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Region Tallies Toll Of Katrina; Honduras Hardest Hit

by LADB Staff

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Central America and its neighbors in the hemisphere began to tally the toll of Hurricane Katrina almost from the moment the skies cleared over the US southern coast. The monstrous meteorological intrusion flashed its category-five credentials on approach, and then feinted to a four as it pasted the gulf states of Louisiana, Mississippi, and Alabama at 6:10 a.m. on Aug. 29.

Central America worried for its people, its commerce, and its economic viability from the outset. Central Americans who have immigrated to the US have tended to form communities with their co-nationals. For this reason Honduras can be said to be the most profoundly affected, because somewhere between 120,000 and 200,000 Hondurans settled in and near New Orleans. Three days after the hurricane hit, Jorge Vitanza, vice consul of Honduras in New Orleans, was desperately trying to find out where his citizens were. Early estimates were that 40,000 were forced from their homes. "Many of them were evacuated or left before it got bad, but we also know that there are still a lot of people in New Orleans, that many did not leave," said Vitanza.

Fearing deportation

It is a cruel turn of fate that many Hondurans in Louisiana were flushed there by Hurricane Mitch, the 1998 behemoth that ground their country to a nub (see NotiCen, 1998-11-12, 1998-11-19). Mitch wiped out economic development at home and sent hordes northward in hope of their personal survival and that of their kin through remittances. Now the search for these souls is complicated as Hondurans not only flee the devastation but fear that their undocumented status will lead to further pummeling at the hands of US immigration authorities.

"Undocumented migrants live in a state of terror," said Mexico's consul in Houston (see SourceMex, 2005-09-14). Vitanza said Hondurans, even two weeks after the storm, are afraid to go to shelters. "We have talked to some of them, and they're going at night and sleeping and coming out in the morning, early in the morning, because they are afraid that they...are going to be deported, which is not true. At this moment, they're not doing that." He said he had been notified by letter from the Department of Homeland Security that for the time being there is no deportation of victims in the area. But the Hondurans do not know that.

Translating for a Honduran immigrant identified only as Santa, Vitanza told a radio reporter, "She says there's a lot of people that have left the shelters because somebody came and told them that the immigration were looking for them and there were the border patrols here. And so, they left, a lot of them."

Confounding the situation more, many Hondurans who do have legal residence in the US have lost the documents, with no chance of replacing them. That makes them ineligible for help from the

Federal Emergency Management Agency (FEMA), according to a church aid worker who had been notified in writing that applicants for help would be required to show a Social Security card.

It might be thought that returning to Honduras would be an option for the migrants. But Mirta Flores, a Mitch survivor in the US only since June, told a reporter through an interpreter, "I really would like, sometimes have the feeling to just get up and leave and go back to my country, but when I think about my five children, I think that there I have they have no future because of the poverty that we live in there."

Other countries of the region have the same problems, but on a reduced scale. Guatemala's Foreign Ministry says that only about 2,100 of their nationals lived in New Orleans, but finding some of them has proved difficult. One is known dead, 55 or so have been reported missing, and relatives at home clamor for information about them. And, like the Hondurans, Guatemalans interviewed say they do not intend to return because they see little to return to, and their families need the remittances.

El Salvador has reported having about 9,600 of its citizens in the area, and Nicaragua about 5,000. The UN's Economic Commission for Latin America and the Caribbean (ECLAC) has already signaled the likelihood of diminished remittances as a result of Katrina. "There's a clear correlation between a disaster and the remittances," said ECLAC's Ricardo Zapata, who studies these things. He said there would be a negative impact, but it is too soon to tell how negative. For Honduras, however, the impact will be most profound. Rene Becerra, presidential commissioner for Honduran expatriate communities, said remittances account for 20% of Honduras' GDP.

In 2004, Hondurans sent home US\$1.2 billion, and that was expected to grow to US\$1.6 billion this year. The Foro Social de la Deuda Externa (FOSDEH) estimated a loss beyond the decrease in projected growth of remittances of US\$300 million in 2005 and US\$150 million in 2006. Commodities at risk The region is also bracing for news of losses on other economic fronts. High on the list of commodities to worry about is coffee.

Closure of the Port of New Orleans threatened deliveries on futures contracts sending futures prices higher, then tanking again when the port reopened. New Orleans is certified as a delivery point on these contracts, so the commodity cannot be rerouted just anywhere. Nor is it the case that simply touching ground at New Orleans satisfies delivery criteria. New York and Miami are the other options. There are currently 1.5 million bags of coffee warehoused in New Orleans, 68,411 of which belong to Guatemalan producers and shippers, and it remains unknown what condition they are in and whether the roasters on the receiving end of the contracts will accept them.

Officials have expressed doubts about whether the stored stocks can be certified as fit for consumption. It is too early to determine who gains and who loses on this. Coffee will probably rise significantly after the market chops around. Traders in the US forecast increases to about US \$150 per hundredweight for specialty coffees, the category in which much of Central America's production trades. It was trading in the US\$90-US\$100 range at the time of the hurricane. In general, that will mean that regional producers fulfilling prior contracts will not participate in rising prices, those having to enter the market to fulfill obligations at higher prices will suffer substantially, producers who have yet to sell will see windfalls, and futures traders will reap handsome profits no

matter what happens. Producers in Guatemala have said they will hold coffee off the market for the time being, to stimulate prices. Perhaps the most immediate and severe economic effect of the storm for the region was in the energy sector (see NotiCen, 2005-06-16).

Notification of the closure of and damage to refineries on the Louisiana coast sent already high fuel prices skyward, causing a state of energy emergency in Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama. Early news to the region was that delivery of gasoline would be interrupted, provoking nationwide scrambles to conserve supplies.

In Honduras, President Ricardo Maduro decreed immediate price hikes at the pump to crimp consumption and "ensure that Honduras does not suffer shortages, as has happened in other countries." In Costa Rica, a major concern was rice. As the largest rice consumer in the region (53 kg per capita per year), Costa Rica imported more than 200,000 metric tons from the US and was initially worried to learn that 90% of the crop in the devastated area was destroyed, representing 20% of total US production.

The Corporacion Arroceras de Costa Rica (Conarroz) reported that it had 125,721 MT in reserve to buffer a shortfall. Conarroz president Oscar Campos quickly released a statement saying, "Our consumers can remain calm having the assurance of food reserves for the next four and a half months." The region cannot be said to have been concerned only for its own interests. It joined other Latin American nations in offering aid to the stricken US. Honduras and Nicaragua, well-experienced thanks to Mitch, offered to send flooding and sanitation experts. El Salvador, the only Central American country with troops in Iraq, offered troops to combat looting.

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