FEATURED Q&A

Does Latin America Need a United Front Against Covid-19?

As most leaders across the region rally their nations to fight the spread of coronavirus, Nicaraguan President Daniel Ortega’s government has stood out for its refusal to follow World Health Organization recommendations to implement social-distancing measures, prohibit mass gatherings and cancel school and university classes. Meanwhile, Brazilian President Jair Bolsonaro has also downplayed the virus, equating it to a “little flu” and snubbing social distancing. How important is coordinating a regional response to the coronavirus pandemic in order to avoid recurrent outbreaks in the months and years ahead? What are countries in Latin American and Caribbean doing to jointly address the health crisis? What does regional collaboration involve, and what needs to happen for a coordinated response to succeed?

Maria Belén Herrero, researcher in international relations at FLACSO-Argentina: “The responses to this pandemic cannot be just individual ones, but rather should be constructed collectively between countries, at a regional level, addressing their strengths and differences in an urgent, coordinated and solidary manner. It is an opportunity to discuss the available regional tools, face the pandemic and be prepared for eventual outbreaks. At the regional level, there have been different initiatives on different fronts. For example, Mercosur approved an emergency fund for a coordinated fight against Covid-19. CELAC has created a regional group of virologists to share prevention and detection practices and develop a regional front against viral

Continued on page 2
U.S., Mexico, Canada Extending Border Restrictions

The United States, Mexico and Canada are extending their restrictions on nonessential travel across their borders amid the coronavirus pandemic, the Trump administration announced Monday. “In close collaboration, the U.S., Mexico and Canada have each agreed to extend restrictions on non-essential travel across their shared borders for 30 additional days,” Acting U.S. Homeland Security Secretary Chad Wolf said in a statement. “As President Trump stated last week, border control, travel restrictions and other limitations remain critical to slowing the spread and allowing the phased opening of the country.” Last month, the Trump administration said it was closing the United States’ borders with Canada and Mexico to most travel that is unrelated to trade and commerce, The Hill reported. At the time, U.S. officials said the restrictions would be reviewed after 30 days. Canadian and Mexican officials have said the decision was mutual among the three countries.

Bondholder Groups Reject Argentina’s Restructuring Offer

Three of the largest groups of bondholders of Argentina’s foreign debt on Monday rejected the government’s proposal to restructure tens of billions of dollars of debt, increasing the probability of the South American country entering default as early as next month, The Wall Street Journal reported. Statements from the three groups, which include mutual funds, insurance companies and asset managers such as BlackRock, Ashmore, Monarch and Fidelity, were nearly simultaneous, La Nación reported. One of the ad hoc groups said the integration of public health, in which Latin America and the Caribbean still have a long way to go, is a powerful epidemiological tool and can act as an epidemiological shield in cases of a global emergency such as this one. The reconstruction of regional spaces that encourage discussion, as well as the activation of institutional mechanisms for such an action, are urgent for immediate contention and control, and later to address the social and economic consequences that this pandemic will leave behind.”

Carlos Espinal, director of the Global Health Consortium at the Robert Stempel College of Public Health & Social Work at Florida International University (FIU): “As of Monday, Latin America and the Caribbean have reported a total of 106,463 cases. Most countries did not anticipate their preparedness plans to strengthen health systems and create mechanisms for joint purchases of critical and essential goods and medicines, as is incentivizing local production. These are factors that become especially crucial in a crisis and emergency context. The regional emergencies. Caricom agreed on an integral communication strategy, given the problem of disinformation about coronavirus. The Ibero-American General Secretariat (SEGIB) as well, in technical cooperation, and PAHO, in its function as a regional health organization, are having a fundamental role in the face of the pandemic. Mechanisms and spaces for regional coordination to exchange information and best practices; defining joint actions of prevention and contention; strengthening health systems; formulating human resources; scientific and technological research; and, above all, an epidemiological response in accordance with the realities and priorities of each country are all necessary. It is also important to create mechanisms for joint purchases of critical and essential goods and medicines, as is incentivizing local production. These are factors that become especially crucial in a crisis and emergency context. The regional integration of public health, in which Latin America and the Caribbean still have a long way to go, is a powerful epidemiological tool and can act as an epidemiological shield in cases of a global emergency such as this one. The reconstruction of regional spaces that encourage discussion, as well as the activation of institutional mechanisms for such an action, are urgent for immediate contention and control, and later to address the social and economic consequences that this pandemic will leave behind.”

Chile’s Piñera Vows to Send Stimulus Payments to Low-Income Families

Chilean President Sebastián Piñera on Monday vowed to send stimulus checks to at least 1.8 million of the country’s lowest-income households, in response to the economic devastation brought by the coronavirus pandemic, Reuters reported. Piñera said the program totals $300 million per month and is likely to last at least three months. He said he planned to push the necessary legislation for the plan in Congress early this week. Chile has reported 10,000 cases of Covid-19. Economists expect a sharp contraction and double-digit unemployment this year.
It is unclear whether the Brazilian government for emergency loans, since most do not have enough liquidity to continue paying salaries, with some asking for as much as 100 billion reais ($18.88 billion), Reuters reported. It is unclear whether the Brazilian government

**BUSINESS NEWS**

Volkswagen to Keep Brazil Factories Closed Through April

Volkswagen plans to keep its factories in Brazil closed through the end of April, and it has not made a decision on whether it will reopen them in May or later, the German car manufacturer said Monday, Reuters reported. Volkswagen has reached a tentative deal with unions to keep workers' net salaries, the company said. Though it will reduce gross salaries, a government subsidies program will reimburse the difference, it added. By contrast, rival General Motors has cut salaries of its workers by as much as 25 percent, including subsidies, as part of its coronavirus response in Brazil. Car makers are currently in talks with the government for emergency loans, since most will not do not have enough liquidity to continue paying salaries, with some asking for as much as 100 billion reais ($18.88 billion), Reuters reported.

**TECH BRIEFS**

Chilean Government Speed-Drafting Law to Regulate Fintechs

Chile’s government is speed-drafting a law to regulate financial technology companies in the country, with the aim of presenting a proposal to Congress in mid-2020, Contxto reported April 17. Chilean Finance Minister Ignacio Briones, who announced the measure to the country’s commission on economy last week, said the administration is prioritizing the law for several reasons, including in a bid to expand financial inclusion and create jobs. Briones also said the law would encourage healthy competition and reduce costs within financial markets, according to the report. Ángel Sierra, the executive director of the FinteChile Association, said he hoped the law would be reviewed quickly and that it be flexible, so that it does not discourage innovation within the financial sector, Contxto reported.

Brazilian Gov’t Using Fintech in Coronavirus Emergency Assistance to Most Vulnerable

The Brazilian government is undertaking the country’s largest and fastest financial inclusion exercise using fintech through state-owned bank Caixa Econômica Federal in response to the Covid-19 pandemic, ZDNet reported April 9. The emergency aid program, which seeks to help 54 million financially vulnerable Brazilians, involves a payment of 600 reais ($117) per month until June. The plan includes millions of previously unbanked citizens, who are being provided with a mobile-based savings account to receive the assistance, which has been dubbed the “coronavoucher,” according to the report. The app went live on April 8, processing applications of more than 25.1 million Brazilians in the first 24 hours. Of that total, nearly 40 percent opted for the digital account offered to receive the monthly payments.

Pandemic Economic Fallout Hits Tech Start-Up Sector in Latin America

The economic fallout of the coronavirus pandemic has hit technology start-ups in Latin America, pushing them into survival mode, Reuters reported Monday, citing among several examples Colombian food technology start-up Muy. José Calderón, the CEO and co-founder of Muy, had to shut down all 40 of the company’s restaurants in Mexico and Colombia amid quarantine measures. “All stores zero, zero, zero, everything red,” Calderón, who slashed his own pay by more than 50 percent and asked employees to take voluntary cuts, told the wire service. “It’s super difficult,” he added. His experience is representative of the sharp blow that the pandemic has meant for start-ups in Latin America, where the tech sector had begun to gain traction, recently achieving billion-dollar valuations after years of struggling to attract international investors, Reuters reported.

will accept their request. The president of Brazilian development bank BNDES, which is coordinating loans on behalf of the federal government, said on Sunday that negotiations with automakers are set to be finalized in May.

In Brazil, South America’s top auto producer, Volkswagen has operations in three cities in São Paulo state and one in São José dos Pinhais in Paraná state, with a total of more than 15,000 employees, G1 reported.
and are currently in a reactive rather than a proactive process to mitigate the effects of Covid-19 on the population. The exceptions in national mandatory preventive isolation policies established earlier, in Colombia, El Salvador, Panama, Costa Rica and Argentina, have had a major impact on Covid-19 trends. The distorted messages in Nicaragua, Mexico and Brazil, and the lack of political leadership in Ecuador, have caused great confusion in the community and strong internal tensions in the political and social fields, with disastrous consequences reflected in the high mortality in Ecuador. Decision making based on scientific evidence on the progression of Covid-19 and its impact on the population is affected by the low number of diagnostic tests, which only reach about one million for a population of approximately 651 million. The Covid-19 pandemic strips of diagnostic tests, which only reach about one million for a population of approximately 651 million. The Covid-19 pandemic strips and deepens the great social inequality, health disparities and reduced investment in health, and it accentuates the economic and social crises in the region. Covid-19 has become a tracer of access to well-being, health and education in Latin America and the Caribbean. Access to virtual education, necessary today in compulsory isolation, is very limited in the most vulnerable populations, due to unequal access to the Internet and the necessary elements for the development of distance education. We hope that the lessons learned from the Covid-19 pandemic will help to build social integration policies with multisectoral strategies that reduce the gap in disparities and inequities that Covid-19 is now deepening.”

**Andrea C. Bianculli, assistant professor and co-coordinator of the master’s in public policy program at Institut Barcelona d’Estudis Internacionals (IBEI):** “The consequences of the Covid-19 pandemic are not all the same for all countries and regions. Latin American political leaders have addressed Covid-19 in a wide variety of ways, ranging from denial and irresponsibility to pragmatic and firm action from the outset. However, even timely and stern responses may be ineffective. Some governments in the region seem to have acknowledged this, as Mercosur shows. Based on regulations and practices in place since the 1990s, the bloc rapidly established joint lines of action, including sharing information and statistics on the evolution of the pandemic and on the measures that the member countries have adopted, facilitating the return of citizens and ensuring the movement of supplies and essentials (such as food, hygiene and health care products). Additionally, a $16 million emergency fund was approved to further promote the regional project ‘Research, Education and Biotechnologies applied to Health,’ which has been in progress since 2011, as well as the purchase of equipment, protection materials and kits for detecting the virus, thus strengthening countries’ health and response capacities. Still, this exceptional and severe pandemic is not only a clear and painful reminder of the importance of regional cooperation in managing cross-border challenges, but also of the far-reaching economic, political and social effects of health crises. Understanding this association is crucial to broadening the regional policy space and promoting collective responses in order to mitigate these wider consequences, which may exacerbate already existing vulnerabilities and inequalities. Finally, as a meso-level between the national and the international levels, the regional arena could also be a space for negotiating and providing more flexible financial support. Hence, countries’ success depends both on stronger and deeper regional cooperation and on true political leadership.”

*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

| Erik Brand | Publisher | ebrand@thedialogue.org |
| Gene Kuleta | Editor | gkuleta@thedialogue.org |
| Anastasia Chacón González | Reporter & Associate Editor | achacon@thedialogue.org |

---

**The Inter-American Dialogue**

Michael Shifter, President
Rebecca Bill Chavez, Nonresident Senior Fellow
Sergio Bitar, Nonresident Senior Fellow
Joan Caivano, Director, Special Projects
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, Director, Migration, Remittances & Development
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 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 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.