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HIGHLIGHTS

- Political Developments
- Economic Developments
- FOCUS India-LAC

Political Developments

Brazil's leading prosecutor filed a document containing 230 pages with the Supreme Court charging former Presidents Lula and Dilma Rousseff with running a criminal organisation involving cartel formation, corruption and money laundering through state-owned oil firm Petrobras. The charges indicted 6 other Workers Party (PT) functionaries, including two former Finance Ministers. On 14 September, President Michel Temer was charged with obstruction of justice and racketeering. Collusive parliamentarians blocked a two-thirds (342 vote) majority required for his prosecution in the lower house of Congress. Prosecution on earlier corruption charges against Temer was similarly defeated by Congress in August.

Venezuela conducted elections of Governors in 23 states on 15 October. The government announced that candidates of the official Socialist Unity Party of Venezuela (PSUV) had won 18 governorships. PSUV got overall 54 percent and the opposition 43.7 percent of the votes. The opposition MUD (Democratic Unity Roundtable) coalition split, with four opposition governors taking oath before the Constituent Assembly. Mr. Henrique Capriles, former opposition presidential candidate exited the coalition. Apathy and infighting were reportedly the causes for the opposition's poor showing. The Lima Group (Grupo de Lima) which had earlier condemned President Maduro's Constituent assembly, issued a statement on '...acts of intimidation, manipulation and irregularities that characterized the elections... consider it urgent that an independent audit of the whole electoral process is carried out with the assistance of specialized and renowned international observers...' The statement was issued in the names of Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay and Peru.

On 4 September the **Colombian** government announced it had reached a ceasefire agreement with the National Liberation Army (ELN), a group smaller than the FARC, and the last major holdout in the government's efforts to end the five decade long civil war. ELN was recently involved in kidnappings, extortion and blowing up of oil pipelines. The ceasefire came into effect 1 October and will last till 9 January. Talks with ELN began in neighbouring Quito, Ecuador and are continuing for a final settlement.

Diplomatic ties painstakingly built up during the Obama administration with **Cuba**, already under a cloud within the Trump administration, were hit by allegations that 21 US diplomatic personnel were the targets of a Decibel War. They suffered physical symptoms such as dizziness, fatigue, etc. allegedly due to sonic waves directed at their offices and residences by unidentified assailants. On 29 September, US Secretary of State Rex Tillerson ordered the recall of all non-essential US diplomats from the embassy in Havana and expelled a corresponding number of Cuban diplomats from Washington. Cuban visa applications were suspended. A low-key meeting between Tillerson and Cuban Foreign Minister Bruno Rodriguez in Washington, in early October did not resolve the stalemate.

On 14 September, the US designated 22 countries as major **narcotics** producing or transit nations. Of this list, 18 are from Latin America and the Caribbean (India also figures). Bolivia and Venezuela were named for having “failed demonstrably” during the previous 12 months to adhere to their obligations under international counter-narcotics agreements. A White House memorandum stopped short of including close US ally Colombia in this category, despite its “extraordinary growth of coca cultivation and cocaine production over the past 3 years, including record cultivation during the last 12 months.” Decertification by the US of a country for not cooperating in the war on drugs has implications for US aid and other cooperation.

The report, on top of President Trump’s blandishments to LAC leaders and general policy dysfunction towards the region, impacted his dinner for the region’s leaders in New York on 19 September during the UNGA (UN General Assembly session,) which Mexico’s Peña Nieto and Peru’s President Kuczynski did not attend.

Ecuador’s political crisis deepened on 2 October with a court ordering the incarceration of Vice President Jorge Glas, who had been relieved of his duties by President Moreno in August over allegations of bribery involving Brazilian company Odebrecht. He protested that this step was political, not legal, even as Moreno appointed an interim Vice President. Glas’s assets are frozen and he cannot leave the country.

Economic Developments

Presidents of **Brazil and Mexico** visited China early September in connection with the BRICS Summit in Xiamen, to which Mexico was a special invitee. **Chinese media:** Chinese authorities publicised the Latin American connection. Mexico faces a challenge over the continuation of NAFTA from the Trump administration. China and Brazil signed 14 cooperation agreements. The two leaders agreed to collaborate on China’s Belt and Road Initiative especially global telecommunications and infrastructure projects, with Temer outlining his privatisation plans to Chinese investors.

China’s inexorable penetration of Latin American economies continues:

- Chinese companies were the highest investors in **Brazil** over the last decade with a cumulative investment of \$46 billion in 87 projects in hydropower, hydrocarbons, power transmission, nuclear energy, ports, automobiles, telecom and agro-industry, entering even the finance sector.
- BAIC, one of 15 largest automakers worldwide, will introduce 4 new models in **Mexico**, where some US and Japanese companies have downsized or exited. BAIC is also negotiating the production of electric cars in **Chile**, using its rich lithium reserves.
- Chinese government and enterprises are working with **Colombia** on drinking water and sanitation projects, solar energy and hydropower in **Bolivia**.
- Chinese telecom giant Huawei has designated **Panama** as a regional hub. China Landbridge, CCCC and others are working on the Margarita Island terminal, a hydropower project and a fourth bridge over the Panama Canal.

Focus India-LAC

Commerce Minister Mr Suresh Prabhu visited **Cuba** at the end of October and met with First Vice President Miguel Diaz Canel and other officials. India was partner country in the Havana Trade Fair this year, an opportunity to explore this rapidly opening market. He also met his counterparts from Suriname, Barbados, Dominican Republic and Haiti. The government is exploring possibilities of a trade agreement with the **Caribbean Community** (Caricom), a 15-nation trading bloc, and possibly a limited deal with Central America. The Caribbean accounts for less than 5 percent of India’s trade with LAC. Import of Caribbean tropical farm produce will not prejudice Indian farming. India can offer medicines, automobiles, engineering, textiles and leather products.

Mr. Prabhu then visited **Panama** on 1-2 November to discuss possibilities for using the country's infrastructure to set up a logistics hub, availing its excellent regional location, shipping and air connections. Warehousing facilities would enable Indian business to promise quicker delivery to clients in that hemisphere.

A meeting was held in Delhi to take forward the expansion of the **India-Mercosur Preferential Tariff Agreement**, finalised in January 2004, effective from 2009. India had listed 450 tariff lines and Mercosur 452 lines for preferential treatment. The ongoing negotiations involve 4836 lines at 8-digit code from India's side while Mercosur has offered 3358 lines. At the recent meeting, India handed over a list of 484 lines to Brazil, which holds the rotating Mercosur presidency. In their meeting in Goa in October 2016, PM Modi and President Temer of Brazil, the interlocutor of the four-nation grouping (with Argentina, Paraguay and Uruguay), agreed to finalise the agreement by 2018.

(The views expressed are personal)
