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FEATURED Q&A

What's at Stake in Guyana's Early General Election?



The president of the Caribbean Court of Justice, Adrian Saunders, last month read the main judgment declaring that the motion of no confidence in Guyana's government is valid. // Photo: CCJ.

Q The Caribbean Court of Justice, or CCJ, on June 18 ruled that the Guyanese National Assembly's no-confidence vote against the government of President David Granger was valid. Guyana must now hold an early general election, which Granger said would be scheduled for late November, although the opposition is pushing for an earlier vote. How has the court's decision changed Guyana's political dynamics? Which political figures are most likely to emerge as presidential candidates, and does the ruling coalition have a chance at re-election? What's at stake in the vote, and how could it affect Guyana's oil production, which is expected to start early next year?

A Scott MacDonald, chief economist for Smith's Research & Gradings and senior associate at the Center for Strategic and International Studies (CSIS): "On June 18, the Caribbean Court of Justice told Guyana's coalition government, headed by President David Granger, that a no-confidence vote taken in December 2018 was binding and that new elections must be called. This sets the stage for one of the most significant contests in Guyana's history. With large-scale commercial oil production set to commence in 2020 and the probability of large cash inflows, the Guyanese need to carefully consider what kind of future they want. The backdrop to the elections is an expanding economy, driven by a solid recovery in mining and investment in oil infrastructure. This puts pressure on the country's political class not to revert to past political tensions between the two largest ethnic groups, the Afro-Creoles and Indo-Guyanese. This would be unfortunate, but

Continued on page 2

TODAY'S NEWS

POLITICAL

Venezuela Charges Two Soldiers With Acosta's Homicide

Venezuela's chief prosecutor said that two intelligence officials had been charged with homicide over the death Friday of Rafael Acosta, a navy captain under custody of the military intelligence agency, or DGCIM, who had allegedly been tortured.

Page 2

ECONOMIC

Remittances to Mexico Set Record

The amount of money Mexicans living abroad sent home reached \$3.2 billion in May, a record high. The Mother's Day holiday helped boost remittances, which are expected to grow 4 percent this year.

Page 3

POLITICAL

Colombia: Missing FARC Lawmaker Raises Concern

United Nations workers assisting in Colombia's peace process confirmed that Seuxis Paucias Hernández, also known as Jesús Santrich, abandoned the security detail granted to lawmakers.

Page 2



Santrich // File Photo: Generación Paz.

POLITICAL NEWS

Missing FARC Lawmaker Raises Concern: Colombia

A former Revolutionary Armed Forces of Colombia, or FARC, guerrilla who has since turned lawmaker and is accused by the United States of conspiring to traffic cocaine has vanished in an apparent attempt to evade justice, President Iván Duque said on Monday, Reuters reported. Seuxis Paucias Hernández, also known as Jesús Santrich, took his congressional seat last month, days after being released from prison. "I hope this subject presents himself to the law. He is attempting to elude the justice of Colombia and to mock it," Duque told journalists. United Nations workers assisting in Colombia's peace process confirmed that Hernández abandoned the security detail granted to lawmakers on Sunday, the Associated Press reported. An indictment by a U.S. grand jury accuses Hernández of trying to export 10 metric tons of cocaine worth about \$320 million. Hernández was one of 10 members of the former Revolutionary Armed Forces of Colombia, whose communist political party, the Common Alternative Revolutionary Force, also known as the FARC, slated to take up congressional seats guaranteed by the country's controversial 2016 peace deal. In a statement on Sunday, the FARC

political party said any member who chose to abandon the accord or commit crimes was solely responsible for the consequences.

Venezuela Charges Two Soldiers With Acosta's Homicide

Venezuela's chief prosecutor said Monday that two intelligence officials had been charged with homicide over the death Friday of Rafael Acosta, a navy captain under custody of the military intelligence agency, or DGCIM, who had allegedly been tortured, Reuters reported. "Two officials working for the [DGCIM] have been linked to this regrettable incident," Tarek Saab wrote on Twitter. Estiben José Zárate and Ascanio Antonio Tarascio, a sergeant and captain in the National Guard respectively, were assigned to assist the DGCIM, he said. Acosta, 50, had been arrested eight days earlier for alleged participation in a plot to oust President Nicolás Maduro. Acosta's wife and human rights groups accuse Maduro's government of torturing Acosta and called on authorities to release his body. The United Nations' chief human rights advocate urged authorities to conduct a transparent investigation. The leader of the opposition and internationally recognized interim president, Juan Guaidó, said Acosta had been "brutally tortured" in what he described as an "abominable crime."

NEWS BRIEFS

Tourists Flock to Chile, Argentina for Total Solar Eclipse

Thousands of tourists have traveled to northern Chile and Argentina to witness today's total eclipse of the sun, the Associated Press reported. The rare eclipse is expected to make its first landfall in Chile at 3:22 p.m. in La Serena, a city of about 200,000 people where the arrival of more than 300,000 visitors has forced the local water company to increase output.

World Bank Unit Caught Up in Odebrecht Case

An employee of the World Bank's International Finance Corporation, or IFC, has been fingered for conflicts of interest related to the massive Odebrecht corruption scandal, the Associated Press reported Monday. The accusations involve a highway project undertaken by Colombia's Grupo Aval, whose current CFO, Diego Solano, is married to María Victoria Guarín, an investment officer with the IFC who was responsible for helping to set the terms for competitive bidding. While neither is accused of personally profiting from the project, Odebrecht has admitted to paying \$6.5 million in bribes to seal the deal.

Cortizo Takes Office as Panama's President

Laurentino "Nito" Cortizo, 66, was sworn in as Panama's president Monday, pledging to use his five-year term to boost the economy and bring transparency in contracting for public works projects, the Associated Press reported. The former head of the National Assembly and Minister of Agriculture, Cortizo won last month's election with only 31 percent of the vote as the candidate of the Democratic Revolutionary Party. He also said Monday he would push for public-private partnerships for infrastructure projects and work to repair Panama's image as a haven for financial crime.

FEATURED Q&A / Continued from page 1

many Guyanese perceive corruption as part of ethnic favoritism in decisions pertaining to government employment, spending and granting of government contracts. The upcoming elections are likely to reflect this, with the opposition People's Progressive Party (PPP) likely to claim that the Granger government mismanaged the economy and was too generous with ExxonMobil. One change that could occur is that a PPP government would be tougher to negotiate new deals, a development that could complicate future oil production. Moreover, Guyana is

not as isolated as it once was: an economically imploding Venezuela sits to the east, and Suriname to the west faces a potentially pivotal election in 2020. U.S. interest has also increased. Whoever wins this highly contested election, the next government will have a full agenda."

Aivelaw Lloyd Griffith, political scientist and former vice chancellor of The University of Guyana: "The June 18 rulings by the Caribbean Court of Justice were a blow

Continued on page 4

ECONOMIC NEWS

Brazil Manufacturing Sector Sees Stronger Growth in June

Brazil's manufacturing sector avoided sliding back into contraction territory in June and reversed a three-month trend of slowing growth, Reuters reported Monday, citing a new IHS Markit survey. The data showed Brazil's manufacturing purchasing managers index, or PMI, rose to 51.0 in June from a 10-month low of 50.2 in May, after declining for three months in a row to the point of stagnation and brink of contraction, according to the report. A reading above 50.0 marks expansion in the sector. The PMI is one of the first indicators of economic activity for June, the final month of the second quarter. Analysts described the data as a "mild improvement" after the slowdown in May. Meanwhile, a survey of economists conducted by Brazil's central bank released Monday indicated the interest rates would fall further this year. Economists now expect the central bank's benchmark Selic rate to end this year at 5.50 percent, down from 5.75 percent in last week's survey, Bloomberg News reported. That would represent a full percentage point reduction from the current record low of 6.50 percent, as inflation appears to be holding well within the government's target band, according to the report.

Mexico Remittances Reach New Record

Mexico's central bank said Monday the amount of money Mexicans living abroad sent home reached a new record high in May, El Economista reported. Remittances totaled \$3.20 billion in May, the highest figure since Banxico first released data on remittances flows nearly 25 years ago. It was the third time that remittances exceeded \$3 billion in a given month. The Mother's Day holiday likely helped boost remittances, according to the report.

THE DIALOGUE CONTINUES

Will Piñera's New Investment Plan and Cabinet Shuffle Lift His Popularity?

Q **Chilean President Sebastián Piñera on June 13 announced a cabinet shake-up, his second since taking office, including changes in leadership at the ministries of foreign affairs, health, economy, energy, public works and social development. The announcement came as Piñera's approval rating plummeted 12 percentage points to 25 percent, according to a CEP survey. Meanwhile, the president announced a plan to speed up a \$4 billion infrastructure program this year in a bid to stimulate the country's slowing economy. What are the most important cabinet changes, and what should Chileans expect from Piñera's new ministers? What are the reasons behind the sharp drop in the Piñera's popularity? To what extent will the acceleration of the infrastructure program boost the economy and win back support for his government?**

A **Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** "Unfortunately for President Piñera, while the cabinet shake-up could restore allure to his government, this will not truly affect development conditions that lead to a modest and shrinking growth rate. Indeed, Chile is facing what development experts dub the middle-income trap. This is a development stage that traps countries that make significant progress

in reducing extreme poverty and executing structural change and achieve sustained growth but then are not able to become a high-income country. According to the World Bank, since 1960 and up to 2010, only 13 of the 101 middle-income countries have been able to achieve full development status. And those that have achieved that mark have engaged in extensive investments in infrastructure, innovation and development of entertainment services. This challenge could perhaps be successfully faced by the new cabinet, but the results of their labor will only affect daily lives in a decade. The move, therefore, seems to be in the right direction, but before we see what medium- and long-term plans the new cabinet has in order to improve infrastructure, create stronger and more effective links between research centers and the business community, import talent and add attractiveness to the Chilean cities through better entertainment services, we cannot forecast whether or not Chile will escape the middle-income trap. Further, the country would also need to revoke the Bachelet reforms that cheapen the cost of tax evasion while giving the unions power over productivity."

EDITORS NOTE: The above is a continuation of the Q&A that appeared in Monday's edition of the Advisor.

Money transfers grew 1.5 percent year-over-year in May, moderating from 3.6 percent growth the month before. For the first three months of 2019, remittances grew 6.6 percent as compared to the same quarter last year. However, given the appreciation of Mexico's peso currency as compared to the U.S. dollar,

the value of money received actually fell in May by 4.7 percent in real local currency terms as compared to the same month last year. "We expect workers' remittances to remain solid in the near term" and to stabilize at around 4 to 5 percent year-over-year, Goldman Sachs analyst Alberto Ramos told clients in a research note.

FEATURED Q&A / Continued from page 2

to Guyana's ruling coalition government, making it practically a lame duck entity between now and the next elections and giving a psychological boost to the main opposition party. The coalition is now in defensive mode, although optimistic about returning to power, which will be a tall order. The Granger government has many accomplishments to its credit, but it has not been managing media and messaging well. The impending oil boom has raised the stakes for the forthcoming elections and will make the power contestation more rancorous than usual. Political skeletons will be brought out of many closets, and civility in discourse likely will take a dive. Therefore, Guyanese and other stakeholders will have to guard against electoral shenanigans, race-baiting and violence, and ensure that process and procedure for the vote are such that the results do not complicate governance afterwards. The forthcoming elections will highlight the fact that, while elections are a necessary element in a democracy, they are not sufficient. Governance afterwards is vital, and credible electoral processes and outcomes are key to this. Thus, political realism suggests the need for certain imperatives as campaigning moves into high gear: that provision of a credible voters list must trump speedy provision of that list; that transparency of process must trump the ideocracies of the main political actors in the process. Guyana now is facing a testing time—a time of both optimism and pessimism, but also a time that accentuates the need for realism."

A Daniel Erikson, managing director at Bluestar Strategies: "Guyana faces another long, hot summer as the country slides inexorably toward an election that may reshuffle the leadership just as expected oil revenues edge closer to reality. The CCJ decision changed Guyana's political dynamics by advancing the date for elections and creating a new set of challenges for the APNU-AFC coalition government, which

plans to put President David Granger forward as their presidential candidate. Khemraj Ramjattan is expected to be their candidate for Prime Minister, replacing current PM Moses Nagamootoo. Ramjattan won the leadership of the AFC at the party conference in June. Within the opposition PPP, much is decided by former President Bharrat Jagdeo, the current general secretary of the party. Jagdeo has said that he would be a member of a future PPP government but not the president, as he cannot serve a third term. His preferred presidential candidate, Irfan Ali, was chosen at the PPP conference in January. Given that the date for the vote has not yet been established, it is still too early to judge what the outcome may be—and both sides have been releasing polling data that suggests they have the advantage. Of course, Guyana's huge oil finds—and the

“Tough campaign talk may not translate into reality.”

— Daniel Erikson

fate of the projected revenues—will be a key election topic. The opposition has accused the Granger government of providing unnecessarily large tax benefits to oil companies. Jagdeo has said that a PPP government could seek to renegotiate the ExxonMobil-Guyana Production Sharing Agreement and that future agreements would look extremely different. He also said future auctions of remaining offshore blocks would be more transparent. However, such tough campaign talk may not translate into reality, especially if the current agreements start delivering favorable results for the people of Guyana."

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

LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2019

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Latin America Advisor is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

www.thedialogue.org

ISSN 2163-7962

Subscription inquiries are welcomed at ebrand@thedialogue.org

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