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## FEATURED Q&A

# Will Peruvians' Access to Health Care Improve?



Peru has been among Latin America's worst-hit countries by the Covid-19 pandemic. President Martín Vizcarra (far right) is pictured touring a medical facility. // Photo: Peruvian Government.

**Q** Peru's government has reached a deal with private clinics to set a fixed price for the treatment of Covid-19 patients who require intensive care, as the Andean nation struggles with one of the world's worst coronavirus outbreaks. To what extent and in what ways has the pandemic laid bare existing inequalities in Peruvian society, especially in terms of access to health care? How should Peru's social safety nets and health care systems be fortified, and why haven't previous governments been able to achieve that goal? Is the pandemic likely to provide impetus to address such weaknesses, or will tightened budgets amid the economic crisis prevent any significant improvements?

**A** Armando Mendoza, economist and research officer at Oxfam in Peru: "Peru's official discourse portrays Peru as a successful model of sound orthodox policies. From 2005 to 2015, Peru achieved a healthy fiscal balance, accrued cash reserves and reduced its poverty rate. High global market prices of Peru's mineral exports facilitated significant tax collection, although its tax burden was low compared to other middle-income countries. On the spending side, Peru deliberately underfunded its public services in health and education and targeted support to extremely poor people. Peru's investment in public health stands at 3.3 percent of GDP, significantly below the average of Latin American countries. The orthodox economic policy further included absolute faith in unrestricted markets and favored private profit over public interest. Thus, it promoted privatization of public health and education services, which in turn led to abusive billing and discrimination

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## TODAY'S NEWS

### ECONOMIC

### Chilean Senate Approves Pension Withdrawal Bill

Chile's Senate approved legislation to allow workers to withdraw part of their retirement savings amid the coronavirus pandemic. Finance Minister Ignacio Briones said the measure will have long-term drawbacks for future retirees.

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### BUSINESS

### Antofagasta to Continue Talks With Miners

Chilean mining company Antofagasta has reportedly extended contract talks with workers at its Zaldívar mine in an effort to avoid a strike.

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### POLITICAL

### Brazil, Argentina Set Daily Records for Covid-19 Cases

Brazil and Argentina reported daily records for new cases of Covid-19. Meantime, Brazilian Jair Bolsonaro said he tested positive for the disease for the third time in two weeks.

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Bolsonaro // File Photo: Brazilian Government.

## POLITICAL NEWS

## Brazil, Argentina Set Daily Records for New Covid-19 Cases

Brazil and Argentina on Wednesday registered daily records for new confirmed cases of Covid-19, pushing the total number of cases in Latin America past four million, Reuters reported. Brazil recorded 67,860 new cases of the highly contagious disease, in addition to 1,284 related deaths. In total, Brazil has more than 2.2 million confirmed cases of the disease and more than 82,000 related deaths, more than any country in the world except for the United States. Among the Brazilians who have contracted the virus is President Jair Bolsonaro, who has repeatedly downplayed the threat of the disease. On Wednesday, Bolsonaro told CNN Brasil in a phone interview that he had tested positive for the third time in two weeks. He has been working in semi-isolation at the presidential palace in Brasília since he first announced that he had been infected. Bolsonaro initially told reporters that he had a low-grade fever but that he had not come down with serious symptoms, CNN reported. Also in Brazil, one of the country's Indigenous chiefs, Aritana Yawalapiti, has come down with a serious case of Covid-19, according to his son, Agence France-Presse reported Wednesday. The chief, who is about 70 years old, tested positive after he began having trouble breathing. He was taken from his village in the Xingu Indigenous reserve to a hospital in the town of Canarana in Mato Grosso state and then transferred on Tuesday to a hospital that had an intensive care bed available in Goiânia, the capital of neighboring Goiás state, his son said. Meantime, Argentina on Wednesday posted a daily record of 5,782 new confirmed cases of Covid-19, most of which were recorded in and around Buenos Aires, Reuters reported. Argentina now has nearly 142,000 confirmed cases of the disease and more than 2,500 related deaths. Elsewhere in the region, Peru, which has the second-highest number of confirmed cases of the disease after Brazil, added 3,688

deaths that had previously been uncoupled to its official toll, bringing its number of confirmed fatalities to nearly 17,500, Reuters reported. Also on Wednesday, Mexico's Health Ministry reported 6,019 new confirmed cases and 790 additional deaths, bringing the total number of confirmed cases in the country to more than 362,000 and more than 41,000 deaths.

## ECONOMIC NEWS

## Chilean Senate Approves Pension Withdrawal Measure

The Chilean Senate on Wednesday approved legislation that will allow workers to withdraw part of their retirement savings amid the coronavirus pandemic, a blow to center-right President Sebastián Piñera's government and sparking concerns among economists who say it could hurt the country's recovery, The Wall



**“One wonders where convictions lie, and if they were exchanged for applause.”**

— Ignacio Briones

Street Journal reported. The bill allows Chileans to withdraw as much as 10 percent from their contributions to private pension funds. Finance Minister Ignacio Briones expressed his opposition to the project. “One wonders where convictions lie, and if they were exchanged for applause,” he told senators, adding that the reform “opens a door that won't close, and which will be difficult to close again,” *Diario Financiero* reported. Briones also said allowing workers to dip into their savings now would have long-term impacts on future retirees by undermining their payouts, *The Wall Street Journal* reported. Piñera's government staunchly opposed the bill, but even some lawmakers who are members of the ruling coalition voted in favor of the legislation. The majority of Chileans support

## NEWS BRIEFS

## Bolivia Election Shouldn't Be Held Sept. 6 Due to Coronavirus: Committee

A committee that advises Bolivia's health ministry on measures to curb the spread of Covid-19 this week said that the country's election should not be held Sept. 6 as planned due to the pandemic, *The Guardian* reported. The committee said most researchers agree that in order to “plan activities such as an election, you must wait for the epidemiological curve of active cases to have a sustained decrease for a period of 14 days,” adding that holding the vote on Sept. 6 “is not appropriate.”

## European Union Providing Honduras \$93 Million to Help Fight Covid-19

The European Union has granted Honduras 80 million euros (\$93 million) in aid earmarked toward the country's health system in order to help it cope with the impact of the Covid-19 pandemic, the E.U. representative to Honduras, Alessandro Palmero, told reporters on Wednesday, Reuters reported. Honduras' health system is struggling to keep up with the number of coronavirus patients. The Central American country has registered 35,345 confirmed cases and 988 deaths from the virus.

## Chile's Antofagasta Extends Talks With Workers at Zaldivar Mine

Chilean miner Antofagasta and workers at its Zaldivar mine have extended government-mediated talks to discuss a new union contract and avoid a strike, an unnamed union source told Reuters on Wednesday. “Mediation was extended to see the results of the assemblies,” the source said, referring to workers' meetings to discuss a company proposal. Antofagasta declined to comment. The two parties entered government-mediated talks over salaries and benefits on July 15.

the bill, with 82 percent of workers backing the measure, according to pollster Cadem. The bill will now be sent back to the Chamber of Deputies, where legislators will need to approve modifications introduced in the Senate.

## Mexico's López Obrador Unveils Pension Reform Plan

Mexican President Andrés Manuel López Obrador on Wednesday unveiled a plan to overhaul the nation's \$266 billion pension system, including an increase in companies' contributions to employee retirement funds, in a rare display of unity with business leaders, Bloomberg News reported. The president announced the reform plans in his morning press conference, saying the proposal will prevent a looming retirement crisis. The bill would increase pensions for employees by



López Obrador // Photo: Mexican Government.

40 percent overall, Finance Minister Arturo Herrera said at the event, talking alongside business, union and congressional representatives. Under the plan, employers will contribute 2.7 times more than what they currently do, Herrera said, *Expansión* reported. The bill was immediately sent to the lower house of Congress. The bill was similar to a recent proposal made by the country's conservative opposition party. Jonathan Terluk, an analyst at Mexico City-based political consultancy Empra, said "[the bill] will be readily passable in some form that is similar to what is being presented." Adding, "That seems to rarely happen with this administration." He also said that the proposal was "conciliatory" between the government and corporate leaders, Bloomberg News reported.

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in access by private providers. Since the 1990s, all of Peru's presidential administrations have followed similar economic policies, and none of them enshrined the right to public services of high quality. Thus, Peru's orthodox economic policies inevitably have led to deep inequality gaps and barriers, which worsened when mineral prices fell, beginning in 2015. Consequently, when the Covid-19 pandemic hit Peru, its government was aware that its health system and safety nets were precarious and unable to cope with projected numbers of patients requiring intensive care treatment. In the scope of the Covid-19 pandemic in Peru, the promotion of private health services has pushed the country into a situation in which the right to health became just another commodity."

**A** **Carlos Cáceres, professor at Universidad Peruana Cayetano Heredia, and Arachu Castro, Samuel Z. Stone Chair of**

**Public Health in Latin America at Tulane**

**University:** "While Peru's economy has been portrayed as a regional success, Covid-19 has exposed the historical, unresolved inequities of Peruvian society. After the 1980s crisis and the ensuing severe austerity and structural adjustment policies, the fast economic growth experienced since 2002 was characterized by a rising network of flourishing local and foreign investments and the decrease of the poverty rate from 52.2 percent in 2005 to 20.5 percent in 2018, according to the World Bank. However, the image of national economic progress was blurred by the marginal benefits that the economic expansion brought to the millions in the informal sector and by the limited and partially effective government-led social programs for the poor. Additionally, public spending during the growth period was not focused on strengthening the public health system. Instead, health care for the poor is delivered through limited, subsidized services in public health facilities. This arrangement perpetuates health inequities between

those in the informal sector, those who are employed and contribute to a semi-public health insurance system (EsSalud) and those who pay private health insurance. Since the pandemic began, both public and EsSalud facilities suspended essential services, and yet grew unable to satisfy the demand for Covid-19 hospitalizations—while private hospitals kept doing business, ripping off uninsured users. Unwilling to take control of private hospitals, as authorized by law in case of emergencies, the government agreed to pay them a generous flat rate of \$15,800 per patient referred for care. The pandemic shows no steered health system in Peru and no converging ideas concerning how to achieve universal health access. In addition to increasing public spending in health from the current 3.3 percent to the recommended 6 percent, a comprehensive reform that builds on its rich experiences of community participation in health is needed to guarantee universal access."

**A** **Gustavo Riveros, director for Colombia and the Andean region at the Iberoamerican Organization of Social Security:** "The

pandemic has exposed the failures of health systems in both industrialized and emerging countries. In most Latin American nations, health systems reflect prevailing social inequalities. The central issue now in Peru is attending to those infected with Covid-19 and saving the maximum number of lives. Therefore, internal discussions should be postponed. Peru needs a health system that allows it to accelerate the decision made in 2009 to achieve universal insurance. However, it is clear that Peru needs to minimize the segmentation and fragmentation that exists in its current health 'system.' A single system administrator and a very strong surveillance entity with sanctioning and regulatory powers, backed by society as a whole, is required. An equal basic plan must be achieved for all Peruvian citizens. That basic plan must contemplate all catastroph-

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ic, communicable and noncommunicable diseases. The Peruvian government must maintain control of public health. This new system must eliminate out-of-pocket health expenses as much as possible. The prices of health services would be fixed by a single authority, based on realistic studies without generating perverse effects, such as raising the values of intensive care and decreasing the value of services such as pediatrics. The new system must build on what has already been built, recognizing SIS and EsSalud as the 'seeds.' In the short term, Peru must reach the Latin American median of health spending as a percentage of GDP. Private clinics must play a new role and understand that they are part of a system, not a market. All of this implies an agreement in which all sectors of society, including workers and employers, participate."

**A** **Francisco Durand, professor of political science at the Catholic University of Peru:** "In spite of early and decisive presidential action, Covid-19 continues to hit Peru particularly hard. Not only did it lay bare existing inequalities, but it also revealed the limitations of health policy decisions made in the last decades. Successive governments emphasized economic performance (growth and private investment) and reconfigured the state accordingly. In sectors such as education and health, governments (worried about fiscal limits) diminished public investment, while pockets of corruption silently develop in public hospitals and their pharmacies. The poor had access without medicines and acceptable care. At the same time, private clinics and deregulated pharmacies multiplied. Mergers and acquisitions exploded in the last years. Now, most clinics and retail pharmacies are run by economic groups that service those insured (fewer than one million out of 33 million). When the pandemic exploded, the public system was quickly overwhelmed, and some patients shifted to the small private clinics. Prices soared, and

the government had to reach a deal with 16 of the biggest clinics to set prices. So far, a short-term, emergency approach prevails. Yet, health care system reform (to increase access and develop infrastructure, and to regulate) is now part of a national agenda that has started with Covid-19. It is the beginning; a baby step."

**A** **Mario Ríos Barrientos, professor at Universidad Peruana Cayetano Heredia:** "Before the pandemic, Peru was in a political, economic and social crisis and had weakened institutions. In the 1990s, the health system was constructed under a 'minimal state' scheme and had a central political aim of destroying the public system. To the structural collapse of the Peruvian health system, we must add the inability of the government to respond. It has faced Covid-19 within the framework of the same model that had failed to organize health in the country: 1.) the stewardship and the government are not strengthened, 2.) the success of social immobility is not guaranteed by delivering basic subsistence resources, 3.) the costs were transferred to vulnerable populations, 4.) the government did not call for a fight against the pandemic, a first level of care does not exist, and the response has been concentrated in hospitals that have already collapsed, 5.) the government refusing to develop a national health industry and 6.) refusing to organize health as a regulated public service and prevent the abuse of speculators, and curbing the mercantilism of insurers and private clinics. The high vulnerability of Peruvians in the face of Covid-19 is a product of the structural conditions and the lack of government in which the country finds itself. Therefore, addressing structural problems alongside emergency decisions is vital. It is necessary to organize a single sustainable health system aimed at achieving the right to universal, comprehensive and dignified access to health care."

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