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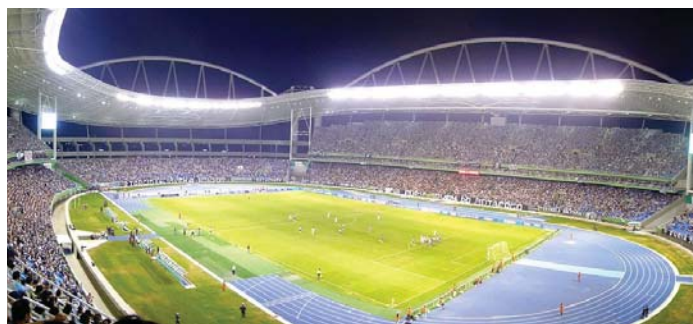
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FEATURED Q&A

Should the Rio Olympics Be Moved or Postponed?



Brazil has faced political turmoil, a deep recession and an outbreak of the Zika virus. One of the Olympic venues, the João Havelange Olympic Stadium in Rio de Janeiro, is pictured above. // File Photo: Dodoedo via Creative Commons.

Q The Rio de Janeiro Olympic and Paralympic Games, to be held in August and September, respectively, should be postponed, moved or both, Amir Attaran of the University of Ottawa wrote recently in the Harvard Public Health Review. "Zika infection is more dangerous, and Brazil's outbreak more extensive, than scientists reckoned a short time ago," Attaran wrote. Should the Rio Olympics be postponed or moved because of the Zika outbreak? Will Brazilian officials be able to take the necessary precautions to protect the health of visitors from around the world at the same time that they are planning for the Games, grappling with a severe recession and adjusting to an interim government and new cabinet put in place during the impeachment trial of President Dilma Rousseff? If Rio goes ahead with the Games, will significant numbers of visitors who would ordinarily travel there stay away?

A Nuria Homedes, associate professor at the School of Public Health at the University of Texas: "The threat of an uncontrollable epidemic in today's globalized world poses a serious challenge for public health experts and agencies. The relatively recent cases of H1N1 and SARS have educated as well as caused distress among the general public. The Zika virus tends to cause mild symptoms and only recently has been linked to neurological disorders when affecting pregnant women. While I would caution pregnant women against traveling to areas where they are at risk of contracting a Zika infection, especially during the first half of their pregnancy, I would not be in favor of postponing or moving the Olympics for the following reasons:

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TODAY'S NEWS

POLITICAL

Peru Declares Emergency Over Illegal Mining

Illegal gold mining in the country's Madre de Dios region has led to mercury contamination in area residents, including the Harakmbut indigenous group. The government is sending hospital boats to help treat those affected.

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BUSINESS

Pemex's Output Continues Slide

The Mexican state-owned oil company said its crude production declined 1.8 percent in April as compared to March. However, Pemex's exports increased 1.7 percent in April, and the company trimmed its losses despite production declines.

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POLITICAL

Cuba Legalizing Small- and Medium-Sized Businesses

The change is the latest of the economic reforms that President Raúl Castro launched after taking over for his brother Fidel in 2008.

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Raúl Castro // File Photo: Radio Ciudad Habana.

POLITICAL NEWS

Cuba Legalizing Small- and Medium-Sized Businesses

Cuba's government announced Tuesday that it would legalize small- and medium-sized businesses that have appeared across the island in recent years, saying private enterprise has a positive role to play in the country, The Wall Street Journal reported. The announcement, a result of last month's Communist Party Congress, marks a shift following decades of government criticism of the free market. "Private property in certain means of production contributes to employment, economic efficiency

Since 2010, Cuba has allowed individuals to work for themselves in some 200 types of professions.

and well-being, in a context in which socialist property relationships predominate," said a 32-page document that the government released Tuesday. The change is part of the economic reforms that President Raúl Castro began after taking over for his brother Fidel in 2008. Since 2010, Cuba has allowed individuals to work for themselves in some 200 types of professions, and now as much of a third of the country's population works in the private sector. The new changes, of which the government gave few details, are likely to extend some legal rights to businesses alongside individuals, according to analysts. The changes also are likely to allow private companies to establish bank accounts, conduct business with government-owned firms and participate in international trade, Richard Feinberg, a professor of international political economy at the University of California at San Diego and a former president of the Inter-American Dialogue, told The Wall Street Journal. The government's announcement

should lead to entrepreneurs gaining "all sorts of rights and capabilities that are critical to running a business," he said. [Editor's note: See [Q&A](#) about Cuba's Communist Party Congress in the April 28 issue of the Advisor.]

ECONOMIC NEWS

Brazil's Congress Approves Budget in Victory for Temer

After a contentious 16-hour debate, Brazil's Congress early today passed Interim President Michel Temer's revised budget plan for the rest of this year, Folha de S. Paulo reported. The measure, seen as Temer's first victory in the legislature, allows the government's deficit to reach 170.5 billion reais (\$47.8 billion). The previous government of President Dilma Rousseff had a budget deficit of 96.7 billion reais. Sen. Vanessa Grazziotin, a Communist Party of Brazil member who opposed the measure, called it a "blank check" for the interim government, and criticized the lack of clarity on how the money would be spent. The approved



Temer // File Photo: Brazilian Government.

deficit amount is the equivalent of 2.65 percent of gross domestic product, the largest Brazilian primary deficit on record. In related news, Temer on Tuesday proposed an unusual constitutional change to cap the government's expenditures that would limit federal spending growth to the previous year's inflation rate, The Wall Street Journal reported. "We're going to look ahead and put the country on the path to growth," Temer said in a speech Tuesday. Temer also said he is considering closing a \$563

NEWS BRIEFS

Peru Declares Emergency Over Illegal Gold Mining

Peru's government has declared a 60-day state of emergency because of mercury contamination caused by illegal gold mining in an expansive jungle region, the Associated Press reported Tuesday. As many as 50,000 people could be affected by the contamination in the Madre de Dios region, which borders Brazil. [Editor's note: See [Q&A](#) on illegal gold mining in the region in the April 15 issue of the Advisor.]

eBay Buys Ticketbis With Plans for Latin America Expansion

San Jose, Calif.-based eBay said Tuesday it had agreed to acquire Ticketbis, an international ticket marketplace operating in 47 countries, with plans to focus on growth in Latin America, Europe and Asia Pacific. Ticketbis will become part of eBay's StubHub business, one of the largest ticket marketplaces in the United States. The transaction, subject to customary closing conditions, is expected to close in mid-2016. Terms of the deal are not being disclosed, but unnamed sources close to the company said it was a \$165 million transaction, TechCrunch.com reported.

Deutsche Bank's Brazil CEO Planning to Depart

Deutsche Bank's chief executive officer for Latin America, Bernardo Parnes, is planning to leave the bank soon, Bloomberg News reported Tuesday, citing an unnamed person familiar with the matter. Deutsche Bank is exiting Latin American countries including Argentina and Mexico and is planning to cut about half its employees in Brazil as it moves trading elsewhere, according to the report. Parnes, who joined Deutsche Bank in 2008 as CEO for Brazil, also worked as CEO in the country for Merrill Lynch and for Banco Bradesco BBI.

million sovereign wealth fund created during Brazil's commodity boom and proposed requiring the early repayment of some \$28 billion of debt that state development bank BNDES owes to the national treasury. The measures being proposed by the interim government would have long-term implications. Last week, the new health minister suggested that Brazil's constitutionally guaranteed universal health-care system might need to be reconsidered in light of fiscal realities. "These are measures meant to please the markets," said Gleisi Hoffmann, a Workers' Party member and senator for the state of Paraná, according to the Journal. "But they will destroy social policies," she said. "We will certainly oppose them."

IFC to Triple Lending to Argentina

The Washington-based International Finance Corporation, the private-sector arm of the World Bank, is more than tripling its investment in Argentina this year, Bloomberg News reported Tuesday. The IFC will lend about \$1.8 billion to Argentina's private sector this calendar year, compared to \$500 million in 2015, Liz Bronder, director for Latin America and the Caribbean, told the news service. A 15-year legal battle with holdout creditors, settled soon after con-

The IFC will lend some \$1.8 billion this year to Argentina's private sector.

servative President Mauricio Macri took office in December, has opened up financing that several IFC member countries had blocked over the past five years, said Bronder. The \$1.8 billion slated for Argentina would represent a big part of the IFC's overall lending to the region. In the fiscal year that ended in June 2015, the IFC's long-term investments in Latin America and the Caribbean totaled \$5 billion. That figure includes about \$2.7 billion "mobilized from other investors."

BUSINESS NEWS

Pemex's Production Continues to Decline

Mexican state-owned oil company Pemex said Tuesday that crude production declined 1.8 percent in April compared with the prior month, Reuters reported. Crude oil production averaged 2.177 million barrels per day (bpd) last month, down from 2.217 million in March. The company now expects output to average 2.13 million bpd for 2016. On the positive side,

exports increased 1.7 percent to 1.081 million bpd in April, from 1.063 million the prior month. In April, Pemex said it trimmed first-quarter losses by more than a third compared with the same period last year, to \$3.7 billion, despite continued output declines, the Financial Times reported. Total revenue fell by nearly 20 percent as global prices for oil remained low. Natural gas production fell 10 percent in the quarter. However, experts say reforms in the natural gas sector are taking hold and will improve the industry's outlook markedly in the months ahead. [Editor's note: See related [Q&A](#) in Tuesday's Advisor.]

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(1) The Olympics will be held during the Brazilian winter, when the chances of human infection are at its lowest; (2) The political crisis is unlikely to affect the government's willingness and capacity to implement all available public health measures to

the disease, becoming pregnant or causing someone to become pregnant during at least four weeks—some recommend six months—after contracting the disease. In my opinion, non-pregnant athletes or sports fans should not be deterred from traveling to Brazil for fear of contracting a Zika infection."

“ Postponing or moving the Games would be an extreme move that would cause even more damage....”

— Thomas Rideg

minimize health risks to visitors—and it is in the interest of the interim government to demonstrate that it can properly host an international event; and (3) Mosquito-transmitted diseases are prevalent in many regions of the world, and travelers learn to effectively minimize their risk of infection. Athletes and individuals traveling to Brazil should become familiar and adhere to the recommendations made by the WHO, the CDC and the Brazilian government on how to protect themselves from mosquito bites and, in the event that they become infected, on preventing the sexual transmission of

A **Thomas Rideg, regional CEO for the Americas at M-Brain:** "There is no doubt that Brazil is facing the worst recession in decades (arguably in its history) as a result of its corrupt political environment and everything that stems out of such corruption. However, the fact that the majority of the population, through almost two years of indignation and protests, influenced Congress to temporarily remove a president from office, making her permanent removal almost certain, brings huge confidence for a turnaround. Brazil just took a big first step, and the people are increasingly critical and demanding for the new government to make the reforms that need to be made to trim down the public sector, boost confidence and put the economy on track. The Zika phenomenon is something that extends across a continent of hundreds of millions of people and is not solely concentrated in Rio. It is a very serious matter and should be dealt with very diligently, but not to the extent of moving

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or postponing the Games. Educational and orientation programs on where to go, what to wear, how to behave and react should be clearly communicated. Authorities in Rio also have to comply with international standards when it comes to sanitation and other precautions. Naturally, pregnant women should be strongly discouraged from traveling to Rio, or any Zika-risk area at this time. There always will be a degree of risk, but Rio is not at the epicenter of the Zika infestation, and the Southern Hemisphere's winter is a season of reduced mosquito exposure and risk. Postponing or moving the Games would be an extreme move that would cause even more damage to a country that is at a crucial turning point toward recovery."

A **Marie Lefebvre, development and external relations coordinator at the Inter-American Dialogue:** "While it was wrong for Brazil's new health minister to call the World Health Organization's advice to pregnant

“In Brazil, those most prone to the virus are the poor, marginalized populations living in informal slum housing.”

— Marie Lefebvre

women to avoid the Olympics as 'overzealous,' the cancellation or delay of the Rio Games would be an exaggerated reaction to the country's Zika outbreak. Yes, pregnant women should stay away, and their sexual partners should take adequate precautions, but for other tourists and athletes, several factors will greatly minimize their risk of contracting the virus—including August's cooler and drier winter season, plans for the daily inspections and occasional spraying of Olympic venues and preventative measures

individuals can take, such as applying repellent and wearing long clothing. Mayor Eduardo Paes awkwardly dismissed the threat, claiming he does not know anyone who has Zika despite knowing a lot of people, so 'it's not a big issue.' Unfortunately, as is tragically the case in most developing countries, the epidemic disproportionately affects a certain demographic: in Brazil, those most prone to the virus are the poor, marginalized populations living in informal slum housing, where stagnant bodies of water are breeding grounds for the disease-carrying mosquitoes. Another health threat is the more common Dengue fever, which in 2015 alone affected 1.6 million known people in Brazil. (Zika is often referred to as 'dengue light' for its milder visible symptoms.) Also worrisome is the water quality for the triathlon, rowing and sailing events. The ingestion of just three teaspoons of water from those venues creates a '99 percent' chance of infection according to an AP study last year."

A **Luca Tenzi, corporate security expert:** "There is no doubt that the Zika infectious outbreak, Brazil's current political situation and its severe recession will have a great impact on the next Olympics. Nevertheless, the Olympics are critical for Rio, the Cariocas and the overall economy behind such a large event. Postponing the Games seems not to be on the International Olympic Committee's agenda. Therefore, visitors should be well briefed and prepared on the medical and security situations. At this stage, Brazil needs the Olympics to be its phoenix. Brazil has demonstrated (during World Youth Day and Pope Francis' pastoral visit in 2013 and the World Cup in 2014) its ability to provide sufficient security and guarantee the safety of any official delegation, athletes, families and tourists. The World Cup experience will be leveraged. All governments are providing details and information to their citizens on the precautions to be taken while traveling to the Games."

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