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FEATURED Q&A

What Will OECD Membership Mean for Costa Rica?



Earlier this month, the OECD approved Costa Rica as the organization's newest member country. The OECD's headquarters in Paris is pictured above. // File Photo: OECD.

Q The Organization for Economic Cooperation and Development, or OECD, has invited Costa Rica to become a member, making it the fourth Latin American country to join the organization after Mexico, Chile and most recently Colombia.

How significant is Costa Rica's accession to the OECD? What benefits does being part of the group bring to the Central American nation, and what are some potential downsides? What are the most important reforms that Costa Rica will need to pursue as a member of the OECD, and what should it do to ensure it takes full advantage of joining the organization?

A Dyalá Jiménez, trade minister of Costa Rica: "In a daunting global context, we reaffirm our commitment to multilateralism and welcome this invitation by the OECD members. Membership to the OECD gives Costa Rica a valuable opportunity to face the economic and social challenges brought by the pandemic with like-minded partners who are at the epicenter of the most meaningful discussions surrounding this subject. Today more than ever we need to set common goals such as achieving sustainability of our health and social care, bridging digitalization gaps, reforming labor laws, shifting to decarbonized economies and buttressing cooperation among countries. Along with the current 37 members, Costa Rica will surely have something to propose in those discussions. Domestically, Costa Rica's accession process has accelerated our efforts to foster changes in key areas of government, such as fiscal consolidation, competition and regulatory policy,

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TODAY'S NEWS

ECONOMIC

Mexico's Economy Contracts 1.2% in First Quarter

Latin America's second-largest economy contracted 1.2 percent in the first quarter as the country began feeling the effects of the coronavirus pandemic.

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BUSINESS

Citigo Files Suit Against Former Contractor

The U.S.-based refiner of Venezuelan state oil company PDVSA filed a lawsuit in federal court in Houston, accusing a former contractor of bribing senior officials at Citigo.

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Latin America World's 'Epicenter' of Pandemic: PAHO Director

The soaring number of reported cases of Covid-19 and related deaths have made Latin America the "epicenter" of the pandemic, said the director of the Pan American Health Organization, Dr. Carissa Etienne.

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Etienne // File Photo: PAHO.

POLITICAL NEWS

Latin America Now 'Epicenter' of Pandemic: PAHO

The soaring number of cases of Covid-19 and related deaths have made Latin America the "epicenter" of the pandemic, the director of the Pan American Health Organization, or PAHO, told reporters Tuesday, CNN reported. Latin America has surpassed the United States and Europe in the daily number of reported infections of the highly contagious disease, said the official, Dr. Carissa Etienne. In all of the Americas, there have been more than 2.4 million cases of Covid-19 and more than 143,000 deaths, she said. PAHO is especially concerned about Brazil, where last week's number of new Covid-19 cases "was the highest for a seven-day period since the outbreak began," said Etienne. Late Tuesday, Brazil's health ministry reported that the country suffered more deaths from the disease in one day than did the United States, which had earlier recorded the highest number of daily fatalities, The Wall Street Journal reported. Through Tuesday

night, the South American country's health ministry recorded 1,039 fatalities from Covid-19, while the U.S. Centers for Disease Control and Prevention had logged 592 on the same day. The United States has recorded nearly 99,000 deaths from the disease, the most of any country in the world. However, the daily death toll in the United States has trended downward in recent weeks. It has gone in the opposite direction in Brazil, which last Friday overtook Russia to have the world's second-highest number of reported cases, after only the United States. As of this morning, Brazil has more than 391,000 confirmed cases, and the United States has more than 1.6 million. Elsewhere in Latin America, Mexico on Tuesday reported 501 additional deaths, a new record daily death toll from the novel coronavirus, the Associated Press reported. Mexico has more than 74,000 confirmed cases and more than 8,000 deaths, though officials there say the actual numbers are expected to be far higher because of a lack of testing. In Chile, which has nearly 78,000 confirmed cases and more than 800 reported deaths, hospitals' intensive care units are near capacity amid a surge in the number of coronavirus patients, the AP reported. "This is an extraordinarily difficult time," said the country's health minister, Jaime Mañalich.

NEWS BRIEFS

Suriname Vote Counting Halted as Officials Reportedly Exhausted

Vote counting from Suriname's national elections was suspended on Tuesday as the ruling party trailed in announced results, with officials saying electoral personnel were exhausted following widespread problems in voting, the Associated Press reported. Opposition parties and other groups had already alleged irregularities on election day, and the suspension of the count raised new questions about the risk of electoral fraud, the AP reported. The vote count was halted with 73 percent of ballots tallied.

Costa Rica Becomes First Central American Country to Legalize Gay Marriage

Costa Rica on Tuesday became the first Central American country, and the sixth one in Latin America, to fully legalize same-sex marriage, UPI reported. The Supreme Court in 2018 ruled the ban on gay marriage unconstitutional and gave Congress 18 months to legislate, or the ban would be automatically lifted. The deadline expired Monday at midnight. The Supreme Elections Tribunal said it had received at least 55 declarations of marriage from same-sex couples on Tuesday that it will begin to process.

Puerto Rico Oversight Officials Back Away From Vows to Creditors: Report

Puerto Rico's oversight officials are backing away from commitments to bondholders amid the economic damage of the coronavirus pandemic, The Wall Street Journal reported Tuesday, citing unnamed people familiar with the matter. The oversight board has found that it will not have enough surplus to cover debt-settlement payments under a current debt-adjustment proposal, the newspaper reported.

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corporate governance, anti-bribery, statistics, environment, financial markets and public governance. Added to the social agenda that was set out in the beginning of the process, the country has acquired a toolbox of better policy-making that should be available permanently, for all governments to come. In addition, becoming an OECD member is a potent message for investors, as it is telling of Costa Rica's willingness to continue promoting responsible stewardship to improve competitiveness and productivity through our engagement and collaboration with the organization. We achieved our accession invitation thanks to close collaboration for almost a decade among members of the executive branch, the Legislative Assembly, the judiciary, the private sector and civil society.

Thus far, this collaborative work has proven key in promoting a reformist mindset aligned with the best international standards. This mindset and work ethos should continue vigorously in the following years."



Enrique Egloff, president of the Costa Rican Chamber of Industries: "Joining the OECD is

a historic achievement for Costa Rica, which is becoming a more competitive country, that is, with a better ability to generate employment and with higher levels of well-being for all Costa Ricans. For the country, a small and open economy, membership in the OECD is very important. We will be the fourth Latin American country to join the select group, which places us in a privileged

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ECONOMIC NEWS

Mexico's Economy Contracts 1.2 Percent in First Quarter

Mexico's economy contracted by 1.2 percent in the first quarter, extending last year's recession as the coronavirus pandemic's effects on the economy began to be felt, The Wall Street Journal reported Tuesday, citing revised government data. The 1.2 percent decline, from the previous quarter in seasonally adjusted terms, was a smaller decline than the preliminary contraction of 1.6 percent that the National Statistics Institute had released at the end of April. Industrial output fell 1.2 percent in the first quarter, and services were down 0.9 percent, while agricultural production increased 1.7 percent. The institute also revised 2019 data, showing that the economy shrank 0.3 percent last year, a bigger contraction than the previously estimated decline of 0.1 percent. It marked Mexico's first full-year contraction since the 2009 global financial crisis.

BUSINESS NEWS

Citgo Files Lawsuit Against Miami-Based Former Contractor

Citgo, the U.S.-based refiner of Venezuelan state oil company PDVSA, on Tuesday filed a lawsuit in U.S. federal court in Houston against a former contractor seeking to recover millions of dollars in damages, the Associated Press reported. The lawsuit was filed by the Citgo board that opposition leader Juan Guaidó appointed, accusing José Manuel González and his Miami-based Petroleum Logistics Service Corp. of bribing senior executives at Citgo. In exchange, officials at the company paid González \$20 million between 2014 and 2018 for his company to provide goods and services to PDVSA, at inflated prices, the lawsuit alleges.

TECH BRIEFS

Costa Rica, Chile Partner With WHO on Tech Pooling Initiative for Covid Solutions

Costa Rican President Carlos Alvarado and Chile's director of multilateral policy at the Ministry of Foreign Affairs, Cristian Streeter, on May 15 joined World Health Organization Director General Tedros Adhanom Ghebreyesus in a virtual conference to announce progress on a technology platform that seeks to remove access barriers to effective vaccines, medicines and other health products in the fight against the spread of Covid-19, the WHO said in a statement. Costa Rica had proposed the idea at the beginning of the virus' outbreak, and several countries are now supporting the initiative. "Our proposal relies on solidarity," Alvarado said. "It's a solidarity call to action to member states, to academia, to companies, research institutions and cooperation agencies, based on global social responsibility, on a voluntary basis, promoting more global nonexclusive voluntary licensing," he added. The platform will pool data, knowledge and intellectual property for existing or new Covid-19 health products to deliver "global public goods" for all people and countries, according to the statement. The WHO and Costa Rica are set to officially launch the platform on May 29.

Brazil Seeking to Expand its Space Technology

The Brazilian Space Agency, or AEB, is looking to advance its space technology capability and identify new opportunities for projects in areas such as analysis of satellite data, ZDNet reported May 13. In that regard, the AEB, an agency linked to the Ministry of Science, Technology, Innovations and Communications, has signed a protocol of intentions with Visiona, a joint venture between Brazilian aerospace firm Embraer and state-owned telecommunications company Telebras. Under the two-year partnership with Visiona, AEB aims to take advantage of providing technical services as well as establishing technology transfers around satellite systems and sensors, according to the report. The organizations also want to work together to develop technology systems based on space platforms, integrating data-intensive technologies such as the Internet of Things and Big Data in new geotechnology applications and solutions, with the goal of mapping and identifying natural risks, for example.

Former Colombian Minister Speaks to Tech Challenges Amid Coronavirus-Related Lockdowns

Colombia's use of the Internet during coronavirus-related lockdowns is on par with that of China, though citizens are using it differently, according to former Colombian Minister of Information and Communications Technology Diego Molano, state-owned Chinese media CGTN reported May 17. Internet usage in the South American country has reached 58 percent, almost as high as China's, Molano said. However, 85 percent of those connected to the Internet in Colombia are using it for basic entertainment purposes, not for work or learning. Molano identified three challenges beyond basic connectivity that Colombia is facing, among them, helping citizens understand the value of the Internet; transforming business in poor communities through technology; and teaching people skills to use the web and related technologies effectively, according to the report.

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position in the region and which will help the country foster an even better business climate and attract more foreign direct investment. We began to see the benefits during the accession process, as important reforms were made in areas such as financial markets, competition, public governance and statistics, among others. OECD membership will make it possible for Costa Rica to share knowledge and experiences with other countries for the development of public policies in multiple fields, which will help us attain higher levels of well-being. This is a great opportunity for us to rely on good practices, statistical evidence and reliable analysis for decision-making. At the same time, OECD membership opens the possibility for the country to be periodically and objectively evaluated. All this will result in a more efficient and transparent state, with adequate accountability. Additionally, it provides us greater legal certainty, which creates a better business climate, both for the local productive sector and for attracting FDI, the central axis of the country's development model. The potential inconvenience would be not taking advantage of the opportunity, analysis and evaluation that the OECD offers—especially after the coordinated efforts, evaluations and reforms that the country has made since 2013 to become part of the organization. The most important reform is the paradigm shift in how the state operates. It is having the discipline and commitment to continued improvement and evidence-based decision-making sustained over time, regardless of who is in office. Certainly, our main challenge is to be more competitive, and joining the OECD will allow us to advance the necessary institutional reforms to make the state more efficient, following the best practices of the most developed countries.”

A **Juan Carlos Hidalgo, policy analyst and columnist at Costa Rican daily newspaper La Nación:** “More than an achievement, membership in the OECD is an opportunity for Costa Rica to take advantage of the rigorous system of statistics and comparative analyses with the other 37 mostly developed member countries. In fact, to access the group, Costa Rica has already gone through multiple diagnoses that yielded very useful, but also very uncomfortable, information. For example, once admitted, Costa Rica will be the member with the second-lowest level of competition in its markets, second only to Turkey. It will be the one that proportionally invests the most in public education, but with the worst results. In addition, it will be the country that spends the most on public-sector salaries as a percentage of its tax revenue. It will also be the country with the highest social security taxes, which, according to the OECD itself, is one of the main factors behind the high pre-crisis levels of unemployment (12.5 percent) and informality (47 percent). Being part of the OECD will help determine where we stand and put pressure on the authorities to improve our public policies and institutions. Unfortunately, there is no guarantee that policymakers will take into account the diagnoses and expert opinions of the OECD. Indeed, just one week after celebrating the invitation to join, the Legislative Assembly approved, and the president signed, a law to exempt municipalities from compliance to the fiscal rule, despite the vocal opposition of domestic technical entities such as the comptroller general's office, the central bank and the Ministry of Finance.”

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