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THEDIALOGUE


FEATURED Q&A

## Does Costa Rica Have the Best Electricity Model?

Renewable energy projects, including the Reventazón hydroelectric plant, have powered Costa Rica's electric grid. // File Photo: Costa Rican Government.

**Q As of Sept. 7, Costa Rica's electric grid had been powered exclusively by renewable energy sources for 150 days this year and counting, the Costa Rican Institute of Electricity said. Last month, just over 80 percent of the country's electricity came from hydropower, with geothermal power contributing almost 13 percent, the agency added. What policies have allowed Costa Rica to successfully power its grid with renewable energy sources? How environmentally friendly are the means through which Costa Rica is obtaining the energy, relative to other new technologies becoming available? What can other Latin American and Caribbean countries do to adopt or improve upon Costa Rica's renewable energy model?**

**A Ottón Solís, economist and member of Costa Rica's Congress:** "In 1949, Costa Rica nationalized energy production. Public-sector ownership allowed for a developmental and not a profit-seeking rationale regarding electricity production and distribution. It also allowed for long-term planning and rigorous research on local sources of energy. Those conditions, plus the country's historical commitment to environmental sustainability, set the groundwork for shifting the energy matrix toward renewable sources. Out of total energy demand, electricity represents 35 percent, while transport accounts for 65 percent of the demand. Petroleum fully accounts for the latter. Costa Rica is implementing policies to take advantage of technological advances on electric batteries, so our energy model will increasingly become even more reliant on renewable sources. Concerning electricity generation, in

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A Venezuelan businessman who recently won a multimillion-dollar contract from state oil company PDVSA is paying the legal bills of two of President Nicolás Maduro's nephews, who face trial in New York on drug charges.

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Maduro // File Photo: Venezuelan Government.

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POLITICAL NEWS

# Businessman Paying Legal Fees of Maduro's Nephews

A Venezuelan businessman who recently won a multimillion-dollar contract from state-run oil company PDVSA is paying the legal fees of President Nicolás Maduro's nephews, who stand charged with conspiring to transport cocaine into the United States, The Wall Street Journal reported Thursday. In an interview with the newspaper, Wilmer Ruperti acknowledged that he is paying the legal fees of Efraín Antonio Campo Flores and Franqui Francisco Flores de Freitas. The two relatives of Maduro were arrested last November in Haiti and were sent to New York, where they have pleaded not guilty to the drug charges. Prosecutors accuse them of conspiracy to import 800 kilograms of cocaine into the United States. "This perturbs the tranquility of the presidential family. You need the president to be calm," Ruperti told The Wall Street Journal. "I am helping to preserve the constitutional government." Law firms Boies, Schiller & Flexner, which is representing Campo Flores, and Sidley Austin, which is representing Flores de Freitas, declined to comment to the newspaper. A representative of the U.S. attorney's office in Manhattan declined to comment, and PDVSA, Venezuela's information ministry and Maduro's office did not respond to requests for comment. PDVSA on Sept. 23 awarded one of Ruperti's companies a contract for $138 million to dispose of petroleum coke, which power plants use as a fuel, the Wall Street Journal reported. PDVSA declined to comment on the deal.

# Trump's Company Reportedly Violated Cuba Embargo

A company under the control of Republican U.S. presidential candidate Donald Trump is alleged to have illegally spent at least $68,000 in Cuba in 1998, violating the U.S. embargo on the country, Newsweek reported Thursday, citing court documents, internal company records and interviews with former Trump executives. According to the report, Trump's real estate company contracted consulting firm Seven Arrows Investment and Development to explore the possibility of opening a casino in Havana. The report also says that

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the last quarter hydro accounted for 80 percent of total supply, geothermal 13 percent, wind 6 percent, biomass 0.09 percent and solar 0.02 percent. Recent regulations will rapidly enhance the participation of distributed energy based on photovoltaic cells. Other governments must recognize, first, that the renewable model generates large positive economic, social and environmental externalities and, second, that it allows for the disentanglement of the national economies from the geopolitics of major oil producers. Besides, it is worth remembering that the Paris COP21 agreement engages every country in the fight against global warming and that the Costa Rican model is consistent with that endeavor. Within that context, other countries should adopt a mix of market and non-market regulations, including the nationalization of energy production when required, in order to assemble an energy matrix based on renewable sources. This objective must trump the ideological posturing that insists on a solely market/private sector-oriented model."

**Vicente Lines, partner at Arias & Muñoz in Costa Rica:** "Costa Rica's success in tending to electric power demands should be viewed with caution and should not be followed blindly. It is vulnerable to the uncertainties of global energy prices, rising pressure of public deficits on the Costa Rican Electricity Institute, or ICE, volatile weather patterns, and higher prices for consumers.

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NEWS BRIEFS

## Polls Point to Ratification of Colombia Peace Deal

Two new surveys show that a majority of Colombian voters will ratify the country's peace deal with the FARC rebels, MercoPress reported. A poll by Ipsos Napoleón-Franco showed approximately 66 percent of Colombians who said they would vote in the referendum would vote "Yes." Ipsos registered that compared to the first week of September, the "Yes" vote had a drop in support. Datexco registered a disparity in voter intention by region. Approximately 62.4 percent of voters in Bogotá said they would vote in favor, while in Medellín, the majority of those polled said they would vote against the deal.

## Bachelet Releases Budget With Lowest Spending Increase in 14 Years

Chilean President Michelle Bachelet on Thursday announced her 2017 budget proposal, which includes the lowest spending increase in 14 years as the government looks to shrink the budget deficit, Bloomberg News reported. Government spending will increase by 2.7 percent next year, Bachelet said in a televised address. She did not give further details of the deficit or revenue forecasts.

## Relatives Appeal Court's Dismissals in 1992 Prison Riot Case

Relatives of the 111 prisoners killed by police during the 1992 Carandiru prison riot in Brazil appealed a court ruling that threw out convictions against 74 police officers, BBC News reported Thursday. The court ruled that the cases against the officers were not strong enough to allow the convictions to stand. The riot broke out in the Carandiru prison in São Paulo, and police were brought in to restore order. Autopsies revealed that the dead prisoners had been struck by an average of five bullets each.

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Trump Hotels & Casino Resorts incurred the costs from the trip, which took place with Trump's knowledge, and later moved to link the expenses to charity work. The trip took place just weeks before Trump launched his

**Trump** // File Photo: Trump Campaign.

first presidential bid in 1999 in Miami. Trump, then running for the Reform Party nomination, told attendees of a luncheon that he refused to do business in Cuba, saying that money spent there would go to Fidel Castro, whom Trump called a "murderer." "The embargo must stand if for no other reason than, if it does stand, [Castro] will come down," Trump added at the luncheon. Trump campaign manager Kellyanne Conway on Thursday acknowledged the payments in a television appearance. Also on Thursday, Trump denied the Newsweek report in an interview with New Hampshire's NH1 News, saying he "never did business in Cuba." The real estate mogul on Sept. 16 threatened to undo President Barack Obama's rapprochement with Cuba unless the country agreed to negotiate on human rights, CNN reported. The Cuban community is likely to be a deciding voting bloc in November's election, according to the Associated Press.

## COMINGS & GOINGS

### Velcro Secures Foreman as Latin America Manager

Velcro Companies announced on Sept. 21 that it has hired Dirk Foreman as its first president and general manager for Latin America, Textile World reported. Foreman joins Velcro Companies following 21 years at communications and security firm Anixter International, where he served in several executive roles in North and South America. The firm has brought Foreman on to manage its burgeoning business in Latin America, having opened a factory last year in Uruguay and purchased two Brazilian companies in 2014 to facilitate sales and distribution.

### PartnerRe Names Fugise to Head Brazil Operations

International reinsurance firm PartnerRe announced on Sept. 23 that it tapped Marcos Fugise to lead the company's operations in Brazil. Fugise, a Brazilian with 18 years of experience in the insurance industry, will take over for David Preti, who is returning to Europe. Fugise will be in charge of supporting and growing the Brazilian client base for PartnerRe, which held global assets worth $22.4 billion as of June 2016.

### Citi Taps Schmidt-Urzua as Managing Director

Citibank has hired Nicolas Schmidt-Urzua as a managing director and head of the multi-asset trading and advisory team for Latin America, the company said in a statement on Sept. 21. "Nicolas has over 15 years of trading expertise, working with clients in Latin America and Europe," said Lisandro Chanlatte, the company's head of investment counselors for Latin America. Previously, Schmidt-Urzua worked as head of global investment opportunities for Latin America at J.P. Morgan Chase.

### AGDATA Hires Landi for Latin America VP Post

AGDATA, a global data management and analytics firm, has named Marcelo Landi vice president for Latin America, the company announced on Sept. 19. Landi recently served as president and country director for Autodesk in Brazil and has more than 20 years of experience in sales, finance and marketing for technology firms. Landi will lead AGDATA's growing Latin America operation, focusing on animal health and regional agriculture, the company said.

**ECONOMIC NEWS**

# U.S. Treasury's Lew Urges Stronger U.S.-Mexico Trade Ties

U.S. Treasury Secretary Jacob Lew on Thursday said strengthened trade ties between the United States and Mexico will help both economies grow, and that the Trans-Pacific Partnership, if passed, would help keep both countries globally competitive, Reuters reported. Lew added that though popular opinion has recently turned away from globalization, the two countries' governments must continue to work to open up foreign trade. "Rejecting change is not a solution. Isolating economies and people cannot stop technology, and slower growth cannot improve lives," Lew said. "We must win the argument, one that is supported by the facts, that fair trade will grow both of our economies." Lew lobbied for the TPP deal while visiting Mexico, saying during his speech that it would build upon lessons learned from the North American Free Trade Agreement by working to improve labor and environmental standards, adding that there was still enough time to do the work needed to have the U.S. Congress pass the TPP before President Barack Obama leaves office. U.S. Senate Majority Leader Mitch McConnell (R-Ky.) rejected the prospect of the TPP getting passed this year, saying that the trade deal is "politically toxic."

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Its leadership in hydroelectric power is the result of a political commitment to a strong presence of the government as an actor in the electric sector, something not feasible in most Latin American countries in the 21st century. ICE's corps of engineers and managers has been very much hydro-centric. Geothermal energy development is relatively recent. Other renewables have been an even harder sell. The rate of adoption of wind has been slow compared to that of Nicaragua, Honduras and others in Central America. Solar energy is virtually non-existent, with only one utility-scale project in operation and one coming into operation in the foreseeable future, despite the country's advantageous location. Increasing temperatures, rising sea levels, and competing uses in agro-industrial concerns place pressures on Costa Rica's rainwater basins. Recent experience in 2007 and 2008 revealed dependency on hydro as the Achilles' heel in the system, forcing ICE to lease and deploy mobile and temporary thermal power facilities, the most expensive and polluting generation source. The environmental-friendliness of a hydro-centric model is questionable, as newer scientific research shows that storage hydropower facilities are not devoid of carbon emissions from reservoir sediments, and conservationists challenge their massive landscape and ecosystem impacts. Focus should shift from self-congratulatory complacency to what can be done. The key to greater successes lies in future investment in other sources for base-load power, including LNG, greater emphasis on non-hydro renewable technologies, tapping into the development resources from private investors and aggressive adoption of distributed generation and consumption efficiency."

> **"Costa Rica's success in tending to electric power demands should be viewed with caution and should not be followed blindly."**
>
> **— Vicente Lines**

**Luis Castro, partner at BLP Abogados:** "Costa Rica has a largely renewable energy matrix. In 2015, the country accumulated more than 285 days powering the grid exclusively by renewable energy sources. ICE expects 2015 figures to be improved during 2016, since the Reventazón Hydro Project is now online. Reventazón is ICE's largest plant, with an installed capacity of 305 MW. The current situation is the result of decades of investing in renewable energy, a policy that has set Costa Rica apart in Central America. Historically, the high and steady rainfall from May to November and the abundance of rivers have driven the development of hydro power, which became and still is the system's main source of energy. However, since the early 1990s—with the passing of legislation that promoted development of renewable energy projects—ICE started to develop (or allow private parties to develop under long-term offtake agreements) projects using other technologies such as wind and geothermal. In recent years, the focus has shifted to solar, with the first utility-scale solar PPAs being awarded last year—a technology that is still in the early stages for the country. Today, private power accounts for almost 30 percent of the installed capacity and is all from renewable sources. There has also been pressure from environmental groups and communities to move away from hydro power, particularly from large-scale hydro. Despite such pressures, ICE is pursuing development of Diquís, a 650-megawatt hydropower project that has been held back by requirements to consult with indigenous tribes located in the project's area."

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