

SPOTLIGHT ON LATIN AMERICA AND THE CARIBBEAN:

Mapping geopolitical trends for Quarter One 2020



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Cover image: Amazon rainforest on fire in 2019, as seen from space

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Acronyms and Abbreviations

Arns Commission	Dom Paulo Evaristo Arns Commission for Human Rights
CADHu	Brazil's Human Rights Advocacy Collective
FARC	Revolutionary Armed Forces of Colombia
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
MERCOSUR	Mercado Común del Sur
NAFTA	North American Free Trade Agreement
OPEC	Organization of the Petroleum Exporting Countries
UN	United Nations
US	United States
USMCA	US-Mexico-Canada Agreement

Key takeaways

- **Para-militaries will remain a lasting and wide spread feature thus legitimizing the use of violence. Coupled with a pax-mafiosa situation, organized crime in partnership with institutions will continue to flourish. Although these networks perpetuate insecurity, they are availing themselves as the only sources that can provide security due to heightened public mistrust of official security forces.**
- **Migration is likely to continue at a steady pace, but the humanitarian crisis surrounding migrants will worsen as people will continue to live in displaced conditions and be exposed to violence and crimes of human trafficking. Covid-19 has brought a new dimension to health care in Latin America. While the severity of infection cannot be estimated, governments will need to redirect resources against the backdrop of fiscal constraints and access to facilities challenges will continue to impact those who are already marginalized by poverty, poor health and migration risks.**
- **Although environmental solutions are on the rise, conditions are likely to deteriorate in general as states make more concessions for business and industry, especially because states are looking to diversify economies through low hanging fruit (industry heavy) and gain more liquidity. A heightened concern will be the position and response to food security pressures in the region and practical impacts on nutrition. Environmental refugees as a product of waning food security and heightened water scarcity are simmering issues but will have a long-term impact on trends' trajectories. The advent of Covid-19 and the indirect impact on improved climate conditions should draw more recognition to climate change.**
- **What adds hope to the pessimistic outlook? There is a strong civilian desire to improve socio-economic conditions through the strengthening of public accountability. This may very well be the first step towards rectifying a pyramid of challenges facing the region.**

Introduction

A mixed bag of opportunity and risk impacts on Latin America and the Caribbean's (LAC) ability to create an image as a stable environment for business and investment which is further impacted on by a bigger underlying challenge, the Covid-19 pandemic. The increase in populist leaders, social unrest, corruption, climate change, drug related issues and poverty have been a direct consequence of forced migration, organized crime, and governance maladministration. This has further impacted foreign policies of the LAC and its ability to converge as a region. This scarcity, coupled with extreme climate events, and fires devastating bio-diverse areas create a pessimistic image of otherwise optimistic societies.

Much of the practical challenges in observing the LAC are due to language barriers and viewing the region through particular lenses that are already informed by an agenda. This report considers the regional developments through a discussion of pro-democracy protests and elections, security, gender trends, mass protests on rising costs and lack of service delivery for the marginalized, economic and financial matters, and heightening environmental concerns.

Pro-democracy protests and elections

The demand for elections in Chile, Bolivia and Venezuela show that there is still widespread belief in the legitimacy of democracy in spite of [deteriorating institutions](#). Municipal elections in the Dominican Republic were suspended in February due to faulty voting machines, which culminated in nation-wide protest and mistrust. El Salvador's President, Nayib Bukele,

¹ Bolivian public protest against Morales was predominantly engaged by a non-violent grassroots movement called "Pititas".

was severely criticised for his intimidation tactics in democratic institutions; calling in the Armed Forces and National Civil Police troops after Bukele's Territorial Control Plan failed to garner support at the Legislative assembly. [Chile](#) is set to hold a constitutional referendum in April 2020, 80% of Chileans support this call. Youth protests erupted in October 2018 over subway fare hikes and since have spiraled to calls for improvements to accessing education, health, pensions, and wages as the most pressing issues, environmental and minority rights are considered as additional. The government has put forth the [Agreement for Social Peace and a New Constitution](#) as a guideline to the creation of a new constitution.

The April referendum needs a positive response to ensure that a new constitution will be designed; thereafter there will be an election for a mixed citizen-legislator convention (together with existing members of Congress). There is ambivalence to the process because of the technicalities in place and the youth who sparked the protests will be excluded from the process of creating the new constitution. There is a chance that if people feel dissatisfied with the process, more protests could erupt and the crackdown more violent. As a strategy, government officials should be taking note of the discussions and recommendations made by the *cabildos*, community style meetings that engage in grassroots discussions and are essentially informing new urban political culture; but it is unclear to what extent they are already included in these negotiations.

The situation in [Bolivia](#) is rapidly changing; in 2019, Bolivian president, Morales, currently in exile in Argentina, resigned because election results from the October 2019 national elections were found to be defective and the public¹ vehemently protested against Morales, who was seeking a fourth term as president.

Upon Morales' resignation, Bolivian vice-president Álvaro García Linera also entered into exile, therefore the constitutional succession for leadership came to second vice-president of the Senate and right-winger Jeanine Áñez who has since managed to pacify social unrest and called for new elections for the beginning of May 2020 (however [postponed](#) by 14 days due to Covid-19), bringing back political opposition that had entered into exile before Morales' resignation.

While elections can either resolve or enflame political crises, the case of Bolivia is particularly encouraging. Initially Morales attempted to maintain control through the use of police and military force, however security forces recognised the pragmatic risk of escalating violence and growing sense of nationalism and sided with the public and the eventual resignation of Evo Morales was relatively peaceful. Since assuming office, [Áñez](#) has reoriented Bolivian foreign policy, breaking with former Venezuelan solidarity and the Union of South American Nations and Bolivarian Alliance for the Americas, and relations with Cuba, Mexico and Argentina and Spain are not optimal. Perception politics are starting to play a much larger role in how the world interprets the situation in Bolivia, with different actors reporting different perspectives of Morales and Áñez.

Issues of violence plague LAC communities, however, during the post-election unrest in Bolivia, many [non-violent movements](#) reported that trained paramilitary forces had infiltrated peaceful protests with the aim of creating violent incidents and further discredit their actions. Non-violent movements subsequently trained their supporters to be aware of infiltrators and how to isolate them. Bolivia is a success story; "Bolivia dijo No" or "Bolivia said No" showed a strong civil presence could achieve peaceful leadership change in favour of stronger democratic practices, which will be held to high levels of accountability going forward.

Although congressional elections are scheduled to take place before the end of the year official presidential elections are scheduled for 2024. Venezuela will continue to face a difficult year in its [humanitarian crisis](#), though immense renewed pressure has come from Brazil in the form of the Rio Treaty, the Maduro regime is kept afloat by China, Cuba and Russia.

However, China has played out more neutral scenarios that do not hamper its chances for having a good relationship for whoever wins the leadership tussle. Venezuela started 2020 in [controversy](#); Juan Guaidó's opposition party faced intimidation when attempting to enter the National Assembly building, and Maduro blocked Guaidó's re-election as National Assembly head by naming another legislator, Luis Parra without a vote count. However, this situation has since been overturned. In 2018, Maduro's election to office was declared fraudulent by Guaidó and he then announced himself as interim-president. Guaidó needed to be re-elected as National Assembly head in order to maintain the position of interim-president. The situation in 2018 saw major players in the region quickly take sides with Guaidó; the US implemented immediate sanctions, and Brazil has since been driving the Rio Treaty process to further isolate the Maduro regime. International pressure exacerbated the downward spiral in the Venezuelan economy making food, medicine and fuel more scarce and thus heightened push factors for economic migrants.

This has opened-up the region to increased support from Russia and China. China is seen to be taking a [moderate posture](#) to the Venezuelan crisis, continuing to acknowledge Maduro on the basis that Maduro is still recognized and stating otherwise would mean intervening in Venezuela's internal sovereign affairs. China is thus continuing economic and financial ties with the Maduro regime despite its losses, which can [damage relations](#) with other countries in LAC. China is further placed

in a difficult predicament because Guaidó has pledged to support Chinese investments with greater alacrity. Chinese loyalty to the Maduro regime is much more pragmatic as China is heavily invested in the oil production, even though the crisis has put investments and energy security on hold. China's engagements are also focused on more high-value chain market outputs, and it remains in China's interests to have a socialist-ally in the region.

Walking back its commitments to Venezuela would mean losing face in the global South as a credible and preferential ally and ultimately siding with the Trump administration. Guaidó should distance himself from the US to gain more support from China, but this is unlikely as the US (and other regional powers like Brazil and Colombia) as allies, secure Guaidó's position to pressure Maduro. Peru and Venezuela's unresolved elections and contentious leadership has resulted in political turmoil and regional spill over in the case of Venezuela. Peru saw its [government dissolved](#) in September 2019, and the vice president declined in taking the position. Peru took part in elections on 26 January and it was reported

that there was no enthusiasm among voters; the formed congress will be replaced in next year's general elections. Guyana's elections took place on the 2nd March, and saw the head of elections from the OAS advise that the [electoral commission](#) implements a technological solution which would give way to early preliminary results.

[Suriname's](#) president, Desi Bouterse, will run for re-election after being convicted for the murder of political opponents in 1982. This is a [country to watch](#); China and Russia are likely to win the geopolitical tussle and gain access to largely untapped oil. Due to the Dutch suspending their aid to Suriname in 2010, China is increasing its infrastructure development and logging business, and the general stance on alleged human rights abuses and criminal records leans towards affirming the principle of sovereignty. However, this is dependent on Bouterse and if he wins the election in May. Suriname is nestled between Brazil, Guyana and French Guiana, and has had cordial relations with the US, however its close ties to Venezuela also bring the geopolitical positioning of other actors much closer.

Table 1: Elections in LAC, 2020

COUNTRY	ELECTION	DATE
Peru	Parliamentary elections	26 January 2020
Guyana	General election	2 March 2020
Falkland Islands	Electoral system referendum	26 March 2020
Chile	Referendum	26 April 2020
Bolivia	General election	3 May 2020
Dominican Republic	General election	17 May 2020
Suriname	General election	May 2020
St. Kitts and Nevis	General election	August 2020
Trinidad and Tobago	General election	September 2020
Brazil	Municipal elections	4 and 25 October 2020
Belize	General election	November 2020
St. Vincent and the Grenadines	General election	December 2020
Venezuela	Parliamentary election	December 2020

Source: Author's own compilation based on [Congressional Research Service Report](#)

There are mixed feelings on the state of democracy in the LAC region; protests in Bolivia, Chile, Colombia, Brazil, Puerto Rico, Honduras and Ecuador in 2019 showed that more situations of mistrust. In several cases, electoral fraud is often cited as a prevailing tactic to ensure a status quo is maintained, and social discontent may heighten again with postponement of elections with the advent of Covid-19 risks.

Security

The spike in the use of **irregular security forces**² and [private security firms](#), has allowed states to employ counter insurgency measures and while these forces are effective in localized issues and providing on-the-ground intelligence, the long term use of these forces has increased the number of unregulated arms available in an urban area, and legitimized the use of civilian violence. Particular flare-ups at the Venezuelan, Colombian and Brazilian borders, which are expected to intensify during times of heightened economic scarcity and access to social services, which seem to flare xenophobic tensions. The use of para-military to gain control over civil unrest will be a lasting feature as governments offer [immunity](#) to these armed forces during violent protests and riots, moreover, the regularization of these forces will not take place as policy to support this has been in place, but never enforced. This is a notable risk; as seen with the extreme example of the Revolutionary Armed Forces of Colombia (FARC) guerilla movement, civilians with access to weapons and a degree of training have access and opportunity to form insurgent movements where activities may enter into a lull but reignite sporadically, contributing to greater instability through the forced displacement of people, and using additional extremist tactics to impact on strategic infrastructure.

² Civilians that are not part of the formally trained police or military but have been recruited locally

This is juxtaposed with the long running trend of having enhanced policing forces or the military to enforce order frequently and directly bolster the regime. As such a level of security and threat of violence has been normalized in societies, and additional force that has been granted such legitimacy would not be questioned. Some examples include Venezuela, with [Maduro](#) believed to be using the power of the military and police to suppress dissent through extra-judicial targeting, killing and imprisoning people without a fair trial.

Irregular security forces are taking more vigilante action. For example, Venezuela's mega-gang of 100 strong led by Carlos "Coqui" Luis Revette murdered rivals of another alleged criminal group headed by Elvis Eduardo Castro Troya, alias "El Culón", in Caracas in 2019. The action comes as a result of [Castro Troya's gang](#) murdering two police officers and were found in breach of unwritten criminal code. The state did not intervene or prosecute. Another group contributing to pro-government vigilantism in public violence tactics is the [Colectivos](#). In Colombia, cases of paramilitary use have been an issue that the media has also played a part in covering, although at times not reporting on a number of humanitarian crises and giving the [military legitimacy](#) and silencing victims by not reporting their side of the story. Although there have been attempts to bring peace between the Colombian government and [FARC](#) political violence remains a fixed feature and the most recent clashes have involved dissident FARC members and peaceful indigenous groups in Colombia.

Regrettably, the state of violence and irregular security forces have in part been normalized due to a creation of a **Pax-mafiosa**, where organized crime, the drug trade and politics have become intertwined. For example, Mexico is ranked as one of the most dangerous areas in the world in the list of countries with the highest rate of intentional homicides per

and trained informally and given access to weapons.

100,000 inhabitants according to the United Nations (UN). The country is continually plagued by violence that is believed to be linked to [drug cartels](#) involved in money laundering, drugs and human trafficking in the region. Arrests of gang members have failed to completely eradicate the drug trade, with police believed to be involved in protecting the gangs and their illegal businesses. Moreover the symbiosis between gang activity and drug trafficking has allowed violence to be weaponized, and normalized as part of state institutions in El Salvador, Honduras, Mexico and others.

Migration and Health

Migration and health through Central and South America is set to worsen the [humanitarian crisis](#) conditions. [Caravans](#) of Central American migrants and asylum seekers (from Honduras, Guatemala and El Salvador, so-called Northern Triangle countries) transit and enter through Mexico illegally in an attempt to access the US. Migration across Central America to the US is driven directly and indirectly by climate change, environmental disasters and food insecurity, and indeed seeking refuge for human security. However, as it is increasingly difficult to prove that persons should hold the status of a refugee based on violence or political persecution, which has legal frameworks in place; proving that persons are climate or [environmental refugees](#) faces immense challenges from a normative acceptance of what environmentalism and climate change means. Furthermore, this has an impact on endogenous knowledge and memory that will be lost due to migration to other regions where

³ Most asylum seekers pass through Guatemala destined for the USA. The “safe third country” agreement specifies that those seeking asylum in the USA will be ineligible unless they first applied

there may not be an opportunity to draw from ancestral knowledge.

Mexico has come under [immense pressure](#) from the Trump administration to halt the influx of illegal immigration into the US from Mexico, sending troops to the Southern border of Mexico and accepting the US proposal to become the wall, border patrol, and waiting room for asylum seekers. However this is placing Mexico in a regional conundrum. Although it has not joined the “safe third country” agreement³, it is effectively implementing Trump’s vision of a wall by blocking, deporting and controlling asylum seekers from entering the US. While going through the process of applying for asylum to the US at the US-Mexico border, people are forced to wait up to a year in Mexico and are often forced into precarious or life threatening situations, and more recently a [fear](#) of being infected by Covid-19. Those who do not stay in Mexico, are sent to Guatemala or El Salvador under the “safe third country” agreement.

However, the persons sent to these countries were leaving them because of the high risk of violence, poverty, climate change and lack of access to employments and social support services like adequate healthcare and education opportunities. This is further impacted by people-to-people transmission of Covid-19 where [travel restrictions](#) in Argentina, Chile, Colombia, El Salvador, Peru, Bolivia and seven states within Venezuela are in place. Although there is [uncertainty](#) to how the virus reacts climactically, there is an ongoing economic downturn in the region and there is economic disruption to supply chains, and other epidemics such as measles and dengue fever to name a few also impact the context of already precarious health care facilities. Much of the attention will remain on displaced Venezuelans and the flare up of

for protection in Guatemala, El Salvador first. Mexico has refused to sign the agreement. Panama is another potential signatory.

xenophobic sentiments and violence. Ecuador began demanding a clean criminal record, passport and visa, however the combination of documents are not attainable for most Venezuelans during this time; Chile and Peru implemented similar measures. The most positive response from the Colombian government has made provision to provide 2 year permits allowing Venezuelans to work and have access to social services, including citizenship to children that have been born in Colombia. This open approach has been to mitigate the risks of border violence and crime, however the flare ups of conflict among paramilitia forces show that this is a fragile arrangement.

Gender trends

The region faces broader social unrest; women in the region face gender-based violence, inequality, femicide and strict abortion restrictions. Leading up to the [mass protests](#) that took place across Argentina, Brazil, Chile, Colombia and Mexico, on international Women's Day, 8 March 2020, Mexico, Colombia and Venezuela have featured. In 2017, approximately [2,795](#) women were murdered in the LAC region due to gender-related reasons. Femicide on the rise has prompted 18 LAC countries to revise legislation; however, a complete picture of the challenges that still face the region will not be updated in 2020 due to the pervasive rise in Covid-19 infections and difficulty in documenting migration.

On the 22nd February 2020, [Mexican](#) women participated in a protest demanding action from the Mexican government against femicides; the Mexican women are planning future protests against violence against women. Despite Colombia's efforts to decrease [hate crime against women](#), the number has increased with 44 reported cases already in 2020, femicide is an issue that has continuously affected the region and earned it

the label of the region with the highest rates of femicide in the world.

Colombia has also been involved in protests dealing with women's rights; the protest was focused on restructuring the rights to an abortion. [Colombia's Constitutional Court](#) in the past only allowed abortions on the grounds: "if the woman's life was endangered, if the pregnancy was a product of rape or if the fetus is fatally deformed". The case was brought forward by anti-abortion rights activities and it has renewed the conversation to fully legalise abortion without any exceptions for the first months of the pregnancy. Of all the countries in the LAC region, only Cuba, Guyana and Uruguay allow abortion without any exceptions; the same conversation has been undertaken in Argentina to fully legalize abortion.

In general, the humanitarian situation in Venezuela is dire as fewer women are reporting gender-based violence and femicide has [increased by 50%](#), and those who have fled Venezuela are more exposed to sexual violence, exploitation, human trafficking, and lack of basic hygiene supplies and access to specialized care in the case of pregnant women. The impact the crisis has on women will continue to be disproportionate even after a level of stability has been obtained as women are consciously left out of decision-making thus impacting on the future of a peace agreement, which will have further impact on the success of a future response to human trafficking and drug smuggling.

Economic and financial matters

In 2019, countries were already scrambling to prevent the global economic slowdown but the impact of Covid-19 on an already [bearish financial market](#) is set to usher in further uncertainty as nations develop emergency plans which address the risk of the high rate of transmission. The virus has the potential to

infect a high percentage of the global population, causing illness to varying degrees of severity and even leading to the deaths of many. Although the vast majority will recover, there will still be a direct impact on productivity and demand in regular consumerism.

The oil market has seen reductions in demand due to reduced travel and restrictions on tourism and exports of certain products. The [risk](#) is not adjusting production and output flooding the market with an excess supply during this time of global suppressed consumption. The Organization of the Petroleum Exporting Countries (OPEC) Plus negotiations have proposed for members to further reduce supply, with Saudi Arabia offering to take on the bulk. [Russia's](#) response was to disagree on the basis that it is facing sanctions and reducing output would impact on social commitments and development planning that would impact on its geostrategic capabilities in the Caucasus and Europe. It wanted to rather extend the 2017 agreed upon output, moreover high oil prices have made [US fracking](#) profitable. So, in retaliation, OPEC under Saudi Arabia's defacto leadership was to [remove restraining measures](#); oil prices declined substantially due to excess supply and diminished demand. Although the other 13 members did not decide to implement further reductions, they may be more severely impacted than stronger OPEC countries like Saudi Arabia and OPEC Plus members like Russia that can wait out the price war.

A decision was reached to further reduce oil production to [9.7 million barrels](#) per day, on 12 April. However, in this debacle, Venezuela's potential to boost production has been diminished; US sanctions applying pressure on the Maduro regime have impacted on support from Russian petroleum and gas giant, Rosneft, and suspended gasoline [exports](#) to the US and impacted on local production as Venezuela is unable to import a diluent used in the refinery of crude. As Venezuela is dependent on oil to

support its economy, it is entering its first [oil-for-food deal](#) with Mexico's *Libre Abordo*. At the moment, [Brazil](#) is staying out of OPEC Plus in order to avoid output restrictions, however it is aiming for talks with Saudi Arabia on the margins of the G20 in Riyadh later this year. [Regional airlines](#), the LATAM Airlines Group, Brazilian carrier Azul SA, and [Avianca Holdings SA](#), are reducing international flights by up to 30% due to the reduced demand, and together with other airlines are implementing a travel ban from high risk areas like China, US, Europe, Japan, South Korea and Iran.

The Mercado Común del Sur (MERCOSUR) trade bloc is [diversifying](#). The most recent engagement with the EU has shown optimism in terms of increasing trade and business relations. Traditionally, the EU views the region as volatile but there is an expectation that once the intercontinental Free Trade Agreement (FTA) is signed, it would bring maritime stability to the trade route logistically. MERCOSUR may also start to engage the Middle East markets as seen in Brazil's discussions with [Lebanon](#). Once the agreement is finalized MERCOSUR will need to be careful not to open up too quickly at the risk of harming domestic manufacturing markets, as expressed by Brazil and Argentina in the past.

In 2019, the North American Free Trade Agreement (**NAFTA**), initially signed in 1993, was replaced by the [US-Mexico-Canada Agreement](#) (**USMCA**). Under the new agreement the following [additions](#) to NAFTA have been made: 1) country of origin rules focusing on manufacturing in automobiles, 2) labour rights and wages differences in automobile manufacturing, and Mexico has agreed to pass new labour laws protecting migrants and women, as well as union activities, 3) increasing protection on Intellectual property and digital trade, and 4) a sunset clause that allows the agreement to expire and be reviewed every six years. It is interesting to note that this trade deal did not collapse into a full-on trade war during the

renegotiation process. Some have argued that Bolsonaro's '[Bull in a China Shop](#)' approach to global politics seems to be [working](#) for **Brazil**, as it has managed to open its policies for a more favourable business and investment environment, emerging out of recession with profits and lowering inflation. Much of the world has become increasingly critical of the relaxed postures towards a pro-industrialist business and investment setting because of its direct impact on the environment.

The Brazilian government has pledged a [US\\$30 billion](#) fiscal package to ease the impact of the Coronavirus on the economy which would mean bringing forward social grant payments, deferring company taxes, and easing access to workers' severance funds. While this package does not include new funds entering the fiscus, especially as economists have issued pessimistic outlooks for improving GDP, it shows careful consideration for the negative impact the economy can sustain in spite of Bolsonaro's dangerously casual response to Covid-19. In light of rising infections and deaths, there is a rising movement calling for Bolsonaro's impeachment over his irresponsible reactions towards the virus and Brazil's Human Rights Advocacy Collective (CADHu) and the Dom Paulo Evaristo Arns Commission for Human Rights (Arns Commission) are seeking to indict Bolsonaro and call for a preliminary investigation into the incitement of genocide of Brazilian indigenous peoples (which includes Bolsonaro's dealings with the Amazon burnings in 2019).

In October 2019, indigenous and student protestors challenging the series of austerity measures erupted in [Ecuador](#). The measures were part of Ecuador's International Monetary Fund (IMF) backed programme that would institute raised fuel prices, among other austerity measures contributing to public saving, in return for credit that would bolster the country's dollarized economy; the Ecuadorian economy was already facing significant pressure due to low oil prices and

expensive exports and while the IMF loan would make a contribution – the impact of austerity measures on Ecuador have been underestimated. This was later reversed as protestors and government worked to reach a compromise, however the need to restructure the IMF debt that was left over from previous President Correa's administration is still needed and the impact of Covid-19 on global oil prices have left [President Moreno](#) with very little room to manoeuvre the Ecuadorian economy.

In the case of [Argentina](#), Macri's administration had made significant strides in improving its foreign debt situation, however Fernandez's leftist positioning to servicing IMF loans and instituting reform is undoing the goodwill that Argentina had managed to garner with its creditors; and the current debt is unsustainable and economically and politically not feasible, with further fiscal adjustments currently unrealistic. Fernandez is attempting to maintain popularity (in the midst of [corruption charges](#) against him and the First Lady) and avoid the austerity measures instituted by Macri. Argentina is currently facing annual inflation rising above 50% and 40% poverty and even though the intention is to focus on growth policies and restructure the sovereign debt, the country has very little liquidity to enhance its negotiating position.

Against this backdrop, the [agricultural sector](#) has been hit with higher tariffs, which impact on grain and livestock exports and has impacted on Soy (Argentina's largest export commodity) the hardest. Argentina's current debt stands at 90% of GDP. The IMF explains their belief that Argentina has the capacity to service the debt, but that this would mean a challenge to the Peronist agenda and a '[shorter haircut](#)' that would reign in government spending where the social justice agenda is also drowning under immense debt. Fernandez missed his [31 March 2020 deadline](#) to restructure the debt, but Argentinian policy makers are in negotiations to craft a

sustainable way through Argentina's public debt. Past deadlines seem unrealistic as debt servicing seems to be linked to the political will of Argentine leadership and as the debt starts to mature in 2021.

The [mining sector](#) has emerged with potential for high returns. Chile, a world leading exporter in copper, and estimated to possess the largest reserves in lithium and seventh largest reserves in Silver, is in the process of reviving legislation to attract further investment. However, it needs to avoid over regulation to not frighten investors away. Both copper and lithium feature strongly in the manufacturing of electric cars, and other eco-friendly energy technology. It is anticipated that the new constitution would contribute to more political stability. In general, the impact on indigenous populations and the environment is not explicitly defined, and as a result, there is an added risk of social unrest. In many cases, mining projects directly impact local [water sources](#) that have a bearing on health, agriculture and quality of life; moreover, governments are seen to be too pragmatic in favour of investors instead of citizens, which has a severe backlash from communities that impacts on human development and investment potential immensely.

Environmental red zone

The [Amazon forest fires](#) of 2019 drew international scrutiny as the annual burnings to make way for agricultural activities had a severe impact on the forest space in Brazil and Bolivia, as well as Central America. This is attributed to relaxed environmental policies and industrial incentives and desertification is a common practice in other countries such as Venezuela and Colombia in order to accommodate mining activities, which have come under scrutiny for the lack of widespread consultation and at times illegal activities. In the case of Bolivia, Morales issued a decree in July 2019 in favour of some [burning for](#)

[agribusiness](#). And so, Bolivia's first indigenous president has allowed the burnings and subsequently impacted on biodiversity, affecting the Ayoreo groups living in voluntary isolation on the Ñembi Guasu Reserve, and the autonomous Guaraní community of Charagua Iyambae. Climate change has exacerbated the effects of burning and the dry season has meant that fires are more difficult to extinguish, which has contributed to the environmental disaster. Across the region, the amazon burnings have effectively diminished indigenous groups' rights, which serve as a litmus test for what is prioritised; political agendas and economic pragmatism is favoured over indigenous human and environmental rights across Bolivia, Brazil, Bolivia, Peru, and Venezuela. While this should pivot LAC economies toward stronger market-oriented outcomes, this is also not taken advantage of effectively. Deforestation in favour of agribusiness impacts LAC widely, and the reflexive effect of climate change can have significant impact on water supply to Argentina, Paraguay and Uruguay, impacting negatively on those agribusinesses.

Global warming is believed to affect Mexico more as they continue experiencing longer periods of drought, with the [ministry of agriculture](#) in Mexico reporting that 75% of Mexico's soil is already considered too dry to cultivate crops. The unresolved water security issues in Mexico are affecting food production and food security. The impact of climate change is expected to also impact Mexico most because its location between the two oceans exposes it to weather volatility. Peru's fishermen are affected by both [climate change](#) and poor fishing regulations, which has resulted in the fishermen diving deeper and endangering their lives for a catch. The agricultural community is likely to adapt to pressures and change crops in order to suit climate pressures.

However, this impacts on regional health and cultural links to nutrition. Internationally,

water and good quality water is becoming [increasingly scarce](#). In Chile, part of the protests have shed light on the water and environmental crisis, by 2070 it is anticipated that there will be a 40% reduction in the largest source of water in Chile. In Colombia, illegal mining is causing conditions for the decimation of the Samingo River. Regional distribution of water is uneven and climate change is impacting severely on domestic use due to increased irregular flooding and droughts, while waste water treatment may be a lucrative eco-friendly industry.

The region is however taking [proactive steps](#); as seen with the support pledged by Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Paraguay and Peru to declare commitment to a collective goal of 70% of renewable energy by 2030. But this effort will still be championed at an elite level or top-down process. There is an increase in science diplomacy and eco-tourism, but even this needs to be supported by a strong civil society mobilization, which is more concerned with issues of governance and equitable socio-economic access.

Conclusion

Much opportunity and much risk; social unrest and insecurity, exacerbated by corruption, government inability, and often times political will to rectify the situation will remain a significant deterrent. However, the demands made during pro-democracy protests show there is a strong desire for greater democratic accountability that impacts positively on the governance and stability of institutions. In terms of global players, China has been carefully cultivating a neutral partnerships with regimes, showing its ability to remain open to all possibilities, which may come in handy when it needs to rebuild the damage done to its image due to the outbreak of the Covid-19 virus; but the US's transactional approach which cushions the US economy, does not do any favors for its foreign policy ability to protect its regional interests. Covid-19 will continue to impact those who are already marginalized by poverty, poor health and migration risks. **The following quarterly report will provide a clearer picture on the impact of Covid-19 on socio-economic futures of the LAC with a keen focus on developments in gender.**