



Strategic Insights: Guyana-Venezuela: The Essequibo Region Dispute

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While the rest of the world is concerned about the refugee crisis in Europe, the conflict in Syria, and the potential contenders in the U.S. presidential elections of 2016, there is a brewing dispute between Guyana and Venezuela in Latin America. As a result of this diverted attention, there are few reports regarding the instability of an already fragile region. The dispute between the two nations centers on the lands west of the Essequibo River of Guyana. This stretch of land covers 40 percent of Guyana's sovereign territory and, according to experts, is rich in gold, bauxite, diamonds, and other natural resources.

The dispute over control of the Essequibo region was initially settled by international arbitration in 1899, awarding the Guyana Government the region. However, the Venezuelan Government has rejected the final decision granting Guyana the Essequibo region; and, since the 19th century, it has been laying claim to this vast mineral rich area, alleging that the decision was fraudulent and therefore null (see map of Guyana).



Source: U.S. State Department. Available at www.state.gov/p/wha/ci/gy/index.htm. Accessed October 21, 2015.

This 117-year-old arbitration agreement was settled when Venezuela requested that the United States intervene on its behalf to settle the disagreement between Guyana and Venezuela. The United States obliged Venezuela's request for arbitration and nearly went to war with Britain "to force it to agree to arbitration to decide the border."¹ The arbitration committee was composed of two Americans representing Venezuela's interests, as well as "a Russian and two Britons."² The panel unanimously also specified that Guyana and Venezuela would observe and honor the final decision. That was 1899. Today, Venezuela claims that "the U.S. [was] one of those responsible for the arbitral fraud and was, therefore, responsible for the existence of the border controversy."³ The United States responded to those allegations by the Venezuela Government through its then ambassador in Guyana, Perry Holloway. According to Ambassador Holloway, "the controversy which continues to brew between the two countries, still warrants a peaceful resolution through diplomatic means." However, Ambassador Holloway has also reaffirmed that while the two countries "must maintain peace and adhere to international law," the arbitral decision of 1899 must be respected.⁴

Venezuela has been claiming title to Guyana's Essequibo region for years. However, there is an increasingly more confrontational stance between the two countries, to the point of raising the possibility of an armed conflict between the two nations. The tension was triggered on May 20, 2015, when the American oil giant ExxonMobil announced that it had found massive offshore oil and gas deposits in the Essequibo region.⁵ ExxonMobil discovered "recoverable hydrocarbon resources in its Liza-1 well at the Stabroek Block, with a commercial value in excess of US\$1 billion."⁶ The Essequibo basin and delta region amounts to over 150,000 square kilometers of territory—nearly two-thirds of Guyana's land area—claimed by Venezuela.⁷ Guyana is a small nation-state surrounded by two potential enemies due to border disputes, namely, Venezuela and Suriname. This announcement by ExxonMobil of the discovery of massive offshore oil and gas deposits represents an incredible economic boost to Guyana's economic well-being. According to the World Bank (2014), Guyana's gross domestic product (GDP) is roughly US\$ 3.228 billion. With a population of 763,900 based on 2014 estimates, Guyana's gross national income per capita has been steadily rising from US\$ 860 in 1996 to US\$ 4,170 in 2014.⁸

In a recent interview while visiting Washington, D.C., David Granger, Guyana's elected president as of May 2015, warned the world how a direct military confrontation with Venezuela could have a devastating impact not only to Guyana but also to the entire Caribbean region and the northern tier of the South American continent. According to President Granger, "Guyana at the moment is facing a challenge to its survival by a larger state."⁹



Source: U.S. State Department. Available at www.state.gov/p/wha/ci/ve/index.htm.

Accessed October 24, 2015

President Granger goes on to state that, “the present threat, if not resolved properly, if not resolved permanently, if not resolved peacefully could lead to deterioration of the security situation in the entire Caribbean and on the northern tier of the South American continent.”¹⁰ Guyana’s President Granger is also concerned about the recent decree signed by Venezuela’s President Maduro expanding Venezuela’s maritime borders and activating the so-called Atlantic ZODIMAIN (for Insular and Maritime Defence Zones).¹¹ This new decree would add “the entire Atlantic Ocean off the Essequibo Coast” to Venezuela’s territory.¹²

In his attempt to resolve the Essequibo dispute in a peaceful manner, President Granger has enlisted the assistance of the United States, Canada, the Caribbean Community and Common Market (Caricom), the Caribbean Association of Industry and Commerce (CAIC), the United Nations (UN) Secretary General Ban Ki-moon, as well as the Brazilian Government. The UN Secretary General Ban Ki-moon stated that, “his chief of staff would meet with Venezuela’s foreign minister and might dispatch a mission to both countries if there is interest.”¹³ The CAIC has gone even further in its support for Guyana in the Essequibo dispute, explaining that it is concerned over “the spurious claims by Venezuela to Guyana’s territory, especially its waters.” The CAIC further argues that Venezuela’s claims against the Essequibo region, in light of the discovery of massive offshore oil and gas deposits, constitute “an act of economic aggression against a small Caricom country which was reaching for the economic development of its people with the recent discovery of oil in its waters.”¹⁴ The CAIC has also pledged to support Guyana in its efforts for a peaceful resolution to the Essequibo dispute. According to a press release by the CAIC, the CAIC “pledged to support Guyana in the ongoing maritime border dispute with Venezuela. CAIC reaffirm its unequivocal support for the maintenance and preservation of Guyana’s sovereignty and territorial integrity.”¹⁵ The CAIC has also claimed that an attack against a Caricom state constitutes an attack on the territorial integrity of all member states and it must “be resisted by the entire Caribbean.”¹⁶

While the Caricom and the CAIC support Guyana in this dispute, another important regional organization in the Americas, *Mercosur* or *Mercosul* (Southern Common Market), has endorsed the territorial claims advanced by Venezuela. During its 33rd Regular Meeting and Special Meeting of the Parliament of the Common Market of the South held in Montevideo, Uruguay, from August 16 through August 18, the Mercosur Parliament (Parlasur) endorsed Venezuela's peaceful diplomacy to resolve the dispute. According to the statement found posted on the @EmbaVenUruguay account, "The Mercosur Parliament declares that it supports the peace diplomacy carried out by the Bolivarian Republic of Venezuela and President Nicolas Maduro, to look for a peaceful solution—within the framework of civilized dialogue—accepted by both parties, to the territorial dispute between Venezuela and the Cooperative Republic of Guyana. For this reason, the latter is urged not to grant concessions on the disputed territory."¹⁷

While at this stage there has been no act of aggression toward either Guyana's or Venezuela's territorial sovereignty and integrity, the belligerent rhetoric and provocations continue on both sides, and both countries have taken steps to show each other that they are prepared for war if necessary. Venezuela has deployed its troops near the border it shares with Guyana in an "operational deployment exercise." According to Venezuela's Defense Minister Vladimir Padrino Lopes, "Venezuela was conducting military exercises in the eastern part of the country because we [are] really preparing ourselves."¹⁸ However, when asked to specify what he meant by "we are really preparing ourselves," he was ambiguous in his explanation of what "we are preparing ourselves" meant within the context of a dispute between the two nations.

Guyana's Defense Force (GDF) is also on high alert following Venezuela's show of force toward Guyana. According to GDF's Chief of Staff, Brigadier Mark Phillips, Guyana is "ready to defend the country against any act of aggression at the country's border with neighboring Venezuela."¹⁹ He says the GDF is also "ready to defend the country" and that "troops at Eteringbang, Kaikan, and several observation posts along the Cayuni River, have been briefed." Furthermore, "specialized units at the GDF's Camp Stephenson at Timehri and Camp Ayangama, as well as other coastal and inland training posts, have also been placed on standby."²⁰ In light of recent territorial claims by Suriname against Guyana's New River Triangle territory and the Tigris triangle, and Venezuela's claims over the Essequibo region, Guyana's President Granger has announced a Total National Defense Policy (TNDP). According to President Granger, the TNDP provides the GDF and its commanders with, "all the elements and instruments of national power . . . to protect our territory."²¹ The TNDP focuses on the reorganization and strengthening of the GDF on five pillars: personnel, readiness, infrastructure, morale, and equipment, with emphasis on the Air Corps, the Coastal Guard, and the Engineer Corps.²² The TNDP "will give

regular and reserve forces the resources they need to perform their mission over the next five years. The President has instructed that the reserve force is never again to fall below the required 50% of regular force strength.”²³

The Essequibo region dispute between Guyana and Venezuela is a typical example of a post-Cold-War international system conflict. It is a dispute between a David and Goliath: Venezuela with its population totaling 30.41 million people against the small nation-state of Guyana with a population of approximately 764,000 people. In the eventuality of a war between the two nations, Venezuela will have the military, economic, and population advantage over Guyana. Fortunately, Latin America has been considerably peaceful in most countries of the region in some three decades after the return to democracy, despite some border disputes. A military conflict in the region would have a ripple effect, as other nations may take sides and enter the conflict on one side or the other due to solidarity based on ideology or organizational membership. This was evidenced by Guyana’s President Granger appealing to other nations in the region to support its claims against Venezuela based on their association as member states of the Caricom and in response to transnational threats.

The U.S. Government and its Army should play an important role in this dispute resolution, doing everything within their power to avoid a senseless war over the Essequibo region. The escalating violence between Guyana and Venezuela and the ongoing political polarization in the two countries could inhibit the success of U.S. and Guyana efforts to improve security and bolster growth and investment under the Caribbean Basin Security Initiative (CBSI). Furthermore, the United States and Guyana have worked together side-by-side on the CBSI on several important issues, such as combating drug trafficking and other transnational crimes that threaten regional security. A war within the region could invite transnational organized criminal organizations into the region and contribute to the drug trafficking and other forms of crime, including but not limited to human trafficking, mercenaries for hire, corruption, and illicit contraband of goods and services. Another potential consequence of a war between Guyana and Venezuela is the possibility of either country using irregular methods or asymmetrical methods during the escalation of the conflict. Irregular methods or asymmetrical methods describe “technique such as terrorism, guerrilla warfare, subversion, and cyberwarfare, which typically avoid direct confrontations with the military power of governments.”²⁴

A war between Guyana and Venezuela would have a devastating economic impact to both economies in light of their dependency of commodity exporting. Guyana’s main exports are rice, gold, diamonds, and bauxite. Venezuela is heavily dependent on the export of its crude oil. And, given the continuing decline in the price of a barrel of oil, Venezuela’s economy would be even more devastated than it is currently. The

International Monetary Fund (IMF) advisor for the Western Hemisphere, Elie Canetti, told reporters that the IMF's main concern "is that we know Venezuela is going through increasing financial stress, and oil prices have dropped from around US\$120 dollars a barrel to mid 70s a barrel and Venezuela is hugely dependent on selling oils."²⁵ The U.S. is Venezuela's largest trading partner and Guyana's most significant trading partner. Therefore, both Guyana and Venezuela have an interest in finding a peaceful resolution to this dispute without resorting to an armed conflict, which could destroy their economic engagement and bring much suffering and hardship to the region. As Guyana's President Granger pointed out during a speech given at the William J. Perry Center for Hemispheric Defense Studies in Washington, D.C., "if the threat currently being faced by Guyana over its territorial boundaries is not resolved promptly, permanently and peacefully, it could lead to the deterioration of the security in the small states of the Caribbean region."²⁶ Guyana's opposition leader, Bharrat Jagdeo of the People's Progressive Party/Civic (PPP/C), has called on President Granger to find a peaceful resolution to this dispute and to keep the UN involved in the resolution as much as possible.²⁷

According to the latest report by the UN Economic Commission for Latin America and the Caribbean (ECLAC), Latin America is at a crossroad as commodity exports continue to decline worldwide. ECLAC's Executive Secretary, Alicia Barcena, stated that "the region is at a crossroads: either it continues along the current path restricted by the global context, or it commits to a more active international insertion that favors industrial policy, diversification, trade facilitation and interregional integration."²⁸ Therefore, a regional conflict between Guyana and Venezuela would contribute to an already slow and deteriorating economic outlook for both nations in the future. Guyana and Venezuela must recognize that the dispute over the Essequibo region is not a zero-sum game. Despite their interstate rivalry, a diplomatic solution can be achieved for this dispute if both countries are willing to work together in the spirit of cooperation and accommodation. It will not be easy. However, an armed conflict is not the answer to a region already fragile where nascent democracies are attempting to consolidate their early gains after years of authoritarian bureaucratic governments.

ENDNOTES

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4. *Ibid.*,

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