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FEATURED Q&A

What Has Panama's Cortizo Achieved in His First Year?



Laurentino "Nito" Cortizo took office one year ago today as Panama's president after narrowly winning election. // File Photo: Panamanian Government.

Q Panamanian President Laurentino "Nito" Cortizo today marks one year in office. In his inauguration speech a year ago, Cortizo outlined 16 immediate objectives for his government, including a new austerity program, a proposal to reform the country's constitution and changes to the public procurement law. How well has Cortizo led Panama over the past year? To what extent did he advance the goals he laid out during his inauguration speech? What are the most important challenges Cortizo's government will face in the period ahead, and how prepared is it to address them?

A Orlando Pérez, dean of the School of Liberal Arts and Sciences at the University of North Texas at Dallas: "Cortizo's first year in office has been characterized by declining popularity, failure to reform the constitution, a decelerating economy and, of course, Covid-19. Cortizo won the election with one-third of the votes and a 2 percent margin. Despite his narrow victory, Cortizo's coalition managed to win a majority of the seats in the National Assembly. However, ideological and personal divisions within the Revolutionary Democratic Party (PRD) hampered Cortizo's ability to advance his legislative agenda. Unlike past PRD presidents, Cortizo does not occupy a formal leadership post within the party, thus limiting his ability to manage party factions. One of Cortizo's early moves was to propose a set of constitutional reforms. The package that the legislature approved, however, differed significantly from the original proposal, sparking weeks of protests and opposition. As a result, Cortizo withdrew the reforms and promised a more inclusive consultation process. Panama's economy

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TODAY'S NEWS

ECONOMIC

Cuba Begins Plan to Isolate Tourists to Curb Covid-19

Cuba launched a plan to allow tourism, but keep tourists isolated from the country's population, to curb the spread of Covid-19.

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BUSINESS

Aeroméxico Declares Bankruptcy in U.S.

Aeroméxico, Mexico's oldest legacy airline, filed for Chapter 11 bankruptcy protection in the United States as it struggles with a plunge in business due to the coronavirus pandemic.

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POLITICAL

Brazil's Incoming Education Chief Withdraws

Over inconsistencies in his résumé, Carlos Decotelli withdrew just days after President Jair Bolsonaro named him as his education minister. Decotelli would have been Bolsonaro's third education minister since he took office in January of last year.

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Decotelli // File Photo: Brazilian Government.

POLITICAL NEWS

Brazilian Education Minister Withdraws Before Taking Office

Brazil's incoming education minister on Tuesday withdrew himself from the position, just five days after President Jair Bolsonaro appointed him and just before he was to be sworn in, over irregularities in the list of qualifications he had presented to the government, Reuters reported. On his résumé, economist Carlos Decotelli had listed a doctorate and post-doctoral work that he never completed, according to local media reports. On Monday, Decotelli told reporters that he had explained the "inconsistencies" to Bolsonaro. Decotelli also denied allegations of plagiarism in the thesis that he wrote for his master's degree, Reuters reported. He told daily newspaper *Folha de S.Paulo* that he would not accept the position, and the swearing-in ceremony, which had been scheduled for Tuesday, did not occur. Bolsonaro last praised Decotelli's achievements when he announced his appointment last Thursday. Bolsonaro's office did not respond to a request for comment by Reuters on Tuesday. Neither the presidential office nor the education ministry responded on Tuesday to requests for comment by the Associated Press. However, in a posting on Facebook late Monday, Bolsonaro said, referring to Decotelli, "Due to curricular inadequacies, the professor is facing all kinds of delegitimization." Bolsonaro had highlighted degrees and achievements that Decotelli had purportedly received from various institutions, but three of them then disavowed those achievements. Among them, the Getúlio Vargas Foundation said Tuesday that Decotelli was neither a professor nor a researcher there but that he had acted as a collaborating professor in post-graduate courses, the AP reported. "The professor acted only in courses of continued education, in programs for executive development and not as a professor in any of the FGV's schools," the institution said. Decotelli would have been Bolsonaro's third education minister since he took office in January of last year. The

first was in office for just three months, and the second, Abraham Weintraub, resigned in mid-June after 14 months on the job. Weintraub had been targeted in a Supreme Court probe after a video was released in which he called its judges "bums" and said they should be jailed, Reuters reported. Even before his resignation took effect, Bolsonaro nominated Weintraub to be an executive director at the World Bank. Weintraub flew to the United States, despite a U.S. ban on travelers from Brazil because of the coronavirus pandemic. In a posting on Twitter, he said, "I'm leaving Brazil as quickly as possible," *The Guardian* reported. The World Bank position pays approximately \$258,000, more than three times his previous salary as education minister, *Folha de S.Paulo* reported.

ECONOMIC NEWS

Cuba Begins Plan to Isolate Tourists to Curb Covid Spread

Cuba's government has announced a new tourism plan that will offer all-inclusive vacations in five narrow islands to international visitors while keeping them isolated from the rest of the population in a bid to prevent the spread of coronavirus, the Associated Press reported. The state-run system, which is scheduled to begin today, is designed to reopen the vital tourism sector without reintroducing the virus to the country of 11 million people, which has seen an average of about five new cases per day. Tourists will be able to take charter flights to the islands or to central Cuba, where they will be tested for Covid-19. Those who test negative will be able to go straight to their hotels or get on a bus going directly through mainland Cuba to one of the keys connected to the northern coast by bridges or ferries, according to recent government statements. Those who test positive will be "isolated," the statements added, without providing further details. Hotel chains operating in Cuba, including Spain's Meliá and the local Cubanacán, Gran Caribe and Islazul chains, said they would reopen

NEWS BRIEFS

Guatemala Places New Limit on Deportees From U.S. Due to Coronavirus

Guatemala's government has said it will accept no more than 100 deportees from the United States per week in an effort to curb the spread of Covid-19, *Newsweek* reported Tuesday. The United States had agreed to only send back deportees who had tested negative, but Guatemalan health officials have found that some returned deportees were carrying the virus.

Puerto Rico Governor Announces New Rules for Incoming Travelers

Puerto Rico Governor Wanda Vázquez on Tuesday announced new rules for all passengers flying into Puerto Rico as officials blame recent Covid-19 outbreaks on infected travelers coming into the U.S. territory, the Associated Press reported. Starting July 15, all passengers must wear a mask as well as take a molecular test 72 hours before their arrival and submit the results to officials at the airport. Those who refuse to do so, test positive or do not have their test results available will be forced into a two-week quarantine.

Guyana Asks World Court to Confirm Country's Border With Venezuela

Guyana on Tuesday asked the International Court of Justice to confirm the demarcation of its land border with Venezuela, the latest move in a long-running dispute between the two South American countries with potential implications for offshore oil rights, Reuters reported. Specifically, Guyanese representatives asked the U.N. court to confirm the border drawn out in an 1899 arbitration between Venezuela and the then-colony of British Guiana. Venezuela argues the ICJ does not have jurisdiction, and it is not participating in the proceedings.

their hotels in July, Directorio Cubano reported. However, there is no indication that tourists will immediately start to arrive. Canada, Cuba's biggest source of travel, remains closed to non-essential travel, and Europeans still have strict travel rules in place, the AP reported.

BUSINESS NEWS

Aeroméxico Files for Bankruptcy Protection in U.S.

Aeroméxico, Mexico's oldest legacy airline, said Tuesday it has filed for Chapter 11 bankruptcy protection in the United States as it struggles with the crisis brought on by the coronavirus pandemic, the Associated Press reported. The carrier will continue operations while restructuring its debts and obligations. "This legal process will not interrupt the airline's operations," Aeroméxico said, adding that all tickets, reservations and bonus points would continue to be honored. The company expects to double its number of domestic flights and quadruple the number of international flights in July, as compared to June levels, The Wall Street Journal reported. The decline in travel due to the coronavirus pandemic has hit airlines around the world, and Aeroméxico is no exception. General Director Andrés Conesa said "the Covid-19 pandemic has had an unprecedented impact on the global economy and the travel industry." Aeroméxico's passenger traffic plunged by more than 90 percent year-on-year in April and May. "With the chapter 11 restructuring process, we will strengthen our financial position and increase our liquidity, at the same time creating a sustainable platform to allow us to successfully weather the current global economic uncertainty," the airline's statement said. The Mexican government has refused to bail out large private companies. The country's other legacy airline, Mexicana, went into a Mexican bankruptcy proceeding in 2010 and never re-emerged, the AP reported.

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was already suffering a deceleration when Cortizo became president. His initial efforts to reignite economic growth centered on paying down debt, providing incentives for public-private partnerships to boost investment and increasing transparency in public procurement. Before Covid-19, Panama's economy was expected to grow by 4 percent in 2020. The latest forecast is that it will contract by 2 percent this year, with formal sector employment declining between 8.4 percent and 23.7 percent. Covid-19 has obviously upended many of Cortizo's plans. Panama was praised for adopting one of the most aggressive and coordinated responses to the virus in Latin America. However, allegations of corruption have damaged Cortizo's early success. The attorney general's office opened investigations on alleged irregularities in the purchase of disinfectant gel and ventilators. As a result, the deputy minister of the presidency resigned and pressure has mounted for Vice President José Gabriel Carrizo, who also serves as minister of the presidency, to also resign. Cortizo faces some daunting challenges, from safely reopening the economy and dealing with the devastating consequences of the pandemic, to building closer ties to the legislature and his own political party, re-establishing key initiatives, plus ensuring transparency and combating corruption."

Alejandro Valerio, senior analyst in Latin America Research at DuckerFrontier: "President Cortizo has led Panama with mixed results largely influenced by the Covid-19 crisis. Cortizo inherited a country with a feeble economy and mounting public debt that ended 2019 with \$31 billion (42.6 percent of GDP), which triggered a downgrade of its credit outlook from stable to negative by S&P. Thus, Cortizo could not push forward constitutional reforms, but rather had to prioritize the economy. To that end, his administration announced in January infrastructure projects worth \$877 mil-

lion, aiming to boost the economy. However, Covid-19 derailed this. Cortizo has acted swiftly to tackle the pandemic. To preserve the country's health care system, his administration adopted stringent measures such as a curfew and national quarantine. On the economic front, the Cortizo government has adopted several measures to mitigate the economic fallout, such as: 1.) issuing bonds worth \$2.5 billion to finance an emergency package; 2.) obtaining a \$1.3 billion credit line with the Inter-American Development Bank and the IMF; and 3.) providing bonuses to poor families to purchase food items. Yet, his approval ratings have not improved since January, remaining at 37 percent in April. Cortizo has a difficult path ahead. The most important challenges the Cortizo government will face are pandemic-related: guaranteeing Panama's public safety via good management of Covid-19 and implementing a sound austerity plan that puts the public debt under control."

Joaquín Jácome Diez, senior partner at Jácome & Jácome in Panama City and former trade minister of Panama: "Unfortunately, President Cortizo's first year in office has been slow and quite disappointing economically and politically, as well as in areas such as transparency and executing justice. The recently approved procurement law failed to address main regulatory aspects that lead to corruption. It also includes a special provision that Odebrecht could soon restart bidding. Concerning the constitutional reforms, an attempt was made that ended in complete failure and mass protests on the streets, resulting in the constitutional reform procedure starting all over again. Since Cortizo's administration took office, its most challenging tasks have been pension reforms and kick-starting the slowing economy. Now that fighting Covid-19 has taken center stage and all the administration's energy, these issues have become extremely sensitive. The pension system is

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in deficit and using its reserves, meanwhile the country's dire economic situation is becoming dangerously worrisome. The lack of constructive political opposition to Cortizo's administration has allowed the president to rule without any accountability, so transparency has deteriorated significantly. Politically speaking, the president has been at odds with his political party's establishment, which has affected governance and has left the country to question who is in charge of setting the political agenda. Panama faces serious challenges that will require national dialogue and possibly a coalition government in order to prevent chaos and instability. However, a recent reshuffling of the cabinet shows that the president, rather than opening his scope of government, is narrowing it."

A Jaime Jácome, Panama-based partner at Diaz, Reus & Targ: "Laurentino Cortizo took office last July amid an economic deceleration and a budget deficit of \$1 billion, with enormous expectations and promises for change toward a management model based on efficiency, transparency and planning with the aim of addressing poverty. He thus proposed reforming the constitution, in a context of a discredited legislative branch, which failed and demonstrated profound discrepancies not only between the National Assembly and the presidency, but also between the president and his own party. With the pandemic, the government's first actions generated a lot of confidence, especially its alliance with the scientific sector. At the same time, there were some suspicious contracts, overpricing and favoritism, which have generated a serious credibility crisis. Amid these questions about acts of corruption, which target important government figures, the partial opening of certain economic sectors has increased contagions and deaths, ending with the highly contested departure of the health minister. Undoubtedly, satisfaction with President Cortizo and

his administration have been seriously affected. However, with four years to go, there is space to change course and establish the basis to control the health crisis and stimulate the private sector in order to embark on an economic recovery. For this, it will be necessary to reformulate the objectives and resume efforts to reform institutions, create a reliable and efficient justice system and eradicate corruption. In achieving these objectives lies the success or failure of President Cortizo's administration."

A Sabrina Bacal, vice president of information services at TVN Media: "No government after the 1989 invasion has suffered the political wear that Laurentino Cortizo has in just one year in office. Although the comparison is somewhat unjust—no others have had to face a pandemic—it is undeniable that Covid-19 has magnified weaknesses and rattled any perception of strengths within the government. Cortizo took office promising to recover the economy's dynamism, reform the constitution and change public procurement laws to prevent corrupt companies from continuing to work with the government. The failure to fulfill these promises, together with corruption scandals amid the pandemic, have destroyed the credibility of a government that today citizens see as incapable, dishonest and fragmented. Cortizo won the election by a small margin, but showing his independence from the questioned structures of the Revolutionary Democratic Party. A year later, he has ended up digging into some of these structures in order to survive politically. In his most recent, and few, public appearances, he has lost the connection he had with the people and has not laid out a concrete and comprehensive plan to get out of this impasse. The country needs to see another type of leader. There is no tolerance for him to list achievements or make empty promises. Panama needs a captain who recognizes the severity of the storm and indicates how we are going to get out of it."

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