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The War in Ukraine and Latin America

How the war in Ukraine may hasten the return of great power politics in a distant region of the world.

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Brazilian Catholic priest Julio Lancellotti (R) arrives at the Sao Martinho de Lima Community Centre in Sao Paulo, Brazil, to distribute food to homeless people. **FILIPE ARAUJO / AFP**

As the war in Ukraine passes the one-hundred-day mark, few regions have escaped the conflict's economic fallout, and Latin America is no exception. Russia's invasion has a profound impact on people's lives in a region that suffered enormously during the coronavirus pandemic, with a dramatic increase in poverty levels and a reversal of progress made in areas such as public education. With China's coronavirus lockdowns once again disrupting global supply chains and rising U.S. interest rates prompting investors to leave emerging markets, including those in Latin America, the war in Ukraine risks being, for several countries in the region, the straw that breaks the camel's back and produces political instability across the region. Three issues stand out as worrisome for the region.

First, rising food and energy prices have a long history of fueling public discontent and political protest in Latin America, and increasing inflation across the continent is putting leaders into a bind. Many governments increased public spending during the pandemic and now have very limited fiscal space to expand food and energy subsidies, a worrying prospect in countries like Brazil, where more than one-third of people currently do not have enough food to eat at least one meal a day.

The war in Ukraine is likely to contribute to lower approval ratings of governments in a region whose economy has for years performed worse than almost any other part of the world, which could push voters toward anti-establishment candidates. For example, in Colombia's presidential runoff on Sunday, leftist former guerilla Gustavo Petro defeated fellow anti-establishment candidate Rodolfo Hernández, a formerly little-known businessman who surprised observers with a second-place finish in the first-round vote. Both Petro and Hernández understood that, in the context of the current anti-incumbency sentiment across Latin America, the best electoral strategy was to promise complete ruptures with past governments, allowing them to use voters' profound rejection of political elites in their favor.

Second, the war will almost certainly dampen the region's economic growth, further aggravating discontent. The International Monetary Fund reports an expected growth rate of 2.5 percent, compared with 4 to 5 percent or higher for other regions. Some sectors of Latin America's economy may benefit from rising commodity prices, but these advantages are likely to be offset by the challenging overall scenario.

For example, higher oil prices have traditionally been a boon to Venezuela's economy, but the decay of the country's energy infrastructure means that it would take years for it to return to the export levels it maintained in the early 2000s and to make up for the removal of Russian oil from Western markets. South America's agricultural powerhouses could in theory partially make up for the global shortage of wheat, but numerous hurdles make that prospect unlikely. Brazil, for example, is planning to increase wheat output by up to 11 percent this year, yet it still must import wheat to meet domestic demand. Furthermore, the war has led to an increase of already expensive fertilizers, which—paired with Latin America's dependence on importing the product from Russia—may actually reduce the size of the upcoming harvest in several Latin American countries. This reduction could occur even though countries like Brazil, a large fertilizer importer, have continued to buy the product from Russia.

Third, the deterioration of relations between the West and Russia creates a dilemma for Latin American governments, most of which have sought to avoid taking sides. One key element of the rationale behind this strategy is economic: the region is eager to protect its trade ties with the West, China, and Russia, which explains why several governments have criticized Western sanctions against Russia.

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But the region's concerns about the new geopolitical scenario also involve broader strategic considerations: the vast majority of Latin American leaders, irrespective of their ideological convictions, eagerly embraced ties to a rising China—and a geopolitically more active Russia—as a means to increase their autonomy and enhance their bargaining power with the

United States. Although most Latin American governments voted in favor of UN General Assembly resolutions condemning Russia's invasion of Ukraine, both Mexico and Brazil abstained from another resolution suspending Moscow from the UN Human Rights Council. In the same way, few Latin American leaders were particularly vocal about criticizing Russian President Vladimir Putin.

Though reliable polling data isn't available, anecdotal evidence suggests many Latin American voters believe NATO is as much responsible for the war as Russia. Fueled by the unabashedly pro-Russia Venezuelan state media and embraced by even more moderate sectors of Latin American societies, the narrative that the West's sanctions—rather than the invasion itself—are disrupting the global economy is more entrenched in Latin America than many Western observers believe.

In Brazil, the top two candidates in the upcoming presidential election in October have carefully avoided depicting Russia as the sole aggressor. In a recent interview, leftist Luiz Inácio Lula da Silva insisted that Ukrainian President Volodymyr Zelensky was as responsible for the war as Putin and accused Zelensky of appearing too much on TV rather than negotiating a peace deal. Far-right President Jair Bolsonaro, on the other hand, traveled to Moscow days ahead of the invasion and said he was "in solidarity" with Russia.

Both episodes raised eyebrows in the West, but this stance should not come as a surprise. Past presidents have followed similar paths. Just like after Russia's 2014 invasion of Crimea, Brazil has criticized Western attempts to suspend Russia from the G20, and it has been vocal about the negative impact of sanctions against Moscow for developing countries. This reality may complicate ties between Latin America and the United States and Europe, particularly if the United States were to adopt secondary sanctions that affect companies that continue to do business with Russia.

For Western policymakers, two concrete policy challenges emerge from this situation. First, the United States should lead efforts to blunt the impact of Western sanctions against Russia in the developing world. Otherwise, Russian claims that sanctions are the main culprit for the coming hardship in the developing world will fall on fertile ground.

Second, the return of great power politics should not lead policymakers in Washington to allow short-term interests to undermine the goals of strengthening democracy and human rights. The timing of the U.S. government's surprising decision to send high-level officials to meet with Venezuelan President Nicolás Maduro and to lift some sanctions on the country was largely interpreted, in Latin America, as transactional diplomacy. This led some to argue that promoting democracy matters in Washington only as long as it does not interfere with security and economic goals. While rapprochement between the United States and Venezuela may be a welcome development, U.S. President Joe Biden's administration should assure that this is framed as a long-term regional effort, rather than a sudden need to find alternative sources of oil now that the U.S. embargo against Russian energy looks like it is here to stay.

In this context, one thing seems certain: the volatility caused by the war in Ukraine is likely to complicate efforts in Latin America to overcome an exceptionally challenging chapter in its recent history, shaped by a devastating pandemic, rising poverty levels, the rise of populist

outsiders, and a continued erosion of democracy across the region.

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