

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
President, Boeing Latin America

Jon E. Huenemann
Former Corporate and
Government Senior Executive

James R. Jones
Chairman,
Monarch 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

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 a Public-Private Hospital Deal Help Ailing Mexicans?



Mexican President Andrés Manuel López Obrador's government is working with private hospitals in order to handle the influx of patients with Covid-19. // File Photo: Mexican Government.

Q Mexico's government on April 13 announced a partnership in which private hospitals will allocate half of their available beds to the public-sector health system in order to treat patients with health matters unrelated to Covid-19 so that the public health system can focus on treating patients infected with the novel coronavirus. The month-long partnership will last until May 23 and will free up 3,115 beds in public-sector health facilities, the government said. How significant is Mexico's partnership for the "single national health care system" in the country's fight against the pandemic? Is the move a step toward universal government-provided health care in Mexico? How would more government involvement in health care in Mexico affect the private health sector and patients?

A Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City: "More than 140 private hospitals will join this month-long initiative to use half of their beds during 'Phase 3' of its contingency plan, for patients with diseases other than Covid-19. Hence, public hospitals and clinics will mainly serve patients with the novel coronavirus. Private institutions will not profit from this deal, as the price of medical attention will be very low. This agreement showcases the importance of public-private partnerships, especially during critical situations. The current administration has boasted of its intention of fusing all public institutions into a single national health care system, with free access for everyone. However, current facilities and infrastructure cannot satisfy the potential demand for beds and services of this unprecedented situation. Universal

Continued on page 3

TODAY'S NEWS

ECONOMIC

Venezuela's El Aissami Tapped as Oil Minister

Venezuelan President Nicolás Maduro named Tareck El Aissami, a longtime Socialist Party member whom the United States has accused of drug trafficking, as Venezuela's oil minister.

Page 2

BUSINESS

Copa Airlines Says Pandemic May Drive it Out of Business

Panama-based Copa Airlines said it may not have enough cash to survive the coronavirus pandemic, despite cutting costs.

Page 3

POLITICAL

Brazil's High Court Starts Probe of Bolsonaro

Brazil's Supreme Court launched an investigation of President Jair Bolsonaro after his outgoing justice minister, Sérgio Moro, accused him of trying to interfere with probes of the federal police, whose head Bolsonaro fired.

Page 2



Bolsonaro // File Photo: Brazilian Government.

POLITICAL NEWS

Brazil's Supreme Court Launches Probe of Bolsonaro

Brazil's Supreme Court on Monday launched an investigation of President Jair Bolsonaro after outgoing Justice Minister Sérgio Moro accused the president of trying to interfere with probes of the country's federal police, The Washington Post reported. Moro resigned last week after Bolsonaro fired Federal Police Chief Maurício Valeixo. In stepping down, Moro accused Bolsonaro of dismissing Valeixo in order to gain access to classified information and curtail police investigations of his supporters. "The president emphasized to me, explicitly, more than once, that he wanted someone who was a personal contact, whom he could call, from whom he could get information, intelligence reports," said Moro. The outgoing justice minister also sent news program National Journal photos of messages from Bolsonaro that appeared to back up his allegation. Two of Bolsonaro's sons, Flávio and Carlos, are the targets of embezzlement investigations. Carlos Bolsonaro is also reportedly under investigation on allegations that he created a fake news scheme to spread misinformation. The president dismissed the allegations as baseless, adding that he did not try to protect family members from investigations. He added that, as president, he was within his authority to fire the police chief. "The prerogative is mine, and the day I have to submit to any of my subordinates, I cease to be president of the republic," he told reporters last week. Bolsonaro has named André Mendonça, who was the head of Brazil's Solicitor General's Office, as Moro's replacement as justice minister, the Rio Times reported, citing the government's official gazette. Moro, a popular former judge, oversaw Brazil's sprawling "Car Wash" anti-corruption investigations. His allegations against Bolsonaro could form the basis of an impeachment case against Bolsonaro, The Washington Post reported. A poll released Monday showed that 57 percent of Brazilians would support the president's impeachment.

The Supreme Court's investigation of Bolsonaro comes as the president is under criticism due to his handling of the Covid-19 pandemic. Bolsonaro has downplayed the threat of the novel coronavirus, of which Brazil has more than 67,000 confirmed cases and more than 4,600 related deaths. [Editor's note: See related [Q&A](#) in the April 23 issue of the Advisor.]

ECONOMIC NEWS

Venezuela's Maduro Names El Aissami as Oil Minister

Venezuelan President Nicolás Maduro on Monday named Tareck El Aissami, a close ally who is accused by the United States of drug trafficking, as the country's oil minister, The Wall Street Journal reported. According to Venezuela's official gazette, El Aissami will be responsible for reorganizing the country's en-



El Aissami // File Photo: Venezuelan Government.

ergy sector, amid strict U.S. sanctions against the government, nationwide fuel shortages and declining crude production. Venezuela's oil output has plunged to 600,000 barrels a day from about 3.5 million barrels a day when Maduro's predecessor, Hugo Chávez, was elected in 1998. El Aissami is a longtime Socialist Party member and one of Maduro's top economic advisors, and he also serves as vice president for the economy and industry minister. The United States blacklisted him in 2017, accusing him of being a narcotic kingpin. El Aissami has denied the charges. Also on Monday, Maduro appointed Asdrúbal Chávez to head state energy company PDVSA, the Associated

NEWS BRIEFS

El Salvador's Bukele Authorizes Lethal Force Against Gang Members

Salvadoran President Nayib Bukele has authorized the country's police and army to use lethal force against gang members, whom he says are taking advantage of the Covid-19 pandemic, CNN reported today. Bukele said he was allowing lethal force "against the terrorists who are carrying out imminent threats against the physical integrity of the population."

Costa Rica Announces Measures to Begin Easing Pandemic Restrictions

Costa Rica's government on Monday announced measures to begin easing coronavirus restrictions starting May 1, with theaters, gyms and athletic centers allowed to reopen during the week with limited capacity, the Tico Times reported. However, some of the stricter measures, including border restrictions and the closure of beaches, are likely to be extended beyond May 15, said Health Minister Daniel Salas. The government will increase or roll back measures every 15 days after evaluating the spread of the virus, it said. Costa Rica has reported 697 cases of Covid-19 and six deaths.

S&P Downgrades Outlook for Chile

Ratings agency S&P on Monday downgraded Chile's outlook to negative from stable, adding that it could revise down the country's credit rating in the next two years due to the risk of a prolonged period of low economic growth, Reuters reported. For now, it maintained Chile's sovereign rating at A+/A-1, but increased global uncertainty, risks of weak recovery in global trade and likely social protests in the country could hit the Chile's economy and erode public finances, S&P said. [Editor's note: See Monday's [Q&A](#) in the Advisor.]

Press reported. Chávez, a cousin of the late president, had previously served as director of PDVSA, overseeing a refining network that once had the capacity to process 1.3 million barrels of crude per day. El Aissami and Chávez replace Manuel Quevedo, who previously held both positions. “The country’s only source of revenue, oil, has collapsed under Quevedo, and the U.S. sanctions put the final nails in his coffin,” Russ Dallen, head of investment firm Caracas Capital Markets, told the AP.

BUSINESS NEWS

Copa Airlines Says Pandemic May Drive it Out of Business

Panamanian airline Copa on Monday said that it may not have enough cash to survive the coronavirus crisis despite cutting costs, Reuters reported. It is the second major Latin American carrier to suggest it might not be able to keep operations afloat amid the pandemic, after Colombia’s Avianca last week said there were “substantial doubts” about whether it will be able to stay in business due to the economic crisis. “Even after giving effect to our cost saving initiatives, we may not have sufficient liquidity to operate our business,” Copa said, adding that under a conservative estimate, it could use as much as nearly 70 percent of its cash by the end of the year. The airline said it had \$1.13 billion in cash but expects to run through more than \$750 million in the next nine months. “It is possible that our monthly cash burn rate could be significantly higher than the levels we currently anticipate,” it said. Copa added that it was seeking to sell \$350 million in five-year bonds that can be converted to equity. Its shares were falling more than 12 percent in New York following the announcement. Copa also said that it hopes to resume at least partial operations on June 1, and it is hoping to increase the number of humanitarian flights it does before then, Finance Colombia reported.

FEATURED Q&A / Continued from page 1

public health care in Mexico is desirable but unlikely at the moment. The government lacks the resources to cover all expenses and necessary materials. Meanwhile, private hospitals can intervene and help to mitigate the effects of the pandemic. Nonetheless, even with help from the private sector, the number of hospital beds per 1,000 people in Mexico in 2015 was 1.5, considerably lower than fellow OECD countries. (Japan and South Korea have 13 and 12, respectively.) Instead of more government involvement in health care, recent evidence such as this partnership shows that collaboration with other sectors can prove to be more effective and less expensive.”

A **Thomas Morante, chair of the Insurance Regulatory and Transactional Practice Group, and Yani Contreras, consultant, both at Kaufman, Dolowich & Voluck:**

“Extraordinary times call for extraordinary measures, and the partnership in Mexico between private hospitals and the public health system demonstrates an incredible collaborative effort in the fight against Covid-19. The Ministry of Health reported on March 14 that the public health care system, including hospitals operated by IMSS and Mexican state-owned entities, had approximately 50,000 hospital beds, 2,500 intensive care beds and 9,000 emergency room beds. Freeing up 3,115 of these beds through this partnership may provide some relief for public hospitals but likely not enough to accommodate the medical response to Covid-19 patients during the expected mid-May peak in Mexico. The number of announced Covid-19 cases is questionable as no tests have been available to determine accuracy. Even before this collaboration, Mexico City’s mayor said the city’s hospitals were already at full capacity. Thus, based on patterns in other countries, it is anticipated that Covid-19 cases could exceed Mexico’s health care capacity. The public-private health care partnership is a welcome re-

sponse to the current crisis, but likely is not a step toward universal government-provided health care in Mexico. It is limited in time (one month) and in scope (private hospitals will handle deliveries, appendicitis, hernias, ulcers, endoscopy and similar procedures). The government will pay private hospitals pre-fixed prices for surgical procedures, but this might not cover their cost. Thus, private hospitals could lose money in fulfilling their commitment. There is no government program contemplated to support private health care providers. Consequently, if the president should request it, private hospitals may elect to extend this arrangement for some time period, but the partnership likely won’t last forever.”

A **Amanda Mattingly, senior director at The Arkin Group in New York:** “As Mexico enters

‘Phase 3’ in the rapid escalation of coronavirus cases, the partnership between the government and private hospitals will be essential for Mexico to meet the demand for beds within the public health system’s facilities treating Covid-19 patients. It still may not be enough, and for that reason, the Mexican military has been asked to ready additional beds. Before the agreement, Gustavo Reyes Terán, who manages Mexico’s national health institutes and hospitals, had warned that the public hospitals had only about 3,000 intensive care unit (ICU) beds available for Covid-19 patients. The scramble for additional beds has come at the same time the government has scrambled for ventilators, personal protective equipment and doctors available to treat patients. The Mexican health care system started out at a disadvantage in facing the coronavirus, according to the Organization of Economic Cooperation and Development (OECD), which has pointed to the low number of doctors and ICU beds per inhabitants and high levels of obesity within the Mexican population as problems. On top of these weaknesses, President López

Continued on page 4

FEATURED Q&A / Continued from page 3

Obrador resisted taking more stringent containment measures earlier, which could have reduced the rate of community spread. Coming out of the crisis, López Obrador is likely to blame past administrations for a lack of investment in public health care and double down on his desire to overhaul the whole system with a larger government role. Using the coronavirus pandemic as proof of the need for universal public health care, he is likely to pursue policies that would indeed affect the existing private health care sector in Mexico.”

A **Andrew Rudman, managing director at Monarch Global Strategies:** “The challenges created by Mexico’s fragmented health care system are long known. Except in specific circumstances such as obstetric emergencies, patients covered by one public system do not have the right to access facilities owned by another. The lack of ‘portability,’ (roughly equivalent to ‘out of network’ coverage in the United States), exacerbates treatment delays and foments inefficiency within the discreet systems. The creation of a new health institute, INSABI, to provide health care for the uninsured and replace Seguro Popular has added more uncertainty and confusion to Mexico’s public health care system. Responding to Covid-19 will increase the strain on Mexico’s already underfunded health care system. High rates of diabetes, obesity and heart disease suggest that Mexico may face higher rates of serious cases than other countries with a similar demographic pattern. As early as mid-March, estimates were that Mexico’s public system could not deliver the number of intensive care beds that would be needed when the pandemic reached its peak (probably two to three weeks after the United States). As such, the April 13 announcement was an important and necessary step to augment the number of available beds. It is also a much-needed example of public appreciation for the contributions of the private sector. Looking beyond the immediate

Covid-19 threat, the exchange of services between public and private facilities during the pandemic would ideally continue. Pursuit of a comprehensive system to exchange necessary patient records and financial data would enhance the efficiency of the entire health care system while taking a temporary step toward universality. This would create a window for the thoughtful development of a single-payer system.”

A **Raúl Benítez Manaut, researcher at the Center for Interdisciplinary Research in Science and Humanities at the National Autonomous University of Mexico (UNAM):** “Epidemiologists estimate that there must be 30,000 Covid-19 cases in Mexico, given that the country has hardly tested its population. President Andrés Manuel López Obrador did not take the threat seriously until late March, and he did not follow scientists’ recommendations. Deputy Health Secretary Hugo López-Gatell expects as many as 10,000 deaths between May and June. The private sector’s participation is necessary, as public hospitals would be quickly saturated at the beginning of May. The three jurisdictions with the most cases are Mexico City, Jalisco and Baja California. These three jurisdictions have extensive private-hospital infrastructure. Most public hospitals are undergoing a retraining to care for Covid-19 patients. Private hospitals will take many cases of those suffering from illnesses not related to coronavirus. The president has a difficult relationship with the country’s entire private sector, with the media and with an important group of governors who are not from his party but who lead wealthy states with important private-hospital infrastructure, such as those from Jalisco, Nuevo León, Tamaulipas and Coahuila. The media and civil society have greatly criticized the government’s strategy. The negotiation with private hospitals has been difficult, as they fear intervention if they do not cooperate and nonpayment from sick people who are transferred to big public health institutes.”

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



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.