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US goes all out to topple Maduro

The US government led by President Donald Trump is ramping up efforts to topple Nicolás Maduro just as Venezuela is poised to plunge unprepared into a public health crisis of unparalleled proportions. Ignoring calls from the United Nations to lift sanctions on Venezuela to provide some respite, the Trump administration seized upon the pandemic as an opportunity to turn the screw on Maduro. Two separate plans tabled in the space of five days by the US Department of Justice (DOJ) and Department of State (DOS), however, suggested there is no unity of purpose. While the DOJ put a bounty on the head of Maduro and his coterie, encouraging them to dig in, the DOS proposed the creation of a council of state *sans* Maduro to run the country for up to a year before fresh presidential elections could be held. The US action prompted Maduro to move against his main political rival Juan Guaidó.

Venezuela is already facing a humanitarian crisis caused by the Maduro government's corruption and mismanagement but exacerbated by US sanctions and record low oil prices. Rather than heeding calls from the UN Office of the High Commissioner for Human Rights (OHCHR), for instance, to suspend sanctions while the coronavirus (Covid-19) pandemic lasts, the Trump administration sees it as its best chance to drive home flailing efforts to oust Maduro.

On 26 March the DOJ published a document charging Maduro and 13 senior officials in his government of conspiring with prominent dissidents in the Fuerzas Armadas Revolucionarias de Colombia (Farc), such as Luciano Marín Arango ('Iván Márquez), to "flood" the US with cocaine. It accused Maduro of leading the shadowy Cartel de Los Soles, comprising corrupt cells within the Venezuelan military dedicated to drug-trafficking, and offered a US$15m reward for information leading to his capture, with lower rewards for the likes of government strongman Diosdado Cabello and the president of the supreme court (TSJ), Maikel Moreno.

Responding to questions in a press conference, the US attorney general, William Barr, said it was "good timing [as] the best way to support the Venezuelan people during this period is to do all we can to rid the country of this corrupt cabal." Guaidó, the widely recognised interim president, reacted to the indictment by expressing the hope that it would help rid Venezuela of "the criminal system that has hijacked our country for so many years. Our problem is not just a political problem: we are facing a cartel, the Maduro Cartel". But there is no obvious bounty hunter: far from providing incentives for anyone on the list to bring down Maduro, the rewards encourage them to buttress the regime. Maduro, for his part, slammed the decision to "put a price on our heads as if we were in the Wild West in the 19th century", while claiming there was not a shred of evidence for the drug-trafficking charges.

The indictment also undermined tentative efforts to broker a political accord in Venezuela. Guaidó himself is trying to act like a leader but without the levers of power, unable to stage rallies due to tough restrictions to contain Covid-19, and with the military aligned behind Maduro, he is as impotent as ever. Dialogue has been exploited by Maduro on numerous occasions in the past to play for time without ever contemplating meaningful compromise so it is not surprising Guaidó would be mistrustful, but moderate opposition factions still felt the health crisis was serious enough to warrant an attempt. The opposition ran the risk of being accused of callous disregard of Venezuelan lives by ruling out dialogue which could have allowed in crucial medical supplies and paved the way for a political accord, but this was blown out of the water by the DOJ's action.

Maduro had previously revealed a willingness to work with the opposition. It is highly debatable whether this was a genuine attempt to prioritise national unity in the face of a grave health threat given that Maduro pointedly ruled out working with Guaidó in what looked like a politicised attempt to sideline him and split the opposition. After the DOJ's action, however, the Maduro government reacted by arresting two of Guaidó's closest associates, Rómulo García and Víctor Silio, in Caracas and stepping up the intimidation of opposition legislators: 13 deputies claimed to have received threatening messages daubed on the doors of their houses.

Guaidó tried to bypass Maduro and reach out to the armed forces. He said there was "no time to lose", calling for "a government of national emergency" to save Venezuela from "an unprecedented humanitarian catastrophe". He said this could "obviously not be led by someone accused of narco-trafficking", but conceded that a member of the opposition would not be appropriate either and that it would have to include "all political sectors". He appealed to the armed forces to work for the people and implement what he dubbed 'Plan José María Vargas', after the country's first civilian president, in a message put out on social networks, to allow essential medical equipment and food aid into Venezuela as well as cash to be paid directly to low-income families to enable them to stay in quarantine, and the construction of groundwater wells to supply water to hospitals. The 2019 Global Health Security Index ranked Venezuela 176th out of 195 countries worldwide, and bottom for the whole of Latin America and the Caribbean, in the face of a pandemic, taking into account prevention, detection, rapid response, the health system, compliance with international norms, and risk environment.

Guaidó's proposal fell on deaf ears. On 31 March, the attorney general, Tarek William Saab, announced an investigation into Guaidó for allegedly conspiring to carry out a coup (*see sidebar*). Hours later the US Secretary of State, Mike Pompeo, presented a 'democratic transition framework' for Venezuela. Under this plan, both Maduro and Guaidó would step aside, allowing a five-strong council of state (comprising two members chosen by each of the government and opposition and a fifth chosen by these four) to assume power until presidential elections could be held within a year. In return the US would lift sanctions and help coordinate a major humanitarian aid effort. This was always a non-starter. Maduro was highly unlikely to consent to leave power before the DOJ indictment, even more so after it: the 'democratic framework' offers him no guarantees. It pointedly offers guarantees to the military high command, however, in an attempt to encourage the top brass to turn on Maduro.

Guaidó applauded the proposal, which received some regional support (notably in Brazil and Ecuador). It was emphatically rejected by Venezuela's foreign minister, Jorge Arreaza. After Trump announced on 1 April that the US Southern Command would double its presence in the Caribbean Sea near Venezuela, ostensibly to curb drug-trafficking, Arreaza accused him of "a desperate attempt to divert attention" from his government's failings in combating Covid-19.

Coup plot

The attorney general, Tarek William Saab, accused Juan Guaidó of masterminding a coup d'état and assassination plot, and summoned him to face prosecutors on 2 April. Saab said Guaidó would be questioned about a weapons arsenal intercepted at the border with Colombia this time last year. Retired former Venezuelan army general Clíver Alcalá Cordones has claimed he was involved in the plot, acting upon Guaidó's instructions. Guaidó denies the charges and has refused to come before the prosecutors. Alcalá turned himself over to Drug Enforcement Administration (DEA) agents in Colombia this week, a day after he was included in the DOJ's narco-terrorism charges levelled at Maduro and senior officials.

COLOMBIA | SECURITY & POLITICS

Slow progress towards ceasefire

Demands for a ceasefire in Colombia for the duration of the coronavirus (Covid-19) crisis have been gathering support for some time – in the last week, the United Nations special representative in Colombia, Carlos Ruiz Massieu (*see sidebar*), the national truth commission, and the congressional peace commission all added their voices to the appeals of social movements across the country. The Ejército de Liberación Nacional (ELN) guerrilla group's 29 March ceasefire declaration was a step forwards, but President Iván Duque's government has so far been reluctant to respond in kind.

The ELN promised a unilateral ceasefire for the entirety of April "as a humanitarian gesture", but it appealed for President Duque and state security forces to make a similar commitment in the interest of renewed peace talks. Duque's high commissioner for peace, Miguel Ceballos, welcomed the declaration but called for further action on the ELN's part, upholding the government's line that no negotiations can take place until the ELN has ceased all criminal activity. The guerrillas committed only to "active cessation", insisting that "we reserve the right to defend ourselves against the attacks carried out by state forces".

Despite Ceballos playing down the immediate prospects of a bilateral truce, he announced that two former ELN leaders and peace negotiators had been appointed as 'peace promoters'. Carlos Arturo Velandia ('Felipe Torres') and Gerardo Antonio Bermúdez ('Francisco Galán') have had a rocky relationship with various Colombian governments over the past two decades, intermittently working to facilitate negotiations, and facing prosecution for past crimes. Duque took an aggressive approach towards both men after talks with the ELN broke down in January 2019, but in confirming their renewed involvement in peace efforts, the arrest warrant against Velandia was withdrawn, and Bermúdez was released from prison on 31 March.

Virtual congress

It is not just Duque's security policy that is facing scrutiny in light of the pandemic. He faces complaints of insufficient protective action and economic compensation for those affected. There have been increasing tensions regarding the lack of congressional oversight. A ban on gatherings in excess of 50 people has prevented the legislature from meeting since it was due to re-convene for this year on 17 March. The possibility of holding digital sessions has been discussed in detail, but constitutional difficulties have slowed progress towards a solution.

The constitution allows for congress to meet outside of its Bogotá headquarters, but it requires that all voting is carried out in person. Some deputies argued that a digital solution was unnecessary anyway, signing a statement criticising the proposals as "expensive, unnecessary, and unconstitutional", saying they would prefer to return to face-to-face sessions, to demonstrate solidarity with doctors, nurses, and police still doing their jobs.

Deputy José Daniel López, on the other hand, suggested on 27 March that the constitutional limitations could be circumvented if Duque used his emergency powers to reform the organic law requiring in-person sessions. Duque signed decree 491 to this effect. The start of digital sessions is now imminent, with just the technicalities to be resolved, but questions about the constitutional legitimacy of the decision remain, and it is not yet clear whether congress will be able to monitor Duque's pandemic policy as effectively as it would like.

UN backs ceasefire

Following on from the appeal by UN Secretary General António Guterres for a global ceasefire while governments address the spread of Covid-19, the UN's special representative in Colombia, Carlos Ruiz Massieu, called on 29 March for Colombia's various combatants to "join efforts to reduce the risk of the virus spreading, especially to the most vulnerable communities". The ELN is one of the major armed groups currently active in Colombia, but its violent activities still make up a relatively small proportion of the total, with a range of paramilitary and drug trafficking organisations (DTOs), as well as the Colombian armed forces, yet to make any commitments to scaling back their activities during the pandemic.

Tough tactics paying dividends

The popularity of President Martín Vizcarra has long been an anomaly in a political system that has broadly lost the trust of the Peruvian public. As many leaders across Latin America face criticism for their responses to the coronavirus (Covid-19) pandemic, Vizcarra has gone from strength to strength, with a 21 March Ipsos survey showing his approval rating up at 87%, largely on the basis of his response to the health emergency, with some uncharacteristically authoritarian security measures counter-balanced by generous economic provisions.

The latest round of economic measures, announced by the economy & finance minister, María Antonieta Alva, on 29 March, were the most extensive yet. Alva presented an economic package worth US$26.4bn, equivalent to 12% of Peru's GDP, intended to protect companies from the effects of both global financial decline and national quarantine policies, and then to stimulate the "re-activation" of the economy once the worst of the crisis has passed. This package will include nearly PEN$30bn (US$8.73bn) in loans for companies, primarily benefitting small and medium sized businesses (SMEs).

Another flagship economic policy is the emergency subsidies paid to poor and vulnerable households, initially set at PEN$380 (US$110) for a 15-day quarantine, but set to increase as this period is extended. The ministry of development and social inclusion (Midis) reported on 28 March that the subsidy had been distributed to over 900,000 families already, about a third of those eligible. According to the Midis statement, approximately 9m Peruvians will ultimately benefit from this subsidy programme.

Concerns have been raised about the centralisation of power in response to the pandemic, as Peru's congress agreed on 27 March to grant legislative powers to the executive for a 45-day period. Fears that President Vizcarra could look to rule by decree were assuaged, however, by his co-operation with plans to form a congressional special commission to evaluate legislation during this period, and a move to empower the comptroller's office to monitor the actions of the executive. The prime minister, Vicente Zeballos, emphasised Vizcarra's desire to send "a message of transparency".

The security measures have continued to intensify, however, with Vizcarra insisting on 28 March that harsher punishments will be enforced against those who continue to breach the quarantine. He reported that over 26,000 people had been arrested for violating the quarantine since it began on 16 March, and while most have so far been held for just a couple of hours, Vizcarra pledged that "irresponsibility will not go unpunished", pointing to fines or even prison sentences for repeat offenders. This comes in the wake of the passage of the controversial 'police protection law', granting police and security forces immunity from prosecution over actions causing death or injury, if conducted "in fulfilment of their constitutional function". This law had been passed in July 2019 by the previous congress. It was promulgated on 28 March not by Vizcarra but by the new congress president Manuel Merino, a manoeuvre constitutionally enabled by Vizcarra's refusal to do so within the previous legislative term.

The law immediately drew criticism from the Inter-American Commission on Human Rights (IACHR), which warned that "national laws should not include exclusion of liability that prevents investigating and punishing those responsible for human rights violations, particularly when the perpetrators are agents of the state". These concerns were echoed by many in Peru (*see sidebar*), but Vizcarra has insisted that while he does not support the law, it is constitutionally unenforceable, and rescinding it need not be an urgent priority.

Police protection law

Peru's ombudsman's office had objected to the 'police protection law' when it was first passed in 2019, and its chair, Walter Gutiérrez, reiterated these concerns on 29 March, insisting that "all officials in charge of administering justice must be bound by it". Prime minister Zeballos had also voiced opposition when serving as justice minister in 2019, but on this occasion he echoed President Vizcarra's claims that the issue should not be a priority at this time.

Indigenous clash with Moreno over coronavirus

Ecuador's President Lenín Moreno is striving to contend with one of the most serious outbreaks of coronavirus (Covid-19) in the region, while sustaining an indebted economy battered by virus-induced paralysis and the lowest oil prices in a generation. Moreno's commitment to meeting debt obligations and reducing the fiscal deficit is being questioned by the political opposition and censured by the indigenous organisations that led last October's protests against the removal of fuel subsidies.

The epicentre of the coronavirus outbreak in Ecuador is Guayaquil, the country's largest city and capital of the coastal province of Guayas. Guayas has seen more than 70% (nearly 2,000) of Ecuador's confirmed cases of Covid-19 and two-thirds of the 98 fatalities, the majority concentrated in Guayaquil, whose mayor, Cynthia Viteri, of the right-wing Partido Social Cristiano (PSC), has also tested positive for the virus. Vice President Otto Sonnenholzner, designated president of the newly created Comité de Operaciones de Emergencia (COE), is leading the fight back in Guayaquil where restrictions on movement and a strict curfew are being enforced by the military along with daily disinfecting of streets. The whole of Guayas has been declared a 'special security zone' controlled by a joint military-police task force under navy commander Rear Admiral Darwin Jarrín.

While the government is focused on containing the spread of the virus, it is also trying to mitigate its economic impact without abandoning its debt commitments. The economy minister, Richard Martínez, announced the fulfilment on 24 March of a US$320m payment on the country's 2020 bonds to avoid "losing access to future sources of finance". Ecuador's country risk soared in advance of the payment after legislators appealed to President Moreno to defer debt payments to confront the coronavirus crisis. In a national address, Moreno argued that his government had "generated confidence" by paying the debt, paving the way for a US$500m loan through the Rapid Financing Instrument (RFI) of the International Monetary Fund (IMF), with a further US$2bn of credit from other sources in the pipeline.

The umbrella indigenous organisation Confederación de Nacionalidades Indígenas de Ecuador (Conaie) was unswayed by the argument and urged Moreno to declare a moratorium on debt payments to prioritise public health. "It's unacceptable that while the government insists there are restricted resources to finance health measures, it has announced that there are resources to pay the external debt," Conaie leaders said in a statement. Conaie also called for the creation of an emergency fund by the government to buy the produce of the country's small farmers and provide subsidised food to low-income earners.

In addition to its debt difficulties, Ecuador is caught in a fiscal vice as crude prices are plumbing new depths. West Texas Intermediate (WTI) crude lost more than half its value in March, falling to just US$20.48 per barrel by the end of the month. Given that Ecuador's crude suffers a US$4-5 per barrel deduction for quality, this means that it is currently generating less than the average price of production of the state-owned oil firm Petroamazonas (US$17.93).

Moreno also faces political challenges. He had to appoint new health and labour ministers (Juan Carlos Zevallos López and Luis Arturo Poveda Velasco respectively) after the previous incumbents resigned on 21 March in the midst of the crisis. And uncertainty surrounds the general election looming in February 2021. At present, Moreno has expressed support for the election going ahead but he took to Twitter on 22 March to call for the elimination of "unnecessary spending" in the election campaign to be reassigned to "the health emergency".

Tourism

"A catastrophe is coming if the government doesn't help the tourism industry," the president of the Federación de Cámaras de Turismo del Ecuador, Holbach Muñetón, said last week. Muñetón said that within two months Ecuador's tourism sector would be struggling to survive. The sector is seeking low-interest credit, and a two-year grace period to repay any debts incurred. The government calculates that losses for the tourism sector if the crisis persists for 90 days will amount to some US$540m.

BRAZIL | POLITICS & ECONOMY

Protecting the vulnerable?

On 31 March, United Nations Secretary General António Guterres urged wealthy countries to support those that are less developed in their efforts to tackle the coronavirus (Covid-19) pandemic. That same day, the director general of the World Health Organization (WHO), Tedros Adhanom Gebreyesus, repeated that the pandemic will hit emerging and under-developed economies the hardest, and he recommended that governments put in place social policies to shield their most vulnerable populations and ensure that they are able to comply with public health recommendations. In Brazil, where 38m people work in the informal sector, and almost 35m do not have access to running water, authorities have been slow to take such measures.

The coronavirus rapidly emerged as a class issue in Brazil, after the first death from Covid-19 in Rio de Janeiro state turned out to be a domestic worker with underlying health conditions who had contracted the disease from her wealthy employer, recently returned from Italy. From the moment that Covid-19 became a serious worry, even when infections were still concentrated amongst Brazil's globe-trotting privileged classes (and those close to them), community leaders in favelas began raising concerns as to how they could apply measures to contain the disease – favelas are densely populated and have a geographic make-up which renders isolation or quarantine complicated, while residents tend to live in economically precarious situations.

The way the coronavirus will spread in and impact favelas, home to some 13m Brazilians across the country's major cities, is a "big enigma", Health Minister Luiz Henrique Mandetta admitted during a press conference on 31 March. Yet little appears to have been done by the federal authorities to prepare for this unknown, or cushion the harsh effects that are already being felt as a direct result of the pandemic. In some favelas, community projects have mobilised to collect funds in order to provide families with the basic basket of goods, including soap and other sanitary products. There have been reports of criminal organisations imposing lockdowns and curfews in the areas they control, filling in for the absent state.

Some steps are being taken. On 20 March Citizenship Minister Onyx Lorenzoni announced an expansion of the Bolsa Família conditional cash transfer programme to a further 1.2m families, confirmed five days later with the allocation of R$3bn (US$570m) in extraordinary credit. Lorenzoni said this expansion would practically "zero" the waiting list. The programme, credited with raising millions of Brazilians out of poverty during the presidency of Lula da Silva (2003-2011), has been squeezed under President Jair Bolsonaro's government. Indeed, even as Lorenzoni promised that the benefit would reach a record 14.3m families in April, it emerged that the number of Bolsa Família beneficiaries was cut by 158,000 in March.

The government has separately been considering emergency aid for informal and self-employed workers whose economic activity is hit by the pandemic. On 30 March, the senate approved a bill guaranteeing a R$600 monthly benefit to informal workers without other sources of revenue for the next three months (R$1,200 for single mothers at the head of a household). The chamber of deputies had approved this so-called 'corona-voucher' the previous week, increasing its amount from the initial R$200 pledged by the government. The executive reportedly backed this move, but it now appears to be balking at disbursing the necessary funds,

Quibbling over procedures

Economy Minister Paulo Guedes has said that the disbursement of the benefit to informal workers now depends on a "political and legal procedure". President Bolsonaro has since sanctioned the bill into law, while Guedes says that the legislature must approve a constitutional amendment to the fiscal responsibility law (LRF) for the funds to then be released. Rodrigo Maia, the president of the chamber of deputies, says that this is not the case, as the supreme court (STF) justice Alexandre de Moraes has authorised the government to disregard fiscal obligations throughout the state of calamity, approved by congress earlier in March.

arguing that it cannot do so until mid-April pending changes to legislation (*see sidebar*). Rodrigo Maia, the president of the chamber of deputies, has criticised this delay, saying that "16 April is not an emergency [timeframe] for Brazilians who need these resources."

Beyond urban centres

Concerns are growing also over the authorities' lack of preparation in protecting the country's indigenous peoples from the coronavirus. On 1 April, Brazil recorded its first Covid-19 case in an indigenous person, a young health worker in the state of Amazonas. A group of federal deputies led by Joenia Wapichana, the country's first indigenous congresswoman, is requesting that a mechanism be set up to monitor the federal health ministry's plan vis-à-vis indigenous peoples. The pan-regional Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica (Coica) indigenous organisation put out a statement on 31 March urging national and local governments to include the needs of indigenous peoples in their response plans to the pandemic.

The 'war budget'

Rodrigo Maia, the president of the chamber of deputies, is trying to coordinate the approval of a constitutional amendment (PEC) which would create a parallel so-called 'war budget' to deal with the coronavirus emergency. This would legally release the government from the obligation of abiding by some fiscal rules, notably the so-called 'golden rule' which bans it from issuing debt to fund current spending. This PEC project is backed by the national treasury secretary, Mansueto Almeida, who said on 30 March that the public account deficit could exceed R$350bn in 2020.

BRAZIL | POLITICS

Bolsonaro's pandemic politics

Faced with the coronavirus pandemic, governments the world over have opted for the enforcement of strict isolation measures to limit the spread of Covid-19. These come at a severe economic price, but the social cost of letting the disease run its course uncontained would likely be much higher. Brazil's President Jair Bolsonaro continues to stand out as one of the few exceptions to this accepted rule; he rejects science on isolation, encouraging Brazilians to continue living their daily lives unconstrained, in the name of protecting jobs and the economy.

On 29 March, President Bolsonaro left his official residence to visit local businesses in towns around Brasília, causing people to congregate. Bolsonaro criticised the press for describing his outing as a "walk", saying he went out "to see the people". Videos of this excursion were immediately taken down by Twitter for violating its new rules on misinformation about the international public health guidelines on Covid-19. *Facebook* and *Instagram* followed suit a day later. On 30 March, Bolsonaro suggested that some state governors were inflating the number of deaths from coronavirus to justify the strict isolation measures they have implemented for, as Bolsonaro sees it, political ends. By 1 April, deaths from coronavirus in Brazil totalled 241, the majority in the states of São Paulo (164) and Rio de Janeiro (28). Confirmed cases numbered 6,836.

Bolsonaro's attitude, contradicting all international and national advice, has caused confusion. Pro-Bolsonaro motorcades denouncing the closure of businesses took place over the weekend (28-29 March). Some people flocked to the beaches in Rio, under the impression restrictions were lifted. Health Minister Luiz Henrique Mandetta has responded by repeatedly emphasising the importance of social distancing and strict isolation measures. A number of state governors have said they are maintaining varying degrees of lockdown on the advice of the federal health ministry.

The judiciary has also stepped in. On 27 March, a federal judge in Rio overturned parts of a decree issued by Bolsonaro two days earlier, declaring places of religious worship and lottery shops (where Brazilians can pay bills) as 'essential businesses' (although a second ruling has since re-instated it). On 31 March, supreme court (STF) justice Luís Roberto Barroso banned the production and dissemination of publicity material proclaiming that 'Brazil cannot stop' – the presidential office's communications secretariat (Secom) was understood to have launched such a campaign on 25 March, although it has since denied that this is the case.

Cabinet ministers, notably the army generals, have been putting pressure on Bolsonaro to shift his stance. There are signs that Bolsonaro is beginning to do this. A televised address on 31 March was surprisingly conciliatory, calling for a "national pact" with the governors with whom the president has been at odds [WR-20-12] and making no mention of ending isolation. Bolsonaro did, however, misquote the World Health Organization director general, and maintained his emphasis on preserving livelihoods as much as lives – language which no doubt seeks to guarantee the support of Brazilians further down the line, once the pandemic has passed but its economic costs continue to be felt.

If this is indeed his political strategy, it is a risky one; calls have been growing, from political circles and civil society, for Bolsonaro to resign or be impeached as he is increasingly seen as posing a danger to the country. Meanwhile, the president of the chamber of deputies, Rodrigo Maia, has indicated that current congressional support of the executive's agenda will end with the pandemic.

Bolsonaro and Trump

President Bolsonaro initially appeared to be following US President Donald Trump's lead on his response to the pandemic, although Trump changed his discourse and stopped downplaying the threats of the coronavirus long before Bolsonaro first signalled he might be shifting his approach. The two men spoke on the phone on 1 April "to exchange information" and reinforce cooperation on combating Covid-19. They reportedly did not speak about isolation measures specifically, nor Trump's suggestion voiced the previous day that flights to the US from Brazil be suspended.

ARGENTINA | ECONOMY & POLITICS

Adjusting plans due to 'Coronacrisis'

The Argentine government led by President Alberto Fernández has missed its self-imposed deadline to conclude debt renegotiations with the country's foreign creditors. The government had hoped to do this before the end of March. But the global economic crisis produced by the coronavirus (Covid-19) pandemic has conspired against this. The 'coronacrisis' has increased doubts about Argentina's economic prospects and its ability to repay its debts, complicating the renegotiation process [WR-20-12]. Meeting the deadline in these circumstances was simply too difficult. The Fernández administration may now be more focused on dealing with the pandemic, and mitigating its economic impact, but it is aware of the need to avoid a debt default to safeguard Argentina's economic future.

Upon assuming office in December 2019, Fernández recognised that resolving Argentina's debt problems was a priority. He was clear that once this was resolved his administration could put together a comprehensive economic plan to lift Argentina out of recession. With this in mind, the Fernández administration set itself the ambitious target of reaching an agreement over the country's debt to foreign creditors before the end of March. With Economy Minister Martín Guzmán leading the renegotiation, the government sought to advance the negotiations simultaneously with the International Monetary Fund (IMF) and foreign bondholders, adopting a tough stance, demanding a partial debt write-off and insisting that Argentina is currently in no position to service its debts.

The government hoped that its creditors would accept this argument and agree to a substantial debt reduction and to adjustments to payment schedules in exchange for assurances that it is committed to repaying debts and averting another default. But the aggressive negotiating tactics pursued by the Argentine government (in which it has called for bondholders to accept a 50%-55% reduction in the value of the debt and an extended three-year grace period on repayment) did not meet with much success, with bondholders refusing to accept such a hard bargain.

Guzmán, who had held various meetings with bondholders to discuss the debt, was expected to present a formal offer to bondholders in the second week of March. But with financial markets unsettled by the economic impact of the pandemic, and with economic activity in Argentina grinding to a halt following Fernández's decision to declare an 11-day national quarantine on 20 March to contain the spread of the coronavirus, the government had to adjust its plans. The uncertainty in the financial markets has seen the value of Argentine bonds plummet, while the quarantine and the emergency economic measures announced by Fernández to soften its economic impact will deplete state coffers, raising even more questions about the government's capacity to drive economic growth and repay debt.

The suspension of virtually all economic activity under the quarantine will mean substantially lower tax revenues (expected to fall by 11.3% in real terms in March) while government spending is set to increase significantly this year under the economic rescue package announced by Fernández. The net result of all of this will be another large fiscal deficit that will not inspire confidence among creditors. Since assuming office, Fernández has said that his government will seek fiscal balance but has been clear that this cannot come at the expense of the Argentine people suffering economic hardship.

After Fernández announced, on 29 March, the extension of the quarantine until 12 April, and that his government was expanding its economic rescue package to prevent the collapse of Argentina's economy (*see sidebar*), it became clear that convincing bondholders that they would be able to collect on their debts would be very difficult in the current scenario. Guzmán did have a videoconference with bondholders on 31 March but instead of presenting a formal offer he only provided a general outline of what this might look like. Afterwards Guzmán told reporters that he had told bondholders that the government wanted a reduction in interest rates, longer repayment schedules, and a reduction in the debt, although he did not provide any figures. Guzmán did say, however, that the government is seeking to renegotiate US$83bn of foreign debt, more than the US$69bn that was previously mooted.

Guzmán also said that he had offered bondholders the possibility of swapping their securities for GDP-linked bonds (which only pay a coupon when a country posts positive GDP growth). Similar bonds were offered by Argentina during the debt renegotiations in 2005 and 2010 but did not prove to be attractive to bondholders. Given Argentina's current economic outlook it is hard to see how they will be more attractive this time around. Nevertheless, Guzmán said that he explained to bondholders that while the economic crisis caused by the pandemic will affect Argentina, the government expects that the country will return to consistent economic growth in 2021-2024 and accumulate US$65bn in foreign reserves by 2024 (currently they stand at around US$50bn) after which it could start servicing its debt.

As for the outstanding debt with the IMF, Guzmán said that the government is seeking to roll over and refinance the US$57bn Stand-by Arrangement (SBA) reached with the previous administration without demanding any additional financial assistance in the medium term. However, this will require the IMF to accept Argentina's plans to achieve a primary fiscal surplus by 2023 and no sooner. "We are trying to resolve the debt crisis in an orderly manner. The idea is to build up foreign reserves while we renegotiate with bondholders and the IMF," Guzmán said. He added that the plan now was to present a formal offer to bondholders this month, but he refused to specify when, saying that he would continue holding conversations with them this week.

Missing the 31 March deadline for renegotiating the debt resulted in Argentina having to pay US$250m due on the repayment of the 'Bono Par' bond. The next foreign debt service payment is a US$500m repayment due on 22 April. Fernández said this week that while the government is currently concentrated on ensuring that the pandemic does not produce an economic catastrophe, the government is also keen to avoid falling into default as having access to external financing will be critical to revive the economy after the pandemic has passed.

More assistance to the vulnerable

President Fernández said that his government will provide economic assistance to those worst-affected by the quarantine, such as the self-employed and informal workers, and micro, small, and medium-sized enterprises (MSMEs). These include things such as the freezing of rent charges and a ban on evictions; subsidies for MSMEs; increasing the funding for some social programmes; and, more controversially, banning layoffs for 60 days. The last measure came in response to announcements of layoffs by some large firms amid complaints that without tax relief measures they faced bankruptcy. "In such a crisis there cannot be any layoffs...it is your turn to earn less," Fernández said in reference to big businesses, adding that he would be "harsh" with any firms that lay off workers.

URUGUAY | POLITICS & ECONOMY

Fate deals Lacalle Pou tough hand

Spare a thought for President Luis Alberto Lacalle Pou. No sooner had he taken office on 1 March than he was confronted with the most significant test of a Uruguayan head of state since the return to democracy in 1985. The economic and financial meltdown in 2002 was unprecedented in scale in Uruguay's history but Lacalle Pou, fresh from donning the presidential sash, is having to wrestle not only with the most serious public health crisis of the last century but also one which will have a far-reaching economic impact both on Uruguay and all of its trade partners.

President Lacalle Pou's plan of governance has been shelved if not torn up, while many of his campaign promises, not least to reduce the fiscal deficit, are now a forlorn hope or at best mothballed. Steering the ship of state through stormy seas over the coming months and most likely beyond would be a daunting task for a seasoned veteran but Lacalle Pou has only just been handed the tiller. Lacalle Pou declared a health emergency in Uruguay on 13 March, 12 days after coming to power, when the first four cases of coronavirus (Covid-19) were confirmed.

So far Lacalle Pou has shown the strength of his convictions. Several countries in the region have imposed total lockdowns. The left-wing opposition Frente Amplio (FA) advocates the same in Uruguay to arrest the spread of the virus; indeed, his experienced predecessor, twice former president Tabaré Vázquez (2005-2010; 2015-2020), a doctor, has called for complete quarantine "if we want to break this vicious circle". Lacalle Pou has opted instead for firm and decisive action but not too drastic.

The Lacalle Pou administration has closed the country's schools and borders, with some exceptions; outlawed public events; discouraged large gatherings; urged Uruguayans over 65 to self-isolate; and instructed the police to encourage people to stay at home. The public response has been positive, for now. An opinion survey published by the local pollster Equipos this week gave him an approval rating of 65% and disapproval of just 20%.

Several gestures since the poll was carried out could give his popularity a further boost. The basic basket of goods will be extended to low-income households and family allowances increased. Lacalle Pou said that the salaries and pensions of public sector officials earning in excess of Ur$80,000 (US$1,800) per month would be reduced by between 5% and 20%, while the salaries of cabinet ministers, legislators, and directors of state institutions would be cut by 20%, for at least two months. Lacalle Pou said he would take a 20% pay cut himself.

Augmented with profits from public entities this will go into a fund, 'Fondo Coronavirus', created to cover some of the costs associated with combating the virus. Lacalle Pou said it was essential to support all the Uruguayans who are without jobs and struggling to put food on the table.

CHILE | ECONOMY

Copper industry in poor health

The global copper industry has been struck by the coronavirus (Covid-19) pandemic. The spread of the disease across the globe has reduced demand for the metal and at the same time affected production. This poses big problems for Chile, the world's main copper producer.

The paralysis of China's domestic economy following the implementation of draconian confinement measures to try to contain Covid-19 has led to a

Worrying symptoms at Codelco

On 27 March Codelco released its 2019 financial results which showed that the firm's net profits stood at US$1.34bn, 17% less than the previous year. The fall in profits was attributed to lower copper prices and production levels (down 5.3%) due to climatic events and a strike at the Chuquicamata mine. Codelco insists that it is in a solid financial position to withstand the continued fall in copper prices and other economic shocks. However, Codelco is currently one of the most indebted miners in the world, with debt projected to exceed US$1bn this year. This had already led ratings agency Standard & Poor's to revise its outlook on Codelco's 'A+' rating from 'stable' to 'negative'.

sharp fall in global copper demand. This has been reflected in international copper prices, which have fallen by over 25% since mid-January to US$4.8 per pound (lb). Meanwhile, copper miners in Chile, which accounts for 28% of global copper production, have started adopting social isolation measures to protect their employees from the coronavirus. This after Chile's state-owned copper mining firm, Codelco, reported that one of its contractors tested positive for Covid-19 on 25 March. Codelco responded by announcing the suspension of development projects at three sites in which it was planning to invest, including the US$4.9bn overhaul of its main 'Chuquicamata' mine.

Private mining firms in Chile have also adopted precautionary measures, including reducing the number of workers per shift to try to observe social distancing measures, and suspending planned development projects to reduce costs during the economic crisis. Canadian miner Teck has suspended the development of its 'Quebrada Blanca Fase 2' mining project, one of the largest copper mining projects in the world, which it was hoping to open next year. The 15,000 people working in the project are now idle. British firm Anglo American has temporarily scaled down its operations at the 'Los Bronces' mine, while local firm Antofagasta Minerals has cut the workforce at its four mines by over 30% and reduced personnel working on the US$1.3bn expansion of its 'Los Pelambres' mine.

Chile's mining minister, Baldo Prokurica, says that the actions taken by the sector are contingency measures designed to help it weather the current crisis while maintaining production levels. "The miners are making important efforts to protect the health of their workers, revising short-term investment plans, and further reducing costs while concentrating on maintaining current production levels," he said. But analysts are not convinced that the sector, and Chile's economy, will get through the crisis in good health. Juan Carlos Guajardo from Chilean mining consultancy firm Plusmining, notes that the sector is currently facing the lowest prices since 2016 when they reached US$2.07/lb.

Guajardo said that if the price of copper falls to US$2/lb or lower, mining operations will become "unsustainable" as the firms would not be able to cover costs and could start closing. This would have a huge impact on Chile's economy. Guajardo estimates that for every cent reduction in the price of copper, Chile loses approximately US$125m in exports and US$60m in tax revenues. With the government led by President Sebastián Piñera announcing a US$11.7bn economic rescue plan designed to mitigate the negative effects of the pandemic, the shortfall in copper revenues would be more painful than ever.

Unemployment

On 30 March, Brazil's economy ministry announced that it was unable to release data for the national employment registry (Caged) – which keeps track of the number of formal jobs created across the country – for January and February this year, as businesses had failed to communicate all their data as they struggled to deal with changes to the Caged reporting system on top of the first effects of the Covid-19 emergency.

TRACKING TRENDS

BRAZIL | **Unemployment on the rise**. Brazil's national statistics institute (Ibge) released employment figures for the rolling quarter to February 2020 on 31 March. These show that the unemployment rate rose to 11.6% in December 2019-February 2020, up from the 11.2% rate recorded in the three months to January 2020. It is, however, a decrease on the 12.4% unemployment rate recorded over the same period last year. The unemployed population now totals 12.3m, up 4% on the previous three months, while the employed population has fallen 0.7% to 93.7m.

Ibge analyst Adriana Beringuy notes that such a dip in employment levels in the three months to February is seasonal and expected. The domestic service and public administration sectors saw a 2.4% and 2.3% fall in employment respectively, not unusual at this time of year. A 4.4% decrease in employment in the construction sector further pushed unemployment levels up. Beringuy made no mention of the impact of the coronavirus pandemic on the unemployment rate, but the labour market will take a hit in the coming weeks and months (*see sidebar*).

MEXICO | POLITICS

López Obrador calls for cessation of hostilities

President Andrés Manuel López Obrador appealed on 31 March for "a month's truce" with his political adversaries, who he accused of being intent on sowing divisions and deepening polarisation in Mexico. The truce would last for the duration of the health emergency his government declared a day earlier in the face of the coronavirus (Covid-19) pandemic, which includes a suspension of non-essential economic activities for the whole of April. López Obrador's appeal for national unity to prevail over political rivalries comes after opinion polls noted a sharp fall in his popularity which they attributed to his handling of the Covid-19 crisis.

During his weekend tour, which took in as many as five northern states, President López Obrador accused "conservatives" of intensifying their attacks on his government during the pandemic. "Coronavirus is not the plague," López Obrador said in a video recording from the balcony of a hotel in Culiacán, the capital of the north-western state of Sinaloa. He said people should follow the recommendations of his government's experts, and not fall prey to the scaremongering of the opposition, which he accused of agitating for him to be tested for Covid-19 to put him out of action: "the conservatives want me to go into self-isolation so there is no leadership or rather so that they can run things as there is no such thing as a power vacuum in politics".

López Obrador was in a meeting last week with the governor of Hidalgo, Omar Fayad, of the Partido Revolucionario Institucional (PRI), who has subsequently tested positive for Covid-19, along with a further two state governors: Francisco Domínguez Servién, the governor of Querétero for the right-wing Partido Acción Nacional (PAN), and Adán Augusto López, the governor of Tabasco for López Obrador's left-wing Movimiento Regeneración Nacional (Morena).

López Obrador's recent weekend tours elicited criticism for his decision to embrace and kiss supporters. The fact that he remains intent on conducting them even as the deputy health minister, Hugo López-Gatell, who is leading the government's response to Covid-19, urged people on 28 March not to leave their houses, remains controversial. López-Gatell stressed that "this is our last chance to check the pandemic; not to avoid it, that's impossible, but to slow down transmission".

López Obrador's latest weekend tour attracted attention for his decision to violate the government's social distancing strictures for a very different reason: shaking hands with Consuelo Loera, the mother of the imprisoned drug kingpin Joaquín 'El Chapo' Guzmán Loera, in Badiraguto, Sinaloa, on 29 March. In his morning press conference, López Obrador slammed his opponents for trying to create a "scandal" out of his decision to shake hands with "a respectable old lady", who he said had sent him a letter seeking his help to gain permission to visit her son in a maximum security prison in the US.

López Obrador also took aim at the business sector, in particular accusing the president of Mexico's largest business sector lobby Confederación Patronal de la República Mexicana (Coparmex), Gustavo de Hoyos, of becoming a political actor dedicated to attacking him every day. On 26 March De Hoyos called for the government to show "clear leadership", stop wasting time, and respond to the proposals tabled by the business sector to reduce the tax burden on small and medium sized enterprises (SMEs), and provide financial assistance to safeguard the jobs of millions of Mexicans.

Economic reactivation

President López Obrador will reveal details of an 'economic reactivation plan' while delivering his quarterly report on 5 April in the national palace, after carrying out another weekend tour, visiting reconstructed hospitals in the states of Morelos, the Estado de México (Edomex), and Ciudad de México (CDMX) on 3 and 4 April. López Obrador revealed a few details in advance, saying that the plan would include one million credits for small businesses, as well as augmenting well-being programmes for elderly citizens, while he and other senior officials would take a pay cut.

On 29 March the country's other two principal business groups, Consejo Coordinador Empresarial (CCE) and Confederación de Cámaras Industriales de México (Concamin), rallied behind De Hoyos and urged López Obrador to stop viewing constructive criticism as a personal affront. "We have done everything possible to show you that business is your ally not your enemy…to make investments to create the jobs that Mexicans want and need," Concamin said in a statement, which also savaged the decision to cancel the completion of a US$1.4bn brewery in Baja California on the basis of a public consultation [WR-20-12], and called for urgent dialogue with López Obrador.

It was against this backdrop that two opinion pollsters released surveys showing a sharp downturn in López Obrador's popularity, in excess of 80% only one year ago. Consulta Mitofsky showed his approval rating dipping below 50% (to 49.6%) for the first time, while Gabinete de Comunicación Estratégica, using a smaller but still nationwide sample, claimed it had fallen to as little as 37.4%. This is by far its lowest level since López Obrador took office in December 2018, with 68.5% of respondents expressing their lack of faith in his government's handling of the health crisis.

López Obrador is not one for changing course, but these findings could have prompted his decision on 31 March to appeal for a truce with "conservatives…to put the country first". It might also have played a part in the decision to hold a four-hour online meeting with state governors, several of whom have been critical of a lack of leadership from the federal government. This resulted in a "unity accord" to coordinate efforts to halt the expansion of Covid-19, which municipal governments will also sign. It entails maintaining public peace and security; protecting businesses and their staff, and strategic installations; guaranteeing the supply and distribution of the basic basket of goods; and providing opportune attention to those needing medical assistance. The nine PAN governors, not unlike the business sector, sought more clarification on measures to mitigate the economic impact of Covid-19 (*see sidebar*).

Violence escalating

Not even Covid-19 has stopped the wave of violence in Mexico. There were 2,585 violent homicides in Mexico in March, the bloodiest month since records began. On the weekend of 28-29 March, when Mexicans were being urged by the health ministry not to leave their houses, there were 200 homicides. In the central state of Guanajuato alone there were 315 violent homicides in March, another record. On 31 March nine people were killed. There were three armed attacks on businesses in the municipalities of Celaya and Valle de Santiago. Two police officers were shot in a barber's shop, one killed and one suffering serious injuries. Guanajuato recorded the highest number of homicides in Mexico in 2019, more than doubling its total from two years before [WR-20-07].

TRACKING TRENDS

MEXICO | **USMCA battle**. After US President Donald Trump announced the partial closure of the border with Mexico on 21 March, President Andrés Manuel López Obrador swiftly took to Twitter to thank him for not enforcing a complete closure and for agreeing to expedite the implementation of the United States-Mexico-Canada Agreement (USMCA) to help spur the economic recovery of both countries after the coronavirus pandemic. This no longer looks clear-cut. A bipartisan group of 19 US senators sent a letter this week to US Trade Representative Robert Lighthizer urging a delay to the scheduled start date of 1 June for the USMCA on the grounds that it would place too much pressure on US companies, reeling from the impact of coronavirus, to adapt to the new rules. It called for the adoption of "a more feasible timeline".

Confronted with the prospect of a massive contraction in 2020, the López Obrador administration is desperate to see the USMCA come into force at the earliest opportunity. This is a cross-party objective in Mexico. Senator Claudia Ruiz Massieu of the opposition Partido Revolucionario Institucional (PRI), a former foreign minister, will lead efforts by Mexico's senate, in her capacity as head of a newly created special USMCA implementation committee, to retain the 1 June launch date. The president of the senate political coordination council, Ricardo Monreal Ávila, of the ruling left-wing Movimiento Regeneración Nacional (Morena), even suggested bringing forward the date.

Vehicle and parts manufacturers are lobbying the Mexican government to seek a delay. The Asociación Mexicana de la Industria Automotriz (Amia), Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones (Anctad), and Industría Nacional de Autopartes (INA) sent a letter to the foreign minister, Marcelo Ebrard, and the economy minister, Graciela Márquez, calling for the implementation of the USMCA to be postponed until 1 January 2021 to allow firms in the sector to comply with the new rules.

HONDURAS | ECONOMY

Hernández challenged as protesters defy curfew

This week the national police announced that over 700 people had been arrested for failing to heed the "absolute curfew" announced by President Juan Orlando Hernández on 20 March (since extended until 12 April) to stop the spread of coronavirus (Covid-19). The arrests come amid other sporadic signs of unrest as protesters in the capital, Tegucigalpa, and elsewhere, take to the streets demanding food and basic supplies. These demands come despite Hernández's pledge to begin a 'solidarity bag' food provision scheme to guarantee food security, as part of wider economic measures to mitigate the impact of the pandemic which has exposed the precarious situation facing many due to high levels of informality and poverty.

On 24 March public transport drivers and other groups staged protests in Tegucigalpa calling on the government to provide them with a bonus of L3,000 (US$121) to buy food and cover other expenses. The local media also reported that protests took place over the same demands on 29 March in the capital as well as other parts of the country such as the industrial hub, San Pedro Sula (capital of Cortés department), while on 31 March some 450 families from the villages of El Soldado and El Tablón, on the outskirts of Tegucigalpa, staged similar demonstrations.

The unrest comes despite the government's announcement on 20 March of the 'solidarity bag' scheme which guarantees the supply of basic goods to 800,000 impoverished families (3.2m people) for 30 days as of 25 March. Hernández announced on 29 March that the government had transferred L355m to local mayors across the country to purchase food and cleaning products to distribute to the most affected families in Honduras.

The priority for the government is not just food security but the micro, small, and medium-sized enterprise sector (MSMEs) which accounts for over 70% of jobs and has been particularly affected by the shutdown of all non-essential business. With the Central General de Trabajadores (CGT) umbrella trade union reporting last week that some 12,000 workers so far have seen their posts suspended, Hernández himself acknowledged on 30 March that 400,000 workers faced particular uncertainty over the future of their jobs. Compounding this sense of precariousness is the high rate of informality: in its "jobs diagnostic" report on Honduras released in February 2020, the World Bank (WB) notes that 56% of jobs in Honduras are informal, where the "productive definition" of informality is wage workers in small firms with fewer than five employees, unskilled self employed people, and unpaid family workers.

Government response

Aware that MSMEs will be particularly badly struck by the impact of the measures taken to stop the spread of Covid-19, on 30 March Hernández announced new measures designed to help the sector - including the proposal that the MSME sector would not have to pay income tax (due by 30 April) until 30 June. Last week the government also announced over L3bn would be made available for companies with fewer than 10 employees. The first economic rescue package, announced on 17 March, included a three-month freeze on loan repayments owed to the Honduran bank for production and housing (Banhprovi) and other initiatives to help MSMEs as well as the agriculture sector.

Poverty and inequality

The WB report highlights disappointing poverty indicators, noting that while Honduras's extreme poverty rate halved between 1996 and 2008, falling from 30% to around 15%, it has flat lined since, remaining slightly above 15% - the highest of its neighbours. The WB report also highlights persistently high inequality, noting that in the 20 year interval between 1996 and 2016, the income share of the bottom 40% in Honduras crept up from about 10% to 11%. In contrast, El Salvador reported an increase from 11% to 16%; and Nicaragua and the Dominican Republic rose from around 11% to around 14%. According to the WB, no other country in the region today has an income share for the bottom 40% that is below 13%.

Tourism sector declares state of emergency

Last week Costa Rica's tourism institute (ICT) declared the tourism sector to be in a state of "total emergency and calamity" due to the impact of the coronavirus (Covid-19) pandemic which has forced President Carlos Alvarado to close the country's borders, among other stringent measures. The concerns raised by the ICT apply similarly to the rest of Central America, where borders have also been closed and where tourism similarly contributes a significant chunk of revenue.

On 25 March ICT issued its warning that, for the first time in the country's history, it was expecting a 'zero season', meaning a total halt in income and the resultant inability to meet financial obligations. The call came 10 days after President Alvarado declared a state of emergency, announcing that Costa Rica, which has so far registered 375 cases and two fatalities, would close its borders to foreigners and non-residents until at least 12 April.

The significance of the sector to Costa Rica's economy is suggested in the latest (2020) figures from the UK-based World Travel and Tourism Council (WTTC). These show that travel & tourism accounted for 12.0% of Costa Rica's GDP in 2019, contributing 256,400 jobs (11.7% of total employment), with tourists spending US$4.1bn, equivalent to 19.5% of the country's total exports.

In a 25 March statement, Tourism Minister María Amalia Revelo warned that it would take "many months and years" to return to the levels of revenue and number of visitors (3.1m in 2019) registered previously and in the "best case scenario", some ¢24bn (US$41.5m) of tourism revenue would be lost due to the pandemic.

Yet Revelo also sought to highlight government efforts to help the tourism sector, which is overwhelmingly made up of micro, small, and medium sized enterprises (MSMEs). She said the sector would be among those prioritised as part of the measures unveiled by the government to help businesses which include a moratorium on value-added tax (VAT) and other taxes. She also highlighted that ¢10bn had been earmarked for loans for the MSME development fund, which is administered by the public development bank Banco Popular to cover costs of salaries and operational costs such as public utilities. More generally Revelo also pointed to the ¢1 trillion protection plan (equivalent to 3% of Costa Rica's GDP) aimed at supporting families and businesses affected by the impact of Covid-19.

These concerns about the impact on what is a key sector have unsurprisingly emerged in other countries, such as Panama, which has the highest number of Covid-19 cases registered in Central America - 1,317 (with 32 deaths) and is currently under indefinite quarantine. Panama tops the region in terms of the percentage of GDP accounted for by tourism (13.6% in 2019), according to the same WTTC figures, which also show that travel & tourism contributed 14.7% of total employment and revenue of US$5.7bn, or 21.7% of total exports.

With the government led by President Laurentino Cortizo having similarly announced measures to help businesses affected by the impact of the emergency [WR-20-12], officials have yet to provide any estimates as to the number of job losses in the tourism sector or decline in revenue. However, on 18 March the Panama Tourism Authority (ATP) announced a plan to reactivate the tourism industry once the pandemic is over, using a US$100m loan from the Inter-American Development Bank (IDB) to develop internal and external tourism in small and medium-sized cities.

The importance of tourism across the subregion

According to the latest (2020) figures from the World Travel and Tourism Council (WTTC), tourism & travel accounted for 11% of El Salvador's GDP (and 11.6% of total employment) in 2019. In Guatemala, these figures are 6.2% and 6.5% respectively; in Honduras, 11.7% and 12.2%; and in Nicaragua the sector accounted for 10.1% of GDP and 10.4% of total employment in 2019. El Salvador has registered 41 Covid-19 cases and two deaths; Guatemala has registered 46 cases and one death, Honduras has 219 cases and 14 deaths, and Nicaragua, five cases and one death.

POSTSCRIPT

Bolivian opposition wary as Áñez tightens restrictions

Bolivia went into full lockdown on 29 March, the day after the country suffered its first fatality from the outbreak of coronavirus (Covid-19). An uneasy political truce is holding in Bolivia for the moment. The Movimiento al Socialismo (MAS) of former president Evo Morales (2006-2019), which controls congress, has accepted the need to postpone the rearranged presidential and legislative elections from 3 May, but it is suspicious of the intentions of interim president Jeanine Áñez as draconian measures are implemented to control the spread of Covid-19.

There are now over 100 confirmed cases in Bolivia with the first death recorded on 28 March in the eastern region of Santa Cruz. Interim president Áñez decreed a state of health emergency on 25 March until 15 April, closing the country's borders and prohibiting all international and domestic flights in a bid to slow the spread of the virus. Four days later a complete quarantine was in place, with only one person per family permitted to leave the home to purchase food or other essentials from stores open until midday, and only food distribution and emergency vehicles allowed to travel on roads.

Áñez announced various measures to try and take the edge off the tough restrictions: the payment of electricity tariffs up to B120 (US$17) and a 50% reduction in gas and drinking water tariffs for the next three months; a cash payment of B400 to cover the cost of the basic basket of goods of those with no other income, expected to benefit some 1.5m Bolivians; and a 'family bonus' of B500 for each child up to secondary school age. Bolivia's central bank (BCB), meanwhile, approved an extraordinary loan of B7bn (US$1.02bn) to the government, having already injected half that sum into the economy by purchasing bonds from pension funds.

On 27 March the MAS majority in the senate passed two laws to reassign budgetary resources to the health sector to guarantee free treatment of the sick and to establish labour flexibility to assist in fighting Covid-19. The senate also approved virtual sessions for congressional committees and the full congress amid opposition concerns that the interim government could be using tighter restrictions to sideline the legislature and make a power grab, with elections already having been postponed.

The president of the supreme electoral tribunal (TSE), Salvador Romero, did announce on 26 March, however, that the TSE had sent a bill to congress for fresh elections to be held "as soon as conditions allow". Romero said they would be held at some point between 7 June and 6 September. He said the TSE had discussed the matter with all of the country's competing political parties and, although there were some differences, a final date would be settled upon in due course by the TSE in accordance with "technical considerations, and the scientific assessment of the spread of the pandemic".

Quotes of the week

"I request your invaluable support in the face of this unusual and arbitrary persecution, executed through a new version of that rancid McCarthyism unleashed after World War II. At that time, they willingly labelled their adversaries as Communists in order to persecute them; today they do so by means of the whimsical categories of terrorists or drug traffickers, without having any evidence whatsoever."

A letter from Venezuela's Nicolás Maduro addressed to world leaders.

"Faced with the dilemma of preserving the economy or life, we do not hesitate: we choose life. An economy that falls will rise again, but a life that ends will never rise again."

Argentina's President Alberto Fernández.

"To hold back payment is a social sin, and they should read the Bible if they think otherwise."

Mexico's President Andrés Manuel López Obrador calls for businesses to pay their employees.

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