

## BOARD OF ADVISORS

**Diego Arria**  
Director, Columbus Group

**Devry Boughner Vorwerk**  
CEO,  
DevryBV Sustainable Strategies

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

**Paula Cifuentes**  
Director of Economic & Fiscal Affairs,  
Latin America & Canada,  
Philip Morris International

**Marlene Fernández**  
Corporate Vice President for  
Government Relations,  
Arcos Dorados

**Peter Hakim**  
President Emeritus,  
Inter-American Dialogue

**Donna Hrinak**  
President, Boeing Latin America

**Jon E. Huenemann**  
Former Corporate and  
Government Senior Executive

**James R. Jones**  
Chairman,  
Monarch Global Strategies

**Craig A. Kelly**  
Senior Director, Americas  
Int'l 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

**Jaana Remes**  
Partner,  
McKinsey Global Institute

**Ernesto Revilla**  
Head of Latin American  
Economics, Citi

**Gustavo Roosen**  
Chairman of the Board,  
Envases Venezolanos

**Andrés Rozental**  
President, Rozental &  
Asociados

**Shelly Shetty**  
Managing Director, Sovereigns  
Fitch Ratings

## FEATURED Q&A

# Is the Government of Cuba Exploiting Medical Workers?



Ralph Gonsalves, the prime minister of St. Vincent and the Grenadines (center), welcomed Cuban doctors to his country last March. // File Photo: Prensa Latina.

**Q U.S. Senators Rick Scott (R-Fla.), Marco Rubio (R-Fla.) and Ted Cruz (R-Tex.) in June introduced legislation to require the State Department to publish a list of countries that receive doctors from Cuba through its medical program, and to consider that as a factor in its annual Trafficking in Persons report. What does Cuba's doctors program consist of, and how important is it for Cuba in terms of both diplomacy and revenue inflows? To what extent and in what ways does the program exploit Cuban medical experts, as its critics allege? Which countries benefit the most from the program, and if the bill is enacted, how much would they stand to lose?**

**A Lenier González, founder and deputy secretary general of Cuba Possible:** "This subject has much more nuance and sides than the belligerent narrative that demonizes it. There are currently more than 30,000 Cuban health personnel in many countries assisting vulnerable communities. Over the years, they have provided assistance in three ways. First, they have intervened in world catastrophes without charging anything in return. Second, they have cooperated with third-country agencies to assist in disaster situations, like Norway and the United States have done. And third, Cuba has exported medical services as part of its economic strategy. The country successfully faced the Covid-19 pandemic and also gave its support to 21 nations, a unique experience these days. This has translated into an enormous benefit for developing countries and also a high recognition for the doctors and for the island at an international level. The subject articulates solidarity with a criterion of economic opportunity, since it

Continued on page 3

## TODAY'S NEWS

### ECONOMIC

### Ecuador Reaches Deal for \$17.4 Bn Restructuring

Ecuador has secured enough support from creditors for the restructuring of \$17.4 billion in international debt, nearly a third of its total foreign obligations.

Page 2

### BUSINESS

### BB Seguridade Likely Hit Sales Record in July

Brazil-based insurance provider BB Seguridade likely reached its monthly sales record in July, the company's chief executive officer, Bernardo Rothe, said in an interview.

Page 3

### ECONOMIC

### Argentina Reaches Deal With Main Bondholders

The government of Argentine President Alberto Fernández has reached a deal with three groups of creditors on the restructuring of \$65 billion in foreign debt. Bondholders must still approve the deal in order for it to take effect.

Page 2



Fernández // File Photo: Argentine Government.

## ECONOMIC NEWS

## Argentina Reaches Deal With Main Creditor Groups

Argentina's Economy Ministry announced today that it has reached a deal with three main groups of bondholders in its planned restructuring of \$65 billion in foreign bonds. As part of the agreement, Argentina will adjust some payment dates, a move that will not increase the overall amount of principal or interest payments that the government must make, though it will enhance "the value of the proposal" for creditors, the Economy Ministry said. The deal "will allow members of the creditor groups and such other holders to support Argentina's debt restructuring proposal and grant Argentina significant debt relief," the ministry added. The creditors accepted the agreement ahead of a deadline today that the government had set, The Wall Street Journal reported. Economy Minister Martín Guzmán had said the government would not improve its offer to creditors and would enter talks with the International Monetary Fund if it didn't reach a deal with bondholders. The IMF, to which Argentina owes \$44 billion, has said the country's debts are not sustainable, and it has forecast an economic contraction of almost 10 percent this year for the South American nation. Bondholders still must vote on the agreement. If the deal receives approval from enough investors, the country may be able to avoid years of exclusion from capital markets, as occurred after the country's devastating default in 2001, the Financial Times reported. That default triggered years of legal battles with so-called "holdout" bondholders that were not resolved until 2016, the newspaper reported. The terms of the deal suggest a recovery value of approximately 55 cents on the U.S. dollar, less than the 60 cents on the dollar that some creditors had sought but more than the some 40 cents on the dollar that Argentina's government originally offered. Creditors that agreed to the government's offer represent between 50 percent and 60 percent of eligible bonds, and the government already

had the support of as many as 35 percent, the Financial Times reported. If the agreement receives creditors' final approval, Argentina will be able to move on to debt talks with the IMF and would seek to delay payments to the lender that are coming due between 2021 and 2023 while avoiding tough austerity measures. The government would also be able to turn its attention toward correcting other economic problems, including high inflation, a severe recession and capital controls that have led to an overvalued official exchange rate.

## Ecuador, Creditors Agree to \$17.4 Bn Debt Restructuring

Ecuador has secured the support of enough bondholders to restructure \$17.4 billion in international debt, almost a third of its total foreign obligations, President Lenín Moreno announced on Monday, El Comercio reported. Although 66 percent of creditors had to agree to the government's July 6 proposal to approve the deal, more than 98 percent voted in favor of it. The Ecuadorean government will exchange 10 existing notes maturing between 2022 and



Moreno // File Photo: Ecuadorean Government.

2030 for three new bonds due in 2030, 2035 and 2040, Bloomberg News reported. Under the deal, interest payments will resume next year, while the earliest principal comes due in January 2026. "With this, we free up resources for social protection and economic recovery," Moreno said on Twitter. Political opponents have criticized the government and his finance team for not being more aggressive in their approach to the restructuring talks, Bloomberg News reported. Yet the restructuring deal pro-

## NEWS BRIEFS

## Mexican Authorities Arrest Alleged Crime Boss

Mexican authorities on Sunday arrested José Antonio Yépez Ortiz, the alleged crime boss known as "El Marro," or "the Sledgehammer," one of the country's most wanted, The Washington Post reported. Yépez Ortiz was reportedly the leader of the Guanajuato-based Santa Rosa de Lima Cartel, which has stolen billions of dollars' worth of oil from the country's pipelines and refineries in recent years. The operation that led to Yépez Ortiz's arrest also freed a business executive who had been kidnapped, according to Guanajuato's governor.

## Former Spanish King Juan Carlos Flies to Dominican Republic Amid Allegations

Former King of Spain Juan Carlos I has flown to the Dominican Republic after leaving his home country amid a corruption scandal, Reuters reported today, citing Spanish newspapers. The royal palace announced Monday that Juan Carlos, who abdicated in 2014, was leaving so his personal matters would not affect his son King Felipe's reign. Juan Carlos' lawyer has repeatedly declined to comment on the corruption allegations.

## Mexico's Remittances Rise 10.5% in Year's First Half

Remittances to Mexico rose by 10.5 percent in the first six months of the year despite the economic devastation wrought by the coronavirus pandemic, Mexico's central bank announced Monday, the Associated Press reported. Mexicans abroad sent home about \$19 billion between January and June, up from the \$17.25 billion registered in the same period last year. Remittances in March were a record monthly high of \$4 billion. Given the plunge of the Mexican peso so far this year, remittances sent in dollars will have an even higher value, the AP reported.

vides Ecuador breathing room beyond Moreno's administration, which will end next May. "The agreement is significant in that it alleviates fiscal pressures, but in no way is it sufficient to resolve the magnitude of the fiscal deficit and total financing needs," Mauricio Pozo, a former Ecuadorean minister of economy and finance, told the Advisor last month. The Andean nation faces a total debt of \$58.4 billion, more than half its annual GDP. [Editor's note: See related [Q&A](#) in the July 16 issue of the Advisor.]

## BUSINESS NEWS

### BB Seguridade Likely Hit Sales Record in July: CEO

Brazilian insurance company BB Seguridade is likely to have reached its monthly sales record in July in products such as pension plans and credit life insurance, as the company begins to gradually recover from the economic crisis brought on by the coronavirus pandemic, Chief Executive Bernardo Rothe said in an interview with Reuters published Monday. "The company has seen some sales recovery since April, and July is poised to be the best sales month for many of our products," Rothe said. On Monday, BB Seguridade published its second-quarter figures, with a recurring net income of 982 million reais (\$184.27 million), 9 percent lower than a year earlier, as pension plan premiums and gains from investments were down while claims rose. This trend offset lower operating expenses, according to the report. Rothe said he expects the company's performance to pick up by the end of the year, adding that gains from investment should continue a downward trend as Brazil's benchmark rates remain at all-time low. Brazil's central bank is expected to cut its key interest rate to a record low of 2 percent on Wednesday in the last 25 basis points move to cushion the economic crisis amid the pandemic, according to a Reuters poll published July 31. The expected move would be the ninth reduction of an easing cycle that started a year ago, according to the report.

## FEATURED Q&A / Continued from page 1

contributes billions of dollars to GDP. Cuban doctors participate in the missions with their own free will. Before leaving Cuba, the doctor signs a contract for a certain amount of money (set by the government). Physicians' wages should be higher, their working conditions should be better, and control over doctors should be lessened. Control and centralization are distinctive features of the Cuban sociopolitical and economic systems, not only in the medical missions. It is something that must change to make Cuba's future sustainable. That said, let's be frank: the accusations of 'slave labor' have a clear political connotation, and they only make sense as the electoral cycle in the United States and Florida becomes relevant."

**A** **Marco Rubio, U.S. senator (R-Fla.):** "The Cuban regime's so-called 'foreign medical missions' have created an international human trafficking scheme through which Raúl Castro and Miguel Díaz-Canel have perfected the art of exploitation and illegal enrichment. As a lifeline for the Communist regime, reports have noted that these 'medical missions' withhold a substantial portion of the Cuban doctors' and medical personnel's wages. Through deplorable working conditions, confiscation of legal identification and unfair compensation, these 'missions' constitute a form of forced labor and modern-day slavery."

**A** **Otto Reich, president of Otto Reich Associates LLC and former U.S. assistant secretary of state for Western Hemisphere Affairs:** "Under the guise of a 'voluntary, humanitarian, internationalist program,' Cuba generates between \$8 billion and \$11 billion every year from the forced labor of doctors and medical workers exported to foreign countries. The 'forced labor' description is not mine; it is the U.S. State Department's language in its most recent Trafficking in Persons Report to the U.S. Congress. The

above revenues comprise the single largest source of income for the Cuban military's coffers. More than 60 countries currently employ about 40,000 Cuban doctors under this system, and 12,000 medical workers have defected over the years. Reports from Brazil and Venezuela, as well as a federal

“Far from being primarily humanitarian, the missions are an extension of the Marxist government's propaganda...”

— Otto Reich

lawsuit filed by Cuban doctors now living in the United States, have exposed these missions as human trafficking, in violation of U.S. and international law. Far from being primarily humanitarian, the missions are an extension of the Marxist government's propaganda and intelligence apparatus. Cuban doctors assigned to Venezuela, for example, were forced to withhold medical care from patients who didn't support Maduro. Doctors assigned to Brazil were required to tell patients they had to vote for Rousseff government politicians (favorable to Cuba) to maintain the health care program. All doctors are monitored and surveilled 24 hours a day by Cuban intelligence officials in the foreign countries to make sure they remain loyal to the regime. In addition to these and other illegal practices, the Cuban government keeps 80-90 percent of what the foreign countries pay for their services, and the doctors get only a small fraction of the total. It is easy to see why these programs are so important for Cuba's military rulers. If the regime cared for the doctors, they would allow them to be paid directly by the foreign employer and to keep their passports while abroad in case they wanted to travel. Why they don't is self-evident."

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

**A** **Wazim Mowla, researcher for the African & African Diaspora Studies program at Florida International University:** “Cuban medical professionals have been an integral component of Caribbean public health systems for more than 30 years, so it was natural that the region’s leaders looked to Cuba during the Covid-19 pandemic. As Caribbean governments recognized that the pandemic would be a shock to their tourism-dependent economies, they quickly requested Cuban medical support to defend themselves

“**Cuban medical professionals have been an integral component of Caribbean public health systems for more than 30 years...**”

– Wazim Mowla

against the virus and lessen the future contraction of their economies. Caribbean leaders have been sensitive to right-wing accusations that the medical workers suffer from human trafficking as their experience has assured them otherwise. If this bill is enacted, not only would it undermine the sovereign right of Caribbean countries, but states such as Barbados and Belize could be affected as early as 2021. Both countries were placed on the U.S. State Department’s annual Trafficking in Persons Report’s Tier 2 Watch List for two consecutive years. A country placed on the Tier 2 Watch List for a third year automatically finds itself on the Tier 3 list. The designation would result in U.S. funding restrictions and give the U.S. president the power to direct his representative at multilateral development banks to use their best efforts to deny loans to these countries. With seven Caribbean countries already on the Tier 2 list (one notch below the Tier 2 Watch List), others in the region could face a similar circumstance. Given the economic and public health challenges Ca-

ibbean countries will soon face, the region’s leaders are likely to view the bill’s enactment as unfriendly and inhumane.”

**A** **Vicki Huddleston, retired U.S. ambassador and former chief of the U.S. Interests Section in Havana:** “The legislation that Senators Rubio, Cruz and Scott proposed is nothing new. It is a ploy to garner conservative Cuban-American votes and resources and to deny revenues to the Cuban government by using the false rationale that Cuban doctors are being trafficked. The opposite is true; the majority of doctors seek out these positions as their salaries abroad are considerably greater than at home, where there is a glut of physicians. The prime minister of St. Vincent and the Grenadines and incoming chairman of Caricom, Ralph Gonsalves, said that engaging with Cuba’s medical missions ‘is not human trafficking’ and that, by classifying it as such, the United States makes ‘more difficult the fight against genuine human trafficking’ and underestimates ‘the big impact of how much the Cubans are helping.’ Unfortunately, should this legislation pass, we will become even more unpopular with our Caribbean neighbors and important allies such as Mexico and Italy, all of whom are truly grateful for Cuba’s help. It is true that the Cuban government isn’t completely altruistic; it desperately needs the foreign exchange paid by the recipient countries for the physicians’ services. More worrisome, Cuba tarnishes its image by limiting the freedom of the physicians and by confiscating their passports, thereby denying them the right to travel. Yet, the bottom line is this: Cuba has eradicated the coronavirus at home and provided succor to others, while the Trump administration has failed to staunch the pandemic at home and abandoned its leadership abroad.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org).*

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

**Erik Brand**  
Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**  
Editor  
[gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org)

**Anastasia Chacón González**  
Reporter & Associate Editor  
[anastacia@thedialogue.org](mailto:anastacia@thedialogue.org)

 **THE DIALOGUE**

**Michael Shifter**, President  
**Rebecca Bill Chavez**, Nonresident Senior Fellow  
**Sergio Bitar**, Nonresident Senior Fellow  
**Joan Caivano**, Director, Special Projects  
**Michael Camilleri**, Director, Rule of Law Program  
**Kevin Casas-Zamora**, Nonresident Senior Fellow  
**Héctor Castro Vizcarra**, Nonresident Senior Fellow  
**Julia Dias Leite**, Nonresident Senior Fellow  
**Ariel Fiszbein**, Director, Education Program  
**Peter Hakim**, President Emeritus  
**Nora Lustig**, Nonresident Senior Fellow  
**Margaret Myers**, Director, Asia and Latin America Program  
**Manuel Orozco**, Director, Migration, Remittances & Development  
**Xiaoyu Pu**, Nonresident Senior Fellow  
**Jeffrey Puryear**, Senior Fellow  
**Mateo Samper**, Nonresident Senior Fellow  
**Tamar Solnik**, Director, Finance & Administration  
**Lisa Viscidi**, Director, Energy Program  
**Denisse Yanovich**, Director of Development and External Relations

**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](http://www.thedialogue.org)

ISSN 2163-7962

Subscription inquiries are welcomed at [ebrand@thedialogue.org](mailto:ebrand@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.