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FEATURED Q&A

Is Latin America Facing a New Crisis Over Water Stress?



Countries in Latin America are among those in the world most threatened by "water stress," according to a recent study. // File Photo: Pixabay.

Q Chile and Mexico are among the countries in the world most susceptible to "water stress," according to the **Aqueduct Water Risk Atlas**, which the World Resources Institute updated last month. The index measures the amounts of water that irrigated agriculture, industries and municipalities withdraw annually from their available supply, as well as the risk of drought and riverine floods in individual countries. What are the main challenges that Latin American countries face with regard to water—and why? How well are national, provincial and local governments handling water resources, and what should they be doing to better manage them? What role does the private sector play in managing water, and what more should it do?

A Cesar Fonseca, regional coordinator for Latin America at **2030 Water Resources Group**: "One of the most important bottlenecks in Latin America with regard to solving water security issues is the political system itself. It does not regard water issues as important, a situation that translates into declining budgets, continuous state retrenchment and a lack of enforcement capabilities. Another huge problem is a weak rule of law and corruption. On the side of civil society, lack of education and knowledge about water challenges is a problem. If society does not pressure governments to address water challenges in a more steadfast and timely manner, governments simply will not allocate political and financial resources to address them. Also problematic is the lack of a more enabling environment for innovation, not only technological innovation, but also societal-institutional innovation. Businesses and governments need to move beyond the

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TODAY'S NEWS

POLITICAL

Haitian Senator Shoots Two People Near Parliament

Video showed Haitian Senator Jean Marie Ralph Féthière drawing a gun and shooting into a crowd of protesters outside the country's parliament. Two people were wounded.

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ECONOMIC

Mexico's Central Bank Expected to Cut Interest Rates

Banxico is likely to lower its benchmark interest rate by a quarter percentage point this week, according to a new poll of analysts.

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POLITICAL

Sixteen Nations Invoke Treaty Against Venezuela

Sixteen countries voted to activate a regional defense agreement known as the Rio Treaty against Venezuelan President Nicolás Maduro's government, accusing his administration of crimes including drug trafficking and money laundering.

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Maduro // File Photo: Venezuelan Government.

POLITICAL NEWS

Western Hemisphere Nations Invoke Treaty Against Venezuela

Sixteen Western Hemisphere nations voted Monday to activate a regional defense treaty against Venezuelan President Nicolás Maduro's government, accusing his administration of crimes including money laundering and drug trafficking, The Wall Street Journal reported. The vote, organized by the Organization of American States, happened in New York as world leaders arrived for this week's United Nations General Assembly meetings. Of the 19 signatories to the Inter-American Treaty of Reciprocal Assistance, also known as the Rio Treaty, only Uruguay opposed the resolution for coordinated action against Venezuela. Trinidad and Tobago abstained, and Cuba was absent from the meeting. The activation of the pact will allow for collaboration on law enforcement and economic sanctions against Maduro and his associates, The Wall Street Journal reported. Colombian Foreign Minister Carlos Holmes Trujillo chaired the session, saying member states approved the resolution by an "immense majority." He added that the move represented the beginning of a new effort to hold Maduro's government accountable. The treaty's activation will allow member countries to "identify and designate persons and entities" of Maduro's government who are "involved in crime networks," said Holmes Trujillo, Agence France-Presse reported. Additionally, the treaty allows countries to extradite or prosecute individuals who are blacklisted and seize their assets. There was no immediate response from Venezuela's government. Last week, the United States, Venezuelan opposition leader Juan Guaidó, whom dozens of countries recognize as Venezuela's legitimate president, and 10 other countries also invoked the Rio Treaty, The Wall Street Journal reported. The United States denounced "bellicose" moves by Venezuela's government, referring to Venezuelan military exercises near its border with Colombia, and said Maduro's government has supported

armed groups in Colombia that have rejected the country's 2016 peace deal, AFP reported. "The Rio Treaty affords an opportunity to the region to finally take corrective action," said U.S. Deputy Secretary of State John J. Sullivan. Invoking the treaty is a useful way to exert additional diplomatic and economic pressure on Venezuela, said a senior U.S. official, AFP reported. The treaty was last invoked after the Sept. 11, 2001 terrorist attacks in the United States.

Haitian Senator Shoots Two People Outside Parliament

Haitian Senator Jean Marie Ralph Féthière on Monday drew a gun and began shooting at bystanders outside the country's parliament in Port-au-Prince, wounding two people, The Guardian reported. Chery Dieu-Nalio, a photographer with the Associated Press, was shot in the face, and Leon Leblanc, a driver and security guard, was also wounded. The injuries are reportedly not life-threatening. "I was shot in the jaw," Dieu-Nalio told the Voice of America Creole. Before leaving the scene of the shooting, Leblanc told reporters that Féthière drew the weapon as he attempted to leave the parliament through a group of protesters who had gathered outside as the Haitian Senate met for the second time in as many days to confirm the appointment of Fritz-William Michel as prime minister, The Guardian reported. Video of the incident shows Féthière exiting a vehicle, drawing the weapon and shooting into the crowd. Féthière later justified his actions in an interview with Radio Mega. "I was attacked by groups of violent militants. They tried to get me out of my vehicle. And so I defended myself. Self-defense is a sacred right," said Féthière. "Armed individuals threatened me. It was proportional. Equal force, equal response." Haitian President Jovenel Moïse has been trying to push through Michel's appointment as prime minister in order to speak this week at the United Nations General Assembly meeting in New York. Michel's nomination has already led to violence in the country's parliament, with

NEWS BRIEFS

Chile's Codelco Issues \$2 Billion in Bonds

Chilean state copper miner Codelco on Monday issued \$2 billion worth of bonds and offered to buy back short-term notes, in a bid to finance a \$40 billion overhaul of its mines, Reuters reported. The 10- and 30-year dollar-denominated bonds were issued in New York with yields of 3.02 percent and 3.71 percent, respectively. The company said in a statement it had simultaneously offered to buy back \$639 million in bonds due in 2020, 2021, 2022 and 2023, with the aim of alleviating its short-term debt load.

Banco do Brasil, UBS Agree to Form Investment Banking Joint Venture

Brazilian state-controlled bank Banco do Brasil and Switzerland's UBS Group on Monday signed a preliminary deal to create a joint venture in investment banking in South America, Banco do Brasil said in a securities filing, Reuters reported. UBS will hold 50.01 percent of the joint venture, which will operate in Brazil, Argentina, Chile, Peru, Paraguay and Uruguay, according to the filing.

IMF, Ecuador Agree on Findings of Loan Review Program

A mission of the International Monetary Fund and Ecuadorean officials have agreed on findings related to the second review of a \$4.2 billion loan program, the Associated Press reported Monday. The review will now be up for consideration by the IMF's executive board, and an approval would give Ecuador access to an additional \$250 million. The South American country has already received \$550 million from the lender. Anna Ivanova, the head of the IMF mission, said in a statement that Ecuador has achieved progress "in improving the country's fiscal position and strengthening its international reserves."

lawmakers hitting each other with chairs and their fists on the floor of the assembly. Haiti has been beset by protests in which demonstrators have blocked roads, using rocks, cars, trucks and burning tires. Demonstrators have been angered by a shortage of fuel, a rising cost of living and inflation that stands at 19 percent.

Ex-FARC Rebels Ask Colombian Tribunal for Forgiveness

Former combatants of the Revolutionary Armed Forces of Colombia, or FARC, rebels on Monday asked a special tribunal for forgiveness for kidnappings and other crimes committed during the country's more than five-decade armed conflict, the Associated Press reported. "We are reflecting deeply over the acts of war so that we can ask for forgiveness for the errors committed," Rodrigo Londoño, also known as Timochenko, told the Special Peace Jurisdiction, which was set up by Colombia's 2016 peace accord with the FARC. Eleven former rebels gave the tribunal written testimony outlining the FARC's responsibility in abductions of politicians, civilians and soldiers. Last month, a small group of former FARC combatants issued a new call to arms, saying the government has failed to live up to its obligations under the accord. [Editor's note: See related [Q&A](#) in the Sept. 16 issue of the Advisor.]

ECONOMIC NEWS

Mexico's Central Bank Expected to Cut Rates This Week

Mexico's central bank will likely lower its benchmark interest rate by 25 basis points on Thursday, according to a Reuters poll published Monday. Fourteen of 16 analysts and economists surveyed said they forecast the Bank of Mexico, or Banxico, to cut the lending rate to

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current 'take, make/use and dispose' model of water use toward circular water economies, in which wastewater is transformed into a valuable resource that can be reused, recycled or repurposed. In Latin America, the 2030 Water Resources Group is currently working in Mexico, Peru and São Paulo, to address critical water challenges. Through our Multi-Stakeholder Platforms, we are able to drive collective action by key players that help drive policy reform and upstream engagement. These result in demonstrative pilot projects including greater private sector participation."

A **Karsten Paerregaard, professor of social anthropology in the School of Global Studies at the University of Gothenburg in**

Sweden: "Peru contains 70 percent of the world's tropical glaciers, which supply fresh water to a range of consumers including private households, agriculture, mining, industry and tourism. As the glaciers are melting due to climate change, the country faces a growing water crisis, which prompted Peru's government to pass a new water law in 2009. Its aim is to make the country's water consumers organize in user associations and collaborate in new institutional settings. The law also stipulates that Peru's water resources and water infrastructures are the property of the state, authorizing it to charge taxes and tariffs for their use.

However, encouraging cooperation among Peru's water stakeholders and making them pay the water tax and the infrastructure tariffs is a difficult task. Even though the law defines water as a public good, the state

“The trick is to find the right balance between the three ways of managing water.”

— Karsten Paerregaard

welcomes mining companies and other private actors to finance water infrastructures and facilities, which many view as a first step to make water a private good. Peru's highland communities, however, regard their water supplies as a common good bestowed on them by mountain deities and their water reservoirs and canals as communal property. To tackle Peru's water crisis, Peru's water stakeholders need to recognize the benefit of governing water as a private, public and common good at one and the same time. Charging taxes and tariffs and allowing private investments creates efficiency, acknowledging the state as the supreme water authority ensures justice and equality, and granting communities right to manage water locally incites sustainability. The trick is to find the right balance between the three ways of managing water."

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7.75 percent. The two other participants expect an even bigger cut of 50 basis points. At the last monetary policy meeting in August, Banxico's five-member board with a 4-1 vote decided to lower the benchmark interest rate by 25 basis points to 8.0 percent after the country's GDP registered no growth in the second quarter and contracted in the first. At the same time, annual inflation last month slowed to a near three-year low, and it is seen declining further in the first half of September to 3.03 percent from 3.04 percent in the second half of August, according to the median forecast of a Reuters

poll. "There is almost absolute certainty that Banxico will again cut by 25 basis points as the Fed's [rate] reduction gives Mexico room to stimulate the economy without destabilizing financial markets," financial group Monex said, Reuters reported. "The Mexican economy is poised for a mild recession, driven by declining industrial output and investment and reinforced tight monetary and fiscal policies," Pamela Starr, senior advisor at Monarch Global Strategies, told the Advisor earlier this month. [Editor's note: See related [Q&A](#) in the Sept. 10 issue of the Advisor.]

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A **Rebecca Keller, senior science and technology analyst at Stratfor:** “Chile’s present and future water scarcity struggles are all about imbalance. The majority of the country’s water resources are in its sparsely populated south, while the urban and industrial demand is located in the central and northern parts of the country. Even though Chile is one of the few places in the world where water is treated as a private good, moving fresh water from Patagonia

“Chile’s present and future water scarcity struggles are all about imbalance.”

— Rebecca Keller

to the Atacama Desert is not economically feasible. Santiago must also balance the competing demands of the mining sector with domestic consumption. Chile is poised to play a crucial role in the world’s nascent energy transition as a key producer of lithium and copper as the demand for these materials is set to grow. The Chilean government will also look to attract additional investment into battery manufacturing. Ultimately, this means increased demand for water from the mining and industrial sectors. Desalination is a partial solution, but competition for natural resources is set to increase. Chile already relies on private industry to manage its water sector. However, that alone does not ensure efficient or equal use of water. Climate change will only increase water stress in the country, and private management of water resources can limit availability in communities where the profit margins are lower. Ultimately, as Santiago looks to take advantage of growing global demand for copper and lithium, the Chilean government will be forced to deal with growing social unrest as urban centers

and small towns alike deal with increasingly more expensive and scarce water.”

A **Marisa Escobar, water program director at the Stockholm Environment Institute:** “Latin America’s main water challenge is its continued development in the face of climate uncertainty. In my experience, countries such as Chile, Argentina, Bolivia, Peru and Colombia are tackling this challenge by organizing a governance structure that can accommodate future water planning. Although such governance can differ by country, what is key is that it allows for watershed plans that can integrate uncertainty in their analysis. A key area of focus is to be able to develop plans that can incorporate quantitative analysis that is robust to analyze a wide set of future options. The plans also need to be vetted with key watershed actors so that all groups express their needs and interests in order to define integrated water solutions. These solutions may not solve all the problems for everyone, but they can integrate components that can support most of the sectoral needs. In the end, it is at the more local level where these decisions can affect actors, so analytical frameworks need to incorporate a notion of where decisions are being made and whether decisions made outside of the watershed boundaries will affect water deliveries. Here, the inclusion of the private sector is key, so that it can voice companies’ ongoing plans to build plants or operations that may affect a watershed. Other considerations that need to be included concern in-stream flow needs so ecosystems have a seat at the table and so multi-scale, multilevel participation of stakeholders arrive at water planning solutions that incorporate voices from all groups.”

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

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