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FEATURED Q&A

Would Piñera's Health Reform Benefit Chileans?



Chilean President Sebastián Piñera this month announced a new health care reform that he said will address the concerns of protesters who have taken to the streets in recent months. // File Photo: Chilean Government.

Q Chilean President Sebastián Piñera on Jan. 5 launched a health care reform that he said addresses the concerns of citizens who have protested inequality in the South American country and opposed his leadership. What are the most important parts of Piñera's health system reform, and will it be implemented as planned? Does it indeed address the concerns of demonstrators who have taken to the streets in recent months in Chile? Would the reform effectively improve public health outcomes in Chile?

A Patricio Navia, clinical professor of liberal studies at New York University and professor of political science at Universidad Diego Portales in Chile: "President Piñera is in a very difficult position. With 10 percent approval, minority support in Congress and a constitutional process that will entail a referendum in late April 2020 on whether Chileans want to write a new constitution, Piñera is in a very weak position. Having won on a campaign to modernize and deepen the market-friendly economy, Piñera finds himself now promoting a reform agenda he does not fully believe in. The health care reform Piñera has announced presents the same contradiction. He is a market-friendly president proposing a state-centered reform that will not satisfy the left-wing majority in Congress nor the government's diminished base of support. The reform introduces some sensible, but probably insufficient, regulations. It also strengthens the role of the state but not enough to satisfy the demands of the opposition. Because the government is in a very weak position, the reform does not curb the role of

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TODAY'S NEWS

POLITICAL

Maduro Says U.N., E.U. Welcome to Observe Election

Venezuelan President Nicolás Maduro said United Nations and European Union officials are welcome to observe the country's legislative election later this year. No date has been set for the vote.

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ECONOMIC

U.S. Reportedly Backing Brazil for OECD Before Argentina

The Trump administration is reportedly backing Brazil's effort to join the Organization for Economic Cooperation and Development ahead of Argentina.

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POLITICAL

Giammattei Takes Office in Guatemala

Alejandro Giammattei was sworn in Tuesday as president of Guatemala in a ceremony that was delayed for five hours. In his inaugural address, he vowed to fight corruption.

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Giammattei // Photo: Facebook page of Alejandro Giammattei.

POLITICAL NEWS

Giammattei Takes Office in Guatemala in Delayed Ceremony

Alejandro Giammattei was sworn in Tuesday as president of Guatemala after his inauguration was delayed for five hours because of political jostling in Congress and protests against politicians accused of corruption and who are seeking immunity from prosecution, Reuters reported. The delays led the head of the U.S. delegation, Commerce Secretary Wilbur Ross, and acting Homeland Security Secretary Chad Wolf to return to Washington before the ceremony started. They had both met with Giammattei earlier in the day to discuss immigration. The presidents of Honduras, El Salvador, Colombia and Ecuador were among the dignitaries who did attend the ceremony, the Associated Press reported. Hours after his term ended, Giammattei's predecessor, Jimmy Morales, was hit by eggs and a plastic object as he attempted to take his seat in a regional parliament that would allow him some prosecutorial immunity, Reuters reported. Morales has been under investigation for violations of campaign finance laws. He denies wrongdoing. In his inaugural speech, Giammattei vowed to take a hard line against corruption. "Today, we are putting a full stop on corrupt practices so they disappear from the face of this country," he said.

'Staggering Number' of Activists Killed in Colombia: U.N.

A "staggering number" of human rights activists were killed in Colombia last year, the United Nations High Commissioner for Human Rights said on Tuesday, urging the Colombian government to "make a strenuous effort" to prevent more attacks, the Associated Press reported. "We are deeply troubled by the staggering number of human rights defenders killed in Colombia during 2019," spokeswoman Maria Hurtado said during a briefing in Geneva, CNN reported. There were 107 activists killed in the Andean country last year, she said, with 13 additional cases under investigation that could bring the total to 120. That would mark an increase from the previous year, when the U.N. rights office confirmed 115 killings of human rights leaders in Colombia. "This terrible trend is showing no let-up in 2020, with at least 10 human rights defenders already reportedly killed during the first 13 days of January," Hurtado added. The single most targeted group was human rights activists advocating for community-based and ethnic groups, Hurtado said, adding that the number of female human rights defenders killed increased by almost 50 percent in 2019, as compared to 2018. "The vicious and endemic cycle of violence and impunity must stop," Hurtado added, the AP reported.

NEWS BRIEFS

Maduro Says U.N., E.U. Welcome to Observe Legislative Election

Venezuelan President Nicolás Maduro said Tuesday that he would allow the United Nations, European Union and other international organizations to observe Venezuela's legislative elections expected later this year, Agence France-Presse reported. However, he said Organization of American States Secretary General Luis Almagro would never be welcome. The OAS and dozens of countries have recognized opposition leader Juan Guaidó as Venezuela's legitimate president.

Bolivian Authorities Arrest Former Gov't Minister

Bolivian authorities on Tuesday arrested former Minister of the Presidency Carlos Romero in La Paz as part of a corruption investigation, CNN Español reported. Prosecutors accuse Romero of influence peddling and breach of duties. Romero has denied the accusations, saying Bolivia's interim government is persecuting him for political reasons. Romero had been hospitalized several days ago and was arrested as he left the hospital.

Ecuador Seeking to Sell \$400 Mn Bond to Fund Social Housing Project

Ecuador is looking to sell a bond worth \$400 million to fund the country's social housing project, Reuters reported Tuesday, citing a source familiar with the matter. It is the government's latest attempt to revive Ecuador's economy with investments in the construction sector. The bond will be backed by the Inter-American Development Bank, according to the report. Ecuador's social housing fund offers loans at subsidized interest rates to middle-income Ecuadoreans. The International Monetary Fund expects Ecuador's economy to have shrunk 0.5 percent last year.

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labor unions and interest groups—including government sector workers, the physicians' guild, the private sector and pharmaceutical companies. In short, this is a weak government advancing a reform agenda in a context in which people will soon decide whether they want to rewrite the rules of the entire institutional game—a perfect recipe for inaction. When you are seriously thinking about building a new house, it makes little sense to try to renovate the kitchen."



Laura Schoen, chair for Latin America and president of the Global Health Care practice at Weber Shandwick: "Health care

inequality is a challenge affecting many countries, including the United States and China. The issue is complex and extremely politicized. The situation in Chile is dire, with one of the highest levels of impoverishment due to health problems. Citizens are angry, and health care is an easy target. However,

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BUSINESS NEWS

Brazilian Start-up Ebanx Launches Digital Wallets

Brazil-based payments start-up Ebanx has started offering its digital wallets to 10,000 customers on a trial basis, O Estado de S.Paulo reported today. The fintech hopes to offer the service to the general public in the second half of the year. Ebanx, which began operations in 2012, initially focused on processing payments for Brazilian customers of websites including home sharing site Airbnb, music streaming service Spotify and e-commerce site Alibaba, Reuters reported. It recently started offering payments processing services to e-commerce websites in Brazil as well. With its current expansion of services, Ebanx will offer individual consumers a payment card that will rebate 5 percent of customers' purchases back to them. Later, Ebanx may start offering savings accounts and other services and may expand its reach to additional countries in Latin America, said co-founder Wagner Ruiz. In addition to Brazil, Ebanx currently operates in Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico and Peru. "In 18 months, I see Ebanx wallet reaching one million clients," said Ruiz. Currently, more than 100 companies in Brazil offer digital wallets, which approximately 50 million consumers use. Last year, Ebanx reached a valuation of more than \$1 billion, giving it so-called "unicorn" status.

ECONOMIC NEWS

U.S. Backing Brazil for OECD Ahead of Argentina

The United States is backing Brazil's bid to join the Organization of Economic Cooperation and Development, or OECD, ahead of Argentina, a reversal the Brazilian government welcomed on Tuesday, Reuters reported. The Trump admin-

istration had previously said it would prioritize Argentina's candidacy to the organization. "We are building a solid partnership with the United States," Brazilian Foreign Minister Ernesto Araújo said on Twitter in response to the news, which local newspaper Folha de S.Paulo was first to report. Sources told Bloomberg News that Brazilian officials and OECD Secretary General Ángel Gurría had been notified of the United States' new position and that it is set to be communicated today to the OECD board, the sources said. The White House and the OECD did not immediately respond to Bloomberg

News' request for comment, and neither did the U.S. Embassy in Brasília to Reuters' request for comment. OECD membership could increase investor confidence in Brazil's government and economy. However, Brazil's membership is not likely to be immediate. Brazilian President Jair Bolsonaro in October said that OECD accession was a drawn-out process that could last as much as a year and a half, Reuters reported. In Latin America, only Mexico and Chile are part of the OECD, and Colombia is on track to become a member. [Editor's note: See related [Q&A](#) in the April 1 issue of the Advisor.]

COMINGS & GOINGS

Borda Joins Reed Smith's Latin America, Energy Practices in Houston

Nicolas Borda joined law firm Reed Smith's Latin America and energy practices in Houston, starting Jan. 1, Law.com reported last week. Borda most recently worked as a partner and cross-border energy transactions lawyer based in Mexico City for Haynes and Boone. At Reed Smith, Borda is working in the global energy and natural resources group, as well as in the firm's Latin America business team. Borda previously worked in Houston, both with Haynes and Boone and earlier with Akin Gump Strauss Hauer & Feld and Greenberg Traurig. His focus is regulatory work, mergers and acquisitions, infrastructure project development and government procurement, among others, all related to oil and gas, power and renewable energy.

Hogan Lovells Names Miami Managing Partner

Jorge Diaz-Silveira was announced as Hogan Lovells' new managing director in the law firm's office in Miami, Law.com reported Saturday. He is taking over from cross-border litigator Ricardo Lorenzo, who served as managing partner in Miami since 2011. Diaz-Silveira has worked at Hogan Lovells since 2002 and built a transactional practice representing clients in cross-border infrastructure deals, mostly within Latin America, according to the report. Diaz-Silveira will continue on as practice area leader for the Americas at the firm's Infrastructure, Energy, Resources and Projects Group, according to the company's website.

Baggett to Lead Carlton Fields' Tampa Office

Carlton Fields has named labor partner Lori Baggett as the new head of the law firm's Tampa, Fla., office, Law.com reported Saturday. She succeeds Luis "Lu" Prats, who led the office for two years. Baggett has specialized on advising companies on workplace safety and health issues before the Occupational Safety and Health Administration, representing clients in several industries, including retail and energy. Baggett also co-chairs Carlton Fields' Women's Alliance and was a past fellow of the Leadership Council on Legal Diversity. Last year, she established the Baggett Family Scholarship at Stetson University College of Law, a needs-based financial aid for African-American law students, Law.com reported.

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implementing a structural reform of this magnitude is a difficult goal to achieve. The most important part of Piñera's reform is to transform FONASA (the country's public insurer) into a patient-centric organization, creating a universal health plan to cover 80 percent of the Chilean population. The plan is better than the current guaranteed health assistance (GES) now in place. It also creates the first medicine insurance coverage with limited co-pays for many drugs. The plan also intends to strengthen the institutional independence of the public insurance system with a new member-council governance prioritizing evidence-based decisions for treatments and coverage. Whether or not the reform will be implemented as planned will mainly depend on the availability of financial resources and political will. Piñera is trying to manage political pressures by delivering immediate solutions. But decades of experience prove that health care reform projects enacted in haste are unlikely to succeed. The world, as well as Chile, is trying to manage the escalating cost of health care and access to new treatments. Improved health coverage in Chile will depend on availability of financial resources and thoughtful reutilization of the resources available. The WHO recommends that at least 6 percent of a country's GDP be allocated to offer universal health coverage. Chile is still at least one point away from that goal."

A **Guillermo Holzmann, professor at the University of Valparaíso in Chile and CEO of Analytika Consulting:** "The protesters' main social demands are about pensions, education and health. The state's role in each of these areas has been criticized in terms of its excessive abuses over the protection of the common good. President Piñera's announced health care reform addresses important aspects, such as access

to unique health plans, expanding coverage for all types of illnesses, regulating prices, boosting competition, ending the exclusion of pre-existing health conditions in order to access coverage, decreasing discrimination and several other topics that show significant advancements as compared to

“ President Piñera's announced health care reform addresses important aspects...”

– Guillermo Holzmann

the current system. All these initiatives and others that seek to improve the country's state health system (FONASA) and to better regulate the private system (ISAPRES) partially respond to these demands. Now it's up to Congress to advance the debate and achieve the approval of the reform. For now, some progress has been made toward lowering medicine prices. However, the underlying issue is that these changes are made without modifying the structural axes that define the roles of the state and the market, with preferences for the latter. Perhaps most important is the strengthening and expansion of the Superintendence of Health's control and regulation capacities. All in all, from an analytical perspective, a paradox can be observed: the government's responses are overwhelming without changing the model. Nobody thought that mobilizing was enough to make these reforms occur because there has not been enough political will to do so. Now, a different model is expected, but waiting two years for a new constitution seems too long."

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