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**JANUARY 2020 | VOL 06 | ISSUE 01 | BI-MONTHLY**

## HIGHLIGHTS

- **2020 In Perspective**
- **Political Developments**
- **Economic Developments**
- **Focus India-LAC**

### 2020 In Perspective

The year ended badly for most of the region. While the COVID pandemic had much to do with the political and economic slide, much of the blame could be laid on the inability of the region's leaders to maintain political stability and coordinate economic policies. Violent demonstrations in Chile, Colombia, Bolivia, Argentina, Peru, Guatemala, Haiti and elsewhere were symptomatic of popular resentment against the establishment. Brazil was polarized between those who believe Jair Bolsonaro is the right leader, and a fractured opposition that cannot come up with a viable alternative. Venezuela entered 2021 congealed in an economic sinkhole, worsened by a hapless opposition that allowed Nicolás Maduro to regain control of the National Assembly. Mexico's leftist leader, Andres Manuel Lopez Obrador, did not appear up to the task of governing credibly and efficiently.

Honest institutional attempts to roll back the tide of corruption were ineffective in Central America, Brazil, Colombia, the Caribbean and elsewhere. Debt-ridden governments in Argentina, Venezuela, Peru, Bolivia and elsewhere turned increasingly to China to rescue them, and signed up to the Belt and Road Initiative. Migration from countries facing disaster increased as the US government shut down access to over a million Central Americans. The war on drugs saw successes – such as the arrest and extradition of Mexican druglord El Chapo, to the US - but also setbacks, such as the backing down over the arrest of his son, when cartel members unleashed a violent assault; and release of General Salvador Cienfuegos (former Mexican Defence Minister and don of the Mexican narcomafia) by the US after his arrest, at urging of the Mexican government.

Some bright moments included the election of Luis Arce in Bolivia, a year after a coup had unseated his leader and predecessor, Evo Morales; election of Chan Santokhi in Suriname, unseating the criminally charged incumbent Desi Bouterse; the affirmation of election of the opposition in Guyana, months after an election contested by a dishonest government, and discoveries of huge hydrocarbons deposits in Guyana's offshore; a referendum for a new constitution in Chile, a sign of the country's political maturity; and a settlement by Argentina's new centre-left government with its creditors. The region has much ground to cover to catch up with a world that is leaving laggards behind. Lower commodity prices; demanding conditions for foreign investment – such as environmental and labour standards – from the developed world; increasing emphasis on governance to tackle corruption, narcotrafic and other Latin American afflictions, leave the region's political economies at the mercy of Russia and China.

The impact of **COVID 19** was severe, the region ending 2020 with over **15 million cases and over 500,000 deaths**. The worst hit were Brazil (7.6 million cases, around 200,000 deaths) and Mexico (1.4 million cases, around 125,000 deaths). Mexico and Chile began vaccinating with the Pfizer vaccine, while Bolivia went with the Russian Sputnik and Brazil debated over the Chinese and other vaccines. Most countries entered 2021 with strict lockdowns to combat second and third waves of infections.

The UN Economic Commission for LAC in its report released 16 December predicted the economy of the region will grow 3.7% in 2021, after a 7.7% contraction this year. Even before the pandemic, Latin America posted growth of 0.3% on average in the six years to 2019.

### Political Developments

**Venezuelan** President Nicolás Maduro consolidated his power as his party won elections to the National Assembly in December, after the main opposition party boycotted the vote. A day after the election, the government-sponsored National Election Council declared that the official candidates had won 67 percent of the seats. Only 31% of 20 million eligible Venezuelans voted, down from the record turnout of 74.2% in the 2015 parliamentary elections, when the united opposition won a two-thirds majority. Aside from the 167 sitting members, the new National Electoral Council increased the number of seats by 93, for a total of 277 deputies. The opposition had split before the election, with some prominent opposition leaders insisting on participating. The Popular Revolutionary Alternative coalition, which groups together opposition parties that contested the elections, won 944,665 votes, or 17.95 percent. The [Lima Group](#), about a dozen Latin American countries opposing Maduro, the [International Contact Group](#) (Europe + LAC), the [European Union](#) and the [United States](#) rejected holding parliamentary elections in 2020 "without free or fair conditions". Russia, China and Cuba welcomed the election results, as did the former Presidents of Ecuador, Rafael Correa and Bolivia, Evo Morales, who witnessed the election.

A sudden political move by the opposition in **Peru** led to the resignation of President Martin Vizcarra on 9 November. Vizcarra had survived an impeachment motion a few weeks earlier in the unicameral parliament, but the opposition managed to pass a "vacancy motion" based on accusations that he committed acts of corruption several years ago as governor of a province. Vizcarra has counted on the support of the military and tremendous popularity ratings, but could not hold off his political opponents till the next general election in April 2021. Peru has jailed five former presidents since 2000. The motion to dismiss Vizcarra for "moral incapacity" needed 87 of the 130 votes, and got 105 in favour. Vizcarra vowed to redeem himself in the courts. The parliament swore in the Speaker Manuel Merino, a member of the centre-right Popular Action party as interim President, who had to resign days later as protests broke out. Francisco Sagasti, a centrist politician, was then sworn in as interim President. Apart from the COVID 19 crisis in 2020, Peru confronts structural problems, many related to organised crime, including narcotics (coca cultivation, cocaine production and distribution), illegal mining and human traffic. Most analysts attribute the political situation to incestuous political manoeuvring in a Congress packed with corrupt politicians, and an outdated constitution that permits the Congress to remove a president if interested parties can muster sufficient votes.

The election of Joe Biden in the **United States** opened up prospects for a more active, less hostile - or indifferent - relationship with Latin America and the Caribbean. Key countries like Brazil, and surprisingly Mexico, held back on congratulating Biden till it was clear the outcome was inevitable. Bolsonaro's obsession with Trump was obvious when he declared on 29 November "I have my sources of information that there really was a lot of fraud. Was it enough to define one or the other, I don't know, and I am holding back a little more." The attitude of Lopez Obrador in Mexico raised eyebrows, though admittedly Mexico has more to lose than any other country from hostile moves even by a lame duck Trump administration. The regimes in Venezuela and Cuba were quick to welcome the election result. Oil industry reports indicate an uptick (over 600,000 barrels per day) of crude oil shipments by Venezuela in December, mainly to China, and a flotilla of 10 Iranian tankers heading to Venezuela with refined products and to load Venezuelan crude. Biden had declared he would follow Obama's policies towards Cuba, but with a divided Congress it remains to be seen how far he can go, apart from restoring some freedoms and removing some restrictions imposed by Trump on travel, investment, etc. Latino votes for Trump (mainly in Florida from ex Cubans and Venezuelans) may carry influence, though most analysts feel Biden's views on migration, climate change (an international coalition to protect the Amazon from Bolsonaro's policies), and other issues of concern to LAC will outweigh any political consideration. The Ninth Summit of the Americas, to be hosted by the US in 2021, could provide an important forum to monitor the future trend of US influence in the region. The Summit takes place once every three years and is the only meeting of all leaders from the countries of North, South, and Central America and the Caribbean. This will be the first time the United States has hosted the Summit since the inaugural meeting in Miami in 1994.

On 11 November, exactly one year after he was taken to Mexico in a Mexican air force plane, Evo Morales addressed a huge crowd of his supporters, after returning in triumph to his home town of Chimore in **Bolivia**. His former Finance Minister, Luis Arce had just been sworn in as President, and his detractors were nowhere to be seen. The return of Morales, and his party Movement towards Socialism (MAS) is not seen as a full-fledged left-wing resurgence, given that the economy grew under his stewardship for over a decade, and Arce is seen as a pragmatic economist. Morales did denounce some vested interests for wanting to exploit Bolivia's lithium reserves without adding value within the country, claiming they had ousted him. There will be close connection between the Bolivian government and those in Mexico and Argentina - which gave Morales succour in his hour of need - as well as Venezuela, Cuba, Nicaragua and a few others. The presence of the conservative presidents of Colombia and Paraguay, Iván Duque and Mario Abdo Benítez at his inauguration was significant. Arce claimed he would be "leaving matters of ideology and politics to one side... do good business with our neighbours." He also declared "Comrade Evo is the MAS (political party) president and that will be his role ... But I will lead the government."

### Economic Developments

In December the presidents of **Guyana**, Irfaan Ali and **Suriname**, Chandrikapershad Santokhi, announced two major joint venture projects: a bridge across the Corentyne river to link the two countries, and the construction of a US\$1 billion offshore base to support huge oil discoveries in the Guyana-Suriname basin of more than 10 billion barrels of oil. The two countries are among the three Caribbean nations - along with Trinidad and Tobago - with significant Indian-origin populations - and Indian-origin leaders currently in power. Land and sea territorial disputes have caused military skirmishes and tension between the neighbours in the past, but successive governments were sufficiently restrained to not go to war - unlike other countries on the South American continent. Having settled their maritime boundary dispute in September 2007 under arbitration by the United Nations, they agreed that their joint Border Commission will continue to examine ways of resolving the land border dispute over an area known as 'the New River Triangle'. Both governments are also conscious of the impact their cooperation can have on strengthening integration among the 15-country Caribbean Community (CARICOM) which consists of dispersed island territories for the greater part, and spends around \$ 5 billion on food imports.

**Brazil's** National Institute for Space Research (INPE), put the loss of vegetation cover in the Amazon rainforest, which covers about 60 percent of Brazil's territory, at 11,088 square kilometers (4,262 sq. mi.) over the past year, an area larger than Lebanon or Jamaica. Another study released on 7 December revealed that deforestation in the Amazon destroyed an area bigger than Spain from 2000 to 2018, wiping out eight percent of the world's biggest rainforest. This level of deforestation is alarming the international community and putting pressure on the Brazilian government, especially with the advent of a climate-conscious democratic administration in the USA. The EU's envoy in Brasilia said in December that until Brazil makes a political commitment to curb deforestation in the Amazon rainforest, the trade deal between the European Union and South America's MERCOSUR trade bloc will not advance toward ratification in Europe. The authorities claim they are doing their best and the deforestation is taking place on private or unoccupied lands. In May, the Brazilian government launched operation "Green Brazil II" to pursue people committing environmental crimes in the Amazon. 3,400 army troops are involved until April 2021, although results have yet been seen, according to environmentalists.

### Focus India-LAC

India's Hyderabad-based private pharma company Bharat Biotech discussed in November with Brazil's Ministry of Health, the possibility of licensing in **Brazil** for the COVAXIN coronavirus vaccine it is developing, along with a transfer of technology. The company, which has commenced third stage trials, is confident the vaccine could be ready by the second quarter of 2021. Bharat Biotech has sold a Hepatitis B vaccine and is developing others for Zika and Chikungunya, two other diseases rampant there. Brazil became the first Latin American country to receive a COVID vaccine in mid-November, the first 120,000 doses of CoronaVac, under a deal with its developer, China's Sinovac Biotech, which tested the vaccine on 13,000 Brazilian volunteers. The agreement covers imports of the vaccine and technology transfers for its development in Brazil by the Instituto Butantan, a biomedical center that is the largest manufacturer of vaccines in the Southern Hemisphere.

On 3 December, ONGC (Videsh) Ltd (OVL), announced that it had made a fourth discovery of oil in **Colombia** in its CPO5 field onshore. The discovery is commercially significant in the field where OVL has a 70 percent stake. OVL, which has been in Colombia for over a decade, holds participating interest in 7 explorer blocks, besides its joint venture in central Colombia, Mansarovar Energy, with Sinopec International Petroleum Exploration and Production Corporation (SIPC) of China.

Tata Marcopolo Motors, one of the earliest India-Latin America joint ventures established in 2006, between Tata Motors and **Brazil's** Marcopolo, S.A., one of the largest manufacturers of buses and coaches, introduced low-floor passenger buses for public transportation in India. The company has its manufacturing facilities in Dharwad and Lucknow where it manufactures bus bodies. In late December, Tata announced it was buying the 49 percent share of Marcopolo for around \$ 14 million.

## COMMENTS

(The views expressed are personal)