

Latin America & Caribbean Review

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HIGHLIGHTS

- **Review of 2024**
- **Political Developments**
- **Economic Developments**
- **Focus India-LAC**

Review of 2024

Latin America and the Caribbean (LAC) had its share of geopolitical tumult in 2024. **Presidential elections** were held in Venezuela, El Salvador, Panama, Dominican Republic, Mexico and Uruguay. Parliamentary, regional and municipal elections were also held in some countries. By December 2024 six major countries were governed by left or **left-leaning governments: Bolivia, Brazil, Chile, Colombia, Uruguay and Venezuela.** Countries governed by the **right and the extreme right were: Argentina, Ecuador, Paraguay, Dominican Republic and Peru.** Cuba and Nicaragua continued under the command of autocratic regimes.

Countries that witnessed the most controversy were **Venezuela**, where Nicolas Maduro held on to power, keeping the opposition out in the cold yet again despite almost universal condemnation by the international community, including important Latin American neighbours like Brazil, Chile and Colombia; **Argentina** where Javier Milei pursued his libertarian agenda even without a parliamentary majority, eliminating government ministries and subsidies, privatising state companies, and cemented alliances with the US and Israel, though he maintained the relationship with China; **Bolivia** where President Luis Arce and his erstwhile mentor and former President Evo Morales locked horns, their supporters resorting to violence as the former sought to eliminate the latter's challenge in the next elections.

Brazil hosted the G20 Summit but internally Lula's leftist People's Party lost massively in municipal elections, where the rightist opposition gained control of 13 of the 15 most important cities. Brazil's economy also suffered, its currency the Real devalued between 25-30 percent against the dollar. In **Mexico**, the MORENA Party made history again by electing, for the first time a woman president, Claudia Sheinbaum with the largest number of votes in the country's democratic history. Her party MORENA, with its allies, obtained a majority in Congress, marking continuity for the left in Mexico after decades.

The UN Economic Commission for Latin America and the Caribbean (ECLAC), in its report on 12 November claimed that "**The Regional Poverty Rate**, which rose with the pandemic, has declined to a level similar to 2014 and in 2023 reached the lowest figure on record, but Income Inequality remains high... Despite this progress, 172 million people in Latin America and the Caribbean still do not have enough income to meet their basic needs and 66 million of them cannot buy a basic food basket... The percentage of the Latin American population living in poverty in 2023 was 27.3 percent, marking a decline of 1.5 percentage points compared with the year before, and of more than 5 percentage points vis-à-vis the figure in 2020." Interestingly the report which covers 12 countries, attributed the decline in poverty mainly to Brazil (80%), followed by Mexico and Colombia, all left-wing regimes with strong redistributive policies and strong labour relations. Despite a low GDP growth rate of only 0.9 percent from 2015 to 2024, LAC still has 28 middle income, 4 high income (Argentina, Brazil, Mexico and Chile), and one low income country (Haiti).

Relations with the US vacillated from a tight embrace (Argentina) to hostility (Venezuela) with other countries in between: Bolivia and Colombia more to the left, followed by Brazil, Mexico and Chile, which maintained an independent but balanced stance. All regimes are however preparing for the surprises a Trump administration may spring. On major issues such as the war in Ukraine and Israel's aggressions in West Asia, none of the major countries condemned Russia while most, except Argentina, voted against Israel in the UN. Despite Brazil's polite refusal to formally join China's Belt and Road Initiative, economic and even strategic cooperation (space, defence, etc.) continued. Peru inaugurated the massive port of Chancay in the presence of President Xi Jinping during the APEC Summit it hosted in December. Russia maintained and even strengthened its defence relationship with Cuba, Venezuela, Nicaragua and Bolivia. Relations with Europe were tepid, but in December after 25 years of negotiations, the Southern Common Market (MERCOSUR) and the European Union (EU) signed a Letter of Intent to reach a Free Trade Agreement (FTA), a precursor to the Treaty.

India consolidated its relationship with leading partners through bilateral visits. PM Modi attended the G20 Summit in Brail and made a bilateral visit to oil-rich Guyana, where he also met the heads of the Caribbean Community (CARICOM) in November. This followed a swing through the region - Guyana, Panama, Colombia and the Dominican Republic - by EAM Jaishankar in February. The **opening of an Embassy in Bolivia** in September made it the **16th Indian mission in LAC.** Annual bilateral trade with the region was up at around \$ 50 billion, after languishing in recent years largely due to oil embargo on Venezuela, and lower crude oil imports from other countries, though imports of gold by India have gone up. Investments by Indian companies have been maintained and expect to increase, especially in areas connected to renewable energy resources such as lithium in the southern cone - Argentina, Chile and Bolivia. India's claim to lead the Global South carried some resonance, but there is still a long way to go if India is to stake a serious challenge to be a major player in the region.

Political Developments:

On 24 November **Uruguay** elected Yamandu Orsi president in the second round. The candidate of the moderate left-wing coalition Frente Amplio (Broad Front) handily defeated Alvaro Delgado of the right-wing National Party by 49.84% against Delgado's 45.86% of a little over 2 million votes in the tiny South American country of 3.4 million. Given the pendulous nature of electoral politics in the region, the victory came as a relief to the left, which is apprehensive of the ascension of Trump in the US. President Lula of Brazil called it a "a victory for the whole of Latin America and the Caribbean." Similar felicitations poured in from Mexico, Colombia, Honduras, Cuba and Venezuela. Orsi has promised a moderate governance policy, and the peaceful reactions from his opponents indicated he may not have such a tough time. Neither coalition has an absolute majority in the lower house following October's elections, but Orsi's Broad Front won 16 of 30 Senate seats and this Senate majority puts him in a better position to lead the next government.

The **G20 Summit in Brazil** in November delivered a consensus document despite the divergences in political positions of the grouping that now mirrors the global geopolitical divide, with leaders using, or acquiescing in, a more neutral tone to describe the conflicts in Ukraine, Gaza and Lebanon. On Ukraine, the final declaration compromised by avoiding directly blaming Russia, referring to the "suffering" caused by the conflict, despite pressure from the Europeans to be harsher on Russia, represented by Foreign Minister Sergei Lavrov. The final communique hardly mentioned Israel, though it reaffirmed the urgent need to boost humanitarian aid to the region, called for cease-fires and emphasized support for a two-state solution. In a gesture to President Lula, the leaders approved wording supporting the Global Alliance Against Hunger and Poverty emphasizing their commitment to eradicating poverty and hunger, calling for new funding pledges and for other countries to join the global effort.

The Asia Pacific Economic Cooperation (**APEC Summit** in Lima, Peru 15/16 November was a landmark event in many ways. Presidents Biden and Xi met to review the US-China agenda and agreed that the management of nuclear weapons would not be left in the hands of artificial intelligence. Peru's President Ms Dina Boluarte hosted the third APEC summit, and along with Xi, witnessed the opening of the \$3.6 billion deep-water Port of Chancay in northern Peru, which will cut travel time for cargo from South America to Asia from 35 to 25 days. Peru is one of only six countries in the world to have free trade agreements with both the United States and China. Separately President Gabriel Boric of Chile expressed interest in joining the trade agreement RCEP. The summit launched the Lima Roadmap to Promote the Transition to the Formal and Global Economies (2025-2040). The roadmap is aimed at supporting the vision of driving regional trade and investment and inclusive growth by encouraging the transition of economic actors from the informal to the formal economy.

President Xi also visited Nicaragua where along with President Daniel Ortega, he agreed to promote the construction of a port in the Nicaraguan Pacific port of Bluefields. This could be a political bagatelle, like the dormant Chinese project to construct a canal across the isthmus in Nicaragua. All this comes at a time when the incoming Trump administration is threatening massive tariffs and retaliation against China, as well as countries which get Chinese investment and export to the US. A statement by a former Trump administration official that goods reaching the United States from Chancay would attract a 60 percent tariff in the US seemed like sour grapes since Chancay will only handle trans-Pacific trade.

November witnessed two summits in Latin America - the G20 in Brazil and the APEC summit in Peru. Few noticed a major non-event that took place the same month - **the 29th Ibero American Summit in Cuenca**, Ecuador. The Ibero-American Summit of Heads of State and Government, which convenes the heads of State of Spain, Portugal and 19 Latin American countries, held its first Summit in 1991. Its Final Declaration established recognition of a common Ibero-American space for political agreement and cooperation. It meets every two years. This November's summit was bereft of any Head of State apart from the King of Spain, the Prime Minister of Portugal and the President of Ecuador. Mexico, Venezuela and Nicaragua were not even represented at the final meeting, which was attended by some foreign ministers. An embarrassed Ecuadorian Foreign Minister Gabriela Sommerfeld published the final document saying: "There is a declaration within the framework of the Summit, not within the Summit because there were different positions among some countries." Argentina reportedly blocked consensus on language which *inter alia* condemned the US blockade against Cuba and its inclusion on the unilateral list of States Sponsors of Terrorism. The diplomatic fiasco represents not just the failure of coordination of dates during the busy month, but also the intense polarisation within the region between left and right leaning regimes. Mexico has a problem with Spain after its government demanded an apology for the latter's conquest of the region, and with Ecuador which raided its Embassy in Quito to arrest the former Ecuadorian Vice President Jorge Glas who took refuge there in May this year.

Economic Developments:

The US based Council on Foreign Relations in a recent report outlined how in Colombia, Peru, Venezuela, the Brazilian Amazon, and elsewhere across the region, criminal organisations earn billions from **illegal gold mining**. The report states: "The price of an ounce of gold has increased nearly sevenfold over the past two decades...The price hike triggered a gold rush in Latin America starting in the early 2010s...powerful organized crime groups and hostile authoritarian regimes benefited most... effectively colonizing gold-rich regions and subjugating local miners... Illegal gold now consistently surpasses earnings from cocaine in Colombia and Peru, the world's two top producers of the coca leaf." In 2015, the US Federal Bureau of Investigation (FBI) set up the [Illegal Mining Initiative](#) and the Department of Justice [prosecuted](#) U.S.-based metal company NTR metals for importing billions in South American illegal gold. Some LC governments, notably Brazil and Peru, are also taking steps to curb illegal mining. India imports gold from several LAC countries, amounting to several billions of dollars every year.

Focus India LAC:

PM Narendra Modi visited **Guyana** in November (the first PM visit to this country after 56 years) and also attended the second India-CARICOM Summit (the first was held in 2019). CARICOM is a grouping of 15 countries in the Caribbean sea basin between the north and south American continents. It includes former colonies of Spain, UK and France whose local languages reflect their colonial history. The importance of Guyana - along with Trinidad and Tobago and Surinam, also members - is the strong Indian diaspora. About 40 percent of the population is of pre-independence Indian origin, which still maintains reasonably strong links with India. In 2023, the chief guest at Pravasi Bharatiya Divas, Indian's flagship event for the diaspora, in January 2023. The next month, Vice President Bharat Jagdeo visited India. Prime Minister Mark Phillips also visited India in February 2024. Guyana is also important to India for its substantial hydrocarbon reserves - about 11 billion barrels offshore. Indian companies have imported Guyanese oil and are exploring upstream prospects, as the MOU signed during the visit for collaboration, crude sourcing, gas exploration, etc. testifies. Trade has grown in recent years to cross \$100 million. Indian lines of credit and grants have provided a cricket stadium, solar power plants, an ocean-going ferry and two HAL-228 aircraft.

Decades ago Indian cattle were exported to **Brazil**, which had sought to improve its bovine strains. After some years of controversy, when India embargoed exports of cattle and embryos, animal husbandry is recovered its place in the bilateral relationship, but in the reverse direction. The Brazilian Association of Cattle Breeders (ABCZ), which maintains the largest data base of cattle with over 7 million registered, will export 50,000 semen doses from a champion bull in Brazil to India, which the National Dairy Development Board will use to inseminate Indian cows to improve their milk yield.

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