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FEATURED Q&A

Does Biden's Plan Address the Root Causes of Migration?



U.S. President Joe Biden's development plan aims to tackle the reasons that migrants leave their homes in Central America. Migrants in Guatemala are pictured above. // File Photo: Guatemalan Government.

Q U.S. President Joe Biden's \$4 billion commitment to promote development in Central America will also include aid for southern Mexico, Mexican President Andrés Manuel López Obrador said after a virtual meeting between the two presidents on March 1. The plan is aimed at tackling the root causes of migration in the Northern Triangle countries of Honduras, El Salvador and Guatemala. What are the most important aspects of the Biden administration's Central America plan? How much will \$4 billion in aid accomplish in addressing the poverty and insecurity that leads many Central Americans to flee north? To what extent will the Biden administration's relationships with leaders including Honduras' Juan Orlando Hernández and El Salvador's Nayib Bukele influence the degree to which the United States can cooperate with those countries in the period ahead?

A Laura Chinchilla, former president of Costa Rica and co-chair of the Inter-American Dialogue's board of directors: "During his presidential campaign, then-candidate Joe Biden presented 'The Biden Plan to build security and prosperity in partnership with the people of Central America,' an early and hopeful approach that allows for the expansion and strengthening of a new and indispensable U.S. foreign policy strategy toward those countries. As president, Biden included \$4 billion to support the new policies toward Northern Triangle nations. He also signed some executive orders reversing Trump's migration policies at the U.S.-Mexico border, such as the construction of the wall, the safe third country agreements with Mexico, Guatemala and El Salvador and the family separation policy, while restoring

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Brazil's Lower House Approves Emergency Aid

The lower house of Brazil's Congress approved legislation to renew nearly \$8 billion in emergency aid to millions of Brazilians.

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Bank of America Adding Bankers to Mexico Unit

The chief executive officer of Bank of America's Mexico unit said the bank is adding employees in order to expand its lending to corporate clients.

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POLITICAL

Honduran Drug Trafficker Alleges He Bribed Hernández

Devis Leonel Rivera Maradiaga, a convicted drug trafficker, testified in federal court in New York that he gave \$250,000 in bribes to Honduran President Juan Orlando Hernández. The president has repeatedly denied involvement in drug trafficking.

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Hernández // File Photo: Honduran Government.

POLITICAL NEWS

Honduran Drug Trafficker Alleges He Bribed President

A convicted Honduran drug trafficker testified Thursday in federal court in New York that he paid the Central American country's president, Juan Orlando Hernández, \$250,000 to protect him from being arrested and also to secure government contracts, Reuters reported. The drug trafficker, Devis Leonel Rivera Maradiaga, testified that he paid the money to Hernández in 2012 when Hernández was president of Honduras' Congress. The money was delivered to Hernández's sister Hilda, who was killed in a helicopter crash in 2017, Rivera alleged. "It was for protection so neither the military nor preventative police would arrest me or my brother in Honduras and so we would not be extradited to the United States," he testified. Rivera testified that the money allegedly paid to Hernández was also intended to ensure that Honduras' government would continue awarding road construction contracts so as "to continue laundering money from drug trafficking," Reuters reported. A leader of the Los Cachiros drug gang, Rivera testified in the trial of Geovanny Fuentes Ramírez, an alleged drug trafficker. Hernández is listed as a co-conspirator in Fuentes Ramírez's indictment. Fuentes Ramírez pleaded not guilty on Monday, and Hernández has repeatedly denied any involvement in drug trafficking. In a March 5 **Q&A**, Honduras' ambassador to the United States, Luis Suazo, also said the accusations against Hernández are without merit. "The accusations against President Hernández are based on testimonies of confessed drug traffickers severely hit by the president's policies and actions against drug trafficking," said Suazo. The ambassador added that the amount of illegal drugs that has transited through Honduras toward the United States has plunged in the seven years since Hernández became president, and he questioned the credibility of the U.S. prosecutors making the accusations against Hernández. Rivera, the drug trafficker

who testified on Thursday, made a deal with the U.S. Drug Enforcement Administration in 2013 and turned himself in two years later after the United States imposed sanctions on shell companies Rivera claimed to own. Rivera has also admitted to being involved in 78 murders, the Associated Press reported. In January, U.S. federal prosecutors filed court documents alleging that Hernández accepted bribes from drug traffickers and used Honduras' military to protect a cocaine-processing laboratory and drug shipments to the United States, allegations that Honduras' presidency has denied.

ECONOMIC NEWS

Brazil's Lower House Approves Emergency Aid for Millions

The lower house of Brazil's Congress on Thursday approved a measure to renew billions of dollars in emergency aid for millions of Brazilians who are struggling economically amid the Covid-19 pandemic, the Associated Press reported. The legislation, which the Senate previously approved, allows for 44 billion reais (\$7.9 billion) in spending, the wire service reported. Lawmakers are still working on the details of the measure and have not yet specified how much money individual families would receive. Earlier, Economy Minister Paulo Guedes said he expected families to receive between \$175 and \$375 for as long as four months. Last year, lawmakers approved a similar cash transfer program that totaled 330 billion reais. It was credited with providing aid to nearly 70 million Brazilians and is believed to have helped to the country avert an even worse economic crash. Brazil's economy, the largest in Latin America, contracted 4.1 percent last year, though the International Monetary Fund last April had predicted a 5.3 percent plunge for the year. "Fiscal stimulus, the emergency voucher and measures to promote liquidity were crucial to cushion the blow to the Brazilian economy in 2020," Welber Barral, a senior consultant at BMJ Consultores Associados

NEWS BRIEFS

Peruvian Prosecutors File Corruption Charges Against Keiko Fujimori

Peruvian prosecutors on Thursday filed corruption charges against presidential candidate and former legislator Keiko Fujimori, Bloomberg News reported. Fujimori is accused of taking illegal campaign contributions during her 2011 run for president. She denies wrongdoing and accused prosecutors of meddling in the presidential race.

Mexican Court Issues Injunction to Block New Power Law

A court in Mexico on Thursday issued an injunction to block a new law that prioritizes government-owned electricity generation over cleaner private power plants, the Associated Press reported. The ruling came just two days after the controversial law went into effect. The injunction was sought by a company that operates a 160-megawatt wind farm in Oaxaca state. President Andrés Manuel López Obrador has said the law is necessary to avoid what he says is unfair competition from private wind, solar and natural gas-fired power plants.

Brazil's Braskem Posts \$157 Mn in Net Profit for Fourth Quarter

Brazilian petrochemical producer Braskem on Thursday posted a fourth-quarter net profit of 878 million reais (\$157 million) last year, though it registered an annual net loss of 7 billion reais, Reuters reported. CEO Roberto Simões said the company is waiting before making a decision on whether to use the cash flow generated in the fourth quarter to reduce debt ratios. Braskem first needs to resolve issues regarding environmental damage around its mining operations in the state of Alagoas as well as raw material supply problems to its Mexico factory, Simões said.

and a former Brazilian trade secretary, told the Advisor in a [Q&A](#) published Feb. 11. Last year's program was discontinued on Dec. 31, however. The program helped to lift President Jair Bolsonaro's popularity rating, but his popularity has fallen since the program ended.

BUSINESS NEWS

Bank of America Adding Bankers to Mexico Unit

Bank of America is adding bankers to its transactional, corporate and client-coverage businesses in Mexico as it seeks to lend more to corporate clients despite a bumpy economic outlook, said Emilio Romano, the CEO of the lender's Mexico unit, Bloomberg News reported Thursday. The economic recovery from the devastation wrought by the Covid-19 pandemic will allow the bank to lend more and expand its base of corporate clients in Mexico this year, Romano said, though he cautioned that there is still a rocky road ahead. "There is going to be pain," he said in an interview with Bloomberg News. "There will be businesses that will thrive, and the ones that struggle will be the ones that were already struggling," he said. Despite the lack of a broad fiscal stimulus in Mexico and President Andrés Manuel López Obrador's "nationalist, populist policies," which have drawn criticism from international and private investors, Romano said Bank of America sees Mexico as "a very interesting long-term play." "We don't want to scale down our equity business because we know there is going to be a turning point where Mexican companies are going to go again to the market," he said, adding that López Obrador's policies are not the only reasons for the lack of new listings. In related news, rival U.S.-based lender JPMorgan Chase is reportedly winding down its private-banking unit in Mexico, Bloomberg News reported earlier this month, citing unnamed sources. [Editor's note: See [Q&A](#) on Mexico's economy in the Nov. 9 issue of the Advisor.]

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programs for refugees and asylum seekers and proposing a comprehensive framework to address the causes of migration. However, in order to avoid the shortcomings of the past and to maximize the impact of the new policies and funds, the new administration should consider several factors. First, an articulated and effective strategy must look beyond the Northern Triangle and consider all the countries in the region—not only because they share some common problems,

An articulated and effective strategy must look beyond the Northern Triangle..."

— Laura Chinchilla

but also because the responses needed to resolve those problems are of a collective nature. Nicaragua's dictatorial drift, and its consequences for the region, demand urgent attention. Second, the new administration should encourage dialogue and partnership with nonofficial actors. Civil society, the private sector and local authorities should play active roles in policymaking, especially when it comes to institutional reform, as some of the elites have not shown sufficient commitment to policies needed to tackle corruption, protect human rights or enhance democracy. Third, given the enormous needs of our region and the resource constraints of cooperation, we consider it essential that the United States be perceived not only as an actor facilitating cooperation, but also as a catalyst for initiatives deriving from bilateral, regional and multilateral sources. Finally, cooperation efforts must be tied to a commitment by Central American countries' authorities to guarantee an effective fight against corruption as well as processes that allow raising the levels of local contribution to development tasks by improving tax collection and reform of tax structures."

A **Mari Carmen Aponte, former U.S. ambassador to El Salvador:** "Although measures addressing security, rule of law and economic inequality are important themes of President Biden's plan, they cannot be isolated. The plan's crucial aim is the integration of projects resulting in better functioning governments, strengthening democratic institutions and providing security and stability to its citizens. This entails prioritizing difficult, tough issues, such as corruption. If there is one common denominator enabling the concentration of power and ineffective government in the Northern Triangle, it is this issue. Insisting on democratic rule of law is also becoming essential. In the region, as recent elections may show, rule of law is not enough. It must also have another qualifier: democratic rule of law. In the past, signals from some of the region's governments have too often evaded conditions and commitments. There is no doubt that \$4 billion to address root causes in the region can make a crucial difference, but in order to achieve success, funding has to be leveraged strategically. The use of tools such as progress indicators, and releasing resources as goals are achieved, may incentivize projects to success. A new emphasis developing alliances with the region's civil society can help in holding governments accountable. The Biden administration's team dealing with the region's complicated, thorny issues are experienced hands. As with all relationships, they will work with the region's leadership constructively. Areas of disagreement and difficult, frank conversations will emerge. Some negotiations will be easier than others, but active diplomacy will surely be pursued. In the end, past relevant behavior by the Northern Triangle leadership will illuminate, but not determine, outcomes. Adjustments, conditions and provisos can be fashioned as cooperation agreements are reached. Most importantly, however, addressing root causes of undocumented immigration will be the goal keeping President Biden's team focused

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and determined to achieve their objectives. As pressure mounts and the number of immigrants increases, nothing else will be as fundamental.”

A **Katya Rimuknas, regional deputy director for Latin America and the Caribbean at the International Republican Institute:** “President Biden’s Central America plan focuses on combating corruption and strengthening institutions to improve governance and transparency. This is important because, to tackle migration flows, the administration must make long-term investments in the factors driving migration. Improving governance and transparency are fundamental in regaining citizen trust in government and institutions, especially at the local level, where corruption is oftentimes felt most by citizens. Data shows that more than 20 percent of Guatemalans and Hondurans have paid bribes in exchange for social services. Ultimately, citizens leave because they lose hope their governments can address their needs. Local governments are citizens’ first and sometimes only impression of government performance and thus play a crucial role in demonstrating institutions can provide hope for a better future. While \$4 billion in aid is a substantial investment, it will require significant partnership from the private sector to accomplish the desired impact in addressing poverty, insecurity and other underlying factors of migration. The plan will also require sustained commitment from the leaders of the Northern Triangle countries and their respective legislatures. Significant reforms will be needed in all three countries, and legislatures will be key partners in pushing through these reforms. Honduras will hold general elections in November, which will dictate with whom the Biden administration will have to work with in the country’s presidency and Congress. Salvadoran President Bukele now has an absolute majority in the Legislative Assem-

bly, and his control over institutions is only growing, raising concerns over his overall commitment to democracy.”

A **Mark Feierstein, senior advisor at Albright Stonebridge Group:** “President Biden and his advisors understand that addressing the root causes of migration from Central America—namely poverty and violence—is the only viable long-term solution to lessen the flow of people who embark on a dangerous trek north in hopes of reaching the United States. President Obama had substantially increased support for programs in the region to reduce poverty and violence, and early results were promising—for example, murder rates declined in neighborhoods where the U.S. Agency for International Development and State Department supported local efforts to lower crime and support vulnerable youth. The Trump administration, however, froze development aid to Central America and turned a blind eye as governments in Honduras, Guatemala and El Salvador stole elections or shuttered offices charged with investigating official acts of corruption. The deterioration in the quality of governance and natural disasters such as hurricanes and the pandemic have produced a surge of migration that the Biden administration is having to grapple with in the absence of an effective immigration system, which Trump gutted. Achieving levels of security and economic well-being sufficient to markedly reduce the incentive for Central Americans to migrate will take years, but there are quick-impact measures the Biden administration and governments in the region can consider, including cash transfer and violence interruption programs. Biden’s advisors, moreover, have already signaled publicly and privately to Central American officials that good relations—and aid—will be conditioned on combating corruption and adherence to the rule of law.”

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

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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

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