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HIGHLIGHTS

- **COVID 19**
- **Political Developments**
- **Economic Developments**
- **Focus India-LAC**

COVID 19

The World Health Organisation published the following statistics on the pandemic in Latin America & the Caribbean as on 15 February:

Cases : 20,268,965

Deaths : 641,740 (28 per cent of the world total with 8% of world population)

Recovered 17,866,730

The region – which has hardly any local manufacturing labs – scrambled to procure COVID vaccines from all over the world, including India (see below). Russia's Sputnik and China's Sinovac were also supplied, and several countries were looking for donations from the WHO under its COVAX program. China donated more than \$215 million in supplies — from surgical gloves to thermal imaging technologies — to allies in the region. United States provided \$153 million. China also conducted clinical trials or plans to manufacture vaccines in five countries — Argentina, Brazil, Chile, Mexico and Peru.

Political Developments

Ecuador held a crucial election on 7 February for a successor to President Lenin Moreno, who will hand over to either the leftist candidate Andres Arauz or his principal opponent. The election will see a runoff in April between Arauz and former banker Guillermo Lasso. Lasso won a recount against the indigenous environmentalist Yaku Perez, who was behind by 36,000 votes and alleged fraud. Ecuador is reeling from the disastrous impact of the COVID pandemic, as well as low oil prices. President Moreno had distanced himself from his predecessor – and former boss – Rafael Correa, currently living in exile and accused of criminal misconduct. Arauz is Correa's nominee.

On 6 January European governments declared that they could no longer continue to recognize Juan Guaidó, the head of the former National Assembly, as interim President of **Venezuela**. The status was removed after the elections last December, in which the Guaidó-led opposition boycotted the vote, yielding the parliament to President Nicolás Maduro's supporters. Guaidó will henceforth be recognized by the 27-member EU as a "privileged interlocutor". He has proved to be largely ineffective in dislodging, or even seriously threatening the Maduro regime, despite financial and political support from western governments. The EU also imposed sanctions on some Venezuelan officials, including some opposition parliamentarians, for collusion with the Maduro regime. In retaliation Venezuela expelled the EU Ambassador in Caracas. The US and UK so far have retained Guaidó's status, but it remains to be seen how much support he will continue to command. The US government recognises the Guaidó "regime" as the legitimate authority over Venezuela's assets abroad, including Venezuelan refineries in the US. At his senate confirmation hearing in January, Secretary of State Anthony Blinken said the incoming US administration broadly backs the policy of pressuring Caracas to hold new elections, but "I believe there's more that we need to try to do in terms of humanitarian assistance, given the tremendous suffering of the Venezuelan people."

On 8 February, after the opposition in **Haiti** appointed an interim President following demonstrations, President Jovenel Moise denounced it as a coup attempt. The crisis was triggered by differing interpretations of the end of Moise's term of office. According to Moise's detractors, his five-year term ended on Feb. 7. But the president took a different interpretation of the constitution and wants to remain in office until Feb. 7, 2022, having to power in 2017. Moise replaced 3 Supreme Court judges who supported the opposition. While Canada, with a substantial expatriate Haitian population, condemned the move the US, the OAS, and the Caribbean Community (Caricom) have expressed their support for Moise's plans to hold legislative and presidential elections in September. Haiti's politics has been in a mess for decades, compounded by economic and social misery after the disastrous earthquake in 2010 that destroyed the capital Port au Prince.

Days before handing over charge, US Secretary of State Pompeo put **Cuba** back on the US State Department list of countries sponsoring terror. The listing, ostensibly for harbouring Colombian organisations like the ELN and other "fugitives from US justice", was clearly intended to complicate the Cuba issue for incoming President Joe Biden, and to woo the Latino community in Florida.

Economic Developments

The UN Economic Commission for Latin America & the Caribbean (ECLAC) in its annual report **International Trade Outlook for Latin America and the Caribbean 2020**, released in January, painted a grim picture. It estimated that the value of the region's exports dropped 13% in 2020 while imports shrank by 20%. The COVID-19 pandemic intensified various global tendencies: tensions between the United States and China; growing economic nationalism and conflicts in trade relations; the weakening of multilateral cooperation; the digitalization of production and trade; and the trend towards regionalizing production through nearshoring (locating suppliers in countries that are closer to the target market) and reshoring (relocating strategic productive and technological processes to the country of origin). Though demand and prices of commodities exported by LAC saw a rise in late 2020, this was subject to uncertainties, especially the resurgence of the pandemic infections and over-reliance on some key markets, especially China. The document also calls for more emphasis on regional cooperation: "The region has been 'disintegrating' in terms of trade and production since the middle of the last decade, coinciding with its lowest growth in seven decades... intraregional trade is the most conducive to productive diversification, the internationalization of companies (especially MSMEs)..." A deep 7.4% recession in the Latin America and Caribbean last year wiped out nearly a decade's worth of growth, according to International Monetary Fund data.

Trade in hydrocarbons with **Venezuela** resumed almost immediately after the Biden administration was sworn in. International companies Repsol, Rosneft and others began shipping distillates to Venezuela and shipping out crude, apparently confident that they would not face action like the sanctions levied on Rosneft management by the Trump administration. The day before Biden's swearing in, the Trump administration imposed sanctions on Mexican, Ukrainian and Russian individuals and companies for trading with Venezuela. The incoming administration is believed to have permitted initially the oil for diesel swaps, whereby companies like India's Reliance supplied diesel for Venezuelan crude a loophole the Trump administration closed in October. In 2020, Venezuela's output declined dramatically. It went from producing 501,000 barrels per day during the first quarter to producing 403,000 barrels during the fourth quarter. Between Venezuela's state-owned PDVSA, and various joint ventures operating in the nation's oil fields, Venezuela produced 487,000 barrels of oil per day in January 2021 – up from 415,000 barrels in December, according to secondary OPEC sources.

Venezuela's beleaguered economy seems to be headed for an ideological correction. An Anti-Blockade Law passed by President Maduro's regime in late 2019, ostensibly aimed at shielding economic activity from US sanctions, is in reality passing management – and temporary ownership in some cases – of state enterprises back to the private sector. The government has never publicized how many properties it has seized over the past two decades since President Chavez came to power. A study by the national industries chamber, Conindustria said a total of 1,322 cattle farms, food stores, electricity companies, mills, glass manufacturers, banks, supermarkets and cold storage facilities were expropriated between 2002 and 2015. Only around 700 remain and many are being handed over to private management. Some companies are being handed over to government cronies, and avail tax benefits, import concessions, and dollar deposits. Details are not publicly available, apparently to protect such companies from US sanctions. The model can also vary, from revenue sharing to provision of products to the government, or joint ventures by state governments with private partners. It is not clear whether this will result in a paradigm shift in the political economy of Venezuela, but the expectation is that it will enhance productive activity, while permitting the government to continue with its propaganda.

Focus India-LAC

The government of India took a decision end-December to open Embassies in **Paraguay and the Dominican Republic**. India has 14 missions in LAC, which in turn has 20 missions in India. Countries where India will still not be represented physically include El Salvador, Ecuador, Costa Rica, Bolivia and Uruguay which have had embassies in India for several years.

Trade with both Paraguay and Dominican Republic has grown exponentially over recent years, with the former mainly exporting soya oil to India and importing pharma, automobiles, etc. Trade with the Dominican Republic shot up from a mere USD 24.7 million dollars in 2004-5 to USD 782 million in 2018-19. India is the largest market for that country's gold. Dominican Rum, Coffee, Cigars are now easily available in India.

January saw frantic medical diplomacy with LAC. **Brazil's** health regulator Anvisa granted approval on New Year's Eve to import 2 million doses of the AstraZeneca vaccine from India. The Brazilian Association of Vaccine Clinics (ABCVAC), sent a delegation to India early January, after a memorandum of understanding was signed with Bharat Biotech to procure 5 million doses. On 8 January President Bolsonaro wrote to PM Modi to expedite the export of 2 million doses of the Serum Institute Covishield vaccine to Brazil, "but as long as it does not impact the Indian vaccination program...". Separately it was reported that Bharat Biotech – which is developing the COVAXIN – had contracted to export the same to Precisa Medicamentos, a pharma wholesaler in Brazil.

Brazil has reportedly turned to India after doubts arose over the trials carried out with the Chinese Covid-19 vaccine candidates. The entire process was questioned due to the concealment of test data by China's Sinovac Biotech which withheld full results repeatedly, leading to allegations that Chinese vaccine makers lack transparency. Brazil is the first country to complete a late-stage trial of the Chinese vaccine candidate and the southern state of Sao Paulo began distributing the Coronavac vaccine in January. A survey by Brazilian polling institute Datafolha showed that 50 per cent of Brazilians were not willing to take the Sinovac shot, the highest refusal rate among all vaccines. Some 36 per cent of respondents said they would also reject a Russian vaccine, while 23 per cent said they would not go for the US vaccine. With India delaying the shipment of vaccines a few days (a Brazilian flight to carry the cargo mid-January was rescheduled), Brazil began vaccinating with the Chinese vaccine before India finally approved the despatch of the SII vaccine in late January.

On a visit to India in late February, Brazil's Minister for Science and Technology, Marcos Pontes declared Brazil's interest in closer collaboration – and acquisition of more vaccine doses. He also witnessed the launch of Brazil's first indigenously made earth observation satellite – AMAZONIA I – by India's ISRO on 28 February. India's space cooperation with Brazil, which had embryonic beginnings two decades ago, yielded primacy to China, which has fabricated and launched 6 satellites for Brazil since the 1990s, has an extensive program for cooperation on remote sensing, training, etc. with Brazil.

Other countries include **Bolivia**, which has reportedly contracted 5 million doses from SII; **Mexico** which has reportedly ordered 870,000 doses; **Dominican Republic, El Salvador, Argentina** and **Nicaragua**. The Ministry of External Affairs announced plans to make a humanitarian donation of 570,000 doses of vaccines to countries in the 15-member **Caribbean Community** (CARICOM). Free doses began to arrive in Dominica, Barbados, Antigua & Barbuda and other Caribbean nations in February.