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Hispanic businesses feel the squeeze
Crackdown on illegal immigration partly blamed for sudden drop in sales.

By [Aixa M. Pascual](#)
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Customers at Valeria Espinosa's variety store just browse the CD racks and the T-shirts on the wall. More and more, they decide against an impulse purchase.

They are wiring money home to Mexico and Central America less often, too.

Her sales are down by about 40 percent for the past two months.

"They don't splurge on themselves," Espinosa, who emigrated from Argentina six years ago, says in Spanish.

Espinosa's shop on Powder Springs Road in Marietta is not the only one hurting. Many businesses that cater to Hispanics are seeing a slowdown in sales. The crackdown on illegal immigrants, Espinosa says, "also hurts those of us who have papers."

And the fallout has spread far beyond car dealers, which immediately felt the impact from a law that went into effect on July 1 requiring a Georgia driver's license or ID card to get a car tag. It's affecting bakeries, insurance peddlers, banks, food manufacturers, supermarkets, restaurants and other businesses.

Why the slowdown in spending?

Tougher state and local laws that affect illegal immigrants and the lack of resolution over their status after the proposed immigration reform collapsed in Washington earlier this year have left many saving money, spending less and wondering what will happen next.

Add to this a slowdown in the housing market, which affects the job stability of a portion of the Hispanic work force in Georgia.

"This is like a double whammy," says UGA demographer Douglas Bachtel, who studies the Hispanic population. "Whenever there's anything new, there's fear and uncertainty, especially with the immigration status."

Nearly half of the Hispanic population in Georgia is undocumented, Bachtel explains. The census estimates there are 700,000 Hispanics in Georgia, but Bachtel says Hispanics are way undercounted.

"It's affecting all businesses," says Neil Moreno, who sells car insurance in a storefront next to Espinosa.

His business, which dropped by about 30 percent in July and August, now consists mostly of renewing auto insurance policies, not selling new ones. He can't afford to replace his assistant. On a recent morning, close to noon, he sat at his desk waiting for clients.

"This is dead," says Moreno, who is from Puerto Rico. "It's terrible. The phone's not ringing."

Just talking to a sampling of merchants suggests many definitely are feeling the pain:

> Banuestra, a Roswell-based bank with 12 branches in metro Atlanta, has seen its monthly revenue growth slow down to 10 percent from 35 percent earlier in the year, says chairman and CEO Drew Edwards. His clientele consists of about 23,000 Hispanic customers.

> Food manufacturer La Preferida, whose clients are predominantly small grocery stores that target Hispanic consumers, is having a tougher time selling its products. "[Consumers] get the basic stuff, like black beans and rice," says merchandiser Victor Ramirez, who drives across the state, offering more attractive sales promotions nowadays on his merchandise. "But they are buying less and not purchasing non-essentials like cookies and candy."

> Mexican restaurant Mexico Lindo in Smyrna has seen a big decline in business during the weekends, when the clientele is mostly Hispanic, says owner Jorge Echeverry. He's also seen a decline in the non-Hispanic customers. To attract business, he's offering specials and fixing up the bar, upgrading it with 42-inch TV screens.

Spending by Hispanics will grow at a slower rate in the next five years, says Jeffrey Humphreys, a University of Georgia economist. In 2006, Georgia Hispanics spent \$12.4 billion, 10th in the nation, according to his research.

A study released last month by the Washington-based Inter-American Development Bank found that the percentage of Mexicans in "new destination" states who send remittances regularly to their homeland declined from an average of 80 percent in 2006 to 56 percent this year. "New destination states" are those where immigration from Latin America is most recent, such as Georgia, North Carolina and Pennsylvania.

States that have long had Hispanic communities, such as New York, Florida and California, showed a tinier fall, from 68 percent last year to 66 percent this year.

In the "new destination" states, about half a million migrants have stopped sending money home, according to the IDB study.

Miami-based public opinion researcher Sergio Bendixen, who carried out the survey, says that the Mexicans in states such as Georgia don't feel welcome and face an uncertain future.

"They feel alienated. They feel unprotected," Bendixen says.

His sample of 900 subjects included 100 from Georgia. Interview subjects said they felt abused, exploited and discriminated against. "People in states like Georgia don't want them there," Bendixen says.

"They'd never tried to close the doors so much, [as] in the case of the car tag, as they have now," said Zayda Zavala, 26, as she worked at La Suprema Bakery in Marietta. "People don't want to drive."

In Georgia, a new law calls for verification of the status of applicants for public jobs and public benefits and to those thrown in jail for a felony or DUI.

Many people interviewed say fewer illegal immigrants are driving because of fear.

These restrictions come on top of the proposed federal immigration reform -- which attempted to offer legal status to most of the estimated 12 million illegal immigrants in the U.S. -- that stalled earlier this year.

Cobb County has gone further than other municipalities in Georgia in cracking down on illegal immigration. The county

sheriff has an agreement with U.S. Immigration and Customs Enforcement that allows specially trained local jail officers to initiate deportation proceedings for illegal immigrants who are arrested.

"Cobb County has the most anti-immigrant policies in the state right now," says Jerry Gonzalez, executive director of the Georgia Association of Latino Elected Officials, or GALEO. "Cobb County is going above and beyond to make itself an unfriendly place for immigrants."

Some illegal immigrants are afraid to drive for fear of being stopped for offenses such as reckless driving and DUI and eventually end up deported.

Some drive back and forth to work, but are afraid to drive to the store.

"If they bring you to jail, we're going to check your immigration status," says Col. Don Barlett of the Cobb County Sheriff's Office.

Of the 198 inmates at the Cobb County Jail interviewed to determine their status through Aug. 31, 142 have detainers which can subject them to deportation. ICE has taken custody of 32 illegal immigrants since the program went into effect at the end of June, says Maj. Janet Prince, one of the program's supervisors.

Sam Olens, chairman of the Cobb County Commission, says that the county has made efforts to include Hispanics in boards and in the community.

"Our Police Department is strictly enforcing the law," he says.

Cesar Jimenez, owner of Mercado Real de la Villa grocery store in Marietta, last month bought a used Honda Accord station wagon for \$3,500. He's driving customers from their nearby homes to his store and back. Uncertainty, he says, makes people not buy "homes, cars or travel."

More people are translating their documents, such as birth certificates issued in their country of birth into English, and applying for passports for their children, says Lorena Beltran, who works at the Cobb office of the Latin American Association.

"The fear is: What happens if I get arrested?" she says at her office inside the Las Colinas apartment complex on Franklin Road in Marietta. "They want to have their documents in order in case anything happens."

Espinosa, the variety shop owner in Marietta, owns two stores but is thinking of selling the one on Powder Springs Road to make ends meet.

"I want to get ahead, and I can't."

ELIZABETH LANDT / Staff
SENDING MONEY BACK TO MEXICO
Percentage of Mexican immigrant adults who send remittances:

In traditional states (such as New York, Florida and California)

2006: 68%
2007: 66%

In new states (such as Georgia, North Carolina and Pennsylvania)

2006: 80%
2007: 56%

Source: Inter-American Development Bank

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