

A Race Against Time: Deploying Vaccines and Addressing the Disproportionate Impacts of Covid-19 in Latin America and the Caribbean

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Testimony before the U.S. House of Representatives

Subcommittee on the Western Hemisphere, Civilian Security, Migration, and International Economic Policy

May 13, 2021

Chairman Sires, Ranking Member Green, distinguished members of the House Foreign Affairs Western Hemisphere Subcommittee, thank you for the opportunity to share my work with you today regarding the impact of the Covid-19 pandemic in Latin America and the Caribbean, and the importance of U.S. leadership in helping our neighbors in the region vaccinate their populations.

The opinions I express here today are my own, and do not necessarily represent my institution.

Why it Matters

As the members of this committee understand, no region of the world is more directly connected to U.S. security and prosperity, than is Latin America and the Caribbean. Covid-19 is not only a public health crisis for the region, but it is imposing severe, long-term stresses on its socioeconomic structures and political stability. It matters to us, in the United States, not only because of the grave suffering of our neighbors, but because it affects the United States, through the potential emergence and transmission to the U.S. of virus mutations, through U.S. investments in the region and supply chains that depend on it, and through the immigration to the U.S. of those for whom the pandemic has helped to make life in their homes unsustainable. The dynamics of the pandemic in Latin America and the Caribbean further affects the U.S. through its impacts on criminal networks, such as those that bring fentanyl and other drugs to the U.S., killing 81,000 of those living here last year,¹ evolving and strengthening those networks, and diverting the limited resources of our neighbors' police and security forces to combat them. The pandemic further affects the U.S. by weakening governance in the region in ways that contribute to safe spaces for criminal and terrorist groups that would harm the United States, and by precipitating political crises that help to bring to power anti-US populist leaders, less willing to cooperate with the U.S., and who permit criminal and other malevolent actors in their countries, and who open the doors for troubling forms of cooperation with extra-hemispheric U.S. rivals such as China, Russia, and Iran.

Although Latin America and the Caribbean have reported approximately the same number of Covid-19 cases as the United States, the region has suffered 50% more deaths--over 930,000.² The region's large informal sector and often marginal small businesses has made its population particularly vulnerable to both contagion and the adverse economic effects of measures to control the virus. The United Nations Economic Commission on Latin America and the Caribbean (ECLAC) estimates that the region's GDP declined by 7.7% in 2020,³ yet the damage is also long-term. Many of the Latin American small businesses bankrupted by pandemic-related closures are permanently gone, and their owners and employees have been displaced. ECLAC estimates that it could require as much as a decade for employment to return to pre-pandemic levels.⁴

Compounding the problem, governments in the region are rapidly running out of money to deal with both the continuing crisis, and the long-term needs of their people. In just a year, the expenditures of Latin American and Caribbean governments to combat the pandemic and protect their populations from the economic effects has ballooned public debt in the region from 46% to 55% of GDP.⁵

This past week's violent protests in Colombia,⁶ the burning of Guatemala's Parliament building last November 2020,⁷ and a range of other unrest across the region highlight that both Latin America's people, and their governments, are at their limits.

Such conditions make it clear that, even more than the U.S., the region desperately needs to vaccinate its population to bring the pandemic under control and rebuild an adequate, secure, and sustainable basis of life for their people. To date, however, the region's governments have been unable to obtain and distribute adequate quantities of vaccines, either directly from the producers, or through the World Health Organization Covax facility.⁸ As of last week, only two countries in Latin America, Chile and Uruguay,⁹ had vaccinated more than 20% of its populations.¹⁰

China, Russia and Cuba Filling the Void

In the context of such great need, and with the U.S. to date providing little vaccine support beyond its contributions to COVAX, China, Russia, and now even Cuba have stepped into the breach.¹¹

Relatively early on, PRC-based companies began conducting Phase 3 vaccine trials in the region, including in Brazil,¹² Argentina¹³ and Peru,¹⁴ setting the stage to provide significant portions of their vaccine to those countries, and effectively marketing them to other desperate for a vaccine, such as Chile. The PRC is currently supplying its Sinovac, Sinopharm, and CanSino vaccines to at least 12 Latin American countries.¹⁵ Chinese vaccines currently account for 62% of the total vaccines contracted for by Chile, 45% of Peru's vaccines, and 30% of Argentina's.¹⁶

In the case of Russia, at least 10 Latin American and Caribbean countries have accepted its Sputnik V vaccine, including anti-US populist regimes in Venezuela,

Nicaragua, Bolivia, Argentina and Mexico. In April, Argentina began producing Sputnik V locally.¹⁷

In both Brazil and the Dominican Republic, the PRC used expedited access to its vaccine to persuade those governments to reverse prior decisions to exclude the Chinese telecommunications company Huawei from participation in 5G auctions. In Paraguay, the PRC tried (unsuccessfully) to convince the government of Mario Abdo Benitez to abandon diplomatic relations with Taiwan for expedited vaccine access.

Sinovac is currently looking to set up a vaccine manufacturing facility in South America.¹⁸ While a seemingly logical step to help the PRC produce more of its vaccine locally, as with other parts of its growing business footprint in the region, doing so would also potentially help Chinese companies to gain access to the Western medical technologies in areas that the low efficacy levels of their vaccines¹⁹ suggest that they may be lacking.

In some countries like U.S. allies Chile, Colombia, and Brazil, the PRC has had an impact by getting the vaccine to the country more rapidly, in greater quantities than Covax or direct shipments by Western firms. In Brazil, for example, 75% of vaccines administered so far have reportedly been from PRC-based companies.²⁰ Nonetheless, China's vaccines have had problems with efficacy. In Phase 3 trials in Brazil, the Sinovac vaccine demonstrated an effectiveness of barely 50%.²¹ The use of Sinovac as the principal vaccine in Chile became problematic, with infections there continuing to rise there despite high vaccination rates achieved by the Chilean government, which had relied predominantly on the Chinese vaccine. Data showed that the Sinovac vaccine there had a mere 3% efficacy after the first dose.²²

As noted previously, China's marketing of its vaccine contributions in the region masks a less positive reality. To date, the PRC has actually delivered only limited quantities of vaccine, and sells, rather than donates, most of that. In Brazil, China has reduced the amount of vaccine material it plans to send to the Butantan institute for local Brazilian production of the Sinovac vaccine, citing administrative difficulties.²³

Vaccines, in some way, have become another commercial opportunity for the PRC, resembling Chinese patterns of behavior in other sectors. Indeed, the PRC set up a \$1 billion loan fund to help Latin American governments buy made in China vaccines,²⁴ just like it loans Latin American governments money to build infrastructure projects with its own companies, equipment and workers.

The Chinese have, however, aggressively marketed their vaccine rollout, turning every delivery of Chinese vaccines into a photo op, with the recipient's national leader or other senior officials typically receiving the Chinese aircraft on the tarmac as boxes of visibly marked Chinese vaccine are rolled down the cargo ramp.²⁵ Such marketing creates the false impression that, in the face of U.S. indifference toward the fate of the region, the PRC is generously saving its Latin American friends from the pandemic. In El Salvador, whose government is paying to buy two million doses of Chinese vaccine, its President Najib Bukele enthusiastically thanked "President Xi Jinping and the Chinese people"²⁶

for donating 150,000 doses, complimenting the two million paid for.²⁷ Similarly, in the Dominican Republic, where the government paid the Chinese \$19 million for a million vaccine doses,²⁸ the air cargo shipment from China was carried with great fanfare by sympathetic local papers, with staged photos of banner-bearing Chinese workers sending the plane off.²⁹ As in El Salvador, China's publicity for the Dominican Republic highlighted the 50,000 "extra doses" that the Chinese had thrown in for free with the shipment.³⁰ A Dominican colleague of mine put the act into perspective, referring to the extra doses as the "ñapa," the token gift that Dominican shop owners give to their customers to thank them for their business.³¹

The Russians, for their part, have had temporary production and logistics problems that have delayed their ability to get significant quantities of their flagship Sputnik V vaccine to Latin America and elsewhere.³² By contrast to the Chinese, however, the Russians have been able to highlight that the efficacy of Sputnik V has been found by an "independent medical journal" in Phase 3 trials to be 91%³³ (although Argentina's President Alberto Fernandez famously contracted the disease despite having received the full two dose Sputnik V regimen).³⁴ Russia claims that its new vaccine, EpiVacCorona, is even more effective.³⁵

Even Cuba has gotten into the vaccine game in the region, with two offerings, developed with Iranian assistance, "Sovereign 2" and "Abdala."³⁶ Not surprisingly, Cuba is using its ally Venezuela for clinical trials.³⁷ Its vaccine, like those of Russia and China, is expected to go primarily to anti-US regimes and those unable, for various reasons, to get access to Western vaccines,³⁸ creating opportunities for the communist Cuban government to both advance its political agenda and earn revenue, as they have with their doctors and other medical programs.

Why the U.S. Should Help

As the United States now achieves vaccination of the majority of its adult population, it is in our strategic interest, as well as the right thing to do, to help our neighbors to the South to move past the pandemic by more rapidly and effectively vaccinating the majority of their populations.

First, the United States will increasingly have the vaccine to spare. As of May 5th, according to the Centers for Disease Control and Prevention, 45.3% of the U.S. population had received at least one vaccine dose,³⁹ with much more in the pipeline.

Second, as noted previously, controlling the virus elsewhere in the world, is critical to minimize the risk of mutations, which are more probable in areas in which virus spread is greater.⁴⁰ Mutations which may be resistant to existing vaccines in Latin America and the Caribbean are, of course, of particular concern for the U.S. This is because the region's high natural rate of personnel interchange with the U.S. for commerce, tourism, and family, increase the risk that mutations in the region may be quickly passed to the U.S.

Third, helping control Covid-19 in the region is a powerful and necessary vehicle to stabilize Latin American economies and ease the previously noted severe pressures on their social fabric, governance and political stability. Indeed, doing so is arguably a necessary precondition to address the root causes of immigration to the U.S., which is driven not only by economic need, but insecurity and the impacts of sustained political chaos and violence, all of which are compounded by the virus continuing to spread and wreak economic and other effects on the region.

Fourth, U.S. vaccine leadership is a powerful, cost effective way to strengthen goodwill and cooperative relationships with the U.S., while inoculating the region against the false narrative of China and Russia coming to the rescue of our neighbors in the absence of help from a privileged, self-absorbed U.S. While the United States has generously committed \$4 billion to the COVAX facility,⁴¹ it has received almost no recognition in the region for such efforts, both because Covax by design does not promote its key donors like direct deliveries by China and Russia do, and because deliveries under COVAX to date have been limited.

Recommendations:

I respectfully recommend the following for an aggressive, U.S.-led vaccine campaign in the Americas:

1. Donate, not sell, significant quantities of vaccines from proven Western manufacturers, creating an opportunity to highlight U.S. generosity, by contrast to Chinese profit-seeking through vaccine sales.
2. In addition to continuing to work through the Covax facility, employ existing and possibly additional direct arrangements with vaccine manufacturers, where feasible, to obtain the additional vaccine for the region.
3. To the degree possible and accepted by partner governments in the region, provide logistic support for the transport and distribution of the vaccine in the region. Depending on the vaccine(s) chosen, could include cold storage, and other medical infrastructure in short supply, particularly in more remote parts of the region. Where acceptable to and desired by our partners, the U.S. could also help to directly transport, distribute, and even support the administration of the vaccine to local populations. As with the U.S. support to the response against Ebola in Africa, and where acceptable to and desired by our partners, the U.S. military, and trusted partner militaries, may have useful resources to bring to bear. Any such distribution operations, where possible, should also be accompanied by international observers and supporting NGOs to reduce the possibilities that distribution of the U.S. vaccine could be diverted, or done by local elites in ways that advance their own political interests, or personal enrichment.

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