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ESSEQUIBO AS AN ISSUE OF RISK OR OPPORTUNITY

Consequence of the Crisis in Venezuela

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## **INTRODUCTION**

Sometimes we can see opportunities while others can find risks. The limits between these words come up in a worldwide not very well-known region, in the south part of our continent, called Essequibo. Beyond those already known problems of South America – drugs, terrorism etc. – all the elements from a complex war environment are rising, and not silently. The intention of the presented study is to establish the link between the current problems in Venezuela, enlightened by three theories – The Predator State, Realism vs. Utopia, and Diversionary War – to the possibility of a conflict with Guyana, jeopardizing the interests of the United States of America (USA) and aligned with the interests of Russia and China in the region. It will provide some correlations and establish a proposal, based on the use of force, to solve the problem. This proposal will be contrasted by a counterargument, involving the building of cooperation, to prove its validity. Finally, it will answer the question: “could Essequibo’s contest play any role concerning the US and its rivals’ interests in that region?”, considering the need of increasing military actions in the region, by the United States, added to diplomatic and economic agreements, with the mediation of Brazil – historical partner from the USA. Both actions can ensure more effectiveness in avoiding some conflict in Essequibo, in order to keep stability in this promising place.

## **CRISIS AND CONTESTED BORDERS: THE SPARKS FOR BURNING**

### **Centennial Disagreement about borders**

The Venezuela crisis can spill over into in Guyana – and even into the USA. Due to its problems, Venezuela can look for alternatives, searching for more natural resources, and take advantage of an old territorial contest. Essequibo is a region that has a long period of quarrel, beginning in the colonial period, that now belongs to Guyana and corresponds to two-thirds of its territory, but Venezuela does not recognize it<sup>1</sup>. Its resources are at sea, like oil, and in the land, as gold, bauxite, diamonds and others. Three quarters of Guyana territory is covered with forests, meaning it can have a lot more wealth than those already known. Any evolution of the issue can bring a new conflict.

Venezuela expects for a chance to get Essequibo. Jose Sarney, former President of Brazil, shows his concerns about Venezuela’s rearmament and associates this to the issue. According to him, different from Brazil, which accepted the international arbitration mechanism, even with territorial losses, in 1904, Venezuela does not accept the Paris arbitral award from 1899,

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<sup>1</sup> Federica Paddeu; Brendan Plant, “The Dispute between Guyana and Venezuela over the Essequibo Region,” EJIL: Talk!, 11 April 2018, <https://www.ejiltalk.org/the-dispute-between-guyana-and-venezuela-over-the-essequibo-region/>, accessed 20 September 2019.

about Essequibo. Interestingly, the government website from Venezuela includes it as part of its territory, a region that corresponds to two-thirds of Guyana territory<sup>2</sup>. While Brazil was trying to negotiate with Guyana about roads and access to the Caribe Sea, Venezuela protested, claiming territorial sovereignty. In this claim, they presented a proposal to reopen the issue. In exchange for Brazilian support to the cause, they would give part of the conquered territory. Brazil refused immediately, in the name of peace and stability in the continent<sup>3</sup>. It is very clear that Venezuela just waits for the opportunity, deriving from good support, to make a more robust movement in this matter.

This threat can harm USA leadership in the region as its companies' investments. Recently, in 2018, there was an episode in which the Venezuela Navy intercepted a Norwegian ship, from the American oil company Exxon, that was conducting a seismic survey in the adjacent waters of Essequibo. Guyana claims that it is part of its exclusive economic zone, but Venezuela disagrees. The dispute is in the International Court of Justice (ICJ)<sup>4</sup>. Recent oil discoveries in the region have grabbed Venezuela's attention, since its economy is dependent on oil. The Stabroek Block<sup>5</sup> has an estimated capacity for six billion barrels and its exploitation is expected to be ready to start in 2020<sup>6</sup>. USA interests can be threatened by Venezuela's contest with Essequibo.

### **Dangerous environment and threatened interests**

The establishment of trade and security – that can bring development – demands the stability that will provide the ideal environment for the USA interests, in the South America region. But the threats to these interests are clear in Admiral Craig Faller's quote: "Russia and China are expanding their influence in the Western hemisphere, often at the expense of U.S. interests."<sup>7</sup> The

<sup>2</sup> José Sarney, "A questão de Essequibo," Academia Brasileira de Letras, *Jornal do Brasil*, 16 November 2007, <http://www.academia.org.br/artigos/questao-de-essequibo>, accessed 20 September 2019.

<sup>3</sup> Sarney. "A questão de Essequibo."

<sup>4</sup> Neil Marks; Vivian Sequera, "Venezuela navy confronts Exxon oil ship in Guyana border dispute," Reuters, 23 December 2018, <https://uk.reuters.com/article/uk-guyana-venezuela-oil/venezuela-navy-intercepts-exxon-oil-ship-in-guyanese-waters-guyana-idUKKCN1OM0BJ>, accessed 20 September 2019.

<sup>5</sup> The Stabroek Block, located approximately 120 miles offshore Guyana, is 6.6 million acres (26,800 square kilometers). The block is equivalent in size to 1,150 Gulf of Mexico blocks and contains multiple prospects and play types representing additional multi-billion barrel unrisks exploration potential. Esso E&P Guyana Ltd is the operator and has a 45 percent working interest, while Hess Guyana Exploration Ltd has 30 percent interest and CNOOC Petroleum Guyana Limited has 25 percent interest.

<sup>6</sup> Unknown author, "Multiple Prospects and Play Types Offshore Guyana," Hess, <https://www.hess.com/operations/exploration>, accessed 20 September 2019.

<sup>7</sup> Admiral Craig Faller, Commander, U.S. Southern Command, U.S. Senate Armed Services Committee. "Posture Statement of Admiral Craig S. Faller, before the 116<sup>th</sup> Congress Senate Armed Services Committee", 7 February 2019, 6-9, accessed 20 September 2019, [https://www.southcom.mil/Portals/7/Documents/Posture%20Statements/SOUTHCOM\\_2019\\_Posture\\_Statement\\_Final.pdf](https://www.southcom.mil/Portals/7/Documents/Posture%20Statements/SOUTHCOM_2019_Posture_Statement_Final.pdf).

SOUTHCOM Commander explains that “Russia spreads disinformation, collects intelligence on the United States, and project power.”<sup>8</sup> And argues that China softly handcuffs Latin-American countries, with loans that dominates their infrastructure, basically creating great dependence.<sup>9</sup> So, we can understand Russia and China’s policy of an approach to Maduro’s regime in Venezuela.

Blessing natural resources, as the abundance of commodities, can bring great progress. But it is very important to develop all sectors of the economy, avoiding dependence of this product and the tendency of misuse of this easy money, as a manner to conduct some policy aimed at hold on power, by one political group. This is what Keith Johnson criticizes about the bad administration, in Venezuela, when the author quotes: “the combination of plummeting oil revenues and years of government mismanagement has virtually killed off the country’s economy.”<sup>10</sup> Also, he explains the distortion of the use of the state-owned company to get popularity, like when “PDVSA<sup>11</sup> had been dragooned into producing and distributing milk and importing other basic foods, from cooking oil to rice and beans.”<sup>12</sup> Despite controversy, the bedrock for its policy is the struggle to keep power. It had and still has a great influence on all decisions of the government, internally and in foreign affairs.

All the misuse, between ups and downs, came to a final downfall in the rise of Chavez<sup>13</sup> (and carrying on with Nicolas Maduro<sup>14</sup>), a former military officer with little or no knowledge of oil and great scorn for the most efficient managers. However, the abuse and mismanagement brought to an unsustainable situation, that led Venezuela to a reduced capability of oil production and full crisis. Johnson says that the production, usually close to 3 million barrels per day, is close to 1 million<sup>15</sup>. Due to the debts imposed on the policy, the leftover oil is neither enough for its internal market.

Their practices alienated investments from democratic countries. Due to the crisis in the PDVSA, the government pretty much appropriated from the foreign companies, increasing high taxes and ruling the use of their operations bulks to PDVSA. Johnson states: “ExxonMobil and Conoco threw the towel and left... Yet many others, such as Chevron, found Venezuela’s

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<sup>8</sup> Admiral Faller. “Posture Statement.”6.

<sup>9</sup> Admiral Faller. “Posture Statement.”7.

<sup>10</sup> Keith Johnson, “How Venezuela Struck It Poor,” Foreign Policy, 16 July 2018, <https://foreignpolicy.com/2018/07/16/how-venezuela-struck-it-poor-oil-energy-chavez/>, accessed 20 September 2019.

<sup>11</sup> Petróleos de Venezuela SA.

<sup>12</sup> Johnson. “How Venezuela Struck It Poor.”

<sup>13</sup> President of Venezuela from 1999 till 2003.

<sup>14</sup> Current President of Venezuela.

<sup>15</sup> Johnson. “How Venezuela Struck It Poor.”

gargantuan potential so tempting that they accepted the punishing new terms”<sup>16</sup>. The administrative arbitrariness undermined their commitment to mutual development and bothered governments that try to preserve the good interests of its people, companies, and investors.

It does not only affect the economy: refugees fled to neighbor countries, disease spread, murder rates soared<sup>17</sup>, allegations of electoral fraud began<sup>18</sup>, and Maduro feared being deposed or killed<sup>19</sup> – culminating in an interim government, claimed by Juan Guaidó, recognized by more than 60 countries, including USA and Brazil<sup>20</sup>. So, due to its legitimacy’s threat, the reaction of the government still is unknown.

The pacific environment, propitious for trade, trust, and security, depends on the stability. However, currently, all the news about Venezuela concerns its refugees, starvation, political destabilization, economic failures and lack of compass. As always some are interested in taking advantage of the situation. China<sup>21</sup> and Russia<sup>22</sup> have got closer to Maduro, in a symbiotic relationship that offers commodities at advantageous prices and interesting geostrategic positions and influence in exchange for support in international forums and military support for power maintenance. It goes against the interests of the USA in the region.

## **THE FUELED THEORIES OF AN EXPLOSIVE BLEND**

### **Venezuela as a Predator State**

The Predator State is present in Venezuela, and it increases the possibility of a conflict. The abovementioned practices of the Venezuelan Government can be summarized as the “Predator State”, well defined by Manuel Castells as the use of the public machine and its sources of wealth, manipulating the power for selfish intentions, consuming all its resources for a privileged group and no commitments to the people and its future generations<sup>23</sup>. Using the external agents – foreign

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<sup>16</sup> Johnson. “How Venezuela Struck It Poor.”

<sup>17</sup> Johnson. “How Venezuela Struck It Poor.”

<sup>18</sup> Scott Neuman, “Venezuela’s Maduro Wins Boycotted Elections Amid Charges Of Fraud,” National Public Radio Inc US, 21 May 2018, <https://www.npr.org/sections/thetwo-way/2018/05/21/612918548/venezuelas-maduro-wins-boycotted-elections-amid-charges-of-fraud>, accessed 20 September 2019.

<sup>19</sup> Unknown author, “Venezuela’s Maduro may skip UN meeting over security fears.” AP News. 18 September 2018, <https://apnews.com/8c48497481f24e1c8c797d3f6ef41ea1>, accessed 20 September 2019

<sup>20</sup> Iva Andersen, “Foreign Policy, International, Labor, Latin America, Trump Administration, U.S., Venezuela,” Consortium News, 22 March 2019, <https://consortiumnews.com/2019/03/22/intl-trade-unions-condemn-recognition-of-guaido/>, accessed 20 September 2019

<sup>21</sup> Jesús Hermoso; María Victoria Fermín, “The Venezuela-China relationship explained,” SupChina, 07 January 2019, <https://supchina.com/2019/01/07/venezuela-china-explained/>, accessed 20 September 2019

<sup>22</sup> Daria Litvinova, “Russia in Venezuela: As Moscow accuses U.S. of “information war,” what is Putin’s role in the standoff?”, CBS News, 1 May 2019, <https://www.cbsnews.com/news/russia-in-venezuela-why-vladimir-putin-backs-nicolas-maduro-in-standoff-with-donald-trump-us/>, accessed 20 September 2019.

<sup>23</sup> Manuel Castells, *The Information Age: Economy, Society and Culture: End of Millennium (Volume III)*, 2<sup>nd</sup> edition, Blackwell Publishers LTD, 2000. 3v; 97-106.

governments and companies, attracted by the oil – and their money, the political party in the Government, aiming its perpetuation in the power, uses bribery, corruption, taxes, and arrangements for jobs. The military use of the force serves to give legitimacy, but the atmosphere is always suspicious<sup>24</sup>. Although Castells usually refers to some African states in this matter, we can also observe this phenomenon in Venezuela. These problems could remain inside the country. Moreover, when boundaries begin to be contested, to maintain the fuel to State machinery, the possibility of some external conflict increases greatly.

### **The contrast between Realism and Utopia**

There is a common-sense belief that virtue is in the middle. According to Carr, “the complete realist unconditionally accepting the casual sequence of events, deprives himself of the possibility of changing reality. The complete utopian, by rejecting the causal sequence, deprives himself of the possibility of understanding either the reality which he is seeking to change or the process by which it can be changed. The characteristic vice of the utopian is the naivety; of the realist, sterility.”<sup>25</sup> He follows, stating that the such longed-for equality – we can apply to men and States – is an ideology of the under-privileged, always trying to achieve the status of the privileged<sup>26</sup>. Those, who are not satisfied with the current status quo, will be always trying to change it, unless compelled by a major force that proves that, if do not surrender, would have more losses than those of the surrender<sup>27</sup>. He concludes that the utopic harmony of interest will always be contrasted by the realistic view that rarely exists a solution that is equally favorable for all and not harmful for anyone. The fail in being utopian is thinking that his interests – economic, political or social – are the same for others – countries included<sup>28</sup>. Therefore, peace will be only interesting for those interested in keeping the status quo.

There is an old saying suggesting that “when one doesn’t want to, two can’t fight”. Unfortunately, it does not fit to international relations. Calling for realism, Venezuela is not happy with the current situation of Essequibo. Maybe most Countries’ desire and recognition or even an international arbitration could bring the much-desired peace of the utopians. Maybe not. Venezuela suggests that the arbitrage was biased to the other side. The recognition was convenient for those

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<sup>24</sup> Johnson, “How Venezuela Struck It Poor.”

<sup>25</sup> Edward Hallet Carr, “The Twenty Years’ Crisis 1919-1939: An Introduction to the Study of International Relations”, 2 ed., New York – St Marin’s Press, 1954; 11-12.

<sup>26</sup> Carr. “The Twenty Years’ Crisis 1919-1939”; 13.

<sup>27</sup> Carr. “The Twenty Years’ Crisis 1919-1939”; 41-42.

<sup>28</sup> Carr. “The Twenty Years’ Crisis 1919-1939”; 51-53.

satisfied with the status quo, not for Venezuela. Once again, the realism proposal can be right, depending just on a good opportunity to Venezuela invade Guyana in attempt to annex Essequibo.

### **The example of the Malvinas**

The same elements present in Venezuela were seen in Argentina about 40 years ago. Weisiger explains that, after a military coup, the expected outcomes brought by the military junta did not well succeed, basically disappointing the people about the stability and growth of the economy<sup>29</sup>. And he follows saying that that military junta tried to give another kind of solution to the disappointing public: “A military junta in Argentina, that was steadily losing its hold on Power, distracted the public by launching an unexpected military adventure.”<sup>30</sup>. And he evaluates that: “This strategy succeeded in rallying the public behind the junta.”<sup>31</sup> Alejandro Dabat and Luis Lorenzano summarize that there was an economic, political and social crisis inside the Country<sup>32</sup>. Other similarities could be seen in the oppression used by the military, with a lot of criticism about human rights<sup>33</sup>. These same features conduct us to imagine that the consequences can be the same: a diversionary war in Essequibo.

Indeed, this study will not analyze some underestimation of the opposing forces, the strength of the conflict’s roots and reasons or consequences. On the other hand, understanding that the chosen period was just convenient for those who wanted to distract the Nation, to keep themselves in power. And this kind of “diversionary war” can be seen as the way out to Governments with internal problems, like Venezuela.

### **The proactive actions facing to stifle the fire**

All theories together show that conflict in that region is not only possible but probable. Russia is trying to reach a geopolitical place in the region, and China is searching for raw material, trades, and creating some dependence in the region. They have achieved such a success in Venezuela, and do not intend to give up from its achievements. They know that other countries are looking to this alliance, verifying if the support provided by these nations is trustworthy. These two nations can support Venezuela in its claim, diplomatically and militarily, and all the ingredients to the conflict are at disposal.

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<sup>29</sup> Alex Weisiger, "The Limits on Leaders: The Falklands War and the Franco-Turkish War. In *Logics of War: Explanations for Limited and Unlimited Conflicts.*", Ithaca; London: Cornell University Press, 2013; 181.

<sup>30</sup> Weisiger, " The Limits on Leaders: The Falklands War and the Franco-Turkish War."; 179.

<sup>31</sup> Weisiger, " The Limits on Leaders: The Falklands War and the Franco-Turkish War."; 179.

<sup>32</sup> Alejandro Dabat; Luís Lorenzano, “Biafra: The making of a nation,” Verso editions, 1984; 63-76.

<sup>33</sup> Weisiger, " The Limits on Leaders: The Falklands War and the Franco-Turkish War."; 182.

On the other hand, the United States must make a point that their “backyard” continues to be a peaceful place, with good opportunities for trade and far from military threats, mainly regarding the presence of assets from potential enemies. As stated in the realism theory, they must show that it will not permit any disturbance or threat to peace in that region, specially Essequibo, where the prosperous oil company Exxon is engaged to exploit commodities. The USA must show to Venezuela – and its allies – that they have more in losses than gains by causing problems to the USA – and consequently, to Guyana – interests in the region. The message must be clear, with exercises, patrols, and even some escorts to the ships operating in the region, evoking the so-called Doctrine Monroe<sup>34</sup> and its motto: “America for Americans”, moving away from Russian and Chinese involvement in the Essequibo issue.

### **ALTERNATIVE OR UTOPIA? RISK OR OPPORTUNITY?**

A complete realist is not able to see other exits beyond the use of the force in this disturbing scenario. But inside this large width between realism and utopia, there are some ideas to apply a better solution. It will depend on the will of the decision-makers, bias, heuristics and in a trustable win-win relation.

During the seventies, Brazil’s demand for energy was increasing. The search for alternatives took Brazil to its extreme west borders, due to the most favorable gradient of the river. The venue was the Paraguay river, the border between Brazil and Paraguay. The problem was that if Brazil built a power plant upstream, in the Brazilian territory, it could make Paraguay unable to build, in the future, one downstream. The solution was a binational power plant, attending both countries. The costs would be supported by Brazil, in almost totality – because BRAZIL was planning to do it – but the benefits would be worthy for both nations. Paraguay, with its smaller demand, would use your half of the energy production as needed. But extra energy without use, must be sold to Brazil, at cost price<sup>35</sup>. Despite costs in building, for Brazil, and restrictions in selling, for Paraguay, both countries win.

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<sup>34</sup> Monroe Doctrine, (December 2, 1823), the cornerstone of U.S. foreign policy enunciated by Pres. James Monroe in his annual message to Congress. Declaring that the Old World and New World had different systems and must remain distinct spheres, Monroe made four basic points: (1) the United States would not interfere in the internal affairs of or the wars between European powers; (2) the United States recognized and would not interfere with existing colonies and dependencies in the Western Hemisphere; (3) the Western Hemisphere was closed to future colonization; and (4) any attempt by a European power to oppress or control any nation in the Western Hemisphere would be viewed as a hostile act against the United States.

<sup>35</sup> Artur Oliveira, “A outra História de ITAIPU,” Defesanet, 16 April 2012, <http://www.defesanet.com.br/geopolitica/noticia/5648/A-outra-Historia-de-ITAIPU/>, accessed 11 October 2019.

Solutions like this would apply to Essequibo, once it was evaluated that has some untapped potential for hydroelectric energy<sup>36</sup>. About land, there are a lot to research yet. Maybe the agreement could include Venezuela, for example. Brazil would apply to its regional potency's potential, mediating interests and having its profits, according to its expertise in knowledge about building and managing.

Another good opportunity would be at sea, where an agreement between Venezuela and Guyana could start some oil exploitation in the controversial region, creating the environment for future discussions. If considered the low current capacity of PDVSA, Brazil could support the agreement in the same conditions from the power plant, suggested in the previous paragraph.

The USA would apply for the same role as Brazil, with funding and expertise, saving profits. However, if Brazil, a historical partner from the USA, could stay in the front, it would keep the USA in an advantageous situation, keeping other potencies, like Russia and China, less involved. Reinforcing the position of a partner country would be good for both, maybe even for the other litigants.

## CONCLUSION AND RECOMMENDATIONS

The presented study was divided into five sections. A brief introduction, in the first section. The second section analyzed the current problems in Venezuela and the historical quarrel in the region of Essequibo. The third section verified three theories that converge to the conflict as an end, comparing to its correlations in the presented situation, for the disputed area and it was proposed a realistic solution. In the fourth section, this realistic solution was contrasted by an idealistic solution.

In this fifth section, the conclusion, the intention is to fill the blanks of each proposal, providing some solution that could maximize its coverage, avoiding future conflict. Certainly, the Essequibo contest can play a role concerning the US and its rivals' interests in that region. And the solution is a key factor to show who calls the tune in the region.

There is no easy way out of this kind of contest. The conflict is possible. It can conflict with the USA's interests in the region. The alternative solutions proposed in the fourth session can be considered utopian for the reality of our current days. The Government from Venezuela has its interests and does not feel threatened, due to its alliances and agreements with Russia and China. On the other hand, the demonstration of power, realist option that compel the other party to avoid

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<sup>36</sup> Natalia Viana. "Hidrelétrica brasileira na Guiana serviria de apoio em disputa com a Venezuela," Pública – Agência de Jornalismo investigativo, 27 June 2011, <https://apublica.org/2011/06/hidreletrica-brasileira-na-guiana-serviria-de-apoio-em-disputa-com-a-venezuela/>, accessed 20 September 2019.

conflict by its unworthy estimated costs, would be effective. But, in this same line of thought, as soon as the unsatisfied party reach any small feeling that can achieve your goals, they will try to change the status quo.

Finally, the application of one of the proposals, alone, would let some doubt if it was the better decision or not. But the first does not exclude the second and vice-versa. The increase of the military actions in the region, by the United States, added to diplomatic and economic agreements, with the mediation of Brazil – historical partner from the USA – can ensure more effectiveness in avoiding some conflict in Essequibo.