LATIN AMERICA ADVISOR

A DAILY PUBLICATION OF THE DIALOGUE

www.thedialogue.org

Friday, January 27, 2017

BOARD OF ADVISORS

Diego Arria
Director, Columbus Group

Devry Boughner Vorwerk
Corporate VP, Global Corporate Affairs
Cargill

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

W. Bowman Cutter
Former Partner,
E.M. Warburg Pincus

Dirk Donath
Senior Partner,
Catterton Aimara

Marlene Fernández
Corporate Vice President for
Government Relations,
Arcos Dorados

Peter Hakim
President Emeritus,
Inter-American Dialogue

Donna Hrinak
President, Boeing Latin America

Jon Huenemann
Vice President, U.S. & Int'l Affairs,
Philip Morris International

James R. Jones
Chairman, ManattJones
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

José Antonio Ríos
Chief Executive Officer,
Vadium Technology Inc.

Gustavo Roosen
Chairman of the Board,
Envases Venezolanos

Andrés Rozental
President, Rozental &
Asociados and Senior
Policy Advisor, Chatham House

Shelly Shetty
Head, Latin America
Sovereign Ratings, Fitch Inc.

Roberto Sifon-Arevalo
Managing Director, Americas
Sovereign & Public Finance Ratings,
Standard & Poor's

THEDIALOGUE

FEATURED Q&A

Has Zika Led to Wider Use of Contraceptives?

The Zika crisis highlighted a lack of access to contraceptives, including the birth control pill, in Latin America and the Caribbean. // File Photo: Creative Commons.

Q As the Zika virus began spreading rapidly in Latin America, the World Health Organization and other agencies a year ago urged Latin American countries to provide women with contraception in an effort to prevent babies from being born with birth defects linked to the virus. Since then, to what extent have governments in the region heeded that call and increased access to contraception? How much has the Zika outbreak led to wider use of contraceptives for the prevention of unintended pregnancies as well as prophylactics to prevent the spread of sexually-transmitted diseases?

A Joan Caivano, deputy to the president and director of special projects at the Inter-American Dialogue: "One problem with Latin American governments suggesting women delay pregnancy to avoid birth defects from Zika is that there is a high unmet demand for contraceptives, due to a lack of funding and political will. Once women have been exposed to Zika, they have few options; abortion is illegal in most countries and banned outright in three affected countries (the Dominican Republic, El Salvador, and Nicaragua). According to 2016 Kaiser Family Foundation research, the rate of women using modern contraceptives in LAC countries ranges from 34 percent in Haiti to 76 in Costa Rica, with five countries having a rate below 50 percent. These are national averages; access is even lower in rural areas where the Zika threat is high. Levels have improved slightly over the past decade, but progress is slow. In response to the rapid spread of Zika in Puerto Rico, the U.S. CDC Foundation has established the Access to Contraception Network (Z-CAN) to serve women in the U.S. territory where

Continued on page 3

TODAY'S NEWS

BUSINESS

Number of Suspects Could Double in Petrobras Case

Brazilian prosecutors said they expected the number of suspects to double in the massive corruption case as executives of construction conglomerate Odebrecht sign plea deals.

Page 3

POLITICAL

Death Toll Rises to 10 in Chile Fires

The country's worst forest fires ever continued to rage and consumed the entire town of Santa Olga, about 225 miles from Santiago. Some 1,000 homes in the town were destroyed.

Page 2

POLITICAL

Peña Nieto Cancels Meeting With Trump

Mexican President Enrique Peña Nieto canceled a planned meeting with U.S. President Donald Trump as the two governments feuded about who will pay for Trump's proposed wall along the countries' border.

Page 2

Peña Nieto // File Photo: Mexican Government.

COPYRIGHT © 2017, INTER-AMERICAN DIALOGUE

POLITICAL NEWS

U.S., Mexico Rift Opens, White House Eyes Import Tax

Tensions escalated Thursday between the United States and Mexico as the new administration of U.S. President Donald Trump pressed forward with plans to build a multi-billion-dollar wall along the countries' shared border, reiterating that it would force Mexico to pay for it. Mexican President Enrique Peña Nieto then canceled a planned trip to Washington next week after emphasizing that his country would not foot the bill for the massive barrier. Late Thursday, White House Press Secretary Sean Spicer said "one idea" under consideration was a 20 percent tax on U.S. imports from Mexico, The Washington Post reported. However, critics said such a tax would likely mean that U.S. consumers, not Mexico, would effectively pay for the wall by paying more for Mexican imports. "We've been asked over and over again: 'How could you possibly do this? There's no way that Mexico will pay for it,' " said Spicer, The New York Times reported. "Here's one way. Boom. Done. We could go in another direction. We could talk about tariffs. We could talk about other custom user fees. There are a hundred other things." Mexican Foreign Minister Luis Videgaray said he didn't want to "put too much energy or attention into something that will be speculation," CNN reported. However, he added, "If you tax exports from Mexico into the U.S., you're going to make things ranging from avocados, to appliances to flat screen TVs more expensive, and that is going to be paid by the American consumer." The proposal also drew criticism from within Trump's own Republican party. Senator Lindsey Graham (R- S.C.) said such actions could harm the U.S. economy. "Any tariff we can levy, they can levy," Graham said in a tweet. "Huge barrier to econ growth." Peña Nieto had been scheduled to meet with Trump Tuesday in Washington, but the Mexican president came under heated political pressure in Mexico after Trump signed an order on Wednesday to proceed with the plan to build the border wall. In a tweet Thursday morning, Trump said that if Mexico was unwilling to pay for the wall, then it might be "better to cancel the upcoming meeting." That led Peña Nieto to call off the meeting. "This morning, we have informed the White House that I will not attend the meeting scheduled for next week with the @POTUS," the Mexican president said in a tweet. During a speech later in Philadelphia, Trump characterized the canceled meeting as a joint decision. "The president of Mexico and myself have agreed to cancel our planned meeting scheduled for next week," he told a gathering of Republican lawmakers, "Unless Mexico is going to treat the United States fairly with respect, such a meeting would be fruitless and I want to go in different route. We have no choice." Also this week, several high-level career U.S. Foreign Service officers were informed that they will not be asked to remain in their positions, The Washington Post reported. The decision affected officials at the level of assistant secretary and above, according to the State Department, the newspaper reported. Trump's nominee for secretary of state, former ExxonMobil CEO Rex Tillerson, is expected to receive Senate confirmation as early as Monday. On Thursday, the head of the U.S. Border Patrol, Mark Morgan, was also ousted, the Associated Press reported. Morgan had been named to the post last June and took office in October.

ECONOMIC NEWS

Argentina's Economy Sees Second Straight Month of Growth

Argentina's economic activity grew by 1.4 percent in November as compared to the previous month, marking the second straight month of economic growth for the country, Reuters reported Thursday. The statistics indicate Argentina may be pulling out of its year-long recession. The news also marked the largest month-on-month jump since February 2015, according to government statistics agency Indec.

NEWS BRIEFS

Death Toll Rises to 10 in Chile Forest Fires

The death toll rose to 10 on Thursday in Chile as its worst forest fires ever continued to rage throughout the country, officials said, the Associated Press reported. The flames completed consumed the town of Santa Olga, about 225 miles from Santiago, engulfing a post office, a kindergarten and approximately 1,000 homes. One person in the town was killed, while another 6,000 residents fled.

Venezuela Oil Shipments Delayed Because of PDVSA's Inability to Pay

About a dozen tankers carrying more than four million barrels of Venezuelan crude and fuels are anchored in the Caribbean Sea, unable to travel to their final destinations because debt-laden state oil company PDVSA is unable to pay for port services, inspections and hull cleaning following several oil leaks in key Venezuelan ports, Reuters reported Thursday. The South American country's oil production and exports are at two-decade lows, and PDVSA's trouble paying creditors and service providers has only made it more difficult for the company to boost production, the wire service reported.

Chile's Codelco Halts Operations at Andina Mine Following Worker's Death

Chilean state-owned mining company Codelco suspended mining operations at its Andina copper mine after a worker died in an accident while performing maintenance tasks in an underground section of the mine, the company said Thursday, Reuters reported. Codelco launched an investigation into the cause of death following the accident. Despite the halt in mining operations, "critical production processes are still operating," the company said. Chile is the world's largest copper producer, and Codelco is the largest company by output.

COPYRIGHT © 2017, INTER-AMERICAN DIALOGUE

FEATURED Q&A / Continued from page 1

65 percent of pregnancies are unplanned and 138,000 women need contraception. In partnering with the Puerto Rico Health Department and private entities, Z-CAN has been able to provide contraceptive products as well as training for doctors and aides. In Venezuela, the current crisis has led to a 95 percent shortage of contraceptives. Opposition lawmakers have denounced the government for not requesting humanitarian assistance from PAHO to address the more than 400,000 Zika cases already reported in the country. In Brazil, where abortion is only permitted in the case of rape or threat to the mother's life, the attorney general petitioned the Supreme Court to permit abortion for women who have contracted Zika and proposed that the government provide free contraceptives. According to a study by Ipas, Brazilian women still lack adequate access to contraceptives. Unfortunately, the proposals have been condemned by religious and political leaders. In Colombia, where abortion is permitted to protect a mother's health, medical officials have allowed that giving birth to a baby severely deformed by microcephaly is a threat to a mother's mental health."

Katherine E. Bliss, senior associate in the Global Health Policy Center of the Center for Strategic and International Studies: "Since Zika cases were first reported in Brazil in 2015, researchers investigating the spread of the virus in Latin America and the Caribbean have noted that infants born to women infected with Zika while pregnant are more likely to have microcephaly and other neurological complications. According to PAHO, the number of confirmed cases of the 'congenital syndrome associated with Zika virus infection' in the region has reached more than 2,500. Because babies with Zika congenital syndrome face severe developmental challenges, health officials last year began urging women to delay pregnancy for up to two years. Most countries in the region have offered family planning services through public health programs for decades, and according to the United Nations, in at least 16 countries in Latin America and the Caribbean, more than 70 percent of married or 'in-union' women between the ages 15 and 49 were using contraception in 2015. However, there are still an estimated 200 million women whose contraceptive needs are not being met, and women in the region face high levels of rape, as well. One study from 2012 showed that 50 percent of all pregnancies in Latin America and the Caribbean are unintended; abortion is illegal in all but a handful of countries. Health officials convened in Peru last June to discuss developing country-level action plans to improve contraceptive access for the region's women. This is a good start, but activities focused on family planning must be combined with efforts to ensure universal health coverage, improve health education, and enhance women's access to antenatal and post-natal care."

> **"There are still an estimated 200 million women whose contraceptive needs are not being met, and women in the region face high levels of rape, as well."**
>
> **— Katherine E. Bliss**

Milka Dinev, LAC Forum regional advisor and technical leader of the Maternal Health Supplies Caucus at the Reproductive Health Supplies Coalition: "Sadly, there has been a disconnect between early public warnings linking Zika to fetal development (and associated calls to prevent pregnancy) and the realities of access to contraception and abortion in Latin America. Although na-

Continued on page 4

The agency revised its October figures upward to a 0.5 percent expansion from the previous month. It had originally said October's economic activity was flat as compared to September. Apart from a sharp contraction in December, Argentina's economic activity indicates it likely expanded in the fourth quarter of last year as compared to the third quarter—the first quarter of growth after four straight quarters of contraction. "This reaffirms that the economy is beginning to recover," said Maria Castiglioni, director of Buenos Aires consultancy C&T Asesores Economicos. She added that a jump in construction activity, due largely to public works spending, was a major factor driving growth. However, the economy shrank in November by 1.4 percent when compared to the same month a year earlier, the eighth straight month of year-on-year contraction, though by a much smaller amount than in previous months. [Editor's note: See Q&A about Argentina's economy in Tuesday's issue of the Advisor.]

BUSINESS NEWS

Number of Suspects in Petrobras Case Expected to Double

Brazilian prosecutors expect the number of suspects in the Petrobras corruption scandal to double as former executives of construction conglomerate Odebrecht sign plea deals and agree to cooperate with prosecutors in exchange for lighter sentences, Agence France-Presse reported today. Federal prosecutor Deltan Dallagnol, who is heading the probe, said he expects that testimonies from Odebrecht executives will lead to "new investigations throughout Brazil." Already, more than 100 politicians have been ensnared in the probe, and are suspected of accepting bribes from Odebrecht for themselves or for their political party in exchange for allowing builders to overcharge on their contracts with state oil company Petrobras. Dallagnol said the company's bribery scheme was more sophisticated than expected.

COPYRIGHT © 2017, INTER-AMERICAN DIALOGUE

FEATURED Q&A / Continued from page 3

tional data show high levels of contraceptive use across the region, sub-national inequities remain particularly stark; and the ability of women to prevent or terminate a pregnancy, especially if they are poor, rural and/or less well educated, is severely undermined because their access to contraceptive supplies and services is limited. The tragedy is that these women are also at far greater risk of contracting Zika than their more affluent, educated and urban counterparts. Anecdotal information collected last October from ForoLAC members suggest few increases in contraceptive use and even fewer concerted efforts by governments to link Zika with pregnancy prevention. Zika has brought into sharp relief the lack of contraceptive access for many women in the region. And until that reality is addressed, we can expect to see ever more instances of abortion—much of it likely to be unsafe. Women with access to safe abortion will continue to avail themselves of it, while those who do not will remain with little alternative than to continue bearing the risks of uncertainty."

Núria Homedes, associate professor at the School of Public Health at the University of Texas: "Demand for contraceptives has been on the rise for decades. In the 1960s, the fertility rate in Latin America and the Caribbean was almost 6.0, and now it is at replacement rate (2.1 children per woman), including countries—like Brazil and Chile—where it is less than two. This macro picture hides the wide differences among population groups, to the detriment of rural, indigenous and uneducated women. It is estimated that 2.3 million women, about half of all sexually active women, have unmet need for effective contraceptives, and half of the pregnancies are unintended. Most countries have developed and expanded their contraceptive programs in rural and indigenous areas, but whether these efforts have been successful and will be sustained is unknown. In fact, the information from Brazil suggests that access to contraceptives did not increase. Advocates for reproductive rights had hoped that the Zika epidemic would trigger changes in the highly restrictive abortion laws of the region, which result in 1,100 maternal deaths per year. The only countries where abortion is broadly legal are Uruguay, Guyana and French Guiana. In El Salvador, Chile, the Dominican Republic, Haiti, Nicaragua and Suriname, abortion is fully criminalized. Most women who need an abortion cannot access a private provider, thus about 95 percent are performed in unsanitary conditions. Access to emergency contraception is also limited. By mid-2016, several countries had no emergency contraceptives in the market. International NGOs working on reproductive rights have documented and increase in the demand and importation of abortion pills (legal or black market), which despite being low has doubled in Brazil, Ecuador and Venezuela, and risen by 39-76 percent in Colombia, Costa Rica, El Salvador and Honduras. In Latin America, Zika infections and less than ideal reproductive health services are social problems that can only be tackled through decisive efforts to decrease socioeconomic and educational inequities by targeting public funds and resources to the benefit of underprivileged communities."

> **"By mid-2016, several countries had no emergency contraceptives on the market."**
>
> **— Núria Homedes**

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 © 2017

Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Nicole Wasson
Reporter, Assistant Editor
nwasson@thedialogue.org

THEDIALOGUE

Michael Shifter, President
Genaro Arriagada, Nonresident Senior Fellow
Sergio Bitar, Nonresident Senior Fellow
Joan Caivano, Director, Special Projects
Kevin Casas-Zamora, Director, Peter D. Bell Rule of Law Program
Ramón Espinasa, Nonresident Senior Fellow
Ariel Fiszbein, Director, Education Program
Alejandro Ganimian, Nonresident Fellow
Peter Hakim, President Emeritus
Claudio Loser, Senior Fellow
Nora Lustig, Nonresident Senior Fellow
Margaret Myers, Director, China and Latin America Program
Manuel Orozco, Director, Migration, Remittances & Development
Jeffrey Puryear, Senior Fellow
Tamar Solnik, Director, Finance & Administration
Lisa Viscidi, Director, Energy Program

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 freetrial@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.