LATIN AMERICA ADVISOR

A DAILY PUBLICATION OF THE DIALOGUE -

www.thedialogue.org

Wednesday, January 20, 2016

BOARD OF ADVISORS

Diego Arria

Director, Columbus Group

Genaro Arriagada

Nonresident Senior Fellow, Inter-American Dialogue

Joyce Chang

Global Head of Research, JPMorgan Chase & Co.

W. Bowman Cutter

Former Partner, E.M. Warburg Pincus

Dirk Donath

Senior Partner, Catterton Aimara

Marlene Fernández

Corporate Vice President for Government Relations, Arcos Dorados

Peter Hakim

President Emeritus, Inter-American Dialogue

Donna Hrinak

President, Boeing Latin America

Jon Huenemann

Vice President, U.S. & Int'l Affairs, Philip Morris International

James R. Jones

Co-chair, Manatt Jones Global Strategies LLC

Craig A. Kelly

Director, Americas International Gov't Relations, Exxon Mobil

John Maisto

Director, U.S. Education Finance Group

Nicolás Mariscal

Chairman, Grupo Marhnos

Thomas F. McLarty III

President,

McLarty Associates

Carlos Paz-Soldan

Partner, DTB Associates, LLP

Beatrice Rangel

Director, AMLA Consulting LLC

José Antonio Ríos

Chief Executive Officer, Vadium Technology Inc.

Gustavo Roosen

Chairman of the Board, Envases Venezolanos

Andrés Rozental

President, Rozental & Asociados and Senior Policy Advisor, Chatham House

Shelly Shetty

Head, Latin Ámerica Sovereign Ratings, Fitch Inc.

Roberto Sifon-Arevalo

Managing Director, Americas Sovereign & Public Finance Ratings, Standard & Poor's

◆THEDIALOGUE

FEATURED Q&A

What Must Be Done to Stop the Spread of Zika?



Several countries in the Americas are among those with past or current evidence of local transmission of the Zika virus. They are illustrated above in solid purple. // Image: U.S. Centers for Disease Control

The mosquito-borne illnesses Zika has continued to spread in Brazil as the country prepares to host the 2016 Olympics in August. Reported cases of the Zika virus, which health experts believe is linked to microcephaly, or the condition in which infants are born with undersized skulls and brains, have continued to rise, with 199 new cases reported for the week ending on Jan. 2. The number of Zika-related microcephaly cases in Brazil recently surpassed 3,000, and Brazil's Health Ministry has declared the virus' spread to be a national emergency. Locally acquired cases of the virus have also been reported in other locations in the Western Hemisphere, including Mexico, Central America and other parts of South America. Are public health authorities coordinating an adequate response to fight the disease? What additional steps must authorities take to prevent the disease's spread? Will Zika become a public health crisis for other countries in the Western Hemisphere as it has in Brazil?

Joaquin Molina, representative of the Pan American Health Organization (PAHO) in Brazil: "Since Brazil detected its first locally acquired cases of Zika infection last May, 19 other countries and territories of the Americas have reported local transmission of the virus: Bolivia, Barbados, Colombia, Ecuador, El Salvador, French Guiana, Guyana, Guadeloupe, Guatemala, Haiti, Honduras, Martinique, Mexico, Panama, Puerto Rico, Paraguay, Saint Martin, Suriname and Venezuela. Like chikungunya before it, Zika has spread rapidly in the region because the entire population lacks immunity to the virus and because Aedes, the mosquito that transmits it, is widely distributed. Most people who become infected with Zika do not develop

Continued on page 3

TODAY'S NEWS

POLITICAL

Honduras, OAS Establish Anti-Corruption Commission

International experts will make up the commission, which will oversee investigations of significant cases of corruption in Honduras.

Page 2

BUSINES

Venezuela Assembly to Probe PDVSA

Lawmakers plan to investigate PDVSA's finances and Chinese loans it has received.

Page 3

POLITICAL

Colombia, FARC Seek U.N. Monitoring

Colombia's government and the FARC rebels jointly requested that the United Nations establish an observer mission to monitor any cease-fire that comes along with eventual peace accords. Chief government negotiator Humberto de la Calle said the announcement showed an "unequivocal desire" to end the conflict

Page 2



de la Calle // File Photo: Colombian Government.

POLITICAL NEWS

Colombia, FARC Seek U.N. Monitoring of Conflict's End

Colombia's government and the Revolutionary Armed Forces of Colombia, or FARC rebels on Tuesday jointly requested that the United Nations establish an observer mission to monitor any disarmament and cease-fire that is part of an eventual peace accord, the Associ-

get things done."

We're not thinking of masking a fictitious cease-fire just to

- Humberto de la Calle

ated Press reported. The more than three-year talks between the government and the rebels have seen breakthroughs in recent months. In September, the two sides set a six-month deadline for concluding the talks and reaching a peace deal. However, the FARC since then has backed away from the March deadline and last week said that "substantial hurdles" were putting the deadline in jeopardy, BBC News reported. But Tuesday's joint announcement may strengthen the possibility that a final deal could be within reach. "Today's announcement isn't only the start of an international process, it's the unequivocal demonstration of our desire to end confrontation," the Colombian government's chief negotiator, Humberto de la Calle, said at the talks in Havana, the AP reported. International representation on the 12-month observation mission should allay Colombians' fears that the FARC will not actually disarm and will return to drug trafficking and other illegal acts after the signing of a peace deal, said de la Calle. "We're not thinking of masking a fictitious cease-fire just to get things done," he said. Some 220,000 people have been killed in Colombia's five-decade armed conflict. Since

the peace talks began in Havana in November 2012, the government and the rebels have reached agreement on several main points of their agenda, including the rebels' future political participation, land rights, drug trafficking and transitional justice.

Honduras, OAS Establish Anti-Graft Commission

The Honduran government and the Organization of American States on Tuesday established a new commission to fight corruption in the Central American nation. The Mission to Support the Fight Against Corruption and Impunity in Honduras, or MACCIH, will be made up of prosecutors, judges and international experts. The group will select and oversee a group of Honduran judges and prosecutors that will investigate significant cases of corruption, the OAS said in a statement.



Almagro and Hernández (L-R) on Tuesday signed the agreement to establish the commission. // Photo: OAS.

Corruption and impunity harm democracy and generate distrust in society, and the new commission will help move Honduras forward, OAS Secretary General Luis Almagro said in a statement. "Today we open a chapter of hope in Honduras with the establishment of the MACCIH" he said. Honduran President Juan Orlando Hernández, who signed the agreement at the OAS' headquarters in Washington, said the agreement represents "the culmination of a process of dialogue that has generated strong expectations throughout Honduran society." [Editor's note: See Q&A on the formation of the anti-corruption commission in the Jan. 14 issue of the Advisor.]

NEWS BRIEFS

U.S. Supreme Court to Rule on Obama's Immigration Order

The U.S. Supreme Court on Tuesday announced it would decide the legality of President Barack Obama's executive action to shield more than four million immigrants living in the United States illegally from deportation, Reuters reported. The high court agreed it would hear Obama's case to reinstate the plan, which was first put forth as an executive action in 2014, bypassing the Republican-led Congress. However, a lower court blocked the measure last year after 26 Republican-governed states sued to stop it. The Supreme Court is set to rule on the matter by the end of June.

U.S. Treasury Secretary Visiting Puerto Rico

U.S. Treasury Secretary Jacob Lew is expected to visit Puerto Rico today to meet with government officials and business leaders to discuss the commonwealth's financial situation, Fox News Latino and the Associated Press reported. Puerto Rico announced it is revising its fiscal and economic reform plan ahead of the visit, saying the revision will reflect a steep increase in the island's projected deficit and a sharp drop in predicted revenues. Puerto Rico is currently seeking access to a bankruptcy mechanism as it struggles to reconcile its \$72 billion in public debt, which Governor Alejandro García Padilla says is unpayable.

Uruguayan Farmers Demand Venezuela Repay Debts

Hundreds of Uruguayan farmers have taken to the streets in the town of Libertad to demand that their government force Venezuela to repay its debts to the country, the Associated Press reported Tuesday. The protesters say Venezuela owes Uruguay \$100 million for shipments made after a deal between the governments.

BUSINESS NEWS

Venezuela Assembly to Investigate PDVSA

Venezuela's opposition-controlled National Assembly is planning to investigate the financial well-being of PDVSA as well as Chinese loans made to the state oil company, a legislator said Tuesday. Reuters reported. "We want to know the real state of PDVSA's books," said



Matta // File Photo: Venezuelan Government.

Elias Matta, an opposition lawmaker who is vice president of the assembly's energy and oil commission. "The country wants to know how the money from the Chinese funds were spent. We also want to investigate what the real cost of production is. And why haven't they done the output increases they talked about so much? We're going to have a lot of work in this commission," he told the wire service. China has provided Venezuela with approximately \$50 billion in financing under an agreement in which Venezuela provides oil to China.

Goldman Sachs, Ainda to Jointly Invest in Mexico Projects

The private equity division of United Statesbased Goldman Sachs Group has joined together with Mexican consulting firm Ainda to invest in energy and infrastructure projects in Mexico, a person familiar with the matter said, Reuters reported Tuesday. Goldman's merchant banking division inked a deal with Ainda in December to "identify, pursue, evaluate and make investments jointly," according to a

FEATURED Q&A / Continued from page 1

symptoms, but there is growing evidence linking Zika infections during pregnancy with microcephaly, or smaller-than-expected head size, in newborns. Brazil has reported more than 3,500 suspected cases of microcephaly in areas where Zika is circulating. The Pan American Health Organization (PAHO) is coordinating with Brazilian officials and other partners, including Brazil's Fiocruz, the Pasteur Institute and the U.S. Centers for Disease Control to investigate this relationship and other aspects of Zika. PAHO is also providing technical cooperation in areas including case definition of microcephaly, analytical methodologies, laboratory diagnosis, integrated surveillance of arboviruses (dengue, chikungunya and Zika), and monitoring and tracking of cases. To help other countries prepare for and respond to Zika, PAHO is helping ministries of health improve laboratory capacity to detect the virus, providing recommendations for clinical care and follow-up of infected patients (in collaboration with national professional associations and experts), and encouraging monitoring and reporting on the virus' spread and the emergence of complications. PAHO considers the best prevention to be to continue efforts to control Aedes mosquitoes, which in addition to Zika, also transmit dengue and chikungunya. In this sense, Zika is an opportunity to step up investment and action for mosquito control to fight all three of these related viruses at the same time."

Katherine E. Bliss, senior associate of the Global Health **Policy Center at the Center** for Strategic and International

Studies (CSIS): "Zika virus was first identified in monkeys in Uganda's Zika Forest in 1947 and was then isolated in humans. Like the dengue and chikungunya viruses, it is transmitted to people by mosquitoes of the Aedes genus. Zika, which can cause fever, headache and rash, is considered to be endemic in parts of Africa and Asia, but it had not been reported in the Americas until 2014, when authorities on Easter

Particularly worrisome to officials is the apparent association between a pregnant woman's infection with Zika and fetal microcephaly.... "

- Katherine E. Bliss

Island detected Zika there, following an outbreak in French Polynesia. With Aedes mosquitoes present in most countries in the region, 17 have now reported local transmission of Zika. Since May, there have been an estimated 440,000 to 1,300,000 cases reported in Brazil, with most concentrated

Continued on page 4

securities filing that will soon be submitted to the bourse, Reuters reported. Goldman will provide at least 50 percent of the total equity for joint projects, the source said. The same source also said Ainda will invest as much as \$1.15 billion in projects with Goldman. The joint investment will focus on projects in the oil and gas, power generation, transportation and water infrastructure sectors. In recent months, Mexico has been seeking to create opportunities for private sector firms to play a larger role in infrastructure investment. In September, the finance ministry unveiled a new investment

vehicle called "Fibra E" which aims to attract private investment into energy and infrastructure projects. Goldman's merchant banking division has so far raised more than \$124 billion to invest in the corporate, real estate and infrastructure sectors, according to its Web site. Ainda plans to raise approximately \$1.15 billion through a public offering of certificates for an infrastructure energy investment vehicle, which is expected to be made available in late February or early March. [Editor's note: See related Q&A in the Dec. 4 issue of the Dialogue's Energy Advisor.]

FEATURED Q&A / Continued from page 3

in the Northeast. Particularly worrisome to officials is the apparent association between a pregnant woman's infection with Zika and fetal microcephaly; according to reports, the number of infants born with smaller-than-average heads was 20 times higher in 2015 than in 2014. The anticipated arrival of thousands of tourists in Rio de Janeiro for the Olympics in August also raises concerns, and Brazilian health authorities are working now with community and education officials in neighborhoods bordering the Olympic area in Rio to control mosquito populations, raise popular awareness of Zika symptoms and urge pregnant women to seek prenatal care. PAHO has also deployed experts to help member states strengthen surveillance measures for Zika virus, improve laboratory and detection capabilities, and map the virus's spread."

> Meredith Fensom, consultant at the World Bank and policy advisor at the Americas Health Foundation: "The Zika virus

continues to spread, and current technology offers no clear way of stopping the virus. Brazilian authorities are committed to fighting the disease, but success has been limited. Zika, along with dengue fever and chikungunya, is spread by the Aedes aegypti mosquito. The Zika virus was likely brought to Brazil during the 2014 World Cup. Officials estimate between 440,000 and 1.3 million people there are infected. In 2015, the Brazilian Ministry of Health established a relationship between microcephaly and Zika virus, declaring a national emergency after more than 2,400 babies were born with microcephaly. In 2014, there were 147 cases. Most babies born with microcephaly die young, and many survivors have life-long

cognitive impairment. There is no cure. Brazilian authorities have urged women in certain regions to avoid getting pregnant. Additional research must be undertaken to understand the connection between Zika and microcephaly. Current mosquito control and education programs have been minimally effective, and there is no vaccine. One potential solution is offered by Oxitec's genetically



Zika is spreading rapidly, and the **Western Hemisphere** is at risk."

- Meredith Fensom

engineered mosquitoes, which have been more than 90 percent effective at reducing local populations. The genetically engineered mosquitoes have not been put into practice on a large scale, but are among the more compelling approaches to combating the spread of this disease. Zika is spreading rapidly, and the Western Hemisphere is at risk. The latest Pan American Health Organization (PAHO) data confirms cases of Zika virus in 14 regional countries and territories. The U.S. Centers for Disease Control and Prevention (CDC) recently confirmed Zika in a traveler from Texas and predicts outbreaks will come to Florida, Gulf Coast states and maybe Hawaii."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2016

Erik Brand

Publisher

ebrand@thedialogue.org

Gene Kuleta

Fditor

gkuleta@thedialogue.org

Nicole Wasson

Reporter, Assistant Editor nwasson@thedialogue.org



Michael Shifter. President

Genaro Arriagada, Nonresident Senior Fellow

Sergio Bitar, Nonresident Senior Fellow

Joan Caivano, Director, Special Projects

Kevin Casas-Zamora, Director. Peter D. Bell Rule of Law Program

Maria Darie, Director, Finance & Administration

Ramón Espinasa, Nonresident Senior Fellow

Ariel Fiszbein, Director, Education Program

Alejandro Ganimian, Nonresident Fellow

Peter Hakim, President Emeritus

Claudio Loser, Senior Fellow

Nora Lustig, Nonresident Senior Fellow

Margaret Myers, Director, China and Latin America Program

Manuel Orozco, Director, Migration, Remittances & Development

Jeffrey Puryear, Senior Fellow

Lisa Viscidi, Director, Energy Program

Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at:

1211 Connecticut Avenue NW, Suite 510 Washington, DC 20036

Phone: 202-822-9002 Fax: 202-822-9553 www.thedialogue.org

ISSN 2163-7962

Subscription Inquiries are welcomed at freetrial@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.