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FEATURED Q&A

What Can Be Done About Migration From Venezuela?



Venezuelans crossing the Simón Bolívar International Bridge into the border city of Cúcuta, Colombia, last month. // Photo: United Nations High Commissioner for Refugees.

Q Colombian President Iván Duque this month called for countries to use all diplomatic and multilateral mechanisms available to end President Nicolás Maduro's "dictatorship" in Venezuela, which he blames for the humanitarian crisis and massive migrant influx into Colombia that will cost the government approximately \$1.5 billion per year, or 0.5 percent of its GDP. How much diplomatic weight and political will exist among countries to pressure Maduro out of power? With Venezuela's "forced migrants" becoming a longer-term problem, how much money is needed to help countries cope with new arrivals, which according to the United Nations now number more than three million people? Can private capital instruments, such as so-called refugee bonds, complement aid in providing longer-term support for recipient countries? Will efforts to reallocate assets seized in corruption cases tied to Venezuelan officials bear fruit anytime soon?

A Betilde Muñoz-Pogossian, director of social inclusion at the Organization of American States: "With three million displaced Venezuelans as of November, no one can deny today that the Venezuelan exodus has become a regional concern. Venezuelan migrants and refugees pose at least two types of challenges to receiving countries in the Americas: the short-term ones, that generally require receiving countries to stabilize the displaced populations with food, shelter and access to medical services, and the medium- to long-term challenges, focusing on their socioeconomic integration in receiving communities. It is important to note that, in the spirit of regional solidarity, receiving countries in the Americas have not closed their doors and

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APEC Summit Reveals Conflicts on Trade, Security

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Ex-President of Peru Seeks Asylum From Uruguay

Uruguay's ambassador informed Peru that former President Alan García entered his residence in Lima Saturday night seeking asylum. Last week prosecutors sought to retain García's passport in a corruption probe.

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García // Photo: Andina.

ECONOMIC NEWS

APEC Summit Shows Conflict Over Global Trade, Security

The weekend's Asia-Pacific Economic Cooperation summit in Papua New Guinea was marked by open disagreement, led by disputes between the United States and China over trade and security, Reuters reported. The meeting lacked consensus to the point that the leaders assembled could not agree upon a routine summary of issues discussed to issue a traditional communiqué, according to the report. In an editorial, Chinese state-run tabloid the Global Times said the absence of a communiqué was "not a big deal," and placed more significance on an upcoming meeting between U.S. President Donald Trump and Chinese President Xi Jinping. The two leaders are expected to meet at the Group of 20 summit, which starts in Argentina next week. Latin American leaders attending the summit capitalized on progress where they could. Chilean President Sebastián Piñera met with Japanese Prime Minister Shinzo Abe, who asked his counterpart to get domestic approval to proceed with plans to begin enforcement of the 11-nation Trans-Pa-

cific Partnership on Dec. 30, Japan Today reported. The other members that have yet to finish their domestic procedures are Brunei, Malaysia and Peru. The United States pulled out of the TPP when Donald Trump was elected president in 2016. Neither Trump nor Russian President Vladimir Putin attended in person. The presidents of Mexico and Peru did not attend this year's summit either. Chile will host the 2019 APEC summit. Piñera today begins an official state visit to New Zealand, another member of the TPP.

POLITICAL NEWS

Ex-President of Peru Seeks Asylum In Uruguayan Embassy

Peru's foreign ministry said Sunday that former President Alan García is seeking asylum in Uruguay, the Associated Press reported. Last week, prosecutors sought to retain his passport as part of a corruption probe, but Uruguay's ambassador informed Peru that García entered his residence in Lima Saturday night seeking protection. Authorities allege García received illegal payments from

NEWS BRIEFS

Argentina Lacks Resources Needed to Recover Submarine: Gov't

Argentine Defense Minister Oscar Aguad told reporters Saturday that his country lacks the resources needed to extract the ARA San Juan submarine, which was found last week nearly 3,000 feet below the surface of the ocean after disappearing a year ago with 44 crew members on board, ABC News reported. The CEO of Ocean Infinity, the company hired by the government to locate the submarine, told reporters he does not know if a recovery is technically possible, or the costs involved.

Barrick Looks to Sell Peru Mine by End of Year

Canada's Barrick Gold Corp. is in talks to sell its Lagunas Norte gold mine in Peru with a sale announcement possible before the end of the year, The Globe and Mail reported Friday. Mark Hill, the company's chief operating officer for Latin America, told Reuters in August the Peru mine was an example of the non-core assets it would look at selling. Last month, Barrick reported a third-quarter loss, based in part on a \$405 million impairment charge related to the Lagunas Norte mine.

Colombia's Ecopetrol Wins Oil, Gas Exploration Rights in Gulf of Mexico

Colombian state oil company Ecopetrol said last week it had won exploration rights for four more blocks in the U.S. Gulf of Mexico, Portafolio reported. Ecopetrol is already operating in 61 blocks in the Gulf of Mexico, with 46 of these still at the exploration phase and 15 at the development and production stage, Reuters reported. Last year, the company won two blocks in Mexico's Yucatán Peninsula, which it operates with Petronas, a Malaysian oil and gas company, and state-run Mexican oil company Pemex.

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have done their best at providing options for the regularization of Venezuelans. However, no country in the region was ready to absorb such large populations. Solidarity also has a cost. Receiving countries need financial and technical support to address the needs of Venezuelan migrants and refugees, as well as of those of the receiving communities. To support these short-, medium- and long-term needs, regional cooperation is key. The Organization of American States can play a role ensuring effective regional cooperation. But it is equally important for receiving countries to have access to financial resources in the form of regular loans, loans with subsidized interest rates and grants, among others, to defray the costs of the mass influx. Refugee

bonds could also help cope with the crisis as they serve as instruments for local and overseas buyers to expand refugee-related capital, generating employment through refugee-related projects and, ultimately, also benefiting host economies."



Michael Camilleri, director of the Peter D. Bell Rule of Law program at the Inter-American Dialogue: "The forced exodus

of millions of Venezuelans represents an acute and growing challenge for destination countries, with major financial implications. While many governments in South America have responded with laudable solidarity to the crisis—including by keeping their borders

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Brazilian construction giant Odebrecht, as part of a widespread scandal that has shaken the political establishment across the Americas. Odebrecht has admitted to paying nearly \$800 million in bribes to officials throughout Latin America. Earlier this month, Peru's Congress approved the final report of a commission investigating the so-called Car Wash corruption scheme, where it recommends denouncing 132 Peruvians for their role in the scandal, Infobae reported. Among them are three former presidents, Alejandro Toledo, Ollanta Humala and Pedro Pablo Kuczynski. Kuczynski resigned from office earlier this year under pressure over his ties to the conglomerate. The report named seven construction companies in all. After a vote, Congress decided not to denounce former President García and opposition leader Keiko Fujimori for their alleged links with the corruption probe, despite ongoing investigations into their roles in the case. Fujimori, the daughter of former President Alberto Fujimori, has been detained by police.

Protests Break Out Against Migrants in Tijuana

Anti-migrant protesters clashed with both police and pro-migrant demonstrators on Sunday in the U.S.-Mexico border city of Tijuana, BBC News reported. Mayor Juan Manuel Gastélum said last Friday the number of migrants arriving in the city in the coming weeks could reach 10,000, warning the city was not prepared to handle the "avalanche." The United States has

“They are causing crime and big problems in Mexico. Go home!”

— Donald J. Trump

made it clear the migrants face long waits in processing asylum claims, as well as newly installed razor wire if they try crossing border areas illegally. U.S. President Donald Trump on Sunday seized on Gastélum's remarks over

THE DIALOGUE CONTINUES

Two Years In, Is Peace Taking Hold in Colombia?

Q This month marks the two-year anniversary of Colombia's peace accord with the Revolutionary Armed Forces of Colombia, or FARC, rebels. While the FARC has largely disarmed, there have been recent reports of hundreds of Colombians being displaced in Norte de Santander department due to fighting between the National Liberation Army, or ELN, rebels and a crime gang, which are fighting for control of the area. How well is peace taking hold in Colombia, two years after the signing of the peace accord? To what extent is the FARC simply being replaced by other criminal groups? Does President Iván Duque have the right approach to establishing control and the rule of law in all of Colombia's territory??

A Kyle Johnson, senior analyst for Colombia at the International Crisis Group: "Two years after the Colombian government and the FARC signed a peace agreement, violence in those areas most affected by the decades-long conflict has actually increased overall. When the FARC began to concentrate its fighters in 26 cantonments throughout the country in late 2016, its insurgency against the government affected roughly one-quarter of Colombia's territory. Despite

being Latin America's largest and oldest insurgency, the FARC was not the only illegal armed group in Colombia: the ELN guerrillas and drug-trafficking organizations also exist. Additionally, not all FARC insurgents joined the peace process, instead creating more than 20 dissident groups with likely more than 2,000 fighters. When the FARC disarmed, competition among these groups over their vacated territory led to increased homicides and forced displacement. Duque has the vital task of reversing this trend and ensuring that the peace agreement, of which he has been critical, at least brings improved security in areas affected by the war. His policy appears to replicate the counterinsurgent 'clear-hold-build' model previously attempted in Colombia: the government plans to attack, capture or kill 'high-value targets' leading armed groups before using the military to occupy the groups' territory and restoring civilian authority. Evidence from throughout the country indicates the government has been able to kill or capture some of these targets, but it has not been able to clear the armed groups' territory, much less hold it."

EDITOR'S NOTE: The above is a continuation of the Q&A in Friday's Advisor.

Twitter. "The Mayor of Tijuana, Mexico, just stated that 'the City is ill-prepared to handle this many migrants, the backlog could last 6 months,'" he said. "Likewise, the U.S. is ill-prepared for this invasion, and will not stand for it. They are causing crime and big problems in Mexico. Go home!" Trump added. Tijuana residents waved Mexican flags, sang the Mexican national anthem and chanted "Out! Out!" The Guardian reported, saying they disliked how the caravan forced its way into Mexico and voicing

worries that taxes might be spent to care for the group, according to the report. A smaller demonstration was also held in support of the new arrivals, who say they are fleeing persecution, poverty and violence, Reuters reported. Along the route, thousands of Mexicans have donated food, clothing and transportation to the migrants, many of whom are traveling with children. Activists, human rights advocates and international news media are also closely following the caravan.

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open, providing humanitarian assistance and establishing temporary residence regimes—the regional response is showing signs of strain. Funding for emergency relief is insufficient, xenophobia is rising and some countries have taken steps to restrict the entrance of Venezuelan migrants and refugees. President Duque is right to call for enhanced diplomatic and multilateral action in relation to the root cause of this crisis: the regime in Caracas. Nonetheless, for the foreseeable future thousands of Venezuelans will continue to flee their country every day. Only a coordinated regional strategy supported by the broader international community can produce a sustainable response that meets the needs of Venezue-

“For the foreseeable future, thousands of Venezuelans will continue to flee their country every day.”

— Michael Camilleri

lan migrants and refugees while addressing the concerns and resource constraints of recipient countries and communities. Such a response should include creative financing options. A recent report by the Dialogue’s Venezuela Working Group and the Centre for International Governance Innovation (CIGI), “No Strangers at the Gate,” proposes both private capital instruments and re-purposing frozen proceeds of Venezuelan criminality and corruption. Neither is simple, but both are achievable. Equally important is a system of burden sharing to ensure that no single country is forced to absorb an unsustainable, and potentially destabilizing, proportion of displaced Venezuelans. This will require policy harmonization among major destination countries. A ‘no unilateral backsliding’ pledge would be a good starting

point to avert a dangerous race to the bottom on regional migration policy.”

A Gary Kleiman, senior partner at Kleiman International: “The neighboring host countries for Venezuela’s migrants and refugees—Colombia, Peru, Chile and Brazil—are well-established emerging financial markets. Local and foreign investors including banks, asset managers and pension plans can adapt debt and equity portfolios for refugee purposes based on standard state and corporate fundraising practice. A simple model would start with sovereign bonds, where proceeds are tracked independently and cash flows can come from refugees entering employment, as well as from utilities and infrastructure serving them and the surrounding community. Public equity is another channel where stock market-listed companies can receive dedicated allocations in exchange for verified commitments to hire refugees and offer targeted products and services. A full range of credit and capital market instruments could be introduced to mobilize private large-scale, long-term funding and fill the widening unmet gap from development and humanitarian agencies. Such commercial innovation is a priority in the new U.N. Global Compact for Refugees, with individual transactions able to tap hundreds of millions to billions of dollars. Official lenders like the Inter-American Development Bank could provide guarantees and other support if requested, as public, private and relief organization financial efforts are coordinated. The previous Colombian government expressed interest in pilot placements that could also meet the needs of the internally displaced population. Regional structures like the MILA (Latin America Integrated Market) linked securities market could act as a broader platform, and investor participation as a fresh element will also help promote sound economic policies to ensure growth and reform amid migration crises.”

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