

HIGHLIGHTS

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

Political Developments

On 8 January, echoes of the invasion of the US Congress in January 2021 reverberated through Brasilia as the principal institutions of **Brazil** – the Congress, Supreme Court and the President’s Palace – were attacked by thousands of violent protestors who smashed windows, damaged property and fought with the police, demanding the resignation of President Lula and fresh elections. The premises were cleared the same day and about 1500 protestors arrested. The Chief Justice suspended the Governor of the province (a supporter of former President Jair Bolsonaro) for 90 days for dereliction of duty. Several other officials were prosecuted. Bolsonaro himself, in the US since end December, denounced the attacks, but could not be dissociated from the actions of his supporters. In fact, soon after the election results were declared, his supporters had started staging demonstrations, burning buses, blocking highways, and disrupting economic activity. They set up armed camps near the army headquarters, urging the military to stage a coup. Frustrated by the lack of response from the armed forces, they attempted to invade the federal police headquarters in the capital.

The attacks were officially condemned in a joint statement by all three constitutional branches of Brazil – the Congress, the Judiciary and the Executive. Most politicians echoed the popular sentiment, though there were several who denounced the election of Lula and some who supported a military intervention. The primary opposition to Lula emanates from the agricultural lobby which has prospered under Bolsonaro, with thousands of rainforest areas being cleared for farming. Bolsonaro’s liberalisation of sale of personal arms also gave impetus to some radical elements. Though the events have weakened support for Bolsonaro and his supporters, the presence of a majority of right-wing/conservative members in the newly elected Congress will pose problems for governance. Lula’s 2002 election did not stir such strong reaction but the far right seems to have acquired greater strength in Brazil, some of it under the influence

of foreign, mainly US, elements and will not be easy to dislodge. An enquiry by the Supreme Court will also investigate Bolsonaro's role in the events. He extended his stay in the US despite pressure from some US Congressmen to expel him. Most international leaders, including Prime Minister Modi, condemned what was seen as an attack on democratic institutions.

German Chancellor Olaf Scholz's visit to Brazil - after Argentina and Chile - end of January was positive, with a German commitment to finalise this year the EU-Mercosur free trade agreement, under negotiation for decades; 200 million Euros to protect the Amazon rainforest and collaboration on renewable energy. Germany, like Brazil and India, is a candidate for permanent membership of the UN Security Council. The press conference however saw Lula openly refuse a German request to supply arms and ammunition to **Ukraine**, declaring: "**Brazil has no interest in passing on ammunition** so that it will be used in the war...It is necessary to build a group that has sufficient strength and that is respected at the negotiating table and that talks with both,". Brazil is aware of Russia's potential as a supplier of valuable materials like fuel and fertilisers. Lula however admitted "I think Russia made the classic mistake of invading another country's territory; therefore, Russia is wrong." By end-February Lula was reported to be preparing a peace initiative for the conflict.

Media reports indicated that the US has been in conversation with select LAC countries to source Russian/Soviet-made equipment in their inventories for **Ukraine**. Peru, Mexico, Ecuador, Colombia, Argentina, Brazil, and Uruguay have such equipment. Argentina, Colombia, Ecuador, Mexico and Peru all have variations of the Russian Mi-17 transport helicopter requested by Ukraine; Ecuador and Peru have Grad multiple launch rocket systems; Peru and Uruguay have a variety of Russian-made armoured vehicles, tanks, air-defence systems and even fighter jets; Peru has the Russian-made S-125 surface-to-air missile system, 35 self-propelled anti-aircraft guns and 80 towed anti-aircraft guns and nine serviceable MiG-29 fighter jets and another four Su-25 ground attack aircraft and Russian-made man-portable air-defence systems (MANPADS). It appears that none of these countries has responded to US overtures. Mexican President Lopez Obrador (AMLO) has called such proposals 'immoral'. The US is reportedly also willing to purchase or swap such equipment with US-made counterparts.

The UN General Assembly **vote on Ukraine** on 23 February, however revealed a lower level of support for Russia. Almost all LAC countries voted in favour of the resolution calling for Russia to withdraw from Ukraine, barring Nicaragua which voted against it. Cuba, Bolivia and El Salvador abstained, while Dominica, Grenada and Venezuela were absent.

In **Peru** President Dina Boluarte, who took over from jailed President Castillo in December, faced mounting protests and demands for her resignation from Castillo supporters. Having agreed to advance general elections from mid 2026 to April 2024, she refused to resign in the face of allegations of police brutality and dozens of deaths. The Prosecutor General of Peru called for Boluarte to account for disproportionate use of force leading to these deaths. The judiciary refused relief to Castillo on his appeal against an 18 month pre-trial detention. In a country deeply divided between traditional elites and poorer masses, especially in the south, Boluarte seems to be getting as unpopular as Congress. Her belated plea

to further advance the elections to late in 2023 was rejected by Congress, which approved the indictment of Castillo and two former ministers for alleged crimes of criminal organization, influence peddling, and collusion, opening the way for more polarisation. Left-wing leaders in the region have criticised Boluarte, Mexican President AMLO calling her a “puppet” of the oligarchs.

In February **Nicaragua**’s President Daniel Ortega made a surprise move by releasing and deporting 222 political prisoners. Though their release was a long-standing demand of the opposition – and believed to have been the result of secret talks with the US – the prisoners, along with almost 100 other opponents of the regime, were stripped of Nicaraguan citizenship immediately thereafter. This was seen as a clumsy attempt by Ortega - who has perpetuated his power and rule alongside his wife and Vice President Rosario Murillo - to weed out anyone who could challenge him in future. The move was criticized by even left-wing leaders of Argentina, Chile, Colombia and others. Mexico offered the released detainees asylum. Nicaragua has also declared it will leave the Washington-based Organisation of American States (OAS) in November 2023, joining its partners – Cuba and Venezuela – on the periphery of Latin American politics.

The situation in **Haiti** continues to worsen. With the country virtually at the mercy of hundreds of armed gangs who openly defy authority, there were calls for the government to resign. Prime Minister Ariel Henry, who took over after the July 2021 assassination of former President Jovenel Moise, seems powerless to stem the rot. Many still suspect his involvement in that assassination. On 10 January, Haiti’s Senate, the country’s last democratically elected institution, adjourned with no new members to convene a new term. Haiti failed to hold legislative elections in 2019, leaving the country without a single lawmaker in its National Assembly. With the withdrawal of the UN peace-keeping mission, MINUSTAH in 2017, and its diminished successor in 2019, the US increasingly weary of the crisis, handing over leadership to Canada, the international community seems to have given up on the blighted country spewing refugees.

The **Community of Latin American and Caribbean States** (CELAC) held its 11th Summit in Buenos Aires on 24 January. Founded in 2011 in Chile, CELAC brings together 33 LAC countries (including Cuba but excluding the US and Canada) as a sort of riposte to the Washington-based Organisation of American States (OAS). It was moribund for a few years, given ideological divisions, but sought to be revived by Mexican President AMLO who assumed the presidency in 2020. Given the divergences of ideology and policy, there seems little prospect this forum can influence events in the region. The summit was important as a gathering of several left-wing leaders, especially President Lula of Brazil, which had left the forum in 2020 during the presidency of Bolsonaro. President Maduro of Venezuela had to cancel his participation, reportedly due to threats from far right elements in Argentina. The final declaration touched upon the Food Security, Nutrition, and Hunger Eradication Plan; the continuation of the Sanitary Self-Sufficiency Plan; and the strengthening of local and regional production and distribution of vaccines, medicines, and supplies. It also approved the CELAC–European Union Summit in 2023 and the CELAC–China Forum Summit in 2024, with 11 special declarations covering topics like the defense of Argentina’s sovereignty over the Falkland Islands, the end of the US economic, commercial, and financial blockade of Cuba, efforts to combat international arms trafficking and the promotion and preservation of

indigenous languages. The Peru crisis was discussed but without any consensus. Chinese President Xi Jinping addressed the summit virtually, reiterating China's interest in CELAC as a prime interlocutor for the region.

Economic Developments

The new Costa Rican Executive Secretary of the UN Economic Commission for Latin America & the Caribbean (ECLAC), José Manuel Salazar-Xirinachs painted a grim picture of the LAC economy: "There is a debt shock, an interest rate shock, an inflationary shock, the health shock, the value chain shock. And the longer-term climate change shock..." According to ECLAC estimates, Latin America's GDP will grow by 1.3% this year, yielding another "lost decade" like that of the 1980s, entailing "loss of opportunities and increased poverty" covering 32.1% of the region's population (201 million people) and 13% (82 million) in extreme poverty.

On 8 January the Central Bank of **Argentina** and the People's Bank of China signed a currency swap agreement that "comprises the exchange of currencies as a reinforcement of international reserves for 130 billion renminbi and a special activation for 35 billion renminbi to offset foreign exchange market operations," (the US dollar is about 7 renmimbi) The agreement expands the amount available to Argentina, which already had access to \$5 billion. It paid \$2.3 billion to the IMF on private bonds restructured in 2020. The swap almost doubled the Argentine central bank's international reserves, providing much needed relief to the beleaguered country suffering massive inflation and rising costs.

In January the Presidents of US, Canada and **Mexico** met in Mexico City for the **North American Leaders (the 'Three Amigos') Summit**. The three countries participate in the North American Free Trade Agreement (NAFTA) – since 1994, one of whose goals was to integrate the Mexican economy with that of north America. The pact has yielded benefits but also caused problems, though most agree it has served a valuable purpose by integrating Mexico into north American, especially US supply chains. Among the discussions reported, apart from the usual issues of migration, drugs and organised crime, was the US advice to Mexico to take advantage of the recently passed US CHIPS Act, which provides \$50 billion in funding for companies that can locate semiconductor manufacturing in the western hemisphere. The meeting also saw an agreement to set up solar power capacity in Mexico and reduce methane emissions by at least 15% by 2030, specifically from the waste sector. The arrest of a high profile drug cartel leader Ovidio Guzman, son of the notorious El Chapo who is in US prison – a few days before the summit - also boosted Mexico's image, despite the ensuing violence, and despite US misgivings over AMLO's left wing and sometimes capricious policies on energy, and its ambivalence over Ukraine.

Focus India-LAC

After two years of discussions, a government of India-led consortium has identified two **lithium** mines and one copper mine in **Argentina** for a possible acquisition or long-term lease. Ownership (in case of acquisition or infusion of equity) or leasing rights of all the three mines will be with KABIL, a consortium comprising National Aluminium Company (Nalco), Hindustan Copper (HCL) and Mineral Exploration

Company (MECL). Argentina has the third largest reserves of lithium worldwide and is currently the fourth largest producer after Australia, US and China. Chile, Bolivia and north-west Argentina form the so-called "Lithium Triangle". During the India Energy Week in Delhi in February, ONGC (Videsh) Ltd. signed an MOU with Argentina's YPF S.A. to collaborate on hydrocarbon exploration in that country.

The Indian diaspora in LAC is tiny compared to other regions, but significant in that two Caribbean countries are today governed by persons of Indian Origin (PIOs). The Presidents of **Guyana** – Irfaan Ali, and **Suriname** - Chandrikapersad Santokhi – were chief guest and guest of honour respectively at the Pravasi Bharat Divas celebration on 9 January. This annual event for PIOs worldwide also saw the attendance of the Foreign Minister of Panama, Ms Janaina Tewaney Mencomo, who has Indian roots. Guyana's Vice President (and former President) Bharrat Jagdeo also visited Delhi in February for official talks. Almost 40% of Guyana's population is of Indian-origin while Surinam's population includes an Indian-origin minority of 27%. Panama also has a diaspora of several thousand. Guyana is in the news on account of massive discoveries of offshore oil and gas, and Suriname too has hydrocarbon reserves. During the visit reports indicated that Indian companies will be exploring possibilities in midstream and downstream hydrocarbons, as well as possible bidding for oilfields. Though trade and investment have not been significant with India, Eximbank has funded development projects and cultural links are sought to be strengthened. Guyana has a territorial dispute with neighbouring Venezuela - which objects to the former exploiting hydrocarbons till the border is agreed - and is also exploring procurement of defence equipment such as aircraft and naval vessels.

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COMMENTS

(The views expressed are personal)
