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FEATURED Q&A

Will Puerto Rico's Governor Soon Be Forced From Office?



For several days, protesters have taken to the streets to demand the resignation of Puerto Rico Governor Ricardo Rosselló. // File Photo: Commonwealth of Puerto Rico.

Q Protesters and police have clashed on multiple days in Puerto Rico as demonstrators called for the ouster of Governor Ricardo Rosselló. Protests followed the leak of hundreds of pages of messages containing misogynistic and homophobic statements between the governor and his closest aides, as well as the arrests of several former Puerto Rico officials in a corruption probe related to the alleged steering of several funds to politically connected, unqualified contractors. What are the underlying factors that led to protests against Rosselló, and how likely are they to succeed in pushing the governor to resign? If Rosselló steps down, who would replace him as governor? How could the controversy affect Rosselló's agenda, including the advancement of the island's debt restructuring deal? How significant is the graft case, and to what extent does it reflect general corruption in Puerto Rican politics?

A Silvia Álvarez Curbelo, historian at the Luis Muñoz Marín Foundation and retired professor in the school of communication of Puerto Rico University: "Mass protests led by artists, students, pension-holders, diaspora groups, labor unions and communities have prompted Puerto Rico's leading newspaper, El Nuevo Día, to ask Governor Ricardo Rosselló on Monday to step down. The island needs efficient and honest leadership that can handle the severe fiscal, economic and social conditions that affect 3.3 million American citizens. An inadequate federal response to the category 5 hurricane that struck on September 2017 and resulted in more than 4,000

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TODAY'S NEWS

ECONOMIC

Blackout Plunges Most of Venezuela Into Darkness

At least 19 of Venezuela's 23 states were without power Monday afternoon. Most of the country's telecommunications infrastructure was also affected. Power had been restored to some areas, including Caracas, by this morning.

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BUSINESS

Latin America Helps Soften Profit Drop at Santander

Banco Santander posted an 18 percent drop in second-quarter profit, but strong results in Latin America helped soften the blow.

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POLITICAL

Mexico Reports 36 Percent Drop in Migration to U.S.

The number of migrants arrested at the U.S.-Mexico border dropped 36.2 percent since the two countries reached a deal on migration on June 7, according to Mexican Foreign Minister Marcelo Ebrard.

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Ebrard // File Photo: Mexican Government.

POLITICAL NEWS

Migration Through Mexico to U.S. Drops by 36 Percent: Ebrard

The number of migrants arrested at the U.S.-Mexico border has dropped 36.2 percent since early June, showing a reduction in the number of migrants crossing Mexico in order to enter the United States, Mexican Foreign Minister Marcelo Ebrard said Monday, CNN reported. Ebrard made the announcement to reporters as the countries reached a 45-day deadline that the United States imposed for Mexico to show progress in stemming the tide of Central American migrants journeying to the United States. The deal on June 7 averted broad tariffs that U.S. President Donald Trump had threatened to impose on Mexico if it did not do more to prevent migrants from crossing the border from Mexico into the United States. On Monday, Ebrard claimed success. "We have managed to apply our strategy," he told reporters in Mexico City, The Washington Post reported. In the week before the June 7 agreement with the United States, 4,156 migrants on average were arrested each day at the U.S.-Mexico border, said Ebrard. As of last week, that number had dropped to 2,652, he said. The U.S. government, which uses different metrics, said in June that arrests near the

border had dropped more than 28 percent from May to June. Arrests of migrants at the border, a proxy for determining the flow of undocumented migrants, typically falls in the summer months because of the extreme heat. However, the decision by Mexican President Andrés Manuel López Obrador to deploy more than 21,000 National Guard and other personnel to both its northern border with the United States and its southern border with Guatemala likely had an effect, experts said. "This is a paradigm shift, a turning point for the way we control our borders and for our institutions in charge of migration and asylum," said Gustavo Mohar, who has held top positions in Mexico, overseeing migration and security, The Washington Post reported. [Editor's note: See related [Q&A](#) in the July 3 issue of the Advisor.]

ECONOMIC NEWS

Blackout Plunges Most of Venezuela Into Darkness

Most of Venezuela fell into darkness on Monday in the latest blackout to hit the crisis-stricken country, with the government blaming an "electromagnetic attack" for the power outage without providing evidence or further details, The Wall Street Journal reported. At least 19

NEWS BRIEFS

Tainted Alcohol Has Killed 19 in Costa Rica in June and July: Officials

Tainted alcohol has killed 19 people in Costa Rica since the beginning of June, according to health officials, who also have seized some 30,000 bottles of alcohol, The New York Times reported Monday. The deaths occurred across the country and were likely the result of methanol poisoning, according to Costa Rica's health ministry. The seized brands include Guaro Montano, Guaro Gran Apache, Star Welsh, Aguardiente Barón Rojo, Aguardiente Timbuka and Aguardiente Molotov.

Brazil's Bolsonaro Seeks Tighter Control of Deforestation Data

Brazilian President Jair Bolsonaro on Monday called for tighter control of official deforestation data, slamming the government's space research agency, INPE, Reuters reported. The president on Friday had accused INPE of falsifying data after satellite imaging released by the agency showed a surge in the clearing of the Amazon rainforest this year. According to INPE figures, Brazil's Amazon this month has seen the fastest pace of deforestation in years.

Spanish Authorities Investigating Death of Former PDVSA Executive

Authorities in Spain are investigating the death of a former executive at Venezuelan state oil company PDVSA, Juan Carlos Márquez, who had appeared in court on Friday over allegations that he was involved in a money laundering scheme, BBC News reported Tuesday. Márquez was found hanged in the outskirts of Madrid on Sunday, according to Spanish police. He was due to appear in court on Monday. He had reportedly agreed to collaborate with a probe into corruption at PDVSA.

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deaths is compounded by a corruption-riddled Rosselló administration that has viewed recovery efforts after Hurricane María as a business opportunity for local cronies and mainland U.S.-based carpetbaggers. Extended prevarication and waste of public funds have also crippled Puerto Rico's leverage to restructure its public debt amid abysmal GDP figures and significant migration to the mainland United States. Austerity measures advocated by the Financial Oversight and Management Board have targeted mainly social programs and the University of Puerto Rico's budget, which is vital for the territory's

recovery. The revelation of a profanity-laced chat administered by Governor Rosselló illuminates his administration's depth of corruption, dereliction of public duties and disregard for human suffering. He must resign. As to his administration's agenda, there is no way that any significant initiative can be undertaken due to public mistrust. The future is bleak also because his party, the PNP, which advocates statehood for Puerto Rico and will appoint a caretaker administration until 2020 in case Rosselló leaves office, has been fully complicit in this ongoing tragedy."

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of Venezuela's 23 states were without power beginning at around 4:45 p.m. local time on Monday, with around 94 percent of Venezuela's telecommunications infrastructure down and Internet connectivity running at 10 percent nationwide, according to Netblocks, a nonprofit organization that tracks outages, CNN reported. As of Tuesday morning, electricity had been restored in Caracas, and the states of Mérida, Trujillo, Barinas and Aragua had seen a partial return of power, according to the government, which also suspended all work and educational activities for the day. Communications Minister Jorge Rodríguez advised citizens to stay in their homes if possible. The blackout's causes remain unclear, but a government statement said the outage was due to an "electromagnetic attack," without assigning blame or saying how it might have been carried out, CNN reported. Venezuelan President Nicolás Maduro said the armed forces had been mobilized to help deal with what he called a "criminal attack against the tranquility and the peace of the homeland." The nationwide blackout is the fourth such outage this year. [Editor's note: See related [Q&A](#) in the March 29 issue of the Energy Advisor.]

BUSINESS NEWS

Santander Posts Fall in Q2 Profit, But Latin America Shines

Strong second-quarter profit growth in Latin America helped offset Spanish lender Santander's lackluster performance in Europe, Bloomberg News reported Tuesday, as the bank reported an 18 percent fall in quarterly net profit, year-on-year. Santander registered a net profit of 1.39 billion euros (\$1.56 billion) for the second quarter, higher than the 1.29 billion euros analysts expected, according to a Reuters poll. Santander was hit by one-off restructuring costs from its acquisition of Banco Popular in Spain and a weak performance in Britain, where profit fell 41 percent. However, solid performances in Brazil and Mexico helped the lender cope with dire results in Europe.

HEALTH BRIEFS

Hunger on the Rise in Latin America: U.N. Report

The number of undernourished individuals in Latin America has grown in recent years, especially in South America, amid a general economic deceleration in the region and an increase in Venezuela's food insecurity, according to a World Health Organization report released July 15. The number of undernourished people in Latin America and the Caribbean in 2018 reached 42.5 million. South America registered the sharpest increase in the amount of people who went hungry last year, with the number of people who are undernourished growing by 5.5 percent, as compared to a growth of 4.6 percent in 2013, according to the report. The increase was due in large part to the humanitarian crisis in Venezuela, where there are shortages of food and other basic goods, the U.N. Food and Agriculture Organization, or FAO, said. In Venezuela, prevalence of malnourishment increased nearly fourfold from 2012 to 2018. "During the first 15 years of this century, Latin America and the Caribbean reduced undernourishment by half. But since 2014, hunger has been increasing," said Julio Berdegué, the regional representative to the FAO, Reuters reported.

López Obrador Seeks to Create New Health Institute

Mexican President Andrés Manuel López Obrador on July 12 announced his government's intention to reform health legislation in the country to create a new Health Institute for Well-Being, saying the proposal would be sent to Congress, EFE reported. The new institute would replace Seguro Popular, Mexico's public health insurance, in order to offer medical services to those who do not have insurance. The government would still offer health care insurance through other existing programs and institutions, according to the report. Some 80 billion pesos (\$4.2 billion) would be diverted toward the new entity. The institute would be composed of a "small team but not corrupt bureaucrats," López Obrador said, adding that they would be assigned by the health ministry. The president earlier this month visited hospitals across the country that work with the IMSS Bienestar program, which offers health care to uninsured citizens.



López Obrador // File Photo: Mexican Government.

Cuban Asylum Seekers in Brazil Nearly Triple Since End of Medical Program Last Year

The number of Cubans seeking asylum in Brazil has nearly tripled since the government of Cuban President Miguel Díaz-Canel terminated the "Mais Médicos" agreement with the South American nation, the Rio Times reported July 15. Between last November, when the doctors program ended, and April, Brazil received 12.6 applications for asylum per day from Cubans, up from the average of 4.8 daily applications a year earlier, according to the National Committee for Refugees, or CONARE. Cuba abandoned the program last year, citing statements by Brazil's then-President-elect Jair Bolsonaro promising to expel Cuban doctors from the South American country. However, Bolsonaro also vowed to grant asylum to any Cuban who requested it, according to the report.

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A Pedro Reina-Pérez, professor of humanities at the University of Puerto Rico and visiting scholar at Harvard University: “The public outburst of anger is a combination of various traumas, namely, the government’s bankruptcy, the imposition of a Financial Oversight and Management Board dispensing austerity measures, two catastrophic hurricanes and a slow recovery. Eleven consecutive days of protests is historic. There is no precedent for a governor’s resignation. So far, Rosselló has quit as the president and gubernatorial candidate of the New Progressive Party (PNP), but he refuses to leave the governorship. Per the Puerto Rico Constitution, should he resign or be impeached, the secretary of state would take his place, followed by the secretary of justice, secretary of the treasury and so forth. There is no secretary of state, however, as he quit. The secretary of justice is next in line. The protests have brought the island to a standstill. Politicians are literally in hiding to avoid incurring the public’s wrath. There is no way forward for the governor’s agenda. Talks with creditors will be severely affected, and the board may see this as an opportunity for a power grab. This is the real tragedy. The six arrests carried out by the FBI included Julia Keleher, the former secretary of education. She closed more than 400 schools in two years and totally disregarded the communities affected. She was one of the closest officials to the governor, and he defended her aggressively. Should she be convicted (the trial will be in May 2020), it would be embarrassing and devastating for the PNP. Pay-for-play schemes have been rampant in Puerto Rican politics and particularly in the PNP. The governor’s father was in office from 1993-2001 and saw more than 40 members of his administration indicted for corruption. What is new is the temerity with which it happened. The chat revealed how confident the governor and 10 others were of their power to control everything, even the

media. Impunity seemed natural, but events tore that assumption to pieces, and now they are being publicly shame—total infamy that extends to the entire political class.”

A Francisco J. Rodríguez-Castro, president and chief executive officer at Birling Capital: “No one runs for governor without a need and desire to wield power. Running for a position such as the governor of Puerto Rico requires lots of work, from fundraising to planning the country’s agenda, to dealing with a running mate, mayors, senators and all that comes with it. So, to relinquish the much-earned bid for re-election and the New

“**No one runs for governor without a need and desire to wield power.”**

— Francisco J. Rodríguez-Castro

Progressive Party’s (PNP) presidency are not easy decisions. First, you immediately become a lame-duck and powerless governor while facing an impeachment process. Such a process may start against Governor Rosselló as soon as Puerto Rico’s House of Representatives passes an impeachment resolution. This action will provide the appropriate committee the authority to investigate whether sufficient grounds exist to impeach the governor of any crimes or misdemeanors, primarily related to the ‘Telegram chat’ scandal. This investigation could take as long as a year. The impeachment process against Rosselló may very well result in his departure from office—either by impeachment or resignation. Meanwhile, Senate President Thomas Rivera Schatz has assumed the presidency of the PNP.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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