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## **COVID in the Americas—A Review of Impacts, Responses, Challenges for Construction Sectors**

Regional maps of Latin America with COVID-19-related information show a multi-colored tapestry reflecting different impacts from the pandemic and conditions in different countries, not unlike the multiple colors on maps of the United States used to reflect COVID-19-related conditions in various states and regions.

By **Jerry P. Brodsky** | September 15, 2020



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Regional maps of Latin America with COVID-19-related information show a multi-colored tapestry reflecting different impacts from the pandemic and conditions in different countries, not unlike the multiple colors on maps of the United States used to reflect COVID-19-related conditions in various states and regions.

Similarities among North, Central and South America also exist in key drivers of COVID-19 in particular locations, such as public health response, enforcement and compliance with public health guidelines, laws, rules and regulations, as well as social, political, cultural and economic factors.

The infrastructure and construction sectors in the United States are regulated by the federal government, by the governments of each of the 50 states and within each state, by municipal and local governments. The existence of 50 independent state regulatory schemes in the United States is sufficiently analogous to Latin America, where each country regulates infrastructure and construction within its borders, to allow for meaningful comparisons and contrasts between the impacts of COVID-19 on the infrastructure and construction sectors in the United States and Latin America.

In the United States, COVID-19 has had varying impacts on public and private construction projects, including the imposition of new safety rules and regulations. While the ultimate impact of the pandemic on specific projects and the ultimate role of infrastructure and construction in the recovery of the U.S. economy in general remain to be seen, the construction sector in the United States has been allowed to operate as an essential business, even when the general population has been subject to shelter-in-place orders and other restrictive public-health guidelines. Essentially, the U.S. construction industry has done a tremendous job with the learning curve, and has been able to adapt, comply, and operate during the pandemic, without any prior experience close to the magnitude of COVID-19.

In Latin America, like in the United States, the impact of the pandemic has varied by location. However, the impact of the pandemic on the infrastructure and construction sectors in Latin America has been, on a regional basis, more severe than in the United States. Highlights of information about the impacts of COVID-19 on the infrastructure and construction sectors from 12 Latin American countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Mexico, Panama, Peru and Uruguay) reveal the following:

- Construction activity was shut down as a result of COVID-19 for at least two months in every country except Brazil, and for longer periods in most other countries;
- Construction projects remain shut down in Argentina, El Salvador, Guatemala and Panama as a result of the pandemic, whereas certain construction projects in the Dominican Republic, Mexico, Peru and Uruguay have been allowed to recommence;
- In Colombia and Chile, officials monitor infection levels throughout the country at local levels, and permit (or suspend) activities on construction projects on a geographic basis, based on virus infection levels in each area;
- Only one country, Peru, reported availability of economic assistance programs specifically implemented and available to the construction industry;
- COVID-19-related claims involving construction projects are beginning in about 50% of the countries surveyed.
- The state of Sao Paulo in Brazil has created and is already operating a civil court exclusively for COVID-19-related claims;
- The outlook in about half of the countries surveyed is that the pandemic will continue to impact the construction industry well after 2021.

It stands to reason that international stakeholders looking to become involved in any part of the construction industry in any country, including those in Latin America, whether as investors, developers, design professionals, contractors or suppliers, will consider each specific country's or state's demonstrated response to the pandemic, the impact of the pandemic on the local construction industry, the government's reaction and recovery plan, as well as the performance of the construction industry and public sector in responding to the pandemic.

It also stands to reason that travel restrictions imposed as a result of the pandemic are likely to have a permanent impact on business travel in the construction industry as international players look to become less vulnerable to the impacts of travel restrictions resulting from similarly disruptive events in the future. Reduced reliance on international travel may also result from local preference policies adopted by governments in order to support local economies by promoting employment opportunities for locals and increasing restrictions on immigration work visas for foreigners.

While the impacts of and responses to the COVID-19 pandemic continue to evolve, there is consistent recognition among Latin American governments that the infrastructure and construction industries are essential to economic recovery. For that reason, and after prolonged periods of complete inactivity, critical infrastructure and construction projects are being allowed to recommence under new safety protocols in most countries in Latin America.

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