Q Brazil’s minister of strategic affairs, Marcelo Neri, said last month that the country will revise its immigration laws to make it easier to meet demands for labor, especially for highly-skilled professionals, and added that the current low level of unemployment in the country could hamper future growth. How are current immigration policies for foreign workers affecting Brazil’s economy, and what changes should be made? What other issues in the labor market are affecting businesses in the country?

A Alberto Pfeifer, visiting lecturer at the University of São Paulo, Institute of International Relations and president of the Fletcher School Alumni Association in Brazil: "Immigration could become a major social policy and help in shaping a new Brazil. The fresh air organized immigration can breathe in will speed up economic growth and reverse fiscal imbalances. Raising inflation and unemployment in the 1980s and 1990s combined with a growing population with sizable internal migration justified a protected labor market. Hiring a foreigner became a costly process in terms of time, money and bureaucracy. Today, Brazil is reaching the ceiling in terms of labor force use. Unemployment fell to historical lows of 4.3 percent in December and a 2013 average of 5.4 percent. Workers’ rights, gender and racial income equity, and educational levels are irreversible positive trends. Yet labor productivity has risen modestly, below 1 percent for the past 20 years. Total population is growing at decreasing rates and is projected to fall around 2040. Demographic aging coupled with unsustainable expenditures ask for timely reaction before the current 9.1 percent of GDP in public pensions turns into an unbearable 16.8 percent by 2050, according to the Inter-American Development Bank. Brazil urgently needs highly skilled professionals. New policies should be enacted to attract

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Salvadoran, Costa Rican Elections go to Second Rounds

Salvador Sánchez Cerén (pictured) narrowly missed a first-round victory in Sunday’s presidential race in El Salvador and will head to a runoff with Norman Quijano. In Costa Rica, Luis Guillermo Solis and Johnny Araya will head to an April runoff. See stories inside.

File Photo: Sánchez Cerén campaign.
Political News

Solís, Araya Head to April Runoff in Costa Rican Presidential Race

Leftist former diplomat Luis Guillermo Solís and ruling party candidate Johnny Araya were the top vote-getters in Costa Rica’s presidential election Sunday, but neither candidate won enough votes to win a first-round victory, Reuters reported. With 82 percent of polling centers counted, Solís held a slim lead of 30.9 percent to Araya’s 29.6 percent. The two candidates are to face off in an April 6 runoff. Leftist lawmaker José María Villalta of the Broad Front Party finished in third place with 17.2 percent and conceded Sunday night. Villalta’s voters could help boost Solís in the second round. "Costa Rica’s time has come," Solís told supporters Sunday night, Reuters reported. "From coast to coast, the rising wave has become a great tsunami that has washed away traditional politics forever." Solís, the candidate of the Citizens’ Action Party, has never been elected to office and had trailed in polls leading up to the election. Meantime, Araya’s campaign has suffered from corruption scandals in President Laura Chinchilla’s government. Araya, of the ruling National Liberation Party, has vowed during his campaign to reduce poverty and has portrayed his leftist rivals as threats to the Central American country’s economy. "We represent the safe road, the responsible road, to maintain political, economic and social stability in Costa Rica," Araya told supporters Sunday night, Reuters reported. Araya also suffered missteps during his campaign, including during an interview when he underestimated the price of milk. A prosecutor’s probe into embezzlement and abuse of authority allegations stemming from Araya’s time as mayor of San José also likely lost him some voters. At the same time, Solís’ promises to improve Costa Rica’s infrastructure and health care and also fight corruption have won him support. The next president will have to address a growing government debt that amounts to half of the Central American nation’s gross domestic product. "If they..."

Sagicor Jamaica to Pay $84 Million for RBC Jamaica

Sagicor Jamaica will pay $84 million to acquire RBC Jamaica from the Royal Bank of Canada (RBC), a deal which will see Sagicor increase its number of branches to 19 from four, The Trinidad Guardian reported Sunday, citing a statement from RBC. Sagicor president and CEO Richard Byles said the deal "provides the opportunity to expand Sagicor’s banking footprint."

Claudio Mena

Amaro Araujo, director of public policy analysis, and Francisco Barreto Araujo, senior researcher, at DAPP-FGV: "The global economic crisis that erupted in 2008 had a direct impact on the unemployment rates in the central countries, principally the United States, Japan and Western European nations. In Brazil, the effects of the crisis were comparatively reduced. In 2006, the number of foreigners formally authorized to work in Brazil was 25,500. In 2011, this jumped to 70,000. The reconfiguration of the global political and eco-

Featured Q&A

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competitiveness and boost regional integration. Brazil is a country of immigrants. Let them in."

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don’t do something, then this somewhat negative trend on the debt could continue and that could have an impact on the credit rating,” Joydeep Mukherji, a sovereign credit analyst at Standard & Poor’s, told Reuters.

Sánchez Cerén Narrowly Misses First Round Victory in El Salvador

Leftist former guerrilla Salvador Sánchez Cerén of the ruling Farabundo Martí National Liberation Front (FMLN) narrowly missed winning a first-round victory Sunday in El Salvador’s presidential election and will head to a runoff with his conservative rival, former San Salvador Mayor Norman Quijano, on March 9, Agence France-Presse reported. With 81 percent of the vote tallied, Sánchez Cerén had nearly 49 percent, just missing the 50 percent needed for a first-round victory. Quijano, of the Nationalist Republican Alliance, or Arena, garnered nearly 39 percent of the vote. In comments Sunday night to reporters, Sánchez Cerén expressed confidence that his supporters would propel him next month to the presidency. “They gave us a triumph in the first round and we’re sure that in the second round the difference will not be 10 points, it will be more than 10 points, it will be a great victory,” he said, AFP reported. For his part, Quijano told supporters that making it through the first round “is proof that we can win.” Quijano added that he was prepared for a “great battle” in the runoff. Voting was mainly calm, though turnout was lower than in previous presidential contests, election authorities said. The FMLN ended conservatives’ two-decade hold on the presidency with current President Mauricio Funes’ victory in 2009. The party tapped Sánchez Cerén as its candidate as it seeks to fight rampant crime and poverty. If elected, Sánchez Cerén has vowed to head an inclusive government and has spoken of a “grand national accord.” At the same time, corruption allegations against former President Francisco Flores, a campaign advisor for Arena, has overshadowed Quijano’s campaign. Among the top challenges facing El Salvador’s next president is gang violence. Criminal gangs known as “maras” are believed to have some 60,000 members, 10,000 of whom are imprisoned. The Central American country’s homicide rate was about 14 per day until a gang truce in March 2012 led to a decrease in that number to about seven per day. Sánchez Cerén has proposed a new program to help former gang members re-enter society, while Quijano has proposed a tough crackdown on criminals. The winner of next month’s runoff is to take office June 1.

What Is the State of Human Rights in Venezuela?

In its latest annual report, Human Rights Watch criticized Venezuela for an “accumulation of power” in the executive branch of government and for what it described as the erosion of human rights guarantees over the past decade that has “enabled the government to intimidate, censor and prosecute its critics.” The report also criticized countries including the United States (over Guantanamo prison), Canada (on indigenous issues) and Mexico (over vigilantes). How does Venezuela compare to other countries in the region on human rights? Are conditions getting worse in Venezuela for critics of Nicolás Maduro and his government? What is the state of the political opposition and civil society groups in Venezuela today?

Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: “More than a deterioration in the observance and enforcement of human rights, what we have seen in Venezuela for more than a decade and with increasing might during the past two years is a collapse in the rule of law. This catastrophic process is evident in every single activity that has Venezuela as its theater. Trade flows are subject to unpublished and informal taxes, making it virtually impossible to quote prices for anything destined for Venezuela. Jails are overflowing with prisoners who lack resources to pay their way to freedom and consequently stage violent and frequent riots. Court sentences are quoted in U.S. dollars, and the judges that do not render themselves to this innovative system of justice administration end up in prison. Crime is rampant and has taken a cruel turn with youngsters perpetrating horrendous crimes as the death of Monica Spear clearly demonstrated. It is hardly a surprise that Venezuela has raised Human Rights Watch’s eyebrows. One wonders when will these conditions will bother those who consider themselves friends of the Inter-American Democratic Charter.”

Editor’s note: The above is a continuation of a Q&A published in the Jan. 29 issue of the Advisor.

Company News

Chilean Securities Regulator Accuses Brokerages in Manipulation Probe

Chile’s securities regulator on Friday issued a formal accusation against several brokerages in connection with an investigation into market manipulation involving trading in fertilizer group SQM and its holding companies, Reuters reported. The regulator, known as SVS, has been investigating trades at LarrainVial SA, Banchile Corredores de Bolsa, Citigroup Global Markets and Linzor Asset Management, which is now called CHL Asset Management Chile. The brokerages have 20 days to respond.
nomic context, associated with the lack of specialized labor, observed in many segments of Brazilian industry explains the growing number of foreigners interested in living and working in the country. Brazil has demonstrated relative resilience in relation to recent economic crises and has an auspicious development potential projected for the coming decades. However, the country is going through a process of demographic transition and needs, in the time of a few generations, to promote a process of exponential increase in its indexes of productivity. The scarcity of qualified human resources is one of the principal bottlenecks that threatens the country’s future economic development. Despite the considerable improvement in the indicators referring to education in recent years, there still seems to persist a lack of specialized labor, particularly technical and scientific staff, in various Brazilian industries, including shipbuilding, petrochemicals and information technology. Since investment in education has an incremental nature and takes time to produce results, it is necessary to implement policies to strengthen our capacity, not only to create, but also to attract and retain highly skilled professionals, as a way to take better advantage of our current ‘demographic bonus.’ Presently, there is a deficit in instruments to elaborate efficient policies addressed to stimulate immigration as a vector of socioeconomic development. Therefore, it is urgent to create immigration linked to analyses of skill deficits in the Brazilian labor market, in accordance with short-, mid- and long-term strategic perspectives.”

Alexandre Pessoa, partner at KLA-Koury Lopes Advogados in São Paulo: “Brazil has announced a revision of visa regulations as changes are required to attract highly skilled foreign professionals which will be key for the growth of the Brazilian economy in the next years. New regulations may involve simplifying visa applications with less bureaucracy, the possibility to change jobs without having to request a new visa and hopefully facilitating visas for family members, including opposite- and same-sex unions. Main targets will possibly be engineers, physicians and technology specialists. Recent increases of working visa applications within the last couple of years have already forced the Brazilian government to improve and simplify immigration procedures. The proceeding for applications in Brazil is almost fully digital and much faster than in the past. In 2012, new regulations were enacted in view of the upcoming FIFA 2014 World Cup and the Olympic and Paralympic Games in 2016 to authorize foreign professionals connected to such events to apply for their visas directly at Brazilian consulates, with significant reduction in time and bureaucracy in comparison to the proceedings available before. In 2013, technical professionals were authorized to file applications for short-term cooperation assignments directly at consulates (such applications used to be filed by the Brazilian sponsor at the Ministry of Labor). While the Brazilian government is still planning new changes, highly skilled professionals in Brazil stand in a good position as companies have been increasingly offering retention and hiring bonuses as tools to retain and attract talent.”

“Main targets will possibly be engineers, physicians and technology specialists.”

— Alexandre Pessoa

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.