

## BOARD OF ADVISORS

**Diego Arria**  
Director, Columbus Group

**Devry Boughner Vorwerk**  
CEO,  
DevryBV Sustainable Strategies

**Joyce Chang**  
Global Head of Research,  
JPMorgan Chase & Co.

**Paula Cifuentes**  
Director of Economic & Fiscal Affairs,  
Latin America & Canada,  
Philip Morris International

**Marlene Fernández**  
Corporate Vice President for  
Government Relations,  
Arcos Dorados

**Peter Hakim**  
President Emeritus,  
Inter-American Dialogue

**Donna Hrinak**  
Senior VP, Corporate Affairs,  
Royal Caribbean Group

**Jon E. Huenemann**  
Former Corporate and  
Government Senior Executive

**James R. Jones**  
Chairman,  
Monarch Global Strategies

**Craig A. Kelly**  
Senior Director, Americas  
Int'l 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

**Beatrice Rangel**  
Director,  
AMLA Consulting LLC

**Jaana Remes**  
Partner,  
McKinsey Global Institute

**Ernesto Revilla**  
Head of Latin American  
Economics, Citi

**Gustavo Roosen**  
Chairman of the Board,  
Envases Venezolanos

**Andrés Rozental**  
President, Rozental &  
Asociados

**Shelly Shetty**  
Managing Director, Sovereigns  
Fitch Ratings

## FEATURED Q&A

# Will Banning High-Calorie Foods Make Mexicans Healthier?



Two Mexican states recently banned the sale of sweetened drinks and high-calorie packaged foods to minors. // File Photo: Amada Shepherd via Unsplash.com.

**Q** The Mexican states of Oaxaca and Tabasco recently passed legislation to ban the sale of high-calorie packaged foods and sweetened drinks to minors, and several other state legislatures are reportedly moving in the same direction, in a bid to curb so-called lifestyle diseases such as obesity and diabetes, whose long-term risks have been laid bare by the Covid-19 pandemic. To what extent are such prohibitions successful, and what lessons can be drawn from similar measures on other products such as cigarettes and alcohol? What can Mexico do to address noncommunicable health problems in the most effective way? Are the state-level initiatives a distraction from an inadequate government response to the Covid-19 pandemic, as critics allege?

**A** Rafael Pérez-Escamilla, professor and director at the Yale School of Public Health: "The impact of prohibition is not yet known in the area of junk food and sugar-sweetened beverages. At the very least, it sends the powerful message to parents and school officials that these products are harmful to the healthy growth and development of children and youth. It also sends the clear message from society to the food industry that the health and well-being of children and youth is no longer for sale. Mexico should invest much more on primary prevention by making sure women, infants and young children, adolescents and their whole families have access to a healthy and nutritious diet at the same time that it puts policies in place to protect them against easy access and the unregulated marketing of junk food and sugar-sweetened beverages. The state-level initiatives are

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Mexico Issues 25 Warrants for Student Deaths

Mexican Attorney General Alejandro Gertz Manero on Saturday issued 25 arrest warrants for individuals allegedly linked to the abduction of 43 students in southern Mexico in 2014.

Page 2

### ECONOMIC

## Chile Launches Plan for \$2 Billion in Jobs Subsidies

Chile's minister of labor, María José Zaldívar, said the subsidies will target women, young people between 18 and 24 years old and those with certified disabilities.

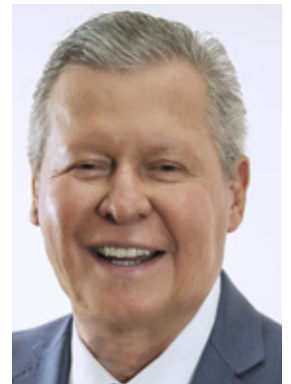
Page 2

### POLITICAL

## Manaus Locks Down Again as Covid Cases Climb

The mayor of Manaus, Brazil, Arthur Virgílio Neto, on Friday began enforcing a lockdown of the city's businesses and recreational areas as a spike in coronavirus cases surprised some health experts. He has criticized the federal government for fomenting the crisis.

Page 2



Virgílio Neto // File Photo: Brazilian Government.

## POLITICAL NEWS

## Manaus Locks Down Again as Coronavirus Cases Climb in Brazil

Manaus, the largest city in Brazil's Amazon, on Friday began enforcing closures of bars and recreational areas in order to contain a fresh surge of Covid-19 cases, Reuters reported. The rising number of infections has dashed theories that Manaus, a city of 1.8 million people, was one of the world's first places to reach herd immunity, according to the report. University of São Paulo researchers had suggested that a sharp fall in deaths in Manaus attributed to Covid-19 pointed to collective immunity at work. Researchers studying the area now say they believe that antibodies to the disease after infection may not last more than a few months. The number of daily burials and cremations in Manaus fell from 277 at its peak in May to 45 earlier this month. However, that number is now increasing again. Manaus Mayor Arthur Virgílio Neto has blamed far-right President Jair Bolsonaro for encouraging a return to normal life and work instead of waiting for a vaccine to be developed. On Sunday, Brazil's health ministry confirmed an additional 14,318 cases of people infected nationwide with the new coronavirus in a 24-hour period, with 335 deaths nationally. In Brazil alone, the disease has claimed 141,741 lives since February, according to Agência Brasil.

## Mexico Issues 25 Warrants in Missing Students Case

Mexican Attorney General Alejandro Gertz Manero on Saturday issued 25 arrest warrants for individuals allegedly linked to the abduction of 43 students in southern Mexico in 2014, the Associated Press reported. The highest-ranking fugitive in the case is Tomás Zerón, who at the time of the abduction was the head of the federal investigation agency. Now living

in Israel, he is being sought on charges of torture, covering up forced disappearances and stealing \$4 million from the Attorney General's Office budget. The people charged include police from various municipalities, federal police and members of the army, as well as organized crime figures, according to prosecutors. The slow-going investigation into the students' abduction and disappearance near Iguala, in the southwestern state of Guerrero, on the night of Sept. 26, 2014, revealed how deeply drug cartels had infiltrated law enforcement. Interior Ministry Under Secretary Alejandro Encinas said Saturday that since the search began for the 43 students, some 245 bodies have been found in the area, but only 22 have been identified. Gertz Manero, 80, previously served as secretary of public security during part of President Vicente Fox's right-of-center government. Last month, Paulo Morrugares, a Mexican journalist, and his bodyguard were killed in Iguala by gunmen who stormed the restaurant where he was having dinner, Reuters reported. Morrugares was the editor of PM Noticias, an online publication focusing on crime and police news in central Guerrero state.

## ECONOMIC NEWS

## Chile Launches Plan for \$2 Billion in Subsidies for Jobs

Chilean President Sebastián Piñera on Sunday announced the launch of \$2 billion in subsidies aimed at creating employment opportunities, Reuters reported. The right-of-center Piñera said the government would pay private businesses up to half, or as much as \$317, of the salaries of any newly hired employee for the next six months. A similar program will cover up to around \$200 of the salaries of employees who return to work after a furlough period during the coronavirus crisis. Chile's minister of labor, María José Zaldívar, said the subsidies will target women, young people between 18 and 24 years old and those with certified disabilities, La Tercera reported.

## NEWS BRIEFS

## Argentine Dollar Bonds Under New Pressure as Economic Outlook Dims

Fresh concerns about Argentina's economic outlook have put pressure on the South American country's newly restructured dollar bonds, the Financial Times reported Sunday. Less than a month ago, Argentina won near-unanimous approval from its foreign bondholders to restructure \$65 billion of debt after months of talks. But the bonds have already fallen near distressed levels, according to the report. The trend has surprised analysts who expected more stability after the successful talks.

## Rio de Janeiro to Postpone Carnival Indefinitely

Organizers said Friday that Rio de Janeiro's famed carnival parade scheduled for February has been postponed indefinitely due to the Covid-19 pandemic, BBC News reported. "We are looking for an alternative solution, something we can do when it's safe to contribute to the city. But we aren't certain enough to set a date," said Jorge Castanheira, president of samba league Liesa. Some 1.5 million tourists visited Rio for last year's carnival festivities, with more than half of those foreigners, according to data from Statista.com.

## Argentina's Cauchari Solar Park Begins Operations

Argentina's Cauchari Solar Park, the largest of its kind in Latin America, officially launched commercial operations over the weekend, Chinese state news agency Xinhua reported. Built and financed by China Power Construction and the Shanghai Electric Power Construction Company, the solar park is located in the northwestern province of Jujuy. It will supply the grid with a total of 300 megawatts of electricity and generate \$50 million in revenue for the province over its anticipated 20 year life span, according to the report.

## BUSINESS NEWS

## Moreno Ends Petroecuador's Monopoly on Fuel

Ecuador will allow private firms to import and sell some fuels for industrial and commercial use, effectively ending state-owned oil company Petroecuador's monopoly in the sector, the energy ministry announced Friday, Reuters reported. The new measure will not affect liquefied petroleum gas for use in homes, automobiles or the agriculture sector, but the government claims it will have a positive impact on public finances, according to the report. "A private company putting up the money to import a product means the state can reduce the money it needs to have on hand to bring these products," Energy Ministry René Ortiz told reporters, adding that private firms would have to pay a fee to Petroecuador in order to use its ports. According to Petroecuador, the government spends between \$3.5 billion and \$4 billion annually on imports of liquefied petroleum gas and other fuels. Other types of fuels that private companies will now be allowed to import include industrial gas, natural gas, diesel, jet fuel and aviation gasoline, among other derivatives, El Comercio reported. The prices of gasoline and diesel for use in automobiles and fishing vessels will still be based on a system that fixes the price on changes in the international price of crude, Reuters reported. The government began implementing this pricing system in May as part of an economic package aimed at managing the economic crisis. The latest move is part of several free-market reforms under President Lenín Moreno, whose government is also looking to merge Petroecuador with another state-owned oil firm, Petroamazonas. The two firms formerly operated as a single entity. Additionally, the government is seeking a partner to refurbish Petroecuador's Esmeraldas refinery, the largest in the oil-producing country. [Editor's note: See related [Q&A](#) in the Aug. 7 issue of the weekly Energy Advisor.]

## FEATURED Q&amp;A / Continued from page 1

not a distraction, they are in direct response to the reality of a huge problem of obesity and chronic diseases such as hypertension, heart disease and diabetes. They are fully justified because these adverse conditions are strongly driven by the excessive consumption of ultra-processed foods and sugar-sweetened beverages. Preventing sales of these unhealthy products to minors is one of several policies needed to bring the obesity epidemic under control. Others include excise taxes on sugar-sweetened beverages and junk food, clear front-of-package food labels, protection of minors against marketing of sugar-sweetened beverages and junk food and healthy school feeding programs that prohibit unhealthy foods and beverages in schools. Also, because breastfeeding is key for healthy child growth and development and prevention of chronic diseases in their mothers, it is key to regulate the marketing of infant formulas, follow-on formulas and toddler milks. It's important to keep in mind that these policies are being enacted after years of giving the benefit of the doubt to the food industry. Indeed, in response to strong lobbying from the food industry, the government has allowed the food industry to 'self-regulate' for years, but these voluntary efforts have not and will never work because they affect companies' profits."

**A** **Santiago López, executive director of the International Council of Beverage Associations (ICBA):** "The beverage industry believes in the importance of open dialogue and respects the measures taken by the authorities. We are a socially responsible industry that is actively contributing to efforts to solve the complex, multifactorial obesity challenge. This type of prohibition is unprecedented and lacks a solid evidentiary foundation. This narrow focus on a certain category of foods is not a comprehensive solution. These types of measures disproportionately affect those in the value chain of the agri-food industry who

can least afford it—artisan producers and small businesses, who are already suffering severe economic consequences due to the pandemic. The biggest public health challenges we face in Latin America and the Caribbean are malnutrition—including

**“ This type of prohibition is unprecedented and lacks a solid evidentiary foundation.”**

— Santiago López

overweight/obesity as well as undernourishment—and access to potable drinking water. It is extremely important for all stakeholders to work together to tackle these challenges, particularly given the aggravating factor of Covid-19. We support the United Nations' call to action for all stakeholders, including civil society and the private sector, to work together on comprehensive solutions. We support public policies based on science and equitable measures. We are greatly concerned about the stigmatization of food processing and the food industry. This stigmatization lacks scientific basis and does not take into account industry efforts to contribute to the solution. In Mexico, for example, industry has reformulated over 3,000 products, reducing the content of added sugar, sodium, calories and fat. More than 40 percent of the products marketed by the beverage industry are low in calories, without calories and in reduced portions. Moreover, millions of beverages and health supplies have been donated to support vulnerable communities, hospitals and health professionals, in addition to efforts to sustain jobs in small stores and restaurants. We will continue to collaborate with all sectors, working together to provide the best solution to improve health conditions while taking care of economic recovery and communities' resilience."

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

**A** **Arturo Sarukhan, member of the Inter-American Dialogue's Board of Directors and former Mexican ambassador to the United States:**

"Overconsumption of sugars is an important public health issue, and in recent years both governments and multilateral organizations have taken actions to improve access to healthy foods as one way to prevent noncommunicable diseases. However, sugar content should not be seen as the sole determinant of a healthy diet. Improvements in dietary patterns appear to have the greatest influence on reducing weight and cardiometabolic risk and represent the best opportunity for successful intervention, rather than outright prohibitions such as the ones some states in Mexico are attempting to enact in response to Covid-19. There's no question that obesity and diabetes are a huge public health issue in Mexico: of the OECD nations, it has the second-highest rate of obesity, after the United States. But the linkage that has explicitly been drawn by the Mexican government between this issue and the number of coronavirus deaths not only has a chink in its armor; it also entails an own-goal scored by the country's health authorities. Even before the emergence of the pandemic, we knew that obesity and diabetes were a major public health problem throughout the country. And as it spread from China to Europe, it soon became clear that along with other related comorbidities, they significantly increase the risk of severe disease and death. The government knew Mexico faced staggering numbers of obesity. Therefore, one should ask why in heaven's name, knowing this, did it approach the coronavirus in the laissez-faire way it has, minimizing its effects and risks and downplaying the importance of face masks and physical distancing? Despite evidence and the fact that a big swath of the population was vulnerable, they forged ahead with a negligent public health strategy that

only heightened those risks. Not a pretty picture—if not outright malfeasance—in the implementation of public policy."

**A** **Núria Homedes, executive director of Salud y Fármacos:**

"The main contributors to non-communicable diseases (NCDs) are smoking, unhealthy diets, sedentarism and harmful use of alcohol. Mexico ranks 130th and 72nd in the world in cigarette and alcohol consumption per capita, respectively, and has the highest global prevalence of children who are overweight or obese. The consumption of ultra-processed food has doubled in the last three decades, reaching 23 percent of the caloric intake, and sugary beverages constitute another 10 percent. The policies adopted by Oaxaca and Tabasco aim at changing two unhealthy habits, which are key to controlling future rates of NCDs in Mexico. However, embracing healthy habits requires knowledge, time, willingness to change and resources; and the effect of the pandemic in people's daily lives and the economy might not be conducive to flattening barriers to change. State governments do not have the resources to deploy a massive education campaign, facilitate access to unprocessed or minimally processed foods and teach healthy cooking and eating on a budget. Sustainable behavioral changes are not achieved through prohibition, even when stringently enforced, which is unlikely to be the case. Those affected by the policy will find ways to bypass the prohibition, as they did when selling tobacco to minors was prohibited in the late 1990s. The food industry and the private sector have not welcomed these policies, they fear that more states will follow and are resentful of recent mandates to improve food labels. These state efforts seem unrelated to the poor government's response to Covid but claiming a relationship could be an easy political target."

## LATIN AMERICA ADVISOR

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

**Erik Brand**  
Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**  
Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Anastasia Chacón González**  
Reporter & Associate Editor  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)



**Michael Shifter**, President  
**Rebecca Bill Chavez**, Nonresident Senior Fellow  
**Sergio Bitar**, Nonresident Senior Fellow  
**Joan Caivano**, Senior Advisor  
**Michael Camilleri**, Director, Rule of Law Program  
**Kevin Casas-Zamora**, Nonresident Senior Fellow  
**Héctor Castro Vizcarra**, Nonresident Senior Fellow  
**Julia Dias Leite**, Nonresident Senior Fellow  
**Ariel Fiszbein**, Director, Education Program  
**Peter Hakim**, President Emeritus  
**Nora Lustig**, Nonresident Senior Fellow  
**Margaret Myers**, Director, Asia and Latin America Program  
**Manuel Orozco**, Senior Fellow  
**Xiaoyu Pu**, Nonresident Senior Fellow  
**Jeffrey Puryear**, Senior Fellow  
**Mateo Samper**, Nonresident Senior Fellow  
**Tamar Solnik**, Director, Finance & Administration  
**Lisa Viscidi**, Director, Energy Program  
**Denisse Yanovich**, Director of Development, External Relations & Special Projects

**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](http://www.thedialogue.org)

ISSN 2163-7962

Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto:ebrand@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.