

Summary

- State failure, contract alteration, and protest risks are likely to intensify across the Caribbean over the next quarter.
- The risk of terrorist attacks by ELN militants against Colombian state security forces and hydrocarbon infrastructure is likely to fall over the next quarter.
- Murder, robberies, and kidnapping risks are likely to increase in Haiti over the coming quarter as the UN peacekeeping mission withdraws.
- The ruling coalition is well-placed to increase its representation in Congress after the 22 October mid-term elections in Argentina, raising the likelihood of passing tax and labour reforms.

Detailed Analysis

Caribbean



(Photo by Mario Tama/Getty Images)

State failure, contract alteration, and protest risks are likely to intensify across the Caribbean over the next quarter.

Several Caribbean islands suffered fatalities and widespread destruction to property and infrastructure during Hurricanes Irma and Maria in September. The islands of Barbuda and Anguilla were each estimated to have suffered damage or destruction to over 90% of

buildings. Similar problems were reported on Dominica and on St Maarten (the Dutch part of the island). According to Germany's Center for Disaster Management and Risk Reduction Technology, the latter suffered an estimated USD2.5 billion of property damage. Puerto Rico, Turks and Caicos, and others suffered property damage, blocked roads, and electricity supply interruptions. The scale of destruction increases the risk that the affected states will prove unable to ensure the supply of basic goods and state services over the three-month outlook, leaving local populations vulnerable to communicable diseases such as cholera. Although international donors have pledged significant financial assistance, if such relief is slow to materialise (as in the aftermath of previous natural disasters), risks of widespread protests will increase, potentially forcing senior political figures to resign.



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Colombia

The risk of terrorist attacks by ELN militants against Colombian state security forces and hydrocarbon infrastructure is likely to fall over the next quarter.

On 4 September, Colombia's largest remaining insurgent group the National Liberation Army (Ejército de Liberación Nacional: ELN) and the government agreed to a temporary bilateral ceasefire from 1 October 2017 to 12 January 2018. The announcement indicates improving prospects for the peace negotiations, which began formally in February 2017 but have progressed slowly, partly as a result of the ELN's refusal to end kidnapping. During the outlook period, a significant reduction in hydrocarbon infrastructure attacks is likely, principally benefiting the Caño Limón-Coveñas (Occidental and Ecopetrol) pipeline in Norte de Santander and Arauca, which has suffered over 40 improvised explosive device attacks by the ELN since the beginning of 2017. A drop in kidnapping incidents is also likely, reducing risks to construction and hydrocarbon contractors and affluent or politically connected locals. Although unplanned engagements between the ELN and state security forces will probably occur, they are unlikely to undermine a ceasefire. However, the deliberate targeting of combatants by the opposing side or high-profile arrests or kidnappings would probably bring it to an end prematurely.

Haiti

Murder, robberies, and kidnapping risks are likely to increase in Haiti over the coming quarter as the UN peacekeeping mission withdraws.

The 2,370-strong United Nations Stabilization Mission in Haiti (MINUSTAH) is in the process of leaving Haiti, with complete withdrawal planned for 15 October 2017. It will be replaced by a six-month support mission consisting of approximately 1,000 officers, with a focus on training the Haitian National Police (Police Nationale d'Haïti: PNH) and on strengthening

institutions. The 14,000-strong PNH does not yet have the full capacity to efficiently tackle crime and contain protests, and is underfunded and suffers from corruption. Recruitment for a 500-strong army began in July, but it will face funding and training challenges before becoming fully operational. Security forces are unlikely to effectively fill the vacuum that MINUSTAH will leave over the coming quarter, raising crime risks, such as murder, theft, robberies, assault and kidnapping, that affect local and foreign nationals, including humanitarian workers – in August 2017, a US citizen was killed in a shooting in Pétion-Ville (a commune and suburb of the capital, Port-au-Prince). Security forces are also unlikely to be able to contain looting risks effectively following natural disasters.

Argentina

The ruling coalition is well-placed to increase its representation in Congress after the 22 October mid-term elections in Argentina, raising the likelihood of passing tax and labour reforms.

On 22 October, votes will be cast for one-third of the 72-seat Senate and half of the 257-seat Lower Chamber. If the results of the 13 August simultaneous and mandatory open primaries (Primarias Abiertas Simultáneas y Obligatorias: PASO) are replicated, which is likely, ruling coalition Cambiemos (Let's Change) will be the dominant political force nationwide and will slightly increase its representation in Congress. Although still short of a majority, the government would be better placed to negotiate with the moderate sectors of opposition Peronism in order to pass policy, including proposed tax and labour reforms. A tax reform would reduce the overall tax burden, including removing levies on financial transactions and reducing gross revenue tax, but no details have been revealed. The proposed labour reform would reduce labour costs, such as social security contributions.