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***Challenges for Latin America and the
Caribbean in Confronting the Coronavirus***

Jerry Haar

No region of the world, save Africa, is less prepared to contend with the challenges brought by the Coronavirus (COVID-19) than Latin America and the Caribbean.

While Latin America and the Caribbean did not begin to feel the effects of COVID-19 until much after China and northern Italy, it is spreading quickly and widely. To date, Brazil has registered over 10,000 cases of the virus and Mexico nearly 2,000. It should be noted that while almost all countries are fully aware of the seriousness and calamitous consequences of the virus, it is bizarre (and outrageous) that the leaders of the Latin America's two most populous nations are not taking the Coronavirus seriously. Brazil's Jair Bolsonaro has called the pandemic a "fantasy" hyped by the mainstream media and referred to increased quarantining in São Paulo as "hysteria." Meanwhile, Mexico's President Lopez Obrador shook hands with scores of supporters in southern Mexico last month, then posted a video encouraging people to keep going out.

COVID-19's challenge to the Americas is twofold—impacting both the economic and health care arenas. In the economic realm, the region had been experiencing lackluster growth since the Great Recession of 2007-2009 when global GDP declined by 5.1%. Over the last six years, for example, the annual average growth rate has been less than 1% and there has been a decline in income per capita. Central banks have cut interest rates but with only marginal effect, and public debt continues to rise, now approaching nearly 60% of GDP. A fall in exports and price declines are slamming commodity producers, and capital inflows to the region have been falling and a contraction of 2.5% to 5% or more is highly likely.

The virus is devastating business throughout the region—large and small firms, manufacturers and service providers, local firms and multinationals. Export-import firms have been especially hard hit; but the greatest economic tragedy has been the impact on the informal sector (unregistered businesses) and employees who are not entitled to benefits, lacking social security since they work off the books.

The second set of challenges relates to the health care systems in Latin America and the Caribbean. The health care systems in the region provide a mixed picture, with notable gains in indicators

such as life expectancy, infant survival and infectious diseases (excluding COVID-19). However, significant problems such as rampant urbanization, environmental degradation, obesity, domestic violence and substance abuse are taxing the health care system. The need to improve infrastructure in health care operations and delivery, the distribution of drugs and epidemiological surveillance are more vital than ever. As regards the Coronavirus, Latin America and the Caribbean lack both the governmental apparatus and fiscal resources to successfully mitigate and vanquish the virus.

As concluded in a recent report by Americas Market Intelligence, the health care crisis will soon acutely affect the intensive care units of hospitals throughout the region. While Peru and Argentina will fare better than most countries, Chile, Brazil, Mexico and Colombia (principally Bogotá) will confront severe shortages. In general, the region faces a number of challenges in healthcare organization, financing, and delivery, including lags in policy implementation and the need to improve performance. While only Brazil and Chile allocate more than 9% to health care (the region's range is 5%-9%), the majority of Latin American and Caribbean countries have increased the percentage of health care expenditures in the last 15 years. The principal reforms being considered to improve the health care systems in the region are raising revenue through increased taxation (VAT tax and alcohol and tobacco), reducing inefficiencies in clinical care, and cutting operational waste.

Writing in this publication *four years ago*, Claudio Muruzabal, President of SAP for Latin America and the Caribbean, asserted: “We have a historic opportunity to effectively improve healthcare in Latin America. Technology innovations that support our fight against epidemics are already available.”

The Coronavirus pandemic is a wake-up call for Latin America and the Caribbean to expedite health care reforms, restructure medical delivery organizations, and significantly improve policy implementation and management systems. Once economic recovery gets underway, the region should not miss the opportunity to meet the myriad of post-pandemic challenges—health care being one of the most important.

Jerry Haar is a professor of international business at Florida International University and a global fellow of the Woodrow Wilson International Center for Scholars in Washington, D.C. He is also a non-resident senior research fellow at Georgetown University.