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HIGHLIGHTS

• **Political Developments** • **Economic Developments** • **Focus India-LAC**

Political Developments

2019 commenced with troublesome signs in some parts of LAC :-

- **Venezuela** saw a dangerous standoff between the sitting President Nicolas Maduro and Juan Guaidó, the President of the opposition-dominated National Assembly, who declared himself Interim President on 23 January, and was recognized as such by the US and about 50 other countries in Europe, LAC, etc. (see below)

- **Central America** saw much turmoil, not least on account of growing drug trafficking and gang violence, provoking thousands of families to walk hundreds of miles to the Mexico-US border in search of a better life. President Daniel Ortega held on to power despite massive popular opposition in **Nicaragua**. The violent street protests and consequent repression have left scars. **Guatemala**'s President Jimmy Morales rescinded, in early January, an 11-year old agreement with the UN to set up CICIG, an independent commission responsible for investigating organized crime and bringing even corrupt politicians to book. The decision was overturned by the Constitutional Court. Personally accused by CICIG, Morales refused to accept its jurisdiction. In neighbouring **Honduras** - with the highest homicide percentage worldwide - President Juan Orlando Hernandez got re-elected by manipulating the constitution. With his brother arrested for narco-traffic last November, he confronts a rejuvenated left-wing opponent, former President Manuel Zelaya.

- Right-wing regimes in power in **Colombia, Argentina and Brazil** face issues peculiar to their political history and ethos. All three have suffered economic downturns and are being wooed by a USA wary of China's growing influence. Colombia's fragile peace with the FARC is threatened by growing cultivation and processing of cocaine, and the continuing threat from 'demobilised' guerillas who have created criminal gangs, as well as the smaller insurgent group, ELN which has still to commence peace talks. Argentina's government struggles to prevent economic collapse and survive the next election. Brazil's new government needs to balance social divisions with the imperative need to energise the economy, while President Bolsonaro seeks to redefine his mission on the lines of Donald Trump, with a militarist/evangelist edge.

- **Bolivia**'s President Evo Morales cannot run for another term under the 2009 constitution, but a pliant electoral commission and constitutional court have permitted him to. In February

2017, a narrow majority of Bolivians voted not to permit his re-election. He may well win a fourth term in October 2019. Evo Morales, a tribal leader – in a country with a majority indigenous or mestizo population – and former union leader of coca leaf growers, has dominated his country less through coercion than through consent. Bolivia's economy grew at nearly 5% a year during his 13 years in power, double the Latin American average. Although it remains South America's poorest country, extreme poverty has fallen by more than half, according to the World Bank.

- **Ecuador's** President Lenin Moreno steers a middle path, more amenable to the LAC mainstream and **Cuba** faces renewed US hostility despite attempts at reform.

Venezuela's President Maduro was sworn in for a second term (2019-25) on 10 January, having won an election in May 2018 against a virtually non-existent opposition. On the day of the swearing in, the Permanent Council of the Washington-based Organisation of American States (OAS), to which all countries of the hemisphere, except Cuba, resolved "to not recognize the legitimacy of Nicolas Maduro's new term as of the 10th of January of 2019." The resolution was approved with 19 votes in favor (Argentina, Bahamas, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, United States, Guatemala, Guyana, Haiti, Honduras, Jamaica, Panama, Paraguay, Peru, Dominican Republic, and Saint Lucia); 6 against (Bolivia, Dominica, Nicaragua, Saint Vincent and the Grenadines, Suriname, and Venezuela); 8 abstentions (Mexico, St. Kitts and Nevis, Trinidad and Tobago, Uruguay, Antigua and Barbuda, Barbados, Belize, and El Salvador); and one absent (Grenada). Interestingly, Ecuador voted with the Lima Group, indicating a definite break with the left ALBA grouping. Surprisingly, Jamaica and Haiti voted against Venezuela, despite getting discounted fuel supplies from the PetroCaribe project. Venezuela has often condemned the OAS as a US-manipulated body and in April 2017 decided to leave it, effective April 2019.

Events unfolded rapidly with the US recognizing Juan Guaidó, a young opposition figure and president of the opposition dominated National Assembly, as the legitimate interim president, derecognizing the authority of President Maduro. President Trump refused to rule out the military option to effect regime change if necessary. This was followed by 19 of the 28 countries of the EU recognizing Guaidó, after a deadline to Maduro to announce fair presidential elections by 3 February was ignored. Opposition from Italy apparently blocked this from becoming an EU initiative. The Lima Group, 14 LAC countries which have condemned the Maduro regime on various occasions, also recognized Guaidó, putting further pressure on the Maduro regime. Mexico, which participates in the grouping, broke ranks on grounds of non-interference in internal affairs, an indication of the stance of the new government of left-wing President Lopez Obrador. Across Venezuela opposition-led rallies were held calling for Maduro to step down. There were cracks in the military façade, with several military officials, serving and retired, coming out in favour of Guaidó, although till end-February, the military refused to allow people to access US and EU emergency aid across the border. Maduro received planeloads of aid from Russia, mainly wheat consignments. 'Collectives', informal armed supporters of the regime were mobilised against opposition protesters. Earlier sanctions were imposed on Venezuelan oil exports – the US stopped buying over 500,000 barrels per day and exporting light oil critical for extracting Venezuela's heavy oil. Individual sanctions on targeted regime members are already in force. From 28 April transactions for purchase of Venezuelan oil are at risk in the US financial system. Payments approved by the US government will have to be made into an escrow account that cannot be accessed by the Maduro government.

On 7 February 13 countries comprising an International Contact Group, including the EU, met in Montevideo, Uruguay and pledged to "establish the necessary guarantees for a credible election process in the shortest possible time" and to ensure "the urgent delivery of assistance in accord with the international principles of humanitarian aid." Mexico and Bolivia did not sign the declaration.

Humanitarian aid that reached the Colombian frontier was reportedly blocked from entering Venezuela by the Maduro regime. The latest meeting on 25 February in Bogotá, Colombia was attended by US Vice President Mike Pence, the President of Guatemala and the Vice Presidents of Brazil and Panama, apart from Ministers from the Lima Group, who expressed support for Guaidó, also present. Maduro broke off all relations with Colombia. There is strong regional mobilisation against the Maduro regime, even as Russia, China and Turkey, stand by him. On 28 February a US resolution in the UN Security Council for ‘peaceful restoration of democracy in Venezuela’ got the required 9 votes but was vetoed by Russia. China and South Africa also voted against the resolution. A parallel Russian resolution condemning efforts at ‘regime change’ in Venezuela was only supported by China, South Africa and Equatorial Guinea.

On 1 January Jair Bolsonaro was sworn in as President of **Brazil**. Under heavy security (he was stabbed during the election campaign), he vowed that socialism would never return to Brazil. A third of his cabinet are former military, while his Finance Minister is considered ultra-conservative. Among the few heads of state/government in attendance was Israeli PM Netanyahu. Bolsonaro has withheld action on his earlier promise to move Brazil’s embassy to Jerusalem, in deference to Brazil’s economic ties with the Arab world.

On 4 February Nayib Bukele was declared winner of the presidential election in **El Salvador** with over 53 percent of the votes. The 37-year old former mayor of the capital city, San Salvador left the ruling FMLN party to fight on the ticket of the lesser known GANA party, and defeated both other establishment candidates on an anti-corruption platform. This is the sixth presidential election in a country known for organised crime, violence and a civil war that raged from 1980 to 1992.

Economic Developments

The UN Economic Commission for Latin America and the Caribbean (**ECLAC**) in a report released 15 January informed that **extreme poverty in the region** has risen since 2015 to 10.2 percent. The study, based on figures from 2017, found that while the proportion of poor people remained stable at 30 percent, the number of those in extreme poverty continues to rise, thus prolonging a trend observed since 2015. 62 million extremely poor is the highest for the region since 2008, according to ECLAC. Economic hardship has been a major factor of political upheaval in the region, sometimes throwing up populist governments claiming to champion the fight against corruption.

Focus India-LAC

Argentina’s President Mauricio Macri visited Delhi and Mumbai on 18 and 19 February to commemorate the 70th anniversary of diplomatic relations and revive a relationship that was stagnating before PM Modi’s visit in October last year for the G20 summit. Ten documents were signed - including cooperation in defence, space and nuclear technology - and a Special Declaration on Terrorism “particularly emphasizing the scourge of cross border terrorism”. Reflecting Argentina’s opposition to the G4 proposal for the UN Security Council expansion, the joint declaration after the talks made no mention of India’s claim but “reaffirmed the need for a comprehensive reform of the UN Security Council, including its expansion to make it more representative, accountable, effective, and reflective of the geopolitical realities of the 21st century”.

India’s Joint Venture of three public sector mining companies, Khanij Videsh India Limited

(KABIL) may be the spearhead for lithium mining in Argentina. Under a 2009 Agreement for Cooperation in the Peaceful Uses of Nuclear Energy, there is an ongoing Fission Molybdenum Project and a molybdenum plant to be built in Mumbai by the Argentine company INVAP by 2020. Argentina has the world's second largest shale gas deposits, but holds exploitation rights in government hands. ONGC Videsh Ltd (OVL) has entered into a memorandum of understanding with Argentina's YPF to analyze opportunities for cooperation in the upstream sector in Argentina, India and other countries. OVL has started exploration in nearly 50 blocks, while Oil India is working on 3 blocks in Argentina's major shale reserves. There was emphasis on renewable, particularly solar energy.

While Argentina is a significant trading partner of India, almost 90 percent of its exports comprise edible oils. After decades, Indian pharma managed to get a foothold in that market. Infrastructure projects in Argentina, and Argentina's agricultural exports were discussed - especially fruits.

On 25 January, the official spokesman of the Ministry of External Affairs, in response to a question from the media on the situation in **Venezuela**, said India was '.... closely following the situation...it is for the people of Venezuela to find a political solution...without resorting to violence...'. Clearly India will be interested in the fate of a regime which owes the Indian national oil company, OVL over 400 million dollars in back dividends and which exports over 25 percent of its oil production to India. Venezuela's Minister of Petroleum, Manuel Quevedo, visited India during Petrotech 2019, an event held every two years by the Indian hydrocarbons industry. The Venezuelans briefed the media claiming they would enhance their oil sales and supply oil to India in exchange for payment through currency or "other transferable methods and channels", interpreted as barter. In fact, the meeting with India's Minister of Petroleum was very short and apparently resulted in no commitments. US sanctions kick in from 28 April to bar payments to Venezuela for oil through the US financial system. India currently imports around \$6 billion worth annually, all of it by Reliance Industries and Nayara (former Essar), the latter majority owned by Russia's Rosneft. Exports to Venezuela have been less than \$100 million annually for several years. Quevedo's visit was noted by US National Security Adviser John Bolton who tweeted that nations and firms that supported the Maduro regime's theft of Venezuela's resources "will not be forgotten"