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FEATURED Q&A

How Can Countries Guarantee Food in Emergencies?



Honduras' government this week allowed large supermarket chains to reopen after temporarily closing them in an effort to slow the spread of coronavirus. The country's president last week ordered the military to distribute food. // Photo: Honduran Armed Forces.

Q Honduran President Juan Orlando Hernández as of Monday allowed all of the country's supermarkets to reopen three days a week, a move that followed the government's temporary closure of large supermarket chains in an effort to contain the spread of coronavirus. Other countries in the Americas have consistently kept grocery stores open as the primary means of distributing food and sanitary products. How can countries such as Honduras best guarantee food security in times of emergency? What sorts of unanticipated disruptions could emerge in the food value chain as a result of government intervention in Honduras? How will the government's actions to close businesses affect the country's informal sector?

A María Dolores Agüero, Honduras' ambassador to the United States: "The government's primary goal is to save lives by preventing what would inevitably be a rapid collapse of the health care system were the virus to spread quickly. Our second priority is to keep the population's basic needs met. We must deal with the looming threat of starvation. A third competing priority is keeping the economy ready for a comeback. To guarantee food safety while preventing gatherings of large numbers of people, the government has taken several measures. We have worked with supermarket owners, private food distributors, grocery stores, pharmacies, bakeries and tortilla manufacturers, as well as food delivery services to operate while keeping the population safe, through home deliveries or curbside pickup. On March 25, the Honduran army, which has the largest logistical capacity of any private or public institution, joined the efforts in food distribution, particularly in

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TODAY'S NEWS

POLITICAL

Twenty-Nine Workers at Mexico Hospital Positive for Coronavirus

Medical workers at the IMSS General Hospital in Monclova, in Coahuila state, tested positive for Covid-19. A doctor at the hospital contracted the virus from a patient at his private practice.

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ECONOMIC

Argentine Gov't to Press on With Debt Talks

Argentina's government plans to continue talks on restructuring \$69 billion in foreign debt after missing a March 31 deadline.

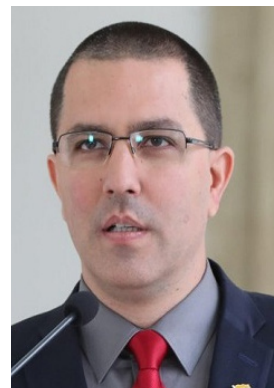
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POLITICAL

Venezuela Rejects U.S. Proposal for Transitional Gov't

Venezuelan Foreign Minister Jorge Arreaza rejected a proposal by the United States for a transitional government in the South American country in a plan that would also include the lifting of U.S. sanctions.

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Arreaza // File Photo: Venezuelan Government.

POLITICAL NEWS

Venezuela Rejects U.S. Proposal for Transitional Gov't

Venezuela's government on Tuesday rejected the United States' proposal to lift sanctions as part of a plan that includes a transitional government in the Andean nation, NBC News reported. Secretary of State Mike Pompeo announced the plan earlier in the day. "The Bolivarian government reiterates that Venezuela does not accept, nor will it ever accept any tutelage, from any foreign government,"

“We think it presents an opportunity for the Venezuelan people.”

— Mike Pompeo

Venezuelan Foreign Minister Jorge Arreaza wrote on Twitter. The so-called "Democratic Framework for Venezuela" echoes a plan that opposition leader Juan Guaidó, whom the United States and dozens of other countries recognize as Venezuela's legitimate interim president, proposed over the weekend. It outlines a transitional government, with a council made up of representatives from both Maduro's administration and the opposition governing until elections are held later in the year, The Wall Street Journal reported. "We think it presents an opportunity for the Venezuelan people," Pompeo said when announcing the plan. Both the Venezuelan government and the opposition have expressed concerns over the country's ability to manage the Covid-19 pandemic amid a collapsed health system and an already severe economic crisis, which some analysts say has been exacerbated by U.S. sanctions, NBC News reported. The International Monetary Fund recently rejected Maduro's request for a \$5 billion loan to deal with the pandemic, saying there was no consensus among its member states as to who is Venezuela's rightful president. [Editor's note: See related [Q&A](#) in Monday's issue of the Advisor.]

Twenty-Nine Medical Workers at Mexico Hospital Test Positive

Twenty-nine medical workers at a hospital in Mexico's northern state of Coahuila have tested positive for the novel coronavirus, Reuters reported Tuesday. The state's health department said the infections happened among staff at the publicly owned IMSS General Hospital in Monclova. The outbreak began when one of the doctors at the hospital was infected with the fast-spreading virus by a patient at his private practice and then spread it to others while on duty at the hospital, according to the health department. The physician is in isolation in an intensive care unit, and no patients seem to have been affected so far, the department added. Amid the coronavirus pandemic, scores of health care workers in Mexico, as in other countries, have protested the lack of protective equipment. Earlier this week, medical workers at a public hospital in Torreón, which is also in Coahuila state, protested a lack of gloves, high-quality face masks and protective suits, according to local media. Critics of Mexican President Andrés Manuel López Obrador say he has been too slow to fight the virus and that his government has not made testing a high enough priority, leading to many undetected cases of Covid-19. Mexico has 1,215 confirmed cases of the disease and 29 confirmed deaths.

ECONOMIC NEWS

Pandemic Stalls Chinese Approval of Brazil Meat Exports

The coronavirus pandemic has stalled China's approvals of any new Brazilian meat plants for export this year, an official at Brazil's Agriculture Ministry told Reuters, the wire service reported Tuesday. Orlando Leite Ribeiro, the international affairs secretary at the ministry, said all approvals were on hold until the

NEWS BRIEFS

Cuba Halts Arrivals of International Passenger Flights Amid Virus' Spread

Cuba said Tuesday that it was suspending the arrival of international passenger flights and asking all foreign boats to leave the island's waters as part of its response to the Covid-19 pandemic, Reuters reported. It had already partially closed its borders, prohibiting the arrival of foreign tourists and departures. Until now, Cubans and foreigners with Cuban residency could return to the island but were required to spend 14 days in quarantine at state isolation centers. Cuba has 186 confirmed cases of coronavirus.

Chile Slashes Benchmark Interest Rate to Lowest Level Since 2009

Chile's central bank on Tuesday dropped its benchmark interest rate to 0.50 percent, the key rate's lowest level since 2009, Reuters reported. Policymakers cut the rate, warning of a "severe" contraction in March due to the Covid-19 pandemic. Earlier that month, the central bank cut the key rate by 75 basis points to 1 percent in an emergency session after the first cases of the illness were reported in the South American country.

Brazilian Crypto Exchange XDEX Announces Closure

Brazilian crypto exchange XDEX on Tuesday announced its closure, saying "market projection, competition and few regulatory advances reduced the opportunities found at the beginning of the project and were the basis for" the decision, Cointelegraph reported. XP Investimentos, one of Latin America's largest brokers, owned XDEX. The announcement marks the fourth company focused on Bitcoin trading that has announced it is closing operations in Brazil. [Editor's note: See related [Q&A](#) in the latest issue of the Financial Services Advisor.]

Covid-19 crisis eases. Brazil and China in January had agreed on a new system aimed at accelerating approvals. The Brazilian ministry tried to contact Chinese authorities earlier this year to begin using the system, but China's General Administration of Customs, or GACC, was not working normally amid the spread of coronavirus in the Asian country, Ribeiro said. Now that the virus has reached Brazil, many public employees there have also been staying home to avoid spreading of the novel coronavirus, which has prevented meetings needed to gain new plant approvals, he said, adding that there was still good will on both sides. "What is happening is a case of temporary neglect," Ribeiro told Reuters over the phone on Monday night. "China was affected first by Covid-19 and when China started to get back to normal, Brazil was affected by Covid-19." He added that new approvals are not likely until Brazil manages the outbreak, which could take months. China last year became Brazil's main destination for beef, pork and poultry shipments, accounting for 27 percent of Brazilian meat exports, Argus Media reported.

Argentina to Press on With Debt Talks After Missing Deadline

Argentina's government will continue with talks on restructuring \$69 billion in foreign debt despite missing a self-imposed March 31 deadline for reaching a deal with creditors, Economy Minister Martín Guzmán told reporters Tuesday in Buenos Aires, Bloomberg News reported. "We're looking to launch an offer very quickly," Guzmán said. "We're working with urgency to reach a successful exchange." Argentina's debt renegotiation process began before the coronavirus pandemic led to market turmoil around the world. Argentina's government had originally hoped for a debt offer and roadshow by the third week of March. The government is also willing to consider "contingent instruments," in which debt payments would be linked to Argentina's economic growth if the market sees such an arrangement as valuable, said Guzmán.

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hard-to-reach areas. Mobile units of Banasupro, public suppliers of consumer staples, will circulate through cities, bringing food to the underserved. We have established days and specific hours when essential businesses such as markets, supermarkets, banks and pharmacies can operate, when minimum sanitary measures are to be observed. Also, food production, agroindustry, exporters in the agricultural sector and private food distributors are authorized to continue operating as usual, with each company required to adopt biosafety measures for all employees and lines of production. We are partnering with the private sector, banks, the Pan American Health Organization and health care workers, and we are committed to making necessary adjustments along the way to reach our goal of saving lives first, while keeping the economy's resilience viable in the mid to long term."

A **Juan Carlos Sikaffy C., president of the Honduran Council of Private Enterprise (COHEP):** "No one was prepared for what we are living through today with Covid-19. So we all need to find the best ways to assure our people's health, ensure food access to people who are quarantined and maintain employment while businesses are kept closed or with limited hours. The private and public sectors are working together to address issues such as taxes, health and food security. In each negotiation, we present proposals that will benefit the population and businesses. As an example, we propose that tax payments should have deadlines changed to a later date when enterprises are back to full operation and are able to fulfill their responsibilities to the government. Also, we have started to deliver food rations to those in need, through the Catholic Church as a strategic ally. The government has now organized access to grocery stores, pharmacies, banks and gas stations, including with special schedules for older people. The import and export processes have been

exempted from the lockdown, as are the agricultural sector and industries that produce basic-need products. As I said before, this is a completely new and unknown situation for us all, and we are doing the best we can to help our authorities make the best decisions for the greater good. At first, being in a lockdown caused panic and uncertainty, but we are slowly finding the best mechanisms to make sure people have access to products and jobs are secured while keeping our population mostly at home to try and fight the contagion spree of Covid-19. "

A **James D. Nealon, former U.S. ambassador to Honduras:**

"Food security in Honduras is a challenge in the best of times. Two-thirds of Hondurans live in extreme poverty. Many are dependent on day wages, and if they don't work, they and their families have no money to buy food. In rural areas, subsistence farmers face severe drought as a result of climate change. In response to the coronavirus, Honduran President Juan Orlando Hernández has enacted very strong measures, as he had to do. He shut down grocery stores and enacted a program to feed 800,000 of Honduras' most vulnerable citizens by having the army distribute sacks of basic foodstuffs. As of Monday, the president has allowed grocery stores to re-open three days a week. This will keep the supply chain intact, allow Honduran producers to sell their products, keep thousands of workers in the industry employed, provide the government with needed tax revenue and enable those not receiving government food rations to re-stock their homes with necessities. It seems that the current challenge is less the availability of food and more a lack of cash now that the economy is mostly shut down. A prolonged crisis in Honduras as a result of coronavirus could lead to shortages of food and civil unrest. Widespread contagion could also overwhelm Honduras' precarious health care system and lead to its collapse. And a prolonged shutdown of

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the economy could affect key sectors. It will be important to keep our eye on remittances from the United States, which account for an incredible 16 percent of Honduras' GDP. Finally, the Trump administration should be aware that whatever the eventual consequences in Honduras, they won't be good. While people will be frozen in place in the short term, there is every reason to believe that in the medium and long terms, many will consider coronavirus a last straw and decide to migrate to the United States."

A **Stephen C. Donehoo, managing partner at McLarty Associates:** "Generally, competition in the private sector leads to the most efficient sourcing, transportation and distribution chains to meet the carefully measured demands of consumers while reducing spoilage. Additionally, the private sector reacts quickly to shifts in demand. While the military has a long tradition of 'getting things done' when necessary and has the equipment and manpower to move things in time of war or emergency, disrupting an established supply chain can have unintended consequences. Recall the sad PDVAL case in Venezuela where government warehouses full of spoiled food had to be burned while Venezuelans went hungry. Private grocers have established customers and suppliers. Closing stores breaks those chains, damaging those micro-sectors of the economy. Delays in a just-in-time supply chain causes unnecessary spoilage and loss in a system that would otherwise be feeding people. Established stores also provide direct and indirect employment, mostly in the formal economy, where they contribute to the government tax base as well as to social benefit programs. That employment base contributes to the economy as well. Unfortunately, Honduras has a history of military intervention in civilian roles and recent cases of public corruption that make allowing the private sector to perform its traditional role even more important. Rather than assuming private sector roles,

governments could support companies and the people they employ and serve by helping with customer flow and traffic so people can shop safely and efficiently."

A **Diana Chavez, executive director of the Private Sector Regional Centre for the Support of U.N. Sustainable Development**

Goals: "While Covid-19 is testing governments' capacity to effectively respond to a global crisis, it also provides an opportunity to improve the traditional architectures of international institutions, the private sector and civil society. The 2030 Agenda for Sustainable Development provides a chance to work collectively to design effective actions to leave no one behind during this crisis. In the case of Honduras, where the state has made a shift in preventive actions, it is important to consider SDGs 2, 11 and 16 as they can serve as guidelines to ensure food supply during this global crisis. It also might be noteworthy to ponder the valuable role that private-sector logistics and large suppliers of goods, including food, can play as a stabilizing agent that can support the public sector in preventing potential risks associated with food shortages during this emergency. Therefore, it is key to: first, ensure the proper functioning of food commodity markets and their derivatives, facilitating timely access to market information, including existing inventories of food reserves in order to prevent and even regulate extreme food price volatility (SDG 2); second, work with producers and supply chains to support economic and social links between urban and rural areas by strengthening development planning (SDG 11); and third, foster an inclusive platform to effectively coordinate efforts of the public and private sectors and ensure responsive and inclusive decision-making at all levels (SDG 16). Honduras, as the rest of the region, has the opportunity to build trust and effective cross-sector partnerships that respond to a changed environment."

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2020

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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

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