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Consequences of contemporary coronavirus SARS-CoV-2 crisis for Argentina and Uruguay

In this paper, I will describe what the consequences of the SARS-CoV-2 coronavirus pandemic could be for Uruguay and Argentina. To begin with, I will briefly present the scale of the phenomenon. After that I'll describe the previous situation in both countries before the SARS-CoV-2 coronavirus pandemic was started. On that point, I will focus on issues related to the economy, MERCOSUR and other trade agreements and openness to trade. Next, I will analyse what preventive measures have been taken to combat SARS-Cov-2 in Argentina and Uruguay and what effect they have had. Finally, I will briefly analyse how quickly and effectively Argentina and Uruguay will emerge from the SARS-CoV-2 coronavirus crisis.

The SARS-CoV-2 coronavirus pandemic¹ is a major challenge for the contemporary world, which should not be underestimated. According to the WHO daily report of 03. 05. 2020 (by 10:00 CEST), there were 3 349 786 infections and 238 628 deaths from SARS-CoV-2 coronavirus which were globally confirmed². This is a threat that currently affects every aspect of our lives and has caused serious problems for states and societies. Today, the authorities of many countries are facing economic crises much greater than in previous years, which they will have to deal with after the coronavirus SARS-CoV-2 epidemic. Moreover, as the number of coronavirus infections increased, further restrictions were introduced, among others closure of universities and schools, shopping malls, hairdressers, beauticians, restaurants, hotels, clubs, prohibition of meetings, mass events, restrictions on movement, etc., which led to the freezing of the economies of many countries, mass unemployment, changes in the lifestyle of the majority of the human population. Moreover, a large number of small and medium-sized enterprises are struggling for survival, while large companies and multinationals are facing serious financial problems and significant job losses. Human interaction has moved to the Internet.

Situation in Argentina and Uruguay before the SARS-CoV-2 coronavirus pandemic

Argentina has an extensive and complex history, during which it has usually faced chronic economic, monetary and political problems. They were caused not only by the international situation for example world wars, the crash of the New York Stock Exchange in 1929³,

¹ Which was originally started on December 2019 in China Wuhan, where on early January 2020 officials detected unknown type of coronavirus which cause disease COVID-19 with flu-like symptoms: fever, dry cough etc., see, D. Wu, T. Wu, Q. Liu, Z. Yang, *The SARS-CoV-2 outbreak: What we know*. [in:] *International Journal of Infectious Diseases* 94 (2020), Elsevier Inc May 2020, p. 44-48.

² See, WHO, *Coronavirus disease (COVID-19) Situation Report- 104*, WHO 3 May 2020, p. 6.

³ Which caused deep recession in country with results of changing the structure of economy for example lower role of international trade and replacing *laissez-faire* economic policy. Moreover exports as a percentage part of GDP fell from 24 % in the years 1925-1929 to 19 % in the years 1935-1939. See more, M. R. Sørensen, *Argentina's Crises* [in:] *The Monetary Review 4th Quarter.*, Danmarks Nationalbank December 2001, p. 84-85.

economic crises in the most important trading partners, such as Mexico's currency crisis in December 1995 called the tequila crisis, as well as crises in Russia or Brazil in 1998) but also by decades of military junta rule, ineffective financial policy leading to hyperinflation, insolvency of the banking sector, increasing national debt, devaluation of the currency and lowering living standards and with the transformation of the state system. Moreover, the last biggest depression occurred in years 1998-2002 had very serious effects such as supermarket sales fell 5% in 2001 and 26% in 2002, GDP fell 28% from peak in 1998 to trough in 2002, Argentina's currency, the peso, equal to US\$1 since April 1991, was devalued in January 2002 and depreciated to nearly 4 per \$ before partly recovering and failure of free markets, etc.⁴ If it hadn't been for the numerous economic crises that have significantly slowed down economic growth, Argentina could have been more developed than most Western European countries.

In 2015 Mauricio Macri won Argentina presidential elections. His first steps were to cut export taxes, lifted currency controls, and resolved a 15-year long dispute with holders of defaulted Argentine bonds, allowing Argentina to resume access to international capital markets. Moreover, the central bank also raised interest rates to 25% to curb inflation. As a result economy contracted by 1.8% in 2016, but resumed growth of 2.9% in 2017. What is more, Macri government to pursue an economic policy that includes to support the poorest and stay in power was started lending money from international capital markets. Between January 2016 and June 2018, they took on 56 billion \$ of international debt which increasing of budget deficit to 6.4% GDP only in 2017. The unstable financial situation of the state caused an outflow of foreign capital and the sale of Argentinian shares, which fueled inflation (about 30% since 2015). The worsening situation (international debt climbs to 60% and the country economy has decreased by nearly 4%) has forced the President to turn to the International Monetary Fund for financial support in August 2018. The IMF has taken over Argentina's \$57 billion support programme. Nevertheless, in August and September 2019, the government deferred payment of its debts. On December 2019 Alberto Fernández won the presidential elections. He started to revive the economy, raise taxes and start renegotiating Argentina's international debts.⁵

Uruguay has a less turbulent history, in which it has faced far fewer economic, monetary and political problems than his neighbor Argentina. The state experienced military junta rule, but it was not as brutal as in Argentina. In addition, the authorities had to face rapidly growing inflation, economic inefficiencies of banks, job cuts, GDP decline, repayment of foreign debts and budget deficit etc. However, in the case of Uruguay, the last two major economic crises it has experienced have been caused by the international situation, in particular in Argentina, which has been and continues to be Uruguay's key economic partner. The first, called the

⁴ See more, J. Saxton, *Argentina's Economic Crisis: Causes and Cures.*, Joint Economic Committee United States Congress June 2003, p. 1,8-15.

⁵ See, R. M. Nelson, *Argentina's Economic Crisis.*, Congressional Research Service, January 28, 2020, p. 1-2.

second banking crisis, took place in November 1982 and was caused, on the one hand, by the transformation of the state's political system, a long period of economic stagnation (1960-1973) and the liberalization of the financial sector policy of 1974. Whereas with the second devaluation of the Argentinean peso in September 1981. This caused an imbalance of payments in Uruguay in 1982, the denomination of the Uruguayan peso by 149% against the dollar in November of the same year and an increase in inflation from 20.5% to 51.5%. In addition, the increase in private sector debt and the impossibility to collect debts has resulted in the insolvency of banks.⁶

The second crisis called the third banking crisis took place in 2002. It was triggered by several factors: again, a period of economic stagnation (1983-1990), hyperinflation, which reached 133.7% in 1991, insolvency of the banking sector and the crisis in Argentina (1998-2002). Long-term inflation caused the Uruguayan peso to lose its importance to the dollar, so that most serious financial transactions were made in dollars. Moreover, after the success of the stabilization policy in 1990, when hyperinflation was overcome, which fell from 133.7% in 1991 to 9.9% in 1998, the authorities decided to transform the entire public debt in such a way that it was entirely in foreign currency. In addition, the financial collapse in Argentina resulted in the outflow of foreign deposits from Uruguayan banks and, consequently, a significant reduction in international reserves. Lower international reserves threatened the credibility of the exchange rate commitment and, thus, public debt service which caused the insolvency of the banking sector, rising unemployment, falling exports and GDP.⁷

After 2003 government was implemented new monetary policy which let the exchange rate float freely. In addition, other actions by the authorities have led to continued economic growth and normalization of the situation. In addition, other actions by the authorities have led to continued economic growth and normalization at a much faster pace than in the 1980s. This clearly shows that the Uruguayan authorities learned lessons from the 1982 crisis and implemented more effective economic policies that reduced the negative effects of the crisis.⁸

Economic and trade issues and the degree of economic freedom of Argentina and Uruguay

Argentina has the one of the biggest economies in Latin America region which takes benefits from rich natural resource. Moreover, has export-oriented agricultural sector, and a diversified industrial base. Like Uruguay, Argentina has sought to expand trade within the Common Market of the South (Mercosur) and with non-Mercosur members. That is more, in 2018

⁶ See, G. Oddone, J. Marandino, *The Monetary and Fiscal History of Uruguay.*, University of Chicago, Chicago January 2019, p. 2-16.

⁷ Real GDP went down four years in a row completing a decrease of almost 18% in this period. Measured in \$ the 2002 GDP represented only 55% of its 1998 value. The rate of unemployment rose up to 19.8% in the quarter finishing in November 2002, see more, D. Dominioni, *Uruguay: Two Years Of Monetary Policy In Adverse Conditions.*, Federal Reserve Bank of Atlanta, Atlanta September 28, 2004, p. 1-25.

⁸ *Ibidem*, p. 4 and see also, G. Oddone, J. Marandino, *The Monetary...*, p. 2.

Argentina was placed on 44th rank in global export, on 42th rank in global import and on 77th rank in trade balance. What is interesting, country absolute export in 2018 had value of \$61,558,357,420, total import had worth of \$65,440,966,165 and complete trade balance had merit of \$3,882,608,745. Moreover, most important export partners for Argentina in 2018 were: Brazil, United States, China, Chile, Vietnam, Algeria, Netherlands, India, Spain and Canada. Most strategic import partners in 2018 were: Brazil, China, United States, Germany, Paraguay, Mexico, Italy, Bolivia, Spain and Thailand. What is more, exports of goods and services created 14.28% and the imports of goods and services created 16.42% of unmitigated Argentina's GDP in 2018. The top 10 exporting goods in 2018 were: Animal Feeds, Cereals, Motor Vehicles & Parts, Fats & Oils, Oil & Mineral Fuels, Items nesoi, Meat, Precious Stones & Metals, Seafood and Oil Seeds. Moreover, the highest importing goods in 2018 were: Motor Vehicles & Parts, Industrial Machinery, Electrical Machinery, Oil & Mineral Fuels, Oil Seeds, Organic Chemicals, Plastics, Pharmaceuticals, Precision Instruments and Chemical Products.⁹

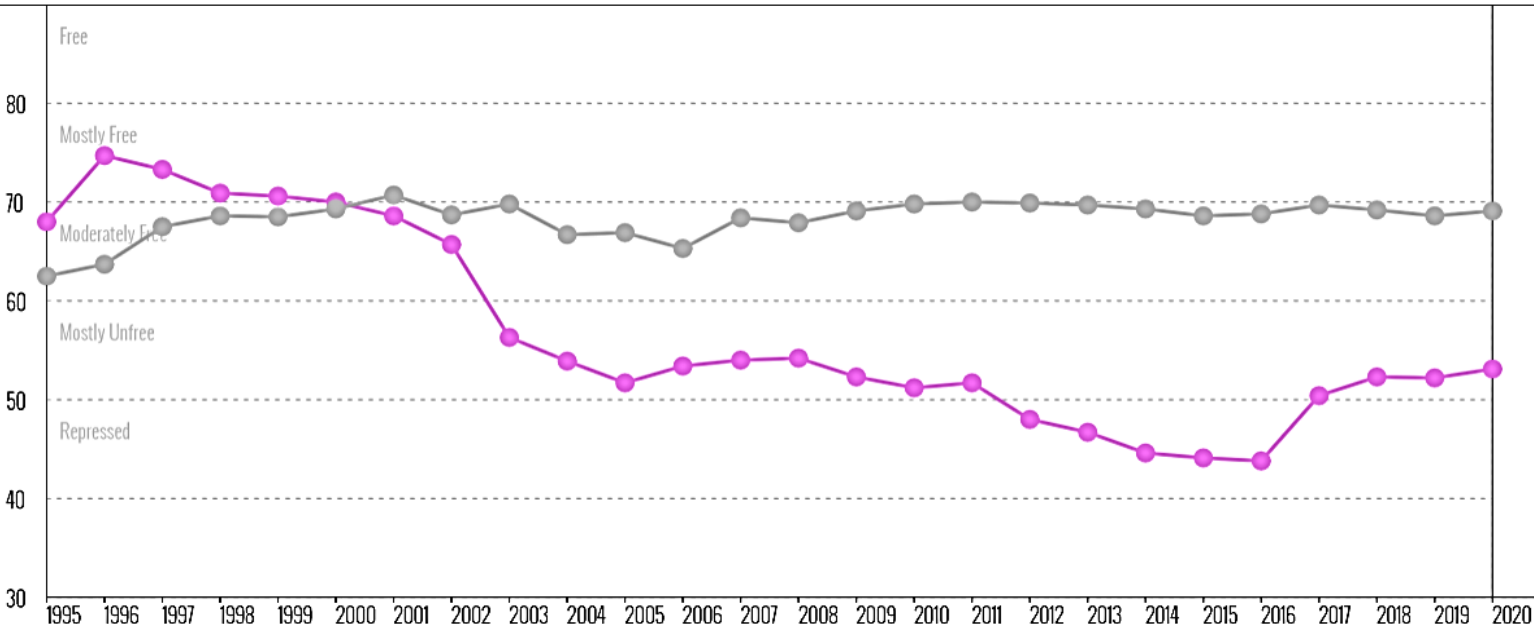
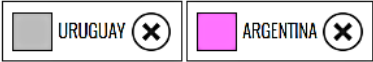
Uruguay has a free market economy characterized by an export-oriented agricultural sector, a well-educated workforce, and high levels of social spending. Moreover, has sought to expand trade within the Common Market of the South (Mercosur) and with non-Mercosur members. That is more, in 2018 Uruguay was placed on 74th rank in global export, on 82th rank in global import and on 52th rank in trade balance. What is interesting, country absolute export in 2018 had worth of \$7,498,004,935, total import had value of \$8,893,245,997 and complete trade balance had merit of \$1,395,241,062. There were less than Argentina in same time. Moreover, most valuable export partners for Uruguay were: China, Brazil, United States, Argentina, Turkey, Algeria, Netherlands, Mexico, Russia and Germany. Most notorious import partners for Uruguay were: China, Brazil, Argentina, United States, Nigeria, Angola, Germany, Mexico, India and Spain. Some of them like: China, Brazil, United States, Netherlands, Algeria, Mexico, Spain, India and Germany were the same trade partners of Argentina. However, commerce transactions with Uruguay is less significant for Argentina. What is more, exports of goods and services created 21% and the imports of goods and services created 18.99% of unmitigated Uruguay's GDP in 2018. It can be seen that foreign trade is more important for Uruguay than for Argentina. The top 10 exporting goods in 2018 were: Meat, Wood, Dairy Products, Oil Seeds, Cereals, Live Animals, Plastics, Wool, Hides & Leather and Milling Products. Moreover, the highest importing goods in 2018 were: Oil & Mineral Fuels, Industrial Machinery, Motor

⁹ See, GlobalEDGE, *Argentina: Trade Statistics*, „globaledege.msu.edu”, <https://globaledege.msu.edu/countries/argentina/tradestats> (access: May 3, 2020).

Vehicles & Parts, Electrical Machinery, Plastics, Chemical Products, Pharmaceuticals, Fertilizers, Iron & Steel Articles and Furniture.¹⁰

There is no doubt that today economic freedom in Argentina is much less than in Uruguay. That is interesting, the overall score of economic freedom between 1995-2000 was better for Argentina (71.25 means mostly free) than for Uruguay (66.73 means moderately free). After 2000, it can be seen that indicators for Argentina began to fall, due to the deepening crisis and the subsequent tightening of financial policies for recovery. For Uruguay, on the other hand, they increased slightly. Moreover, Argentina has not seen any growth to date, and Uruguay has remained more or less stable. In 2020 Argentina is on 147th place in the index of world economic freedom with 53. 1 point which indicates a rate of mostly unfree countries and Uruguay is 47th with score of 69. 1. which put in area of moderately free states (graph 1)¹¹.

OVERALL SCORE



Graph 1. Overall score of economic freedom for Argentina and Uruguay between 1995-2020. Source: The Heritage Foundation 2020, <https://www.heritage.org/index/visualize>.

Argentina and Uruguay under MERCOSUR

Argentina and Uruguay are part of the founding countries of MERCOSUR. That an economic and political block was set up in December 31, 1994 and is searched for integration based on the co-ordination of macroeconomic and sectoral policies between the States Parties in areas of: foreign trade, agriculture, industry, fiscal and monetary matters, foreign exchange and

¹⁰ See, GlobalEDGE, *Uruguay: Trade Statistics.*, „gloaledge.msu.edu”, <https://gloaledge.msu.edu/countries/uruguay/tradestats> (access: May 3, 2020).

¹¹ See, The Heritage Foundation, *2020 Index of Economic Freedom.* „heritage.org”, <https://www.heritage.org/index/ranking> (access: May 5, 2020).

capital, services, customs, transport and communications and any other areas that may be agreed upon, in order to ensure proper competition between the States Parties. Moreover, they are open to accession, through negotiation, by other countries members of the Latin American Integration Association. What is important, they want to be part of international large economic areas with securing a proper place in international economy. What is more, they want to support and promote the scientific and technological development of the States Parties and to modernize their economies in order to expand the supply and improve the quality of available goods and services, with a view to enhancing the living conditions of their populations¹².

It can be noted that it is very important for MERCOSUR to conclude favorable free trade agreements with South Korea, Singapore or Japan, which will allow for expansion in the South-East Asia region and will strengthen MERCOSUR's position on the international scene. Similarly, beneficial free trade agreements with Canada, European Free Trade Association and the European Union are also important for MERCOSUR¹³. Moreover, The MERCOSUR agreements with the European Union and the EFTA are undergoing legal review and must then be approved by the respective parliaments of the two blocs. In cases of Canada Singapore and South Korea negotiations are still ongoing. There are also a few points that deserve attention. First of all, Uruguay has been seeking a favorable trade agreement with China since 2018. In addition, a free trade agreement between China and MERCOSUR is also expected to be sought. Secondly, for Argentina, the most important are the free trade agreements between MERCOSUR and EFTA and the European Union¹⁴.

Steps taken by Argentina and Uruguay to combat the SARS-CoV-2 pandemic risk

There is no doubt that SARS-Cov-2 has changed the reality of everyday life radically. The latest global strategy to fight the coronavirus is based on: mass testing which helps to quickly detect infected cases, isolating confirmed cases so that they cannot continue to infect, tracking contacts so that all people who have had or may have had contact with an infected case in order to isolate them from the rest of the population, social distance which slows down the transmission of the virus and social quarantine which aims to limit the spread of the virus¹⁵.

¹² See more, Foreign Trade Information System, *Treaty of Asunción*, „sice.oas.org”, http://www.sice.oas.org/trade/mrcsr/TreatyAsun_e.asp#Preamble (access: May 5, 2020). and Foreign Trade Information System, *Protocol of Ouro Preto*, „sice.oas.org”, http://www.sice.oas.org/trade/mrcsr/ourop/ourop_e.asp (access: May 5, 2020).

¹³ See more, Foreign Trade Information System, *MERCOSUR – Singapore*, „sice.oas.org”, http://www.sice.oas.org/TPD/MER_SGP/MER_SGP_e.asp (access: May 6, 2020)., Foreign Trade Information System, *Canada-MERCOSUR*, „sice.oas.org”, http://www.sice.oas.org/TPD/CAN_MER/CAN_MER_e.ASP (access: May 6, 2020)., Foreign Trade Information System, *MERCOSUR - European Free Trade Association*, „sice.oas.org”, http://www.sice.oas.org/TPD/MER_EFTA/MER_EFTA_e.asp (access: May 6, 2020)., Foreign Trade Information System, *MERCOSUR-European Union*, „sice.oas.org”, http://www.sice.oas.org/TPD/MER_EU/MER_EU_e.asp (access: May 6, 2020). and also, Foreign Trade Information System, *MERCOSUR-Korea*, „sice.oas.org”, http://www.sice.oas.org/TPD/MER_KOR/MER_KOR_e.ASP (access: May 6, 2020).

¹⁴ See, MercoPress, *Mercosur: Argentina only interested in block's negotiations with Europe*, „en.mercopress.com”, April 27, 2020, <https://en.mercopress.com/2020/04/27/mercosur-argentina-only-interested-in-block-s-negotiations-with-europe> (access: May 6, 2020), Global Times, *China's resolute fight against COVID-19 deserves admiration: Uruguayan ambassador*, „globaltimes.com”, February 23, 2020, <https://www.globaltimes.cn/content/1180538.shtml> (access: May 6, 2020). and also, Foreign Trade Information System, *Uruguay – China*, „sice.oas.org”, http://www.sice.oas.org/TPD/URU_CHN/URU_CHN_e.ASP (access: May 6, 2020).

¹⁵ See more, WHO, *COVID-19 Strategy update*, WHO, Geneva April 14, 2020, p.2-15.

This strategy is intended to avoid overloading the health care system and to enable the disease curve to be flattened. Of course, the effectiveness of these solutions depends on the policy of a given country, access to tests, etc.

Currently, Latin America is facing a serious challenge posed by the SARS-CoV-2 coronavirus pandemic. But it is not yet as affected by the pandemic as Europe. Currently, both Argentina (4799 infections, 250 deaths) and Uruguay (655 infections, 17 deaths) are, at least statistically speaking, not as affected by the SARS-CoV-2 coronavirus pandemic as some Latin American countries: Brazil (101147 infections, 7025 deaths), Peru (45928 infections, 1286 deaths), Ecuador (31881 infections, 1569 deaths), Mexico (23471 infections, 2154 deaths), Chile (20643 infections, 270 deaths), Dominican Republic (8235 infections, 346 deaths) or Colombia (7668 infections, 340 deaths)¹⁶. However, looking at the number of tests performed per 1 million population, a more reliable picture can be obtained (graph 2).

Country	Tests per 1 mln population (May 5, 2020)
Argentina	1,543
Brazil	1,597
Chile	11,618
Colombia	2,498
Dominican Republic	3,077
Ecuador	4,544
Mexico	776
Peru	12,331
Uruguay	6,855

Graph 2. Source: Worldometer, COVID-19 coronavirus pandemic, <https://www.worldometers.info/coronavirus/> (access: May 5, 2020)

What immediately draws attention is the difference between Uruguay and Argentina. Uruguay performed fewer tests on 1 million population only from Chile and Peru, as opposed to Argentina, which performed more tests only from Mexico. Also, Uruguay has tested about 4.5 times the percentage of the population compared to Argentina. Looking at the number of infections detected, this may indicate that the coronavirus epidemic is more severe for Argentina than for Uruguay.

The first confirmed case of coronavirus in Latin America was confirmed by Brazil on February 26, 2020. In the case of Argentina, the first infected was diagnosed on March 3, 2020 and in Uruguay, on March 13, 2020, as many as 4 infected were detected¹⁷. The first decision taken

¹⁶ State on May 5 2020 to 10:00 AM, see WHO, *Coronavirus disease (COVID-19) Situation Report–106.*, WHO May 5, 2020, p. 7.

¹⁷ See, L. Paraguassu, C. Mandl, *Brazil confirms first coronavirus case in Latin America.*, „reuters.com”, February 26, 2020, <https://www.reuters.com/article/us-china-health-brazil/brazil-confirms-first-coronavirus-case-in-latin-america-source-idUSKCN20K1EU> (access: May 7, 2020), Ministerio de Salud de la Nación, *Salud confirma el primer caso de coronavirus en el país.*, „argentina.gob.ar”, March 3, 2020,

by the Argentinean government on March 13, 2020 was to introduce a mandatory 14-day quarantine for anyone returning from China, South Korea, Japan, Europe and the United States. In the following days, the authorities announced, among others closure of borders for non-residents for 15 days, suspension of the issuance of visas for citizens of the countries most affected by the coronavirus, closure of all types of schools by March 31, 2020, ban on access to national parks and suspension of flights to the countries most affected by the epidemic for 30 days. On March 16, 2020 it was decided to close the Province of Tierra del Fuego, and two days later, the following provinces, among others Chaco, Misiones, Salta, Jujuy, Mendoza have closed their borders. Then, on March 19, 2020, the authorities announced a mandatory quarantine to curb the spread of coronavirus. It would take effect from March 20, 2020 until March 31, 2020. Social isolation was to be based on, among other things on a ban on leaving the place of residence without a valid reason, on minimizing street trading, on restricting movement. What is more, public transport has been suspended. Moreover, government decided to formed a Federal Cabinet to deal with problem of the pandemic and issues related to the economy will be issued rules to alleviate the situation of single-owners and the non-formal sector. On April 10, 2020 government confirmed that the lockdown would be extended until April 26, 2020 under a second phase with new authorizations available for workers of some services such as banks, among others. Naturally under sanitary conditions. In addition, the authorities announced that they had managed to flatten the disease curve and reduce the transmission of the virus. On April 25, 2020 government declared that lockdown would be remove for workers of private construction, medical and dental care, industry production and online commerce, lawyers, and accountants. On April 26, 2020, President Alberto Fernandez decided to extend COVID-19 measures until May 10. Moreover, benefits were also introduced for those affected by the epidemic ¹⁸.

<https://www.argentina.gob.ar/noticias/salud-confirma-el-primer-caso-de-coronavirus-en-el-pais> (access: 7 May, 2020) and see also Agencia EFE, *Uruguay confirma los primeros cuatro casos de coronavirus en el país.*, „elcomerico.com”, March 13, 2020, <https://www.elcomerico.com/actualidad/uruguay-confirma-primeros-casos-coronavirus.html> (access: May 7, 2020).

¹⁸ See, H. Bronstein, El. Raszewski, *Argentina's Fernandez extends coronavirus lockdown through April 26.*, „reuters.com”, April 11, 2020, <https://www.reuters.com/article/us-health-coronavirus-argentina-lockdown/argentinas-fernandez-extends-coronavirus-lockdown-through-april-26-idUSKCN21T00I?il=0> (access: May 7, 2020), *Ámbito, Cuáles son las actividades permitidas en las nueve provincias que flexibilizan la cuarentena.*, „ambito.com”, April 24, 2020, <https://www.ambito.com/politica/cuarentena/cuales-son-las-actividades-permitidas-las-nueve-provincias-que-flexibilizan-la-cuarentena-n5097954> (access: May 7, 2020), *Clarín, Para frenar la pandemia Coronavirus en la Argentina: la cuarentena continuará hasta el 26 de abril, pero se flexibilizará en zonas del interior.*, „clarin.com”, April 10, 2020, https://www.clarin.com/politica/coronavirus-argentina-cuarentena-continuara-igual-grandes-ciudades-administrara-zonas-interior_0_BARh39KmC.html (access: May 7, 2020), *Infofueguina, Todo tierra del fuego queda en cuarentena hasta el 31 de marzo.*, „infofueguina.com”, March 16, 2020, <https://www.infofueguina.com/tu-ciudad/2020/3/16/todo-tierra-del-fuego-queda-en-cuarentena-hasta-el-31-de-marzo-45257.html> (access: May 7, 2020), *Minutouno, Coronavirus: seis provincias argentinas se autoaislaron.*, „minutouno.com”, March 18, 2020, <https://www.minutouno.com/notas/5089473-coronavirus-seis-provincias-argentinas-se-autoaislaron> (access: May 7, 2020), *Página12, Cuarentena total por el coronavirus desde la medianoche.*, „pagina12.com”, March 19, 2020, <https://www.pagina12.com.ar/254110-cuarentena-total-por-el-coronavirus-desde-la-medianoche#> (access: May 7, 2020), *Reuters, Argentina announces mandatory quarantine to curb coronavirus.*, „reuters.com”, March 19, 2020, <https://www.reuters.com/article/us-health-coronavirus-argentina/argentina-announces-mandatory-quarantine-to-curb-coronavirus-idUSKBN216446> (access: May 7, 2020), *Reuters, Argentina to close borders for non-residents to combat coronavirus.*, „reuters.com”, March 16, 2020, <https://www.reuters.com/article/us-health-coronavirus-argentina-border/argentina-to-close-borders-for-non-residents-to-combat-coronavirus-idUSKBN2121E7> (access: May 7, 2020) and M. E. Canik, *Argentina extends virus restrictions to May 10.*, „aa.com.tr”, April 26, 2020, <https://www.aa.com.tr/en/americas/argentina-extends-virus-restrictions-to-may-10/1818754> (access: May 7, 2020).

The Uruguayan authorities took a number of measures shortly after the first cases of infection were detected. To begin with, there was an appeal to keep calm, to act responsibly and in solidarity with their neighbors. That is more, government asked to keep social distancing and to limit the gatherings of, among others in stores. In addition, mass events were cancelled, gatherings of over 50 people were banned, as of March 21, 2020, classes in all types of schools including universities were cancelled since March 16, 2020 for 2 weeks, the Frente Amplio party suspended its election campaign. Besides, from now on, taxi passengers could only sit in the back seats, in cinemas the customers have been asking to keep two seats apart from each other and The Montevideo City Hall suspended the guided visits to the Solis Theatre and the Summer. In addition, bishops in Catholic churches have ordered that the sign of the cross should be performed without soaking the hand in holy water, and that holy communion should be received in the hand and not in the mouth. The activity of shopping malls was also suspended. Moreover, on March 16, 2020 government issued an order to close all border crossings except Carrasco International Airport, cinemas, theatres, football stadia and other public areas were also closed. On March 17, 2020 Uruguay was closed the border with Argentina. That is more, the closure included river and air travel. In the meantime, the authorities have asked people not to leave their homes if this is not necessary and the University of the Republic has cancelled classes by the end of the semester and has ordered remote teaching. The authorities also ordered a 14-day self- isolation for people returning from countries affected by the epidemic, including Japan, Germany, China, Italy, Spain, the USA, Singapore and anyone who had suspected symptoms. Moreover, on March 18, 2020 flights from the United States were suspended as if from Europe since March 20, 2020. The government recommended working from home and not traveling, and introduced a free service for medical consultation by phone. That is more, On March 17, 2020 the Ministry of Economy and Finance published a list of prices of products such as alcohol gel, rectified alcohol, and surgical masks, in order to prevent price gouging. The list gave locations where the products could be obtained and their prices at each location. Moreover, at the end of March, Uruguay closed its borders to all with the exceptions of Uruguayan residents, transit passengers, and cities on the border with Brazil. Moreover, at the end of March, Uruguay closed its borders to everyone except for Uruguayans, transit passengers and cities on the border with Brazil. On 30 March, the authorities announced that from April 1, 2020 to April 12, 2020, they will restrict the possibility of movement and close the campsites. That is more, citizens were also asked to stay home and avoid going to public places or campgrounds. On April 10, 2020 the government announced that from April 13, 2020 anyone using or working on public transport should wear a facemask. 150-200,000 facemasks will be distributed on buses free of charge. That is interesting, in places where people gather, including supermarkets and small shops, people must wear facemasks (a scarf is fine). The police will be providing facemasks to anyone

who does not have one. The construction industry returned to work after the Easter holidays and will be closely monitored by inspectors checking that workers are able to social-distance. On April 29, 2020 authorities decided to open 642 rural schools. On May 2, 2020 the government will take decisions regarding opening up the public sector¹⁹.

Effects of the restrictions in Argentina and Uruguay

It was not necessary to wait long for the effects of the restrictions. However, before both Argentina and Uruguay were born, the impact of the coronavirus pandemic had already been felt to varying degrees. The trade balance sheets of both countries show a clear decline. In the case of Argentina, in December 2019, it remained at \$2. 241 billion, but in January it fell sharply to \$1. 015 billion. In February it rose slightly to \$1. 129 billion and in March it rose again and remained at \$1. 145 billion. However, comparing these figures to the December 2018 balance sheet, where it reached \$1. 420 billion, January 2019, which amounted to \$373 million, February 2019, which remained at \$450 million, and March 2019, where it reached \$1. 181 billion, one can conclude that Argentina's trade balance sheet is now more favorable than a year ago. The trade balance sheets of both countries show a clear decline. In the case of Uruguay, the balance of trade in December 2019 was \$-36. 9 million, in January 2020, the deficit increased to \$-149. 4 million. In February 2020, on the other hand, it remained at \$-10. 1 million and in March 2020 the deficit rose again sharply to \$-173. 4 million. Comparing to the data for the same period, in December 2018, the balance sheet amounted to \$-133. 8 million, in January 2019 it was \$-102. 9 million, in February 2019 it remained at the level of \$-67. 4 million and in March 2019 it was \$-33. 7 million, one can conclude that Uruguay currently has a much worse trade balance than a year ago. It is worth noting that Argentina has a growing economic balance in line with the trend, as opposed to Uruguay, whose trend indicates an increasing deficit²⁰.

¹⁹ See, El País, *Coronavirus: Economía publica precios de insumos para evitar que haya subas excesivas.*, „elpais.com.uy”, March 18, 2020, <https://www.elpais.com.uy/informacion/salud/coronavirus-economia-publica-precios-insumos-evitar-haya-subas-excesivas.html> (access: May 7, 2020), Ministerio de Economía y Finanzas, *Tabla comparativa de precios de productos de cuidado personal.*, „gub.uy”, May 6, 2020, <https://www.gub.uy/ministerio-economia-finanzas/comunicacion/noticias/tabla-comparativa-precios-productos-cuidado-personal> (access: May 7, 2020), Ministerio del Interior, *Ministerio del Interior comenzará el miércoles operativos de control vehicular y de personas.*, „minterior.gub.uy”, March 30, 2020, <https://www.minterior.gub.uy/index.php/unicom/noticias/7612-ministerio-del-interior-comenzara-el-miercoles-operativos-de-control-vehicular-y-de-personas> (access: May 7, 2020), Subrayado, *Uruguay resuelve el cierre absoluto de fronteras para extranjeros, salvo en ciudades fronterizas con Brasil.*, „subrayado.com.uy”, March 24, 2020, <https://www.subrayado.com.uy/uruguay-resuelve-el-cierre-absoluto-fronteras-extranjeros-ciudades-fronterizas-brasil-n614022> (access: May 7, 2020), El País, *Rector de la UdelaR anunció medidas para realizar primer semestre a distancia.*, „elpais.com.uy”, April 3, 2020, <https://www.elpais.com.uy/informacion/educacion/rodrigo-arim-anuncio-medidas-udelar-realizar-primer-semestre-distancia.html> (access: May 7, 2020), El País, *Una clave y 900 camas ante el avance del coronavirus.*, „elpais.com.uy”, March 14, 2020, <https://www.elpais.com.uy/informacion/salud/clave-camas-avance-coronavirus.html> (access: May 7, 2020), El País, *Cierran los shoppings por el coronavirus; hay cientos de uruguayos varados en el exterior.*, „elpais.com.uy”, March 18, 2020, <https://www.elpais.com.uy/informacion/salud/vivo-gobierno-realiza-nuevos-anuncios-brote-coronavirus-uruguay.html> (access: May 7, 2020), T. Urwicz, *Gobierno suspende clases en todo el país durante dos semanas por coronavirus.*, „elpais.com.uy”, <https://www.elpais.com.uy/informacion/politica/gobierno-suspende-clases-pais-semanas-coronavirus.html> (access: May 7, 2020) and also The Guru of Guru'Guay, *Coronavirus in Uruguay – Status update.*, „guruguay.com”, April 29, 2020, <https://guruguay.com/corona/> (access: May 7, 2020).

²⁰ See, Tradingeconomics, *Uruguay Balance of Trade 1993-2020 Data.*, „tradingeconomics.com”, <https://tradingeconomics.com/uruguay/balance-of-trade> (access: May 7, 2020) and also Tradingeconomics, *Argentina Balance of Trade 1957-2020 Data.*, „tradingeconomics.com”, <https://tradingeconomics.com/argentina/balance-of-trade> (access: May 7, 2020).

Turning to the direct impact of the restrictions introduced by Argentina and Uruguay, it is worthwhile to start by looking at the inflation charts for both countries. In December 2019, inflation in Argentina was 52.9%, in January 2020 it dropped to 51.5%, in February 2020 it was 50.3% and in March 2020 it fell sharply to 46.9%. It is clear that the trend indicates a gradual reduction in inflation. In the case of Uruguay, however, the opposite trend can be seen. In December 2019, inflation reached 8.79%, decreased slightly to 8.71% in January 2020 and 8.32% in February 2020. However, in March 2020, inflation started to accelerate and rose to 9.16%, and in April 2020 it rose sharply to 10.86%. It should be noted that although inflation is beginning to rise in Uruguay, it has little chance of approaching the inflation level in Argentina²¹. It is worthwhile to look at the unemployment rates for Argentina and Uruguay. The difficulty is that for Argentina these rates are created for a specific quarter, while for Uruguay they are created monthly. For Argentina, the unemployment rate for the fourth quarter of 2019 was 8.9%. The forecasts for 2020, on the other hand, indicate that the upward trend will be maintained, so that the average level of unemployment will remain at 10.9% and in 2021 the unemployment rate will fall to 10.1%. As far as Uruguay is concerned the unemployment rate was 8.5% in December 2019 and January 2020. In February 2020 it rose sharply and reached 10.5%. Experts believe that the average unemployment rate in Uruguay will remain at 10.5% in 2020 and will drop significantly to 8.1% in 2021. Without a doubt, the situation is much worse in Argentina than in Uruguay. It should be added that Argentina has a much higher level of poverty than Uruguay. Moreover, in the second half of 2019, the authorities noted that 35.5% of Argentinians live in poverty. Turning to the GDP growth rates, it is noted that for Argentina the outlook is less optimistic than for Uruguay compared to the previous year. While Argentina's GDP growth was 2.2% in 2019, it is expected to fall to -5.7% in 2020 and rise to 4.4% in 2021. Whereas in the case of Uruguay's GDP growth was 0.2% in 2019, it is expected to fall to -3% in 2020 and rise again to 5% in 2021.²²

Summary of how quickly and effectively Argentina and Uruguay will emerge from the coronavirus crisis

Uruguay is likely to deal with the SARS-Cov-2 coronavirus crisis faster than Argentina. This is due to several factors. Firstly, Argentina has been struggling with a serious economic crisis for several years, which will further increase the negative impact of the crisis caused by the SARS-

²¹ See, Tradingeconomics, *Argentina Inflation Rate 1944-2020 Data.*, „tradingeconomics.com”, <https://tradingeconomics.com/argentina/inflation-cpi> (access: May 7, 2020) and aslo Tradingeconomics, *Uruguay Inflation Rate 1938-2020 Data.*, „tradingeconomics.com”, <https://tradingeconomics.com/uruguay/inflation-cpi> (access: May 7, 2020).

²² See, Tradingeconomics, *Uruguay Unemployment Rate 2006-2020 Data.*, „tradingeconomics.com”. <https://tradingeconomics.com/uruguay/unemployment-rate> (access: May 7, 2020), Tradingeconomics, *Argentina Unemployment Rate 2006-2020 Data.*, „tradingeconomics.com”, <https://tradingeconomics.com/argentina/unemployment-rate> (access: May 7, 2020), Societe Generale, *Uruguay: country risk.*, „societegenerale.fr”, April 2020, <https://import-export.societegenerale.fr/en/country/uruguay/country-risk-in-economy> (access: May 7, 2020), Societe Generale, *Argentina: country risk.*, „societegenerale.fr”, May 2020, <https://import-export.societegenerale.fr/en/country/argentina/economy-country-risk> (access: May 7, 2020) and aslo P. Lasansky, *35.5% of Argentines were living in poverty at end of 2019, says INDEC.*, „batimes.com.ar”, April 1, 2020, <https://www.batimes.com.ar/news/argentina/355-were-living-in-poverty-at-end-of-2019-says-indec.phtml> (access: May 7, 2020).

Cov-2 coronavirus pandemic. Secondly, despite the fall in inflation in Argentina, it is still much higher than in Uruguay, which may lead to a significant devaluation of the Argentinean peso. Thirdly, the scale of poverty in Argentina is staggering and the restrictions introduced to counteract SARS-Cov-2 will not improve this situation. It will take several years to resolve this problem here. Fourthly, Argentina performs several times less coronavirus tests per 1 million population than Uruguay and, in addition, has significantly more coronavirus cases detected than Uruguay, which may indicate a much worse epidemic situation in the country. Fifthly, the Argentinean authorities have introduced much stricter restrictions in connection with the containment of the SARS-Cov-2 coronavirus, which has led to at least a partial freezing of the economy, which cannot be said of Uruguay. Nevertheless, it should be remembered that Argentina is a key trade and economic partner for Uruguay and the most serious economic crises have been influenced by the situation in its southern neighbor. Moreover, it should not be forgotten that foreign trade is much more important for Uruguay than for Argentina, and its current trade balance is less favorable than that of Argentina.

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