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THEDIALOGUE

FEATURED Q&A

Is Suriname's Gov't Responding Well to Citizens' Demands?

Protesters last month stormed Suriname's National Assembly, calling for the resignation of President Chandrikapersad Santokhi. // File Photo: @CSantokhi via Twitter.

Q Thousands of protesters took to the streets in Suriname last month in an initially peaceful protest against government austerity measures. Hundreds then forced their way into Suriname's National Assembly on Feb. 17, rampaged through the capital, looted area businesses and clashed with police. Demonstrators demanded the resignation of President Chandrikapersad Santokhi, who recently acted on a recommendation by the International Monetary Fund in putting an end to state subsidies on fuel and electricity. What have been the primary drivers of the protests, and how is the government responding? What is the state of Suriname's economy, and how has it changed in recent months?

A Scott B. MacDonald, chief economist at Smith's Research and Gradings and fellow at the Caribbean Policy Consortium: "On Feb. 17, Suriname's capital erupted. A peaceful protest against an extended economic slump, austerity measures and corruption ended in the storming of parliament, looting and arrests. Worry over the riots was further fueled by President Chandrikapersad Santokhi's being at a Caricom summit in the Bahamas, leaving some to ponder if the Feb. 17 events were an actual coup attempt or, at the very least, an effort by hidden forces to stir up problems. Although the Santokhi government quickly restored order, the riots are a new low point for the country. Three factors hang over the landscape. First is the economy: the downturn commenced during the final years of the Bouterse presidency, a period marked by considerable policy mismanagement, public sector debt build up and high-level corruption. In 2020, the Santokhi government

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Chile Begins Second Attempt at Rewriting Constitution

Chile on Monday began its second attempt at rewriting its dictatorship-era constitution as a panel of experts tasked with starting a preliminary draft was installed.

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Petroecuador Lifts Force Majeure Status

Ecuadorean state oil company Petroecuador said Monday that it had lifted a declaration of force majeure that had been put in place last month.

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POLITICAL

Colombian Senate Head Wants to Halt Talks With Drug Traffickers

Colombian Senate President Roy Barreras on Monday called on the government to halt talks with drug traffickers. The call came amid a scandal involving a son and brother of President Gustavo Petro.

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Barreras // File Photo: Colombian Government.

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POLITICAL NEWS

Chile Begins Second Attempt at Rewrite of Constitution

Chile on Monday began its second attempt at rewriting its constitution as a group of experts tasked with starting to prepare a preliminary draft of a new charter was established, Reuters reported. The second constitutional draft is expected to be more moderate than the first one, which voters overwhelmingly rejected in September and which would have been among the world's most progressive constitutions. The experts who were seated on Monday will work for three months on 12 institutional principles that lawmakers approved at the end of last year. Veronica Undurraga, an independent lawyer, was tapped as the panel's president. Also on Monday, a 14-member Technical Accessibility Committee, which will act as an arbitrator, was installed, Reuters reported. The panel will then present the draft to a Constitutional Council that is to be elected in May. The body will then work on the charter until it is put to citizens for a vote in December. Chile's second attempt at redrafting the constitution will entail a more limited process than last year's failed attempt, Patricio Navia, clinical professor of liberal studies at New York University, told the Advisor in a **Q&A** published Jan. 10. "Voters' rejection of the proposed constitution last September showed that Chileans wanted a new constitution, not a new country," said Navia. "This time around, the leaders of most parties with representation in Congress have agreed on a much more limited constitution writing process," he added.

Colombian Senate Head Seeks to Halt Talks With Traffickers

Colombia's Senate president on Monday called on President Gustavo Petro's government to halt talks with drug traffickers, saying that such contact harms the country's goal of implementing a "total peace" policy, Reuters reported. The top lawmaker, Roy Barreras, made the request after the president's brother and eldest son were accused of receiving bribes from drug traffickers seeking to benefit from government policies. Colombia's attorney general has opened an investigation of the two family members; they deny the allegations. In calling on the government to stop talks with drug traffickers, Barreras said they are counterproductive. "I ask the government to suspend all kinds of official or unofficial dialogue, conversation or negotiation with drug traffickers," said Barreras, Reuters reported. "They aren't necessary and they harm the noble purpose of total peace," he added. As part of his government's policies, Petro is offering criminal groups the ability to surrender in exchange for lesser sentences if they reveal their drug trafficking routes and hand over their earnings, the wire service reported. [Editor's note: See related **Q&A** in the Dec. 7 issue of the Advisor.]

BUSINESS NEWS

Guyana's Upcoming Oil Auction Draws at Least 10 Companies

An upcoming auction of offshore oil exploration blocks in Guyana has drawn at least 10 companies, including Petrobras, Chevron and Shell, Reuters reported Monday, citing unnamed sources with knowledge of the matter. Guyana is offering 14 oil blocks in an effort to spur economic development and reduce the dominance of its oil sector by ExxonMobil, the wire service reported. The country's government is planning to select the winning bidders next month. "We see this as big, transformative for our people. We are in a mad rush to get this done before net-zero comes," Guyana's vice president, Bharrat Jagdeo told Reuters Monday on the sidelines of the CERAWeek energy conference in Houston, referring to the U.N. target of drastically reducing the use of fossil fuels by 2050. Jagdeo said he planned to meet

NEWS BRIEFS

More Than 340 Migrants Found in Abandoned Truck Trailer in Mexico

Mexican officials found more than 340 migrants in an abandoned truck trailer, including 103 unaccompanied minors, in the state of Veracruz, BBC News reported Monday. The truck was carrying migrants from Guatemala, Honduras, El Salvador and Ecuador. The driver's whereabouts remain unknown. The incident represents one of the largest occurrences of migrant children traveling through Mexico. Last year, 53 migrants were found dead in an abandoned truck in the U.S. state of Texas.

Venezuela, Rosneft Seek to Increase Crude Output

Venezuela has devised a plan with Russian oil company Rosneft to increase crude production, the South American country's oil minister said Monday, Reuters reported. Following a meeting between the oil company's president, Igor Sechin, Venezuelan Oil Minister Tareck El Aissami tweeted that they sought to "increase crude oil production and advance new business opportunities." Sechin traveled to Venezuela on Sunday to mark the 10-year anniversary of the death of Hugo Chávez, who had been a close ally of Russia.

Brazilian Central Bank Launches Digital Currency Project

Brazil's central bank on Monday announced that it was launching a digital currency pilot project, Reuters reported. Through the project, the central bank is reportedly hoping to replicate the success of Pix, its instant payment system. Fabio Araujo, the coordinator of the initiative at the central bank, said the use of the new digital currency is likely to start at the end of next year. Until then, the currency will undergo a testing phase, he said.

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with officials of the U.S. government as well as executives of international and state-run oil firms in Houston. "Regarding Guyana's role in the energy transition, it can start by monetizing its gas reserves and ensuring that it replaces other dirtier forms of energy, such as coal or heavy fuel oil," Arthur Deakin, director of energy at Americas Market Intelligence, told the weekly Energy Advisor in a **Q&A** published Sept. 16. "It should also invest its oil revenues on climate mitigation and adaptation mechanisms within its own borders," he added.

Petroecuador Lifts Oil Industry's Force Majeure Declaration

Ecuadorean state oil company Petroecuador has lifted the force majeure on its oil industry that was declared last month following the collapse of a bridge, the company said in a statement on Monday, Reuters reported. The bridge collapsed in Napo province, southeast of Quito, and although the pipelines running parallel to it were not affected, their operation was halted as a preventative measure. Petroecuador suspended activity on its SOTE pipeline on Feb. 23, as did a private pipeline operator on its OCP Ecuador line amid heavy rainfall in the Amazon rain forest and worries of bridge debris damaging the tubes. The next day, the country's energy ministry declared force majeure, which typically involves protection against non-fulfilment of contractual obligations due to unforeseen circumstances. Crude oil represents Ecuador's primary export product—generating some $10 billion last year, or 10 percent of GDP. Petroecuador resumed pumping crude oil on March 1, and OCP Ecuador restarted operations on March 3. The state-owned company added that it expected to return to previous output levels in the "next few days," Reuters reported. Almost 95 percent of oil output has been recovered, amounting to some 374,000 barrels of oil per day. Amid recurrent problems with the same pipelines over falling rocks and mudslides, however, Petroecuador stated it would build new lines that are more resilient to the elements.

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inherited a debt default, a depleted treasury and rising inflation. It soon went to the IMF, which included making unpopular cuts in subsidies, leaving Surinamese to pay higher prices for electricity and other goods. Moreover, economic growth, hammered by the Covid-19 pandemic and hurt by higher food costs related to the Russo-Ukrainian War, has yet to recover. The second factor is ongoing anger over corruption. The riots point to an intensifying push-pull between traditional patronage behavior evident in much of the political class and a younger and internationally more aware younger generation demanding better government and accountability. Suriname can expect more pressure on this front. The last factor is that the country's political system is fragile: the ruling coalition recently lost its one-seat majority in parliament, pressure is mounting for early elections (currently scheduled for 2025) and the shadow of former President and dictator Desi Bouterse (sentenced to life imprisonment for murders in December 1982) hangs over the landscape. While the Santokhi government may still be the best path ahead for the country, Suriname has joined the ranks of other countries in the Americas where the storming of legislative bodies is on the menu of political options, and more tough times loom."

Aníbal Nicolás Saldías, analyst for Latin America and the Caribbean at The Intelligence Economist Unit: "Suriname is facing a difficult economic recovery after a period of mismanagement under the previous administration, compounded by the pandemic and the impact of the Russian invasion of Ukraine on commodity prices. In 2020, the economy contracted by 16 percent as the lockdown harshly affected the economy and fiscal consolidation left the Santokhi government with little ability to offset the large social and economic costs. A number of large devaluations of the Surinamese dollar since September 2020, cutting back on subsidies and high commodity prices related to the Russian invasion of Ukraine has kept inflation in the double-digits (55.5 percent in January), which has seriously eroded the purchasing power of the average Surinamese—increasing already high levels of poverty. Fiscal consolidation under the auspices of an IMF program (including the introduction of the VAT) has only further eroded living standards; indeed, a significant increase in fuel prices set off the protests. The outlook for the Santokhi administration is complicated as it is committed to fulfilling the requirements of the IMF program, which will further erode living standards. In addition, Suriname's economy is not expected to recover to pre-pandemic levels until the second half of the 2020s at the earliest. Making things even more difficult is that Suriname's large oil and gas reserves are not expected to start production until 2027, which will mean that austerity will continue to weigh heavily on governability, raising the risk of the return of a populist government for the election of 2025."

> **"The outlook for the Santokhi administration is complicated..."**
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> **— Aníbal Nicolás Saldías**

Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach: "As for most Latin American countries, Suriname's GDP is heavily dependent on mineral extraction—with gold representing 80 percent of exports. From 2001 through 2014, Suriname's GDP grew at 4.5 percent, thanks to strong world demand for commodities. But beginning in 2015, economic conditions began to deteriorate to the point that income per capita almost halved between 2014 and 2022; from $9,472 to $4,836. Deteriorating economic

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conditions have brought to bear a season of profound discontent with the government. Adding to this deteriorating economic and political environment, Covid-19 triggered an economic standstill that brought poverty and hardship. The government response to the world economic cycle has been to reduce public expenditures, including programs to fight poverty. But little or nothing has been done in terms of fostering Suriname's partnership with economic agents capable of inserting the nation into the worldwide value chain. Nearshoring or friendly shoring could ignite economic recovery in Suriname. With the United States badly needing manufacturing partners and digital workers to support economic rebounding, economic policies should aim to develop linkages with the emerging U.S. value chain. The Dominican Republic is on that track by developing trade related services that improve performance and lower costs to enterprises providing logistics services. Suriname and all Latin American nations that do not have large economies need to understand that today's economic success rests on two pillars: fiscal and trade virtue, and income-creating partnerships with private companies looking for alternatives to China to log manufacturing or digital tasks close to home, such as the United Stated. Should Suriname do nothing to increase income, the people's discontent could be used by non-democratic forces to seize power like they have done elsewhere in the region."

Sebastian Fernandez de Soto, analyst at Global Risk Analysis: "Suriname highlights the plight some countries currently face amid a debt crisis. The government has been engaged in negotiations with the International Monetary Fund for monetary assistance since 2020, due to effects from the Covid-19 pandemic. IMF assistance, since its inception, has depended on successful debt restructuring and the implementation of austerity measures. However, the current global situation has made this framework impossible for many countries experiencing high inflation and falling exchange rates. Suriname has renegotiated its debt with the Paris Club, a group of major Western creditor countries. However, negotiations with private creditors and China, the other major holders of Surinamese debt, have been unsuccessful, causing the IMF to pause the program and leaving Suriname at major risk of a fourth sovereign default since 2020. Meanwhile, the government has been forced to implement severe austerity measures that, alongside global inflationary effects caused by the Ukraine crisis, have increased the cost of living. The protests on Feb. 17 were in response to a reduction/removal of energy subsidies. The anger that erupted comes as no surprise from a population that has suffered from government over-spending and global events out of their control. With oil royalties not expected until early 2028, a short-term solution to Suriname's debt crisis is unlikely. Suriname's case reflects the challenges that many countries with high debt now face when loan restructuring is highly complicated. Multiple creditors and austerity measures cause increasing economic pain on a population already suffering from negative global economic conditions, all of which threatens countries' political stability."

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> **— Sebastian Fernandez de Soto**

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta.

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