

BOARD OF ADVISORS

- Diego Arria**
Director, Columbus Group
- Devry Boughner Vorwerk**
CEO,
DevryBV Sustainable Strategies
- Joyce Chang**
Global Head of Research,
JPMorgan Chase & Co.
- Paula Cifuentes**
Director of Economic & Fiscal Affairs,
Latin America & Canada,
Philip Morris International
- Marlene Fernández**
Corporate Vice President for
Government Relations,
Arcos Dorados
- Peter Hakim**
President Emeritus,
Inter-American Dialogue
- Donna Hrinak**
President, Boeing Latin America
- Jon E. Huenemann**
Former Corporate and
Government Senior Executive
- 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
- Shelly Shetty**
Head of Sovereign Ratings,
Latin America, Fitch

FEATURED Q&A

Are Guatemala's New Restrictions on NGOs Justified?



Guatemalan President Alejandro Giammattei last week signed into law the measures to increase the government's oversight of nonprofit groups in the country. // File Photo: Guatemalan Government.

Q A new law regulating NGOs in Guatemala went into effect last month. The measures allow the executive branch to shut down nongovernmental organizations if they are deemed to be disruptive and regulate aspects of NGOs including their finances. What are the reasons for the legislation? What types of NGOs would be most targeted? Do NGOs in Guatemala need more regulation, or is the law an effort to quash dissent, as its detractors claim?

A James Meyer, partner at Harper Meyer in Miami: "It is not surprising that the new law in Guatemala regulating NGOs has received a great deal of criticism from the international community. Without local perspective, outside observers undoubtedly assume that the law is designed to quash political opposition, stifle freedom of speech and unduly restrict democratic activity. There are other factors, however, which might better explain other possible motivations. For example, perhaps because of Guatemala's tragic and violent past, social activist organizations from Western Europe and the United States often seem to focus disproportionately on Guatemala as the unsolicited recipient of their prolific efforts to effect global societal goals, organizing protests using external resources, with the results often crippling industries and even some important public projects. These circumstances, coupled with the politicized nature of United Nations-controlled CICIG during its final years, left the people and institutions of Guatemala weary of foreign interventions and apparent incursions upon their sovereignty. Therefore, it follows that, upon signing the new law into

Continued on page 2

TODAY'S NEWS

POLITICAL

Concerns Over Delayed Guyana Vote Count Rise

Tensions are mounting in Guyana as elections officials failed to meet a self-set deadline for releasing the results of Monday's national elections, according to local media reports.

Page 2

POLITICAL

Argentina, Chile Confirm First COVID-19 Cases

Argentina and Chile said on Tuesday they had confirmed their first case of the new coronavirus, or COVID-19. In both cases, the patients had recently returned from travels, one from Italy and the other from southeast Asia.

Page 2

ECONOMIC

Latin American Growth to Slow Due to New Virus

Investors in Latin America are bracing for lower growth as a result of the coronavirus. Goldman Sachs economist Alberto Ramos has lowered his expectations for growth across the region.

Page 3



Ramos // File Photo: Goldman Sachs.

POLITICAL NEWS

Guyana's Election Authorities Miss Goal for Releasing Results

Tensions are mounting amid conflicting reports in Guyana as elections officials failed to meet a goal Tuesday of releasing the results of Monday's national vote, Stabroek News reported. The Guyana Elections Commission, or GECOM, had said it expected to release results by lunch time, but as of press time this morning, only 418 of the 2,330 polling stations had been processed. Those results show the incumbent APNU+AFC coalition of President David Granger and the opposition PPP/C locked in a tight contest, according to the report. GECOM on Tuesday blamed a number of factors, including inclement weather in one of the regions, for a further delay in announcing the results, the Jamaica Gleaner reported. Voter turnout has been relatively high in the areas that have reported, ranging from 63 percent to 74 percent. Many businesses remained closed Tuesday following small street skirmishes between party supporters on election day. While declaring the voting process credible, Guyana's main business association, the Private Sector Commission, or PSC, on Tuesday called for

results to be released as soon as possible. "We are extremely concerned that the process is very delayed, and we don't have a reason why this is happening," PSC Chairman Gerry Gouveia told a press conference. The absence of results, he said, creates concern and tension among the populace while most businesses had closed. He said that it doesn't bode well for the business community and the economy as a whole. Guyana does not use the "first past the post" system in electing its government, relying instead on proportional representation, which can take longer to count.

Argentina, Chile Confirm First Cases of Coronavirus

Argentina and Chile said on Tuesday they had confirmed their first cases of the new coronavirus, or COVID-19, the Associated Press reported. In both cases, the patients had recently returned from travels, one from Italy and the other from southeast Asia. Argentine Health Minister Ginés González García said the Argentine patient has been in isolation since presenting himself to a private health clinic in Buenos Aires the day he returned. "Fortunately the case is not complicated," González said. "I have every hope and belief that this will

NEWS BRIEFS

AES to Invest \$1.8 Billion in Colombia, Chile

Chilean power company AES Gener has announced plans to invest \$1.8 billion to add approximately 1.6 gigawatts of new wind and solar capacity in Chile and Colombia, Renewables Now reported this week. AES Gener said the projects will be partially financed through a capital increase of \$500 million. The investment will cover 1.1 gigawatts of wind capacity and 500 megawatts of solar capacity, to be added by 2024, according to the report.

British Software Maker Exits Brazil With Sale to Local Management

British accountancy software maker Sage is offloading its Brazilian operation to local management amid "substantial losses," The Register reported Tuesday. The deal is worth £1 million (\$1.28 million) payable on completion, plus "deferred consideration" of up to £9 million. Sage could expect to make a £15 million loss on the sale, according to the report.

Mexican President to Leave Fate of Brewery to Public Consultation

Mexican President Andrés Manuel López Obrador said Tuesday that his government will ask the public whether to allow U.S. company Constellation Brands to open a massive brewery in the border city of Mexicali in northern Mexico, Reuters reported. The brewery, set to be worth more than \$1 billion, has sparked some controversy, with local groups protesting its potential opening on claims that it would cause water shortages. López Obrador said his administration would organize a public "consultation," despite U.S. officials' opposition to the idea. Critics of the process say that a small number of people who turn out for such referendums have held inordinate sway over a project's fate.

FEATURED Q&A / Continued from page 1

effect, President Giammattei said, "This is a sovereign country, and we hope that friendly nations respect our decisions."

A Donald J. Planty, president of Planty & Associates and former U.S. ambassador to Guatemala: "This legislation is the culmination of a longstanding feud among Guatemalan governments, the Guatemalan business community and NGOs working in the country. The NGOs involved work primarily in the countryside among the impoverished indigenous Maya population and provide health, education and related social services. The NGOs see themselves

as missionaries, filling in gaps in the social safety net left by decades of government neglect. Their activities range from providing health services and medicines to environmental protection and more traditional community development activities. Many of these projects are funded by official aid from foreign governments, including the U.S. government; governments often subcontract their aid to NGOs for on-the-ground implementation. Successive Guatemalan governments and the Guatemalan private sector view this work with suspicion and contend that the NGOs embrace a leftist political agenda aimed at turning rural populations against the government and

Continued on page 4

be contained.” Chilean health officials said the 33-year-old patient had been taken to a hospital around 350 kilometers to the south of the capital, Santiago, in the town of Talca. That patient “is now totally free of symptoms here in the Talca hospital and is in isolation,” said hospital administrator Alfredo Donoso. The two new cases brings the total number in Latin America to 17, with Ecuador and Mexico the worst affected countries, with seven and five cases, respectively. Meanwhile, in Brazil, the region’s most populous country, only two confirmed cases remain identified, but the number of suspected cases of infection with COVID-19 has increased from 433 to 488, the Ministry of Health announced in a press conference on Tuesday, The Rio Times reported. By comparison, the United States has had more than 125 confirmed cases and nine deaths.

ECONOMIC NEWS

Latin America’s Outlook Dims Amid Coronavirus Fears

Investors in Latin America are bracing for stronger-than-expected consequences from the global outbreak of the new coronavirus. Despite having only two confirmed cases in its borders, Brazil’s real currency posted a record-closing low on Tuesday of 4.51 reais per U.S. dollar, Reuters reported. Meanwhile, in Mexico, the government of Andrés Manuel López Obrador has been in close contact with the country’s central bank to coordinate a response to building economic pressures, Finance Minister Arturo Herrera said on Tuesday, The New York Times reported. The peso slumped 5.5 percent in the second half of last month, along with other emerging markets hit by a flight to safe-haven assets, but it rebounded more than 1 percent Tuesday in the wake of emergency rate cuts in the United States. That rebound may not last long, as uncertainty over the U.S. election is likely to keep up the pressure on the peso, Reuters reported. Goldman Sachs on Tuesday lowered its 2020 growth forecast in Brazil to 1.5 percent (from

2.2 percent) and in Mexico to 0.6 percent (from 1.0 percent). Elsewhere in the region, the Wall Street investment bank downgraded its growth forecasts in Colombia to 3.0 percent (from 3.4

percent) and in Peru to 2.8 percent (from 3.3 percent). [Editor’s note: See also the Advisor’s [video](#) interview with Fitch’s Shelly Shetty on the region’s sovereign ratings outlook.]

TECH BRIEFS

Four Andean Nations to Remove Roaming Rates

Bolivia, Colombia, Ecuador and Peru will start removing international roaming rates in voice and data communications as part of an initiative that aims to strengthen integration and modernization between the Community of Andean Nations, or CAN, the bloc’s secretary said last month, Reuters reported. The group seeks to eliminate costs for international calls between the four countries by 2022, CAN Secretary Jorge Hernando Pedraza told reporters in the Caribbean city of Cartagena in Colombia, where CAN celebrated the organization’s 50th anniversary. The move “will benefit 111 million Andean citizens who will feel the gains directly in their pockets,” Pedraza said. Last year, members of the Mercosur bloc—Brazil, Argentina, Uruguay and Paraguay—struck a deal to end international roaming rates between them.

U.S. Tech Companies Partner With CBP to Monitor U.S.-Mexico Border

U.S. tech companies are partnering with U.S. Customs and Border Patrol, or CBP, to roll out surveillance technology at the U.S.-Mexico border, Business Insider reported last month, citing federal procurement records. The private contractors include Echodyne, a start-up backed by Microsoft founder Bill Gates, which is currently testing a new version of radar for CBP. Meanwhile, another firm, Anduril, which was founded by consumer virtual-reality pioneer and former Facebook executive Palmer Luckey, is testing a suite of surveillance services for the agency, according to the report. Another start-up backed by venture capital firm Andreessen Horowitz, SkySafe, is marketing anti-drone surveillance technology. Although it is not a contractor with CBP, SkySafe has other contracts with the Pentagon to surveil the border. Over the past year, dozens of tech companies, including SkySafe and Echodyne, filed more than 1,000 applications to experiment radar and communication technology along the border, according to a public database of FCC licenses, Business Insider reported.

Bolsonaro’s National Security Advisor to Determine Role of Huawei in Rollout of 5G Technology in Brazil

Brazilian President Jair Bolsonaro’s national security advisor will ultimately decide whether Chinese telecommunications company Huawei presents security risks for Brazil, according to the country’s telecoms regulator, Reuters reported last month. Brazil is gearing up to auction bandwidth for 5G technology. Though delayed, Leonardo de Moraes, the head of regulator Anatel, expects the auction to take place in November or December of this year. Moraes added that the office of the president’s national security chief, Gen. Augusto Heleno, will ultimately set the rules regarding cybersecurity concerns for 5G technology. Huawei is expected to play a significant role in deploying 5G networks across Latin America despite U.S. efforts to block that growth. [Editor’s note: See related [Q&A](#) in the Feb. 6 issue of the Advisor.]

FEATURED Q&A / Continued from page 2

the country's power structure. Rather than enacting punitive legislation, a better course of action would be for the government and representatives of the private sector to meet with the NGO leadership in an effort to iron out their differences. While some NGO work may be politically tendentious, most of the projects are not politically focused and are sorely needed and welcomed by the local population. Assuming that the government and business leaders share with the NGOs the overall goal of improving life in destitute communities in the countryside, the sides should be able to find common ground in an effort to improve the living conditions of Guatemala's poor."

A **Kathryn Klaas, associate in the Migration, Remittances and Development Program at the Inter-American Dialogue:** "The law introduces regulations that would afford the Guatemalan government greater administrative and fiscal oversight over NGOs, especially those receiving international funding. It also provides a legal basis for shutting down NGOs that do not comply with these regulations or disrupt the public order, regardless of their funding source. The law, however, does not define 'disruptive.' The law would largely affect two groups of NGOs. These are groups that former administrations have labeled as disruptive and, in certain instances, have attempted to interrupt, if not quell, operations and silence leaders. The first group includes organizations, often grassroots and indigenous, that advocate for environmental protections and access to natural resources and ancestral lands. The second group includes organizations that promote anti-corruption initiatives, more independent courts, greater accountability and state-building proposals that are critical of the status quo. Organizations working toward transitional justice may also be targeted. Yes, greater regulation is needed, but in the form of more efficient registration systems and court proceedings involving NGOs, not through legislation that

restricts rights. The law seems to have a dual purpose. On one hand, it protects criminal structures linked to state corruption. It sets the grounds for preventing anti-corruption organizations such as the CICIG from operating in Guatemala and shutting down Guatemalan NGOs that promote the rule of law. The second effect would be to institutionalize mechanisms for silencing social demands by limiting freedom of expression and the right to assembly."

A **Mario Polanco, director of Grupo de Apoyo Mutuo in Guatemala City:** "NGOs contribute to covering gaps left by the state, working with people suffering from health, famine, isolation and neglect. Without them, thousands of people would be living in deplorable conditions, and there would possibly be a higher number of deaths from preventable diseases. Other organizations help people who seek better living conditions, access to land, or truth and justice. As a result of their work, NGOs need to be heard and taken into account by the state and the groups in power, but these don't necessarily want to listen. These power groups run smear campaigns against NGOs and their members and allege little legal control over them, when in reality their operations are contemplated in the constitution, in the law of NGOs and in 14 different laws passed between 1997 and 2009. So, there is a diversity of legal regulations. What the enemies of social organizations want is to annihilate the NGOs that they see as stumbling blocks. Among the causes that motivated the reforms' approval is the fact that some deputies that represent power groups proposed changes to the NGO law with which they intend to exercise so much control that it would make their very existence impossible and inviable on their own. The reforms are designed to shutter the NGOs that irritate some sectors, because they tell the truth, a truth that hurts, because they would rather have a country that is submissive and quiet."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2020

Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Anastasia Chacón González
Reporter & Associate Editor
achacon@thedialogue.org



Michael Shifter, President

Rebecca Bill Chavez, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Héctor Castro Vizcarra, Nonresident Senior Fellow

Julia Dias Leite, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Peter Hakim, President Emeritus

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, Asia and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Xiaoyu Pu, Nonresident Senior Fellow

Jeffrey Puryear, Senior Fellow

Mateo Samper, Nonresident 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.