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FEATURED Q&A

How Much Is Poor Health Costing Latin America?



Cases of noncommunicable diseases are only expected to rise in coming decades in the Western Hemisphere. // File Photo: Pan American Health Organization.

Q Every year in the Americas, noncommunicable diseases, such as cardiovascular disease, cancer, respiratory diseases and diabetes, cause four out of every five deaths, with that figure only expected to grow in the coming decades, according to the Pan American Health Organization. Moreover, the organization points out that such diseases are increasingly not just affecting the elderly, as a third of the deaths caused by non-communicable diseases are in working-age people younger than 70, putting new strains on employers. What effect are poor health habits having on the economies and productivity of Latin American and Caribbean countries? Are governments in the region focusing enough on preventing and treating lifestyle diseases, and how can they pay for those efforts? Which policies in the region are successfully helping citizens prevent illness and can be replicated on a broader scale?

A Jennie Ward-Robinson, president and CEO of the PAHO Foundation: "Noncommunicable diseases (NCDs) pose the greatest threat to health, wellbeing and economic vitality, as the rise in obesity and subsequently NCDs, is most evident and impactful during the most productive years. Consequently, NCDs threaten productivity, have social and economic implications at the familial, community, employer and country levels. In the Americas and the Caribbean, this is especially poignant as economies experiencing growth are now threatened by rising rates of diabetes, vascular diseases and cancers that pose a threat to sustainability. According to the World Health Organization, about a third of NCD deaths in the Americas occur in people

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Venezuelan First Lady's Nephews Sentenced for Drug Trafficking

Two nephews of Venezuelan First Lady Cilia Flores were sentenced in New York to 18 years in prison after being convicted of conspiring to import cocaine into the United States.

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Mexico's Central Bank Hikes Key Interest Rate

Banxico raised its benchmark overnight interest rate by a quarter percentage point.

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POLITICAL

Peru's Kuczynski Refuses to Step Down Amid Corruption Claims

Peruvian President Pedro Pablo Kuczynski late Thursday defied calls for his resignation following revelations that Brazilian construction firm Odebrecht made payments a decade ago to Kuczynski's consulting firm.

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Kuczynski // File Photo: Peruvian Government.

POLITICAL NEWS

Peru's President Refuses to Resign Amid Graft Claims

In a televised address late Thursday, Peruvian President Pedro Pablo Kuczynski refused to step down amid calls for his resignation over payments Odebrecht made to his consulting business a decade ago, the Associated Press reported. The Brazilian construction firm acknowledged last year in a plea agreement with the U.S. Justice Department that it paid nearly \$800 million in bribes, mainly in Latin America, to win infrastructure contracts. The amount included \$29 million that the company said it paid to officials in Peru between 2005 to 2014 during three presidential administrations, The Wall Street Journal reported. In his address Thursday night, Kuczynski said he did not have a role in managing his firm, Westfield Capital, when it received \$780,000 in payments from consortiums led by Odebrecht between 2004 and 2007. He said that, during those years, a business partner signed contracts involving Odebrecht. During that time, Kuczynski was serving as Peru's finance minister and then prime minister. "I'm not going to abdicate my honor, my values or my responsibilities as president of all Peruvians," said Kuczynski. "I won't run. I won't hide. I have no reason to do so." Lawmakers of various parties on Thursday called for Kuczynski to resign after a Peruvian congressional committee said it had received documents from Odebrecht showing the payments that it made to Kuczynski's firm. Legislators from Fuerza Popular, the country's largest opposition party, which is in control of Congress, called on Kuczynski to resign by the end of the day and said they would back a vote in Congress to oust him if he didn't step down. "This is extremely grave," said Daniel Salaverry, a Fuerza Popular lawmaker and party spokesman. "For the good of the country, we have asked the president to present his letter of resignation." Kuczynski has previously said that he never gave favors to a company while he had roles in government. He has also said that he

would meet with the committee that is investigating corruption after previously refusing to do so. Some of the payments from Odebrecht reportedly occurred while he was serving in the government of former President Alejandro Toledo, whose administration awarded several contracts to Odebrecht. Local media in Peru have reported that Kuczynski was involved in the awarding of those contracts. Toledo has previously denied wrongdoing. [Editor's note: See a [webcast](#) of the Dialogue's event Thursday on Peru.]

Venezuelan First Lady's Nephews Sentenced to 18 Years

Two nephews of Venezuela's first lady were sentenced Thursday in a U.S. court to 18 years in prison following their convictions on drug trafficking charges, the Associated Press reported. Franqui Francisco Flores de Freitas and Efraín Antonio Campo Flores were sentenced in federal court in Manhattan. They had been arrested in Haiti in 2015 in a sting operation by the U.S. Drug Enforcement Administration. The men, who are cousins and both nephews of Venezuelan First Lady Cilia Flores, were convicted in November 2016 of conspiring to import cocaine into the United States.

ECONOMIC NEWS

Mexico's Central Bank Hikes Key Rate by Quarter Point

Led by a new governor, Alejandro Díaz de León, the Bank of Mexico on Thursday raised interest rates by a quarter percentage point as concerns over inflation increase, The Wall Street Journal reported. The overnight interest rate target now stands at 7.25 percent, the highest since February 2009. A majority of Banxico's four voting members agreed to the move, while one member called for an even more hawkish

NEWS BRIEFS

Chileans Head to Polls Sunday in Close Presidential Race

Chileans head to the polls Sunday to choose their next president in the country's runoff election. Conservative former President Sebastián Piñera and center-left Senator Alejandro Guillier are vying for the presidency in a close race. "Everything points to a narrow margin of victory," Guillermo Holzmann, professor at the University of Valparaíso, told Reuters. [Editor's note: See related [Q&A](#) on Chile in the Dec. 8 issue of the Advisor.]

López Obrador Announces Cabinet Picks if He Wins Mexico's Election

The front-runner in next year's presidential race in Mexico, left-leaning populist Andrés Manuel López Obrador, on Thursday named individuals he would pick for his cabinet if he wins the election, Reuters reported. Carlos Manuel Urzúa, a U.S.-educated economist who served as finance minister of the Mexico City government from 2000 to 2003 when López Obrador was mayor, would be finance minister. For interior minister, López Obrador selected Olga Sánchez, a former Supreme Court justice.

Argentina's Lower House Suspends Vote on Pension Reform Amid Clashes

The head of Argentina's lower house of Congress, Emilio Monzó, on Thursday suspended a vote on President Mauricio Macri's pension reform plan amid violent clashes outside Congress and chaotic shouting in the chamber, Clarín reported. Police used rubber bullets and tear gas to disperse hundreds of trade unionists and activists marching on congress to protest the austerity measures, which the Senate has already approved. The ruling party will again try to vote on the proposal on Monday, sources told Clarín.

half-percentage point increase. In its policy statement, the central bank said the outlook for inflation has turned “more complex” and that it will take longer for prices to return to the target. The bank now sees inflation above 3 percent during the next two years. Additional rate hikes during the first half of 2018 are “more than just a casual possibility,” Goldman Sachs analyst Alberto Ramos told clients in a research note Thursday. Several factors putting pressure on prices include a tight labor market, a double digit increase in the minimum wage, rising unit labor costs and renewed depreciation pressures on the Mexican peso, Ramos noted. External risks such as the negotiations over the North American Free Trade Agreement and implications over tax reform in the United States are also behind the more hawkish stance at the bank, he added. Last month, Mexico secured an early renewal of a two-year flexible credit line with the International Monetary Fund for \$88 billion, a move that will help boost resilience in the face of external uncertainties and unpredictable elections next year in Mexico, analysts said.

BUSINESS NEWS

Brazilian Burger King Operator Raises \$658 Million in IPO

The largest operator of Burger King restaurants in Brazil raised about \$658 million in an initial public offering on Thursday, Reuters reported. BK Brasil Operação e Assessoria a Restaurantes, which operates about 630 Burger King restaurants in the country, priced its initial public offering at the top of the suggested range and met with high demand from investors, being four-times oversubscribed. BK Brasil's biggest competitor in Brazil, Arcos Dorados, which is Latin America's largest restaurant chain and the world's biggest independent McDonald's franchisee, is also making a push to expand in the country. Last week, the company announced that it had signed an exclusive contract with Brazilian soccer star Neymar Jr.

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under 70 years of age, and this number is growing. Most visible responses are seen through policy enactment. However, taxation strategies are limited in their capacity to drive the behavior change necessary in addressing these lifestyle diseases within NCDs. These strategies, though helpful, appear limited in response to the burgeoning rise and burden of NCDs. Central to mitigating these risks implicit in lifestyle diseases are consideration of culture, socio-economics and the environment. Beginning with familial practices, nutrition and with a special focus on school-aged children, as well as consideration for the built environments to foster physical activity is imperative. Finally, one must not overlook the challenges facing countries that struggle to balance economic tradeoffs due to health emergencies and disease management. Ministries are burdened with both treating and preventing diseases, which dictates the need for multi-stakeholder approaches to create opportunities for ameliorating these threats to sustainable public health in the region.”

A **Núria Homedes, associate professor at the School of Public Health at the University of Texas:** “Poor health habits are at the root of most chronic disease problems, and I would assert that most countries face increasing difficulties providing the living and environmental conditions that can lead to healthy lifestyles. To engage in healthy behaviors, at the very minimum, people need to have easy access to affordable produce free of dangerous chemicals and pesticides, clean stoves and a refrigerated space to keep their food, in addition to decent housing that is mold and insect free and capable of insulating residents from

to support its 2018 FIFA World Cup marketing and brand campaigns beginning next month. Arcos Dorados said its sales in Brazil were up 10 percent in the first nine months of this year. BK Brasil's successful share sale topped the

inclement weather. Also needed are safe working environments that protect workers from accidents and exposure to pollutants, as well as reliable transportation, decent air quality, clean and affordable water,

“**Poor health habits are at the root of most chronic disease problems...**”

— Núria Homedes

and pollution-free environments that allow residents to engage in outdoor activities and exercise. It is easy to affirm that none of the Latin American and Caribbean countries guarantees these living conditions to all their citizens. However, I would also question if the responsibility for paying for these conditions falls solely on the Latin American governments. Having signed trade agreements, most countries have lost their ability to control their agricultural sectors, and they have experienced a rapid urbanization with the proliferation of shanty towns around most major cities. They have also been unable to provide full employment despite failing to enforce environmental and workers' safety conditions in exchange for foreign-direct investment. Additionally, they have yielded control of utilities and other services, including health, to the private sector—oftentimes to for-profit multinationals—and have been unable to control the penetration of obesogenic foodstuffs such as sugary drinks, corn-syrup, processed foods and fast-food chains. At the same time, people have become acutely aware of

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busiest week for capital markets in the country in more than four years, according Reuters. New listings in Brazil this year have reached \$5.5 billion, more than the three previous years combined.

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existing inequities, perpetuating the cycle of sickness, violence, addictions and other unhealthy behaviors. In a globalized world, the responsibility for ensuring that people have the conditions to age in a healthy environment is also global.”

A Livio Vanghetti, vice president of global stakeholder advocacy at Philip Morris International: “As recognized in 2011 by the United Nations General Assembly, ‘prevention must be the cornerstone of the global response to NCDs.’ Therefore, key actions against burden of NCDs in the Americas must be based on ‘reducing the level of exposure of individuals and populations to common modifiable risk factors’ such as tobacco smoke. Thus, we believe that novel smoke-free tobacco products, like e-cigarettes or heat-not-burn tobacco, can play a key role in reducing the level of exposure of smokers to the harmful or potentially harmful constituents of cigarette smoke if they switch to these products. Scientifically proven reduced-risk products could accelerate the decrease of smoking-related diseases, which still represent a significant share of NCDs. The U.N. General Assembly resolution also acknowledges that prevention should strengthen ‘the capacity of individuals and populations to make healthier choices and follow lifestyle patterns that foster good

health.’ We believe that innovative, less harmful smoke-free nicotine products, supported by policies that actively seek to switch existing smokers to these products,

“We believe that the private sector has a role in developing and marketing innovations...”

– Livio Vanghetti

can promote healthier choices and better lifestyles. We believe that the private sector has a role in developing and marketing innovations and that tobacco control regulatory policies should safeguard public health interests while encouraging innovation by the private sector. We are convinced that science-based regulatory policies that are built on the risk profile of the different nicotine-containing products will incentivize the tobacco industry to transform at the expense of the more harmful products and to the benefit of public health objectives.”

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Advisor Video

China's Belt and Road: What Role for Latin America?

Yu Yue, Alternate Observer of China to the OAS
Luis Fiallo of China Telecom America
Matt Ferchen of the Carnegie-Tsinghua Center

View a webcast of the Dec. 11 discussion.



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