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FEATURED Q&A

What Will Result From Guyana's Political Upheaval?



Guyanese President David Granger, opposition leader Bharrat Jagdeo and other representatives of the two sides met Jan. 9 and agreed to new elections. // Photo: Guyanese Government.

Q Guyana's government began 2019 in crisis following a contested no-confidence vote in December. President David Granger and opposition leader Bharrat Jagdeo then met on Jan. 9 and agreed to soon hold new elections. What issues lie at the heart of Guyana's tumultuous political situation? To what can the opposition People's Progressive Party, which turned in a strong performance in recent local elections, attribute its support? How will the outcome of Guyana's political upheaval affect the country's potential for oil production following ExxonMobil's discovery of oil off the country's coastline?

A Riyad Insanally, ambassador of Guyana to the United States and the Organization of American States: "The political uncertainty in Guyana over the last few weeks has been alleviated considerably after a meeting on Jan. 9 between delegations led by President David Granger and Leader of the Opposition Bharrat Jagdeo. According to the official joint statement, following the meeting, '[t]he parties met in an atmosphere of cordiality and iterated their emphatic commitment to work on all and any matters relating to the preservation and protection of the sovereignty and territorial integrity of Guyana; irrespective of any domestic political issues.' This is of particular importance given the illegal, aggressive and hostile interception by the Venezuelan navy on Dec. 22, 2018, of a Bahamas-flagged seismic research vessel that was contracted by ExxonMobil in Guyana's Exclusive Economic Zone, at a position of 9 degrees, 17.19 minutes north and 58 degrees, 16.20 minutes west, at an approximate distance of 140 kilome-

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TODAY'S NEWS

ECONOMIC

López Obrador Denies Fall in Fuel Imports From U.S.

Mexican President Andrés Manuel López Obrador denied a report that the country had significantly lowered the amount of gasoline that it imports from the United States since the beginning of his administration.

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BUSINESS

DP World Offering \$502 Million for Chilean Company

Dubai-based ports operator DP World is offering \$502 million for 71.3 percent of Chilean ports company Puertos y Logística, or PuloGsa.

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POLITICAL

Venezuelan Agents Briefly Detain Assembly Leader

Venezuelan intelligence agents briefly detained Juan Guaidó, the leader of the opposition-controlled National Assembly. The country's information minister said the agents were acting improperly and will be disciplined.

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Guaidó // File Photo: Venezuelan Government.

POLITICAL NEWS

Venezuelan Agents Briefly Detain Head of National Assembly

Venezuelan intelligence agents briefly detained the leader of the country's National Assembly, two days after the opposition leader said he was prepared to become interim president, The Wall Street Journal reported. Agents from the Bolivarian Intelligence Service, or Sebin, stopped the van that the National Assembly leader, Juan Guaidó, was traveling in, pulled him out of the vehicle, forced him into another van and sped away. An hour later, Guaidó's wife, Fabiana Rosales, confirmed that he had been released. Guaidó then traveled to the city of La Guaira to participate in a public town hall event, The New York Times reported. Venezuelan Information Minister Jorge Rodríguez said the intelligence agents acted unilaterally, adding that their actions were irregular and said they would face disciplinary action, The Wall Street Journal reported. In a posting on Twitter, however, Iris Varela, the government minister who oversees Venezuela's prisons, taunted the National Assembly leader. "Guaidó, I have your cell ready for you, with your respective uniform, I hope you quickly name your cabinet so we can know who will accompany you, 'stupid boy,'" she said. In a statement, the opposition Popular Will party blasted Guaidó's detention. "The dictatorship tried to kidnap our only legitimate president and they couldn't keep him prisoner," the party said, The Wall Street Journal reported. "The dictatorship is weak, it's divided." Also, Organization of American States Secretary-General Luis Almagro tweeted his "absolute condemnation" of Guaidó's detention, calling him "Venezuela's interim president," The Guardian reported. The international community must stop the crimes of [President Nicolás] Maduro and his goons," Almagro added. U.S. Secretary of State Mike Pompeo also blasted the "arbitrary detention," adding, "The U.S. and world are watching." Guaidó's arrest came two days after he called on Venezuelans to take to the streets to protest President Nicolás

Maduro's continued rule. He also called on the country's military to support him while new elections are held, The New York Times reported. Guaidó said Venezuela's Constitution gives him "the legitimacy to carry out the charge of the presidency over the country to call elections." He added, "But I need backing from the citizens to make it a reality." On Thursday, the previous day, Maduro was sworn in for his second six-year term in a ceremony that few international dignitaries attended. A week before, 13 Western Hemisphere nations, which have said Maduro's re-election last May was fraudulent, called on him to step down and said they would no longer recognize him as the legitimate president of Venezuela. At his swearing-in, Maduro delivered an hour-long inaugural address that included claims of a conspiracy to topple his government.

ECONOMIC NEWS

López Obrador Denies Decline in U.S. Fuel Imports

Mexican President Andrés Manuel López Obrador on Saturday denied a report by The Wall Street Journal published the previous day that said Mexico had significantly lowered the amount of gasoline it imports from the United States since he took office on Dec. 1, El Universal reported. "It's not true," López Obrador told a reporter from the local daily, adding that The Wall Street Journal "was not serious." The U.S. newspaper reported Friday that under López Obrador's government, fuel imports from the U.S. Gulf Coast have averaged 364,000 barrels per day, 25 percent less than Mexico's imports in December 2017 and January 2018, using data from research firm ClipperData. The reasons behind the decline include fewer orders for U.S. gasoline and congestion at the country's Gulf Coast fuel terminals, according to the research company. The reported decline in U.S. imports, which López Obrador had vowed to do in order to reduce the country's energy dependence on

NEWS BRIEFS

Seventeen Killed in Fire at Ecuador Drug Rehab Clinic

Seventeen people were killed and another 12 were injured in a fire at a drug rehabilitation clinic in the city of Guayaquil in Ecuador on Friday after patients ignited mattresses as they attempted to escape, Reuters reported. "We will not allow the death of innocents to remain unpunished," said Ecuadorean President Lenín Moreno on Twitter. The clinic reportedly did not have the required permits and showed signs of negligence, authorities said.

Former FARC Leader Reappears in Video, Denounces Government

Iván Márquez, the former leader of the Revolutionary Armed Forces of Colombia, or FARC, rebels, appeared in a video and denounced the government, saying it has failed to abide by the terms of its 2016 peace accord with the guerrillas, El Tiempo reported. Márquez, who led the FARC in the four-year-long peace talks, went into hiding six months ago. In the video, he said 400 community leaders and 85 former rebels have been killed since the accord was signed. He said the rebels made a mistake by disarming before "securing an agreement on the political, economic and social integration of the fighters," BBC News reported.

DP World Offering \$502 Million for 71% of Chilean Ports Company

Dubai-based ports operator DP World is offering \$502 million to purchase 71.3 percent of Chilean ports company Puertos y Logística, or Pulogsa, from Minería Valparaíso and other shareholders linked with the Matte Group, DP World said Sunday. The acquisition would allow DP World to operate at "five key gateways" in South America, including in Ecuador, Peru and Chile, said CEO Sultan Ahmed Bin Sulayem.

the United States, comes as his government deals with continuing fuel shortages across the country after the president shut down several pipelines in an attempt to combat fuel theft. A spokeswoman for Mexico's state oil company Pemex said the slowdown in imports was due to seasonal factors, The Wall Street Journal reported. [Editor's note: See related [Q&A](#) on López Obrador's energy policies in the Dec. 21 issue of the weekly Energy Advisor.]

BUSINESS NEWS

Clarien Bank Nearly Doubles Profit After Acquisition by NCB

Bermuda-based Clarien Bank Limited said it had nearly doubled its year-end profits following NCB Financial Group's majority acquisition of its operations, The Jamaica Gleaner reported Friday. Profits for the first nine months of last year amounted to 7.3 million Bermudan dollars, or \$7.3 million, up from the \$3.9 million the bank had registered during the same period in 2017. NCB, which is based in Jamaica, acquired a 50.1 percent equity stake in the Bermudan bank in December 2017. Edmund Gibbons Limited retained 31.98 percent of the shares, and Portland Private Equity holds the remaining 17.92 percent, the Jamaica Observer reported. "The continuing improvement in the bank's financial performance was driven by Clarien's strategic partnership with majority shareholder NCB Financial Group," Clarien said in a note to investors. During the past year, the Bermudan financial institution launched its mobile banking application, introduced more competitive interest rates for long-term saving products and added fraud detection monitoring for credit cards, The Jamaica Gleaner reported. "The outlook for Clarien Bank is extremely positive," Ian Truran, chief executive officer of Clarien, said in a notice to shareholders. "The consolidation of our partnership with NCB continues to present opportunities for revenue growth and optimized performance."

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ters from the nearest point to the provisional equidistant line with Venezuela. Whatever political differences might exist between the government and the opposition, they are at one regarding Guyana's sovereignty and territorial integrity and our right to pursue the exploration and exploitation of our natural resources. This will have been comforting to our international partners. ExxonMobil's drilling operations continue unaffected in waters east of the interception, with first oil still expected in March 2020. Meanwhile, the government and the opposition also agreed on the need for continuous engagement in the context of the Constitution and matters before the court. The parties will also engage with the Guyana Elections Commission on its readiness for elections, with a view to fixing a date for elections."

A Daniel Erikson, managing director at Blue Star Strategies: "Guyana has too much at stake as a newfound energy power to let its unsettled politics jeopardize its hard-won efforts to be seen as a safe place for foreign investment. That being said, the Dec. 21 vote of no-confidence against the government of President David Granger was a doozy. At its heart lies a bitter and generations-long struggle for power between the APNU-AFC ruling coalition and the PPP opposition, which had governed the country for decades until its ouster in 2015. While Granger had been governing with a slim 33-32 majority in the National Assembly, virtually no one foresaw the surprise defection of a single back-bench legislator in a late evening vote just before Christmas that would cast the government into disarray. For foreign investors in the energy, mining and telecommunications sectors, expectations of another two years of a Granger government may be quickly shortened, as the government must currently be seen as the underdog when the country goes back to the polls later this year. Further complicating matters is the lawsuit recently filed by the APNU-AFC that claims

a simple majority is not sufficient to call for a new election, which may have legal merit and, in any event, will proceed concurrently with the as-yet-undetermined electoral timeline. However, U.S. investors, in particular,

“At its heart lies a bitter and generations-long struggle for power between the APNU-AFC ruling coalition and the PPP opposition...”

— Daniel Erikson

should be reassured by the fact that on Jan. 2, the U.S. Senate confirmed Sarah-Ann Lynch, a highly respected career official, to replace the admirable service of the recently departed U.S. Ambassador Perry Holloway. Given Guyana's political uncertainty, this is an enviably rapid transition at a time when so many U.S. embassies around the globe lack permanent ambassadors."

A Mark Kirton, honorary senior fellow at the Institute of International Relations of the University of the West Indies at St. Augustine: "In an unprecedented move last month, the parliamentary opposition People's Progressive Party successfully moved a no-confidence motion against the government of Guyana with the support of one parliamentarian from the government side. While the legality of the motion is being challenged, this event has brought with it several other issues and prospects. There is the view that prolonged disagreement in relation to the way forward can give way to renewed levels of ethnic insecurity and social and economic instability. There has also emerged a new opportunity for the demonstration of national unity and political maturity among the political leaders. Of equal significance and importance is the continued

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threat to Guyana's national sovereignty and territorial integrity based on Venezuela's acts of aggression in pursuit of its spurious claim to Guyana's territorial and, recently, maritime space. Additionally, with the country on the cusp of a new oil and gas sector and the possibility for significant economic development, the country's political leadership must now commit to a convergence of interest to secure the development of the citizenry. The meeting between President Granger and opposition leader Jagdeo last Wednesday has brought with it the potential for sustained and mature dialogue and the opportunity for new areas of collaboration among the political parties. The joint statement by the government and parliamentary opposition has clearly shown that reason and balance can be achieved through sustained dialogue and that established mechanisms and processes can be made flexible in the national interest."

Aivelaw Lloyd Griffith, political scientist and vice chancellor of The University of Guyana: "Dec. 21, 2018 witnessed the eruption of a political volcano in Guyana when the country's first-ever successful no-confidence motion interrupted the five-year rule of the coalition government, triggering a series of political, legal and civic events that are still unfolding, but which, undoubtedly, are crafting new chapters of the nation's contemporary political history. Like politics everywhere, politics in Guyana involves determining 'who gets what, when and how,' as political scientist Harold Lasswell defined politics in his 1936 classic. The 'what' and 'when' stakes in Guyana have placed a higher-than-usual premium on political contestation there, as first oil in the massive oil find will begin to flow in mid-2020. There

are several known knowns and known unknowns here. The Constitution mandates new elections within three months, but the actual date is still unknown. Largely because of the 'what' and the 'when' factors related to oil, it was known even before this volcano

“ It is unrealistic to expect the perennial race factor not to feature in the political matrix.”

— Ivelaw Lloyd Griffith

erupted that the political contestation would intensify. And at least one new party has been formed. It is unrealistic to expect the perennial race factor not to feature in the political matrix. One hopes that political maturity softens the extent of the pandering to it. The litigation involved leads to several unknowns—not just about the legality of the speaker's ruling and the voting date, but also potentially about decisions made by the National Assembly since 2015 because of the dual-citizenship issue. There also are international knowns and unknowns related to Venezuelan pursuits and how they might exploit the domestic discontent beyond the recent naval escapade. Unknowns also exist about potential negative domestic economic and foreign investment impacts. Guyana's political drama portends some political volatility, with many known knowns, known unknowns and unknown unknowns."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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