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FEATURED Q&A

Will Honduras' President Be Able to Finish His Term?



Honduran President Juan Orlando Hernández is unlikely to voluntarily leave office despite calls for his resignation and street protests, Guillermo Peña writes below. // File Photo: U.S. Government.

Q Honduran President Juan Orlando Hernández on Aug. 13 was in Washington, where he and Organization of American States Secretary General Luis Almagro discussed a new agreement on fighting drug trafficking and addiction. The visit came just days after U.S. prosecutors accused Hernández of accepting campaign donations from drug traffickers, which the president has denied. To what extent do the anti-Hernández protests in Honduras that followed the allegations weaken or threaten his government? How does the situation affect Honduras' relations with the United States? What is the likelihood that the mandate of Honduras' OAS-sponsored anti-corruption commission, MACCIH, will be renewed ahead of its expiration in January—and should it?

A Guillermo Peña, president of Eleutera Foundation in San Pedro Sula: "Honduras is going through its demographic boom, and neither the economy nor quality of life is increasing at the speed needed for its growing young population. So, the protests we have seen in the streets, and the general sentiment among the population, should not be viewed through the lens of the past election cycle. While the protests could lead to a slower economy and lower investment, these are being offset by an increase in remittances from migrants. Therefore, the United States should be worried about more violent protests and political instability, since these will only cause more Hondurans to migrate. It seems clear the protests constitute a threat to the administration, but it does not seem like this will be the way the administration will fall. An impeachment is the only way for a rotation

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Venezuelans Rush to Enter Ecuador Ahead of Visa Rule

Thousands of Venezuelans lined up at border crossings with Ecuador on Sunday in a rush to beat new visa requirements that went into effect at midnight.

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Peru Lowers Growth Forecast

Peru's government revised its economic outlook for this and next year, down to 3 percent and 4 percent, respectively. It had previously expected gross domestic product to grow 4.2 percent this year and 4.5 percent next year.

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POLITICAL

G7 Leaders Call for Action on Amazon

Leaders at last weekend's G7 summit in France were reportedly near an agreement to help fight a record number of fires in the Amazon rain forest. In Bolivia, President Evo Morales suspended his re-election campaign to address the fires raging there, which could cut the nation's GDP in half.

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Morales // Photo: Bolivian Government.

POLITICAL NEWS

G7 Leaders Call for Action on Amazon

Leaders at last weekend's G7 summit in France were reportedly near an agreement to help fight fires in the Amazon rain forest, BBC News reported. French President Emmanuel Macron said on Sunday a deal to provide "technical and financial help" for affected countries was close, according to the report. "Our teams are making contact with all the Amazon countries so we can finalize some very concrete commitments involving technical resources and funding," Macron said. The United Kingdom has offered 10 million pounds (\$12.3 million) in aid. A

Bolivia's business chamber has predicted that the fires will cut the country's GDP in half.

record number of fires, many set by ranchers and farmers to clear land for agriculture, have sent plumes of smoke across the continent, sparking international alarm. Although the fires are burning in Bolivia and other parts of the Amazon, critics have accused Brazilian President Jair Bolsonaro of allowing the Amazon's destruction through anti-environmental rhetoric and a lack of enforcement of deforestation regulations. In the face of mounting pressure from abroad, on Friday Bolsonaro authorized the military to help tackle the blazes in seven states. Bolsonaro, who claimed recently that Brazil lacks the funds to combat deforestation, on Sunday also accepted an offer of support from Israeli Prime Minister Benjamin Netanyahu, *Folha de S.Paulo* reported. Meanwhile, in neighboring Bolivia, President Evo Morales suspended his re-election campaign on Sunday over the fires and said he welcomed foreign aid, a shift in policy, *The New York Times* reported. "Whatever cooperation is welcome, whether it comes from international organizations, celebrities or from the presidents who

offered to help," Morales said in Cochabamba, where he had been campaigning for a fourth term. Morales said he had gotten calls from the presidents of Spain, Chile and Paraguay in recent days with offers of help. By Saturday, the fires had destroyed 2.5 million acres of forestland in the eastern state of Santa Cruz, double the area burned a week ago. As fires were approaching the city of Santa Cruz, residents called on Morales to declare a state of emergency or face street protests. Bolivia's business chamber has predicted that the fires will cut the country's gross domestic product this year in half, *The New York Times* reported.

Venezuelans Rush to Enter Ecuador Ahead of New Visa Rules

Thousands of Venezuelans lined up at border crossings with Ecuador on Sunday in a rush to beat new visa requirements that went into effect at midnight, *El Comercio* reported. Executive Decree 826 requires Venezuelans to apply for a humanitarian visa to enter the country and for those who entered before July 26 to undergo an amnesty and regularization process. Ecuador's government says it spent \$76 million last year to address the Venezuelan migrant crisis. The office of the United Nations High Commissioner for Refugees said it had seen a marked increase in the number of Venezuelans reaching Ecuador this month, with peaks of 3,000 individuals entering per day during the past week, *The Financial Times* reported. The agency estimates that less than 20 percent of Venezuelan migrants plan to return to their country. The Organization of American States has warned that the number of Venezuelans leaving their home country for abroad since 2015 could reach 8 million by 2020, according to the report. Although initially welcomed as refugees, for the most part, migrants are finding host countries to be less accommodating as housing, jobs and health care become increasingly difficult to provide. The U.N. has so far received just \$180 million in donations to address the crisis. [Editor's note: See related [Q&A](#) in the July 11 issue of the Advisor.]

NEWS BRIEFS

Mexican President Shrugs Aside Weak Economy Data

Mexican President Andrés Manuel López Obrador on Friday said he was not worried about Mexico's economy after new data from the national statistics agency showed the country's GDP remained unchanged in the second quarter, edging closer to a recession than previously thought, Reuters reported. "We're concerned about growth, but we're more concerned about development," he said, adding, "Growth is creating wealth, and development is creating wealth and distributing [it]." Initial estimates had shown the Mexican economy growing 0.1 percent during the April-June period.

Journalist in Mexico Stabbed to Death

A journalist in Mexico who faced death threats over reporting that was critical of local government officials was found dead with stab wounds on Saturday, Reuters reported. The state of Mexico said it was investigating the cause of death of a man it identified as Nevith N., 42, whose body was found in the Tejuipilco municipality about 75 miles from Mexico City. Reporters Without Borders identified him as Nevith Condes Jaramillo, who ran the local news site *El Observatorio del Sur*.

Pemex Oil Output Holds Steady in July

Mexican state oil company Pemex's production in July held steady as compared to the previous month with a daily output of 1.671 million barrels of crude, *El Financiero* reported, citing company data released Friday. The figure marks the second consecutive month in which the firm's hydrocarbons production did not register a decline. However, crude production was down 8.34 percent year-on-year. Pemex's exports grew by 8.44 percent in July, as compared to June, selling 1.079 million barrels of crude.

ECONOMIC NEWS

Peru Lowers Growth Forecast

Peru's government has revised its economic outlook for this and next year, down to 3 percent and 4 percent, respectively, the Ministry of Economy and Finances said Friday, El Comercio reported. It had previously expected gross domestic product to grow 4.2 percent this year and 4.5 percent next year, according to data released in April. However, continued trade tensions between the United States and China and slower activity in the mining sector have prompted the government to lower its forecast, Reuters reported. Even so, the government expects Peru to be among Latin America's best-performing economies despite the adverse global context, the ministry said in a statement, adding that the Andean country's growth will accelerate in the coming years, reaching 5 percent in 2023. "Peru's solid macroeconomic fundamentals will be important to face the uncertainty of the international context," the ministry said in the statement, the wire service reported. The government also revised its outlook for Peru's trade surplus this year, down to \$5.643 million from an expected surplus of \$7.429 million in April. Estimates for the budget deficit remain unchanged for this year at 2.2 percent of GDP, but the ministry revised next year's budget deficit up to 2.0 percent of GDP, from 1.8 percent initially, Reuters reported. [Editor's note: See related [Q&A](#) in the Jan. 25 issue of the Advisor.]

Chinese Imports of Oil From Venezuela Fall Sharply in July

China imported sharply less oil from Venezuela in July than the month before, Reuters reported Saturday. Data from China's General Administration of Customs showed China's crude oil imports from the Andean nation fell 62 percent in July from the previous month, to 165,720

JOB POSTINGS

EDITOR'S NOTE: We are pleased to share Latin America-related job postings that companies reading the Advisor and others have listed recently.

Rappi: Head of Communications, Mexico City

MetLife: AVP, Global Strategy, New York

RELX: Head of Government Affairs, Latin America

FTI Consulting: Senior Consultant, Public Affairs (Latin America), Washington

Accion Venture Lab: Latin America Investment Officer, Washington

Red Hat: Vice President, Global, Financial Services and Insurance Industry, U.S./N.Y./Remote

Spotify: Media Manager, Latin America, Miami

Lime: Head of Business Development, Latin America, Miami

Hard Rock International: Area Vice President of Operations—Hotel, Latin America, Miami

Inter-American Development Bank: Senior Specialist, Finance Department, Washington

barrels per day (bpd). Overall, Venezuela's oil exports are estimated to have fallen 17.5 percent in July, slipping to their second-lowest point since Washington imposed sanctions in January, Reuters reported. The July data revealed a sharp decline in oil shipments even before the United States in early August threatened new sanctions on any company that works with the government of Venezuelan President Nicolás Maduro. China National Petroleum Corp., a leading buyer of Venezuelan oil, has halted loadings in August amid concerns over potential hits by the secondary sanctions, according to Reuters.

BUSINESS NEWS

Allianz Buys Auto Insurance Arm of SulAmérica in Brazil

Munich-based insurer Allianz said Friday it had agreed to acquire the automobile and other

property-casualty operations from São Paulo-based SulAmérica. The acquisition will make Allianz one of the top three insurers in Brazil, with a market share of around 15 percent in auto and 9 percent in property-casualty insurance, and establish Allianz as the number two provider of auto insurance there. The purchase price is 3 billion reais (\$727 million). The total premium income from the acquired business totaled 806 million euros (\$898 million) in 2018, with 762 million euros stemming from auto operations. The transaction is scheduled to be completed within the next 12 months, pending regulatory approvals. Moving ahead SulAmérica's operations would be concentrated in health, dental, life and pension insurance and asset management products, according to Reuters. In related news, last month, Brazil's federal government completed an operation that marked its exit from the country's reinsurance market, selling off its shares in the country's biggest reinsurer IRB Brasil Re, BNamericas reported. The public offering raised 7.39 billion reais on the São Paulo stock exchange, one of the largest deals of the year to date.

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without causing institutional weakening. New elections, before the dates established by law in 2021, seem out of the question for the time being. Hernández's visit to the United States silenced many rumors locally, but there are many new elements that will likely come into play, such as his brother Tony's trial, which begins in October. It is unclear how all of this might affect relations with Washington, but the White House might not want, as Trump's re-election campaign gets closer, to see more migrants heading to the United States. The agreement between Honduras and the Organization of American States should extend the MACCIH for a short period. That said, it should also set sunset clauses for the different activities MACCIH performs, gradually reducing its work and transferring those activities into a stronger and more professional public ministry, with the clear goal of leaving the country, having helped to create confidence in local prosecutorial efforts for corruption cases and a more robust rule of law."

A **Christine J. Wade, associate professor of political science and international studies at Washington College:** "Accusations from U.S. prosecutors that Honduran President Juan Orlando Hernández used drug money in his 2013 election campaign merely confirm one of the region's most poorly-guarded secrets: Honduras is effectively a narco-state, and the rot starts at the top. So long as Hernández maintains the confidence of his kleptocratic network and, presumably, the United States, it seems likely that he will remain in power despite widespread protests against his regime. Rumblings within Hernández's National Party, amongst some high-ranking military officials, and within the business sector, could signal fault lines within that network. His brother's upcoming trial will likely be a key pressure point for the administration, both at home and abroad. That said, we're unlikely to see any significant shift in support from the Trump administration so long as Hernández

cooperates with the United States on migration. MACCIH has made slow and uneven progress over the past few years, thanks to a relatively weak mandate and routine efforts by the country's politicians to undermine its work. This week's conviction of Rosa Elena Bonilla, wife of former president Porfirio Lobo, on graft charges offers some glimmer of hope—but also threatens many other powerful interests. With the expiration of MACCIH's mandate looming and CICIG being dismantled next door in Guatemala, it's difficult to be optimistic about the fate of the anti-graft body."

A **Lindsay Singleton, senior vice president, ROKK Solutions:** "The impact of anti-government protests are impossible to predict, but Hernández is certainly no stranger to civic unrest. The biggest difference between the current movement against JOH and the one around his re-election in 2017 is that

“The U.S. government knows exactly who Hernández is...”
— Lindsay Singleton

the United States is no longer clearly on his side. With the allegations of drug conspiracy recently coming to light, there is no guarantee of political support from the U.S. government. What is important to consider here is the timing of these allegations and their use as a political checkers piece. We shouldn't discount the possibility that the Trump administration is showing its hand amidst negotiations with Honduras to curb migrant flows, and, if JOH plays his cards right, the conspiracy allegations may not lead to any charges being filed. Remember—these allegations date back to 2013. The U.S. government knows exactly who JOH is, and that means it can play an outsized role in his administration if it suits Trump's purposes."

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