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JANUARY 2023 | VOL 08 ISSUE 01 | BI-MONTHLY

HIGHLIGHTS

- **Political Developments**
- **Economic Developments**

Political Developments

The Left in Latin America & the Caribbean (LAC) seems resurgent in 2023. With the swearing in of Luis Inacio Lula da Silva (Lula) as President of **Brazil**, the pendulum has swung firmly left, after years of right-wing rule in most of the region. In **Colombia** Gustavo Petro, who took over in August 2022, is reviving the left after decades of conservative domination; in **Bolivia** Luis Arce, backed by Evo Morales the tribal leader, has strengthened the hold of his party MAS; in **Argentina** leftist Alberto Fernandez clings to power despite the odds; in **Mexico** Andres Manuel Lopez Obrador (AMLO) holds sway; in **Chile** Gabriel Boric has upended centrist/conservative politics after decades; and in **Honduras** Ms Xiomara Castro managed to see out a corrupt, unpopular regime. The tenacious regimes of Nicolas Maduro in **Venezuela**; Miguel Diaz Canel in **Cuba**; and Daniel Ortega in **Nicaragua**, are too authoritarian to be considered 'left' in the conventional sense, but they make common cause with the earlier mentioned countries.

The shifting sands of LAC politics dictate caution over any hurried judgments. Volatility is the order of the day, and voters have become much more unpredictable. Economic hardship and social polarisation has also meant that while left-wing candidates may be sworn in as presidents, they are under watch and often face hostile conservative parliaments, as in Peru (see below), Brazil and elsewhere. The centre-right survives in Ecuador, Paraguay and Uruguay, apart from some countries in Central America and the Caribbean. Nevertheless, Latin Americans are clearly fed up with traditional, corrupt politicians whose entitled existence is being called into question, as indeed are some left-wing politicians accused of corruption or non-performance.

There are nuances that distinguish policy orientation. Boric has sided with the west against Russia over Ukraine and Mexico too has demurred in support of Russia. Lula has come in on a more centrist platform and is expected to take a saner, more balanced direction on climate change, social policies, etc. In November, weeks before his swearing in, he attended the COP 27 summit in Egypt and committed Brazil to conservation of the Amazon – a touchy issue with the EU which has suspended a free trade agreement over his predecessor's policies – and has promised to re-energise the BRICS and promote regional integration. Colombia has made peace with Venezuela after years having severed diplomatic relations, and has appointed a high-ranking politician as Ambassador, reopened all border crossings and trade. This in turn enables it to open dialogue with guerillas of the ELN group taking refuge there.

The biggest gainer from the incoming leftist tide has been **Venezuela**, whose *pariah* status may soon be revoked. This also has to do with the Ukraine war and the US imperative to reduce Russian influence and open up more supplies of oil and gas to the world market. In November 2022, representatives of the Maduro regime and the opposition Unitary Platform agreed to an end to confrontation, urging the lifting of sanctions on Venezuela, especially the 3 billion dollars held by western banks, and talks towards free and fair elections in 2024. The agreement, mediated by Norway over 18 months in Mexico, was welcomed by the US and EU. Soon after, a majority of opposition members of parliament voted to dump the 'government' of Juan Guaido the 'Interim President' of the opposition since 2019, which was recognized by around 50 countries, including a large number in LAC. The US is engaging in official talks with the Maduro regime, jettisoning the reward of \$15 million for Maduro's capture for drug trafficking, etc. US oil major Chevron has been quietly permitted to expand its operations in the country.

Further south, there has been a setback in Chile and a backlash against two prominent figures of the Latin American left – Peru's hapless President Pedro Castillo and Argentina's Vice President (and former President) Cristina Fernandez Kirschner.

Castillo was removed from his post and put under arrest in December after Congress voted to impeach him in its third attempt for moral incapacity. In desperation, he sought to impose emergency and suspend Congress, a move that harked back to President Fujimori's auto-coup of 1992, the difference being that the public then welcomed the move, though Fujimori eventually had to resign and flee the country. Castillo was not supported by the military or police, nor by many of his own Cabinet. His Vice President, Ms Dina Boluarte, a leftist politician who distanced herself from Castillo earlier, was sworn in President. Subsequent violent protests by Castillo supporters forced her to propose advancing the 2026 elections to April 2024, a move approved reluctantly by a self-serving Congress.

Cristina Fernandez was found guilty of fraud in public works during her previous administration and sentenced to six years imprisonment in December, a sentence which she will challenge but which could end her chances at re-election. She is the first politician at that level to be convicted while in office. Given her stronghold on left-leaning constituencies in Argentina, this could have implications for the Peronist movement and the Justicialist party in Argentina which, though fragmented, has been alternating power with the right.

In Chile President Boric suffered a defeat when a new draft constitution presented by a progressive assembly, which would have made radical changes to the current dispensation, was rejected in a plebiscite by a margin of 62 to 38 percent in September 2022. Though not the last word, considering popular sentiment in Chile over conservative domination of the economy which brought Boric to power, the vote revealed the fissures in Chilean society and the limits to leftist ambition in certain countries which are better governed in LAC.

The US attempts to regain ground lost to **China and Russia**. China has expanded its influence, bringing Colombia – a staunch US ally and the first LAC country to become a NATO partner in 2017 – into its BRI fold. More than half LAC countries count China among their largest trading partner, and with its extensive investments in infrastructure, extractive and other industries it is wooing the leftist regimes even more assiduously. Russia on the other hand is consolidating its relations with the anti-US regimes of Nicaragua, Venezuela, Cuba and Bolivia through strategic investments in hydrocarbons and military assistance. The US has also lost considerable influence in the Washington-based Organisation of American States (OAS), where the leftist Latin American phalanx will gain yet more influence. President Trump's appointee as president of the Washington-based Inter-American Development Bank since 2020 was replaced in September by a Brazilian over an alleged scandal.

Economic Developments

A World Bank study revealed that **remittances to Latin America and the Caribbean** are estimated to have grown 9.3% in 2022 to \$142 billion. Data for the first nine months of 2022 show a 45% increase for Nicaragua, 20% for Guatemala, 15% for Mexico, and 9% for Colombia. Stronger employment of migrants from Latin America in the United States contributed to remittance flows. Remittances received by migrants in transit also contributed to strong flows in Mexico and Central America. As a share of GDP, remittances exceed 20% in El Salvador, Honduras, Jamaica, and Haiti. In comparison, remittances to India are estimated to have crossed \$100 billion in 2022, a 12 percent increase over 2021.

The previous issues of Latin America & Caribbean Review are available here: [LINK](#)

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(The views expressed are personal)