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## FEATURED Q&A

# Will a New Plan Boost Development in Central America?



The United Nations Economic Commission for Latin America and the Caribbean, led by Alicia Bárcena, last month unveiled a new development plan for southern Mexico and Central America's Northern Triangle countries. // File Photo: United Nations.

**Q The United Nations Economic Commission for Latin America and the Caribbean, or ECLAC, on May 20 unveiled a development plan it designed, at Mexico's request, to boost economic and social conditions in southern Mexico and Honduras, El Salvador and Guatemala, in an effort to curb outmigration north from the Central American countries. The plan focuses on reducing unemployment and violence in the region and would cost approximately \$10 billion per year to implement, according to Mexican government estimates. What are the plan's most important proposals, and do they realistically address the root causes of migration in Central America? Where will the necessary capital come from, and what role can the private sector play in advancing the development plan? Will the United Nations and Mexico successfully get support for the plan from the United States and other countries, including Japan and Canada? What other challenges lie ahead?**

**A Julia Yansura and Laura Porras, associates in the Migration, Remittances and Development program at the Inter-American Dialogue:** "ECLAC's proposal starts out strong. It recognizes the importance of addressing the root causes of undocumented migration, the reasons that people are willing to put their lives and well-being on the line: violence, economic stagnation, jobs with low wages and poor working conditions. However, as ECLAC proposes strategies to address these issues, a disconnect arises. Ambitious energy and infrastructure integration proposals are certainly important but are not the most direct ways to address the problem at hand. Other short- and

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## Hondurans Take to Streets in Violent Protests

Violent protests continued in the Central American country despite President Juan Orlando Hernández's withdrawal of decrees to set up entities to overhaul the education and health sectors.

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## Brazil Suspends Beef Exports to China Over Mad Cow Case

Shipments were halted in compliance with quarantine and sanitary protocols.

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### ECONOMIC

## Mexico Eyes Retaliation After U.S. Tariff Threat

Mexico is considering retaliation following U.S. President Donald Trump's announcement of new tariffs on the neighboring country. Mexican Foreign Minister Marcelo Ebrard is in Washington this week, seeking an agreement to avert the tariffs.

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Ebrard // File Photo: Mexican Government.

## ECONOMIC NEWS

## Mexico Considering Retaliation Following Trump's Tariff Threat

Mexico is considering retaliatory action following U.S. President Donald Trump's threat to impose tariffs on all Mexican exports to the United States but would rather convince the Trump administration to reach a negotiated solution, senior Mexican officials said Monday, *The Wall Street Journal* reported. The Mexican government sent a high-level delegation led by Foreign Minister Marcelo Ebrard to Washington this week for meetings with U.S. officials

“We want free trade to prevail in North America.”

— Graciela Márquez

in an attempt to reach an agreement that is in both countries' best interests. Trump last week threatened to impose 5 percent tariffs on all Mexican goods starting June 10. The duties would gradually increase to 25 percent by October if Mexico fails to “substantially” stop the flow of migrants traveling through Mexico toward the United States, Trump said last week. Mexican Economy Minister Graciela Márquez said Mexico was exploring several possibilities for retaliatory action, including resorting to a multilateral organization, such as the World Trade Organization, or impose its own tariffs on selected U.S. goods. “We're getting prepared, but we trust that diplomacy and actions to persuade and convince to maintain integration and trade relations will work,” she said. Adding, “We want free trade to prevail in North America.” Meanwhile, Republican U.S. lawmakers are reportedly discussing whether they should vote to block Trump's planned tariffs, *The Washington Post* reported, citing unnamed sources familiar with the talks. Trump's declaration of a national emergency at the U.S.-Mexico border allows him to impose the tariffs, but Congress can override a

national emergency determination by passing a resolution of disapproval. Such a resolution could also block billions of dollars in border wall spending that relies on the national emergency declaration, unnamed sources told *The Washington Post*. [Editor's note: See related [Q&A](#) in Monday's issue of the Advisor.]

## POLITICAL NEWS

## Hondurans Take to Streets in Violent Demonstrations

Violent protests continued in Honduras on Monday despite President Juan Orlando Hernández's decision to concede to demonstrators' demands a day earlier, *Reuters* reported. On Sunday night, Hernández vowed to overturn two decrees approved last year to set up entities to overhaul the country's education and health sectors. Critics say the reforms would have privatized public services and led to mass layoffs, which Hernández's government had denied. The decrees were officially revoked on Monday, and the administration has sought dialogue with unions and trade groups that op-



Hernández // File Photo: Honduran Government.

posed the reforms. The groups have demanded several conditions for talks, including that the topics of health and education be tackled together. Protests began nearly a month ago, but they have intensified in recent days, with tens of thousands of people taking the streets and violent clashes with police. Late last week, demonstrators set fire to tires and other objects outside the U.S. embassy, *CNN* reported. They also burned and looted some 30 shipping

## NEWS BRIEFS

## Brazil Halts Beef Exports to China Following Case of Mad Cow Disease

Brazil has suspended beef exports to China after a case of mad cow disease was reported in the state of Mato Grosso, the latest blow to Brazilian meat exporters, *Bloomberg News* reported Monday. Shipments have been halted in compliance with quarantine and sanitary protocols between the two countries, the Agriculture Ministry said. Cargoes shipped after May 30 must be returned or redirected to other destinations. The ministry called the case “atypical,” as the infected cow contracted the disease spontaneously instead of through contaminated meals.

## U.S. House Passes Disaster Relief Bill That Includes \$1 Billion for Puerto Rico

The U.S. House of Representatives on Monday passed long-delayed legislation that will provide \$19.1 billion in aid to states and territories hit by flooding, hurricanes and other disasters, *The Washington Post* reported. The measure, which U.S. President Donald Trump is expected to sign, includes more than \$1 billion in aid for Puerto Rico. The Senate approved the bill last month.

## Maritime Workers' Strike Halts Grains Shipments at Argentina's Rosario Port

A maritime workers' strike in Argentina has halted shipments in three terminals of Rosario, the country's main grains port, the Chamber of Port and Maritime Activities said on Monday, *Reuters* reported. The strike, which the Union of United Maritime Workers organized to demand higher wages, started on Friday and does not have an end date even though the Argentine government ordered compulsory conciliation. The Rosario port accounts for 80 percent of Argentina's agriculture exports.

containers with the logo of fruit company Dole. Strikes have also brought operations at public hospitals and schools to a halt. Classes have been suspended for about three weeks, and consultations in public health centers have been suspended for nearly a month, Reuters reported. [Editor's note: See related [Q&A](#) in the May 13 issue of the Advisor.]

## BUSINESS NEWS

# Santander to Hire New Tech Staff for Brazil Unit

Spain's Banco Santander has announced that it plans to hire 400 new technology staff members for its Brazil unit, ZDNet reported Monday. The announcement is part of the bank's \$2 billion investment plan to boost its digital operations in its markets around the world, the technology news website reported. Santander's operations in Brazil account for 30 percent of that investment, the bank said. Santander is planning to hire Java, Android and iOS developers, as well as artificial intelligence and data engineers. The bank is seeking to hire new technology employees for positions ranging from entry-level to management jobs, most of which will be located in São Paulo at a Santander campus known as "Digital Generation." The bank launched the campus last year as a central location for its technology staff. "We offer competitive pay, as well as professional development opportunities in a working environment that is dynamic, motivating and challenging," said Marino Aguiar, the bank's technology executive director. The move to more digital offerings has been a major focus of Brazilian banks. Mobile banking in the South American country increased 24 percent last year as compared to the year before, according to a study that Deloitte carried out for the Brazilian Banking Federation, Febraban. Six of every 10 banking transactions in Brazil are carried out with a computer or a mobile device, the report said.

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medium-term actions are very much needed. Ideas such as strengthening local products, developing regional value chains and promoting environmental and technological services may be quite promising in terms of addressing some of the employment issues that are driving migration from the region. Unfortunately, these ideas are included in the proposal almost as an afterthought, buried among large-scale infrastructure projects, which may end up displacing some of the very people that the proposal seeks to retain. Likewise, the plan does well to mention financial inclusion but could go further in terms of promoting asset-building, especially among remittance recipients who have more disposable income and therefore a strong capacity for saving and investing. Promoting reinvestment in local businesses that are linked to the knowledge economy can also have important and immediate benefits for the region. With regard to migration policies, the plan states that it will work to develop human rights protections for migrants and refugees, as well as 'interventions' in cities of origin, transit and destination for migrants, but it does not offer additional detail into what these might look like or how they might be financed. There is a final issue that may be beyond the scope of the plan but that needs addressing: the responsibilities of governments in providing mechanisms for legal migration, particularly in light of strong demand for foreign labor from the United States."

**A Federico Schaffler, director of the Texas Center for Border Economic and Enterprise Development at Texas A&M International University:** "Almost everyone knows that it is better to prevent than to fix or cure. The ECLAC plan addresses the conditions of Central American inhabitants that have to migrate because of poverty, violence and lack of education or job opportunities. The money that Mexico, Honduras, Guatemala and El Salvador can direct to this effort will

never be enough, and that is why the United States needs to invest in this plan, assisted by other important world economies. The offer to deal with the reasons why people leave their countries should reduce the number of asylum applicants and migrants, but the beacon of hope that the United States has been for decades will still be there, brightly shining. Dealing with the security of people in their own countries, so they opt to stay there, should work better than other physical or rhetorical measures. Some social and structural proposals (education, health and peace) have a longer lasting impact than the short-term benefits of infrastructure construction jobs, but the real key is to improve quality of life while strengthening the social fabric of local communities. This could very well reduce the appeal of migrating, but it will never end it. This plan needs a type of investment that a politician understands, and not the tangible return on investment that a businessman expects. The benefits might be easily quantifiable in dollars and cents saved in border construction projects, human resource deployments and jobs for Americans, but its biggest impact will be in the long run, in all of these countries."

**A Todd Bensman, senior national security fellow at the Center for Immigration Studies:** "A key issue that must be settled ahead of any development assistance package to Northern Triangle countries is whether accountability controls will be sufficient to defeat the corrupt siphoning of funds from designated purposes. Unfortunately, the current record of corruption and unverifiable progress of most prior aid should not inspire confidence that Northern Triangle governments can manage blank checks that arrive with more trust than accountability mechanisms. Take, for example, the 2014 U.S. Strategy for Engagement in Central America aid appropriated to reduce the push factors thought to be driving the unaccompanied-minors border migration

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crisis. The funding came with 42 indicators to track progress. A January Congressional Research Service (CRS) study concluded, 'It is unclear what the agencies have achieved thus far.' While more time may be necessary to measure results, the study noted that reporting of measurements for earlier USAID funding packages was all 'outside the control of the U.S. government.' Years of this kind of aid were intended to help countries reduce factors driving migration, such as violent crime, abusive policing and arbitrary governance. But CRS reported most of the assistance had achieved 'mixed results,' particularly in the area of violent crime and feelings of security. Whatever the case, violent crime that earlier funding was intended to reduce is most often cited by Northern Triangle citizens arriving as asylum-seeking migrants in a current surge that had reached 100,000 per month by May. No evidence to date indicates wholesale siphoning away of aid. But the prognosis is not hopeful, given Transparency International reports that Honduras, Guatemala and El Salvador remain plagued by widespread governmental corruption, nepotism and clientelism. Political leaderships in all three countries remain embroiled in corruption investigations and allegations with no sign of resolution. These conditions are ripe for diverting any aid that is not distributed under tightly controlled conditions by donor nations."

**A** **Miguel Gomis Balestreri,** director of the Department of International Relations at Pontificia Universidad Javeriana in Bogotá: "The integral development plan for Mexico and Central America generates more questions than answers. Asking ECLAC for help was a rational and canny move. Evidently, it was going to generate a coherent and relevant proposal, but it is just step two of the road started with the IDB's 2015 Alliance for Prosperity Plan (PAPTN). There

are several challenges. First, the proposal is pragmatic on paper, but implementation is undefined. It's a good response and the framing helps gather support from donors, but it has limitations. First, talking about human rights is not about the economy—navigating both narratives in the face of a U.S. government with a business mindset is risky. Second, the plan deepens the delegation of transnational formulators under technocratic arguments without appealing to civil society. Third, there is no debate when it comes to the development model—Can the plan overcome the IDB's mantra regarding the private sector and the neoliberal model? Tourism and extractive activity don't always generate quality jobs or local business. How can it mitigate this? And fourth, there is no clarity regarding institutional weakness. How does the proposal work around public administrations and use traditional channels of cooperation? The second challenge is international and national support. Trump is still not convinced, and it won't be easy to convince him. The plan might survive—barely—with alternative support, but having U.S. backing is better than not. Moreover, El Salvador's change in government, elections in Guatemala and scandals in Honduras hurt the plan's legitimacy and credibility. A third challenge is coordination with other initiatives, including PAPTN, MACCIH or CICIG. Fourth, the plan departs from traditional circuits of international cooperation for its formulation, but can it do so for its implementation when ECLAC has no capacity in this regard? The fifth challenge is coordination among the Northern Triangle countries and other key actors. In a context of climate change and demographic pressure, migration is a fact, not an option. In that sense, the question is: what capacity does Mexico have to lead?"

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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