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## FEATURED Q&A

# Will a New Leader Change the World Bank's Direction?



Economic analyst David Malpass took office this month as the new president of the World Bank. // File Photo: World Bank.

**Q** During the spring meetings of the International Monetary Fund and World Bank, new World Bank President David Malpass said poverty reduction and addressing climate change were among the bank's main goals. Malpass also said that the bank would be "involved as the situation evolves in Venezuela," which he said is of "deep concern" to the bank. What are the most important policies that Latin American countries can expect from the World Bank under its new leadership? How much will World Bank policy toward the region change under Malpass? Which areas of concern should the institution most focus on in Latin America?

**A** Anabel González, nonresident senior fellow at the Peterson Institute for International Economics, former trade minister of Costa Rica and former senior director at the World Bank: "Latin America and the Caribbean (LAC) faces a mix of long-standing and renewed challenges, in an uncertain and rapidly transforming external environment. With growth expected to reach 1.6 percent in 2019, the region does not have the resources to make critical investments necessary to reduce poverty (still standing at 82 million people, despite great progress in the last decade) and inequality, and prepare for the economic transformations ahead. While LAC is highly diverse, common problems such as low productivity, underperforming education systems, infrastructure deficiencies and mediocre business environments hamper growth and development across the region. Macroeconomic vulnerabilities, violence and insecurity, weak institutions and high exposure to

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Peru will sign a deal to join China's infrastructure initiative in the coming days, said China's ambassador to the Andean nation.

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## Power Outages Hinder Chevron Joint Venture in Venezuela

Chevron's Petropiar joint venture in Venezuela has struggled to resume normal operations following widespread electricity outages in the South American country.

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### POLITICAL

## Envoys Walk Out of U.N. Speech by Venezuelan Foreign Minister

Dozens of diplomats from the Lima Group, a bloc of nations seeking to put an end to Venezuela's crises, walked out in protest during a speech by Venezuelan Foreign Minister Jorge Arreaza.

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Arreaza // File Photo: Venezuelan Government.

## POLITICAL NEWS

## Diplomats Walk Out of U.N. Speech by Venezuela's Arreaza

Dozens of diplomats from Western Hemisphere nations on Wednesday walked out of the U.N. General Assembly to protest a speech by Venezuela's foreign minister, Jorge Arreaza, Agence France-Presse reported. Arreaza had begun speaking at the U.N. rostrum during a session devoted to multilateralism. Between 30 and 40 diplomats from the so-called Lima Group, a bloc of Latin American nations plus Canada, rose from their seats and exited the chamber. In his speech Arreaza accused the United States of seeking "to impose a dictatorship" in Venezuela through its "blatant attempt to expel or withdraw recognition of the credentials of member-states with full rights such as Venezuela." He added, "This is discriminatory and unacceptable." The United States did not participate in the U.N. session. Arreaza's complaints followed remarks by U.S. Vice President Mike Pence, who earlier this month called on the United Nations to recognize opposition leader Juan Guaidó as the country's acting president. The United States, dozens of other countries and the Organization of American States have recognized Guaidó as Venezuela's legitimate president. The United States and other opponents of Venezuelan President Nicolás Maduro have labeled him a dictator, saying his re-election last year was fraudulent. Venezuela is grappling with numerous political and economic crises, including inflation that is expected to skyrocket to 10 million percent this year, the International Monetary Fund said last October. The country is also facing shortages of food, medicine and other basic goods, and more than 2.7 million Venezuelans have fled the country since 2015, according to the United Nations. Maduro has retained the support of Venezuela's military, but members of the military appear to be deserting to Colombia and Brazil in rising numbers, Reuters reported Wednesday. A growing number of military personnel are refusing to follow orders to repress

anti-government protesters, six members of the military told the wire service. A lieutenant and five sergeants of Venezuela's National Guard told Reuters that most of the deserters are going to Colombia, where immigration authorities have said approximately 1,400 Venezuelan military members have gone. The Brazilian army said more than 60 Venezuelan armed forces members have deserted there since Feb. 23 when Maduro closed Venezuela's border in order to block the opposition's attempt to bring humanitarian aid into the country. "Most military people that are leaving are from the National Guard," the National Guard lieutenant told the wire service in the Brazilian border town of Pacaraima. "They will continue coming. More want to leave."

## ECONOMIC NEWS

## Peru to Join China's Belt and Road Initiative: Envoy

Peru will sign an agreement to join China's Belt and Road infrastructure initiative in the coming days, China's ambassador to the South American country said on Wednesday, Reuters reported. Ambassador Jia Guide made the announcement at a private party in Lima alongside Peruvian Vice President Mercedes Aráoz. "Signing this memorandum of understanding is the start of a cooperation model that China has proposed to the world, which ... will allow us to broaden our ties," Aráoz told Reuters following Jia's announcement. "We've established very strong bilateral relations with China, as we have with the United States," Aráoz added. China overtook the United States as Peru's largest trading partner years ago, in large part due to its imports of copper and other minerals from the South American country. The announcement came just as China kicked off its three-day Belt and Road summit in Beijing, which Peru's trade minister and several other global leaders, including Chilean President Sebastián Piñera, are attending. Piñera arrived in China on Tuesday for a five-day visit and on Wednes-

## NEWS BRIEFS

## Trump Threatens to Send More Troops to Border

U.S. President Donald Trump on Wednesday again threatened to send more troops to the U.S.-Mexico border following an incident earlier this month in which Mexican military personnel confronted U.S. soldiers and removed a weapon from one of them, the Associated Press reported. The incident happened in a remote area south of a border wall but within U.S. territory, and Mexico has said confusion led to the incident. Mexican President Andrés Manuel López Obrador on Wednesday promised to investigate the incident, adding that Mexico is "not going to fight with the government of the United States," the AP reported.

## Chief of Staff of Colombia's Duque Quits

Colombian President Iván Duque's chief of staff, Jorge Mario Eastman, resigned on Tuesday, El Tiempo reported. Coalition politicians had criticized Eastman for having no communication with former President Álvaro Uribe and other heavyweights of the Democratic Center party. Uribe, who is currently a senator and who had been seen as a mentor of Duque during his campaign, said on Twitter he had not intervened in the decision to push Eastman out. Duque's personal secretary and a former assistant of Uribe, María Paula Correa, will replace Eastman.

## Brazilian Lawmakers Advance Pension Reform

A committee of the lower chamber of Brazil's Congress has advanced President Jair Bolsonaro's plan to reform the country's pension system, The Wall Street Journal reported Wednesday. The committee voted 48-18 after eight hours of debate to agree that the reform is constitutional. The legislation increases the minimum retirement age to 65 for men and 62 for women, among other provisions.

day met with Chinese President Xi Jinping, who said the two countries should strengthen bilateral trade and investment and enhance cooperation in areas such as minerals, clean energy and information technology, among others, MercoPress reported. Chile announced that it was joining the Belt and Road initiative in November. Piñera is also scheduled to visit South Korea.

## BUSINESS NEWS

### Electricity Outages Crimp Chevron Joint Venture in Venezuela

Electricity outages across Venezuela in the past month have struck Chevron's largest producing joint venture in the country, which is struggling to resume normal operations after oil output temporarily hit zero in March, Bloomberg News reported Wednesday. Petropiar, an oil upgrader that Chevron and state-run oil company PDVSA jointly own, saw production drop by half from February to March as the government rationed electricity in the Orinoco Belt, according to data compiled by Bloomberg from company sources. During the first two weeks of April, output averaged 74,000 barrels per day (bpd), nearly 44 percent below the same period in January. Chevron is the only U.S. refiner doing business in Venezuela despite U.S. sanctions. Other international joint ventures in Venezuela, including PDVSA's partnerships with France's Total and Norway Equinor on the Petrocedefío upgrader as well as with China's CNPC on the Sinovensa project and with Moscow-based Rosneft on the Petromonagas upgrader, have been struggling to revamp production more than six weeks after sporadic blackouts shuttered oil fields, pipelines and ports in Venezuela. "We estimate a loss of 400,000 barrels due to the economic and electricity crisis," said Reinaldo Quintero, president of the Venezuelan Oil Chamber, Bloomberg News reported. The country's production is at a 16-year low, at around 732,000 bpd in March, a drop of nearly 500,000 bpd from a month earlier, Reuters reported.



# 2019

## The SWIFT Latin American Regional Conference

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**Maristella Aldana Sanin**  
Chief Compliance Officer,  
Bancolombia

**Irene Arias**  
CEO, IDB Lab

**Cesar Cernuda**  
President, Microsoft LatAm

**George Doolittle**  
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natural disasters further add to the mix. The crises in both Venezuela and the Northern Triangle, while of a different nature, continue to bring misery to many, forcing large flows of migration. The region needs the World Bank's enhanced financial support. With \$4.3 billion approved for lending in 2018, the bank should increase allocation of resources to LAC and improve coordination with the IDB and the CAF. The region also needs the knowledge and experience of the international financial institutions to solve pressing challenges. If the new bank leadership opts to change its lending portfolio mix to move away from middle-income countries, many nations in the region would stand to lose. This is a first critical decision for the new leadership, and LAC has much at stake. In addition, as a priority, the bank should significantly increase support to economic growth, improved governance and enhanced security in Guatemala, Honduras and El Salvador, and be ready for a critical role in Venezuela."

**A** **Jacqueline Pitanguy, executive director of Citizenship, Study, Research, Information, and Action (CEPIA) in Brazil and a member of the Inter-American Dialogue:**

"Reduction of poverty is a pressing demand in Latin America. CEPAL says 184 million people in the region live in poverty and 62 million in extreme poverty. Brazil's weight in these figures is significant, since the proportion of those living in extreme poverty increased from 4 percent to 5.8 percent between 2015 and 2017. The concern with poverty reduction should encompass measures with both short- and medium-term results. A priority with immediate results should be to invest in infrastructure construction and other labor-intensive activities as a way to reduce unemployment, directly related to the increase in urban violence. The Latin American average rate of unemployment is 9.4 percent, with Brazil having the highest

rate at 13 percent, according to CEPAL.

As women are more affected than men by unemployment and their earnings are more important for family survival than those of men, special measures should be taken to break down gender barriers in order to give women the same employment opportunities as men. The bank's concern with climate change should be understood under the larger umbrella of global warming. The bank should invest in renewable, nonpolluting sources of energy, taking advantage of the natural resources of Latin America, and on programs to protect those resources. Quality public education for the poor should be a priority and would bring medium-term results. The educational programs should respect gender and racial diversity and avoid curriculum interference by religious values."

**A** **Sebastián Acha, executive director of PRO Desarrollo Paraguay:** "There are still so many questions surrounding the appointment of the new World Bank president, David Malpass. The first issue is about his relationship with international organizations, which at the minimum we can describe as not very easy. We may agree about the need for a new approach at the World Bank on issues such as climate change. We can perceive a slow displacement of the programs in Latin America in favor of African countries due to the higher per capita income of Latin American countries. The expectation is that the bank will fight corruption, advise labor ministries to improve policies on labor markets and strengthen the rule of law inside still-weak institutions in Latin America. What the region needs the most from international cooperation has to do with enhancing the domestic dialogue of policymakers in order to face critical—and global—threats such as drug cartels, money laundering and the informal economy. I think most stakeholders must agree on those points to begin national or regional conversations."

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