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## FEATURED Q&A

# What Will the Opposition's Win Mean for Suriname?



In Suriname's May 25 general election, the country's opposition defeated longtime President Dési Bouterse, according to preliminary results. // File Photo: Government of Suriname.

**Q** Suriname's opposition won the country's May 25 general elections, a result that the country's electoral authorities announced last Thursday, a week and a half after the vote. The Caribbean Community, or Caricom, has said the election appears to have been free and fair. However, the party of longtime President Dési Bouterse, who has been seeking re-election, has called for a recount in some areas. How peaceful and orderly will the transition be if the opposition is confirmed to have won? Is opposition leader Chandrikapersad "Chan" Santokhi a shoo-in for the National Assembly to choose as the country's next leader? What policy changes can be expected with the opposition coming to power, and how will the country's economy and business climate be affected?

**A** Ivelaw Lloyd Griffith, senior associate at the Center for Strategic and International Studies: "Political winds of change blew gustily last week across South America's sole Dutch-speaking republic, ending Dési Bouterse's decade-long legitimate rule and setting the stage for the advent of Chandrikapersad 'Chan' Santokhi's as president. Notwithstanding Bouterse's efforts to secure a recount and his desperation to avoid imprisonment for the 1982 murders, it would be politically inexpedient for him to try to cling to power. His rulership would be ineffectual, his Venezuelan comrades would be unable to aid him as they are themselves mired in multiple difficulties and resisting the handover would wreck his legacy irreparably. Thus, I expect him to demit office and facilitate the transition. Winds of change

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## TODAY'S NEWS

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## Honduras Begins to Gradually Reopen Economy

Honduras' government started to gradually reopen its economy, which has been largely shuttered for three months due to lockdowns meant to curb the spread of the novel coronavirus.

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### BUSINESS

## Argentine Gov't to Take Control of Vicentin

Argentina's government will take control of bankrupt soy-crushing company Vicentin in order to save jobs and protect the country's food-exporting sector, President Alberto Fernández announced in a televised address.

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### POLITICAL

## Opposition Eyes Win in Guyana

Preliminary data from Guyana's elections commission shows that opposition candidate Irfaan Ali won the country's March 2 presidential election. However, the ruling coalition has rejected the recount.

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Ali // File Photo: People's Progressive Party.

## POLITICAL NEWS

## Opposition Eyes Win in Guyana, Ruling Party Rejects Recount

A preliminary report from Guyana's elections commission shows that opposition candidate Irfaan Ali won the country's March 2 presidential election, but the ruling coalition has rejected the recount. Initial data shows that Ali's People's Progressive Party, or PPP, won enough votes in the balloting more than three months ago to win 33 seats in the 65-seat National Assembly, Reuters reported Monday. President David Granger's APNU+AFC coalition secured enough votes to win 31 seats in the legislature, according to the preliminary data. The country's elections commission has not yet announced official results. On Monday, Guyana's ruling coalition accused the PPP of electoral fraud and said it would seek court action to prevent the elections commission from officially naming a winner, the Associated Press reported. On Sunday, the commission finished its recount of approximately 400,000 votes, including about 30 boxes containing disputed votes from coastal villages that the

ruling coalition has said contained no votes for its candidates, the AP reported. The ruling coalition wants those disputed votes invalidated. The opposition has rejected the allegations of fraud and says Ali, a former housing minister, should be sworn in while the courts resolve the allegations of irregularities. [Editor's note: See [Q&A](#) on Guyana's election in the April 8 issue of the Advisor.]

## ECONOMIC NEWS

## Mexico Cannot Make Additional Oil Output Cuts: López Obrador

Mexico cannot make more cuts to its oil production beyond those to which it agreed in April during a meeting of the OPEC+ group of oil producing nations, President Andrés Manuel López Obrador said last Friday, Reuters reported. The Organization of the Petroleum Exporting Nations and its allies two months ago agreed to lower oil supply by 9.7 million barrels per day in May and June in order to support oil prices. The move was in reaction to the plunge in oil prices that occurred earlier this

## NEWS BRIEFS

## Honduras Begins Gradual Reopening of Economy Following Lockdowns

Honduras on Monday began the gradual reopening of its economy after nearly three months of paralysis due to the coronavirus pandemic, even as some doctors warned that the health care system may reach capacity, Reuters reported. "The economy could not stay closed any longer," President Juan Orlando Hernández said. Nearly 500,000 jobs have been lost or suspended during the quarantine, according to the Honduran Private Enterprise Council. The central bank expects a contraction of between 2.9 percent and 3.9 percent this year.

## Wells Fargo Reportedly Pulling Payments Service Zelle Out of Venezuela

Wells Fargo has reportedly told clients in Venezuela that it will no longer support payments service Zelle there, one of the most popular services in the Andean nation to send and receive U.S. dollars, Decrypt reported Monday. More than 60 percent of payments in Venezuela's urban centers are made with dollars, and about 12 percent of these payments used Zelle, according to Asdrúbal Oliveros, director of Venezuelan economic consultancy Ecoanalítica. Wells Fargo has not made a formal announcement, and it did not reply to Decrypt's request for comment.

## Petrobras Exports Record Amount of Fuel Oil in May

Petrobras in May broke its record for monthly fuel exports, Reuters reported last Friday. The Brazilian state-run oil company exported 1.11 million metric tons of fuel oil last month, beating the all-time record that it set in February by 10 percent. Petrobras has reportedly prioritized shipments of bunker fuel, which is used in ships, to China.

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tend to highlight challenges and foreshadow opportunities to address them. Suriname is no different. I envisage four opportunities. First, although Bouterse assumed the presidency democratically in 2010, a credibility-legality cloud hovered over the nation because of his July 1999 conviction for drug trafficking by a Dutch court. The clouds now will evaporate. Second is the opportunity for the wheels of justice in relation to Bouterse's conviction for the 15 murders in 1982 to turn fully. Imprisonment now is both plausible and probable. Third, there is an opportunity to restore the efficiency and credibility of the government, which suffered considerable damage in recent years, last February's misplacement by the central bank of \$100 million being the latest manifesta-

tion of governmental ineptitude. Finally, the country's economic woes and the recent offshore oil finds obligate the new leaders to take the opportunity to bring fresh political economy lenses to the country's economic management."

**A**

**Andrea Ewart, CEO of Develop-**

**TradeLaw:** "The undemocratic means by which Bouterse held power in the 1980s raises

questions about his willingness to hand over power in 2020. A similar situation existed in 1991 when the Bouterse-led military allowed the electoral process to resume. Since then, the Bouterse-led National Democratic Party (NDP) has participated in and respected the electoral process. Bouterse has held

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year. The output reductions are to taper down to 7.7 million barrels per day between July and December. Under the agreement reached in April, Mexico's government agreed to lower its production by 100,000 barrels per day in May and June, despite pressure that it cut daily production by 400,000 barrels. At the time, Mexican officials said the United States would cut its own production to make up the difference on Mexico's behalf. López Obrador told reporters last Friday that countries that have not yet made their promised cuts should do so. "We couldn't do any more, we've done our part, and you can check that we're not extracting more oil, that there was a reduction of 100,000 barrels as we offered," said López Obrador. "Now those ... who haven't done it need to do it." The OPEC+ group on Saturday reached a deal in which 23 countries would collectively cut oil production by 9.6 million barrels per day until the end of July, The Wall Street Journal reported. However, Libya restarted production the same day at its largest oil field, and U.S. producers are also bringing wells back online, the newspaper reported. [Editor's note: See related [Q&A](#) in the May 8 Energy Advisor.]

## BUSINESS NEWS

### Argentine Gov't to Take Control of Bankrupt Vicentin

Argentina will take over bankrupt soy-crushing company Vicentin in an effort to save jobs and protect the country's food-exporting sector, President Alberto Fernández said in a televised address on Monday, the Buenos Aires Times reported. The government is taking control of Vicentin for the next 60 days while it seeks congressional approval to nationalize the company, which filed for bankruptcy last year. Argentina is the number-one global exporter of soymeal livestock feed, and Vicentin, which was founded in 1929, is one of the country's main producers. It was Argentina's top exporter of processed soy and an iconic brand in the domestic food market, Reuters reported. "Today we are signing a decree that provides

## THE DIALOGUE CONTINUES

### Will a Global Deal on Digital Taxes Help Latin America?

**Q** A long-debated blueprint from the Organization for Economic Cooperation and Development, or OECD, to standardize legislation regarding global digital taxation will be pushed back until October because of coronavirus-related complications, Secretary General Ángel Gurría said in May. The organization had originally aimed to present the framework in July, but it now hopes it will be approved by participant countries in a meeting scheduled for November. What does the blueprint consist of, and will it be ready by the end of the year? How significant is the need for consensus on a standardized set of international tax rules for the digital economy, particularly at a time when digital services are taking on even bigger roles due to the Covid-19 pandemic? What would the framework mean for countries in Latin America and the Caribbean, especially in terms of tax revenue?

**A** Maryleana Méndez, secretary general of the Inter-American Association of Telecommunications Companies (ASIT): "Latin America's tax system for the digital economy is in dire need of a structural redesign. The new framework must consider balance, predictability, standardization and, especially at this moment, stimulus for infrastructure investment aimed at closing the digital divide. The coincidence of the Covid-19 pandemic

intervention of Vicentin," Fernández said. "We are sending Congress an expropriation bill so that the government takes over," he added. The president described the move as a "strategic decision for the national economy," and Production Minister Matías Kulfas called it "a statist vision for the 21st century," the Buenos Aires Times reported. Under the plan, all of Vicentin's assets will be placed in a trust to

with a moment of weak regional economic growth has only exacerbated the necessity of higher tax revenue for Latin America's governments. At this moment more than ever, collaboration between governments to design a joint taxation standard is vital. A

“ Latin America's tax system for the digital economy is in dire need of a structural redesign.”

— Maryleana Méndez

patchwork of unilateral taxes could create an overly complex scenario now and once the health crisis subsides, in a region that already levies heavy taxes specifically on digital infrastructure. Boosting digitalization and correcting the current discriminatory tax system must be the main goals in the coming discussions. The OECD's timely guidance will be invaluable in establishing a digital tax consensus based on best practices and meeting the deadline set for the end of the year.”

**EDITOR'S NOTE:** The comment above is a continuation of the [Q&A](#) published in the June 4 issue of the Advisor.

be managed by the agriculture arm of state oil firm YPF, which would eventually absorb the soy-crushing company entirely, Kulfas said. The government's plan sparked some criticism. "History shows us that state interventions, in grain trading in particular, create severe distortions that end up deepening problems instead of solving them," the Argentine Rural Society said in a statement.

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power as an elected president since 2010 when the NDP won at the ballot box. Are there parallels between 1991 and 2020 that can prod the military to again respect the will of the Surinamese people? In 1991, the loss of millions of dollars in support from the Netherlands, a deteriorating economy and an armed insurgency forced Bouterse to begin the political dialogue and return to civilian rule. At the same time, Bouterse still held power as military leader, and he was still able to participate politically through the NDP. In 2020, he is a convicted murderer and drug lord who has escaped imprisonment only because of his position as president. Resumption of aid from the Netherlands, again suspended in 2012 to force the handover of Bouterse, could offer a short-term incentive. Promised revenue from the recent oil finds may make this redundant, however. Unknown factors include the willingness of the oil companies and current military leadership to prop up a renegade regime. The government's delayed acknowledgment of the NDP's loss is a hopeful sign that the wily Bouterse may be making the right political calculations, even as he fights for his personal survival."

**A** **Evan Ellis, Latin America research professor at the U.S. Army War College's Strategic Studies Institute:** "Given few documented irregularities in the election, it is unlikely that a recount will change the results, although it could buy Bouterse time to politically maneuver. If the deadlock forces a United People's Assembly, consisting of 934 delegates from the National Assembly, district and local councils, Santokhi would presumably prevail, as the opposition VHP and its partners appear to now have a majority in those subnational bodies. A VHP government would likely proceed cautiously but could increase law enforcement and other cooperation with the United States and

the Netherlands. It could distance itself from Maduro and his associates in Venezuela, possibly reining in the laundering of Venezuelan gold through Suriname. Improved relations with the West would facilitate the badly needed renegotiation of debt with the Inter-American Development Bank and other creditors. It would strengthen interest in

“**A VHP government would likely proceed cautiously but could increase law enforcement and other cooperation with the United States and the Netherlands.**”

— Evan Ellis

Suriname's oil sector, although low petroleum prices, the economic debilitation of the West by Covid-19 and its accelerating spread in Suriname will likely delay significant new investment. A Santokhi government would also hopefully be more transparent in dealings with China. Current and future projects, including those contemplated in the \$500 million credit line that China promised to Bouterse when he visited the country last November, will be delayed as the Chinese evaluate and build ties with the VHP government and affiliated business elites. A strong, if adjusted, Suriname-China relationship will ultimately continue, owing to the need for Chinese credit and investment, and the well-entrenched Chinese commercial position in Suriname, complemented by a large, economically and politically important ethnic Chinese community."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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