

Latin America & Caribbean Review

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NOVEMBER 2024 | VOL 09 ISSUE 06 | BI-MONTHLY

HIGHLIGHTS

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

Political Developments:

In Venezuela, as President Nicolas Maduro dug in his heels, refusing to yield to international – including Latin American – pressure to reveal the vote tally of the July elections, his opponent, Edmundo Gonzalez fled to Spain, after a few weeks in hiding in the Dutch embassy in Caracas. Although Gonzalez and the opposition will continue the fight from abroad, his departure arguably weakens the opposition at home. Maduro, clearly relieved that another thorn in his flesh had been removed, accepted with relief the fait accompli. The incident inflamed relations with Spain, with Spanish President Pedro Sanchez granting him asylum and calling Maduro a dictator, sparking another round of diplomatic reprisals. Days later, after the Venezuelan government confirmed a news report that Gonzalez had signed a letter accepting his defeat, the latter announced he had been coerced into signing the letter for his and his family's safety. On 14 September, Venezuela's Interior Minister Diosdado Cabello announced the government had arrested two Spaniards (allegedly linked to Spain's secret service), three U.S. citizens and a Czech on suspicion of links to alleged plans to destabilise the South American country and pointed to the recovery of hundreds of firearms. Cabello claimed that apart from a Navy Seal, there were two CIA agents who were part of a plot to assassinate him, a charge the US State Department denied. The US on 12 September sanctioned 16 people affiliated with Maduro, including members of Venezuela's National Electoral Council, the Supreme Tribunal of Justice and the National Assembly for colluding in the election fraud.

A sideshow of Brazil's participation in the BRICS summit in Russia was the Lula government's veto of partner status for Venezuela, which had also applied along with several other countries to join the grouping. Brazil, along with most other countries in the region, has refused to recognise the results of the controversial presidential election in July when the Venezuelan establishment declared President Nicolas Maduro the winner despite seemingly glaring evidence to the contrary. Venezuela withdrew its Ambassador from Brasilia and followed up with aggressive statements against Brazil.

In mid-October, the car in which Evo Morales, former President of Bolivia (2006-19) was travelling was fired upon through the windshield, an incident which did no harm, but which he blamed on his rivalry with his successor, President Luis Arce. The latter has been distancing himself from Morales, and the tensions rose after Morales announced he would run for the election in 2025. Morales was also implicated in investigations for alleged statutory rape and human trafficking, which he denies. Both belong to the MAS party which has held power in Bolivia over the last two decades, after considerable political turmoil. Morales is perhaps more left of centre than Arce, who has tried to build bridges with the west, but continues to support the Latin America left on most geopolitical issues. Bolivia also became a partner country of the BRICS, along with Cuba at the summit in Kazan at the invitation of President Putin. Despite denials of involvement and condemnation of the incident by Arce, the standoff continues and rival MAS factions continue to face off, even blocking main streets across the country. Bolivia is one of the poorest countries in the region, reliant mainly on natural resources, particularly natural gas, whose production has been dwindling due to low investments. In July, President Arce announced the discovery of a new gas field with a capacity of 1.7 trillion cubic feet (TCF), making it the biggest discovery in the gas-rich country since 2005.

The staid, tiny (3.4 million population) Uruguay went through an inconclusive first round of presidential elections in October. The centre-left candidate of the Broad Front, Yamandú Orsi, got some 1.06m votes, ahead of the ruling conservative coalition's candidate, Álvaro Delgado, and centrist Andrés Ojeda, who threw his support behind Delgado in the second round. The campaign was civilised, reflecting a less polarised polity, unlike many other countries in the region. Though the presidential choice was inconclusive in the first round, the Broad Front secured a Senate majority with 16 seats. The ruling coalition, along with its minor partners won 14 Senate seats, but neither of the two main blocs secured a majority in the Chamber of Representatives. The main issues in the elections were pension reform and police powers to battle drug related crimes, both of which were defeated in parallel referendums in the first round. The Broad Front, in power 2005-2020, yielded to the centre-right National Party, whose outgoing President Lacalle Pou is popular, but leaves behind unrest over living conditions.

Argentina's President Javier Milei fired his Foreign Minister Diana Mondino end-October after Argentina voted along with 187 other countries to condemn the US embargo on Cuba, first imposed in 1962. This has been a traditional position in the annual vote on this resolution, but Milei was infuriated that Argentina did not vote against, along with the US and Israel. Mondino was replaced by the Ambassador to the US, Gerardo Werthein. Following the move, President Milei's office said: "The country is going through a period of profound changes and this new stage requires that our diplomatic corps reflect in each decision the values of freedom, sovereignty and individual rights that characterise Western democracies...Our country is categorically opposed to the Cuban dictatorship and will remain firm in promoting a foreign policy that condemns all regimes that perpetrate human rights violations." Mondino was an important figure abroad, often stepping in to defuse tensions after confrontational statements made by Milei had upset other nations such as Brazil and China. She made a bilateral visit to India in October and held wide-ranging discussions with the Indian authorities.

Economic Developments:

In late October Brazil rejected the option of joining China's Belt and Road Initiative (BRI). Though China is Brazil's largest trading partner (\$180 billion bilateral trade and \$3 billion Chinese investment in Brazil) and there is considerable strategic cooperation, including in space, etc. clearly Brazil has taken a conscious decision and, along with India is the second BRICS member not to join BRI. Speaking to the media, Celso Amorim, President Lula's foreign policy advisor stated: "Brazil wants to take the relationship with China to a new level, without having to sign an accession contract...We are not entering into a treaty," explaining that Brazil does not want to take Chinese infrastructure and trade projects as "an insurance policy", clarifying that "synergy" between Brazil's infrastructure projects could be a possibility but the Chinese investment funds associated with the BRI may not assign the same priority as Brazil. President Lula could not attend the BRICS summit in Russia for medical reasons, and will reportedly host Chinese President Xi Jinping in Brazil for the G20 summit in November. This assertion comes at an embarrassing time for China, which has been wooing Brazil, especially President Lula, who has taken a stance independent of the US, even questioning the dominance of the US dollar, but perhaps wants to hedge his bets, given the ongoing political tensions between the two superpowers. US Trade Representative Katherine Tai visited Brazil shortly before Amorim's statements and advised it to view the Chinese proposals through an "objective lens", raising protests from the Chinese embassy in Brasilia which claimed this was disrespectful of Brazil's sovereign right to choose its partners.

Focus India LAC:

The visit of Foreign Minister of Argentina, Ms Diana Mondino to India in October was significant as a deliberate choice of the recently elected right-wing government of President Javier Milei. Mondino's meetings included co-chairing the delegation level talks at the 7th India Argentina Joint Commission Meeting with EAM Jaishankar. Her talks included the possibility of defence tie-ups – perhaps Indian helicopters – after last year's visit of the outgoing Defence Minister to India who actually speculated on the possibility of acquiring India's Tejas jet fighters. Argentina finds it difficult to extricate itself from a strategic relationship with China, which includes a space monitoring station in the south, among other deals sealed by the previous left-wing administration. Mondino also made no apologies for Argentina's rejection of the invitation from the BRICS to be a member. At a seminar in Delhi she stated bluntly: "We don't want to be burdened by whatever politics anybody has", while acknowledging that BRICS was "a very good idea". The 17-member business delegation accompanying Mondino had useful meetings on mining (lithium), agriculture (edible oils mainly), pharma, biotechnology and nuclear energy.

Even as India's Petroleum Minister was reported from Houston as requesting a special dispensation from the US government for India's public sector giant ONGC, news reports indicated that Indian companies have been buying Venezuelan oil in "second-order transaction." ONGC has significant investments in Venezuela, but \$600 million stuck in dividends from the Venezuelan state oil company PdVSA, because of the sanctions that do not permit import of Venezuelan oil, which was part of the contract signed with PdVSA. Trade figures reveal that Venezuelan crude imported into India amounted to \$629 million April-June 2024. Though few Indian refineries can process high sulphur, heavy viscous crude, there are some which can. Reliance is best placed and is understood to have started importing after getting special permission in July. At around \$62/barrel, the Venezuelan Merey crude is very attractive.