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FEATURED Q&A

Is Argentina's New President Handling the Pandemic Well?



Argentines have largely approved of President Alberto Fernández's handling of the coronavirus pandemic. // File Photo: Argentine Government.

Q New Argentine President Alberto Fernández's approval ratings have soared amid his government's response to the Covid-19 pandemic, surpassing 79 percent in three recent nationwide surveys, even as concerns of a deeper recession loom. Nearly 95 percent of those surveyed in a recent Analogías poll agree with the government's strict quarantine measures. Why is Fernández seeing such strong approval ratings, and how much of the surge in popularity should be attributed to his coronavirus measures? Will the global recession undermine Fernández's plans to get Argentina's economy on a stronger footing? In the longer term, what will it take for Argentina to break out of its century-long struggle with boom-bust cycles and economic mismanagement?

A Kezia McKeague, director at McLarty Associates: "President Fernández's approval ratings saw an initial surge due to his government's aggressive measures in response to the Covid-19 pandemic. He instituted a national lockdown with the full support of governors and of the opposition, particularly that of Buenos Aires Mayor Rodríguez Larreta, and has positioned himself through daily media appearances as a decisive and pragmatic manager focused on saving lives above all else. That said, some tensions have emerged in the last week, reviving Argentina's traditionally polarized politics; Fernández's recent critical comments of private-sector layoffs led to a pot-banging protest in favor of a reduction in public-sector salaries, and the poor handling of banks' reopening for pensioners marred the government's able management of the crisis to date. Nevertheless, for

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POLITICAL

Brazil's Order of Ventilators From China Falls Through

The country will rely on local companies to produce ventilators after an order from China fell through, said Brazil's health minister.

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POLITICAL

Guatemala to Again Receive Deportation Flights From U.S.

Guatemala's government said that it will resume receiving deportation flights from the United States next week.

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ECONOMIC

Chile's Piñera Unveils \$2 Bn Fund to Help Informal Workers

Chilean President Sebastián Piñera announced a new phase in his government's emergency economic measures, including a \$2 billion fund to help informal workers.

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Piñera // File Photo: Chilean Government.

POLITICAL NEWS

Brazil's Order of Ventilators From China Falls Through

Brazil's health minister said Wednesday that the government's purchase of ventilators from China has fallen through and that the South American country will now rely on domestic companies to produce the machines, Reuters reported. Brazil wants to buy 15,000 ventilators from Chinese suppliers, but competition is intense for medical equipment amid the coronavirus pandemic, said Health Minister Luiz Henrique Mandetta. "Practically all our purchases of equipment in China are not being approved," he told reporters. On Tuesday, Mandetta said the government was encountering "difficulties" in obtaining the equipment after saying last week that Brazil was being outbid. Brazil's government has contracted Magnamed, a local medical equipment manufacturer, to produce 6,000 ventilators in 90 days, said Mandetta. Additionally, pulp and paper companies Suzano and Klabin, aircraft manufacturer Embraer, information technology provider Positivo Tecnologia and automaker Fiat Chrysler have offered to make ventilators, Mandetta added. Also, pharmaceutical and hospital equipment company Nutriex, which is based in Goiania, said it had succeeded in purchasing 40 metric tons of test kits and masks from China and that the purchase would arrive in Brasília on Wednesday via cargo plane. The company bought six million masks and other equipment, which is worth 160 million reais (\$30 million), Reuters reported. The company is planning to donate a portion of the order to medical facilities. Officials in Rio de Janeiro reported the first deaths from Covid-19 in the city's favelas, raising concern that infections could tear through the slums where residents have little access to health care and often do not have running water. Coronavirus has spread to 10 of the city's favelas, putting as many as two million people at risk, said the Rio de Janeiro mayor's office. Mandetta also reported the first case of the virus among the

Yanomami indigenous community and said the government will build a field hospital to help tribes that are vulnerable. "We are extremely concerned about indigenous communities," the health minister said. Brazilian President Jair Bolsonaro, whom critics have said has not been taking the pandemic seriously enough, said in a national address that the anti-malaria drug hydroxychloroquine was saving Covid-19 patients' lives and should be used in the initial stages of treating the disease. However, Brazil's health officials have limited its use to patients who are seriously ill and hospitalized because of a lack of evidence on the drug's safety and effectiveness for patients with the disease. Several governors and even members of his own cabinet have rebelled against Bolsonaro, saying he is putting lives at risk amid the pandemic, the Los Angeles Times reported. Bolsonaro has dismissed Covid-19 as "a little flu" and has called media coverage of the pandemic "hysteria." He has also urged Brazilians to return to work to prevent damage to the economy. "Don't follow the president's directions," said São Paulo Governor João Doria. Brazil has more than 16,000 confirmed cases of Covid-19 and 823 deaths confirmed to have been caused by it.

ECONOMIC NEWS

Chile's Piñera Unveils \$2 Bn Fund to Help Informal Workers

Chilean President Sebastián Piñera on Wednesday announced a second phase to his emergency measures designed to help soften the blow from the economic fallout of the Covid-19 pandemic, which includes a \$2 billion fund to benefit informal workers, La Tercera reported. The Chilean government had previously announced a stimulus package of almost \$12 billion, or 5 percent of GDP, aimed at saving jobs and protecting small businesses, Reuters reported. The measures announced on Wednesday seek to protect those who were not covered by the first package. "Our commitment

NEWS BRIEFS

Guatemala to Resume Receiving Deportation Flights From U.S.

Guatemala's government said on Wednesday that it would resume receiving deportation flights from the United States next week, after halting flights during Holy Week after three deported Guatemalans later tested positive for the novel coronavirus, the Associated Press reported. The Guatemalan foreign affairs ministry also said the government was preparing temporary reception centers for deported migrants from the United States in order to monitor their health.

Mexico Has Lost Nearly 350,000 Jobs Amid Efforts to Fight Virus: Official

Mexico has lost 346,748 jobs since the middle of March due to its efforts to fight the Covid-19 pandemic, Labor Minister Luisa María Alcalde said Wednesday, the Voice of America reported. Tourism-dependent Quintana Roo, the home of Cancún, has suffered the largest number of job losses among the country's states, with 64,000 job losses, said Alcalde. The labor minister called on businesses to help workers, though she stopped short of saying companies should provide workers financial relief.

Brazilian Start-up iFood Takes Controlling Stake in Domicilios.com

Brazilian delivery start-up iFood on Wednesday announced it had acquired a controlling stake in Colombia's Domicilios.com as it expands in the region, Reuters reported. iFood already has operations in Colombia, and in Brazil it competes fiercely with SoftBank-backed Rappi, the largest delivery company based in South America, and Uber Eats. It also has a presence in Mexico. Together with Domicilios.com, iFood said they would have the largest geographic coverage of any food delivery firm in Colombia.

has been to ensure that this transitory crisis does not turn into a permanent one," Piñera said in a televised address. He added that the new measures would benefit 2.6 million informal workers who do not have unemployment coverage. Large parts of the capital city of Santiago, where six million people reside, are under lockdown, and virtually all nonessential businesses have been closed for several weeks, Reuters reported. The newly announced package also includes additional benefits for small businesses, among them credit lines guaranteed by the state to help close the gap while most remain closed during the pandemic. Finance Minister Ignacio Briones said the new measures would bring Chile's fiscal deficit to 8 percent of GDP. Chile has more than 5,000 confirmed cases of coronavirus.

BUSINESS NEWS

Codelco to Suspend Some Contract Work at Chilean Mines

Chilean state copper miner Codelco said on Wednesday that it would temporarily suspend some contract work at its projects and mines as the government increases restrictions on movement amid the coronavirus pandemic, Reuters reported. The company said the measure would apply to about 30 percent of its total third-party contracts for 30 days, and it is subject to renewal as necessary as the health crisis evolves. Codelco said it had been forced to restrict access to contractors at some of its projects in order to comply with social-distancing guidelines on work sites, at cafeterias and in transport, which made it "impossible" for some contractors to complete their work. However, the company said production and sales continue at planned levels despite operational restrictions, which also include partially halting some projects due to coronavirus outbreak, La Tercera reported. "[Production] has not only been maintained, but it is also in line with the budget forecast in the business and development program," the company said.

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Fernández, there is a silver lining in the crisis that coincided with his 100th day in office—a clear strengthening of his leadership within the diverse governing coalition and a tempering of erstwhile doubts about the role of his influential vice president, Cristina Fernández de Kirchner. Nevertheless, the global recession will undoubtedly undermine Fernández's goals of stabilizing Argentina's economy and resolving the sovereign debt situation. The economic impact of the extended quarantine will be profound, deepening the recession and exacerbating poverty. Without access to financing, inevitable money printing by the central bank will have an uncertain effect on inflation, the Achilles' heel of the Argentine economy. Within Argentina's limited scope for fiscal stimulus, tax credits will not reach the large informal sector, and the decline of oil and commodity prices will further damage public finances. Beyond these immediate challenges, Argentina needs both a political consensus around sustainable economic policy, such as the importance of fiscal equilibrium, and a discussion of how to achieve sustained growth. A clear economic plan from the Fernández administration would reassure investors with long memories of past policy inconsistency."

A Horacio Verbitsky, president of the Center for Legal and Social Studies in Buenos Aires: "By definition, the pandemic is a global phenomenon. It calls globalization into question, while, at the same time, expressing globalization in its highest form. Years separated the three outbreaks of the medieval Black Death. Now, there are fears that outbreaks could be repeated in a number of weeks. This reflects the speed of human displacement, which is to say, of the virus. The instantaneity of communications allows us to compare what is occurring in every corner of the globe. In such a context of comparisons, the Argentine president's approval rating grows, as he called for a committee of qualified experts and applied

the recommendations before anyone else, with encouraging results so far. Nobody doubts that the economy will suffer, but this is not the distinguishing factor of Bolsonaro's Brazil, Trump's United States and Xi Jinping's China. Fernández implemented severe social-distancing measures, but with

“**Fernández implemented severe social-distancing measures, but within a democratic framework...**”

— Horacio Verbitsky

in a democratic framework, and the armed forces' participation is limited to logistical support by unarmed personnel. The profound process of 'memory, truth and justice' that my country has gone through since 1984 made this possible. The government also did not try to get political advantages at the expense of the opposition. It is said, all over the world, that nothing will ever be the same after this pandemic. We will have to wait and see if this is true when it ends. Argentina is preparing for such a moment, with the best possible disposition."

A Megan Cook and Marina Martínez de Hoz, lead specialists in the political and regulatory risks practice at Cefeidas Group in Buenos Aires: "Alberto Fernández's remarkably high approval ratings can be largely attributed to his administration's measures to contain the spread of Covid-19, which the public considered to be timely and appropriate for the moment. In fact, the rest of Fernández's policy agenda has been put on hold since the outbreak. Approval of Fernández's coronavirus crisis management is high, even among voters who supported the opposition in the 2019 elections, and has surpassed his overall approval rating. However, a few recent missteps—includ-

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ing misplanning bank reopenings, which resulted in photos of retirees crowding to receive pension or social aid payments that made international headlines—have resulted in some criticisms from opinion leaders that may eventually hinder the president's ability to maintain such high approval levels. In addition, pressures from within and outside the governing coalition regarding the softening of the mandatory isolation and related to other Covid-19 initiatives may

“A few recent missteps ... have resulted in some criticisms from opinion leaders...”

— Megan Cook & Marina Martínez de Hoz

also jeopardize approval ratings moving forward, especially as the impact of the government's measures on public health and the economy are seen. The stringent lockdown measures—which halted large swathes of the economy—combined with changes in the international scenario further complicate the already difficult task of restarting Argentina's lagging economy. The Fernández administration never defined a clear economic plan, but its broad contours included increasing exports, particularly of oil and gas, supporting local production and boosting consumers' purchasing power. In tandem, it predicated its plan on quickly resolving debt negotiations by convincing bondholders to bet on the country's future growth. However, reduced global growth and lower commodities prices complicate the external front at the same time that the crisis is exacerbating the structural challenges of Argentina's economy, such as high informality and dependence on consumption.

Argentina's government has launched efforts to help SMEs and vulnerable sectors weather the crisis, but it has limited space to support these measures for an extended period. Nonetheless, these much-needed supports will help cushion the immediate impact of the crisis as the government works to revive economic activity by gradually loosening the quarantine and resuming longer-term efforts.”

A Carlos Fara, president of Carlos Fara & Asociados in Buenos Aires: “All the growth in Alberto Fernández's approval rating is due to the leadership he is exercising in the face of the coronavirus crisis, since his government was slow in its pre-crisis decisions, and due to the fact that the country was in a turbulent zone with respect to the negotiation of external debt. Without a doubt, the global recession absolutely complicates the president's plans to stabilize the economy and eventually revive it. The public will forgive the president for not achieving these objectives this year due to the scope of the international crisis. In order to end its classic stop-and-go economic cycles, Argentina needs to solve its debt sustainability in the long term and grow again in a sustained manner over time, considering that without growth the current account deficit cannot be resolved, a fact that repeatedly strangles the availability of foreign exchange. Also, the country needs commercial and fiscal surpluses again, along with reforms that improve the country's competitiveness. Without solving those items, the question will always be: when will the next crisis occur?”

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

LATIN AMERICA ADVISOR
is published every business day by the
Inter-American Dialogue, Copyright © 2020

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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

ISSN 2163-7962

Subscription inquiries are welcomed at ebrand@thedialogue.org

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