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FEATURED Q&A

How Will Recent Disasters Change Migration Flows?



Devastation from hurricanes that recently hit Central America is expected to spur more migration. People are pictured last month at a Guatemalan migration office in Valle Nuevo, near the Salvadoran border. // Photo: Guatemalan Migration Institute.

Quatemalan President Alejandro Giammattei's government has officially requested that the United States grant Temporary Protected Status, or TPS, to Guatemalan migrants already in the North American country, as the devastation wrought in Central America by Hurricanes Eta and Iota is expected to force many victims to flee their home countries. How will the recent natural disasters influence migration flows in Central America, and to what extent is this trend expected to continue in coming years? Is TPS likely to be extended to Guatemalans and other Central Americans any time soon? What else should the United States do to address an expected influx of migrants from the region in light of the natural disasters?

ATIZIANO BREDA, ANALYST FOR CENTRAL AMERICA AT THE INTERNATIONAL CRISIS GROUP: "Preliminary reports indicate that the floods and landslides caused by Hurricanes Eta and Iota affected at least four million people, damaged hundreds of roads and bridges and destroyed thousands of hectares of crops in Central America. The regional catastrophe recalls Hurricane Mitch in 1998, which took the lives of around 10,000 people, triggered a surge in migration northward and prompted the Clinton administration to afford TPS to Nicaraguans and Hondurans, a status that the United States had previously granted to Salvadorans fleeing from the country's civil war. Giammattei's bid to convince the United States to extend TPS to Guatemalans appeals to the same logic, but for now is likely to fall on deaf ears. The outgoing Trump administration is already trying to end TPS, although it has been stymied by litigation. The odds that it would extend this

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TODAY'S NEWS

POLITICAL

Deforestation of Brazil's Amazon Hits 12-Year High

Deforestation of the Amazon rain forest in Brazil hit a 12-year high, according to the country's space agency, Inpe. Destruction of the rain forest surged 9.5 percent between August 2019 and last July.

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ECONOMIC

Bondholder Group Backs Suriname's Deferment Plan

A group of Suriname's bondholders said it backed the government's modified payment deferment proposal.

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BUSINESS

U.S. Blacklists Chinese Firm Over Venezuela Ties

The U.S. Treasury has blacklisted Chinese state-owned technology company CEIEC over its ties to Venezuela. Treasury Secretary Steven Mnuchin said the company is among those helping President Nicolás Maduro "advance its authoritarian agenda."

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Mnuchin // File Photo: U.S. Treasury.

POLITICAL NEWS

Deforestation of Brazil's Amazon Hits 12-Year High

Deforestation of the Amazon rain forest in Brazil has reached a 12-year high, Inpe, the country's space institute, said Monday, *El País* reported. Preliminary data from the space agency showed 11,088 square kilometers of rain forest destroyed between August 2019 and last July, a 9.5 percent surge from the previous year and the largest area of rain forest razed since 2008. Inpe said that increase is expected to be even higher in its final report,



Public forests must be preserved as they are fundamental to maintain the climate and water balance of the Amazon."

— Paul Moutinho

to be published in the first half of next year. "Public forests must be preserved as they are fundamental to maintain the climate and water balance of the Amazon," said Paul Moutinho, a senior researcher at Inpe, UPI reported. "It is urgent that deforestation there be stopped and that these areas be protected." Brazilian Vice President Hamilton Mourão said that about 30 percent of the deforestation reported occurred on land that was not designated either for conservation or private use, and he blamed the recent destruction on people who steal land. However, some blame the growing deforestation on government policies that critics allege encourage agriculture and mining in the Amazon and weakened the country's environmental protection agencies. Between 2000 and 2018, Brazil's Amazon lost an area equivalent to 270,000 square kilometers, roughly the size of the state of São Paulo, according to Brazil's statistics agency, Folha de S.Paulo reported. [Editor's note: See related Q&A in the Nov. 11 issue of the Advisor.]

BUSINESS NEWS

U.S. Blacklists China-Based Tech Firm Over Venezuela Ties

The administration of U.S. President Donald Trump on Monday blacklisted a Chinese government-owned technology firm over its ties to Venezuelan President Nicolás Maduro's government. In a statement, the U.S. Treasury's Office of Foreign Assets Control accused China National Electronics Import & Export Corp., or CEIEC, of helping Maduro to "undermine democracy in Venezuela" by restricting Internet service and conducting digital surveillance as well as cyber operations against Maduro's political opponents. The Treasury said Chinese technology companies, including CEIEC, "continue to challenge democratic values of freedom and transparency" by creating and exporting technology to conduct surveillance of and censor citizens' Internet activities. "The illegitimate Maduro regime's reliance on entities like CEIEC to advance its authoritarian agenda further illustrates the regime's prioritization of power over democratic values and processes," said U.S. Treasury Secretary Steven Mnuchin. "The United States will not hesitate to target anyone helping to suppress the democratic will of the Venezuelan people and others around the world." The Treasury said CEIEC has been supporting the Maduro government's "malicious cyber efforts" since 2017, adding that the company has provided software, training and technical expertise to entities of the Venezuelan government, which it then used "against the people of Venezuela." In a tweet on Monday, Venezuelan Foreign Minister Jorge Arreaza said the U.S. action against CEIEC amounted to an effort by Washington to destabilize Venezuelan society ahead of the country's Dec. 6 legislative elections. "The ruling elite of Washington, who so proudly defends freedom of the press and free trade, today attacks international companies that provide services to the Venezuelan state, with the inhumane objective of isolating the country and creating difficulties for the Venezuelan population," said Arreaza.

NEWS BRIEFS

Gunmen Invade Brazilian City of Criciúma, Shoot at Least Two, Attack Banks

In an organized attack late Monday, dozens of gunmen invaded the southeastern Brazilian city of Criciúma, in Santa Catarina state, shooting at least two people, taking hostages and robbing banks, *The New York Times* reported. A police officer was among those shot, and his condition was unclear, according to a military police commander.

Guaidó's Envoy to U.K. Steps Down Amid Split in Venezuelan Opposition

Vanessa Neumann, Venezuelan opposition leader Juan Guaidó's envoy to the United Kingdom has resigned, the *Financial Times* reported Monday. Neumann told the newspaper that she left the post over doubts within the opposition over Guaidó's future, as well as concerns over strategy and bureaucratic delays in Washington regarding the release of frozen Venezuelan government funds to the opposition. "The fight against Maduro will continue—and I will personally continue that fight," Neumann said.

Group of Suriname Bondholders Back Deferment Proposal

A group of Suriname's bondholders said Monday that it backed the country's modified payment deferment proposal, with at least one creditor expecting "challenging negotiations" for the South American nation, *Reuters* reported. Suriname could reach a deal with creditors as soon as this week, three unnamed sources told *Bloomberg News*, after the country defaulted on a \$25 million interest payment. Members of the group, known as the Suriname Creditor Committee, include Franklin Templeton Investment Management Limited, Eaton Vance Management and Greylock Capital Management.

Ebanx Partnering With Brazilian Digital Wallet Firm PicPay

Latin American financial technology company Ebanx has struck an agreement with Brazilian digital wallet provider PicPay in order to provide global merchants a new payment option for their customers in the South American country, Ebanx said Monday in a statement. International companies that use Ebanx in Brazil will be able to allow their customers to use PicPay, which could help them expand their market reach, the news site reported. The deal marks PicPay's first dealings in the international market. PicPay says it has in excess of 34 million users in Brazil and that it is accepted in more than three million stores in the country. "Our main goal at Ebanx is to create access through payment solutions," Erika Daguani, the B2B product director at Ebanx, said in the company's statement. "This is why we are very happy to announce this integration with PicPay, a widely known e-wallet in Brazil, which will allow more and more Brazilians to connect with global products and services, and international companies to reach consumers that don't necessarily have a credit card or a bank account." PicPay was launched in 2012 and has been growing steadily since then, according to the statement. "This partnership provides our users with a great opportunity of expanding their online shopping experience with PicPay," said PicPay's chief commercial officer, Elvis Tinti. This year, PicPay registered growth of 126 percent in its number of users. Globally, digital wallets are expected to account for nearly half of e-commerce transactions and more than a quarter of point-of-sale payments by 2022, according to a September 2019 study by Bain & Co. "Digital wallets are an instrument of financial access for thousands of consumers in Latin America who do not have a bank account, or who simply opt for the ease of having the data already stored in one single place," said Daguani. [Editor's note: See **Q&A** on fintech in Brazil in the Sept. 10-23 issue of the Dialogue's biweekly Financial Services Advisor.]

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status to another country are remote. With relief efforts faltering, as most donors are distracted by Covid-19 and a deep economic contraction, conditions are ripe for a surge in Central American migration northward. Migration has already picked up, in part because countries have begun opening their borders after months of pandemic-related closures, and partly because of a worsening economic, humanitarian and security crisis. Guatemala, which is facing political turmoil, and the rest of Central America need more help. Washington should extend TPS to Guatemala and postpone efforts to terminate it for other countries in the region. Failing that, it should at least temporarily halt deportations (there have already been at least 60,000 this year, to northern Central American countries alone), which the region cannot responsibly absorb. To stem drivers of migration over both the short and long terms, Washington should partner with foreign donors and multilateral lenders to step up funding for humanitarian aid, infrastructure reconstruction, the local production of food and other goods and the reactivation of small and medium-sized businesses. Financing must be paired with strict controls to avoid embezzlement and political misuse in countries with upcoming elections."



**Manuel Orozco, senior fellow
at the Inter-American Dialogue
and director of the Center for
Migration and Economic Stabi-**

lization: "Migration from Central America is confronted by different realities that do not overlap or coexist with each other. Efforts to align them are urgent. First, factors shaping the decision to migrate have mostly been economic, though triggered by punctuated dynamics, such as a global recession, a natural disaster or political crisis. For example, in 2020, 1 percent of Guatemalans tried to leave amid the pandemic. Receiving less income through remittances was a major determinant. The natural disaster adds in the long term to the intention to migrate;

migration in the dry corridor increased from 2012 to 2020, 41 percent to 47 percent of all migration. Second, U.S. immigration policies are affected by an overburdened bureaucracy, a politicized policymaking process and a fluid world shaped by labor mobility, not only trade. Adding more hurdles to the bureaucracy causes more disruptions and anti-immigrant sentiments. Third, governments continue to focus their energies in obsolete economic approaches, while dealing with political polarization, elite disunity and weak rule of law. In turn, they are responsible for a vicious migration cycle. Giammattei's claim is short of a solution and comes across more as a convenient excuse to a much larger problem. The role of U.S. policy is to triangulate these factors by first investing in a modern and innovative development strategy that adapts the region to the post-Covid-19 world and integrates them globally through the digital economy. Specifically, robust investment in modernizing informal economies, microentrepreneurs in particular, increasing credit in high migration areas and focusing on human capital rather than only on agriculture can increase wealth and make migration less likely. Second, because TPS has not meant temporary relief, U.S. policy can address the status of those already in the United States and leverage migrant resources invested in the homeland by formalizing and mobilizing more than \$4 billion in savings resulting from inflows of remittances, as well as promoting migrant capital investments in their communities and in innovative investment funds supported by U.S. entities such as the Development Finance Corporation."



**Ursula Roldán, coordinator of
the migration department at
the research and administration
institute of Rafael Landívar**

University in Guatemala City: "In its recent history, Guatemala has had 'rain where it's already wet'—not only literally, but also because in less than three decades, it has

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experienced an earthquake as well as Hurricanes Mitch, Stan, Eta and Iota, which have left human losses and destroyed thousands of families' assets, especially of those who are most impoverished. To this, add the policy of an almost failed state, co-opted by practices of licit and illicit economic and political networks, as the International Commission Against Impunity in Guatemala (CICIG) described in 2015. This makes it impossible to rebuild the economy as well as social and economic infrastructure. And, on top of it all, we were seriously affected, as all societies, by the Covid-19 pandemic. Faced with this situation, communities see only one way out—their journey north, which of course means risking their lives and/or experiencing a series of humiliations on an increasingly dangerous route whose final destination is uncertain due to the toughened policies in Mexico and the United States. Migrants can also be trapped with no alternative in asylum and refugee processes that stall at the borders. There is no way out—either Central America works on a regional plan to re-establish its democracies, for justice and radical changes in its economic and social structure, or forced migration will come as tsunami-like waves to the north, which has been quite co-responsible for the uncertain future that we have."

A Todd Bensman, senior national security fellow at the Center for Immigration Studies: "TPS is one of the most unnecessary American immigration policies on the books. It has allowed some 400,000 foreign nationals subject to deportation to stay, ostensibly for a finite time, after their homelands suffered natural catastrophes or warfare. But almost none ever actually return. That's because TPS alters the status of its beneficiaries from illegally present and deportable to de-facto perpetually legal, incredulously lasting for decades. The chief problem with TPS is that it simply is not what its advocates always sell it as.

Decades of TPS reveal it to be the rankest of intellectual frauds in that it so cynically exploits the innate humanitarian impulses that define American culture. For that reason alone, it should not be invoked again. It is no surprise that anti-border advocates would want Guatemalans to receive the perpetual legal residency of TPS, because they made



TPS is one of the most unnecessary American immigration policies on the books."

— Todd Bensman

up the largest percentage of the 2019 mass migration crisis that saw nearly one million Central Americans cross the southern U.S. border on asylum claims for which the vast majority are proving ineligible. So long as TPS operates under the false guise that it is only temporary and not perpetual, it should not be used as a fig leaf to now reward those hundreds of thousands with permanent legalization, lest doing so inspire hundreds of thousands more to come next. TPS is entirely unnecessary since, in any real emergency, U.S. Immigration and Customs Enforcement may simply pause deportations until a home-country catastrophe has passed. TPS is an intellectually dishonest cover that robs U.S. citizens of their right to debate the true merits of granting perpetual residency to hundreds of thousands of people who are illegally present. Instead, America opens the gates, believing the false pretext that refuge is short-term. TPS advocates and beneficiaries well know they will exploit the inevitable time when American memories of the initial representation fade. While TPS should be discarded as an obvious ruse, the United States should use its power to suspend deportations for a while when circumstances require in line with its innate humanitarian values."

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