

Summary

The ongoing Essequibo dispute between Venezuela and Guyana has become a reached security stage. Recent developments, including a British warship deployment as show of support for Guyana, triggered Venezuela's response with military show of strength. This reciprocal escalation, preceded by a recent referendum where Venezuela claimed popular support for sovereignty over the disputed Essequibo region, increases the risk of regional conflict. The military displaying poses security risks that may affect business interests in the region.

Recent events and developments

The Essequibo dispute involves a longstanding disagreement between Guyana, a British ally and former colony, and Venezuela, over a 160,000 square kilometer territory that was supposedly settled amicably in 1966. In 2018, Guyana requested that the ICJ (International court of Justice) open a case to confirm its right over the Essequibo. Despite Venezuela's challenge of the ICJ's jurisdiction over the case, a verdict in April 2023 rejected its challenge. Moreover, although the ICJ ordered Venezuela not to take any action that would threaten the status-quo, Venezuela held a national referendum on December 3 to claim sovereignty over part of Guyana, in which voters supported their country's claim to the Essequibo region by a wide margin. Since then, while the US announced joint military drills in Guyana on December 7, Maduro proceeded with legal maneuvers to establish a province in Essequibo and has directed the national oil firm PDVSA to issue licenses for extraction. The offshore oil reserves off Guyana's coast, previously discovered by Exxon Mobil promises 11 billion barrels. Furthermore, on December 29, the Royal Navy warship HMS Trent was deployed to Guyana as part of a series of "engagements in the region". In response to Britain's deployment, Maduro ordered the mobilization of more than 5,600 troops and launched a military exercise off the coast of the disputed region.

Impact assessment

The recent developments surrounding the Essequibo dispute have heightened the risk of military escalation between the adjacent countries in the wake of President Maduro's latest oil exploration efforts. Following Britain's deployment of the HMS Trent as a message of support to Guyana, Venezuela showcased its determination and preparedness for annexation and conflict through its display of military strength. This tit-for-tat military posturing increases the likelihood of tensions escalating into a more significant conflict along the borders, potentially affecting maritime commercial activities in the region. Taking into account the prospect for a military standoff, Brazil has already deployed additional troops on the borders with both countries, and has called for diplomacy, expressing concern about the weapons' demonstrations, and emphasizing the need to avoid actions that could undermine ongoing dialogue efforts. In light of these developments, there are potential risks for stakeholders operating in Latin America, as business operations around the contested area could be halted for safety reasons. Further monitoring of the situation and careful consideration of geopolitical dynamics will be crucial for assessing and mitigating potential impacts on business interests in the region.

Advice from Forth Global

- Ensure that all staff visiting Venezuela or Guyana complete a three-day HEAT course before deployment.
- Monitor local news and liaise with local partners to stay up to date on relevant developments.
- Avoid all non-essential travel to Guyana and Venezuela. If travel is necessary, staff should arrange their itinerary in advance and be prepared for emergency evacuations.

Customized advice

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