newly installed Bolsonaro government's liberalization policies would trigger an impetus in consumer and investor confidence. The reversal

with the attorney general's office saying it had new evidence to back accusations that he had conspired to traffic 10 metric tons of cocaine into the United States in 2017 and 2018, The Wall Street Journal reported. After his release

of expectations comes from a combination of, first, unexpected political uncertainties at this early 'honeymoon' stage, regarding the government's ability to secure congressional support for a meaningful and sustainable long overdue social security reform, by far the single most important component of the public sector deficit; second, an unchanged fragile economic environment permeated by severe fiscal constraints, limited investment capacity, low productivity and depressing disposable income; and third, the outlook for global economic slowdown and trade tensions, with potential negative implications for the country's exports. An economic turnaround appears now to be more feasible toward the fourth quarter, assuming that Congress will finally approve the challenging social security and tax reforms and, along with them, the beginning of implementation of equally critical deregulation and liberalization measures aimed at unlocking the existing barriers for higher productivity and competitiveness. Until then, virtually all sectors of economic activity will continue to struggle in different degrees, especially the manufacturing and capital goods industry. A partial return of BNDES' funding to the Treasury is only one of a series of initiatives to help meet the tight budget goals. In the meantime, the government will have to resort to inevitable deferral of earmarked and further cuts in current expenditures."

EDITOR'S NOTE: The comment above is a continuation of the [Q&A](#) published in the May 28 issue of the Advisor.

on Thursday, Hernández said he is committed to the peace process. "Long live peace in Colombia!" he shouted to supporters from a balcony at the FARC headquarters, the AP reported.

FEATURED Q&A / Continued from page 1

and faith in the primacy of the multilateral system, as embodied in the United Nations Charter and international law. Belizeans have long been confident in the strength of our legal position. We look forward to the day when Guatemala's claim to Belize will be a thing of the past. But even as we await that day, Belize will continue extending a hand of friendship to its neighbor, Guatemala. Despite historical differences that divide the two countries, Belize will continue making efforts to promote trade, investment, cooperation and overall neighborly relations. Better relations between Belize and Guatemala are necessary and desirable. It is the only way to foster growth, sustainable development and stability for the benefit of the peoples of the two countries and the region."

A **Carlos Sabino, director of the masters and doctorate in history program at the Universidad Francisco Marroquín in Guatemala:** "Most likely, the court will grant something to each of the parties, as it usually does, except in extreme cases. In this case, it may maintain Belize's current territory more or less intact but grant Guatemala one or more if its claims, given the issue's background. Great Britain extended its former colony's territories beyond what it had agreed to with Spain during colonial times and later with Guatemala. Belizeans have in their favor the effective possession of the territory, although it is very sparsely populated. Guatemalans are asking for: part of the territory adjacent to what they already own; islands that were never included in previous agreements, which Belize took de facto; and a definition of territorial waters, which currently doesn't exist. There is currently an 'adjacency zone' between the two countries that is not well defined and that is under the nominal control of the United Nations, which causes constant conflicts, including killing of Guatemalans by Belizean troops in those undefined areas. The court is expected to determine the definite borders and to grant

Guatemala a part (albeit small) of Belize's current territory to eliminate that zone of adjacency, in order to solve the current problems. Guatemala trusts that it will be given control of part of the Belizean territory, with little population, in order to have more rational borders. In general, both countries expect the court ruling to end uncertainty, which allows for better cooperation between them."

A **James Hanley, associate professor of political science at Adrian College:** "Despite debate in Belize about the wisdom of allowing the International Court of Justice to review boundaries long-established on the ground, a ruling in Belize's favor would eliminate the last vestige of a legitimate Guatemalan territorial claim and is likely the only option for final authoritative resolution of the issue. Less evident is what Guatemala expects to gain as international law experts overwhelmingly reject its claim's legal soundness, but likely it is the country's last desperate hope. British, American and OAS opposition make it far too late to take southern Belize by force, and national pride, as well as the voice of the minority of Guatemalans who care about the claim, make it difficult to simply renounce it. Guatemala is unlikely to win any mainland territory, but the boundary they agreed to in the 1931 Exchange of Notes begins at the mouth of the Sarstoon River and does not specify the nearby unoccupied cayes (which also were not part of the Anglo-Spanish treaty), whose status may therefore be more ambiguous than Belize's mainland claims. Belizean control of the cayes denies Guatemala a right of maritime access to the Atlantic. Possibly the worst outcome that is at all likely for Belize is the allotment to Guatemala of unoccupied cayes sufficient for a maritime route. While distasteful to Belizeans, this likely would satisfy Guatemala's primary national interest while laying to rest any further territorial claims."

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