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THEDIALOGUE

FEATURED Q&A

Can Cuba Reach its Renewable Energy Goals by 2030?

Cuba's government is planning to significantly increase the amount of power it produces from renewable sources, such as wind energy. // File Photo: Robin Thom.

Q Cuban officials last year announced plans to produce nearly a quarter of the nation's power from renewable sources by 2030, up from the present government-estimated 4.3 percent. What is the current state of the country's power sector? Can Cuba reach its renewable energy goal? What effect will looser U.S. restrictions on doing business in Cuba have on its power sector?

A Juan A. B. Belt, independent Washington-based consultant: "After the severe crisis of 2004-05, which resulted in numerous blackouts, the Cuban government implemented the 'energy revolution' that increased efficiency at the user level and power generation; the increase in power generation was based largely on the installation of highly inefficient gensets. The result was a rapid elimination of blackouts, which returned last year. The greatest danger facing the power sector today is the possible reduction of Venezuelan subsidies. Without subsidies, and given present electricity rates, the power utility (ETECSA) would barely meet its operation and maintenance costs. Cuba has a goal of producing 25 percent of its energy using renewables by 2030, which would require an increase in capacity of over 3,000 megawatts, an ambitious but reachable target. The target could be met with a combination of increases of solar, wind and co-generation at sugar mills. Increasing hydropower in a major way is not feasible. The most significant way to reduce power generation costs and carbon emissions would be through a conversion of the seven large liquid-fuel plants to LNG. While Venezuela was planning to finance a large regasification plant in Cienfuegos, those plans seem to have been delayed as a result of the

Continued on page 3

TODAY'S NEWS

POLITICAL

Granger Wins Presidential Election in Guyana

Challenger David Granger, a retired army general, was elected president of Guyana this week, electoral officials in the South American country declared Thursday.

Page 2

ECONOMIC

China to Invest $50 Billion in Brazil's Infrastructure

China plans to invest up to $50 billion to help Brazil overhaul aging infrastructure, a deal that will be signed next week when Chinese Prime Minister Li Keqiang visits the South American nation.

Page 2

POLITICAL

Guatemalan Lawmakers Select Maldonado as New Vice President

Guatemala's Congress on Thursday selected Alejandro Maldonado Aguirre as the country's new vice president.

Page 2

Maldonado was named Guatemala's vice president on Thursday. // Photo: Guatemalan Government.

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POLITICAL NEWS

Granger Defeats Ramotar in Guyana's Presidential Election

Challenger David Granger, a retired army general, was elected president of Guyana this week, electoral officials in the South American country declared Thursday, Stabroek News reported. Granger, of the multi-ethnic Partnership for National Unity-Alliance for Change Coalition (APNU+AFC), defeated incumbent President Donald Ramotar of the People's Progressive Party (PPP/C), which has been in power for 23 years. Granger's coalition won 206,817 votes, while Ramotar's ruling party garnered 201,457, BBC News reported. Ramotar had been seeking a sixth consecutive term, but his administration had faced allegations of mismanagement and corruption, according to The Wall Street Journal. His party has long received the backing of Guyanese of Indian descent. The South American country's political landscape is divided along racial lines, and Granger pledged during his campaign to bring an end to race-based politics in the country. "The time has come for racial and national unity," Granger said before the election, The Wall Street Journal reported. "The time has come to end winner-take-all politics, corruption, nepotism and the squandering of our resources." After Monday's election, Ramotar had requested a full recount and on Thursday refused to concede, the Associated Press reported. The U.S. Embassy in Guyana said the balloting was free and fair, and it called claims about irregularities unfounded.

Granger // File Photo: APNU+AFC.

ECONOMIC NEWS

China to Invest $50 Billion in Brazilian Infrastructure

China plans to invest up to $50 billion to help Brazil overhaul aging infrastructure, a deal that will be signed next week when Chinese Prime Minister Li Keqiang visits the South American nation, Brazil's government announced Thursday, BBC News reported. The money will go toward the construction of a railway to link Brazil's Atlantic coast to the Pacific coast of Peru, which would reduce the cost of exports to China. The money will also finance a joint steel production venture. Brazil is the world's third-largest iron ore producer, with much of it going to China. "We shall have to await the end of the visit to expand upon which projects," said José Graça Lima, Brazil's undersecretary of state with special responsibility for Asia and Oceania. Some of the money will also go to car parts, energy, ports, hydroelectric power and other railways. In January, China pledged to invest $250 billion in Latin America over the next decade. Li will arrive in Brazil on May 18 and meet with Brazilian President Dilma Rousseff on May 19 before leaving on May 21, Agence France-Presse reported. His trip to Latin America also includes Chile, Colombia and Peru.

SUBSCRIBER NOTICE

Today we are launching a redesign of the Latin America Advisor, the third in its history of publishing at the Inter-American Dialogue. We hope you enjoy our new format and would welcome your feedback. The redesign also applies to our HTML version, which will be easier to read on smartphones and tablets. Please contact me at gkuleta@thedialogue.org if you have questions or comments about our new look or would like to see the HTML version.

Gene Kuleta, Editor

NEWS BRIEFS

U.S., Cuban Negotiators to Discuss Re-Establishing Embassies

Officials of the United States and Cuba will meet next week to discuss re-opening embassies in each other's capitals, the U.S. State Department said Thursday, BBC News reported. The State Department said it will host a delegation from Cuba on Thursday of next week. Re-establishing embassies in Washington and Havana was among the main announcements of the historic thaw between the two nations that U.S. President Barack Obama and Cuban President Raúl Castro announced in December. The two leaders met last month during the Summit of the Americas in Panama.

Guatemala's Congress Selects Maldonado as New Vice President

Guatemala's Congress on Thursday selected Alejandro Maldonado Aguirre as the country's new vice president, replacing Roxana Baldetti who resigned last week, the Associated Press reported. Baldetti stepped down amid calls for her resignation after her personal secretary was accused of being the ringleader of a corruption scandal involving the country's customs agency. Maldonado, a constitutional judge, also previously served as a cabinet member and ambassador.

Chile, Peru Keep Key Interest Rates Unchanged

Chile and Peru on Thursday decided to keep their interest rates low as high inflation and weaker currencies have made the central banks hesitant to adjust rates, Bloomberg News reported. Peru's central bank kept its key lending rate at 3.25 percent, and Chile kept its rate at 3 percent. Growth in both countries remains sluggish after a drop in copper prices, their main export, reduced investment and consumer demand.

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FEATURED Q&A / Continued from page 1

financial crisis in Venezuela, so other alternatives to permit LNG imports would have to be developed. U.S. investors could play an important role in the partial conversion of power generation from liquid fuels to LNG. Besides political risk, potential U.S. investors would face two main risks. First, there is the precarious financial position of ETECSA. Second, a potential and likely devaluation of the exchange rate would affect their dollar-denominated profits."

Mira Käkönen, researcher at the University of Helsinki, and Jyrki Luukkanen, research director at the Finland Futures Research Centre at the University of Turku: "Key characteristics of the Cuban power sector include a high electrification rate but low energy consumption per capita and high dependence on fossil energy and imported oil, but strong and early-on interest in renewables. Motivated by the necessity of economic crisis, shortages of imported oil, poorly functioning old power plants and hurricanes, Cuba has aimed for drastic changes in its energy sector. The 'energy revolution,' launched in 2006, has been successful in fostering efficiency in domestic energy use and in shifting from a centralized to a more distributed energy system. But so far, it has not had much impact on energy use in industry nor on the country's energy mix. The failures thus far in fostering renewables are certainly not because lack of potential. There is an abundance of sources to be harnessed: solar, bagasse and other biomass, as well as wind energy. The country has highly-qualified scientists and experts on renewables. And, the current distributed electricity system is renewables-friendly. Actually, a boom in large-scale solar PV plants and wind farms has already started. The challenges that have slowed development are several: shortages of basic materials, lack of finance, difficulties in getting foreign investments and a poorly developed governance framework. The U.S. embargo has been elemental in many of these hindrances. The future thus looks brighter now. The goal of having nearly a quarter of the nation's power from renewables by 2030 is still highly ambitious. But with a strong government target now in place and with the right policy measures developed, it could be feasible."

Jorge Bonzon Henriques, director of the Applied Renewable Energy Group at the Universidad de Oriente, Santiago de Cuba: "At this time, there is stability in the electricity production system; no power outages are occurring, which shows that installed generation capacity is in line with current demand.

> **"The re-establishment of relations between Cuba and the United States will improve access to quality technology and knowledge..."**
>
> **— Jorge Bonzon Henriques**

The potential of the country's renewable sources could cover that and more, but I believe work is not going in the right direction. Just in the area of heating water with solar energy, there could be a considerable reduction in the consumption of conventional energy without a large investment compared to other sources such as wind and photovoltaic, but the investments undertaken in this direction are poor and use low-quality Chinese technology that is not appropriate for the climate of our country. Another factor to keep in mind is the availability of other renewable energy sources. Solar heaters can be located in any part of Cuba's geography; however, wind parks can only be located in certain places and at a fairly large cost. It would also be advisable to increase energy efficiency both in the residential and state sectors, among other factors with automa-

Continued on page 4

BUSINESS NEWS

Chiquita Brands Planning to Lay Off 300 in Latin America

U.S.-based Chiquita Brands International, the iconic banana company that last year agreed to an acquisition by Brazilian investors, said Thursday it plans to lay off 300 workers in Latin America, the Charlotte Observer reported. The company also announced first-quarter losses had more than doubled from the previous year, to more than $60 million, with sales dropping 5 percent to $725 million in the quarter. Chiquita paid out up to $5 million in severance payments to employees who were let go in Latin America last quarter, according to the report, and incurred $48 million in legal and advisory fees in connection with a proposed merger with Irish produce company Fyffes, a deal its shareholders voted down last fall. Later in the year, shareholders agreed to be acquired by Brazilian financial firm Safra Group and orange juice-maker Cutrale for $681 million in a deal that made Chiquita a private subsidiary. Brian Kocher, Chiquita's interim CEO, resigned the last day of the quarter, March 31, after three months on the job, triggering a $7.6 million termination agreement that included $1.8 million in cash severance, according to media reports. While its finances remain troubled, Chiquita received some good news last month when the U.S. Supreme Court rejected an appeal made on behalf of more than 4,000 Colombians accusing the fruit company of human rights violations, Reuters reported. The court on April 20 rejected an appeal filed by the plaintiffs, leaving intact a July 2014 ruling by the 11th U.S. Circuit Court of Appeals in Miami, which found that U.S. courts did not have jurisdiction in the matter because the relevant conduct occurred outside the United States. The plaintiffs, people tortured by a paramilitary group or whose family members were killed, said Chiquita bears responsibility for those actions because it admitted to making payments to right-wing paramilitary groups to protect its workers from violence over nearly a decade.

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FEATURED Q&A / Continued from page 3

tion. The authorization of participation of the private sector in the field of renewable energies would favor its development and introduction, in manufacturing, assembly, projects and research. The re-establishment of relations between Cuba and the United States will improve access to quality technology and knowledge, as well as new markets and investments in this sector and the exchange of specialists."

Mark Konold, Caribbean project manager in the Climate and Energy Program at the Worldwatch Institute: "Looser restrictions between Cuba and the United States might lead to accessing technologies or capital markets that, in the past, were not available to Cuba. However, one of the largest barriers to energy investment in Cuba is the institutional makeup of its power sector. It is highly inefficient, and the state-owned utility loses about a billion dollars annually. Further, the questionable future of Petrocaribe means a questionable future for the financial viability of the Cuban power sector. The United States is not the only country whose energy firms would like to invest in Cuba. One only needs to look at Sherritt International, the Canadian firm that has been helping Cuba meet about one-third of its oil production needs since the early 1990s. But, would-be investors and developers tend to shy away because of credit risk, bureaucracy or the possibility of the government co-opting a project and thereby denying investors a chance to fully recuperate their money. In light of this, and to progress toward stated renewable energy goals in the meantime, the Cuban government can support increased distributed generation solutions. This will allow for a more rapid deployment of renewable energy technologies—solar, hydro, biomass, wind—that can affect local citizens more immediately than waiting for the construction or rehabilitation of a centralized grid and the construction of new large-scale generating capacity. Such solutions can also increase resilience and flexibility against hurricanes and other storm damage. If you look at the progress of the Cuban 'energy revolution,' which started in 2006, you see that Cuba can make significant progress on its initiatives. The first phase focused on energy efficiency, and the country made strong gains through a variety of efforts and instruments. Reaching an established renewable energy goal—especially if targets distributed generation in local communities—should not be too different."

Alejandro Montesinos Larrosa, director of the Cubasolar publishing company and the magazine Energía y Tú: "Cuba and the world need to change its energy matrix: a gradual and steady transition from fossil and nuclear fuels toward renewable energy sources. Today we have the technology and equipment for that change. However, the solution is not primarily technical. The transition requires political, economic, social and cultural decisions. The most difficult and urgent task is to transition to a solar culture, which includes areas such as renewable energy, universal access to education, food security, preventative health care, respect for sociodiversity and biodiversity and a compass disposed toward solidarity and love. It should be a culture of peace and harmony among human beings and with nature. Cuba's energy sector must change. And it is changing, although many of us would prefer the changes to be more rapid. Cuba can, and must, meet its renewable energy targets, but the country must also surpass these goals. Cuba needs dialogue with the world. The world should also dialogue with Cubans. The ideal would be if the governments of Cuba and the United States conversed among themselves and with the world. Cubans learned from José Martí that the 'homeland is humanity.' We have a sun and an earth. From the sun, the light and heat reach us. On earth, we have to live together, in harmony, so that we all have heat and light."

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Erik Brand
Publisher
ebrand@thedialogue.org

Gene Kuleta
Editor
gkuleta@thedialogue.org

Megan Cook
Reporter, Assistant Editor
mcook@thedialogue.org

THEDIALOGUE

Michael Shifter, President
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Phone: 202-822-9002
Fax: 202-822-9553

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