COVID-19 and Impacts in Latin America

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The first quarter of 2020 is not ending on a positive note for most parts of the world, including Latin America. In the midst of the global COVID-19 pandemic outbreak caused by the novel coronavirus, the region is also facing the consequences of a historic dengue epidemic and feeling the impact of the oil pricing dispute between Russia, Saudi Arabia and other OPEC countries.

It is just a matter of time, as seen in Europe, until there are more widespread cases of COVID-19 among the estimated 629 million population in the Latin American region. From a trade perspective, the coronavirus outbreak has caused severe, but widely varying disruptions across the global economy, including increased consumer demand of particular goods and reduced production due to a lack of key inputs from abroad or quarantined employees.

For commodity-dependent economies, such as those in Latin American, reduced demand of commodity products from major world economies, such as China, will likely result in lower economic growth for the region. Furthermore, travel, “shelter in place,” and quarantine restrictions will also contribute to factory disruptions that
in turn further impact global supply chains. Apart from the effects on the manufacturing sector, tourism and leisure-related sectors have been negatively affected, as people opt not to or cannot travel overseas.

On March 20, the United States and Mexico jointly announced an initiative to combat the spread of the coronavirus. This includes restrictions on “non-essential” travel, with exemptions for critical services, such as food, fuel, healthcare and life-saving medicines that must reach people on both sides of the border every day.

It remains to be seen how Latin America responds to the spread of COVID-19, after a year of social unrest and protests in 2019. The region’s leaders must adopt policies that will efficiently meet the needs of the population by focusing their efforts on blunting the spread of the virus, while also extending preventive and further medical assistance toward handling the dengue epidemic in Latin America, where more than a third of its population lives in poverty.

Politicians, business owners and lawmakers must act together at both the local and regional levels to help stabilize the region’s economy during this unprecedented pandemic.

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