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## FEATURED Q&A

# Can Guyana's New President Get Off to a Strong Start?



Mohamed Irfaan Ali took office earlier this month as president of Guyana, following a long legal battle. // File Photo: Facebook Page of Mohamed Irfaan Ali.

**Q** Opposition presidential candidate Mohamed Irfaan Ali was declared the winner of Guyana's presidential election and sworn into office on Aug. 2 amid a protracted legal battle that followed the country's March 2 vote. However, former President David Granger has refused to concede and has vowed to challenge the results. What are the most pressing issues Ali faces as president, and what will be at the top of his agenda? Will legal battles over the election continue, and how has the controversy affected foreign investors' views of the country's political stability? How will the protracted fight over the election affect Ali's ability to govern?

**A** Ivelaw Lloyd Griffith, senior associate at the Center for Strategic and International Studies: "The winds of change that delivered the presidency to Dr. Mohamed Irfaan Ali did so at a time when Guyana is experiencing racial-political stress accentuated by the electoral saga and is on the cusp of petro-power transformation, but also is coping with the global pandemic that is creating new norms in all facets of life. President Ali soon will appreciate that despite its disconcerting dimensions, winning the elections was the easy part; there is a rough governance road ahead. He should keep four Imperatives in mind in navigating that road. First is the Healing Imperative, to build racial-political bridges. Triumphalism and witch hunts should be eschewed, and constitutional reform embraced. The elections highlighted the detriment of the winner-take-all political architecture. Second is the Anti-corruption Imperative, which necessitates having

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## TODAY'S NEWS

### ECONOMIC

## Chile's GDP Plunges 14.1% in Second Quarter

Chile's economy plunged 14.1 percent year-on-year in the second quarter as the country closed businesses in an effort to fight the spread of Covid-19.

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### BUSINESS

## El Salvador Sets Conditions for Claro Buys

El Salvador's antitrust regulator said it will allow Claro, a unit of América Móvil, to buy two Telefónica units as long as it adheres to competition and consumer protection safeguards.

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### POLITICAL

## Colombia's Uribe Resigns From Senate Amid Probe

Former Colombian President Álvaro Uribe announced his resignation from the country's Senate, where he has served since 2014. Earlier this month, Colombia's Supreme Court placed him on house arrest amid witness-tampering allegations, which he denies.

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Uribe // Photo: @AlvaroUribeVel via Twitter.

## POLITICAL NEWS

## Colombia's Uribe Resigns Senate Seat Amid Investigation

Former Colombian President Álvaro Uribe on Tuesday resigned his seat in the country's Senate, saying that a Supreme Court investigation into witness-tampering allegations against him has impeded his abilities to fulfill his role as a senator. In his resignation letter, which Uribe posted on Twitter, the former president blasted the Supreme Court's decision earlier this month to place him on house arrest, saying the court's move violates his rights and "eliminates any expectation of being able to return to the Senate," the Associated Press reported. "I dream that Colombia can recover from so many difficulties without putting freedom at risk," he wrote in the letter. In stepping down from the Senate, Uribe said eight of his rights to due process had been violated, including the right of his attorneys to cross-examine witnesses. He also reiterated a call from his party for reform of the country's judiciary, including the way in which magistrates are selected. "They should arrive at the high court at a mature age that has dissolved vanity and reinforced adherence to

the truth," he wrote. Uribe, who was Colombia's president from 2002 to 2010 and had served in the Senate since 2014, is under investigation on claims that he participated in an alleged scheme to persuade former paramilitaries to testify in his favor. Uribe denies the allegations against him and has not been charged. [Editor's note: See related [Q&A](#) in the Aug. 14 issue of the Advisor.]

## ECONOMIC NEWS

## Chile's GDP Plunges 14.1 Percent in Second Quarter

Chile's economy contracted by 14.1 percent year-over-year in the second quarter, the central bank said Tuesday, due to coronavirus-related lockdowns putting a brake on economic activity, Agence France-Presse reported. In the first quarter, Chile's gross domestic product had risen slightly, by 0.2 percent. "The result is the consequence of the health emergency associated with Covid-19, which has had an impact on people's mobility and the normal functioning of production establishments," the central bank said in a statement. Among the

## NEWS BRIEFS

## Hurricane Genevieve Expected to Brush Baja California Peninsula

Hurricane Genevieve on Tuesday strengthened into a powerful Category 4 storm and churned toward Mexico's Baja California Peninsula, the Associated Press reported. The storm's center may not hit land, but it still is expected to bring strong winds. As of 6 a.m. local time today, the storm was located about 160 miles south of the peninsula's southern tip, with maximum sustained winds of 115 miles an hour, and moving north-northwest at 9 miles an hour, according to the U.S. National Hurricane Center.

## Poll Shows Close Race Between Mesa, Arce in Bolivia

Former Bolivian President Carlos Mesa and Luis Arce, an ally of former President Evo Morales, are neck-and-neck ahead of Bolivia's October election, according to a poll by Mercados y Muestras published Tuesday, Agence France-Presse reported. They each have 23 percent of support. The twice-delayed vote, which amid controversy has been set for Oct. 18, would go to a second round if the leading candidate fails to win 50 percent, or 40 percent with a 10-point margin, AFP reported.

## U.S. Customs Intercepts Venezuela-Bound Jet Loaded With Weapons

U.S. customs officials in South Florida intercepted a private jet heading to Venezuela loaded with 82 firearms, including a sniper rifle, and 63,000 rounds of ammunition, U.S. authorities said Tuesday, the Associated Press reported. Two Venezuelan pilots were arrested on Saturday and charged with smuggling cash and goods from the United States as well as illegally possessing firearms, U.S. Customs and Border Protection said. It is unclear why the weapons were purchased.

## FEATURED Q&amp;A / Continued from page 1

relevant laws, strong regulatory institutions and transparency to deal with the corruption likely to accompany the oil boom. Third, the Sovereignty Imperative requires prosecuting the territorial case with maximum efficiency. Guyana cannot afford to 'lose' the Essequibo territory to Venezuela. Kudos to the government for retaining the services of former APNU Foreign Minister Carl Greenidge for the proceedings before the ICJ. This also is reassuring in terms of the Healing Imperative. Finally is the Capital Relocation Imperative. Guyana faces a climate change existential threat, with a 285-mile-long Atlantic coast that is six feet below sea level in some places and hosts its capital and 80 percent of the population."



**R. Evan Ellis, Latin America research professor at the U.S. Army War College's Strategic Studies Institute:** "After 20

months of political turmoil from the December 2018 no-confidence vote to delays and struggles over the election and vote count, the PPP government of Irfaan Ali will move forward quickly, but with moderation, while regional partners and investors breathe a sigh of relief and embrace the new normal. The authoritative legal rulings to date suggest that an electoral reversal on appeal is unlikely. The Ali government will likely focus on resolving accumulated administrative and legal issues for petroleum development, including the Natural Resources Fund, inspir-

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worst-hit sectors in the country are manufacturing and construction, as well as the hotels and restaurant sectors. The only sector that saw an increase in activity was the country's key mining industry, up 1.6 percent, in large part boosted by Chinese demand. Mining represents as much as 15 percent of Chile's GDP and half of the country's exports. Analysts at Capital Economics said there has been a gradual pickup in activity in August, which coupled with large fiscal and monetary stimuli, "should mean that Chile's recovery strengthens from here," AFP reported.

## BUSINESS NEWS

# El Salvador Regulator Sets Conditions for Claro Acquisitions

El Salvador's antitrust authority said Tuesday that it will allow expanded market share for telecommunications firm Claro, a unit of Mexico's América Móvil, given guarantees that it will comply with competition and consumer protection safeguards, Reuters reported. América Móvil, which is controlled by the family of Mexican billionaire Carlos Slim, is looking to buy for \$315 million two units of Spain's Telefónica that operate in the Central American nation, a move El Salvador's Competition Superintendent, or SC, said in a statement could create "limits on competition." "If Claro complies with the conditions, it will be able to execute the purchase," the antitrust agency said. Among the conditions set are that Claro must rule out the future use of the part of the spectrum currently used by Movistar, which must be certified by authorities, and once the sale is completed, Claro must also keep for seven years "all of the marketing strategies developed by Movistar and by Claro," the SC said. América Móvil is currently reviewing the ruling, El Universal reported. The units, Telefónica Móviles El Salvador and Telefónica Multiservicios, both operate under the Movistar brand. They belong to Telefónica Centroamérica Inversiones. The Mexican company is looking to buy 99.3 percent of Telefónica Móviles El

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## Online Event: 24th Annual CAF Conference

### SPEAKERS INCLUDE

<p><b>Luis Almagro</b> Secretary General, OAS</p> <p><b>Brigitte Baptiste</b> Chancellor, Universidad Ean</p> <p><b>Alicia Bárcena</b> Executive Secretary, ECLAC</p> <p><b>Luis Carranza</b> President, CAF – Development Bank of Latin America</p> <p><b>Kevin Casas-Zamora</b> Secretary-General, International IDEA</p>	<p><b>Monica de Bolle</b> Senior Fellow, Peterson Institute</p> <p><b>Carissa F. Etienne</b> Director, PAHO</p> <p><b>Rebeca Grynspan</b> Secretary General, SEGIB</p> <p><b>Carmen Reinhart</b> VP &amp; Chief Economist, World Bank Group</p> <p><b>Joseph Stiglitz</b> Professor, Columbia University</p>
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...AND MANY OTHERS

## Sept. 9, 10 and 11, 2020

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Salvador but has not outlined the percentage of Telefónica Multiservicios it wants to acquire, Reuters reported.

## Payment Processor Evertec Explores Potential Sale: Report

Puerto Rico-based payments processor Evertec is exploring a potential sale, among other strategic options, Bloomberg News reported Tuesday, citing unnamed sources with knowledge of the matter. A financial advisor is working with the company to gauge interest from potential

buyers, the sources told the news service, asking not to be identified because of the private nature of the talks. Such a sale could reportedly appeal to larger payments companies including Global Payments and Fiserv. The talks are ongoing, and Evertec could choose to remain independent, Bloomberg News reported. Representatives for Evertec, Global Payments and Fiserv declined to comment to the news service on the report. The company's shares soared 10.59 percent Tuesday on the New York Stock Exchange to close at \$34.46. There has been consolidation recently in the payments sector. Last year, Global Payments acquired Total System Services, and Fiserv acquired First Data Corp.

## FEATURED Q&amp;A / Continued from page 2

ing investor confidence about contractual validity, security and due process, plus reassuring APNU-affiliated constituencies that a PPP government will not unfairly skew political power and the benefits of the new oil bonanza to Indo-Guyanese. Bharat Jagdeo, now returning as vice president, will clearly exert significant influence (as in the past) with the young but innovative governing team. This will concern some, but also allow the administration to move forward quickly with the oil companies. Prime Minister Mark Phillips will play a visibly important role as a successful military officer who understands Guyana's political dynamics, and as an indispensable symbol that Afro-Guyanese interests are represented. I expect a mix of pragmatism and innovation in foreign policy from both Jagdeo and Foreign Minister Hugh Todd (who has great potential), with positive gestures toward the United States and Great Britain, enhanced Guyana-Suriname collaboration, renewed outreach to China, and also to India, Europe and Asia, with a modernization of the Cheddi Jagan discourse of Guyana's sovereign independent foreign policy."

**A** **Vangie Bhagoo-Ramrattan, head of the economic research unit at First Citizens in Port-of-Spain, Trinidad and Tobago:**

"The recently inaugurated president of Guyana, Irfaan Ali, will have much work to do during his tenure, especially as one of his biggest challenges will be presiding over the country's nascent energy sector. It was announced on Aug. 10 that the office of the president will have direct oversight over the country's finances and natural resources. Of immediate importance is the governance structure of the Natural Resource Fund (NRF) and the management of Guyana's energy windfall. With first production occurring in late 2019, the NRF has been established with \$95 million held at the Federal Reserve Bank of New York. Due to the delayed

elections, several aspects of the NRF have not been operational, including the establishment of a public oversight committee, whose role will be to ensure government compliance with the NRF Act—critical to transparency and accountability with respect to the sovereign wealth fund. Another area

**Efficiently run institutions are a critical requirement to ensure that the country benefits fully from its natural resources."**

— Vangie Bhagoo-Ramrattan

that should be a priority for the government is the business environment. Guyana is ranked 134th (out of 190 countries) in terms of ease of doing business and has a low ranking in specific areas such as construction permits, getting electricity, trading across borders and resolving insolvency. An effective business environment is conducive to attracting investments, given the fledgling oil and gas sector. Efficiently run institutions are a critical requirement to ensure that the country benefits fully from its natural resources. There were delays in approvals for the Payara-Pacora development, where first oil was expected in 2023. Based on research done by Rystad Energy, Guyana lost around \$300 million in net present value as a result of project delays associated with the elections. The Guyanese economy is poised to strongly outperform in 2020 and 2021. Focus on critical areas will ensure an equitable distribution of the energy windfall and the sustainability of economic growth in the country."

*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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