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## HIGHLIGHTS

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

### Political Developments

On 10 November, following two tumultuous weeks of protests, **Bolivia's** President Evo Morales, Latin America's longest serving leader, and the first indigenous president of Bolivia, resigned. The Attorney General alleged that irregularities found by the OAS audit - authorised by Morales - of the results of presidential elections held on 20 October, were crimes committed in the "tabulation of the official results". The vote count was suspiciously delayed and when finalised, the result showed Morales had the requisite 10 percent lead over his rival, which was not the case according to his detractors. There was also resentment against Morales's politico-legal ploy to get re-elected even after losing a referendum in 2016 seeking re-election. The powerful trade union Central Obrera Boliviana (COB), a Morales ally in recent years, also called on him to resign, to calm the country. The OAS recommended a fresh election, which Morales eventually agreed to, but by then the protests had gathered momentum.

The deciding factor was the revolt by the police force, and when the loyalist head of the armed forces joined them it was over for Morales, who called it a civic coup. He later accused the US of toppling him to seize Bolivia's abundant resources of lithium. The Acting Senate head, Ms Jeanine Anez, assumed the presidency, appointed an interim Cabinet and a new military command. Her regime was recognised instantly by the US and the Constitutional Court. Thousands of Morales supporters, mainly from indigenous communities, demonstrated in the capital and highlands. The parliament, dominated by Morales's MAS party, passed a law annulling the results of the previous and decreed new elections within 120 days after a new election commission is appointed, which will also decide on the eligibility of Morales's party to contest. Morales and his Vice President have already declared they will not contest.

Morales' departure deprives the Left of a powerful icon in Latin America. Mexico's President Lopez Obrador, Argentina's President-elect Alberto Fernandez, ex-president Cristina Kirchner, recently released ex Brazilian president Lula da Silva, Venezuelan President Nicolas Maduro, Nicaragua and Cuba voiced support for him. Russia denounced the 'coup' while Spain questioned the involvement of the armed forces. Trump claimed Morales's departure 'preserves democracy' and was a signal to the 'illegitimate regimes of Venezuela and Nicaragua'. Morales initially took political asylum in Mexico on 12 November and then Argentina. This led to Bolivia declaring the Mexican Ambassador in La Paz persona non grata, and expelled the Spanish CdA and a diplomat for assisting other asylum seekers. Spain retaliated by expelling three Bolivian diplomats. The new Bolivian regime withdrew recognition of the government of Nicolas Maduro in Venezuela, left the Union of South American Nations (UNASUR) - a bloc including all South American nations, formed in 2008 to settle disputes and promote cooperation - and the Venezuela/Cuba led Bolivarian Alliance for the Peoples of Our America (ALBA). It also expelled about 300 Cuban doctors who had served there for years.

**Chile**, where protest begun in October continue, will hold a referendum in April 2020 on whether to replace the current constitution, approved in 1980 under the dictatorship of Augusto Pinochet (1973-1990). The current constitution granted the state a subsidiary role in the provision of basic resources such as health, education and pensions, which were largely privatized and led to social protests and several deaths. If a new constitution is voted on - as is almost certain - the composition of the assembly will also be decided and elections will be held in October.

On 21 November **Colombia** joined a number of South American countries racked by popular and widespread protests against mis-governance, corruption and social inequity. A call to protest that day morphed by nightfall into a massive popular demonstration against the government. The popular local manifestation of discontent, the cacerolazo - banging of pots and pans all over Bogotá - spread to other cities. President Ivan Duque was taken by surprise and called for a national dialogue. His right-wing government - backed by former president and political strongman Alvaro Uribe and his party the Democratic Centre - is seen as out of touch with reality and lost heavily in recent local elections, especially the crucial mayoralty of Bogotá, to a progressive candidate. His attempts to dilute the 2016 accord with the leftist FARC guerrillas, hammered out by his predecessor Juan Manuel Santos - who got the Nobel Prize for it - has also caused resentment. Colombia's economy is growing at 3.3 percent, far above the regional average, and foreign investment, mostly in the mining and hydrocarbons sectors, is pouring in. But frustration has grown with double-digit unemployment, labour sector informality at around 50 percent, and rising cost of living with a severely devalued peso. Inequality in Colombia is worse than in Chile, Peru and Ecuador, according to analysts.

On 28 November Luis Lacalle Pou was formally declared elected President of **Uruguay** after a second-round vote. The conservative candidate of the National Party, and son of a former Uruguay president, defeated Daniel Martinez, the candidate of the Broad Front coalition which has ruled Uruguay for the past 15 years. Lacalle will take office on 1 March 2020 and is expected to usher in a more business-friendly regime than his leftist predecessors. Also of interest is his posture against the ruling regime in Venezuela, which the current regime refused to derecognise, going against majority opinion in Latin America and the Lima Group - over a dozen countries that have recognised the opposition Interim President Juan Guaidó as legitimate President. A country of only 3 million, Uruguay stood out in Latin America by approving abortion and gay marriage and pioneered the legalization of cannabis in 2013. It is considered relatively stable politically and financially, but economic growth is flat and needs to be revived.

On 8 November Luis Inacio Lula da Silva (Lula), former President of **Brazil**, was released from prison where he was held since April 2018, convicted for corruption. The release came close on the heels of the Brazilian Supreme Court decreeing that no one could be imprisoned before they had exhausted all their appeals. 74-year old Lula was one of the more popular and successful presidents of Brazil (2003-10) and could have won the elections in 2018 if he had not been convicted. There are several question marks on the two convictions, based on bribes and renovations to an apartment he does not own, by Brazilian company Odebrecht, at the centre of a massive scandal that has brought down several politicians. It remains to be seen if Lula can successfully fight his convictions and make a political comeback. President Jair Bolsonaro, who won after a campaign promising hard right policies, has lost much of his initial popularity.

At a summit of the truncated Bolivarian Alliance for the People of Our Americas (**ALBA**) in Havana mid-December, Venezuelan President Nicolas Maduro announced the re-launching of the Petrocaribe project. An initiative of former Venezuelan President Hugo Chavez, Petrocaribe provided discounted Venezuelan crude oil to allied nations in the Caribbean. The main beneficiary was Cuba but smaller island-states benefitted and were kept in political line. The project flourished in recent years with the decline in prices of crude oil and US sanctions on Venezuela. Founded in 2004 by Cuba's Fidel Castro and Hugo Chavez, ALBA is an alliance that once held sway over half of Latin America. With the exit of Ecuador in 2018 and more recently Bolivia, its membership has been reduced to Venezuela, Cuba and Nicaragua, apart from the island-states of Antigua and Barbuda, Dominica, Saint Lucia, Saint Vincent and the Grenadines, Grenada, and Saint Kitts and Nevis. The US and its allies attempt to woo the smaller members with promises of aid, targeting the regimes of the three larger members.

### Economic Developments

**Brazil** is consolidating its economic relations with **China**. After assuming charge in 2018, President Bolsonaro had accused China of 'buy Brazil' and vowed to change the course of Brazil's economic engagement. Under pressure from the beef, agriculture (mainly soya) and mining lobbies, which depend upon China's huge demand, and after a meeting in Brasilia with President Xi Jinping, he announced that "China is becoming more and more part of Brazil's future". China is Brazil's largest trading partner and had a \$25 billion trade deficit with the latter in 2019. Brazil is expected to also finalise approval for Huawei's entry into the Brazilian telecom market, defying the US which has put pressure on that country and others against trusting the Chinese company. During Bolsonaro's visit to China in October, according to Xinhua, the two leaders acknowledged that China's Belt and Road Initiative, which it has sought actively to include other LAC nations, "may be linked" to Brazil's own development initiatives, but Brazil did not make a clear commitment to sign up to the BRI. Meanwhile Trump reversed his threat to reimpose tariffs on steel and aluminium imports from Brazil.

**China** can also look forward to a higher profile in **Argentina**, with the newly sworn in, left-leaning administration of President Alberto Fernandez. A visit by President Nayib Bukele of **El Salvador**, whose administration shifted recognition from Taiwan to China in August 2018, yielded Chinese commitments of aid to build a stadium, library and water purification plants. Analysts however, claim that US pressure on central American regimes shifting closer to China has put brakes on more important China-backed projects, such as the renovation of the port of La Union. China's inexorable long march in the region continues. Several regimes in the region are promoting Chinese investments, as evident from the 13th China-LAC business summit in December in **Panama**, which saw participation of some 400 Chinese business people and around 600 from LAC. Early November **Jamaica's** prime Minister Andrew Holness met China's top leaders in Beijing and discussed Chinese investments. US assistance to Jamaica has come down to \$1 million in 2019 while the Chinese are active in transportation infrastructure projects, such as the \$730 million North-South Highway, connecting Kingston to Ocho Rios; the reopening of an alumina refinery (JISCO), and an upgrade of an industrial park. Plans exist for a children's hospital, two infant schools, and the new headquarters building for Jamaica's Foreign Affairs Ministry in Kingston. There has been some resistance on ecological and other grounds but it is clear China is weaning the country away from the US.

The UN Economic Commission for Latin America & the Caribbean (**ECLAC**), in its **Preliminary Overview of the Economies of Latin America** and the Caribbean points out 'Latin America is showing a synchronized economic slowdown at the country and sector levels...in 2019 growth in economic activity is slowing in 18 of the 20 countries of Latin America, and in 23 of the 33 countries of the Latin American and Caribbean region as a whole. The slackening of domestic demand...low aggregate external demand and more fragile international financial markets... growing social demands and pressures to reduce inequality and improve social inclusion... have emerged unusually forcefully in certain countries of the region.' It predicted the region will grow at 0.1 percent in 2019, revealing over the five-year period 2014-19 '...slowing economic activity, with falls in per capita GDP, investment, per capita consumption and exports, and a sustained decline in the quality of employment...' It forecasts slightly higher growth for 2020 at 1.3 percent due to 'historically low inflation and relatively large international reserves... historically low international interest rates.'

### Focus India-LAC

PM Narendra Modi was in **Brazil** 13-15 November for the **BRICS Summit**. This was his second visit to Brazil and also had a bilateral component. He invited President Bolsonaro to be the Chief Guest at Republic Day January 2020, which the latter accepted 'with pleasure'. This will be the third time a Brazilian President will be Chief Guest on R-Day, after F H Cardoso in 1996 and Lula in 2004. A sizeable business delegation accompanying PM discussed trade prospects, investments in agricultural equipment, animal husbandry, post-harvest technologies and biofuels, apart from space and defence. Brazil is the leading member of the Mercosur trade bloc in South America, with which India is negotiating expansion of a decade old preferential trade agreement. India and Brazil also aspire for permanent membership of the UN Security Council; collaborate in BASIC, G20, IBSA and other multilateral forums. PM welcomed Bolsonaro's announcement - during his recent visit to China - of scrapping visa requirement for Indians (and Chinese) visiting Brazil, thought the policy has still to be formalised. Brazil is the only country in Latin America with which India has a strategic partnership. It is India's largest trading partner and the most important investment destination for Indian companies in Latin America.

The **BRICS Summit in Brasilia** decided to open a regional office in India of the New Development Bank (NDB), opened by the BRICS in 2014 to provide concessional financing, with all five members contributing equally to its capital. On political issues, the Summit declaration expressed concern over the situation in Syria, the Middle East, the Korean Peninsula, Afghanistan, Libya and various parts of Africa, but steered clear of more controversial statements over Bolivia and Venezuela, largely because of the stand taken by Russia and China. Terrorism was also taken up through five sub committees, one of which was chaired by India.