

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs
Cargill

Joyce Chang

Global Head of Research,
JPMorgan Chase & Co.

W. Bowman Cutter

Former Partner,
E.M. Warburg Pincus

Dirk Donath

Senior Partner,
Catterton Aimara

Barry Featherman

Senior Director,
International Government Affairs,
Gilead Sciences

Marlene Fernández

Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim

President Emeritus,
Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Vice President, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones

Chairman, ManattJones
Global Strategies

Craig A. Kelly

Director, Americas International
Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education
Finance Group

Nicolás Mariscal

Chairman,
Grupo Marhnos

Thomas F. McLarty III

Chairman,
McLarty Associates

Carlos Paz-Soldan

Partner,
DTB Associates, LLP

Beatrice Rangel

Director,
AMLA Consulting LLC

Gustavo Roosen

Chairman of the Board,
Envases Venezolanos

Andrés Rozental

President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty

Head, Latin America
Sovereign Ratings, Fitch Inc.

Roberto Sifon-Arevalo

Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

FEATURED Q&A

How Important Is Medical Tourism to Latin America?



The global market for medical tourism is expected to more than double between 2016 and 2021, according to Orbis Research. // File Photo: Centers for Disease Control and Prevention.

Q The global market for medical tourism amounted to \$19.7 billion in 2016 and is expected to grow to \$46.6 billion by 2021, according to a recent report by Orbis Research. Latin American countries, including Costa Rica and Mexico, have become hotspots for medical tourism, as patients travel abroad to get medical and dental care that is more expensive at home. How much growth in medical tourism can be expected in Latin America, and how important is the industry to the economies of the countries where it is popular? Which types of procedures and services offered in Latin American countries hold the most potential for attracting patients? What policies, safeguards and standards should be put in place to ensure medical services on an international level can prosper in tandem with medical ethics and quality care?

A Andrew I. Rudman, managing director of Monarch Global Strategies: "American patients primarily travel to Mexico and elsewhere in Latin America to obtain medical care that is either unavailable or cost prohibitive. In most cases, they seek treatment for conditions not covered by their medical insurance, such as bariatric surgery, dentistry, plastic surgery and experimental treatments. In Mexico, revenue from medical tourism exceeded \$3 billion in 2015. This market will continue grow organically absent major changes to the U.S. health care system. However, the greater opportunity lies in employer or insurer-funded medical tourism. Many employers offer domestic medical tourism, especially for routine, nonemergency surgery such

Continued on page 2

TODAY'S NEWS

ECONOMIC

Mexico Outlines Goals for NAFTA Negotiations

Among Mexico's goals in the upcoming NAFTA talks are its retention of unimpeded access to goods and services in the NAFTA region.

Page 2

BUSINESS

Regulator Approves Mosaic's Purchase of Vale Unit

U.S.-based Mosaic announced in December that it had agreed to buy Vale Fertilizantes for \$2.5 billion.

Page 3

POLITICAL

Trump Demands Venezuela Release Opposition Leaders

U.S. President Donald Trump demanded that Venezuela's government release opposition leaders Leopoldo López and Antonio Ledezma, who were seized from their homes in overnight raids.

Page 2



López // File Photo: Facebook page of Leopoldo López.

POLITICAL NEWS

Trump Demands Venezuela Release Opposition Leaders

U.S. President Donald Trump late Tuesday demanded that Venezuelan President Nicolás Maduro's government release two opposition leaders who were imprisoned after being seized from their homes in overnight raids, the Washington Examiner reported. "The United States condemns the actions of the Maduro dictatorship," Trump said in a statement calling for the release of Leopoldo López and Antonio Ledezma. "Mr. López and Mr. Ledezma are political prisoners being held illegally by the regime." Trump added that the United States "holds Maduro—who publicly announced just hours earlier that he would move against his political opposition—personally responsible for the health and safety of Mr. López, Mr. Ledezma, and any others seized." Venezuelan intelligence agents arrested the two opposition leaders a day after balloting was held across Venezuela to elect members of a powerful "constituent assembly," which will have the authority not only to rewrite the country's Constitution, but also overrule other government institutions, including the courts and the oppo-

sition-controlled National Assembly. Nikki Haley, the U.S. ambassador to the United Nations, called Sunday's vote a "sham election" that is "another step toward dictatorship." Maduro has said Venezuela needs a new Constitution in order to end its political and economic crises. However, his opponents, including López and Ledezma, see the move as an effort by Maduro to increase his own power. On Monday, the U.S. government imposed sanctions on Maduro, saying he has trampled human rights in Venezuela and staged an illegitimate vote. On Thursday, Venezuela's opposition plans to hold a protest rally to coincide with the expected inauguration of the new constituent assembly. The timing of the rally, which had earlier been planned for today, was changed after opposition lawmaker Freddy Guevara said Maduro's government plans to seat the "fraudulent" assembly on Thursday.

ECONOMIC NEWS

Mexico Outlines Goals for NAFTA Negotiations

Mexico has outlined its goals for the upcoming renegotiation of the North American Free

NEWS BRIEFS

Cuba Halts Issuance of Permits for Some Private-Sector Jobs and Ventures

The Cuban government on Tuesday announced it would suspend the issuance of permits for some private-sector jobs and ventures, including restaurants and renting out rooms in private homes, the government said in state newspaper Granma, the Associated Press reported. The suspension also includes growing industries such as private teachers, street vendors of agricultural products and dressmakers. Some officials have expressed concern about an increase in tax evasion and the use of raw materials from the black market in the private sector.

Brazil's Lula to Face Sixth Corruption Trial

A federal judge in Brazil on Tuesday ordered that former President Luiz Inácio Lula da Silva face a sixth trial in connection with a kickback scheme, Reuters reported. Lula, who has already been convicted in one corruption trial, will be put on trial on charges he received one million reais (\$320,000) in improvements at a residential property from construction firm Odebrecht in exchange for political favors. Lula denies wrongdoing.

Odebrecht Agrees to Pay \$220 Mn Fine to Panama

Brazilian construction conglomerate Odebrecht has agreed to pay Panama a \$220 million fine and provide information about Panamanians who have received bribes from the company, Panamanian prosecutors said Tuesday, the Associated Press reported. Chief Prosecutor Kenia Porcell said the fine is part of a deal that was reached on July 26. Odebrecht has acknowledged paying \$800 million in bribes across Latin America, and has reportedly paid \$59 million in bribes to win contracts in Panama.

FEATURED Q&A / Continued from page 1

as orthopedic procedures. As employers recognize the importance of health benefits to their employees, they continue to look for more reliable, less costly health care options, making international medical tourism more appealing. Such programs would allow employers to take advantage of equivalent quality of care at considerably lower costs. In fact, our 2016 survey revealed that 42 percent of respondents were 'willing' or 'somewhat willing' to travel to a foreign country for surgery. Given geographic proximity and cultural affinity, Latin America should be able to compete successfully with India, Thailand and Singapore. Impediments to development

of medical tourism include: a lack of awareness that many doctors and surgeons were educated in the United States or Europe (and thus speak English); inadequate regulatory oversight to demonstrate that local hospitals meet international standards (such as JCI); inadequate ancillary infrastructure, such as conveniently located hotels and adequate transportation for patients and travel companions; and misinformation regarding public safety in general. Many of these can be overcome through partnerships between employers, insurers and public or private hospitals in Latin America."

Continued on page 4

Trade Agreement, or NAFTA, according to a document seen by Reuters on Tuesday, the news service reported. Among the country's goals for the talks that are due to start Aug. 16 are its retention of unimpeded access to goods and services in the NAFTA region, more integration of the labor markets of Mexico, the United States and Canada, and establishing rules of origin in order to guarantee regional benefits, the document says. Mexico also wants to strengthen regional energy security as the country works to implement the historic opening of its gas, oil and power sectors. Another one of Mexico's goals for the trade talks is to strengthen the dispute resolutions and mechanisms of NAFTA, which goes against U.S. President Donald Trump's administration's stated goal of eliminating the so-called Chapter 19 tool. Under Chapter 19, binational panels oversee complaints about illegal subsidies and dumping and make binding decisions on the issue. The United States frequently lost such cases. The Mexican government also hopes to unify agricultural, animal and health safety regulations, protect the intellectual property of domestic content producers and bolster and create new measures to increase transparency and fight graft. The Trump administration last month released a 17-page list of its objectives for the talks. [Editor's note: See related [Q&A](#) in the July 28 issue of the Advisor.]

BUSINESS NEWS

Brazilian Regulator Approves Mosaic's Buy of Vale Unit

U.S.-based fertilizer provider Mosaic has received regulatory approval in Brazil for its purchase of Brazilian mining giant Vale's fertilizer unit, Reuters reported. The approval was given without restrictions, the wire service reported, citing the government's official gazette. Last December, Mosaic agreed to buy Vale Fertilizantes for \$2.5 billion. The agreement will make Vale the largest shareholder in Plymouth, Minn.-based Mosaic.

COMINGS & GOINGS

Jorge to Lead International Services at Baker Tilly

Baker Tilly Virchow Krause, a Chicago-based accounting firm, on July 31 named Jeff Jorge to lead the firm's international services practice. Jorge previously served as Baker Tilly's Latin America-U.S. services desk leader. He joined Baker Tilly in June 2015 through a merger with Global Development Partners, a firm he founded. He is a bi-national board member and president of the United States-Mexico Chamber of Commerce's Great Lakes Chapter, which has focused on Mexico and NAFTA issues. Baker Tilly is ranked as one of the 15 largest accounting and advisory firms in the United States.

Wal-Mart Taps Baldwin for Plan to Attract Hispanic Customers

Wal-Mart on July 28 announced that Shawn Baldwin, the retailer's senior vice president and general merchandise manager for produce and global food sourcing, will now focus on a new initiative for Hispanic customers, Zacks.com reported. Martin Mundo, who has worked for Wal-Mart in Argentina, will replace Baldwin. The new assignment for Baldwin comes amid potential issues with the Hispanic customer demographic. Earlier in July, Target CEO Brian Cornell said Hispanic customers were shopping more infrequently this year. "They are staying at home. They are going out less often. Particularly around border towns in the United States, you're seeing a change in behavior."

AT&T Announces Management Shifts Ahead of Time Warner Acquisition

AT&T on July 28 announced some top executives will take on new roles as the company prepares for its acquisition of Time Warner, though the two companies have yet to close the deal on the merger, The Dallas Morning News reported. Effective Tuesday, the company's former chief marketing officer and former lead of AT&T's Time Warner merger integration planning team, Lori Lee, will oversee the company's international division. She will head the provision of mobile services for the company's more than 13 million consumers and businesses in Mexico, as well as for the more than 13 million subscribers to its pay-TV service across 11 countries and territories in Latin America and the Caribbean, Wireless Week reported. During the second quarter, revenue rose by nearly 11 percent in AT&T's international division, due in large part to new wireless subscribers in Mexico and Latin America, The Dallas Morning News reported.

PepsiCo Plans New Role for Latin America CEO

PepsiCo on July 25 announced that Laxman Narasimhan, currently the CEO of the company's Latin America business, will now head both the Latin America and Europe Sub-Saharan Africa divisions of the company, effective Sept. 1. Before being named CEO for Latin America in 2015, Narasimhan served as CEO of the Latin America Foods division, where he was responsible for PepsiCo's foods businesses in Mexico, Brazil, Central America, South America and the Caribbean.

FEATURED Q&A / Continued from page 2

A **Massimo Manzi, executive director of Promed, Cámara Costarricense de la Salud:** “With medical tourism projected to grow by 25 percent annually for the next 10 years, Latin America is in a unique position to capture a big portion of this business due to its cultural and geographic proximity to the United States, one of the biggest sources of medical travelers. The possibility of offering health care services 50 to 70 percent more cheaply than in the United States is the big driver. In a small country like Costa Rica, exports of medical services generated \$490 million, with approximately 70,000 arrivals for health reasons last year. It is estimated that a medical traveler spends six times more than a regular tourist. The market for medical tourism is very diversified and includes both dental and medical cosmetic procedures. Nevertheless, many people are also traveling for orthopedic, bariatric and general surgeries and more recently, for treatments like anti-aging, stem cells and fertility programs. One growing opportunity for the region is represented by U.S. self-insured employers looking for affordable, quality services and adding a medical travel option to their benefit plans. For example, Costa Rican hospitals already have in place contracts with U.S. companies sponsoring medical procedures for their employees, and providing incentives like free trips for patients and companions, copay and deductible waivers. The so called ‘corporate medical travel’ will be a main focus of the ‘Medical Travel and Global Healthcare Business Summit’ next month in Washington. Without a doubt, becoming a medical tourism hub requires a strong commitment to quality and patient safety to generate the necessary trust in the services provided by Latin American health care providers. Countries such as Costa Rica have heavily invested in implementing international standards of care. Also, many of the Latin American specialists involved in medical tourism have been either educated or trained in the United

States. With rising healthcare costs in the United States and Americans encountering problems accessing care, traveling south to accredited and more affordable hospitals and clinics makes sense.”

A **Robert J. Repke, president of Passport for Health:** “We expect continued growth in the medical travel sector over the next few years. This is driven by many influencing factors: a consolidation of U.S.-based hospitals while we see an increase in demand for medical services; the influence of the Affordable Care Act driving increased deductibles and co-payments for consumers; a growing awareness of the quality of services available in Latin American countries; an increase in employers self-funding group health coverage; and a move toward including Latin American hospitals as part of U.S.-based health plans. Patients are influenced by factors including ease of travel and access, quality of services and price. In addition, procedures not available elsewhere and those that can be planned ahead influence patients’ decisions. Medical providers’ focus on board certifications and the administrative quality at their facilities will help patients decide whether to seek care in those locations. While travel to places including India, Thailand and Singapore has received much attention, we see the close proximity, political stability and tourist-friendly nature of our Latin American neighbors as great influences. In addition, we consider the number of Americans of Hispanic descent a significant factor. Close time zones and direct airline services are important too. Countries in our network include Mexico, Panama, Costa Rica and Colombia, which are all close-by with high quality medical services.”

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2017

Erik Brand

Publisher
ebrand@thedialogue.org

Gene Kuleta

Editor
gene.kuleta@thedialogue.org

Nicole Wasson

Reporter, Assistant Editor
nwasson@thedialogue.org

**Michael Shifter, President**

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Michael Camilleri, Director, Peter D. Bell Rule of Law Program

Kevin Casas-Zamora, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Alejandro Ganimian, Nonresident Fellow

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, China and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Tamar Solnik, Director, Finance & Administration

Lisa Viscidi, Director, Energy Program

Denisse Yanovich, Director of Development and External Relations

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 freetrial@thedialogue.org

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.