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FEATURED Q&A

Will Mexico Be Able to Help Honduras Create New Jobs?



Mexican President Andrés Manuel López Obrador and Honduran President Juan Orlando Hernández (L-R) met last month to discuss a new job creation plan. // Photo: Mexican Government.

Q Following a meeting in July between Mexican President Andrés Manuel López Obrador and Honduran President Juan Orlando Hernández, Mexico's government announced it would help Honduras create 20,000 jobs by December with a focus on coffee growers and farmers. What does the planned job program consist of, and will it realistically create the promised jobs in such a short time period? In what other ways and areas can Mexico help boost development in Honduras? How well is Mexico working with Central American nations as it seeks to reduce the number of migrants traveling through its territory toward the United States, and has the López Obrador administration successfully avoided the tariffs that U.S. President Donald Trump threatened to impose if it did not reduce migration north?

A José Maria Ramos, professor and researcher at Colegio de la Frontera Norte in Tijuana, Mexico: "Mexico's collaboration with Honduras through the 'Sembrando Vidas' and 'Jóvenes Construyendo el Futuro' programs will represent a series of challenges for and commitments from the Honduran government, if it intends to reduce irregular migration with viable alternatives of community development in particular. The fundamental challenge is whether 20,000 jobs can be created through these two programs to reduce incentives for irregular migration. One of the challenges of Mexico's new migration policy and its relations with Honduras will be to reconcile human mobility—the right to emigrate—with priorities of the state to regulate and control international migration and its implications for national security and immigration control. To the extent that Mexico and Honduras manage

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TODAY'S NEWS

ECONOMIC

Brazil's Lower House Approves Pension Reform

Brazil's Chamber of Deputies approved a landmark pension reform, which President Jair Bolsonaro's government has said could save the government some \$253 billion over the next decade. The measure still faces debate in the Senate.

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BUSINESS

Cuban Gov't Vows to Defend Itself Against Exxon Suit

Cuba vowed to defend itself against ExxonMobil, which has accused the country of "unlawful trafficking" of its assets.

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ECONOMIC

U.S. Nat'l Security Advisor Warns on Venezuela

U.S. National Security Advisor John Bolton warned countries not to do business with Venezuelan President Nicolás Maduro's government, saying they would risk business interests in the United States.

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

ECONOMIC NEWS

Brazil's Lower House Approves Pension System Overhaul

Brazil's lower house of Congress early today approved a long-awaited pension reform, a key step needed before moving to the Senate, O Estado de S. Paulo reported. The reform, various forms of which have been discussed for 20 years, passed in its second and final vote in the lower house by a margin of 370 to 124 votes, comfortably above the required threshold of 308 votes. Analysts considered the lower chamber's two rounds of votes as the most critical in the bill's congressional approval process, the Financial Times reported. It will now undergo a vote on amendments in the lower house today, which House Speaker Rodrigo Maia told reporters are likely to be rejected. Then the bill will move for review in a senatorial commission and finally two votes before full sessions of the Senate for final approval, which Brazilian lawmakers told the Financial Times they expect by September. Analysts are slightly warier, saying the reform's passage could stretch into October. President Jair Bolsonaro's government estimates that the pension reform, if not watered-down, will save around 1 trillion reais (\$253 billion) over the next decade, a crucial measure to close the government's massive budget gap, Reuters reported. [Editor's note: See related [Q&A](#) in the March 14 issue of the Advisor.]

U.S. National Security Chief Warns Nations Over Venezuela

During a one-day conference Tuesday in Peru, U.S. National Security Advisor John Bolton warned countries against doing business with Venezuelan President Nicolás Maduro's government, saying they could face retaliation from the United States, the Associated Press reported. "We are sending a signal to third par-

ties that want to do business with the Maduro regime: Proceed with extreme caution," Bolton said at the gathering of more than 50 nations aligned against Maduro's government. Bolton's comments came a day after the White House froze all Venezuelan government assets in the United States.

POLITICAL NEWS

Thousands Protest to Demand Honduran President's Ouster

Thousands of protesters took to the streets of Tegucigalpa on Tuesday to demand the resignation of President Juan Orlando Hernández, just days after U.S. prosecutors accused his campaign of taking drug money, La Prensa reported. The protest in the capital turned violent, and riot police used water cannons and tear gas in attempts to disperse demonstrators. "The narco must go! JOH must go!" protesters shouted, using the president's initials, Reuters reported. Protesters armed with rocks and sticks clashed with officers, and at least five people were treated for injuries, according to the Red Cross. At least three businesses in the city were set on fire. Late last week, U.S. prosecutors alleged in a court document that Hernández's 2013 presidential campaign had received money from drug traffickers. "Drug proceeds" had added \$1.5 million to Hernández's campaign, and the money was used to bribe local officials in exchange for the completion of public works projects and also for protection, the prosecutors alleged in the document, filed in the U.S. Southern District of New York. Hernández denied the allegations and said he was the target of a smear campaign by drug gangs his government has targeted. He also accused political rivals, including former President Manuel Zelaya, of working with drug gangs in order to discredit him. The protest was organized by the Platform for the Defense of Education and Public Health, a group of public-sector workers and trade union members who have sought to unseat Hernández over

NEWS BRIEFS

Brazil in 'Advanced' Trade Talks With South Korea, Japan: Bolsonaro

Brazil is in "advanced" stages of trade talks with South Korea and Japan, Brazilian President Jair Bolsonaro said at a forum in São Paulo on Tuesday, adding that the South American country has received special attention from U.S. President Donald Trump, Reuters reported. Last week, U.S. Commerce Secretary Wilbur Ross was in Brazil, where he said negotiations on a possible free trade agreement were underway.

Argentina's Industrial Output Declines in June for 14th Straight Month

Argentina's industrial production declined 6.9 percent in June as compared to the same month a year ago, Reuters reported Tuesday, citing government data. The drop marked the 14th consecutive month of declines in the country's industrial output. Just the construction sector saw a 11.8 percent fall in June, year-on-year, the government data showed. The country's economy, the third largest in Latin America, is in a recession, amid an inflation level of more than 50 percent.

Armed Robbers Steal \$2 Million in Gold Coins From Mexican Mint Office

Armed robbers on Tuesday broke into the office of a Mexican government coin manufacturer, where they stole more than \$2 million worth of gold coins from a vault that had been left open, security officials said, Reuters reported. The same "Casa de Moneda" branch in Mexico City was broken into last year while the building was undergoing renovations, according to Mexican media. The robbery, which occurred in broad daylight, is the latest high-profile crime to rock Mexico City, where crimes have been increasing, according to the report.

his plans for public services. Pressure against Hernández, a U.S. ally, has been growing since November when his brother, Juan Antonio Hernández, was arrested in Florida on charges of conspiring to smuggle large amounts of cocaine into the United States, BBC News reported. At the time, the president said that while his brother's arrest had been difficult for his family, no one was above the law. [Editor's note: See related [Q&A](#) in the June 13 issue of the Advisor.]

BUSINESS NEWS

Cuba Vows to Defend Itself Against ExxonMobil Lawsuit

Cuba will defend itself in a U.S. court against oil giant ExxonMobil, which has accused two firms in the Caribbean nation of "unlawful trafficking" of its assets following Fidel Castro's 1959 communist revolution, the Cuban government said Tuesday, Agence France-Presse reported. ExxonMobil in May filed a lawsuit in federal court in Washington seeking \$280 million from state-owned Cubapetróleo, or Cupet, and Cimex, which operates service stations on the island. The Standard Oil refinery at Havana Bay, which Cupet now operates, was the first U.S. property that Castro seized after the company refused to process oil from the Soviet Union, Reuters reported. Standard Oil was later broken up into several companies, one of which was Exxon. Cuban state television said "it's not the first time, nor is it unusual, for Cuban entities to defend their interests in the U.S. judicial system," saying it had happened more than 40 times, AFP reported. Exxon was the first company to sue Cuba since the administration of U.S. President Donald Trump decided to enforce a section known as Title III of the 1996 Cuban Liberty and Democratic Solidarity Act, or the Helms-Burton Act after its sponsors, that had not been implemented by any U.S. administration since its passage, Reuters reported. [Editor's note: See related [Q&A](#) in the March 18 issue of the Advisor.]

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to reconcile these two priorities, it will be possible to make viable an alternative model to the Central American migratory flow. The two programs, which are linked to the Integral Development Plan for Central America and its application in the case of Honduras, are relevant. However, its great challenge is the capacity to implement it with the forecast resources (\$30 million), considering the failed experiences of previous programs and the limited capacity of the Honduran state to control irregular migration with effective local and community development programs that imply higher salaries for migrants. In sum, Honduras has the challenge of implementing these two programs in an effective manner, which implies greater institutional responsibility in terms of more effective management and public policies in the field of community development, which reduce incentives for migration north."

A Rachel Schmidtke, program associate for migration at the Mexico Institute of the Woodrow Wilson Center:

"'Sembrando Vida,' a program launched by the Mexican government as part of a regional development strategy to reduce migration, aims to strengthen agroforestry production systems to generate jobs and improve income. In Honduras, the focus will be on coffee growers. This program, along with a youth development program, aims to create 20,000 jobs by December. Rural agricultural development in Honduras could certainly reduce poverty over time, but this program needs to address many barriers to economic inclusion to bear fruit. Most poor Hondurans lack access to land tenure and credit, which is essential to turn subsistence agriculture into a sustainable cash crop. Furthermore, coffee takes about four years to yield fruit. No poor farmer in Honduras is going to immediately reap the benefits of planting coffee. Sembrando Vida might create jobs, but it will not keep people from migrating if they do not generate enough income to keep

themselves safe from economic shocks, crop failures or myriad vulnerability factors such as illness, violence or climate change. It is a positive step for Mexico to work with Central American nations to reduce poverty and promote development. However, given the accusations against Honduran President Juan Orlando Hernández of using \$1.5 million in drug proceeds to fund his presidential campaign, rural agricultural development will not do much to combat rampant corruption in Honduras unless this program places safeguards on the government. Mexico's development investment is a good idea in theory, but perhaps the money would be put to better use investing in Mexico's migration and refugee infrastructure until the issues of governance in Honduras are addressed."

A Greg Ahlgren, partner at Diaz, Reus & Targ: "Given his roots in Tabasco, AMLO's interest in Central American development cooperation seems genuine and well-intentioned. Nonetheless, slowing the tide of immigrants to the United States is an enormous and perhaps insoluble challenge for AMLO's government. While AMLO has pledged to work with the government of Honduras to create jobs in the agricultural sector, this may be doomed to failure by the underlying forces of climate change. And, looking toward Mexico's northern border region, AMLO's government has been relocating migrants from Mexican border towns to interior cities such as Monterrey, but without any real follow-up support for the relocated migrants in terms of employment, housing or social services, so that also seems unlikely to lead to any solutions. That said, there does appear to be an interesting possibility under consideration at Mexico's northern border. The governor of Nuevo León, Jaime Rodríguez, has recently proposed to AMLO's team the creation of a migrant sanctuary city in the border region municipality of Anáhuac, providing agricultural and other formal-sector sources of employment to Central Ameri-

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cans migrants, which seems to have promise for resolving some of the social tensions in Mexico that have resulted from the recent waves of migration. Hopefully, AMLO and Rodríguez can set aside their rivalries from the 2018 presidential election—an election in which both men sought to upend the traditional political parties—to begin implementing a plan of action with real prospects for success.”

A **Tiziano Breda, researcher for the Northern Triangle and Nicaragua at the International Crisis Group:** “President López Obrador’s plan is one side of Mexico’s two-pillar approach to curb migration, with the other being stricter border patrol and deportation policies. These have led to a temporary reduction in arrivals to the U.S. border in the past couple of months. However, the combination of these policies is unlikely to produce any sustained change in Honduras’ emigrant outflow. Tougher security measures are likely to make informal routes—controlled by criminal organizations—thrive and are straining the capacity of returnees’ attention centers in Honduras. The economic assistance for Honduras looks more like a symbolic move to bait other international partners, particularly the United States, to sign on with a larger investment, at a time when U.S. development aid has been largely terminated. Poverty and underemployment are still crucial drivers of emigration, but the promised job creation will only be temporary if it does not entail efforts to mitigate the effects of climate change-induced droughts and floods and to raise coffee prices. Moreover, widespread insecurity and indignation at ineffective and often corrupt national institutions, which favor the spread of illicit activities in unprotected local communities, continue to push Hondurans northward. Initiatives backed by Mexico and other foreign actors should be based on a comprehensive assessment of the Honduran agricultural system and its possibilities, as well as communities’ needs. They should

also aim to strengthen state governance and ensure strict accountability to avoid graft. Finally, they should be coupled with support to police and judicial investigative branches in order to tackle corruption and impunity, still at sky-high levels.”

A **Guillermo Peña, president of the Eléutera Foundation in San Pedro Sula, Honduras:** “Mexico’s plan to help create job opportunities in Honduras is a noble cause but has few expected effects. The main part of the agreement is a reforestation plan in rural Honduras and is complemented by another plan to help to create job opportunities for young Hondurans. It should be noted that the meeting between both presidents demonstrates open communication for more important reforms that are needed to break the migration cycle. The recent large migration is caused by the loss of hope for upward social mobility in Guatemala, El Salvador and Honduras, not a lack of jobs. In order to establish lasting social mobility, the Northern Triangle countries need to focus on establishing: 1) a stronger, redundant and highly interconnected energy market and grid, where Mexico can be a large player; 2) a single, fluid, functioning labor market; 3) a completed customs integration plan and further unification of fiscal policies while quickly implementing a transparent e-government and open data platform to help create trust; and 4) implementation of new ways to eliminate income sources from organized crime and gangs, in order to continue reducing crime rates in the region. Governments don’t create jobs in the private sector, they create rules and systems that favor or discourage the job creation process. Borders will not solve that migration problem, especially borders south of the United States. The problem does not have a quick fix as the pull factors from the United States—a record growing economic cycle and a 3.7 percent unemployment—will continue to attract migrants and push for ever-growing remittances to the Northern Triangle.”

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