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Political Developments

On 19 October, **Bolivia** voted in Rodrigo Paz as President. The election saw a sweeping change with the traditional left, dominated by the MAS (Movimiento al Socialismo) party being erased from office after almost two decades, mainly due to infighting between incumbent President Luis Arce and his erstwhile mentor and former President Evo Morales. Though the blame lay squarely with the quarrelling factions of MAS, Morales's call to his significant base to cast null votes resonated, these amounting to almost 20 percent of the total, wiping out chances of the MAS and another left-wing contender. Paz won the runoff 54.5 percent against 45.4 percent for his right-wing opponent Jorge (Tuto) Quiroga, who served briefly as interim president two decades ago. Bolivians have faced high inflation and fuel shortages, despite Bolivia's enormous reserves of natural gas. The election is significant since it will involve a radical shift in policy, favouring the private sector and recalibrating relations with the US, which are at an all-time low because of Bolivia's support hitherto of the hard left in Latin America and attempts to consolidate relations with China and Russia. Morales, who became president in 2005, severed diplomatic relations with the US in 2008, accusing it of fanning a political crisis which saw riots in the eastern regions. He expelled the US Drug Enforcement Administration and USAID. Following Morales' resignation in November 2019, under pressure from protests and the Bolivian military, the United States renewed USAID assistance, but the countries have yet to exchange ambassadors. Paz, labelled centre-right, campaigned on a platform of "capitalism for all", which involves promoting business while retaining public benefits. He is also expected to re-establish relations with the US.

On 10 October, **Peru's** Congress, deeply unpopular and comprising corrupt power-grabbers, according to analysts, impeached and removed the even more unpopular President Ms Dina Boluarte for "permanent moral incapacity". She had assumed the presidency after her predecessor, Pedro Castillo – under whom she was Vice President – was removed less than two years ago. She hung on to her post despite massive popular protests over her inaction during incidents of violence and police repression of GenZ protestors recently. Congress, where some families have managed to cartelise control of Peruvian politics, has left the country prostrate before mafias and syndicates which operate in illegal mining, coca cultivation etc. with apparent impunity while the judiciary and other institutions are rendered almost ineffective. Peru has seen off seven presidents in the last nine years, few managing to complete their terms in this century. Jose Jerí, a 38-year-old lawyer from the conservative right-wing party Somos Perú, who had only assumed the presidency of Congress two months earlier, assumed the presidency until elections are held next April. He himself is the target of four ethics-related investigations.

On 26 September President Gustavo Petro of **Colombia** made a fiery speech at the UN General Assembly, inter alia labelling President Trump a tyrant for his criminalisation and mistreatment of poor Latin American migrants in the US and for illegally destroying boats in the Caribbean on suspicion of narco-trafficking without evidence, etc. He also conflated Israel's genocide in Gaza with US support, depicting a world where global capital was suffocating humanity in nations which were trying to adopt socialist policies. He bemoaned the impotence of the UN and its members but called for a force to be mobilised among like-minded nations to "liberate Palestine". Citing the US decertification of Colombia for not

cooperating on drug trafficking for the first time in three decades, he blamed the narcotics trade on mafias in the US, which were ruining countries like Colombia, where his government had been replacing coca cultivation with alternatives (though cultivation has gone up according to UN statistics), and appealed to rid it of the scourge of right-wing politicians who colluded with drug mafias. He also lambasted the US and its western allies for doing nothing to address climate change, claiming that Trump's policy to drill more hydrocarbons was creating a disaster for the rest of the world. Even as Israel's PM Netanyahu was addressing the UNGA, Petro marched outside with protestors clamouring for a free Palestine. His public call to US security forces to ignore their government's instructions to train guns on the protestors was cited as a reason by the US State Department to withdraw his visa for "reckless and incendiary actions" after he had departed. After Israeli agents boarded the Gaza-bound aid flotilla, an international effort to break a blockade and deliver aid to Gaza, and detained two Colombian activists in early October, Petro described it as "a violation of international law and the Geneva Accords." and expelled the four remaining diplomats from Israel, with which Colombia had already severed relations in May 2024. He also terminated a free-trade deal in force with Israel since 2020. After the sixth strike on an alleged drug-smuggling submarine in the Caribbean on 17 October, Petro called Trump a 'murderer' and the latter labelled Petro an 'illegal drug dealer'. The slide in relations worsened, Petro recalling his Ambassador in Washington and Trump cutting off all aid to Colombia and threatening massive tariffs on Colombian exports. In a familiar pattern Trump speaking on Air Force One to the press, ordered Petro to "close up" drug cultivation sites, if not "the United States will close them up for him, and it won't be done nicely".

On 10 September **Brazil's** Supreme Court sentenced former President Jair Bolsonaro to 27 years of prison after he was convicted of plotting a coup to remain in power. On 6 January, after he had lost his presidential re-election attempt to current President Luis Inacio Lula da Silva, hundreds of his supporters attacked the buildings of the Brazilian Congress, Supreme Court and the presidency, causing massive damage to property and calling for the election to be annulled. The ruling was four to one in favour with one dissenter, of a panel of five justices on Brazil's Supreme Court. 70-year-old Bolsonaro is not the first former president in the country's history to be convicted. In July 2017, Lula was convicted on charges of money laundering and corruption in the Operation Car Wash context, after which he spent a total of 580 days in prison. Of the other presidents, Ms Dilma Rousseff was impeached, four (Deodoro da Fonseca, Getúlio Vargas, Jânio Quadros, and Fernando Collor) resigned under varying circumstances. Bolsonaro's sentence was for taking part in an armed criminal organization; attempting to violently abolish democracy; organizing a coup; and damaging government property and protected cultural assets, "with the purpose of eroding democracy and institutions...". The Supreme Court also convicted seven of Bolsonaro's allies, including five military officers, making it the first time since Brazil became a republic, almost 140 years ago, that military officials have been punished for [attempting to overthrow democracy](#). The Court was acutely conscious of Brazil's history of military rule in the past century, which Bolsonaro's rhetoric often alluded to. In one interview he stated that Brazil would only change "on the day that we break out in civil war here and do the job that the military regime didn't do: killing 30,000." In 2023, Brazil's electoral court [barred him from public office](#) until 2030 and placed him under house arrest.

The reaction from the US echoed Trump's earlier exhortations and threats to punish Brazil for this judgment. Lula's reaction was to convene a special virtual meeting of the **BRICS** on 8 September to address the Trump tariffs. The meeting was attended by almost all BRICS heads, but India was represented by EAM

Jaishankar, who made an anodyne speech, skirting mention of the US. There was also no mention of any BRICS initiative to move away from the US dollar. In an interesting development, Brazil's aircraft manufacturer Embraer announced on 10 September it had received a firm order for 50 E195-E2 jets for US \$4.4 billion, and purchase rights for another 50 with US budget carrier Avelo Airlines. Embraer, the world's third-largest aircraft manufacturer, has been lobbying the Trump administration to remove 10 percent [tariffs](#) (the aerospace industry has been exempted from the onerous 50 percent tariffs announced by Trump in August on Brazil). U.S. clients buy 45 percent of Embraer's commercial planes and 70 percent of its executive jets, all of which rely on many U.S. parts. The tension seems to have been defused after the meeting between Trump and Lula in South Korea during the APEC Summit late October. Both claimed progress and agreed to mend fences.

On 1 June, **Mexico** voted in unprecedented federal judicial elections—covering the Supreme Court, the Discipline Court, and others, 7000 in all - representing a mass replacement of the judiciary. The event followed legislative reforms which introduced elections to the posts of judges all over the country, and raised questions about checks and balances which could have far-reaching consequences for the rule of law, governance, economic integration, investment, and security cooperation with the United States. The new judges took charge on 1 September. The reform, introduced by former President Lopez Obrador, came after repeated clashes between the Supreme Court and the executive, which accused judges of corruption, though analysts claim the Supreme Court – now reduced to nine judges, had served well as a constitutional court. Critics of the move also pointed to congressional measures to dismantle independent agencies—including the transparency and data protection body and the antitrust authority—further eroding oversight mechanisms. Questions have been raised over the separation of powers, the independence of the judiciary, the possibility of collusion between the judges and politicians or organised crime, etc. although contracts and regulatory frameworks remain enforceable under precedent, offering investors continuity.

Economic Developments

After a sort of economic honeymoon, kicked off by harsh economic reform by President Javier Milei, **Argentina's** economy was in distress in September. The trigger was the defeat in the Buenos Aires legislative election for Milei's sister Katherina, accused of corruption in a campaign heavily supported by the president. This led to a loss of confidence in the peso, breached the band it was allowed to float in, spiking fears of a slide. The US stepped in immediately, President Trump promising support and US Treasury Secretary holding out a swap arrangement for \$20 billion and buying Argentine bonds to shore up the peso, calling it a "bridge to the election" in 2027. At a meeting with Milei thereafter Trump openly stated that if Milei did not win the forthcoming election, the US "will not be generous with Argentina", a blatant attempt at interfering in the internal affairs of that country. The Economist claims "Argentine history is a graveyard of economic reforms....Mr Trump's support has not changed the fact that Mr Milei's ability to govern is now in question." Milei's government has been defeated in October by a hostile Congress on three proposals to 'reform' popular programs. However in an unexpected turn of events, in late October elections to the Congress, Milei's party La Libertad Avanza made significant and unexpected gains, assuring him of at least one third strength in both houses, which will enable him to defeat any veto by the opposition and conceivably continue his radical economic reforms.

Focus India-LAC

The visit to India of a delegation from **Brazil** headed by Vice President Geraldo Alckmin was another milestone in the bilateral relationship with India's most important partner in Latin America. During PM Modi's visit to Brazil in July 2025, the two leaders set a bilateral trade target of \$20 billion by 2030, up from the current \$12 billion. Apart from overall political discussions and meeting of minds, there was a meeting between the Defence Ministers of both sides, which "identified priority areas" for joint work, including exploring opportunities for co-development and co-production of defence equipment and laid the groundwork for a Brazil India Defence Industry Partnership delegation from India to Brazil in November. Media reported a proposal by India to sell Akash surface to air missiles to Brazil. The visit comes close on the heels of the sixth India-Brazil Strategic Dialogue, held in New Delhi on October 3 between India's National Security Adviser Ajit Doval and Celso Luis Nunes Amorim, Brazil's Ambassador at large and Advisor to President Lula, which reviewed cooperation in defence and security, energy, rare earths, critical minerals, health, and pharmaceuticals. India will take over presidency of the BRICS grouping next year from Brazil and President Lula, keen on expanding ties with India, is expected to attend.

On 24 September **Nicaragua** inaugurated a new electric substation and transmission lines in La Esperanza, 250 km south east of the capital Managua. The project, supported through an Indian government Line of Credit (LoC), will help improve electricity access for over 30,000 people. India has provided five Lines of Credit to Nicaragua amounting to \$ 94.98 million, covering both energy and health sectors. Further south, in **Chile** Indian power transmission company Kalpa Taru, has won a tender this year for transmission lines through its subsidiary Kalpataru Power Chile SpA. These and other projects showcase India's tentative but promising entry in Latin American infrastructure.