

HIGHLIGHTS

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Political Developments

Venezuela's government and opposition representatives met in early July on the Caribbean island of Barbados for a second round of meetings. This round was also mediated by the Norwegian government and was facilitated by Enrique Iglesias, the European Union's mediator. Few details were revealed by either party, with the Maduro establishment maintaining its stand of willingness to talk, and the opposition continuing to demand Maduro step down and hold fresh elections.

On 5 August President Trump tightened the screws on the Maduro regime by imposing a total economic embargo. This was done through an executive order freezing all assets of the Venezuelan regime and linked entities and banning most economic transactions with them, allowing exemptions only for the provision of humanitarian aid and for official business conducted by the federal government. The order "blocks all property and interests in property" of the Venezuelan government within US jurisdiction, and authorizes sanctions "on persons who provide support" for the Maduro regime. The order will "restrict the entry into the United States of sanctioned persons". It directly targets those who undermine the country's opposition-controlled legislature, the National Assembly or Juan Guaidó, who swore himself in January as Interim President. By this time the government and opposition delegations had held two rounds of talks in Barbados. On 8 August Maduro cancelled official participation in the third round, claiming the opposition had supported the embargo. UNHCHR and former President of Chile, Michelle Bachelet soon after issued a statement criticising the added sanctions, claiming they would have a "potentially severe impact" on the human rights of the South American nation's "long-suffering" people (see para below also).

UN High Commissioner for Human Rights (HCHR) visited **Venezuela** in June at the invitation of President Maduro, who welcomed her in the hope of gaining some legitimacy. On 4 July her report, mandated by the UN Human Rights Council, stated that 'over the last decade – and especially since 2016 – the Government and its institutions have implemented a strategy "aimed at neutralizing, repressing and criminalizing political opponents and people critical of the Government."' A series of laws, policies and practices has restricted the democratic space, dismantled institutional checks and balances, and allowed patterns of grave violations. The report also highlights the impact of the deepening economic crisis that has left people without the means to fulfil their fundamental rights to food and health, among others.' Bachelet, who can by no means be considered a puppet of the US – as alleged after the report by the Venezuelan establishment - having suffered torture under Pinochet's dictatorship in Chile in the 1970s, relied on 558 interviews. The report documents extensive violations of human rights in Venezuela. 5287 deaths were recorded by the government over 'resistance to authority' in 2018, while 66 were at the hands of 'colectivos' or pro-government militias during protests January-May 2019. ([UN Human Rights report on Venezuela urges immediate measures to halt and remedy grave rights violations](#))

Bachelet had cordial relations with former Venezuelan President Hugo Chavez and was at times accused of siding with Venezuela when she was President and head of the regional grouping UNASUR. The report comes as a shot in the arm for supporters of Juan Guaidó but commits the UNHCHR to engage with the Maduro regime to improve living conditions. It will probably not have much impact on the ground reality, with the Maduro regime still counting on the support of the armed forces, even as the US and its allies squeeze it economically.

On 29 August, the **Colombian** peace process between the government and the guerrilla group FARC, finalised with great difficulty in November 2016 – which resulted in the Nobel Peace prize for then President Juan Manuel Santos – was in danger of unravelling. FARC guerrilla's former deputy chief negotiator Ivan Marquez appeared in a video broadcast nationally claiming he and some followers were taking up arms again in response to what they described as the state's betrayal of the Havana agreement that saw the movement's apparent disarmament. When the deal was signed, more than 7,000 FARC fighters laid down their arms, while a similar number of "milicianos" (urban collaborators) and combatants were imprisoned. Though the bulk of the FARC is understood to be behind the chief negotiator, Rodrigo Londono, who denounced Marquez's move, close to 1800 guerrillas are reported to be outside the peace process and could well take up arms and participate in the drug trade to finance themselves. There is a lot of resentment at steps taken by the government of conservative President Ivan Duque, who had opposed the agreement when it was signed principally the provisions of amnesty and restitution. The reversion to guerrilla fighting will affect the political economy of Colombia as coming months will reveal.

On 11 August **Guatemala** elected, in the second round of voting, Alejandro Giammattei as President by a wide margin of 59 percent to 41 percent for his opponent Sandra Torres. The centre-right Giammattei is believed to be close to the outgoing dispensation but has vowed to fight the corruption and lawlessness which have plagued the country of 17 million for years.

Argentina hosted the second Hemispheric Conference on terrorism, attended by foreign ministers of around 20 countries in the region, including US Secretary of State, Mike Pompeo. Pompeo signed onto an alliance with Argentina, Brazil and Paraguay to counter terrorist activities – especially Hezbollah, which is believed to have a presence in the triple frontier area of the 3 South American countries. The alliance could include more members in future. Pompeo also discussed the threat to the region from Venezuela, Nicaragua and Cuba, calling upon others to take Argentina's lead.

The presidential primaries in **Argentina** – a dry run for the elections in October – saw President Macri lose by a massive margin: 32 percent to 47 percent for his opponent Alberto Fernandez, of the Peronist party Frente de Todos, who is backed by his running mate and former president Cristina Kirschner. This caused a steep drop in the peso and the stock exchange. The result, which points to the distinct possibility of a left-wing victory in October and a defeat for the business-friendly government of Macri, had strong economic repercussions and may well change the political complexion of the region, since a return to power by Cristina Fernandez is considered a threat by right-wing and even centrist regimes, not to mention the US.

The Helms Burton Law, or Libertad Act targeting **Cuba**, passed by the US Congress in 1996, authorised legal action against entities dealing in or profiting from US properties expropriated by the revolutionary Cuban government. Title III of the Act, which gave it teeth, was held in abeyance by successive US administrations to avoid causing friction with allies, such as the European Union, some of whom view it as overstepping American jurisdiction. In April President Trump allowed Title III to enter into force. Texas based oil company EXXON Mobil – successor of the expropriated Standard Oil - filed a suit in a US court for \$280 million in damages against the Cuban government, which vowed to defend itself in US courts.

Four Iran flagged cargo ships were stranded in **Brazil's** Paranagua and Imbituba ports for months because they do not have fuel to return to Iran. The ships - which brought fertiliser to Brazil and were to load corn for Iran - were Specially Designated Nationals (SDN) by the US government, which would impose sanctions on the Brazilian oil company Petrobras if it supplied fuel oil to them. Food is not covered by U.S. sanctions, and Iran is one of the largest buyers of Brazil's agricultural commodities, importing more than 2.5 million tonnes of Brazilian corn this year — more than any other country. The incident highlights the long tentacles of the US sanctions regime, its impact on world trade, and the vulnerability of companies like Petrobras which is listed on the US stock exchange. Iran immediately demanded the ships be refuelled and threatened to retaliate by stopping purchases from Brazil.

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Economic Developments

The Presidents of **Mercosur** – Brazil, Argentina, Uruguay and Paraguay – along with the Presidents of Bolivia (an associate member) and Chile met in Santa Fe, Argentina for a summit on 17 July and committed to fast track the recently signed trade deal with the EU. The deal has galvanised the bloc to think of even closer integration within its own borders. Mercosur also finalised the text of a free trade agreement with the European Free Trade Area (EFTA – Iceland, Liechtenstein, Norway and Switzerland) in talks late August. Though details are not immediately available the agreement provides for gradual reduction and elimination of tariffs on products of mutual interest. A decade old partial tariff agreement with India is also due for amplification.

Brazil's lower house of parliament on 12 July passed the vital and long-delayed pension reform bill by 379 votes against 131. The overwhelming victory was possible due to votes of members of the centrist and even left parties who admitted the necessity of this reform for Brazil's economic future. The bill basically mandates a retirement age of 62 years for women and 65 for men, with compulsory 40 years of service, though there may be further negotiation on this. The reform is expected to save the stagnant Brazilian economy around US \$ 300 billion over the next 10 years. More importantly, it signals the intent of a discredited political class to address genuine problems.

The UN Economic Commission for Latin America & Caribbean (ECLAC), in its report released in August, reported that flows of FDI to the region totalled \$184.29 billion in 2018, still below the values recorded during the height of the commodity boom. Much of the increase in **FDI** went to Brazil and Mexico, which accounted for 48 percent and 20 percent of total inflows respectively. FDI flows to Brazil totalled \$88.32 billion, up 25.7 percent from 2017, while FDI in Mexico amounted to \$36.87 billion, up 15.2 percent. Argentina received \$11.87 billion, up 3.1 percent from 2017, followed by Colombia (\$11.35 billion, down 18 percent), Panama (\$6.58 billion, up 36.3 percent) and Peru (\$6.49 billion, down 5.4 percent).

Brazil and the EU headed for a confrontation in August with France, backed by others, openly criticising the Bolsonaro government's inaction over the forest fires that blazed several weeks in the Amazon, destroying thousands of hectares of virgin forest. Initially Bolsonaro brazened it out, claiming Brazil owed nothing to the world and the fires may have been set off by NGOs. He finally sent in the military to put them out when France threatened to block ratification of the recently signed EU-Mercosur free trade agreement. The agreement has been finalised after two decades of negotiations after Mercosur accepted terms that involved inter alia environmental protection. With European governments and enterprise suspending purchases from Brazil, and pressure mounting to do something about the fires, this is yet another example of how interlinked and interdependent the world has become, not to mention Brazil's vulnerability and dependence on international, especially agricultural trade. Unlike other regimes, the Bolsonaro government will find it difficult to turn to China to alleviate the pressure.

Focus India-LAC

The informal meeting on 12 August in the **UN Security Council on Kashmir** was preceded by active diplomacy with **Peru and the Dominican Republic**, two Latin American countries on the Council. Both countries supported India fully, not supporting the move for the UNSC to take the matter on its formal agenda; calling for peaceful dialogue between India and Pakistan and avoidance of the use of force. Minister of State External Affairs, V Muraleedharan, visited both countries late August - with a weekend transit in **Colombia** - to thank them for their support – and doubtless ensure the matter does not come up again. He also visited **Argentina**, which is a member of the Human Rights Council, where Pakistan could be expected to take up the matter, especially in the light of a recent report of the UN HCHR criticising inter alia the human rights situation in Jammu and Kashmir.

Reports of Indians trying to enter the US illegally highlighted a problem that has existed in LAC for years, though on a limited scale. **Ecuador**, which in 2007 abolished visa requirements for all nationalities, has been a destination for Indians – mainly from Punjab – trying to enter the Americas/US. There is also the problem of Venezuelan refugees streaming in. After trying to impose informal controls Ecuador finally announced it was introducing visas for Indians and some other nations in South Asia and Africa, and Venezuela.