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New Dynamics for Strategies

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The new purposes that we classify as *PPP People Planet Plurality*, 1) show us new dynamics in different economic regions, focusing on different priorities. Europe already defines the inauguration of the green revolution as *Planet P*, as its post pandemic. The USA involved in the presidential elections place plurality and its diversity, therefore *P Plurality* as its concern with insertive civil society. We in Latin America, frightened by the increase in extreme poverty and social losses, focus on reducing the social impact of misery and unemployment on the continent, putting the issue of people ahead. Therefore, our preferred *P'* is *People*.

It does not mean that we shall not give attention to the other *P's*, but they are placed in a lower priority. There is a perception that we will all come out in the pandemic:

Less global,

With more digital transformation and

Poorer and richer

This increases local accountability and policies become "more" national, more protectionist, less supportive and more radical. It will favor groups that seek more radical, less liberal solutions and give space to a more state. In the short space of time, the cooperation agendas will suffer setbacks, the liberal spaces will have setbacks and the State will receive greater support to face all these agendas. Overlapping this circumstance is the tension between the USA and China, which goes beyond the presidential elections and is much more a matter of perception of two competing capitalist systems, liberal capitalism versus state capitalism. Impressive are the declines in world GDP and with the exception of China, all the rest will have negative GDP. The countries' indebtedness shows a frightening increase, one due to the drop in GDP and the other due to the additional expenditures that the states make to reduce the impact on the local economy. The year 2020 demonstrates that several countries had to declare a state of emergency of health and consequent authorization of indebtedness in public accounts far beyond what is allowed. This meant that the economic responsibility of the states was placed for a year out of the ordinary, and authorized exceptional expenditures to sustain individuals from poverty and protect SMEs from collapses. The consequence for 2021 is a higher debt / GDP with lower collections. The luck is that this evolution will not necessarily be inflationary, due to the great idleness in the productive capacities pressing prices.

Observing this new and different dynamic, some risks and opportunities need to be highlighted. The first most obvious risk is that of a systemic default. Large-scale monetary easing and credit easing mean that some large economies, as in the case of Japan, have a debt / GDP greater than 270% which means that Japan needs to grow by 2.7% if it wants to pay a debt of only 1% on its exposures. It is not difficult to understand that in the end this cannot be sustained. Some already propose an exit through a *Pandemic Bond* that would have the backing of 50% of the debts to be paid in 30 years without interest and with a 10-year waiver, or could be negotiated ad hoc, with a discount of 50%. Thus, the debt would again be at manageable levels. The political argument would be that of Covid, which would be reaching only the "richest" and not the poorest, something very well salable in an increasingly unequal world. What is valid for Japan in this hypothetical example, could be valid for the USA, EU and evidently for others as well. After all, states supported the weakest during the pandemic and now charge the richest, on a Robin Hood principle, a strong argument in an environment of greater extremes and radicalisms.

For Latin America, this systemic risk would mainly affect the reserves of countries, which are mostly backed by US treasury bills, and therefore would decrease long-term credibility. Internally, investors in national treasury bills would have the effect described above for Japan. The wealthy become less wealthy. It would not necessarily be inflationary at first.

According to the indicators published by ECLAC in July 2020 2) most countries have provided personal and SME support, which offers temporary support to local demands for essential products. Examples show, in the case of Brazil, in the distribution of values of R\$ 600,00 / month (US\$150) to more than 50 million low-income Brazilians, that consumption has increased even in demands for the white line or small civil works, generating employment. Sufficient argument for the legislature to start thinking about a minimum permanent income, which may, or may not, unbalance economic sustainability. Different scenarios arise about the cost of unemployment and the collection of minimum employability, an effect already seen in "*Bolsa Família*" in Brazil. It could be a measure to mitigate misery and, therefore, serve *P People* by generating income and

jobs. Obviously, these measures need to be temporary and have a well-defined way out. In the case of Latin America, participation in international trade would have additionalities in the themes of global food, export of sustainability elements (CO2, fair trade, green agenda), renewable energies embedded in the products, among others 3). It is interesting to note that in the last few months there has been a significant recovery of stock exchanges in the region. Investors who at the beginning of the pandemic in March withdrew positions in LAC to provide liquidity and reduce risks, depreciated assets sold in half, not to mention the depreciation of currencies. Investors other than those who left saw a huge chance now to buy assets at very low prices, which brought the stock back to values almost before the pandemic. The surprises do not end there, suddenly in countries that have a significant participation in agribusiness present excellent indicators of production and productivity, added to the resumption of purchases from Asia. Moreover, suddenly there is a lack of trucks, agricultural machinery and implements, to be purchased by agribusiness operators. An employed middle class, who can no longer handle the Home Office in smaller apartments, is looking for purchase options in larger houses or apartments, inducing the real estate market, while offices are returning areas, as the need for a partial home office leaves 1/3 of the idle capacity. The new forms of Home Office flex or partial induce co-working places to be options to regionalize distant employees. The new dynamic does not stop there, the delivery logistics systems will have new ways of seeking intelligent “interlogs”, the educational systems will certainly have for children and adults much more efficient and friendly systems, where physical presence will be required for important moments of coexistence experimental. Schools today are already experiencing in the virtual systems experiences by AI and RA the individualization of learning, a trend that will be global and no longer local. Whoever dares to invest in this area will certainly be a big winner in the future.

For Latin America, the coming days and months will be very difficult, but they hide in this difficulty a giant opportunity for integration. Integration through education, health and services is the most evident, however, integration through sustainability. Please bear with me and think about the biomes that unite and do not separate us like the Amazon, Chaco, Pampas, Mountain ranges on one side and Caribbean Seas, Tropical Forests, Plateaus and Plains is of enormous importance for the Planet, valued by European and Asian investors and consumers.

We need to discover this new common agenda!

The old one is dying!

Our difficulties now unite us more in the agenda for the future, than in the agenda of the past.

A new diplomacy for the future will be required of us all.

Let us get to work; we have no time to waste!

- 1) <https://latintrade.com/2020/07/22/leaving-the-labyrinth-we-will-find-profound-changes-ahead/>
- 2) CEPAL, Special Report on COVID-19 Impactos on LAC economies
<https://www.cepal.org/en/news/new-special-report-eclac-analyzes-covid-19s-impacts-latin-american-and-caribbean-businesses-and>
- 3) Biofuture Platform -Coalition of 20 countries - <https://ubrabet.com.br/english/>