



# Latin America's annus horribilis

A malign convergence of low commodity prices, endemic corruption and legal perversion curtailed Latin America's economic development in 2016. That was then further threatened by the rising tide of jingoism and trade protection in the Western Hemisphere represented by Donald Trump's election as US president, and Brexit.

## Argentina

"Zero poverty" was the mantra of Argentine President Macri's successful election campaign, but it came to naught by the end of 2016 when official figures revealed 32 per cent of Argentines were living below the poverty line, a 1 per cent contraction in GDP and 47 per cent inflation.

Macri's new mantra is "No pain, no gain" and he promises an economic rebound this year, which for the future of his government is vital as the electorate's tolerance for pain is notoriously scant.

## Brazil

Brazil's corruption-riddled Congress and Senate impeached President Dilma Rousseff on spurious grounds and installed in her place the reviled vice-president, Michel Temer, who is himself now under indictment for illegal enrichment.

Political instability and low oil prices have plunged Brazil into its worst economic depression in a century, the amelioration of which will take years, particularly as Trump's protectionist shadow has fallen across Brazil's most lucrative export markets in the US.

## Bolivia

Bolivia enjoyed modest growth during last year, by increasing natural gas production and infrastructure development. But President Evo Morales' intention to stand for a constitutionally prohibited third term has storm clouds gathering, as

Morales' unconstitutional candidacy is trenchantly opposed by Bolivia's wealthy urban elites.

## Chile

Low copper prices sent the Chilean economy backwards in 2016 and President Michelle Bachelet saw her approval ratings sink to basement level when her son-in-law's speculative and legally dubious land dealings were exposed, and after mass demonstrations against privatised pensions and education services.

## Colombia

Colombia's oil income dropped and growth conversely sagged. But a peace accord with rebel army FARC, which has inhibited economic development for decades, means Colombia will be well positioned for growth once oil prices rebound.

## Cuba

US President Obama's rapprochement with Cuba led to a surge in US tourism and gave hope to improved economic prosperity, which is now threatened by Trump's election as he has vowed to undo the thaw unless democracy was introduced and political prisoners freed, otherwise the US economic blockade of Cuba would continue.

## Mexico

While Mexico's economy grew 2.3 per cent in 2016 Trump's protectionist policies are a major economic threat to its preponderant trade with the US under NAFTA, which Trump has vowed to renegotiate in the US' favour or even abrogate.

Mexican President Enrique Peña Nieto is mired in a scandal concerning his wife's real estate dealings with government contractors and he has the lowest poll ratings of his entire presidency due also to insecurity brought about by barbarous drug

trade violence, systemic corruption and untrammelled impunity, the remediation of which is presently Mexico's most urgent challenge apart from NAFTA's future.

## Panama

Panama enjoyed the strongest economic growth in the region last year on the back of the upgraded Canal and a booming, unregulated financial services sector, which was revealed in the 'Panama Papers' to be profiting from money laundering, legal skulduggery and tax evasion that, now curbed by new regulations, will result in reduced economic output this year.

## Peru

Last year Peru elected a new president, the ex-World Bank official Pedro Pablo Kuczynski, who intends to lead Peru into new privatisations and lighter regulation. While the economy has been performing well there is growing social unrest as the benefits have not been reaching Peru's impoverished majority.

## Venezuela

Venezuela, an economic basket case led the world with mindboggling 800+ per cent inflation and dire shortages of food and medicine, which has led to widespread looting and rampant crime.

Ex-bus driver President Nicolas Maduro clings to power in the face of widespread odium, propped-up by a compliant supreme court stacked with cronies.

Despite 2016's travails, and apart from worrying distempers in Bolivia, Brazil and Venezuela, democracy is still alive and well in Latin America (notwithstanding Cuba), which bodes well for the ability to develop equitable solutions to present difficulties and especially to forge durable bilateral trade alliances to confront new world trade realities.

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