Supported by

Economic Diplomacy Division
Ministry of External Affairs

All India Association of Industries

Organized by

GRULAC - INDIA
(GROUP of LATIN AMERICA & CARIBBEAN)

WORLD TRADE CENTRE MUMBAI
Promoted by MVIRDC
M. Visvesvaraya Industrial Research and Development Centre

# 1st International Conclave on

# India-Latin America & Caribbean Partnership: Opportunities to Promote Trade and Investment

## June 15, 2017 | World Trade Centre Mumbai

**Bharat Ratna Sir M. Visvesvaraya**

**(15 September, 1860 - 14 April, 1962)**

MVIRDC World Trade Centre Mumbai is the realization of the vision of Sir M. Visvesvaraya. MVIRDC is the promoter of World Trade Centre Mumbai. MVIRDC WTC programmes are conducted to guide MSMEs with reliable information for business planning. Various research-based seminars, workshops and training programmes are conducted to sensitize MSME entrepreneurs on various aspects of trade and business and sharpen their skills. Thus, the objective of MVIRDC research is to enhance MSME competitiveness and promote their integration into the global markets.

**MVIRDC**

M. Visvesvaraya Industrial Research and Development Centre

M. Visvesvaraya Industrial Research and Development Centre (MVIRDC) is a non-profit company registered and licensed under Section 25 of the Companies Act, 1956 (currently Section 8 of the Companies Act, 2013). MVIRDC became a member of the World Trade Centers Association, New York, in 1971 and established the World Trade Centre Mumbai.

MVIRDC, having spearheaded the movement of World Trade Centres in India with the establishment of WTCs at Bhubaneswar, Goa and Jaipur, is assisting MSMEs in these regions through Trade Research and Knowledge Programmes.

# CONTENTS

# Foreword

Mr. R. Viswanathan
Ambassador
of India (retired) to Argentina, Uruguay and Paraguay-October 2007 to May 2012

**India and Latin America: a New Paradigm of Partnership**

I am delighted that World Trade Centre Mumbai is bringing out this compendium after organizing a successful conclave on India-Latin America and Caribbean partnership in June 2017.

In the last three decades, India and Latin America have undergone a paradigm shift, especially in the markets and mindsets. This transformation has opened up unprecedented new complementarities and synergies between the two markets, making them mutually attractive to each other. Businesses considered as unthinkable between the two sides in the past have emerged with roaring success. Trade has started growing, investments are flowing and joint ventures and collaborations are flourishing.

These have reached a critical mass, laying a solid foundation for a win-win partnership in the long term. The mindsets of the Indians and Latin Americans have changed and they have started appreciating each other's strengths and potential for mutual benefit. The Indians have realized that despite the distance factor some Latin American countries have become more important for exports than neighbors and traditional trade partners. India exports more to Mexico than to Thailand, Myanmar, Iran, Russia and Canada. Latin America is the largest destination of India's vehicle exports accounting for over 20% of global exports. Mexico is the top buyer of India's cars and Colombia was the largest importer (2015-16) of Indian motorcycles.Reliance imports crude oil from Brazil and exports diesel to the same distant Brazil profitably. Indian shoppers in the Khan market of New Delhi are thrilled by the availability of fresh fruits and vegetables coming from Chile, Peru and Argentina. Distance does not deter business any longer.Latin America accounts for 15-20 percent of India's global imports of crude oil. While India needs to import more crude in future, Latin America has the capacity and keenness to export more to India. This is a contribution to the energy security of India which has a strategic policy to reduce its over- dependence on the Middle East and diversify its suppliers.

South America has also emerged as a supplier of vegetable oils and pulses to India, which has a perpetual shortage of these food items. India has started sourcing gold, precious and semi-precious stones, besides copper and other minerals from Latin America which has rich reserves.

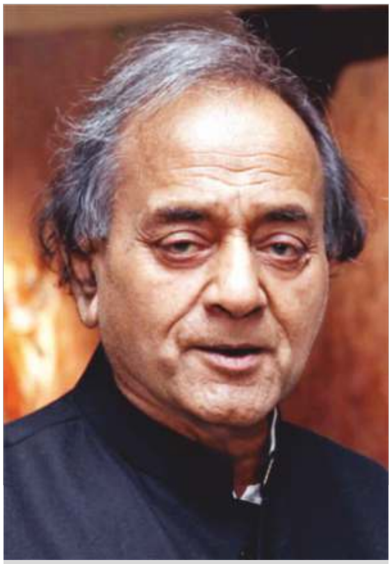
The Latin Americans too have discovered that India is more important for their exports than some of their traditional European partners. India was the third largest destination for Latin America's exports in 2014, after US and China.

The region exported USD 29 billion of goods to India, while its exports to Japan and Spain were USD 21 billion each, Germany- USD 17 billion, Italy and the UK- USD 11 billion each and France- 8 billion. India is the number one destination of Latin America's vegetable oil exports, the second largest importer of Latin American crude oil and third for the region's exports of copper and fourth for gold.

The Latin Americans have realized that India is a large and growing market for Latin American exports in the long term. More than hundred Indian companies have invested over 12 billion dollars in Latin America in oil fields, mines, agribusiness, pharmaceuticals, IT and manufacturing. A dozen Latin American firms have invested over a billion dollars in India in steel and auto components among other sectors. Entertainment business is the latest area of India-Latin American collaborations. Latin American actors have been getting roles in Indian films and there are co-productions of films between the two sides.

India could learn from Latin American success stories such as Brazilian fuel ethanol programme and Embraer, Costa Rica's renewable energy and eco-tourism policies, Colombia's urban transportation programmes and Argentina's agribusiness innovations such as silo bags, no-till farming and Agricultural Process Outsourcing (APO). Latin America could also benefit by studying India's achievements in information technologies, dairy cooperatives and railways.

# Preface



**Mr. Kamal Morarka**
Chairman
MVIRDC World Trade Centre
Mumbai

The India-Latin America & Caribbean Partnership Conclave on Trade and Investment is the first-of-its kind event held in Mumbai on June 15, 2017. The Conclave generated encouraging response from diplomats of 18 countries in the Latin America & Caribbean (LAC) region. This demonstrates their commitment to strengthen partnership with India.

More than 250 Indian business delegates attended around 500 B2B meetings during the Conclave. Indian companies across manufacturing and services sectors are eager to explore business opportunities in LAC region. Already, there are about 134 Indian companies (apart from 216 subsidiaries) having business operation in this region. Advancement in information and communication technologies has ensured that distance is no longer a barrier for strengthening India-LAC partnership. The Conclave has offered an effective platform for Indian companies to explore new vistas of business opportunities in the LAC region.

During the Conclave, World Trade Centre Mumbai and All India Association of Industries honoured companies that have made exemplary contribution to promote bilateral trade between India and Latin America and Caribbean countries.

I take this opportunity to thank Shri. Deepak Kesarkar, Hon'ble Minister of State, Home (Rural), Finance and Planning, Government of Maharashtra for gracing this occasion. I express my deep sense of gratitude to H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India for supporting us in this endeavour. I also appreciate the contribution of all the diplomatic officials from the LAC region and officials from Government of India in making this event a grand success.

India has cultural and ethnic linkage with some of the countries in the region. In fact, the former Prime Minister of the Caribbean island of Trinidad and Tobago and the first woman Prime Minister of the country is a person of Indian origin, Ms. Kamla Persad-Bissessar (from 2010 to 2015). Many people from the Indian Subcontinent migrated to Caribbean countries during the 19th Century. Today, Indian settlers constitute 40% of the population of Trinidad and Tobago, 51% of population in Guyana and 35% of population in Suriname. Caribbean countries such as Grenada and Guyana also celebrate 'The Indian Arrival Day' every year by declaring it as a holiday. Recently, the Indian Diaspora World Convention 2017 was celebrated in Trinidad & Tobago to commemorate 100th Anniversary of Abolition of indentured Indian labourers.

I am sure this Conclave has served as an effective platform to promote India's centuries-old ethnic linkage with the LAC region by enhancing co-operation in trade, investment, tourism, culture, education and other spheres. I am happy to note that Government of India has been focusing on opening diplomatic missions in more and more countries in the LAC region in recent years. I take this opportunity to express our commitment to support the future initiatives of Government of India and the business community in promoting ties with the LAC region.

In order to promote bilateral trade, investment and people-to-people contact between India and LAC region, we need to create awareness about the economy and culture of this region among Indians. As part of our efforts in this direction, we are publishing this Compendium. The Compendium provides glimpses of the discussions and deliberations witnessed during the Conclave. The Compendium also presents insightful articles and interviews on the economy, culture and tourism potential in the LAC region. These articles and interviews are from research scholars, diplomats, journalists, representatives from multilateral organizations and others.

I am sure this Compendium will be a useful guide for policymakers, traders, investors, research scholars, students and tourists.

■

# Executive Summary

India and Latin America & Caribbean (LAC) countries have rich endowment of natural resources such as water, forest, mineral oil, and more importantly human resource. With a population of 1.9 billion, India and LAC countries together account for around 26% of the world population.

In recent years, the LAC region has gained prominence in India's diplomatic efforts. Government of India is planning to establish an India-Latin America and Caribbean Dialogue Mechanism on the lines of the India-Africa Forum Summit to strengthen bilateral relationship. Government is also planning to expand the existing trade agreements with Chile and MERCOSUR countries of LAC region.

In order to provide further momentum to the emerging bilateral partnership, World Trade Centre Mumbai, All India Association of Industries (AIAI) and GRULAC-India jointly organised India-Latin America & Caribbean Partnership Conclave on Trade and Investment in Mumbai on June 15, 2017.

The Conclave, a first-of-its-kind event in Mumbai, was supported by India's Ministry of Commerce and Industry, Ministry of External Affairs and Government of Maharashtra. For the first time, diplomats from 18 LAC countries came together in the financial capital of India to discuss future course of action to explore avenues for collaboration.

The one-day event featured inaugural session, presentation on various trading blocs in Latin America, networking sessions, cultural programme and felicitation of companies. The inaugural session generated useful ideas to promote partnership in livelihood projects, food security, traditional medicine, sports and other areas.

India's bilateral trade with LAC countries grew gradually from USD 1.7 billion in 2000-01 to USD 30.9 billion in 2016-17. However, speakers at the Conclave noted that bilateral trade is largely concentrated in a few commodities and there is tremendous potential to diversify the trade basket. Presently, India's bilateral trade with LAC region is dominated by mineral resources, agro-commodities, automobiles and pharmaceutical products.

Key officials from Government of India addressed the inaugural session. They encouraged business community from India and LAC countries to explore collaboration in the areas of tourism, education, agriculture and food processing, media and entertainment, among others. They also suggested business community to take advantage of the existing agreements such as India –Chile Preferential Trade Agreement and India-MERCOSUR Preferential Trade Agreement.

Diplomats from LAC countries highlighted various trading blocs within the LAC region and how India can enhance its economic relationship with these blocs. Some of the trading blocs highlighted during this event were Caribbean Community (CARICOM), MERCOSUR, Pacific Alliance (PA), Central American Integration System (SICA) and the Andean Community.

Diplomats suggested Indian business community to consider these trading blocs as gateway to North America and Europe. Goods produced in these trading blocs have duty-free access to markets in North America and European Union.

As part of the Conclave, a cultural programme was organized to create awareness about India's culture among participants from LAC countries. The cultural programme featured the performance of classical dance Bharatanatyam depicting the cultural and geographic diversity of India.

A key highlight of the event was the felicitation of Indian companies that have made exemplary contribution to promote bilateral trade between India and Latin America and the Caribbean countries.

The cultural programme was graced by Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra, Dr. Malini V. Shankar, Director General of Shipping, Ministry of Shipping, Government of India, Mr. Sunil Porwal, Additional Chief Secretary (Industries), and Mr. Rajgopal Devra, Principal Secretary and Chief of Protocol, Government of Maharashtra.

The event was attended by business delegates, high level officials from Government of India, Government of Maharashtra and members of media. More than 250 business delegates representing corporate houses, micro, small and medium enterprises participated at the event. WTC Mumbai and AIAI together organized more than 500 pre-determined Business to Business Meetings during the Conclave.

The Conclave served as a useful exercise to familiarise India's business community with the business opportunities available in LAC countries. Some dignitaries suggested that this Conclave should be made an annual event to develop sustainable business partnership between India and LAC countries.

■

# Proceedings

## Inaugural Session

The inaugural session of the India-Latin America & Caribbean Partnership Conclave on Trade and Investment was addressed by senior bureaucrats from India's Ministry of Commerce, Ministry of External Affairs and H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia. Following is the summary of the speeches delivered by the panelists at the inaugural session:


**Mr. Deepak Kesarkar, Hon'ble Minister of State, Home (Rural), Finance and Planning, Government of Maharashtra participated as Chief Guest in the session.**

Delivering the keynote address at the session, Mr. Kesarkar said:

"I take this opportunity to welcome all the business delegates and other guests from Latin America to Maharashtra. This conclave on India-Latin America & Caribbean Partnership is rightly organized in Maharashtra, which is the leading industrial state of India. Our Hon'ble

> "On behalf of Government of Maharashtra, I assure every support in exploring and conducting your business in the state.
>
> Our Hon'ble Chief Minister Shri. Devendra Fadnavis, who is dynamic, has focused on improving ease of doing business in Maharashtra."

Chief Minister Shri. Devendra Fadnavis, who is dynamic, has focused on improving ease of doing business in Maharashtra.

Maharashtra is the second largest state in India in terms of population, thereby representing a huge consumer market. Mumbai, the capital of Maharashtra and the financial capital of India, houses the headquarters of most of the major corporate and financial institutions. Maharashtra contributes almost 15% to the GDP of India, 25% to the total export of the country and it has attracted 45% of total foreign direct investment (FDI) into India in 2016-17. Maharashtra's State GDP is estimated to have grown at a rate of 9.4%, higher than the national growth rate of 7.1% in 2016-17.

The landmark achievement of Latin America and Caribbean countries (LAC) in alleviating poverty from 47% to 25% between 2000 and 2014 holds great lesson for India. Government of Maharashtra is implementing livelihood mission to address the issue of poverty in the state. Maharashtra is keen to learn the technologies and methodologies of the LAC countries in alleviating poverty.

Government of Maharashtra has adopted progressive policies to attract foreign investment into the state and thereby contribute to the success of the central government's Make in India campaign. The state government is also in the process of formulating policies in public private partnership, agro-processing, handicrafts and labour.

Maharashtra is the leading producer of various farm products such as grapes, mango, pomegranate and banana. The state government invites collaboration with companies in Latin America for establishing a sustainable value chain in this sector.

The state government is planning to transform at least 10 existing cities into smart cities with sustainable energy solutions. We invite Latin American companies in the renewable energy sector to explore business opportunity in these projects.

Maharashtra also leads in pharmaceutical industry, with a contribution of 20% to India's production in this sector. There is significant scope for Latin American countries to explore opportunities in clinical trials, research and development and manufacturing in this sector.

On behalf of the Government of Maharashtra, I assure every support in exploring and conducting your business in the state. I hope this conclave will strengthen the bilateral economic relationship between Latin America & Caribbean countries and India in general and Maharashtra in particular."

## Mr. Ankan Banerjee, IFS, Director (LAC), Ministry of External Affairs, Government of India:

"First of all, I would like to congratulate All India Association of Industries and World Trade Centre Mumbai for organising this conclave in Mumbai, the financial capital of India. I hope this conclave will pave the way for strengthening India-LAC relationship going forward. I am here to share the views of the Ministry of External Affairs, Government of India (GoI) on India-LAC partnership. Our partnership with LAC countries is based on shared values, long term partnership and historical ethnic linkages.

India and LAC countries can reap synergies through bilateral co-operation. The Ministry of External Affairs, GoI has been making constant efforts in the last 2-3 years to address outstanding issues between India and LAC and thereby promote mutual relationship.

In the past, General Vijay Kumar Singh, Minister of State for External Affairs, Government of India has visited several countries in LAC region such as Trinidad & Tobago, Jamaica, Suriname and among others to strengthen bilateral partnership.

> "Our partnership with LAC countries is based on shared values, long term partnership and historical ethnic linkages.
>
> The Ministry of External Affairs, GoI has been making constant efforts in the last 2-3 years to address outstanding issues between India and LAC and thereby promote mutual relationship."

In recent years, Government of India has provided momentum to the bilateral institutional mechanism for greater engagement with LAC countries. India has established bilateral institutional mechanisms with LAC countries at two levels – 1. Foreign Office Consultations (at the level of secretaries) and 2. Joint Commission Meetings (at the level of ministries).

India has extended e-visa facility to all the LAC countries. Presently, Indians do not need visa for Ecuador, El Salvador, Haiti, Jamaica, Trinidad & Tobago, among other countries for short term visits.

India's bilateral trade with the LAC region has grown from USD 1.5 billion in 2000-01 to USD 46.68 billion in 2013-14, although it has subsequently fallen to USD 30.37 billion in 2015-16 because of fall in the global commodity prices.

In 2015, India's leading automobile maker Hero MotoCorp Ltd (HMCL) set up its first overseas manufacturing plant in Columbia. India's crude oil exploration firm ONGC Videsh Ltd. has operations in Brazil, Venezuela and Columbia. India's leading software services provider TCS has set up business units in Mexico and Uruguay. Similarly, in India. Two companies from Argentina – viz. TECHINT, a leading seamless steel tubes manufacturer and IMPSA, a hydroelectric engineering company,- have offices in India. Brazil's Marcopolo S.A has formed a joint venture with Tata Motors Ltd. for manufacturing buses in India.

In future, there is tremendous scope for enhancing India's bilateral trade with the LAC region to USD 100 billion from the current level of USD 30 billion. India must explore partnership with LAC countries for attaining energy security and food security.

Indian companies must look for investment opportunities in exploration and refining of crude oil in LAC countries. India can collaborate with companies in Brazil and Argentina in the biofuel industry. In the agriculture sector, Indian companies can lease farm land in Bolivia, Paraguay and other LAC countries for cultivation.

On the other hand, LAC countries can partner with India in sectors such as infrastructure and pharmaceuticals. India's pharmaceutical companies can set up manufacturing and research & development (R&D) centres in LAC countries.

This will enhance supply of essential drugs in LAC countries and thereby reduce prices therein. India's infrastructure and engineering companies can look for investment opportunities in ports, roads & highways, railways and other related sectors.

At a time when Indian information technology companies are facing slowdown in demand in their traditional export destinations, LAC countries can be looked at as an alternative market. I suggest Indian companies to participate in the trade fairs organized in the LAC countries for exploring business in the region.

**Culture**

We need to understand each other's culture to strengthen our economic ties. In fact, our economic relationship will be incomplete without exchange of each other's culture. The Indian Council for Cultural Relations is making efforts to open centres in LAC region.

India and LAC region can have cultural co-operation in yoga, sports, film and entertainment. For example, the production house in India and Argentina are jointly producing a film on the life of Nobel Laureate Rabindranath Tagore. India and LAC countries can also collaborate on the traditional system of medicine. Boxing, football and cricket are some of the common sports played in India and LAC countries.

We can have collaboration in sports by exchanging players and coaches. Sports medicine is another area of collaboration between both India and LAC countries.

**India and Caribbean Countries**

India and the Caribbean countries share centuries old ethnic linkages. Former Prime Ministers of some of the Caribbean countries are of Indian origin. The Indian Diaspora World Convention 2017 was celebrated in Trinidad & Tobago in February 2017 to commemorate $100^{th}$ Anniversary of Abolition of indentured Indian labourers. Unfortunately, our relationship with the Caribbean countries is often overlooked. However, there is tremendous scope for partnership between India and Caribbean countries.

Many Caribbean countries have expressed interest to collaborate with India. For example, Jamaica wants to partner with India in building infrastructure.

We need to take the following steps to strengthen our engagement with the LAC countries –

We need to improve air and maritime connectivity between India and LAC region for strengthening bilateral trade and exchange of people.

EXIM Bank can offer Lines of Credit (LoCs) at attractive commercial terms for trading goods with LAC countries. Attractive terms can improve the utilization rate of these LoCs.

Government of India is willing to conduct visits of Indian Parliamentarians to LAC countries to understand their culture better. It has been our endeavour in the last 2-3 years to open embassies in 4 LAC countries.

In future, we must also promote partnership among universities and other educational institutions, including exchange of students to strengthen bond between India and LAC countries."

**Mr. K.V. Nagi Reddy, IDES, Director, Department of Commerce, Ministry of Commerce & Industry, Government of India:**

"Government of India has been taking efforts in the last few years to make our interaction with LAC countries more active, productive and tangible. India and LAC region are on the opposite sides of the globe; but this is the best natural bond between both the economies as opposite poles attract each other.

> "I suggest industries in India and LAC countries to make use of the tariff concessions provided under the existing two preferential trade agreements (PTAs)."

India and LAC countries share common historical background, in terms of colonial past and they face similar challenges of emerging economies. Now, we need to introspect how to improve this common bond.

The strengths and weaknesses of India and LAC region are complementary rather than competitive in nature. There are 43 countries in the LAC region. However, only 10 countries account for 90% of India's total trade in the entire LAC region. This shows there is tremendous scope to explore new market and new horizons.

India is working with MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay) to expand the scope of our existing preferential trade agreements (PTAs). We have already expanded the scope of the existing PTA with Chile.

I suggest industries in India and LAC to make use of the tariff concessions provided under these two PTAs. We are engaging with the countries in the Pacific Alliance (Chile, Colombia, Mexico and Peru) for collaboration in science & technology, education, environment and small & medium enterprise sectors. India is also working on trade agreements with Columbia and Ecuador.

Indian companies can also benefit by engaging with the 8 member countries of the Central American Integration System (SICA). SICA has free trade agreement with USA. Therefore, Indian companies can consider SICA as gateway to USA.

India can also explore business opportunities in the 15-member CARICOM group of countries in the Caribbean region. This region has tremendous business prospects in medical tourism, educational institutions, low cost housing project, renewable energy, information technology enabled services and agricultural farming.

Indian companies face competition from China, Japan, Germany and other countries in export of textiles, machinery, chemical products and transport equipments to LAC region.

LAC countries source 1.5% of their total import from India. India, on the other hand, sources 3% of its total import from LAC countries. We need to improve this trading relationship further in the course of time.

This can be achieved through: trade facilitation, improving air transport and maritime connectivity, conducting language training programmes, visa facilitation, signing MoUs on various sectors, co-operation among financial institutions, promoting free movement of goods and so on.

All the stakeholders (government, industry bodies, financial institutions, logistics companies, exporters, importers) must work together to realize these outcomes."

**H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India delivered special address during the session:**

"In my capacity as the co-ordinator of the GRULAC countries in India, I thank All India Association of Industries and World Trade Centre Mumbai for organizing this conclave. This event offers timely opportunity for India and LAC countries to create awareness on mutual complementarities and understand the culture and business practices of both the economies.

India is the fastest growing economy in the world and it has

a considerable size of middle class population. These two characteristics about India offer incentives to LAC countries to strengthen relationship with the country.

I express with satisfaction, relationship between India and LAC has improved in recent years. Around 100 Indian companies have invested USD 12 billion across petrochemicals, pharmaceuticals, plastics, mining, agriculture and manufacturing sector in the LAC region in recent years.

> "This Conclave offers timely opportunity for India and LAC countries to create awareness on mutual complementarities and understand the culture and business practices of both the economies."

Nevertheless, we are also aware that our relationship is still in the emerging phase, given the potential. Export of LAC countries to India is limited to natural resource-based products.

On the other hand, India's export to LAC countries is concentrated in low, medium and high technology manufacturing products. Therefore, our challenge is to build more diverse trade pattern and more sustainable investment partnership.

In addition to this, India and LAC countries must design and implement public policies, strategies and programmes to provide effective solutions to the structural issues and global challenges faced by both the economies.

The use of South-South Co-operation and South-South Triangular Co-operations must be considered as components of national development interests.

I would like to mention the Permanent Mechanism of Political Dialogue between CELAC (The Community of Latin American and Caribbean States) and India established with the adoption of the joint declaration in September 2016 in New York. This represents a timely opportunity to foster our interaction at high level.

At the moment, both the authorities of CELAC and India have expressed their mutual interest and political will to define a concrete agenda along the following lines of actions:

1. Promoting political dialogue and consensus on issues of mutual interest.

2. Promoting trade and economic growth.

3. Fostering the exchange of products and services with greater value added and bilateral investment in areas such as infrastructure, energy and connectivity, among others.

4. Promoting co-operation in science and technology, industrial integration, education, including the establishment of CEO Forums, Business Council, Energy Forums etc with the ultimate aim of contributing to sustainable development.

Thank you very much!"

Earlier in the session, **Mr. Vijay G. Kalantri, President, All India Association of Industries (AIAI) and Vice Chairman, MVIRDC World Trade Centre Mumbai** delivered welcome address:

"India-Latin America & Caribbean Partnership Conclave on Trade and Investment is the first-ever initiative in Maharashtra and we are planning to make it an annual event. India's bilateral trade with LAC countries currently stands at USD

30 billion and it has the potential to reach USD 100 billion in the next five years. In order to realize this goal, India's Ministry of External Affairs is working on strengthening air connectivity and maritime transport between India and LAC.

Government must address all the hindrances and irritants in bilateral economic ties through measures such as signing free trade agreement and introducing single visa for all the LAC countries.

Companies in Maharashtra must invest in LAC countries in areas such as agri-commodities, pharmaceuticals, automobile & engineering, information technology and so on.

WTC Mumbai is planning to set up a dedicated desk to promote trade and investment between India and LACs. In future, WTC Mumbai and AIAI are also planning to host similar event to promote bilateral relationship with Africa in September 2017."

"India's bilateral trade with LAC countries currently stands at USD 30 billion and it has the potential to reach USD 100 billion in the next five years."

## Session on Business Opportunities in LAC:

In this session, senior Ambassadors and High Commissioners of select LAC countries in India delivered presentations on the economic and cultural information about various regional trading blocs in LAC countries.

**H.E. Mr. Mentor Villagomez, Ambassador, Embassy of Ecuador in India made presentation on Comunidad Andina:**


"The Andean Community (or Comunidad Andina [CAN]) was formed with the signing of the Cartagena Agreement in 1969. Initially, Chile was also part of this agreement and it withdrew from it in 1976. Venezuela joined the agreement in 1973 and withdrew from it in 2006.

At present, the Andean Community consists of Bolivia, Colombia, Ecuador and Peru.

From the outset, the Agreement has brought about a deeper integration process than that of a free trade area or a Customs Union. Conceived in the image and likeness of the European Union, it contains mechanisms that go beyond the liberalization program, such as agricultural and industrial development programs, gradual harmonization of economic and social policies, physical integration and liberalization of services in the Sub region.

In addition, in 1968, the Andean Development Corporation (CAF) was created as its own financial institution, responsible for promoting the sub regional integration process through the mobilization of resources from the public and private sectors of the beneficiary countries.

Today, Colombia and Peru are also members of the Pacific Alliance, so I am going to tell you -very quickly- a few things about our countries, Bolivia and Ecuador, current holder of the General Secretary and the Presidency of the Andean Community, respectively.

> "Goods and services produced in Ecuador benefit from easy access to the large market of Latin America and Europe. Ecuador has trade agreements with the European Union, Cuba, Chile and Mexico."

**Bolivia:**

Bolivia has abundant natural resources (e.g. natural gas, oil, metals): It has the largest lithium reserves in the world and the second largest gas reserves per capita in Latin America.

Bolivia wants to represent itself as an investment destination in potential strategic sectors such as oil and gas, electricity, tourism and mining. The country has developed sound legal framework to ensure stability, predictability, and provide equal treatment to foreign and domestic nationals.

**Ecuador:**

Economic growth in Ecuador averaged 4.5% over the past decade, while social indicators improved significantly supported by positive terms of trade and considerable growth in public investments. For foreign investors, the fact that Ecuador has the US Dollar as its official currency, is a positive factor to take into consideration.

The Government of Ecuador has been working intensively to increase the resilience of the economy to adverse shocks. The economy has decelerated since 2015, but has recovered during 2016. In 2017, we expect the economy to recover further.

Government of Ecuador has released a booklet on 'Doing Business in Ecuador' to provide relevant information on legal framework and fiscal incentives to attract foreign direct investment.

For the long term, the government has developed a strategy to change the country's productive matrix. The objective is to move towards higher value-added products and develop the services sector.

Goods and services produced in Ecuador benefit from easy access to the large market of Latin America and Europe. Ecuador has trade agreements with the European Union, Cuba, Chile and Mexico. Ecuador is negotiating trade agreements with South Korea and the European Free Trade Association (EFTA)."

**H.E. Mr. David Pollard, High Commissioner, High Commission of Guyana in India delivered a presentation on CARICOM:**

"The Caribbean Community (CARICOM) is a grouping of twenty countries that came into being on 4th July 1973 with the signing of the Treaty of Chaguaramas. In 2002, the treaty was amended to provide for the eventual establishment of a single market and a single economy.

> "CARICOM has strong cultural ties with India and it offers ample investment opportunities."

CARICOM is the only true common market in the LAC region. The single market of CARICOM is characterized by absence of internal tariff barriers, existence of protective external tariffs and free movement of skilled people. CARICOM has signed trade agreements with Chile, Cuba and Dominique Republic.

CARICOM has abundant supply of educated, English speaking population, strong link to the North America, strong cultural ties with India and ample investment opportunities.

Some of the dominant sectors in CARICOM countries are tourism, financial services, sports, and extractive industries (gold, bauxite and oil and gas). Auto-components and liquor are some of the manufacturing sectors in the group.

Guyana is a member of the CARICOM group. The country offers investment opportunities in agriculture and food processing, seafood and aquaculture, oil and gas, forest products, information technology-enabled services and mining.

The Republic of Trinidad and Tobago is another member of the CARICOM group. The Government of Trinidad and Tobago has identified following sectors for development to assist in the sustainable growth and diversification of the economy: agriculture and agro-processing, maritime services, fishing and fish processing, aviation services, creative industries, financial services and software design and applications."

**Mr. Alejandra Zothner Meyer, Consul General of Argentina highlighted key facts on MERCOSUR:**

"Argentina, Brazil, Paraguay and Uruguay are the founding States of MERCOSUR and signatories of the Treaty of Asuncion. In 2006, Venezuela became the first Latin American country to accede to the constitutional treaty. Bolivia is in the process of being incorporated into MERCOSUR after it signed the Protocol of Accession in 2015.

> "MERCOSUR has preferential trade agreement with India. Around 3% of the total export of MERCOSUR block goes to India."

The 5 pillars of the Treaty of Asuncion are: free circulation of goods, services and productive units, common external tariffs, common external trade policy, harmonized legislation, co-ordination in macroeconomic policies.

The institutional structure of MERCOSUR is intergovernmental in nature with rotational presidency and decision making by consensus. The decision making bodies of MERCOSUR are the Common Market Council, the Common Market Group and the Trade Commission of MERCOSUR. The Parliament of MERCOSUR is the legislative body.

MERCOSUR, being a customs union, negotiates trade agreements with third countries or group of countries as one block. The two axes of MERCOSUR external relations are: trade agreements and dialogue mechanisms on economic, trade and political issues.

MERCOSUR has preferential trade agreement with India. It is negotiating free trade agreement with European Union, Lebanon and Tunisia.

MERCOSUR (including Venezuela and Bolivia) accounts for 3.35% of world GDP. Exports of MERCOSUR grew at an annual average rate of 16%, while imports did so at 24% between 2003 and 2016. Around 3% of the total export of MERCOSUR block goes to India. On the other hand, 1.84% of total import of MERCOSUR comes from India."

**H.E. Mr. Andres Barbe, Ambassador, Embassy of Chile in India presented an overview on Pacific Alliance:**


"The objective of the Pacific Alliance (PA) is to advance towards free movement of goods, services, capital and people, on the basis of the existing Free Trade Agreements among its member countries, and through cooperation within and outside of the alliance.

> "The number of days required to register a business in the member countries of Pacific Alliance has declined to only 12 days (on an average) in 2016 from 53 in 2004."

PA is the group of 4 countries (Mexico, Chile, Peru and Columbia) representing 225 million people. These four countries together make 7th largest economy in the world and it is expected to be the 5th largest by 2020. There are 52 observer countries in the alliance. In 2016, the cumulative exports of these four countries to the world stood at USD 501 billion, of which 2.9% was exported to member countries. On the other hand, the cumulative imports of these four countries stood at USD 527 billion, of which 3.1% originated from member countries. Total trade within the alliance has grown from USD 8.8 billion in 2001 to USD 31 billion in 2016.

Countries in the Pacific Alliance have improved the ease of doing business in the last 10 years. These countries have reduced the number of procedures to start a business to 7 (on an average) now from 12 in 2004.

The number of days required to register a business in these countries has declined to only 12 days (on an average) in 2016 from 53 in 2004.Members of the Pacific Alliance offer investment opportunities in mining, agro industry, manufacturing and services sector.

In the services sector, member countries offer investment opportunities in engineering services, construction, digital animation and video gaming services.

The integration of all the countries in the Pacific Alliance will increase their productivity and enhance their competitiveness in the global market.

The co-operation among the member countries goes beyond tariff reduction and the alliance has the potential to develop intra-regional production value chains."

**H.E. Ms. Mariela Cruz, Ambassador, Embassy of Costa Rica in India shared valuable insights on SICA (Central American Integration System):**


"The Central American Integration System (SICA) is the institutional framework of Regional Integration in Central America. Member states of this system are Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama,

> "Relationship between India and SICA countries is based on shared values. The member countries of SICA are very keen to intensify relationship with India."

Belize and Dominican Republic. SICA acts as a bridge between South America and North America.

The Central American Integration System was established on December 13, 1991, with the signing of the Protocol to the Charter of the Organization of Central American States. The protocol formally came into force on February 1, 1993.

This regional integration system is based on five pillars:

1. Democratic Security Comprehensive Disaster Risk Management and Climate Change

2. Social Integration

3. Economic Integration and Strengthening Regional institutions

Our relationship with India is based on shared values. The member countries of SICA are very keen to intensify relationship with India."

**Captain Somesh C. Batra, Vice Chairman, MVIRDC World Trade Centre Mumbai delivered vote of thanks for the event:**


"It is indeed my privilege to deliver Vote of Thanks for this event. There are a lot of areas of commonality between India and Latin America & Caribbean (LAC) countries.

All the LAC countries are integrated through various regional alliances or blocs. Although distance is a major challenge for India to reach LAC countries, things are fast changing. Recently, Air India launched direct flight service to Madrid, from where many Latin American airlines operate service to their countries. As a trade bloc, the LAC region is growing considerably.

India's investment in LAC countries is expanding year after year. Especially, Indian companies in the information technology sector have invested significantly in this region.

Similarly, there are many Latin American companies having operations in India.

India and LAC countries can collaborate across many sectors of common interest. South America is the food bowl of the world and it has abundant water resources.

> "Although distance is a major challenge for India-LAC bilateral relationship, things are fast changing. Recently, Air India launched direct flight service to Madrid, from where many Latin American airlines operate service to their countries."

India can partner with LAC countries to meet its food security needs. India has a huge population and it is a major consumer of food commodities. There is also great potential for collaboration in the tourism sector.
Going forward, India must improve its bilateral trade and people to people exchange with the LAC region. World Trade Centre Mumbai can be a catalyst in strengthening bilateral economic relationship with the LAC countries.

On behalf of World Trade Centre Mumbai and All India Association of Industries, I take this opportunity to extend gratitude to the Ministry of Commerce and the Ministry of External Affairs, Government of India for supporting us in this Conclave.

I also express my deep sense of appreciation to all the Ambassadors and High Commissioners of LAC countries in India for partnering with us in this event.

I acknowledge the participation of the Consul Generals of LAC countries in India and representatives of Indian companies in LAC countries. I also thank the audience and members of media for participating in this event.

I hope this Conclave will translate into fruitful outcomes in terms of increase in trade and investment between relationship India and LAC countries"

■

# Networking Session

A key feature of the India-Latin America & Caribbean Partnership Conclave on Trade and Investment was the networking session. During the session, diplomats from 18 LAC countries briefed about the economic, cultural and political condition in their respective countries to more than 250 business delegates.

These business delegates represented sectors such as pharmaceuticals, agrochemicals, automobile, mining, e-commerce, shipping and logistics, biotechnology, infrastructure, engineering, financial services and others.

The networking session provided an effective platform to promote trade and investment opportunities in the LAC region among Indian companies.

The session also witnessed around 500 pre-scheduled Business to Business Meetings between representatives from corporate houses, consultancy organizations, financial institutions, education institutions, chambers of commerce, freelancers, among others.

Some of the prominent companies that participated in the session are TATA Consultancy Services, Videocon Industries Ltd., Hinduja Group Limited, Shapoorji Pallonji and Company Pvt. Ltd., Yes Bank, PricewaterhouseCoopers Pvt. Ltd., D. Y. Patil Group etc.




# Cultural Evening and Reception

World Trade Centre Mumbai and All India Association of Industries (AIAI) organized a Cultural Evening and Reception for all delegates, diplomats and other dignitaries at the India-Latin America & Caribbean Partnership Conclave on Trade and Investment.

Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra graced the occasion as the Chief Guest. Other dignitaries present at the event were Dr. Malini V. Shankar, Director General of Shipping, Ministry of Shipping, Government of India, Mr. Sunil Porwal, Additional Chief Secretary (Industries), Government of Maharashtra and Mr. Rajgopal Devra, Principal Secretary and Chief of Protocol, Government of Maharashtra.

During the event, Ms. Revathi Srinivasraghavan and her troupe presented an Indian Classical Dance Performance on the Theme 'Colors of India'.

Ms. Srinivasraghavan is an exponent of BharatNatyam and Founder-Director of Nrityanjani Fine Arts Academy. The troupe delivered a visual treat to the audience by presenting the cultural, religious, geographic, economic and spiritual significance of India through the classical dance BharataNatyam.

Following this, Mr. Mullick shared his perspectives on the India-Latin America economic relationship. He said, "I strongly believe that India's bilateral trade with Latin America can easily expand to USD 100 billion in the next five years from the present level of USD 46 billion. Today's event will lead to more trade and investment dialogue between both the regions in future. Distance and language are no longer barriers for enhancing economic co-operation between India and Latin America. In this age of globalization, the world is becoming smaller and English is a global language.

Mr. Mullick further remarked, "I am happy that more than 18 Ambassadors from Latin American countries are attending this Conclave which is being held for the first time in Mumbai, the economic and commercial capital of India. It is encouraging to note that the event witnessed participation of more than 250 delegates and it had a series of around 500 Business to Business Meetings. I hope these meetings shall translate into bilateral trade, joint ventures and investment opportunities."

> "Distance and language are no longer barriers for enhancing economic co-operation between India and Latin America. In this age of globalization, the world is becoming smaller and English is a global language."

Mr. Mullick concluded his speech by inviting companies in Latin America to explore business opportunities in Maharashtra, which is the leading industrial state in India. He mentioned, "Maharashtra has attracted 50% of total foreign direct investment into India in the last eight months. The state, with 10% of India's population, contributes 35% to the overall export of India and 15% to the national GDP. Mumbai is the financial and commercial capital of India and natural choice of location for most domestic and multinational companies."

Speaking on this occasion, **Mr. Vijay Kalantri, President, All India Association of Industries and Vice Chairman, World Trade Centre Mumbai** said, "The India-Latin America Conclave is the first of its kind event in Maharashtra. The Conclave is the result of the co-ordinated efforts of AIAI and WTC Mumbai and GRULAC India over the last six months. We are also planning to organize similar conclave to promote India-Africa economic partnership in the near future."

# Felicitation

Business organizations play an important role in improving bilateral trade and investment between different countries. Indian companies, across information technology, hydrocarbons, automobile, agro-chemicals, pharmaceuticals and many other sectors, have commercial presence in LAC countries. There are about 134 Indian companies and 216 subsidiaries in operation in the LAC region. India's cumulative investment in LAC countries is pegged at around USD 20 billion so far till 2016.

All India Association of Industries (AIAI) and World Trade Centre Mumbai honoured companies that have made exemplary contribution to promote bilateral trade, investment, cultural exchange and partnership in education, sports and other areas between India and the LAC countries. Following companies were honoured during the event -

**United Phosphorous Ltd (UPL)**

UPL is the largest agrochemical company in India and it features among the top five generic players globally in this industry. It is engaged in research, manufacture and distribution of agrochemicals and speciality chemicals across the globe, including in Latin American countries.


**Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (Right) presenting award to Mr. Pradeep Madhavji, Hon. Consul General of Colombia and Board Member of UPL Limited**

**Shapoorji Pallonji Group**

Shapoorji Pallonji is India's leading construction and engineering company. The firm built the National Cricket Stadium at Providence in Guyana. This stadium has a seating capacity of up to 15,000 people and it is said to be the largest sports venue in Guyana.


**H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India (Right) and Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (Middle) presenting award to Mr. Niladri Sarkar, Business Development Manager, Shapoorji Pallonji and Company Private Ltd.**


**D Y Patil Group**

D Y Patil is India's leading education institution. It has built a 500 seat Medical School at Turkeyen in Guyana.

**H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India (Right) and Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (Middle) presenting award to Dr. Ajeenkya D. Y. Patil, Honorary Consul, Consulate of Guyana, Mumbai**

**AJE**

AJE is a leading multinational beverage company, with presence in 23 countries in Latin America, Asia and Africa. The company has developed a business model targeting an inclusive market for India and Peru.

**Vistony**

Vistony is a leading manufacturer of lubricants in Peru. The company has set up a plant near Rewari, Haryana.

**Lima Group**

This company organizes food tours in Lima, the capital of Peru. The company has contributed to better understanding of the cultural values of Peru in India through the gastronomic industry.


**Mr. Carlos Jimenez, Deputy Chief of Mission, Embassy of Peru (Left) receiving award on behalf of AJE, Vistony and Lima Group from H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India (Right) and Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (Middle)**

**Techint Engineering & Construction**

Technit Engineering & Construction is a multinational company with operations in India and Latin America, among other regions of the world. The company offers engineering, procurement and construction services in energy, oil, mining and infrastructure sectors.

**Globant**

Globant is a multinational company which provides information technology and software development services in Argentina, Colombia, Uruguay, Brazil, Peru, India, Mexico, Chile and other parts of the world.

**INVAP**

Argentina-based INVAP offers design and construction services for complex technological systems used in different industrial, scientific and applied research fields. The company has set up a radioisotope plant in Mumbai to facilitate growth of nuclear medicine in India.


**Mr. Alejandra Zothner Meyer, Consul General of Argentina (Left) receiving award on behalf of Technit, Globant and INVAP. H.E. Ms. Monica Lanzetta, Ambassador, Embassyof Colombia in India (Right) and Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (Middle) presenting the award**

**ACG Worldwide**

This Mumbai-headquartered company provides manufacturing, packaging and research and development (R&D) solutions to pharmaceutical industry in Brazil.


**H.E. Ms. Monica Lanzetta, Ambassador, Embassy of Colombia in India and Mr. Sumit Mullick, Chief Secretary, Government of Maharashtra (3rd from Right) presenting award to the representative of ACG Worldwide. Also seen in the photograph is Mr. Ajit Singh, Chairman, ACG Worldwide (Right).**

Other companies that were honoured during the occasion include Tata Consultancy Services and Essel Propack Ltd. Tata Consultancy Services developed successfully information technology and information technology enabled solutions for government organisations and private companies in Latin America. Essel Propack Ltd. caters to the growing demand for pharmaceutical and cosmetic products in Latin America.


# Media Coverage

World Trade Centre Mumbai and All India Association of Industries (AIAI) promoted the India-Latin America & Caribbean Partnership Conclave on Trade and Investment through advertisements in National and Regional Newspapers (Print), and Television Channels (Electronic). The event was also promoted through Digital Marketing such as E-mailers, Social Media Campaigns and Blogs.

Social media such as Facebook, LinkedIn, Twitter, Instagram, and YouTube were optimally used to reach out to a wide gamut of audience. The Conclave was also promoted by word-of-mouth. The Conclave was broadcast through live streaming in WTC Mumbai's official social media handles.

The Sessions of the Conclave received wide coverage in newspapers, magazines and online media agencies. Some of the print media that carried the advertisements on the Conclave include The Dollar Business, The Afternoon, Diplomatic Square, among others.


8/12/2017 PORT TO PORT - INDIA'S NO 1 VESSEL POSITION

PORT to PORT Shipping Services Portal

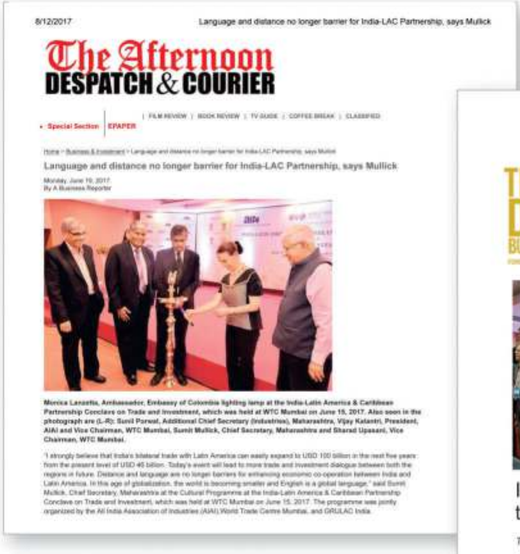
Guiding Spirit to Shipping Industry

Sagar

India mulls setting up of embassy offices in Latin America to boost trade commerce

While speaking at India-Latin America & Caribbean Partnership Conclave on Trade and Investment jointly organised by World Trade Centre Mumbai, All India Association of Industries and GRULAC-India at WTC Mumbai on June 15, 2017, Mr. Ankan Banerjee, Director, Ministry of External Affairs, Government of India said," India's relationship with Latin America is based on shared values and partnership. Government of India has made constant efforts to strengthen engagement with Latin American countries in the la

In the coming years, we will open embassies in at least four Latin American countries. Presently, India is not a major trade and partner of Latin America; However, going forward there is tremendous potential to strengthen co-operation in agriculture, food, energy, pharmaceuticals, among others. India is also strengthening its cultural co-operation with LAC in segments such as joint production, sports, yoga, traditional system of medicines and so on. Government of India is expediting the process of finalizing preferential trade agreement (PTA) with Peru."


8/12/2017 Language and distance no longer barrier for India-LAC Partnership, says Mullick

The Afternoon DESPATCH & COURIER

Language and distance no longer barrier for India-LAC Partnership, says Mullick

Monica Lanzetta, Ambassador, Embassy of Colombia lighting lamp at the India-Latin America & Caribbean Partnership Conclave on Trade and Investment, which was held at WTC Mumbai on June 15, 2017. Also seen in the photograph are (L-R): Sunil Porwal, Additional Chief Secretary (Industries), Maharashtra, Vijay Kalantri, President, AIAI and Vice Chairman, WTC Mumbai, Sumit Mullick, Chief Secretary, Maharashtra and Sharad Upasani, Vice Chairman, WTC Mumbai.


THE DOLLAR BUSINESS

India, Latin America hold a business conclave to boost trade

Trade between India and LAC is expected to reach $100 billion in next 5 years

The Dollar Business Bureau

India and Latin America organised a business networking seminar on Thursday in Mumbai in order to boost trade and investment between the two regions.

The International Conclave on India-Latin America & Caribbean Partnership: Opportunities to Promote Trade and Investment was jointly organised by the Group of Latin America and Caribbean countries (GRULAC) in India, the All India Association of Industries (AIAI) and World Trade Centre Mumbai.


DIPLOMATIC SQUARE

NEWS

Published on June 16, 2017 — Leave a comment

Latin American and Caribbean conduct Business Networking Seminar in Mumbai

An India-Latin America business networking seminar was held at Mumbai to boost trade and investment between the two regions. This is a new initiative that was taken.

The Group of Latin America and Caribbean countries (GRULAC) in India, the All India Association of Industries (AIAI) and World Trade Centre Mumbai, jointly organized the International Conclave on India-Latin America & Caribbean Partnership: Opportunities to Promote Trade and

Heads of Latin American Diplomatic Missions at the Seminar


NRI NEWS 24X7

Language and distance no longer barrier for India-LAC Partnership, says Sumit Mullick

# Photo Feature

# Articles and Interviews from Experts

## Latin America and the Caribbean: Open for Business

**By Ms. Alicia Bárcena**
Executive SecretaryEconomic Commission for Latin America and the Caribbean (ECLAC), United Nations, Chile

Trade is the essential component that keeps the global economy together, which resulted in a growth of global exports of 150% between 2000 and the start of the global financial crisis in 2008. Since then, the growth in trade has come to a halt, with a 3.2% decline in 2016 compared to 2015 and total exports, expressed in current prices, of USD 15,956 billion, less than the USD 16,149 billion recorded in 2008.

An important change that has taken place at the same time is a shift away from developed economies towards developing ones. While in 2000, developing countries were responsible for 32% of all exports, this had increased to 39% in 2008 and reached 44% in 2016.

During these same years, the contribution of Latin America and the Caribbean has stayed approximately stable, with 5.7% of global exports in 2000, decreasing marginally to 5.6% in 2016. The region's share in global imports is slightly larger at 5.8% in both years.

Thanks to its integration with the United States, Mexico is the powerhouse of Latin American trade, responsible for 42% of its exports and 43% of its imports in 2016. The great majority of its USD 374 billion of exports heads to the United States, whereas less than half of its imports of USD 398 billion originate there, with China forming a substantial share as well.

After Mexico, Brazil is the second-largest trader in Latin America and the Caribbean, responsible for 21% of the region's exports and 15% of its imports. Other substantial participants in international trade include Argentina and Chile, both of which are exporters of natural resources.

What these figures show is that there are three primary models of trade in Latin America and the Caribbean. Mexico's trade intensity is due to its integration in global value chains and its entanglement with the United States, which is a model also followed by Central American and many Caribbean countries. Argentina, Chile and other resource-rich economies have their natural resources to thank for their integration in world markets.

In a way, this includes many Caribbean economies, where tourism forms the primary export product. Brazil is a hybrid of the two previous models, but also enjoys a large consumer base that requires a certain level of integration in world markets to satisfy demand.

For the region as a whole, the main origin of goods imports continues to be the United States with a market share of 32% in 2015, followed by China with 18%. Nevertheless, there is sizeable regional variation with respect to the origins of imports.

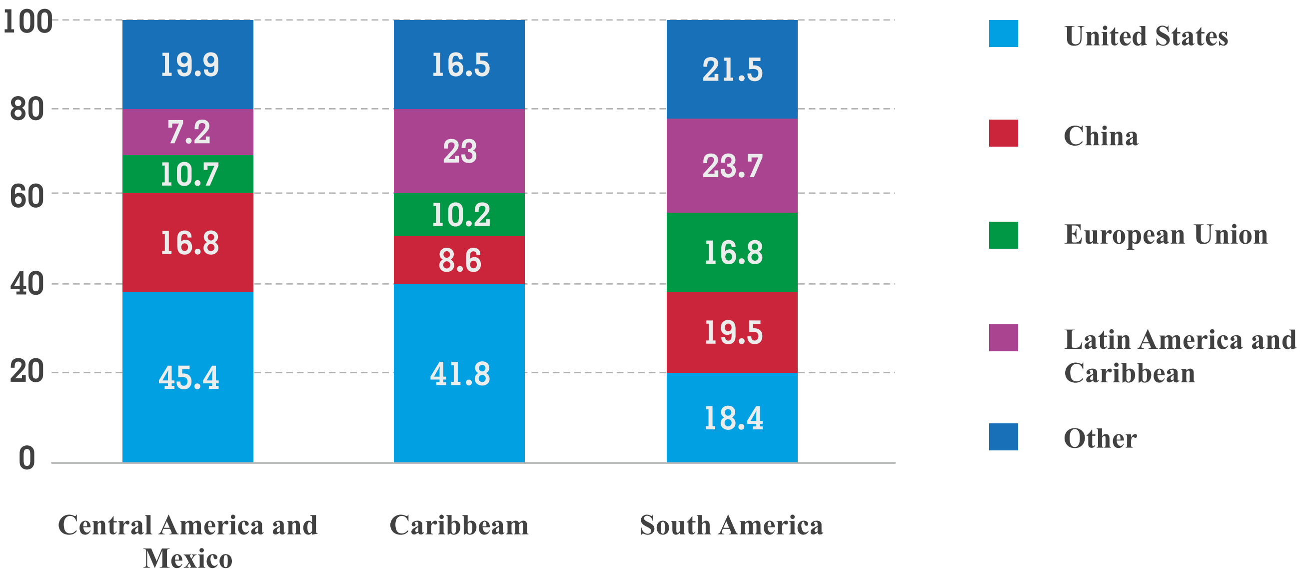
In Mexico and Central America, but also in the Caribbean, the United States plays a dominant role, whereas in South America, imports from China exceed those from the United States. In fact, for South American economies, imports from China are even exceeded by the total of imports from Latin America and the Caribbean itself, with the United States playing a minor role, as demonstrated in figure [1] (see next page).

Goods are the dominant exports from the region, but services make up a sizeable 14% of total exports. Of these exports of services, tourism makes up some 44%, followed by transport services with another 17% and other services making up the rest.

As mentioned before, in many Caribbean economies the services sector is dominant because of its natural beauty and proximity to the United States. Transportation, on the other hand, is a sector that is important in a variety of places.

Panama is a natural exporter of many services, thanks to the

**Figure1 Latin America and the Caribbean: Primary origins of goods imports, 2015**




**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based on COMTRADE.

presence of the Panama Canal, but other important ports are also present in Argentina, Brazil, Chile and Mexico. On top of that, services related to air transport are important in all parts of the region.

Finally, road or rail transport linkages between Latin American countries tend to be relatively weak, so the importance of that sector is largely limited to the transport services that Mexican exporters provide with respect to the United States.

Trade relations between India and Latin America and the Caribbean have gradually improved over time, but there is room for substantial growth. The Bolivarian Republic of Venezuela is the primary exporter of goods to India in the region, worth some USD 6.6 billion in 2015, followed by Brazil with USD 3.6 billion and Argentina and Chile with USD 2.0 billion each.

The concentration of export products is noteworthy, with the most important export product from each country forming up to 97% of exports. In the Bolivarian Republic, plates and sheets of lead make up 81% of exports, while in Brazil crude oil forms 31% of exports.

In Argentina (soy oil) and Chile (copper), the dominant export product forms 91% and 89% respectively. In terms of imports, Brazil and Mexico are the dominant players responsible for USD 4.3 billion and USD 4.1 billion respectively.

While the growth in international trade has come to a standstill in recent year, many opportunities continue to exist. Geopolitical uncertainty has the potential to affect trade with developed economies, which is a good argument for further integration between developing economies. For that reason, the potential for growth in trade relations between India and Latin America and the Caribbean is very strong.

India's trade policy objective is to double its global share of world exports of goods (to 3.5%) and to diversify its export basket. Improving trade relations with Latin America and the Caribbean region – the region with the lowest proportion of exports and imports from India – can help to achieve that goal. It is important to broaden the trade relationship beyond trade in natural resources, but also include agricultural products, medicine and knowledge-intense manufactures.

[1]Data from UNCTADstat.

**About the Author:** Ms. Bárcena assumed office as the Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC) on 1 July 2008. She had previously served as the Under-Secretary-General for Management at United Nations Headquarters in New York, Chef de Cabinet and Deputy Chef de Cabinet to the former Secretary-General, Mr. Kofi Annan. Ms. Bárcena was also the Deputy Executive Secretary and Director of ECLAC's Environment and Human Settlements Division.

Prior to her time at ECLAC, Ms. Bárcena served as Co-ordinator of the Latin American and Caribbean Sustainable Development Programme of the United Nations Development Programme (UNDP), responsible for the Environmental Citizenship Project at the United Nations Environment Programme (UNEP).

# Latin America Committed to Build More Diverse Trade Patterns with India, Says Ambassador of Columbia

In an interview to All India Association of Industries (AIAI), **Her Excellency Ms. Mónica Lanzetta Mutis, Ambassador of Colombia in India** shares her perspectives on the emerging India-Latin America economic partnership. The Ambassador believes that trade opportunities between India and Latin America will grow through integration and development of value chains.

**Excerpts of the interview:**

**What is the significance of India-Latin America commercial co-operation in the context of the current economic condition?**

All countries in the world are aware of the fact that India is among the fastest growing economies in the world, and is expected to clock an average annual growth of 7.7% during 2017-2019.

It is also known that India has over 1.2 billion people and the second largest consumer market in the world. Therefore, there are many incentives for Latin America and the Caribbean (LAC) to improve trade and investment relations with a partner like India.

On the other side, with a population of 625 million, a GDP of USD 5.6 trillion (2015), a GDP per capita of almost USD 9,000 (2015) and a growing middle class, LAC offers interesting trade and investment opportunities for Indian companies.

India and LAC grow faster than the world as a whole according to various measures, not only with respect to GDP growth, but also in terms of Foreign Direct Investment (FDI) and trade.

We are committed to building more diverse trade patterns, as well as more sustained investment and cooperation partnerships.

The emblematic examples of Indian investment in IT services, mining, and manufacturing reveal the potential of our relationship and how trade opportunities are likely to spur by the integration and development of value chains.

**How do you foresee trade relations with India in the next 5 years?**

The relationship between India and Latin America and the Caribbean (LAC) is at an emerging stage, with significant room for growth in terms of international trade, Foreign Direct Investment (FDI) and cooperation between our two regions.

Given the current uncertainty in the world economy and its new emerging structure increasingly centered on emerging markets, our governments are redoubling efforts to identify and capitalize on the potential complementarity created by greater integration with our group of countries.

As of now, LAC exports to India are mainly natural resource-based manufactures, while our imports from India have consisted mainly of the latter and low - medium- and high-technology manufactures; and that is because together, our region contains a market with more than 600 million consumers, with higher levels of consumption than that of India.

For the medium term growth, our countries are seeking to create partnerships between our regional companies and successful Indian companies, in order to gain access to supply chains that produce more complex, technologically sophisticated inputs and services for production units. The intention is to build partnerships around chains, in order to increase the sophistication of the natural resource-based manufactures that our region could export to India.

**Share with us your observations on India-Latin America economic relationship.**

India's trade with LAC has grown exponentially in the past years.From less than USD 2 billon in the year 2000 to approximately US 32.6 billion in 2015.

Trade with LAC includes everything from soy beans to aircrafts and minerals and more than 100 Indian companies have invested over USD 12 billion in the LAC region across a wide variety of industries such as petrochemicals, pharmaceuticals, plastic, mining, agriculture and manufacturing.

Our experience has shown that we need to continue working together to enhance awareness about the complementarities in the economic growth models of our regions, and achieve a better understanding of each other's cultural and business practices. For example, both LAC and India often view each other as a standalone market, and not a platform for accessing wider markets by taking advantage of existing trade agreements.

■

# Mercosur – A Leading Trade Partner of India in Latin America

*The Consulate General of Brazil in Mumbai*

The idea of Mercosur goes back to mid-1980s when Brazil and Argentina decided to reset their relations with a view to build a strategic partnership.

This milestone in the bilateral relations of these neighbouring countries happened against the background of their re-democratization.

Therefore, from its inception, Mercosur was not meant to be a mere trade bloc, but a mechanism of regional integration that pays tribute to the principles of multilateralism, democracy and rule of law, and trade liberalization.


Today, with 26 years of existence, Mercosur has fulfilled its purpose. Since its inception, intra-bloc trade grew eleven-fold. The bloc is the fifth-largest economy in the world, comprising 72% of the land mass of South America and accounts for 70% of its population. It also generates 77% of the GDP of South America.

India has signed a Preferential Trade Agreement (PTA) with Mercosur back in 2009, which currently gives preferential access to 450 products.

The fact that the Parties have already agreed to expand the PTA, and are currently conducting negotiations to mark a more than four-fold increase in the number of products with preferential access under the Agreement, speaks loudly about its success.

Ushuaia in Argentina, which is a member of MERCOSUR

# Don't Miss the Forest for the Trees

*The Consulate General of Brazil in Mumbai*

**Brazil Holds Tremendous Investment Opportunities for Indian Investors**

Recently, Brazil promoted a high-level investment forum in São Paulo that gathered investors from 41 countries. These investors were presented with investment opportunities in 20 sectors. Shortly before, the Brazilian Minister of Finance, Henrique Meirelles, had announced that the Brazilian economy had just exited a two-year cycle of severe recession and registered a growth of 1% in the first quarter of the year.

On the same note, the President of the Central Bank of Brazil, Ilan Goldfajn, had announced that inflation was back to single digit and forecast 3% growth by the end of 2017. The International Monetary Fund acknowledged that the Brazilian economy was showing signs of recovery, and commended the approval by the Brazilian lower house of the pension and labor system reform bills. Yet new developments on the ongoing 'Operation Car Wash' brought gust of “uncertainties” to the Brazilian economic scenario.

There are no reasons for speculations. The country is endowed with plentiful resources, an impressive landmass that encompasses 47.3% of the whole of South America, 20% of the world's supply of freshwater; the potential to become the world's seventh largest oil producer when its pre-salt reserves reach production level.

On top of that, Brazil presents an attractive demographic outlook with increasing number of skilled workforce.

So, it is important not to miss the focus here: Brazil has a lot to go for, and the economic hardships the country is currently undergoing present foreign investors with an array of opportunities in key sectors. Indian companies in Brazil seem to have made the right assessment of the economic moment as they decided to increase their investments there. There is a serendipitous match between the Brazilian government's bid to attract foreign investments in order to resume sustainable growth, and a conjuncture at which Brazilian assets are competitive and abundant.

To enhance the attractiveness of the economy to the investors' eyes, Brazilian government has been carrying out reforms to open-up to private and foreign capital strategic sectors such as oil and gas, energy, infrastructure, agribusiness, manufacturing, services, and information technology. India should take advantage of this transformational moment in Brazil to increase its presence.

Very good news for those looking for rewarding deals are the new regulations for the oil and gas sector announced by Petrobras President Pedro Parente during the Brasil Investment Forum 2017.

These regulations are: 1. definition of local content rules that are feasible, 2. change in the Petroleum Law which frees Petrobras to participate in all the blocks of the pre-salt and 3. the definition of an auction calendar. These three regulations are part of a tripod that will attract investors to the country.

Other exciting news announced on the occasion regarded the Private and Public Partnership Projects (PPPs) in the infrastructure sector. Here the main change is the opening of new sectors to PPPs, followed by the scheduling of a new round of auctions for the second half of this year.

Cabinet Minister Wellington Moreira Franco stated that the recovery of investors' confidence in Brazil is mounting at each sale, and cited the recent auction of four domestic airport concessions, for which three international consortia produced winning bids. The same favorable result was replicated in the energy sector, in which new investors participated alongside those already operating in Brazil.

“The volume of foreign investment and the success of these auctions demonstrate that we now have a more competitive environment, with stronger business prospects in infrastructure projects for the near future," he said. In the agribusiness sector, Brazil is a major global food exporter and holds roughly 7% of the world market; yet there is significant untapped potential for growth.

In this regard, a representative of the Brazilian Trade and Investment Promotion Agency (ApexBrasil) emphasized the Brazilian government strategy of encouraging investments in R&D, to increase productivity and enhance performance without having to enlarge the cultivated area. Therefore, the Brazilian economy seems to be hedged against the hiccups of the political arena. Sound fundamentals and robust assets alongside wise fiscal discipline and monetary policies are helping the economy to recover its strength.

As the Brazilian Minister of External Relations Aloysio Nunes recently stressed the Judiciary is carrying out the investigations, the press is free, markets work; which signal the strength and resilience of the Brazilian democracy.

He further stated Brazil's commitment to Mercosur and multilateralism, adding that he hoped important trade agreements would be concluded quickly. All in all, there are immense opportunities for Indian investors in Brazil. Those who bet on the country now will harvest the benefits of the economic recovery.

Brazil is committed to deliver a new political agenda and financial scenery to foster confidence in the country. We have experienced hardships in the past, all overcome by persistency and dedication. That is exactly what we are doing now.

■

# Growing India-Chile Bilateral Trade through Preferential Trade Agreement

*The Embassy of Chile in India*

Chile and India signed a Preferential Trade Agreement (PTA) in March 2006, which entered into force on August 17, 2007.

In May 2016, the Extension of Preferential Trade Agreement (EPTA) entered into force. This will allow both countries to increase the PTA coverage from 474 to about 2,800 tariff lines.

Likewise, new margins of preferred tariff are contemplated between 50% and 80% in the case of products of India that enter Chile and between 80% and 100% in the case of exports of Chile in the Indian market.

The Agreement has enabled to increase the trade. Indeed, the dynamism of exports (copper excluded) increased at an annual average rate of 11% between 2007 and 2016. This was also observed in the case of imports, which experienced an average annual increase of 13%.

Trade between Chile and India totaled USD 2.1 billion during 2016, comprising 1.8% of Chile's foreign trade. During 2016, shipments to India totaled USD 1.4 billion, with a contraction of 25% from the previous year.

The drop is mainly explained by lower copper exports (-28%), as ore shipments accounted for 88% of total shipments.

On the other hand, non-mining exports experienced an annual increase of 8.1% in 2016, a tendency that has remained the same, with an average annual expansion rate of 9.2% between 2007 and 2016.

■

# Uruguay – A Preferred Gateway to South America

*The Embassy of Uruguay in India*

“Relations between Uruguay and India are strong, and many Indian companies have chosen Uruguay to consolidate their business in Latin America. Uruguay is a trustworthy and attractive destination for foreign investors, by virtue of a favorable investment climate and promising macroeconomic performance. The country has kept a strong political and social stability supported by consolidated democracy and strong legal certainty.

The orderly conduct of macroeconomic policy and the increase in investments have led the economy towards steady and balanced growth, avoiding the upheavals of the global recession. Moreover, the country is strategically located as a gateway to MERCOSUR. The only country in South America to boast a Free Port and Airport regime; special tax and customs regime, which includes tax-free, unrestricted circulation of goods without requiring authorizations or formal processes. Uruguay has the busiest highway network in Latin America and ranks third in terms of road quality. This makes it a strategic partner to concentrate and distribute goods in South America, attracting foreign investment and talent from all over the world.

**REASONS TO INVEST IN URUGUAY:**

(1) Strong political and social stability: The three main political parties have taken turns in office, always keeping a strong respect for the rules of the game and business climate;

(2) Macroeconomic soundness: Uruguay has shored up eleven years of uninterrupted growth with an annual average expansion on 5.7% between 2004 and 2013;

(3) Access to a market with great potential: Uruguay is a member of Mercosur, which accounts for 36% of the bilateral trade in Latin America. Moreover, it has entered into a FTA with Mexico, which accounts for 33% of the regional trade;

(4) Attractive regimes for investors: Substantial tax exemptions on foreign and domestic investments. Free-trade Zones, Free Ports and Airports, among others;

(5) Ease of doing business: Uruguay has fostered a number of reforms resulting in materially efficient and expedite state processes;

(6) Modern Infrastructure: First-class port infrastructure, with Montevideo turning into a regional hub. The busiest highway network in the region;

(7) Leader in Technology: Highest Internet penetration and greatest download speed of the region (Net, Index, 2014), First country in the world to implement the One Laptop per Child program;

(8) Talent availability: Growing supply of skilled labor. High proportion of bilingual labor;

(9) Respect for the environment: 50% of the global energy matrix and 90% of the electric matrix in Uruguay came from renewable energy in 2015. Uruguay is the country with the largest share of renewable sources in Latin America;

(10) A country to live in: Montevideo was the highest-ranked Latin American city in quality of living (Mercer, 2014) and Uruguay is the country with the best income distribution in the region (ECLAC, 2013)".

■

# India & Argentina: Partners in Growth

*Mrs. Susana Malcorra, Former Minister of Foreign Affairs of the Argentine Republic*

**Key Facts about Argentina**

- Ranks 4th in Latin America in terms of population (43 million) and 8th in the world in terms of land size (2.8 million km2), with 53% of agricultural land

- Ranks 3rd (after Brazil and Mexico) in terms of size of GDP in Latin America: GDP USD 586 billion

- Ranks 2nd in human development in Latin America according to the United Nations Development Program's Human Development Index 2017

- Five out of four 'unicorns' — companies valued at over USD 1 billion — in Latin America were created in Argentina

- The Argentine company INVAP is building a nuclear medicine facility in Mumbai which will help improve the health care sector of India

"It was on May 25, 1810, on our 'May Revolution', when the Argentine people heralded the end to our colonial era and embarked on the road to independence. Today, some 207 years later, and as a robust and federal democracy, Argentina is embarking on a new era that is bolstering the rule of law, stabilizing and modernizing its economy, and integrating it more tightly into the world economy.

Argentina is historically one of the richest and more developed countries in Latin America, and is recognized for its highly-skilled labor, and the technical capabilities, creativity and versatility of its citizens.

Indeed, it is ranked second in human development in Latin America according to the United Nations Development Program's Human Development Index 2017. Thanks to the resource-rich 'Pampa Húmeda' region, with its intensive agricultural productivity, Argentina has become one of the main food producers in the world.

It boasts extensive and modern agricultural and cattle rearing industries, and an oilseed cluster renowned as being the most efficient in the world. This year´s harvest is expected to be the largest in our history, reaching around 130 million ton, enough to feed ten times our population, more than 400 million people around the world. And as a result of the President Mauricio Macri's eliminating of export tariffs, we expect to be feeding around 600 million people in the near future, thereby helping the world - and countries like India in particular - achieve food security.

Heavy industries such as automotive and metallurgy also play an important role in the country's economy. To these, we are adding rapidly-growing sectors like renewable energy –helped by Argentina's optimal wind and sun conditions – biotechnology, software development and the creative industries. Argentina also has important mining reserves: the 7th largest silver and copper reserves, the 4th largest reserves of lithium and 9th of gold. Apart from its conventional oil and gas reserves, it has the second largest shale gas and 4th largest in shale oil reserves.

Like India, Argentina is a very competitive regional and global services provider, especially in the information technology sector. Argentina creates more internet content in Spanish than any other country. And, of the 5 'unicorns' –startup companies valued at over USD 1 billion- in Latin America, 4 were created in Argentina.

Since December 2015, the Government has been strengthening Argentina´s integration into the world economy, improving macroeconomic stabilization and reinforcing legal certainty, predictability and transparency. After a phase of economic 'normalization' in the first half of 2016, inflation slowed substantially, and fiscal consolidation and the return to growth took center stage.

This year, growth is expected to be around 3.5%. Investment, both private and public, is helping Argentina lay the foundations for consistent and sustainable growth. We have a highly ambitious infrastructure and clean energy agenda, one that will offer huge opportunities to Indian firms, not to mention the investment opportunities in important sectors for Indian companies, such as traditional energy, agribusiness, information and communication technology, business services, metallurgy and other heavy industries.

Argentina and India can also expand bilateral trade ties by strengthening the 2004 trade agreement between India and Mercosur, the first preferential trade agreement of this sort signed by Mercosur with a non-Latin American country. India and Argentina are therefore ideally placed to become great trade and investment partners, a potential that depends on our capacity to scope out and expand opportunities in the current international climate.

Finally, and consistent with the decision to play a more constructive international role, Argentina will host the 11th WTO Ministerial Meeting in December 2017, and will assume the Presidency of the G-20 in 2018. We expect to continue working together with India, to host a successful Ministerial Conference and develop the G-20 agenda, helping to strengthen multilateral trade and the global economy.

I look forward to continuing to develop and harness the great potential that our bilateral relationship presents, exploring new fields of cooperation, reinforcing our ties and diversifying our agenda for the benefit of both countries."

■

# Investment & Trade Opportunities in Bolivia

*The Embassy of The Plurinational State of Bolivia In India*

## Key Facts about Bolivia

| | |
|---|---|
| **Area:** | •1,098,581 km² |
| **Location:** | •Bolivia is located at the center of South America |
| **Boundaries:** | • It is bordered to the north and east by Brazil, to the south by Argentina, to the west by Peru, to the southeast by Paraguay and to the southwest by Chile |
| **Population:** | •11,145,770 inhabitants (2017) |
| **Capital:** | •Sucre |
| **Official languages:** | •Spanish and 36 other languages belonging to indigenous nations |
| **Currency:** | •Boliviano |
| **GDP:** | •USD 34.0 billion |

## Bolivia: Macroeconomic Soundness

- 34% Total Public Debt / GDP ratio for 2016 - one of the lowest rates in the region
- Unemployment rate halved to 4.1% in 2016, from 8.1% in 2005
- GDP per capita has tripled in the last ten years, from USD 1,037 in 2006 to USD 3,092 in 2016
- 5.0% average real GDP growth for the last ten years ending 2016
- Rated Ba3 (stable), by Moody's

## Other Economic Facts

| Foreign Exchange Reserves | Investment | Natural Resources | Exports |
|---|---|---|---|
| • 30% Reserves to GDP ratio (USD10.1 bn) (December, 2016) | • Public investment rises from USD 5.0 billion in 2016 to USD 6.2 billion in 2017<br>• Gross Foreign Direct Investment rising from USD 488 million in 2005 to USD 1,084 million in 2016 | • The largest lithium reserves in the world<br>• 2nd largest gas reserves per capita in Latin America | • Exports grew almost 3-fold to USD 8.0 billion in 2016 from USD 2.8 billion in 2005 |

## BOLIVIA: A NEW INVESTMENT DESTINATION - POTENTIAL STRATEGIC SECTORS

### Oil and Gas

In 2006, the process of nationalization started in Bolivia. The public sector entity Yacimientos Petrolíferos Fiscales Bolivianos 'YPFB' owns and controls the hydrocarbon resources and operates the whole hydrocarbon chain. It has achieved the following results:

- Bolivia is the main natural gas exporter in South America, the energy center of the Southern Cone and a reliable supplier of natural gas to Brazil and Argentina
- Bolivia has about 60 TCF hydrocarbon potential in natural gas resources
- Based on the synergy of public and international private investment (Exploration and Production contracts), investment has grown from USD 246 million in 2005, to USD 2.4 billion in 2015
- Bolivia has doubled its natural gas production since 2006 .
- YPFB determines conditions, volumes and prices for the commercialization of hydrocarbons in domestic and exporting market
- The industrialization of natural gas is underway and Polypropylene and Polyethylene Plants are in the planning phase

### Electricity

- Development of power generation infrastructure by 2025, to meet domestic demand (3,000 MW) and export electricity (10,000 MW)
- Strengthening and developing alternative and renewable energies (hydro, geothermal, biomass, wind, solar, etc.)
- Electricity exports contribute to positioning Bolivia as the South American energy center
- Bolivian Nuclear Program promotes peaceful use of nuclear energy

### Tourism

- Infrastructure and basic services in priority destinations and touristic areas
- Opportunity to develop tourism activities: Alternative Centers, hotels and lodging, touristic theme parks, convention centers and tourist entertainment
- National and International Tourism Promotion Policy
- New cultural and natural scenic destination (Tiahuanaco, Lake Titicaca, Wonderful La Paz city, Roboré, Aguas Calientes, Toro Toro, Uyuni Salt Flats, Villa Tunari and others. In 2014 and 2015 Bolivia hosted the Rally Dakar)

- Credit incentives for lodging and tourism activities

### Mining

- Activities around the whole mining and metallurgical production cycle: prospecting, exploration, concentration, refining, smelting, processing and commercializing with value addition
- Development and diversification policies of the country's potentials in mining and metallurgy (gold, silver, tin, zinc, copper, antimony, iron, etc.)
- Promotion of discovery of new mineral deposits, increase existing reserves
- Implementation of processing plants
- Comprehensive use of evaporate resources of the Salar de Uyuni. Positioning of Bolivia in the global market for lithium, potassium and derivatives (pilot plant of batteries)

- Only 35% of the Bolivian territory has been prospected, so there is huge potential to explore and benefits to reap

**Industry**

- Strengthening economic diversification within the plural economy with a clear focus on incorporating greater value added
- Productive model with emphasis on industrialization and

  incorporation of high-quality domestic Bolivian products
- In the manufacturing sector ,Bolivia is encouraging the development of territorial production complexes linked to food security, employment generation, technology adoption and import substitution, taking advantage of the growing domestic demand, and the Bolivia's strategic geographic position in the region

**Foreign Investment**

Bolivia has approved legislation to strengthen and attract investment, so that investment issues unfold within a framework of legal security regulations

This legal framework is based on the principles of stability, predictibility and equal treatment to foreign and domestic investors. Among others, following mechanisms exist to promote favourable investment climate:

- Investment promotion (Law No. 516, April $4^{th}$, 2014)
- Access to controversy settlement mechanisms (Law No. 708, June $25^{th}$, 2015)
- Joint undertakings between central, State level and foreign private capital contributions (Law No. 466 December $26^{th}$, 2013)
- Financial services (Law No. 393, August $21^{st}$, 2013)

■


# Colombia; Paving the Road for Indian Investors

*Mónica Lanzetta, Ambassador of Colombia in India*

Colombia, is amongst the top 30 destinations for foreign investment according to the United Nations Conference on Commerce and Development (UNCTAD).

A fact that has not gone unnoticed by major Indian players, as this country is the base of operations of more than 40 Indian companies in sectors such as Business Process Outsourcing (BPO), information technology (IT), vehicle assembly, agro-chemical and pharmaceutical industries, and the third destination of Indian Foreign Direct Investment (FDI) in Latin America and the Caribbean (LAC).

Colombia has both attracted and fostered the trust of India and other international investors for a series of reasons. Firstly, it is geo-strategically located, offering access to the Atlantic and Pacific oceans; thus, serving as an export platform for companies looking to cover all markets in The Americas.

Secondly, it is an attractive market itself with a burgeoning middle class with a growing purchase capacity, which consists of more than 30% of its 49 million inhabitants.

It is also the leading country in Latin America when it comes to offering protection to the investor, and is in the top three countries in the region in the 2016 Ease of Doing Business Index published by the World Bank.

With a strong macroeconomic performance in place, Colombia proceeded to implement governmental policies to attract and favor investment in various sectors of the economy.

It is because of said policies that, for example, the IT and Communications sector in Colombia can boast of having connectivity in 96% of the territory, with fiber optic networks and 11 submarine cables.

India's software companies with presence in Colombia include TCS, Wipro and Tech Mahindra. According to the Software Engineering Institute (SEI), Colombia is the largest producer of quality software in LAC.

Colombia has also consolidated itself as the second largest producer of motorcycles worldwide. Indian companies such as TVS, Bajaj and Royal Enfield are present in the market and continue to roll out new stores and expand their operations in the country.

Moreover, Colombia is the headquarter of the first overseas manufacturing plant of Hero MotoCorp. With Colombia as its hub,the motorcycle giant can distribute to all of Latin America; a move that has been emulated by global firms such as Mercedes Benz, General Motors and Foton, all of which have established assembly operations in Colombia to supply the regional market.

Additionally, having recognized the need to promote sectors that play to the strengths of the country´s many natural resources, (Colombia is the second most biodiverse country in the world and the sixth richest country in water resources), the Government has devised new incentives to lure foreign investors to help develop them.

One of Colombia´s biggest bets has to do with renewable energy. Given its water abundance, its power generation mainly stems from hydroelectric plants.

But there is huge potential for the development of solar, biomass and wind energy projects given the country´s proximity to the equator, unused agricultural land, and rich varied topography that allow for optimal conditions all year round for this type of energy generation.

Hence, the government has issued a law stating that it will return 50% of any investment made in the renewable energy sector through income tax rebates. Indian companies that have contributed to make India a solar power giant should look to Colombia to replicate their domestic success in the sector abroad.

Another important incentive that has been rolled out by the Colombian Government that might be of interest to Indian companies is Research, Development and Innovation. The government shall return 125% of all investments made in Research, Development and Innovation via reimbursements of the income tax paid by the investing company.

Likewise, a country as biodiverse as Colombia, with 50,000 types of plants of which 17,000 are endemic, is a very attractive place for Indian pharmaceutical and cosmetic companies amongst others.

The considerable investment opportunities in Colombia are further enhanced by the advantages the country´s free trade zones offer; a commercial and multi-commercial complex model that includes tax incentives and that allows for the better use of the 11 free trade agreements that the country has in force, giving it access to pretty much all of The Americas, the European Union, and South Korea amongst others.

Colombia has had great success in the implementation of a law meant for the Film Industry that regrettably no Film Production company in India has thought of taking advantage of, which is the 1,556 Location Law of 2012. This legislation stipulates the government shall return 60% of the production costs incurred by companies that shoot film in Colombian territory.

Some major productions shot on location and that therefore benefited from the incentives provided by this law include "The 33" with Antonio Banderas, one of Netflix's most popular

series "Narcos", and "Mena" starred by Tom Cruise amongst other major films from French, Spanish, and American production houses.

Colombia was the fourth largest receptor of investment flows in Latin America and the third largest receptor of Indian FDI in LAC.

Regarding the advancement of its commercial ties with India, the two countries continue to steer towards growing business between them.

According to ProColombia's reports, between 2010 and 2015, business from Indian companies facilitated by this entity reached US$ 210 million with the establishment and reinvestment from companies such as United Phosphorus Limited, Wipro, Tata Consultancy Services, Sutherland,

Genpact, Hinduja Global Solutions, Mann India and Hero MotoCorp, amongst others. Likewise, India's bilateral trade with Colombia stood at USD 1,695.89 million with exports USD 888.11 million and imports USD 807.79 million during 2015-16.

Lastly, Indian companies should take note of The Pacific Alliance (PA) trade bloc, comprising Colombia, Mexico Peru and Chile, meant to provide a single platform through which the world, and particularly the Asia Pacific Region, can engage and gain access to those markets.

The PA is an ideal mechanism through which India can further develop its ties with Colombia since this trade bloc creates a 225 million people market with a GDP per capita of USD 16,759.

Moreover, the cooperation and economic integration among these four countries represents, according to 2015 numbers, 41% of the region's combined GDP, and together has been the world´s sixth largest receptor of direct foreign investment during the last decade.

■

# India-Ecuador Commercial Relations Have Untapped Potential

*H.E. MéntorVillagómez, Ambassador of Ecuador to India*

Trade and investment between Ecuador and India are far from reaching their potential capacity. Currently, bilateral trade is barely $ 1.1 billion annually, with a chronic surplus (USD 750 million vs. USD 350 million) in favor of India, if we do not take into account the oil of Ecuadorian origin imported by the latter country. There are currently no Ecuadorian investments in India and only very few Indian companies have settled in Ecuador.

This situation, however, generates a multiplicity of opportunities for diligent entrepreneurs in both countries. Ecuador imports from India a great variety of products, such as agricultural machinery, vehicles, chemicals, medicines, plastics, etc. and exports some products of agricultural origin and agribusiness, such as woods, edible oils, processed and unprocessed foods.

Ecuador has presented in different occasions a portfolio of development projects valued at more than USD 37,000 million, in which Indian companies can invest.

The Joint Economic and Trade Committee (JETCO) was established in 2015 and its first meeting was held in Guayaquil, Ecuador, on May 17, 2017, in the presence of the Indian Secretary of Commerce, Mrs. Rita Teaotia.

Consequently, a joint study will be launched shortly to determine the feasibility of entering into a trade agreement between the two countries, with the aim of strengthening and boosting mutual trade and investment.

In these four years of working at the Embassy and with the collaboration of the Commercial Office in Mumbai, important opportunities for cooperation between India and Ecuador have been identified.

Appropriate approaches have been made and the key players in different sectors have been identified. This has resulted in a 300 percent growth in trade, which, as I said earlier, still does not reflect the available potential.

Quito, Capital of Ecuador

# India-Mexico Partnership set to Expand Further

*H.E. Melba Pria, Ambassador of Mexico to India*

"Mexico and India have maintained cordial and friendly relations for over 66 years, and Mexico was the first Latin American country to recognize India's independence. Today, we are both emergent economies and young democracies with bright prospects in the world scene. Both countries share similarities in climate conditions, biodiversity, the physical appearance of its people, cultural and family values, as well as European connections of the colonial era.

Both are heirs to a great civilizational heritage that is reflected in the creative nature of our people in music, the arts, architecture and gastronomy. And both are at comparable levels of economic and technological development, and are members of some of the most important global governance clubs, such as the United Nation (UN) and the G-20. Together, we aim for a relationship of the future, one from which the Indians and Mexicans, which are 15 to 20 years old today, will reap the benefits in the following years.


India and Mexico are among the youngest countries in the globe: 26% of the Mexican population is between the ages of 15 to 29, while 30% of the population of India is between the ages of 10 to 24.

These new generations are the ones that will sustain the relationship in the years to come, so we want them working together on issues that work for them: more education, more jobs, energy security, digital inclusion and improving lives through science and technology.

Our bilateral trade has increased substantially from $1.8 billion in 2006 to over $6 billion in 2016. We are in a process of both deepening and expanding the areas of the relationship, and this figure will continue to increase. For the first time, Mexico surpassed Brazil as the preferred destination of India's exports to Latin America. The growth of the trade relationship can be attributed in part to diplomatic and promotional efforts, as well as complementarities between economies.

Compared to most Latin American countries, our commercial structure has changed, today 85% of our exports are manufactures. In 1982, 70.6% of our exports were oil, and 24.3% were manufactured goods. Today, we are the $12^{th}$ world exporter of manufactured goods, and the $3^{rd}$ largest within the G-20. We are, effectively, a global leader in manufacturing.

Our manufacturing exports exceeded USD 374 billion in 2016 and 66% of those exports are medium and high technologies. Mexico ranks $7^{th}$ in production of vehicles and $4^{th}$ in export thereof. It is also the leading exporter in Latin America, $5^{th}$ globally, of household products. An area in which India is making strides is already a mature industry in Mexico: aerospace.

Mexico is the $7^{th}$ largest supplier to the American aerospace industry. We are also leaders in electronics: we are the $3^{rd}$ exporter of computers, $2^{nd}$ exporter of flatscreen TVs and 6th exporter of mobile phones. Attaining this leadership was a process. Over the past several decades, Mexico had a similar program to Make in India which was named "Hecho en Mexico" (Made in Mexico).

That program helped the country evolve from a simple low-tech, high-volume, low-mix assembly-based manufacturing model into an emerging industrial powerhouse with in-country capabilities to produce a wide range of sophisticated items, from high-tolerance, precision machined components that are incorporated into modern jetliners to delicate and highly calibrated devices that are used in life saving medical procedures.

Today, Mexico is not only producing goods but also engaging in research and development (R&D) process. Just in the city of Guadalajara, we have a tech industry worth 21 billion dollars, with the presence of multinationals like IBM, Oracle, Intel, HP, Dell.

Mexico has 625,000 IT professionals, 400,000 of them are specialized in software and we are the $3^{rd}$ exporter of IT services in the world, after India and the Philippines. Every year we have around 110,000 engineering graduates, which is more than Germany. We are also home to several Indian companies, including Infosys and TCS.

This month, we will celebrate our $7^{th}$ Mexico-India Joint Commission, in which we will discuss pending affairs but also areas with enormous potential that we have yet to discover, for instance, renewable energies. All in all, the relationship between India and Mexico has never looked better, and I am sure that it will continue to grow well into the future."

■

# Costa Rica-India: Building Relations Through Trade, Culture and Aid

*The Embassy of Costa Rica in India*

## Trade

Bilateral trade between Costa Rica and India totaled USD196.97 million in 2015. India exported USD 134.76 million worth of goods to Costa Rica (growing 40.62% over 2014), and imported USD62.21 million (declining by 59.94% from 2014).

The main commodities exported by India to Costa Rica are automobiles, pharmaceutical products, textiles and clothing, motorcycles, organic chemicals, electrical machinery, and miscellaneous products such as notebooks, cables, and tyres. The major commodities imported by India from Costa Rica are wood and articles of wood, integrated circuits and micro assemblies, optical medical or surgical instruments, and to a lesser extent, nuts, coffee, tea, glass and glassware.

Indian information technology firms Infosys, Cognizant, and CSS Corp set up delivery centres in San Jose in 2013. Companies utilise Costa Rica to serve the US market at lower cost. T.G. Ramesh, the Chief Executive Officer of CSS Corp estimated that serving the US market from Costa Rica resulted in savings of about 15-20%. Apart from close proximity, Costa Rica also has the advantage of sharing the same time zone as the US. TCS and Wipro also have operations in San Jose.

## Cultural Relations

Professor Hilda Chen Apuy visited India on a UNESCO scholarship in the 1950s, and later introduced studies on Indian History, Philosophy and Sanskrit at the University of Costa Rica in San Jose. Hilda also published several articles on India. The Spanish version of Gandhi's autobiography was launched in Costa Rica in September 2008 by President Oscar Arias, who also wrote the prologue to the book.

The 2017 Costa Rican film Enredados: La Confusión (Entangled: The confusion) was directed by Bollywood Film Director Ashish R. Mohan. The film is the first Latin American film to include a typical Bollywood song-and-dance that was choreographed by Bollywood choregraphers. The film also stars Indian actor Prabhakar Sharan who became the first Indian to star a Latin American film.

## Foreign Aid

India provided Costa Rica with photovoltaic equipment worth Rs. 1.85 million (USD29,000) in 1997 to establish a solar energy research laboratory at the National University of Heredia under the ITEC programme. India donated a telephone exchange to Costa Rican telecom operator ICE in 1998, and provided USD 25,000 to help rehabilitate flood victims in 1996. The country donated 18 Bajaj 3-wheelers to the San Jose Police in December 2005, and donated $100,000 for relief and rehabilitation in the aftermath of Hurricane Tomas in November 2010.

The governments of Costa Rica and India signed an MOU to establish a Centre for Excellence in Information Technology (Centro de ExcelenciaenTecnologías de la Información y Comunicación – CETI) in Costa Rica in September 2009. The Government of India contracted C-DAC and APTECH to set up the Centre in March 2015. The Centre, located on the campus of the Universidad Técnica Nacional (UTA) in Alajuela, was inaugurated in March 2016.

Under a cooperation programme between the Costa Rican Ministry of Foreign Trade, Costa Rican Coalition for Development Initiatives and Infosys, 70 Costa Rican students and teachers underwent a three-month training program at Infosys in Mysore in 2014.

In March 2017, the Government of India awarded scholarships to 4 Costa Rican women from the indigenous Gnöbe Bugle ethnic group for the Barefoot College Institute's Solar Lighting program in Ajmer, Rajasthan. The women will learn how to develop a project to build, set up and maintain solar panels so that they can bring electricity to their community Punta Burica, Costa Rica's southernmost point. Citizens of Costa Rica are eligible for scholarships under the Indian Technical and Economic Cooperation Programme, and the Indian Council for Cultural Relations.

## Indians in Costa Rica

As of December 2016, there are about 250 Indians in Costa Rica, the majority of whom are involved in the information technology industry. Some are also businessmen, engaged in exports of wood, or work in NGOs and the Missionaries of Charity. The Costa Rica Indian Association (CRIA), established in 2010, is involved in organising social and cultural programmes, as well as trade promotion activities.

■

# India-Guatemala Commemorating 45 Years of Diplomatic Ties

*H.E. Giovanni Castillo, Ambassador of Guatemala in India*

For most countries in the Latin-American and the Caribbean (LAC) region, the Indian market represents a huge opportunity for exports and investments. This is true for Guatemala as well. What we know about India is not enough and vice versa what India knows about Guatemala is also not enough. So, the question is, yes we are friends, but "How do we really know each other?"

Guatemala is located in Central America with an area of 108,889 square kilometers, and a population of 15 million inhabitants. The distance from India in kilometer is 15,932 and has a time difference of approximately 11 hours and 30 minutes from New Delhi.

One could argue that just the thought of such a long journey, making at least two stops, can make anyone think about undertaking a journey of such magnitude. However, once the traveler discovers the interests and potentials that each of our countries bring, the doubt turns into a marked feeling of adventure and path for acquisition of knowledge.

Mystical India, the heritage of Mahatma Gandhi, culinary culture and Yoga, have been the elements that for years have attracted the curiosity of Guatemalans. However, the existence of 29 states, each with its own cultural expression and gastronomic heritage, the legacy of the great Moghuls, tea plantations, Ayurvedic medicine, religious festivals such as Diwali and Holi are few aspects that have gone unnoticed by most Guatemalans.

India with a population of more than 1.311 billion people is the second most populous country in the world, after China, and with its territorial extension of 3.3 million square km certainly has much to offer, to know and to discover. Therefore, the opportunities for Guatemalans to discover this land are immense.

Guatemala is a country that reflects some similarities with India because of its biodiversity, multiculturalism and diversity, places us as the center of attraction in Central America and allows us to integrate the privileged group of 19 countries recognized worldwide as megadiverse nations.

With 23 different Mayan languages, with a rich mysticism and an ancient Mayan cosmic vision, with its ancestral medicine, we represent Guatemala as a world-class attraction for tourism, offering among other experiences unparalleled experiences to Modern and Colonial Guatemala, Ecological Tourism and Adventure and Expeditions in the Mayan World where, in addition to Tikal, one can visit the "Danta" Mayan pyramid of greater magnitude than the Egyptian pyramids.

Few Indians have been able to express their knowledge about Guatemala, and those who have, are those who for business reasons have had the opportunity to experience the cultural richness that Guatemala has to offer to the visitors.

There are few very interesting data that is little known about Guatemala, for example, Guatemala is located in a geographically privileged location, literally in the 'heart of the world', with access to both the oceans.

From the business point of view, country risk is perceived as 'stable'. As far as foreign trade is concerned, Guatemala is the number one exporter of cardamom in the world, it is the world's leading exporter of Easter cuttings, the leading provider of wooden keys for Yamaha and Gibbson guitars, the leading supplier of manufactures in the Central American region. Guatemala is the biggest supplier of coffee to Starbucks and third biggest supplier of coffee to Japan. At Latin American level, Guatemala ranks as the second biggest exporter of sugar and fifth in the world.

Although diplomatic relations between Guatemala and India were established on May 16, 1972, Diplomatic Representations did not happen until 2011 when Government of India opened its Embassy in Guatemala, constituting to be the only Indian Diplomatic Representation in the Central American region.

On its part, Guatemala opened its Mission in New Delhi in 2013. Throughout these few years of bilateral approach, a series of cooperation initiatives have been developed through scholarships offered by the Government of India, some trade has been generated and to some extent Indian investments have reached Guatemala. At the political diplomatic level, visits by senior officials have taken place in both channels and the instrument that invites us to work together is the "Political Consultation Mechanism".

This year, commemorating 45 years of the establishment of diplomatic relations, the Second Meeting of the Mechanism to be held in Guatemala City has an important relevance as it provides a platform for government officials and businessmen to attend, and discuss several issues that will bear fruit and further strengthen the relationship between Guatemala and India.

The wealth and greatness of both countries offer a vast horizon yet to be explored. The Embassy of Guatemala in New Delhi is ready to work with businessmen, tourism agencies, academics and any citizen interested in learning more about Guatemala, the 'Country of Eternal Spring'.

■

# Guyana Seeks Partnership with India in Sustainable Development

*The High Commission of The Republic of Guyana in India*

Guyana, the only English-speaking, South American country, is said to be resplendent with nature's blessings and opportunities to explore. Located on the north Atlantic coast of South America, it is a country that wants to traverse the path of development along with sustainability. Despite its small population, it is aware of the many pitfalls that can appear on the path of untampered exploitation. So, undoubtedly, Guyana is cautious and treads the road to development with prudence and with Good Governance as its guide.

Guyana achieved its independence from Britain on 26th May 1966, and immediately became a member of the Commonwealth. In 1971, the country attained Republican status with a non-executive President replacing the Queen as Head of State. In 1980, under a new constitution, the Presidency became executive while remaining Head of State with the Prime Minister as Head of Government. The Government in Guyana functions, in effect, as a two-party, Westminster style system. Administrations have been long-lived lasting more than 20 years each so far despite regular and increasingly transparent national elections.

The last change in administration in 2015 ushered in a government committed to improved Governance and the creation of "A Good Life in a Green Economy" for all Guyanese. This motto refers to Guyana's continued efforts to implement a sustainable, low carbon development strategy as evidenced by the REDD+ programme with Norway.

The Guyana REDD+ Investment Fund (GRIF) is a multi-contributor trust fund for the financing of activities identified under the Government of Guyana's Low Carbon Development Strategy. The GRIF was established in October 2010, with the World Bank as Trustee, following the signed agreement between Guyana and Norway in November 2009. Under this agreement, Norway has established a fund that pays Guyana to keep its rate of deforestation low. The GRIF represents an effort to create an innovative climate finance mechanism which balances national sovereignty over investment priorities while ensuring that REDD+ funds adhere to the highest internationally recognized standards for financial, environmental and social safeguards. Guyana is also seeking engagement related to its sustainable development strategy in bilateral relations with India not least with regards to Renewable Energy.

Known as South America's biggest little secret, Guyana has an unspoilt, untouched and immaculate nature. This country offers a distinct tourism product, consisting of vast open spaces, savannahs, pristine rainforests, mountains, rivers, waterfalls, bountiful wildlife, numerous species of flora, a variety of fauna, and spectacular birdlife. Guyana is increasingly looking at eco-tourism as an economically viable way of preserving and conserving the country's natural environment.


Iwokrama Rainforest Reserve, Guyana

Eco-tourism development in Guyana supports socio-economic growth and functions as a sustainable and equitable use of the indigenous tropical forest ecosystems. As the tourism market in Guyana gains more exposure, the potential for eco-tourism to play a significant role in Guyana's economy strengthens every year. A case in point is the Iwokrama Rainforest Reserve, a unique experiment in sustainable tropical forestry management and biodiversity conservation which protects 371,000 hectares (or 2%) of Guyana's total forested area. The Iwokrama forest is a unique resource of natural and human communities. It has an exceptional combination of elements with an appeal to visitors interested in biodiversity, social anthropology and conservation.


Guyana, this land of rich resources, is looking at development in fields as diverse as; sustainable forestry, mining for gold, bauxite, diamonds, gemstones, silicon, uranium & manganese, harnessing of solar energy and hydropower, cultivation of cash crops, rice, sugar & coconut, value-added agriculture using preservation and canning and businesses in education and medical education. At its core, the Guyanese economy is based on agriculture and agriculture exports. About 80 percent of 2015 agricultural exports consisted of rice or sugar products, fresh fruit and vegetable exports.

CARICOM, a 15-country regional common market protected by common external tariffs, is an important market for Guyanese sugar and other agricultural products. Like sugar, Guyana exports rice primarily to Europe and the CARICOM region.

In 2015, a consortium led by ExxonMobil discovered huge deposits of oil and gas in deep waters offshore Guyana. The commercial viability of the find is such that it is being rushed into production by 2020. The impact of the resulting oil revenues will be transformational for the Guyanese economy and the Government is determined that the windfall should not be squandered.

The discovery is one more indication that South America is becoming a critical supplier to world oil markets. Worthy of note is Guyana's current application for membership to the Energy Industry Transparency Initiative and its preparations for the establishment of a Sovereign Wealth Fund, amongst other measures. In its effort to advance the drive towards a transparent sustainable Green Economy, Guyana is carefully seeking to develop partnerships with friendly countries.

Guyana and India enjoy a very cordial and friendly political relationship based on historical and cultural ties as well as economic and commercial relations. The history of the relationship between India and Guyana can be traced back to its roots in their common ancestry within the British Empire. Throughout the $19^{th}$ and $20^{th}$ centuries the system of Indenture-ship, with its transplantation of People of Indian Origin to Guyana and the southern Caribbean, forged a shared bond that remains strong to this day.

Membership in the Non-aligned movement and an enduring interest in South-South co-operation have further strengthened the two countries' friendship over the years. India and Guyana continue to foster a harmonious relationship with advancement in many areas of co-operation that go beyond the political realm.

Through its Lines of Credit programme, India has extended a tangible hand of friendship that is being used for projects in Guyana in important sectors such as Hospitals & Health care, Agriculture, Transportation and Infrastructure. Particularly, in terms of the well targeted and transparent way in which it has worked with Guyana on these projects, India has been a friend indeed. Other active areas of trade and business between Guyana and India include Forestry, Gold & Diamond Mining, Gold Trading, Pharmaceuticals, Textiles, Health Education, Banking and Information Technology.

■

# Panama - A Distribution Hub for Indian Companies Entering LAC

*H.E. Gilberto Llerena Garcia, Ambassador of Panama to India*

Lying at the crossroads of the North and South American continents and the Atlantic and Pacific oceans, Panama has always been of immense historical and strategic importance, linking people across lands and oceans. The Isthmus of Panama got its independence from the Spanish Crown on 28th November, 1821; then, following the libertarian ideals of Simon Bolívar, The Liberator, adhered to the Grand Colombia. Finally, on 3rd of November of 1903, Panama separated from Colombia as a sovereign Republic in the concert of nations.

Panama and India established diplomatic relations on 1st. of June of 1962. Panama's connection with India dates back to the middle of the 19th century when groups of Indians came to Panama to work on the construction of Panama railways and later the Panama Canal in the early 20th century. Panama was the first country in Central America where India established a resident Mission. Panama also has a Resident Mission in New Delhi. H.E. Ambassador Dr. Gilberto Llerena García presented his Credentials to President Pranab Mukherjeein November of 2015.

Panama, with a population of almost 4.0 million, has had the highest average growth in the region over the past decade and is expected to continue to have one of the strongest growth rates in Latin America of around 5.6 percent in 2016 (IMF). Prospects for high growth in the coming years are also supported by emerging opportunities for private sector-led growth in key sectors, such as transport and logistics, mining, financial services, and tourism.

As Indian industry expands its reach into new markets, Panama is its logical nexus to Latin America. Panama's advantages in logistics and connectivity can serve as a distribution hub for Indian products to Latin America and the Caribbean. Moreover, Panama's evolution as a transshipment center means there is ever-greater demand in our country for education, training, and capacity-building, including drawing lessons from India's knowledge-based economy. The greater capacities of the Expanded Panama Canal and complimentary related-services to the international shipping industry and world trade, are within this strategic design.

Having international financial and banking sectors as major pillars of its services economy, Panama is taking major policy steps concerning internal legislation in accordance to international standards within the framework of the United Nations and the Organization for Economic Cooperation and Development (OECD). Bilaterally, Panama has signed 16 bilateral Tax Information Exchange Agreements (TIEAs) and avoidance of double taxation, the latest of which are signed with Vietnam, Japan and Singapore. Similar initiative has been proposed to the Government of India. At the same time, the Government of Panama signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters in October 2016. This is a significant step forward in implementing its commitment to tax transparency and exchange of information in compliance with international standards and the safeguarding of Panama´s international services platform.

The country has prepared a Government Strategic Plan (PEG) for 2015-2019, with a focus on enhancing competitiveness and promoting social inclusion in the framework of a sustainable and inclusive development model, alongside the UN Development Goals 2030. Recently, Panama also signed the Paris Climate Agreement, an action consistent with its foreign policy agenda for sustainable growth and development.

■

# India, LAC Must Collaborate in Infrastructure Sector

*The Embassy of Paraguay in India*

India and Latin America have a long way to go in terms of infrastructure competitiveness in order to reach the levels of other emerging or developed economies. With ratings ranging from 01 to 07, Latin America's infrastructure average is 3.75 with Chile leading the table, ranked 45th out of 144 countries. India has a rating of 3.69, ranking 84th. Both regions are located far behind Hong Kong, the best located with a rating of 6.77. India and Latin America could operate jointly in those areas where they have developed good practices and experiences in social or economic infrastructure.

For example, it is recognized that Latin America has developed the sector of water supply and related services of water networks and sanitary sewers in a remarkable way. Although the progress of the region in this area is not uniform, projections of studies show an average annual increase in serviced people by 3% and 1.7%, respectively, in the period 2006-2020. The countries of Latin America would reach a coverage of 97% of their population in the case of access to water and 87% in the case of sanitary sewers in the year 2020. Urban areas have been benefited by these advances, to the point that Latin American countries are closer to reaching aggregate terms for the millennium development goals in these areas.

While Latin America has a clear advantage over India in terms of developing infrastructure for energy supply, water networks and sanitary sewers, India is showing greater momentum in strengthening multimodal transport and access to telecommunications and information services (IT) in all segments of its society. In this regard, although the company 'Railways of India' continues to be a state monopoly, it gets to manage one of the world's top five railway systems in terms of size and scale, with 63,327 km of rails, transporting more than 17 million passengers and 2 million tons of cargo traffic per day. It is undeniable that in this sphere India has experiences that could be of use to Latin America.

The main problem in Latin America is inadequate selection of land transport modes, leading to an increase in logistic costs that reduces competitiveness and participation in the global business flow of the internal zones of the South American subcontinent. With the old argument that rail transport is only efficient for long distances, South American countries have turned to the development of road transport systems to the detriment of other modes. In the case of railways, this has led to their being stagnant over time and to be used only in the traditional mineral transport sector. On the other hand, transport by rivers or watercourses, which exist in large numbers, is strikingly scarce although starting to grow faster than other forms of transportation.

As for road transport, in 2008, the Indian road network was already the second largest in the world, surpassing 3.3 million kilometre. The extensive network is divided into National Highways, State Highways, District and Rural Routes. The ongoing transformation of road infrastructure in India leaves no room for doubt about the country's economic dynamics. The construction of high passages, two-, four- and six-lane routes throughout the country and investments in the management of public spaces and urban landscapes under the joint venture scheme leads to the conviction that there is a real transformation in progress that is generating opportunities.

In Latin American countries, although they have a greater participation of the private sector in the development of the necessary infrastructure, their delay in a vital sector such as that of land transport is a cause for concern. The current situation is a consequence of a lack of public investment, overlapping laws and different institutions in the same stages of infrastructure projects, limited citizen participation and the slow availability of resources, lack of incentives, lack of planning and coordination or the lack of information or precision in it, causing serious difficulties to the necessary logistics in the region as a whole.

India is aware of its new role in the world economy. Likewise, Indians are well aware of the challenges that must be faced in the short term. The requirements of infrastructure that India suffers cannot be compared to the needs of Latin American countries. The projects included in the five-year plans to cover the vast needs of 1.2 billion people in an economy in transition have another scope, different rhythms and greater risks of failing their results. India must continue to grow at high rates and reforms will become increasingly urgent and inevitable.

This process in India is a challenge, and as such offers new areas of economic cooperation and integration between India and Latin America, along with the articulation of value-added chains for the development of better infrastructures in both regions.

Opportunities for cooperation between private agents and the public and private sector appear every day. In Latin America, financial support from Indian investors would be welcome to address major deficiencies in infrastructure development and the multimodal land transportation system. The Indian experience in rail transport would also be very useful.

Government officials, diplomats and scholars from both regions require a better and greater flow of information, analysis of public policies, incentives and models of social and economic development. Businesses and young people with the need for better jobs and opportunities to improve their quality of life compared to previous generations are waiting for better economic prospects.

■

# Peru – A Rising Star in the League of Emerging Markets

*Mr. Carlos Jimenez Gil-Fortoul, Deputy Chief of Mission, The Embassy of Peru in India*

Peru, situated on the west central coast of South America, has diverse characteristics including a variety of climates, a vast territorial extension, significant natural resources, people with great skills and high academic standards, and a solid economic and industrial background.

Today, Peru is considered one of the world's leading emerging markets, with a solid economic stability based on an uninterrupted annual growth of its Gross Domestic Product (GDP) over the past 16 years. These factors make Peru an excellent partner in trade, tourism and the best destination for foreign investment.

Economic development in Peru has much to do with the monetary and fiscal policies applied over the past two decades, reducing the debt level (from 32.3% of the GDP in 2006 to less than 19% in 2016) and ensuring consistent fiscal surpluses.

Peru is also reaping the benefits of the increasing size of its market and domestic consumption, and the development of its financial sector. Likewise, the country has net international reserves equal to around 30.5% of its GDP.

In one single generation, the Peruvians have made a transformation based on the consolidation of democracy, stable and open economy and the creation and development of a policy of social inclusion with economic growth.

Having achieved the United Nation's earlier Millennium Development Goals and with a GDP Per Capita (in terms of Purchasing Power Parity) estimated over USD 13,000, Peru is just beginning its "demographic bonus" period, where 65% of its population between the ages of 15 and 64 reaches their highest record of production, consumption, savings, and investment.

It is within this context that all the Peruvian foreign economics, commercial and investment activities are fully guaranteed. Peru fulfils its commitments and offers the same treatment to both national and foreign investors. As a result, Moody's Investor ranks Peru in the highest investment category (A3).

In terms of projection in the international economic sphere, Peru has made considerable progress in economic integration, within the scope of the Pacific Alliance that includes the most dynamic economies of the Americas, based on shared vision of the world and on the movement of goods, capital, services and persons.

Furthermore, Peru is determined to continue expanding and deepening its trade relations with the world, strengthening the free trade agreements that cover 95% of its foreign commerce.

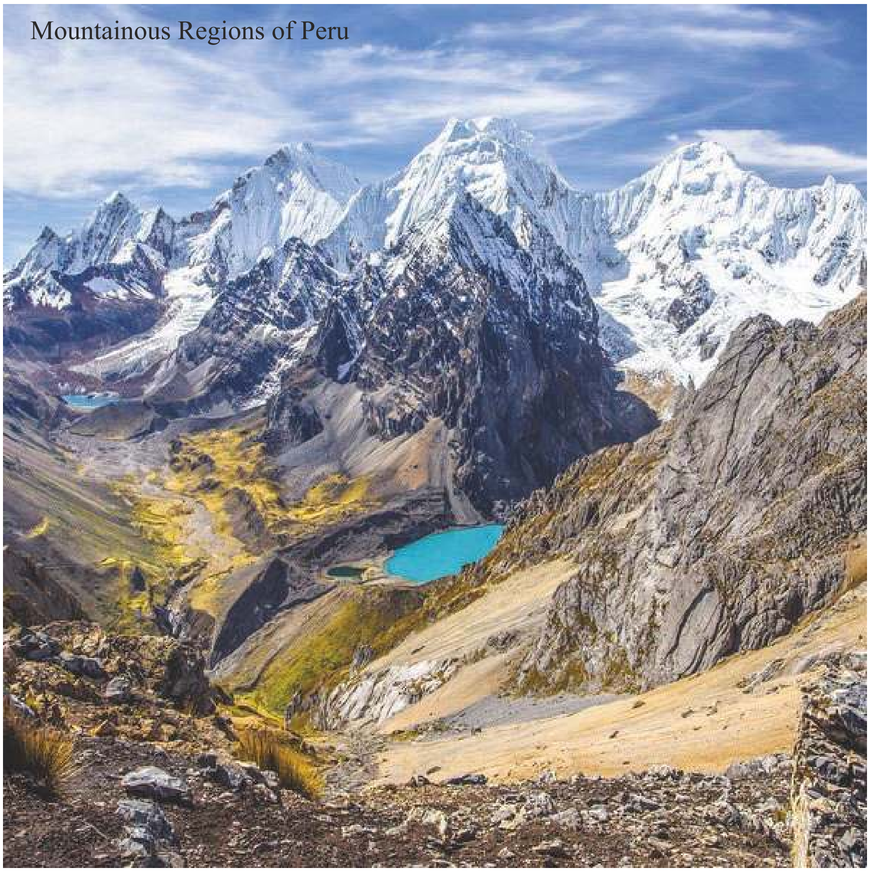
Among other negotiations, including a comprehensive trade agreement with India, Peru is firmly committed to its relations with Asia through its active participation in the Asia Pacific Economic Forum (APEC) and the seeking of a successful conclusion of the Trans-Pacific Partnership Agreement (TPP), with a view to upgrade the projection and presence in this important region and, thereby, promoting economic growth.

From a physical viewpoint, the strategic location of Peru makes the projection of the country as a natural, productive and commercial hub in Latin America.

To this effect, Peru is promoting private participation in infrastructural projects and utilities that will raise its competitiveness and consolidate it as an efficient bridge between South American markets, Asia and the United States. With a population of 31.2 million (the estimate 2015), Peru's economy reflects its varied geography.

The abundance of resources is found mainly in mineral deposits in the mountainous regions (gold, copper, silver, lead, zinc, among others) while its extensive maritime territory has always traditionally yielded excellent fishing resources.

Despite the fluctuations of the world economy, the administration has resisted pressures for fiscal and has used the savings generated by the high prices of commodities between


Mountainous Regions of Peru

2006 and 2008, investing in infrastructure and in social aid programs, paying all part of the public debt, and increasing assets.

Peru has achieved significant progress in its macroeconomic performance in recent years, with very dynamic Gross Domestic Product (GDP) growth rates, stable currency exchange rates, and low inflation.

In fact, over the past decade, the Peruvian economy has had the lowest annual average inflation rate in Latin America. There is also its impressive dynamism and diversification of the exportable supplies which gives the country the privileged ranking of one of the fastest-growing economies in the region, consistently achieving an accumulated annual average growth.

According to the International Monetary Fund (IMF), Peru is considered a rising star that is part of the new wave of leading emerging markets. Its solid economic fundamentals, a framework of sensible policies and a prudent macroeconomic approach support its growth and reduce vulnerability.

Peru is also reaping the benefits of the increasing size of its market and domestic consumption, and the development of its financial sector, which can be seen, for example, in the increase in private consumption.

Peru has signed a number of Free Trade Agreements covering more than 92% of its exports: USA, China, Thailand, UE, EFTA, MERCOSUR, South Korea, Canada, Costa Rica, Chile, Mexico, Venezuela, Panama, Japan, Singapore, Cuba and the Andean Community.

Peru also has 28 Bilateral Reciprocal Investment Promotion and Protection Agreements and has culminated trade negotiations corresponding to the Trans-Pacific Partnership Agreement. Additionally, Peru entered into the framework Agreement for the Pacific Alliance in April 2011, together with Chile, Colombia and Mexico.

Peru's main traditional exports are gold, copper, petroleum oil, natural gas, zinc, lead, iron, fishmeal, coffee, and its main trading partners are China, the United States, Bolivia, Brazil, Chile, Colombia, Ecuador, Argentina, Switzerland, South Korea, Japan, Canada, Germany, Spain, Holland, The United Kingdom, Mexico and Italy.

**Peru offers a legal framework that protects the interests of foreign investors. Some of the key features of its legal framework are:**

- An equal and non-discriminatory treatment
- Unrestricted access to majority of economic sectors
- Free capital transfer
- Right to free competition
- Guarantee of private property (no expropriations or nationalizations)
- Freedom to acquire shares in Peruvian companies
- Freedom to access internal and external credit
- Freedom to transfer royalties and profits from their investment
- Simplicity for most operation without foreign exchange controls
- A wide network of investment agreements and membership in the Investment Committee of the Organization for Economic and Development (OECD).

■

# TRINIDAD & TOBAGO – A Transit Hub for Investors in LAC

*Office of the High Commissioner for the Republic of Trinidad & Tobago*

The Republic of Trinidad & Tobago is a twin island country situated on the northern edge of the South America mainland lying just 11 kilometers off the coast of northeastern Venezuela.

Trinidad & Tobago is the third richest country by GDP (PPP) per capita in the Americas after the United States and Canada. Unlike most of the English-speaking Caribbean, which is agricultural and touristic, the country's economy is primarily industrial with an emphasis on petroleum and petrochemicals. The country's wealth is founded on the development of its large reserves and exploitation of oil and natural gas.

The link between Trinidad & Tobago and India traces back to the time between 1845 and 1917 when close to 150,000 Indians migrated to Trinidad under the system of Indian indenture. However, formal diplomatic relations were established between Trinidad & Tobago and India in 1962 after the former gained independence from British colonial rule. The same year, Government of India established a resident High Commission in Port-of-Spain. Trinidad and Tobago established its High Commission in New Delhi in 1969.

Trinidad and Tobago's major exports to India over the years have been iron and steel, anhydrous ammonia, copper-zinc based articles, clothing, aromatic bitters, lubricating oil base stock, plywood, waste of iron and steel, indented iron bars and rods, and piles and pickets. The principal imports from India have been pharmaceuticals, shelled cashew nuts, tubes and pipes, tyres for buses, woven fabrics, floor coverings, tea, and diamonds and other precious and semi-precious stones, fabric, turmeric, leather, plants and fruits.

The AMCHAN's (American Chamber in T&T) recent publication 'Doing Business in Latin America' states that "investors, exporters and businesses who are interested in the Caribbean and Latin America markets can use Trinidad as a strategic transit hub for these regions as well as a near shore hub for North America". It adds, "apart from slow recovery of oil and gas prices since record lows in 2015, there is also a change in the trade dynamic of oil and gas. As of January 2017, the United States, which was the key importer of oil from Latin America, is now a net exporter. This uncertainty has made it imperative that there be a greater thrust on increased investment and diversification to the non-oil and gas sector of the economy. The non-oil sectors that present major potential for investors include manufacturing, maritime and shipping, information technology, financial services, aviation sector, tourism, agriculture and agro-processing."

In fact, after Trinidad & Tobago exited the sugar industry around about 2007, thousands of acreages of arable lands became available for alternative crops. One of the areas the Government of Trinidad & Tobago is most interested in is moving into sustainable agriculture and agro-processing. This sector remains lucrative for investment.

Owing to the country's long coastline, maritime and shipping continue to be a source of lucrative investment. T&T ports serve as a valuable gateway to the Americas, lying just 11 kilometers off the coast of South America, furthest south in the Caribbean archipelagic chain. Its strategic positioning between the Caribbean Sea and North Atlantic Ocean, northeastern Venezuela qualifies it as a critical transshipment and logistical hub for the Caribbean and Latin America. Trinidad and Tobago recorded the highest export figures of all CARICOM member states, both intra-regionally (71.9%), as well as extra-regionally (70.4%).

The T&T Government has identified information and communication technologies (ICT) sector as one with vast untapped potential. In 2015, this sector contributed TT$5.59 Bn (US$ 0.88 Bn) or 3.4 percent of the country's overall income or GDP. The ICT industry is characterized by high mobile and internet penetration rates – 157.3% and 68.9% respectively in 2015 – and a strong infrastructural base. TnT also offers one of the highest bandwidths available and carries one of the lowest per unit cost for electricity within the Caribbean region. Electricity cost in Trinidad and Tobago is the second lowest in the Americas behind Venezuela.

Another sector with tremendous potential and driver of economic diversification is tourism. T&T has a beautiful, clean coastline, variety of cuisines, high standard of living, and a laid-back, friendly and multicultural population, making it an ideal destination for a wide range of travelers of all ages. Business tourism too is becoming a booming sub-sector with numerous conference halls to accommodate all sizes of meetings to be found, supported by state-of-art transport and infrastructure.

Other sectors that are also burgeoning include the music, film and fashion industry. The Trinidad and Tobago Creative Industries Company Limited (Creative TT) was established in 2013, and is doing well.Trinidad and Tobago location makes the country ideal as a transshipment hub and as a meeting place for conducting business. The isles of Trinidad and Tobago are two unique belles of the region investors should consider seriously in their strategic planning.

■

# Suriname – A land of trade and investment opportunities

*Ministry of Finance, Government of Suriname*

Suriname, formerly Dutch Guiana, is strategically located on the Caribbean coast of South America, between Guyana and French Guyana. Suriname is a democratic country with a strong legal system based on Dutch civil law. The country has a landmass of 163,820 km², of which approximately 95% is covered by Amazon Rainforest. Suriname is an upper middle income country with a population of around 550,000 (2014) and a GDP per capita of US$ 10,200.

## Economy

The economy of Suriname has witnessed consistent growth despite global financial turmoil (in 2008) and limited global demand. The GDP of the country is estimated to have grown at an average rate of 3% during 2000-2015.

| SURINAME: MACROECONOMIC INDICATORS | 2012* | 2013* | 2014* | 2015* | 2016* | 2017* cumm |
|---|---|---|---|---|---|---|
| **Production and Income** | | | | | | *Year estim* |
| GDP in market prices (SRD mln) | 16,434 | 16,981 | 17,294 | 16,669 | 22,455 | 26,672 |
| Real GDP growth (%) | 2.7 | 2.9 | 0.4 | -2.7 | -10.4 | 0.2 |
| GNI per capita (US$) | 10,484 | 9,250 | 10,984 | 7,377 | 6,167 | n.a. |
| | | | | | | *Jan-Jul* |
| Revenues on cash basis (SRD mln) | 4,025 | 3,960 | 3,751 | 3,399 | 3,374 | 2,414 |
| Expenditures on cash basis (SRD mln) | 4,410 | 4,728 | 4,564 | 5,006 | 5,194 | 3,527 |
| | | | | | | *Jan-Aug* |
| Financing on cash basis (SRD mln) | 445 | 1,027 | 973 | 1,698 | 2,204 | 1,237 |
| Financing on accruals basis (SRD mln) | 445 | 1,184 | 1,446 | 1,484 | 1,598 | 1,050 |
| Surplus/Deficit (-) on accruals basis in % of GDP | -2.7 | -7.9 | -8.3 | -8.9 | -7.1 | -3.9 |
| **Balance of Payments** | | | | | | *Jan-Jun* |
| Export of goods (US$ mln) | 2,700 | 2,416 | 2,145 | 1,652 | 1,439 | 946 |
| Import of goods (US$ mln) | 1,994 | 2,174 | 2,012 | 2,028 | 1,246 | 605 |
| Trade balance (US$ mln) | 707 | 243 | 133 | -376 | 192 | 341 |
| Current account (US$ mln) | 162 | -196 | -416 | -798 | -102 | 186 |
| Gross international reserves (US$ mln) | 1,008 | 779 | 625 | 330 | 381 | 401 |
| Import coverage total economy (in months) | 4.7 | 3.4 | 2.7 | 1.5 | 2.6 | 3.0 |
| Import coverage non mining sectors (in months) | | | | | 4.0 | 4.1 |
| **Financial sector** | | | | | | *end-Mar* |
| Liquidity [M1] (SRD mln) | 4,305 | 4,467 | 4,650 | 4,926 | 6,840 | 7,007 |
| Broad money [M2] (SRD mln) | 8,129 | 9,028 | 9,520 | 10,639 | 16,193 | 16,466 |
| Net credit to government (SRD mln) | -94 | 5,255 | 1,292 | 2,636 | 2,350 | 2,861 |
| Credit to the private sector (SRD mln) | 4,229 | 4,984 | 5,407 | 6,288 | 8,108 | 7,969 |
| Weigthed average SRD deposito rate (%) | 7.0 | 7.2 | 7.4 | 7.7 | 8.5 | 9.1 |
| Weigthed average SRD credit rate (%) | 11.8 | 12.0 | 12.5 | 13.4 | 14.1 | 14.6 |
| **Exchange rate and inflation** | | | | | | *end-Jul* |
| Official buying rate (SRD per US$) | 3.25 | 3.25 | 3.25 | 3.33 | 6.17 | 7.41 |
| Official selling rate (SRD per US$) | 3.35 | 3.35 | 3.35 | 3.43 | 6.28 | 7.54 |
| Average inflation (%) | 5.0 | 1.9 | 3.4 | 6.9 | 55.5 | 43.5 |
| End-year inflation (%) | 4.3 | 0.6 | 3.9 | 25.1 | 52.4 | 19.4 |
| **Government debt ratio's** | | | | | | *end-Jun* |
| Foreign debt/GDP (%) | 16.5 | 19.4 | 21.1 | 29.4 | 34.8 | 37.8 |
| Domestic debt/GDP (%) | 10.8 | 16.2 | 12.2 | 22.9 | 23.6 | 25.5 |

**Sources: Ministry of Finance; Central Bank, DMO, GBS**
*** preliminary figures**

Major exports from the country are gold, alumina, and crude oil. Other commodities exported from Suriname are rice, bananas, vegetables, fish and shrimp. Government of Suriname aims to diversify economic activity into sectors such as agriculture and tourism.

**Investment climate**

Suriname holds tremendous opportunity for investment in the mining sector, especially in gold, bauxite, oil and other minerals. Other potential sectors for investment are industries based on rainforest, transport & infrastructure, agriculture and fresh water resources, eco-tourism, Information and Communication Technology (ICT), and energy.

Recently, the Surinamese government has invested heavily in infrastructure development, resulting in the rehabilitation and expansion of the (sea) port and the renovation and expansion of the international airport. Economic reforms in Suriname have led to a change in the business environment and increasing opportunities for both local and foreign investors.

Suriname is a developing country, which is a status that comes with both challenges and opportunities. The challenges Suriname faces are, amongst others:

- Designing a structural development strategy for the business community and attract local and foreign investors
- Improving the investment climate
- Improving the competitiveness of the private sector
- Developing an international tax treaties network
- Developing an infrastructure that is more in line with international standards

**Major taxes in Suriname are:** income tax, dividend tax, wage tax, social security, wealth tax, rental value tax, other direct taxes, stamp duty, turnover tax, import duties and other indirect taxes.

**Corporate Tax**

Corporate profits are subject to income tax and distributions made out of the after tax profits are also subject to tax in the hands of corporate shareholders. However, in the case of qualifying distributions to corporate shareholders, double taxation is eliminated through the so called participation exemption. Corporate income tax is levied on both resident and non-resident corporations. Resident corporations are corporations incorporated under Surinamese law, even if their management is located abroad.

The Suriname Code of Commerce recognizes only public limited liability company (NV). Corporations incorporated under foreign law, but effectively managed and controlled in Suriname also qualify as resident corporations.

Resident corporations are subject to corporate income tax on their worldwide income. Taxable income is defined as the sum of all profits and gains of whatever description or nature. Corporations, regardless of their activities, are deemed to conduct their business by using all of their assets. Therefore, a company's taxable income also includes income from portfolio investments and any capital gains.

In principle, taxable profit is computed on an accrual basis. In principle, non-resident corporations are subject to corporate income tax on the following income items:

- Income derived from a permanent establishment
- Income derived from immovable property located in Suriname
- Income derived from rights to the profit of an enterprise of which management is located in Suriname
- Interest on loans secured by a mortgage on immovable property located in Suriname

The term 'permanent establishment' means a fixed place of business through which the business of an enterprise is wholly or partly carried on. This definition contains the following conditions:

- The existence of a place of business
- This place of business should be fixed
- The place of business should be established at a distinct place with a certain degree of permanency. A period of at least 6 months is normally applicable.
- The carrying on of the business of the enterprise should take place through this fixed place.
- However, exploration activities regarding natural resources are always considered to be performed through a permanent establishment in Suriname.

**Calculation of annual profit**

Profit is defined as all benefits derived from the carrying on of an enterprise, regardless of the name or form of the benefits. Annual profit for corporate income tax purposes should be calculated on the basis of 'sound business practice'.

**Mandatory registration**

Every enterprise should be registered in the Trade Register of the Chamber of Commerce. Registration should also take place with the Tax Office.

**Import duties**

Import duties are levied on the import of goods. Over 1,100 goods are listed with the applicable customs duty rates. The rates vary between 17% to 62% consisting of custom duty including statistics and consent fee due [0.5% and 1.5%] and turnover tax [10% and 25%] for specific luxury goods.

**Incentives regime**

**Tax incentives**

An investor can benefit from one of the following tax based incentives:

- Import duties exemption up to 75% for business assets with a minimum value of at least US$ 10,000
- Full exemption is applicable for production sector with regard to raw materials, auxiliary materials, semi-finished goods and packing materials
- A nine-year tax holiday that can be extended for an additional year for large investments of at least US$ 13 million
- Accelerated depreciation on assets
- Tax consolidation

**Tax treaties**

Suriname has entered into tax treaties with the Netherlands and recently with Indonesia.

These treaties provide for the avoidance of double taxation and encourage trade and investments between Suriname and these countries regarding taxes on income and capital.

**Some of the potential sectors for private investment in Suriname are as follows:**

**Gold Mining:**

The country has total gold resources (including mined) of 14 million ounce (Moz)

Small-scale alluvial gold mining is extensive and wide-spread in Suriname.

Lamgold's Rosebel Gold Mine is the first large-scale gold operation in the country.

Newmont's Merian project is the second large-scale gold operation located around the Nassau Plateau in East Suriname.

**Bauxite Mining:**

Suriname has immense potential for bauxite mining, alumina refinery, and aluminum smelter.

The country has the potential for hydropower generation of around 450-650 MW with 2 dams and generation stations.

**Agriculture:**

Suriname is gifted with:

- Ample farmland and fresh water resources
- Most efficient harbor in the region
- Competitive wage and high productivity workforce
- New high margin agri-sectors such as palm oil, bio-diesel, cassava production

The country has experience in large-scale export of agriculture produce.

Bananas and rice have been exploited in large-scale operations for the European market (ACP access).

Some of the potential export markets for agricultural produce from Suriname are:

- French Guyana - It is a high-cost producer that imports most foodstuffs.
- Europe, Caricom, Latin America and Africa - Tropical foodstuffs can be easily shipped by sea or air to these destinations.

**Rainforest-based sector:**

Approximately 95% of land of Suriname is covered by pristine Amazonian rainforest

**Wood:**
Growing sector with enormous potential
Log production more than doubled in 5 years
The government promotes selective cutting, sustainable log production and processing

**Tourism**
Tourism is one of the fastest growing sectors in the country. Suriname is an excellent destination for eco-tourism. The country is famous for tailor-made wild life tourism, for example bird watching.

**Water**
Suriname has one of the largest fresh water reserves of the world ($6^{th}$ in world ranking). The country ranks second in the world in terms of fresh water availability per-capita.

**Infrastructure and energy**

- Government of Suriname welcomes private sector participation in infrastructure sector
- Given its location, Suriname is ideally positioned to become a regional logistics hub
- The enormous land-locked northern part of Brazil and the South of Suriname could be unlocked
- Connecting the South American continent from North to South will require significant investment from public and private sectors

**Telecom and Information & Communication Technology**
Suriname is strategically located out of the regional hurricane zones. The country could be developed into a cost effective data hosting centre in the Western Hemisphere.

■

# Strengthening Economic Ties between India and LAC

*Dr Nivedita Ray, Director (Research), Indian Council of World Affairs (ICWA), New Delhi*

India and Latin American & Caribbean countries have nurtured a warm and cordial relationship, which over the past few years have intensified significantly both in terms of political and economic engagement. Today, the collaboration in the economic sector has reached a stage that was not possible a couple of decades ago.

The argument that vast geographical distances, language differences and lack of knowledge of each other's capabilities and capacities, are impediments towards exploiting the opportunities for a mutually beneficial relationship, no longer holds true.

Improvement in shipping, telecommunications, knowledge about each other and most importantly, the changes seen in domestic economic policies and structures in India and LAC, along with emerging trade and economic opportunities and government initiatives have open up new vistas of cooperation leading to expansion of trade and investment relations.

From India's perspective LAC is a region with tremendous potential; blessed, with vast resources and talent. The significance of the region lies in becoming a source for hydrocarbons, soyabean and minerals to India. Its vast swathes of land provide the opportunity for the region to become partner in India's food security needs. The region can fulfill India's needs in terms of pulses and select oilseeds and also offer better market for Indian exports.

Given the potential and opportunities that the region provides, India has been pursuing interactions at the bilateral and regional level to strengthen economic engagement.

India has been interacting with regional groupings in LAC such as the CELAC, SICA and CARICOM. Till now, India has two trade agreements with LAC i.e. Free trade Agreement with Chile (recently upgraded in 2016) and Preferential agreement (PTA) with Mercosur (2009).

Both agreements are still limited in scope. India is working on expanding its Preferential Trade Agreement (PTA) with MERCOSUR.

In the past decades, it is seen that India's trade with LAC has grown substantially from USD 2 billion in 2000, to over USD 47 billion in recent years. Indian companies have started investing in different sectors from information technology, hydrocarbons, and automobile to sugar. India's cumulative investment in LAC is pegged at around USD 20 billion so far till 2016.

There are about 134 Indian companies and 216 subsidiaries in LAC. Lot of companies are betting on LAC for revenues.

Companies such as UPL generate 26% revenue from LAC and Aditya Birla gets USD 2 billion revenue from LAC. In the IT sector, India is investing in a big way benefitting and helping to develop the Latin American and Caribbean economies.

TCS has established a presence in eight of the larger Latin American countries. India's exports include raw materials, engineering products, pharmaceutical goods, yarn, fabrics, parts for machinery and equipment, and they are not a threat to Latin America's domestic industries. India's major imports include hydrocarbons, soya bean oil, fertilizers, iron and steel.

The trade relations, however, remain highly concentrated with few countries such as Chile, Brazil, Argentina and Paraguay being the main source of imports for India and countries like Brazil, Peru, Colombia and Nicaragua constituting the bulk of major exports for India.

India feels that despite the growing commerical relations, both trade and two way investments remain much below potential.

At present, India's strategy for the LAC region has been to enhance India's political and economic engagement with all the 33 countries in the LAC region. This would require India to not only increase diplomatic footprints in the region but also engage in regular exchange of high level visits.

It has been observed that while many Latin American heads of state have visited India, there is need for New Delhi to reciprocate. Leaving a few countries such as Brazil, Cuba and Chile, Latin American countries have not received much high-level attention so far as bilateral visits are concerned.

There is a need to expand India's Latin America outreach. LAC countries would like India to consider opening more Indian Missions in the region.

E-visa scheme will further encourage tourists and business to flow between the two, especially from people who come from nations that have no diplomatic representations. Improving air connectivity also has become important.

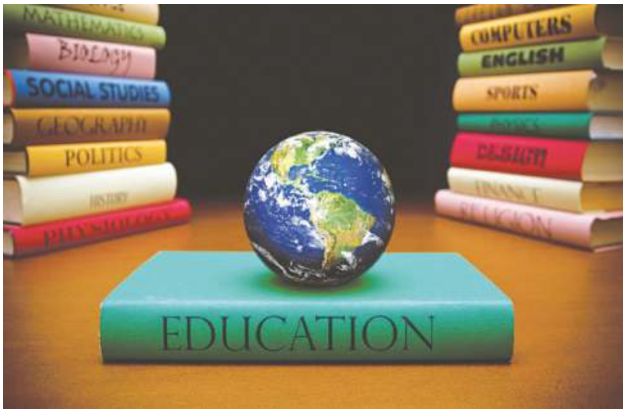
Over the past few years, air connectivity has improved with Air India having announced a direct flight to Madrid. India intends in closing the connectivity gap.


Further securing market access for Indian exports, diversification of its export basket, securing India's investments and the interests of Indian businesses and encouraging investments from the region is an important part of India's strategy to increase economic interactions.

India would like the LAC companies to set up businesses in India through Foreign Direct Investment or joint venture with domestic companies under the Government of India's flagship programmes such as Make in India, Skill India etc.

To strengthen economic relations, India and LAC countries should develop joint strategies for promoting trade and investment.

Both should focus on working together in sectors such as education, technology & innovation, SMEs and trade facilitation.




Cooperation in education and skill development is important to build human capital and there is immense scope in this field for collaboration.

India intends to share its expertise and experience in this area. Feasibility studies need to be explored for developing small and medium enterprises in both LAC region and India.

Among the developing countries, innovation is the key area to explore, particularly with regard to R&D cooperation.

Equally important are also policy dialogues among stakeholders from both regions to enhance cooperation, as that would allow having an understanding of the existing complementarities and challenges leading to policy interventions.

As it stands today, the economic relations between India and LAC, under South-South framework, have seen an impressive transformation and has come a long way.


The complementarities of interests, growing opportunities and reciprocity towards each others needs and priorities between both regions have allowed both sides to foster closer trade and investment cooperation.

However, both sides realize that the economic cooperation is still below potential. Realizing the full potential for a mutually beneficial relationship therefore remains at the top of policy agenda for India as well as Latin American and Caribbean countries.

**About the Author:** Dr. Nivedita Ray is the Director (Research), Indian Council of World Affairs (ICWA), New Delhi with research expertise on foreign policy, security and development issues of the countries in Sub-Saharan Africa, Asia and Latin America.

She has presented research papers in international/ national seminars in India and abroad and has written extensively in journals, websites, and magazines.

She has also contributed research papers for some edited books on areas of her interest that include India's Development Partnership, India-Africa Relations, Role of Emerging Powers, BRICS /IBSA, Diaspora in Africa and Maritime Security.

■

# India-Brazil Relations: Importance of Stronger Co-operation

*Dr. Francesco Petrone, Lecturer, Geneva Business School (Barcelona and Astana),Spain*

Over the past two decades, both India and Brazil (and Latin America in general) have undergone fundamental transformations. Relations between India and Brazil are deeply important for both countries. Brazil is one of the most important trading partners of India in the entire LAC (Latin America and Caribbean) region.

India-Brazil bilateral trade has increased substantially in the last two decades. The largest Indian exports are petroleum products such as diesel, which accounts for much of India's annual profits. Other prominent Indian products are organic chemicals and pharmaceutical products.

Additionally, India exports boilers, machinery, mechanical appliances and textile products (cotton, apparels, accessories etc.). Brazilian exports to India are also weighed in favor of petroleum products, mainly crude oil. India also imports other products as soya oil, sugar, copper and gold. Until 2015, trade between the two countries was very strong.

However, the global decline in commodity prices and the economic recession in Brazil in 2015 affected Brazil's overall trade (Indian exports to Brazil stood at US$ 4.29 billion in 2015 while Indian imports from Brazil stood at US$ 3.62 billion). Evidently, the India-Brazil bilateral trade was negatively impacted.

Just to have an idea on how recession in Brazil affected total trade with India, we can see that the total trade between these countries was USD 4.49 billion during January-October 2016, which was -32.32% less than the total trade (USD 6.635 billions) recorded in the same period in the previous year (2015).

In the ranking for the largest trading partners of Brazil, India stood at the 13th position. The value of India's exports to Brazil in Jan-October 2016 was USD 2.047 billion compared to USD 3.732 billion in the corresponding period in 2015, marking a decline of -45.14%. The value of Brazil's exports to India in January-October 2016 was USD 2.443 billion compared to USD 2.903 billion in the same period in 2015, marking a decline of -15.85%. India had a trade deficit of USD 396 million with Brazil in that period.

To respond to this situation, in the last period, due to the strategic importance of a mutual collaboration, Brazil and India have underlined the importance of keeping and intensifying relations in order to overpass the gap after the crisis.

Different reforms have been adopted, and during the last Presidents' meeting, both countries expressed satisfaction with the ongoing cooperation in science, technology and innovation sector. The leaders appreciated that the Joint Commission on Science and Technology to be held in 2017 would signal continuous cooperation.

They considered that the fields of biotechnology and medical sciences are of mutual interest and offer great potential for joint projects. In this regard, both sides are looking forward to intensifying direct contacts between researchers and institutes, and agreed to pursue the establishment of business friendly visa procedures based on reciprocity, in order to facilitate bilateral trade and investment.

This event underlines how there is a positive change in the perceptions that the new India and the new Brazil have of each other, discovering complementarities and synergies between their respective markets and mindsets.

The entry of the Indian information technology (IT) and pharmaceutical sectors into all Latin America, in addition to their investment models, have inspired confidence among Latin Americans who are apprehensive about an inflow of both

Chinese goods and immigrants. In particular, India perceives Brazil and Latin America as a long term contributor to its energy and food security, while India offers a large and growing market for businesses, and Brazilians need to exploit this potential more. India and Brazil share many similar developmental problems and could learn from each other's success stories.

At the same time, despite the recent crisis, a more intense collaboration between these two countries, and in general among BRICS countries, should guarantee a more close collaboration in this important arena that can play a central role in the future of global governance in different fields: economy, policy, cooperation, environment etc.

About the environment: Michel Temer, President of Brazil and Narendra Modi, Prime Minister of India during their meeting

in the Republic of India on 17 October 2016, welcomed the momentum generated with the ratification of the Paris Agreement by both India and Brazil, that has contributed to its entry into force on November 4th 2016, and imparted further momentum to global efforts to combat Climate Change.

Both countries emphasized that the Agreement should continue to be guided by the principles of the UN Framework Convention on Climate Change (UNFCCC), especially the principle of Common but Differentiated Responsibilities.

The two countries also remain committed to international cooperation on Climate Change as evidenced in India's International Solar Alliance initiative and Brazil's Biofuture Platform. At the same time, the leaders attached most importance to the 2030 Agenda for Sustainable Development and were satisfied that the Agenda was based on a holistic and integrated approach to sustainable development with a balanced emphasis on economic growth, social development, and environmental protection.

On what concern the bilateral and multilateral cooperation, both countries need to make their collaboration stronger in BRICS, BASIC, G-20, G-4, IBSA, International Solar Alliance and in the larger multilateral bodies such as the UN, WTO, UNESCO and WIPO.

Both countries must take efforts to increase the participation of developing countries in the decision-making bodies of multilateral institutions.

At the same time, their collaboration (above all their closeness in BRICS forum) should be a positive point to claim for the need for urgent reform of the United Nations to render it more consistent with the current geopolitical reality.

Reform of the United Nations will not be complete without reforming the Security Council, including an expansion in both the permanent and non-permanent categories of its membership, with increased participation of developing countries in both. In this context, during their meeting in India, Presidents of India and Brazil welcomed the creation of a Group of Friends on Security Council Reform and called upon all reform-oriented Member States to join efforts and finally bring about meaningful reform.

They also emphasized that the two countries are legitimate candidates for permanent membership in an expanded Council and reiterated their support for each other's candidature.

In this sense, satisfaction has been expressed on the progress made during the 8th BRICS Summit, and Brazil and India have agreed to work closely on the agreements reached during it.

With the probable recovery of Brazil in the next year, and due to both countries increasing their importance in world economy, Brazil and India should form a strong partnership.

This partnership will be mutually beneficial for both economic and political reasons. So, it is important for Brazil and India to keep constant and stronger relations in order to obtain a major presence in the international arena, as well as to actively collaborate to shape different global governance based on deeper cooperation.

**About the Author :** Dr. Francesco Petrone is Lecturer on International Relations at Geneva Business School (Barcelona and Astana), Spain and on Geopolitics at the ESEI Business School in Barcelona, Spain.

Also, he has been visiting research fellow at BRICS Policy Center in Rio de Janeiro and Ralph Bunche Institute for International Studies at City University of New York. At the moment, his research interests are on the impact of BRICS on Global Governance.

His main publications include: Quando la onlus diventa un guadagno. Tecniche per arricchirsi salvando i bambini (Aracne, Roma, 2012), and Confessioni di un venditore di povertà. solidarietà e aiuti umanitari in epoca di crisi (GoWare, Firenze, 2014).

# Latin America and Caribbean: India's Answer to Food Security

*Dr. Aparaajita Pandey, Research Scholar, Jawaharlal Nehru University*

The ties between India and Latin America and the Caribbean (LAC) have been on the upswing since the turn of the century. The traditionally neglected LAC region has found growing prominence in India in the recent past.

The recent trend is one of expanding ties of trade, greater foreign direct investment (FDI), increase in flow of goods and services, closer cultural linkages, and stronger people to people contact. It would be safe to conclude that as economies of both regions grow their partnership would be strengthened.

The visit by Narendra Modi, Prime Minister of India to the countries of the LAC region has been a massive step in strengthening India's ties with the region. Indian initiatives like Digital BRICS to bring greater digitisation in the region as well as India's invitation to LAC countries to be a part of India's International Solar Initiative, MAKE IN INDIA, and SKILL INDIA are indicative of India's growing interest in the region.

The LAC region is rich in natural resources, it has been blessed with an abundance of hydrocarbon reserves. The region is also geographically five times larger than India and has an immense potential for agriculture. India on the other hand provides highly skilled and advanced services in the fields of Information Technology, Telecommunications, Pharmaceuticals, Agricultural equipments and Processing, Fertilizers, value added Defence Services, Automotive Parts, among others. The complementarities in the demand and supply of both regions set them up to be natural trade allies.

One of the greatest strengths of the Latin America and the Caribbean region is its wealth of nature, both in the form of natural resources and in the form of massive stretches of arable land that is fertile and lined with rivers that keep the land irrigated.

The region fulfills the pre-requisites for growth of most grains and vegetables as well as fruits and cash crops. The region is also well known for its high quality animal products. The LAC share in global trade in food and agriculture is 16% and is set to grow in the coming years. Agriculture and agribusiness form a major part of the share of GDP for most LAC countries.

The region could be an answer to the predicament of Indian food security. Presently, LAC's greatest agricultural export to India is soybean. India and LAC region are extensive consumers of beans and legumes.

They are a cheap source of protein in traditional protein deficient and carbohydrate dependent diets, the reason for such diets can be traced to economic constraints of not being able to afford animal or dairy based protein. In India, protein deficiency in diets can also be attributed to a population that follows a strictly vegetarian diet.

Pulses and oilseeds also form a large chunk of India's agricultural imports from the region. India and LAC share dietary similarities, though not easily observable it can be deduced post a nuanced look; that the two regions depend on extensive use of a variety of vegetables and fruits in everyday cooking which delineates it from cuisines of Europe and the USA which usually centre around the use of limited number of vegetables that are mostly treated as the ill-treated step-child of the conventional dinner plate.

The tropical climates of LAC countries make them ideal for the cultivation of a variety of fruits which are source of essential vitamins, minerals, and dietary fibre for the people in both regions. Fruits and vegetables from Argentina, Chile, and Peru are already available in Indian markets.

Countries such as Peru and Mexico have a multitude of naturally occurring varieties of potato and chilies, both ingredients that feature heavily throughout the regionally diverse Indian cuisines. The Peruvian agricultural research institute collaborates with Indian counterparts to work on newer, more nutrient dense, and pest resistant varieties of potatoes. Indian expertise in the field of agriculture and agribusiness is a valuable asset for countries of LAC.

Countries in the region face a problem of shortage of labour when it comes to agriculture. Latin American countries such as Brazil and Argentina and Caribbean nations like Suriname, Guyana, and Trinidad and Tobago have arable land throughout the countries that lies fallow due to the unavailability of people who could cultivate them.

India on the other hand has a surplus of labour which is traditionally skilled in agricultural nuances. This could potentially be a great opportunity for cooperation between India and LAC.

By 2050, the global demand for food products would rise by 60% and it is estimated that the world's population would be close to 9 billion. As the second most populous country in the world, India is bound to feel the consequences of this more intensely than its counterparts.

LAC seems like a natural partner for India in its quest for food security. The LAC region would also benefit immensely from the Indian agro-processing sector as well as the expertise India developed from its experience of the Green Revolution. This symbiotic relationship would be mutually beneficial for both regions and has immense potential for bringing them closer.

**About the Author:** Dr. Aparaajita Pandey is a Research Scholar at the Centre for Canadian, US, and Latin American Studies, Jawaharlal Nehru University. Dr. Pandey can be reached at aparaajitapandey21@gmail.com

■

# India's Opportunities from Latin America And Caribbean

*Dr. Stuti Banerjee, Research Scholar, Indian Council of World Affairs (ICWA), New Delhi*

India and Latin America & the Caribbean region (LAC) have shared cordial relations. However, India's relations with LAC were unable to reach their potential dues to the geographical distance that separated the region from the country and also international and national political compulsions of the time.

Nonetheless, as India refocuses on its foreign relations with countries of the world, LAC has found much attention. The visit by Narendra Modi, Prime Minister of India to attend the BRICS summit in Fortaleza, Brazil and his subsequent meeting with a number of LAC Heads of States was a clear indication of India's engagement with the region.

One of the most important aspects of India's foreign policy under the current government is to strengthen its economic potential.

The Latin American economy has recovered from the recession of the last two years and has resumed growth in 2017. Except for Venezuela, the macroeconomic fundamentals of the region are generally stronger and growth prospects better. Distance is no longer a deterrent.

Fresh fruits from Chile, Peru and Argentina are available in Indian markets. India exports more to the distant Guatemala than to nearby Cambodia1. Close cooperation with the LAC region provides India with immense economic potential.

Latin America has also emerged as a key contributor to India's energy security. Latin American oil, traditionally destined for the US, is increasingly looking to gain market share in the growing Indo-Asian market.

India now imports 20% of its crude oil from Brazil, Columbia, Mexico and Venezuela by some estimates. In 2012, India overtook China as the largest Asian buyer of Venezuelan oil[2].

Eight Indian companies – OVL, Reliance Industries, Essar Oil, BPCL, Oil India, Videocon Industries, Assam Company, and Indian Oil Corporation – are part of 12 joint ventures in Venezuela, Brazil, Colombia, Ecuador, Cuba, and Peru[3].

The challenges that Indian companies face in this region are political stability. For example, the crisis in Venezuela has hurt Indian oil companies that have business partnerships with PDVSA. State-owned ONGC Videsh, Indian Oil Corporation and Oil India have invested in Venezuela's Carabobo and San Cristobal oil fields.

These companies have seen production at the San Cristobal field (in Venezuela) cut in half amid an exodus of talent, shortage of equipment, and theft in the Orinoco Belt[4].

They are currently in the process of working out solutions for recovery of their investments. However, as the oil prices remain low it is an opportune moment for the government to understand country-specific issues and invest accordingly.

This would allow it to enter into agreements that facilitate Indian operators and investors. India needs to identify appropriate organizations within that region with which it can establish and maintain links.

Indian oil majors need to consider joint ventures within themselves and with foreign or local partners. For this, a more aggressive and continuous presence is required in the region. India could consider a Latin America & Caribbean Oil and Gas Initiative, which can take a holistic view of public and private sector investment, import and technical capabilities, and open an institutional dialogue with NOCs and other potential collaborators in that region, through high level political contacts[5].

Another dimension of India's energy partnership with Latin America lies in alternative fuels. Although collaboration in solar, wind and nuclear energy (supply of uranium etc.) is yet to come on the drawing board, joint ventures and even import of ethanol and bio-diesel from Brazil, including transfer of technology, are a reality.

India has donated solar energy panels to a few LAC countries in the past years.

The considerable landmass available in Latin America for cultivation of sugarcane, jatropha and other sources of alternative fuels, offers exciting possibilities in the future[6].

Another sector that has immense potential for India and the LAC region is in the tourism sector. This is especially true of the Caribbean nations. The debate surrounding climate change and its effects have shown that coastal regions and islands are going to be the worst affected.

This would be as a result of the rise in sea water levels as well as a rise in sea water temperatures. Together, they are detrimental to not just marine life but coastal ecosystems. Tourist activities and preferences may also shift as temperatures increase. In recent years, the islands of the region have witnessed an increasing number of storms.

These storms accompanied by stronger winds, ocean surges, and heavier rains impact coastal areas heavily – which is of significance considering that Caribbean capitals and a large section of the populace are often situated near the shoreline. A result of this is that these island nations face greater vulnerability and increased probability of social and economic damages.

The Caribbean regions comprise island nations where the tourism sector is the largest employer. As more and more tourists come to these islands they will have an impact on the already fragile ecosystems around them. The situation is very similar in India's coastal regions.

India and the countries of the region can work together to help mitigate the effects of climate change.

India has recently joined the Paris Climate Change Agreement. The Paris agreement requires all countries, who ratify it, to come up with a national plan to limit global temperature rise, and as part of its plan, India has set a goal of producing 40% of its electricity with non-fossil fuel sources by 2030.

India also promised to plant or preserve enough tree cover to act as a sink for at least 2.5 billion ton of carbon dioxide, and has called on the USA and other advanced countries to share technologies that help reduce carbon emissions.

The 'Caribbean Regional Resilience Development Implementation Plan' is the latest in series of plans that have build upon the previous goals of the CARICOMS efforts to mitigate the effects of climate change for the nations of the region.

The nature of the tourism sector which is reliant on multiple interconnected industries – requires adaptive co-management and multi-stakeholder approaches[7]. India and the nations of the Caribbean can come together to share their knowledge on climate change, especially on the issue of development of eco-tourism.

They can work together with the international tourism industry and NGOs with an aim to making them partners in developing green tourism.

The industry can partner in developing compatible green regulatory frameworks and standards such as for luxury liners and cruise ships.

India and the countries of the LAC region share similar political, economic and development challenges such as economic growth and job creation, education, poverty reduction, sustainable development and climate change.

They also share cultural and social traditions which further help bind the two. It is thus in the interest of the countries of the region and India to collaborate through regional organisations such as BRICS, CARICOM etc as well as bi-laterally.

Deeper economic relations nurtured by political push and exchanges at the cultural level will provide India and the countries of the LAC not only a vibrant economic partnership, but also strategic dividend.

**References**

[1] R. Viswanathan, "Trump Triggers Greater Latin American Interest in India," https://thewire.in/115239/donald-trump-triggers-greater-latin-american-interest-in-india/,Accessed on 22 June 2017.

[2] Ronak D.Desai,,"A New Era For India-Latin America Relations?," https://www.forbes.com/sites/ronakdesai/2015/06/25/a-new-era-for-india-latin-america-relations/#7c86d7d10e26, Accessed on 22 June 2017.

[3] Hari Seshasayee, "Tapping into Latin America's oil," http://www.gatewayhouse.in/tapping-into-latin-americas-oil/, Accessed on 22 June 2017.

[4] Reuters, "Oil-for-loan debts cost Venezuela's PDVSA hard-won India market share," http://www.reuters.com/article/us-venezuela-india-oil-insight-idUSKBN16F0IR, Accessed on 22 June 2017.

[5] "Hydrocarbon Prospects for India in Latin America & the Caribbean
10 May 2016 – PETROFED," http://www.latindia.in/wp-content/uploads/2016/05/INDIA-%E2%80%93-OIL-GAS-Seminar-PETROFED.pdf,Accessed on 22 June 2017.

[6] Deepak Bhojwani, "Latin America – Energising India," http://www.latindia.in/media/Latin-America-Energising-India-July-2011-[Published-by-CUTS-DELHI].pdf,Accessed on 22 June 2017.

[7] Will Bugler and Olivia Palin, "Climate impacts on agriculture and tourism: the case for climate resilient investment in the Caribbean,"
http://admin.indiaenvironmentportal.org.in/files/file/Climate%20impacts%20on%20agriculture%20and%20tourism.pdf, Accessed on 22 June 2017.

**Note: Views expressed are personal**

■

# Latin America: The New Focus Area for Indian companies

*(Ms) Huma Siddiqui, Senior Correspondent, The Financial Express*

India's commercial relationship with the Latin America and Caribbean (LAC) region has over the past decade increased multi-fold, reaching a peak of $50 billion in trade and $20 billion in Indian investment in the region.

Latin America is now India's largest destination of car and motorcycle exports, and the LAC region is becoming a hub for Indian companies in the information technology sector. India is one of the top buyers of Latin America's vegetable oils, mining and mineral products, and crude oil.

With India's growing demand for Lithium batteries, there is a possibility of looking at the region for metals like Lithium and Copper. Also, some of the countries besides Peru are keen to explore the possibility of selling gold to India.

In recent years, regional groupings such as the Andean Community, UNASUR, MERCOSUR, CARICOM, SICA and CELAC are increasingly beginning to discuss and coordinate positions on important political and economic matters of mutual concern in international organisations.

Indian companies can explore business opportunities in CARICOM countries in sectors such as low-cost housing, agriculture and renewable energy. India is also exploring a trade agreement with Ecuador. The Central American Integration System (CISA) has signed a free trade agreement with North America.

Therefore, India can consider countries in CISA as a gateway to its entry into the North American countries.

Dates are also being worked out for the first round of negotiations for a Comprehensive Trade Agreement with Peru, slated for July.

Ecuador has expressed interest in negotiating a trade agreement with India to further boost commercial ties between the two nations. The South American country wants to negotiate a preferential trade agreement (PTA), under which two trading partners reduce or eliminate customs duties on only certain number of products traded between them.

The first ever meeting of Joint Economic and Trade Committee (JETCO) took place in May, in order to strengthen the bilateral relationship for mutual benefit. The bilateral trade with Ecuador stood at $ 716 million in 2015-16.

Having identified the Latin America (LatAm) region to push country's next wave of growth in trade, India has accelerated its efforts to strengthen bilateral ties in the region with focus on signing Free Trade Agreements (FTA) and Preferential Trade Agreements (PTA).

In May 2017, the expanded India and Chile Preferential Trade Agreement (PTA) which was signed in 2016, became operational. It took six years, building on India's positive experience and then decided to expand the existing PTA.

This agreement covers 98% of India's trade with Chile. Also, keeping in view that Chile is the founding member of the Pacific Alliance to which India is an Observer Member; implementing the expanded PTA could deepen its engagement with the emerging trade bloc.

Colombia, Peru and Chile, along with Mexico, have formed an economic bloc called ‘The Pacific Alliance’, which seeks to strengthen economic and political relationship among the four countries, as well as open market prospects with the Asia Pacific region.

Chile is the fourth largest trading partner of India in LAC region after Brazil, Venezuela and Argentina. India's bilateral trade with Chile has grown substantially over the years. However, during year 2015-16, bilateral trade declined 27.60% and stood at USD 2,639.99 million with exports USD 679.32 million and imports USD 1,960.67 million.

The decline in bilateral trade was due to extraneous reasons such as fall in prices of crude oil and international commodities. During the last few years, bilateral trade has been in favour of Chile because of import of high volume of copper ore which constitute more than 88% of the imports from Chile.

Almost 91% of trade between India and Chile is in commodities; specifically copper. India imports almost USD 1.7 billion of copper from Chile. Copper is the main importing commodity on which the Indian side has offered 50% margin of preference (MoP) under its PTA with Chile. The demand for this item is expected to grow exponentially beyond current domestic capabilities.

The expanded India-Chile PTA holds great importance as it deepens the agreement signed in the year 2007 which is the only bilateral trade agreement of India with any Latin American country.

This Expansion implies the inclusion of around 2,800 tariff lines across 474 product categories which were placed under the original agreement.

Furthermore, this expansion has incorporated new chapter corresponding to Technical Barriers to Trade and Sanitary and Phytosanitary Measures, which would contribute to eliminate the non-tariff barriers.

The expanded PTA has a wider coverage wherein Chile has offered concessions to India on 1798 tariff lines with Margin of Preference (MoP) ranging from 30%-100% and India has offered concessions to Chile on 1031 tariff lines at 8-digit level with MoP ranging from 10%-100%.

India has already sought the help of Brazil in fast tracking the India-MERCOSUR PTA. India is working with MERCOSUR countries to expand the scope of the existing preferential trade agreements (PTA) to include 90% of tariff lines, from the present 65-70%.

India already has a ``Focus Latin American Countries" (LAC) programme as part of its foreign policy initiative towards enhancing socio-economic ties with the region. India has also attempted to increase socio-cultural interactions with countries by setting up joint trade commission with Brazil, Argentina, Venezuela, Mexico, Trinidad and Guyana.

Defence exports are the new focus area of India's new Foreign Trade Policy. In 2015-16, defence exports had gone up to Rs. 2,000 crore, up from Rs 500-600 crore a year ago. The share of the private sector is as high as 60% and several companies have made exports their focus, as domestic defence orders were clogged over the past 4-5 years.

The actual jump in exports could be in the range of Rs. 4,000-5,000 crore as several products under the aerospace category have been delisted from defence export laws and no longer require government clearances.

Though the Federation of Indian Export Organisations (FIEO) is pitching for a target of USD750 billion in exports by 2019, the Ministry of Commerce and Industry feels this will be an 'unreasonable' objective if the manufacturing sector, including defence production, is not able to do well and if there is poor demand in markets abroad.

The focus on defence exports is, therefore, to get big-ticket orders that will not only boost aggregate exports, but will also bring down the twin deficits of trade and current account. The proposal is to give more incentives (including duty benefits) for defence exports under the Market Linked Focus Product Scheme and Focus Product Scheme with an aim to increase exports and employment, besides investment, in the sector.

The items that are being considered for exports include those for tackling counter-insurgency, counter-terrorism and drug-trafficking, including equipment for rescue operations, surveillance, and communication and night-vision equipment. Besides, exports of helicopters, logistics vehicles, and sensors, vehicles for weapon platforms and applications as well as general munitions will also be encouraged.

The focus markets will be Latin American countries, such as Brazil, Argentina, Chile, Ecuador, Colombia, Bolivia, Mexico, El Salvador, Guatemala, which are looking for body armour, plates, aircraft protection, naval protection, for homeland security—bullet proof jackets, helmets, night vision goggles.

However, since most of the Latin American countries are heavily dependent on oil and mineral exports, they have been hit badly with the current slide in oil and commodity prices. Hence, it is very important to support small and medium players with lines of credit. Most of the big ticket purchases are delayed. In fact, defence and homeland security is one such industry in which India has the capability to be able to develop exports.

Compare this with Kanpur based MKU Private Limited, the biggest Indian defence exporter, which clocked over Rs 400 crore from exports in the 2015-16 financial year and has been pushing India in the region.

The MKU team has managed to keep itself abreast of the global requirements and has invested in latest technological developments due to which it has been able to hold its own, even in face of such competition and is now firmly entrenched in many countries, including Brazil, Chile, Ecuador, Colombia, Peru, Mexico, etc. MKU has been regularly supplying body armour for security forces of several Latin American countries.

Indian companies keen on entering the region should keep in mind that they need to work through a local agent, who helps establish a relationship with the end user, knows the language and culture and is able to guide and support in the preparation of tender documents as he knows the procurement procedure.

Further, companies should strive to visit each country in the region at least once every quarter so that despite the distance from India, the agent and the end user never feels that India is far away.

Countries from the region so far have been keen on doing more business with the Asia-Pacific region, especially with China.

The government's 'Look West' policy has pumped up the Indian diplomacy to bridge the distance with the Latin America, a happening continent providing gleaming trade possibilities.

A flurry of visits by senior government functionaries to Latin America have been going on to energize the ties with a region that had remained at the periphery of Indian foreign policy effort. The LAC region is five times the land mass of India and is situated in a strategic location with the Atlantic and the Pacific on its either side and the Panama canal acting as a vital link between the two.

It has a concentration of hydrocarbons and essential minerals such as iron ore, copper, gold, nickel etc. The region also has some of the largest freshwater reserves and the natural wealth of the Amazon is unparalleled in the World.With increased interactions, it is expected that the target of US$ 100 billion in trade could be achieved in the near future.

**Note: The author is passionate about Latin America**

■

# White Paper on Partnership between India and Latin America & Caribbean Countries

India and the Latin America and Caribbean (LAC) States together account for 17% of the world land area and they contribute almost 10%[1] to the world GDP and more than 7%[2] to the world merchandise trade. Both the regions can realize enormous synergies through partnership in trade, investment and co-operation in tourism and creative industries.

LAC countries have abundant oil and gas reserves. India has one of the largest crude oil refining capacity in the world. LAC countries are blessed with considerable deposits of gold and diamond.

India is the world's leading centre for processing gold and diamond. India, which is a leading pharmaceutical manufacturer in the world, can supply essential drugs to LAC countries. India being the second largest steel producer in the world, can meet the demand for steel in LAC countries, many of whom are investing heavily in infrastructure projects.

On the other hand, LAC countries can consider India as an alternative destination to diversify their export market. These countries can also consider India as a gateway to their entry into the South Asian market. This whitepaper outlines some of the areas of co-operation to strengthen trade and investment between India and LAC.

In order to understand how both the economies can collaborate in bilateral trade, we need to understand the existing trade flow in India and LAC countries.

# LAC Trade[$] – Dominated by EU, USA and China

## Exports

Currently, USA, European Union and China are the major export partners of LAC countries, accounting for more than 60% of exports. Around 43% of total export of LAC countries goes to USA, 10% to the European Union and 8.9% to China. Thus, USA is the major export partner of LAC countries. A country-wise analysis shows that 79% of exports from LAC countries to USA originate from Mexico.

Mexico is a major exporter of machinery and other capital goods, plastic and other rubber products to USA. The North American Free Trade Agreement (NAFTA), which is said to be the largest trade agreement in the world, has enhanced bilateral trade between Mexico and USA. Other LAC countries are major exporters of minerals and other raw materials to USA.

For the 15 Caribbean countries, USA is the largest export partner (with a share of 34% in total exports). The 28-country European Union is the second major export destination for these 15 Caribbean countries, with a share of 13% in total exports. Exports from Caribbean countries have duty free access to European Union as both the regions have signed the Economic Partnership Agreement, which is similar to a free trade agreement.

Similarly, USA is a major export partner (with a share of 32%) of Central American countries[@] such as Nicaragua, Costa Rica, and the Dominican Republic. This is because USA has signed a Free Trade Agreement with six Central American countries viz. Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Dominican Republic in 2004.

The agreement is called as the Dominican Republic-Central America FTA (CAFTA-DR).

On the other hand, China is the major export partner of Brazil, which is the largest country in South America. China accounts for 19% of Brazil's export, while the 28-country European Union and USA account for 18% and 12% respectively.

## Imports

USA, European Union and China are the major source of imports for the LAC countries. More than 40% of total imports in Central America and Caribbean countries originate from USA. China accounts for 16% of imports for Central America and Mexico. On the other hand, China contributes 19% to total imports of South American countries.

USA and EU account for 18% and 16% respectively of total imports of South America.

# Key Observations on Foreign Trade Pattern in LAC countries

| | |
|---|---|
| **Major Trade Partners of LAC** | Presently, USA, European Union and China are the major trade partners of LAC countries |
| **Dominance of Trade Agreements** | Foreign trade in LAC countries is largely influenced by the existing free trade agreements (FTA) signed by them with USA and European Union |
| **Intra-Regional Trade in LAC Countries** | Another challenge for expanding India's trade with LAC countries is the dominance of intra-regional trade. South American and Caribbean countries source 23% of their overall imports from within LAC countries. Central America and Mexico, however, are exceptions to this trend as imports from LAC countries constitute only 7% of their total imports. |
| **Existing India-LAC Agreements** | So far, India has two trade agreements with LAC countries i.e. Preferential Trade Agreement with Chile (recently upgraded in 2016) and Preferential Trade Agreement with Mercosur (2009). Both agreements are still limited in scope. India is working on expanding its Preferential Trade Agreement with MERCOSUR. |
| **Recommended Strategy for India** | Therefore, the major challenge for India is to negotiate with LAC countries trade agreement that provides greater incentives for these countries to trade with India than with their existing FTA partners. |

# India –LAC Trade

LAC countries account for 4.97% to India's total world trade in goods. On the other hand, India accounts for only 1.46% in the total world trade of LAC countries.

Brazil and Mexico are the leading trade partners of India in LAC countries. India's annual bilateral trade with Brazil and Mexico stands at USD 6.5 billion and USD 6.4 billion respectively as of 2016-17.

India's trade with LAC region is concentrated in a few sectors and there is a need to diversify the trade baskets. Around 85% of India's imports from LAC region comprise of mineral fuels, agriculture produce, minerals & industrial metals and precious metals.

On the other hand, 50% of India's exports to LAC region comprise of automobile & autocomponents, pharmaceutical products, chemicals and machineries.

# Strengthening Economic Ties between India and LAC

India's merchandise exports to LAC countries stood at USD 10.7 billion in 2016-17, while its merchandise imports was USD 20.23 billion, resulting in a trade deficit of almost USD 10 billion.

More than 90% of India's trade deficit with LAC region is with three countries viz.

Venezuela, Argentina and Brazil. India has a trade deficit of USD 5.4 billion with Venezuela, USD 1.9 billion with Argentina and USD 1.7 billion with Brazil.

A key reason for the trade deficit is India's import of mineral fuels (crude oil) and vegetable oil from these countries. More than 90% of India's import from Venezuela is mineral fuels.


Similarly, 34% of India's import from Brazil comprise of mineral fuels. On the other hand, 90% of India's imports from Argentina comprise of vegetable oil.

India must correct its trade deficit with Venezuela, Argentina and Brazil by identifying sectors in which it has comparative advantages over these countries and promoting exports in these sectors.

Argentina and Brazil are part of the MERCOSUR bloc with which India has a preferential trade agreement. India must negotiate with MERCOSUR countries to expand the number of tariff lines covered under this agreement and thereby improve its market access in Argentina and Brazil.

India must also improve its market access in Venezuela. Presently, Venezuela imports 22% of goods from USA, 14% from China and 10% from the 28-country European Union.

India must explore sectors where it can compete with China and EU for the Venezuelan market.

# Identifying New Markets

Currently, out of more than 40 countries in the LAC region, India's bilateral trade is largely concentrated with five countries. Brazil, Mexico, Venezuela, Argentina and Chile account for more than 70% of India's merchandise trade with LAC countries.

It is understandable that India's trade volume with these countries is comparatively larger than its trade with other LAC countries because of the relative size of these economies and their population. However, there is scope for improving its trade relationship with other countries as well in the LAC region.

India must diversify its trade relationship in the region with other countries, while also strengthening its bilateral trade with these five countries. The following table illustrates how India can improve its economic relationship with some of the LAC countries.

# Country-specific recommendations for improving economic partnership with LAC region

| | |
|---|---|
| **Paraguay and Uruguay** | India has a preferential trade agreement (PTA) with the MERCOSUR bloc, which includes Paraguay and Uruguay. India's total trade with Paraguay and Uruguay are USD 280 million and USD 202 million respectively. While the scope of bilateral trade may be limited by the small size of these economies, India can explore partnership in investment and services such as tourism, information communication technologies and creative industries. In future, India can convert this PTA into free trade agreement with provisions for co-operation in services sector. |
| **Columbia** | India's film industry can consider this country for shooting movies by taking advantage of the country's favourable policy framework. Columbia introduced the 'Law 1556 of 2012', under which the national government offers cash rebate of 40% – 20% for films partially or totally produced in the country.<br><br>Indian companies can also consider Columbia as gateway to the European Union and USA, with whom Columbia has signed trade agreements. |
| **Panama** | Panama is strategically located between central America and South America. The country can act as a logistics and distribution hub for Indian companies entering LAC countries. |
| **Trinidad & Tobago** | Sugarcane plantation was a major sector in Trinidad & Tobago till 2007. Since then, farmers in this country abandoned this activity as European Union stopped subsidizing cane farmers in that country to comply with the rules of World Trade Organisation. Therefore, much of the land that was under sugarcane plantation is available for cultivation of other crops. Indian companies can lease some of this land for cultivating alternative crops and exporting them back to India. This will provide livelihood for farmers in Trinidad & Tobago, while also enhancing India's food security. |
| **Bahamas** | Bahamas is a major importer of food products. The country imports around 80% of its domestic food supply. India, which is one of the leading producers of rice, wheat, potatoes and onions, can explore export opportunities in Bahamas. |
| **Bolivia** | Bolivia has huge reserves of natural gas and lithium in Latin America. India's oil and gas exploration companies can partner with local companies in Bahamas for extraction of natural gas. This will contribute to the energy security of India. |
| **Guyana** | Guyana is planning to set up Sovereign Wealth Fund, which will mobilize the revenues generated from the country's huge natural resources such as oil and gas. The corpus of the fund will be invested judiciously on long term projects such as infrastructure, education and other human development projects. India's EXIM Bank can explore opportunities to offer Lines of Credit to these projects at attractive commercial terms. |
| **Mexico and Brazil** | The aerospace and defence industry of Mexico was the fourth largest in the Americas, after the US, Canada and Brazil*. At a time when Government of India wants to engage strategic partners in defence manufacturing for procuring defence equipments, we can invite Mexican companies in this sector for partnership with India's defence manufacturers. Mexico also has advanced electronic manufacturing sector. Mexico's electronic manufacturers may set up market. |

# Government of India can also consider the following points while planning its strategy to strengthen economic partnership with the LAC countries:

**Strengthening Outreach activities:**

In order to enhance economic co-operation, Government of India must step up outreach activities such as exchange of business delegations, organising India-LAC trade fairs and seminars.

Government of India must also continue its ongoing efforts to open Embassies in LAC countries where it does not have diplomatic mission. India's trade diplomats in LAC countries must constantly engage with industry chambers in both the countries and facilitate their trade promotion activities.

Government of India must also frequently organize high level visits (at the level of ministers and secretaries) accompanied by business delegation to LAC countries.

According to Dr. Nivedita Ray, Director (Research), Indian Council of World Affairs (ICWA), New Delhi, "Leaving a few countries such as Brazil, Cuba and Chile, Latin American countries have not received much high-level attention (from India) so far as bilateral visits are concerned. There is a need to expand India's Latin America outreach. LAC countries would like India to consider opening more Indian Missions in the region."

**Facilitating Movement of People:**

Governments from both India and LAC countries must take measures to promote cross-border movement of people. Visa facilitation for short term visits of business delegates and tourists is essential to support cross border movement of people. Presently, Suriname offers tourist cards on arrival to Indian tourists. Bolivia, Guyana and a few other countries in LAC region offer visa on arrival facilities to India's short term visitors.

Indians do not require visa for short term visits to certain countries such as Ecuador, El Salvador, Haiti, Jamaica, Trinidad & Tobaga, to name a few. Other LAC countries must also introduce similar visa facilitation measures to promote cross border exchange of people.

Another key step to improve cross border movement of people is strengthening air connectivity between India and LAC region. In recent years, air connectivity has improved with Air India having announced a direct flight to Madrid, Spain. Many airlines operate flight service between Madrid and LAC countries.

Government of India must encourage local airline companies to enter into code sharing agreement with their counterparts in LAC countries. Government of India must also enter into bilateral air service agreement with LAC countries to improve air connectivity. Presently, India has bilateral air service agreement with Brazil alone, in the LAC region. However, no airline, from either country, has made use of this agreement. A bilateral air service agreement (ASA) or air transport agreement (ATA) is one whereby two nations allow their respective airlines to launch flights into each other's territory.

Language is another barrier for people to people contact between both the countries. Diplomatic officials of India and LAC countries must start training programmes to promote each other's language among business community and students. Universities and other educational institutions from both the sides can also collaborate in launching language courses and exchange of tutors.

**Diversification of Trade Basket:**

India's imports from most of the LAC countries is concentrated in a few commodities such as crude oil, minerals, gold and silver and vegetable oil. For example, 88% of India's import from Chile consists of copper ore. Similarly, vegetable oil contributes more than 90% to India's total import from Argentina. On the other hand, mineral fuel constitutes 90% of India's total import from Venezuela.

Therefore, the India's bilateral trade (in terms of value) with LAC countries changes considerably every year based on swings in the global commodity prices. For example, India's imports from LAC countries declined 34% from USD 26.9 billion in 2014-15 to USD 17.6 billion in the following year because of decline in global commodity prices.

In order to have a sustained growth in the bilateral trade between India and LAC countries, both the sides must diversify their trade baskets. India's export to LAC countries is also concentrated in a few sectors. Currently, automobiles & auto-components and pharmaceutical products are the major export items of India. Governments of both the region must commission studies on the comparative advantages of India and LAC countries across various sectors.

This will facilitate diversification of trade basket into other sectors where each country has comparative advantage.

**Investment Facilitation and Ease of Doing Business:**

The diplomatic missions of LAC countries in India must facilitate India's investment in their respective countries by creating awareness on:

The state of the economy, government policies and fiscal incentives for foreign investors, potential sectors for investment, procedure for setting up business and so on. The diplomatic mission must support Indian investors in navigating through the mandatory procedure for setting up business in its country. Similarly, India's diplomatic mission in LAC countries must facilitate proposed investment of companies in those respective countries in India.

A key element to promote bilateral investment is the extension of legal protection to foreign investors. Such legal protection is provided by Indian government to foreign investors under Bilateral Investment Protection Agreements (BIPA) with foreign governments. Government of India has signed BIPAs with Mexico, Columbia and Uruguay in LAC countries. In future, such agreements must be signed with governments of other countries as well to promote cross-border investment.

Another factor that influences foreign investment is the ease of doing business in the country. Government of India must improve its ranking in World Bank's ease of doing business, especially by creating robust system for enforcing contracts and resolving insolvency. India can gain confidence of foreign investors by improving its legal framework for enforcement of contracts.

The recent initiative of setting up Insolvency and Bankruptcy Board of India for speedy resolution of corporate insolvency is a welcome measure in this direction.

**Harmonisation of Standards :**

Different countries adopt different standards to protect the health of plants, animals and environment. Exporters, who do not comply with the product standards in the importing country, may face the risk of their goods being rejected at the customs. In this sense, national standards are an obstacle to international trade. However, these standards are essential to protect the health of plants, animals and environment.

In order to promote bilateral trade, policymakers in LAC countries and in India must work together to harmonize their standards. However, the challenge in this area is that there are more than 40 countries in LAC region and each country adopts standards that address peculiar environment concerns in that country.

One way to overcome this issue is to develop common standards with different trading blocs in LAC countries. For example, India can develop common standards with Caribbean countries, Andean Community, Pacific Alliance and Mercosur countries.

Government of India must set up sectoral technical committees to work with these blocs to evolve common standards across various sectors such as agriculture products, electronic goods, pharmaceuticals and so on.

**Maritime Connectivity:**

India does not have direct shipping connectivity to LAC countries. Currently, sea cargo bound for LAC countries from India pass through either Durban (South Africa), Europe, Sri Lanka or Singapore.

As a result, it takes more than one month to transport goods from India to LAC countries through sea. Shipping companies may not be willing to launch direct service between India and LAC countries unless they are assured of considerable volume of cargo to reduce per unit freight cost.

Freight cost can be optimized by aggregating all the cargo originating from India and other south Asian region to different LAC countries.

The entire cargo from India and other South Asian countries should be unloaded at one central logistics hub, say Panama, in Latin American region, from where the cargo should be transported to the respective countries. However, this calls for co-ordination among all the south Asian and Latin American countries.

Another area related to this is the rationalization of customs procedure to prevent delay in transportation of goods. Customs authorities in LAC countries and in India must collaborate to adopt best practices in customs clearance. These include introduction of single window clearances (by integrating the services of all the departments of customs) to ensure speedy clearance of cargoes.

**Arbitration Centre:**

International trade and cross border investment can lead to disputes if either of the parties violate certain terms of the commercial agreements. Such disputes must be resolved in a time bound manner through an efficient arbitration system. Arbitration provides a legal framework for fair, inexpensive and expeditious settlement of disputes.

Policymakers in India and LAC countries must come together to set up an arbitration centre to resolve commercial disputes arising out of trade and investment between these countries. Similar arbitration centre has been set up by the BRICS group of countries (which include Brazil, Russia, India, China and South Africa) for timely resolution of commercial disputes.

**Public Procurement:**

Companies from India and LAC countries must be encouraged to participate in the international tenders floated by their respective governments for procurement of goods and services. Procedures followed in the international tenders of government procurement are based on the principle of non-discrimination of World Trade Organisation (WTO).

Therefore, Government of India cannot provide special treatment to companies from LAC countries participating in the tender. However, we can create awareness about public procurement opportunities in India among LAC countries to improve their participation.

**Collaboration in Development Policies:**

Apart from the above avenues of collaborations, policy makers of both the economies can learn from each other's experience in addressing common development challenges. A case in point is the success of the Latin American policy makers in reducing their poverty rates from more than 40% in the year 2000 to around 25% in 2014 because of growth in individual income and increase in labour force participation.

During this period, the per capita income in LAC countries has grown an impressive 72% to USD 15,517 from USD 8,994. This excellent track record of LAC in reducing poverty and enhancing per capita income holds valuable lessons for policy makers in India.

**United Front in Global Fora:**

Policymakers in India and LAC countries must work in co-ordination at various multilateral fora such as G20, World Trade Organisation, United Nations and so on. For example, the 11th Ministerial Conference of World Trade Organisation will be held in Argentina, from 11 to 14 December 2017. Ahead of this Conference, India and LAC countries must work together to bring consensus on crucial issues hindering the progress of Doha Round of talks. At the same time, India and LAC countries must take a common stance while safeguarding the genuine interests of the developing countries on issues of trade and investment.

India and LAC countries must also co-ordinate on common challenges before the global economy such as climate change, terrorism, tax evasion by multinational companies, global macroeconomic stability and so on.

# Sectoral Collaboration:

**Agriculture**

One area that holds tremendous scope for co-operation between India and LAC is the agriculture value chain. Currently, co-operation between both the economies in this area is restricted to only trade of a few farm commodities such as sugar, animal and vegetable fats, fruits and vegetables, cocoa products and so on. In the years to come, this trade relationship must evolve into cross-border investment in agriculture, exchange of technologies in farming and animal husbandry and co-operation in creating sustainable value chain in the agriculture sector. In fact, we need co-operation

between both the economies at the grassroot level viz. at the level of agriculture universities, farmer producer organizations and agriculture marketing co-operatives.

For example, in August 2016, the Federal University of Lavras in Brazil agreed to collaborate with Agricultural Development Trust in Baramati (Maharashtra, India) for combined research on technologies and exchange of knowhow. We need to promote similar co-operation between India and other LAC countries to develop a sustainable agriculture sector. In Argentina, the "Pampa Húmeda" region is a leading food producing zone in the world with well developed agricultural and cattle rearing industries, oilseed cluster and so on. Recently, Government of Argentina has eliminated export tariffs on food commodities. Therefore, India, which is not self-sufficient in oilseeds, can explore buying land in "Pampa Húmeda" region for cultivating oilseeds and exporting the same back to India. This would go a long way in ensuring food security in India.

According to Dr. Aparaajita Pandey, a Research Scholar at Jawaharlal Nehru University, "Many LAC countries such as Brazil, Argentina, Suriname, Guyana, and Trinidad & Tobago face shortage of farm labourers. Consequently, the arable land in these countries lies fallow owing to the non-availability of farm labourers. India, on the other hand, has a surplus labour which is traditionally skilled in agricultural nuances. This could potentially be a great opportunity for cooperation between India and LAC.

**Services**

Mining, oil and gas and agriculture are the dominant sectors in LAC countries. Many countries want to diversify their economic activity to services sectors such as information and communication services, construction, tourism, financial services and so on. Already India's information technology companies have considerable presence in the LAC region. In future, India's construction companies can explore opportunities in low cost housing in LAC countries. India's engineering procurement and construction companies in oil and gas, power transmission, roads and highways can also explore opportunities in these countries.

Another area of collaboration in the service sector is financial services. India's banks and other financial institutions can enter into mutually beneficial partnership with their counterparts in LAC countries. Collaboration in financial services can also promote bilateral trade. For example, India's banks can tie up with banks in LAC countries for issuing letter of credit and other trade finance to support bilateral trade. India's EXIM Bank can collaborate with its counterparts in LAC countries to provide Lines of Credit at attractive commercial terms.

**Energy**

India depends on imports to meet almost 80% of its crude oil needs. India also imports considerable among of natural gas from Australia, Qatar and Indonesia. India can make LAC countries a strategic partner to meet its energy needs. Already, India's oil and gas companies have presence in Venezuela, Brazil, Colombia, Ecuador, Cuba, and Peru. We can expand this collaboration in non-conventional energy segments such as shale gas, biofuel and so on. Argentina has the second largest shale gas and 4th largest in shale oil reserves.

According to Dr. Stuti Banerjee, a Research Fellow with a think tank in Delhi, " India can explore joint ventures with companies in Brazil for production and transfer of technology in biofuel sector. The considerable landmass available in Latin America for cultivation of sugarcane, jatropha and other sources of alternative fuels, offers exciting possibilities in the future."

**Defence and Aerospace**

LAC is a promising market for India's growing defence manufacturing industry. India's defence manufacturing companies, both in the private sector and public sector, must understand the kind of equipments and systems demanded by

the defence forces in LAC. According to Ms. Huma Siddiqui, Senior Correspondent, The Financial Express, "Defence equipments such as body armour, plates, aircraft protection, naval protection, bullet proof jackets, helmets and night vision goggles are in high demand in LAC. These products can be exported to Brazil, Argentina, Chile, Ecuador, Colombia, Bolivia, Mexico, El Salvador and Guatemala. Further, equipments for rescue operations, surveillance and communication have great demand in LAC countries. Indian companies can also consider export of helicopters, logistics vehicles, and sensors, vehicles for weapon platforms and applications."

**Micro, Small and Medium Enterprises (MSMEs)**

MSMEs are the backbone of any economy as they contribute significantly to employment creation and exports. MSMEs, both in India and LAC countries, face similar challenges such as lack of access to institutional credit, advanced technologies and skilled manpower. MSMEs also face challenge in meeting global quality standards for their products and services. India and LAC countries must conduct a study on challenges faced by the MSME sectors in their countries and develop a framework for co-operation to address these challenges. Industry bodies, financial institutions, quality standards bureau and skill development institutions from both India and LAC countries must work together to address the common challenges of MSMEs. Policymakers in either side must also create awareness among MSMEs about the export opportunities in India and LAC countries, the quality standards regulations and customs procedures. This will promote bilateral trade among MSMEs in India and LAC countries.

**References**

[1] Source: International Monetary Fund
[2] Source: World Integrated Trade Solutions, World Bank
[@]http://www.worldbank.org/en/news/feature/2013/02/07/diversificacion-en-centroamerica
[*] Aerospace Industry in Mexico, by PwC
[$] Data on bilateral trade is taken from European Commission, US Trade Representative and World Integrated Trade Solutions

■

# Messages

"Colombia has both attracted and fostered the trust of India and other international investors for a series of reasons. Firstly, it is geo-strategically located, offering access to the Atlantic and Pacific oceans; thus serving as an export platform for companies looking to cover all markets in The Americas.

Secondly, it itself is an attractive market with a burgeoning middle class with a growing purchase capacity, which consists of more than 30% of its 49 million inhabitants. It is also the leading country in Latin America when it comes to offering protection to the investor, and is in the top three countries in the region in the 2016 Ease of Doing Business Index published by the World Bank. With a strong macroeconomic performance in place, Colombia proceeded to implement governmental policies to attract and favour investment in various sectors of the economy."

**H. E. Excellency Ms. Mónica Lanzetta,** Ambassador of Colombia in India

"Peace and stability with sustainable development are the basis for relationship".

**Her Excellency Ms. Mariela Cruz Alvarez,** Ambassador of Costa Rica in India.

"Guatemala, located geographically in the heart of the Americas, is the largest country in the Central American region, in terms of GDP. Its exportable supply has transformed to meet the needs of consumers; Guatemala is the number one exporter of cardamom and Poinsettia in the world, it is also the number one supplier of coffee to Starbucks Coffee and 3rd largest coffee supplier to Japan. Likewise, the traces of historical, natural and cultural heritage of Guatemala can be found throughout the territory.

The magic and the mystery of the Mayan world can still be felt in the ancient cities like Tikal, Yaxhá, and Quiriguá, among others. The faces, the colorful regional costumes and the friendliness of the people of the highlands are like an echo of an impressive colonial past that can be heard in the churches and convents of Antigua Guatemala. These factors all blend together make Guatemala an attractive country for investment, commerce and tourism."

**H. E. Mr. Giovanni Castillo,** Ambassador of Guatemala in India

# Messages

"Recently, Panama signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD), a significant step forward in implementing its commitment to tax transparency and exchange of information in compliance with international standards and the safeguarding of Panama´s international services platform.

Bilaterally, Panama has signed 16 bilateral Tax Information Exchange Agreements (TIEAs) and avoidance of double taxation. In this policy context, the country has prepared a Government Strategic Plan (PEG) for 2015-2019, with a focus on enhancing competitiveness and promoting social inclusion in the framework of a sustainable and inclusive development model, alongside the UN Development Goals 2030. Lately, Panama also signed up the Paris Climate Agreement, an action consistent with its foreign policy agenda for sustainable growth and development."

**H. E. Mr. Gilberto Llerena Garcia,** Ambassador of Panama in India

"Since 2009, India and Mercosur entered a Preferential Trade Agreement. With a GDP of USD 3.18 trillion, Mercosur is currently the fifth-largest world economy; India is poised to become the third-largest economy by 2030. This auspicious economic outlook bodes well for the future of India-Mercosur partnership."

**Ms. Rosimar da Silva Suzano, Consul General,** Consultate General of Brazil in Mumbai


"MERCOSUR has an enormous potential to satisfy India´s food security needs as we are one of the most strategic and competitive agribusiness regions in the world. We also have the highest GDP and the largest industrial sector in the region. Together, we can collaborate to build a sustainable value chain across countries. India can in turn provide the technological resources and skills needed to empower Latin America´s growth and create a valuable business environment by becoming a strategic Asian partner for the region."

**Mr. Alejandro Zothner Meyer,** Acting Consul General of Argentina in Mumbai

"We believe that the moment has arrived for more Indian companies to take further concrete steps to seek potential investment opportunities in untapped sub-regions of Latin America, such as Central America by making El Salvador as a hub of their operation in the region.

El Salvador is constantly seeking and inviting investments from India in areas including the manufacturing sectors as well as services, more specifically in the areas of textiles and apparel, off-shore business services, energy, tourism, aeronautics, agro-industry and light manufacturing (plastics, Footwear, Auto-Parts, Electronics and Medical Devices), which constitute part of the priority sectors of the National Policy of promotion, diversification and productive transformation of El Salvador and with the objective to offer our country as an attractive destination for FDI."

**Mr. Uddhav Kanoria,** Honorary Consul General of Republic of El Salvador in Bangalore

# World Trade Centre Mumbai

## Your Gateway to the World


**WTCA Digital Platform**

Trade Promotion & Information Services

Exhibition Facilities

**WTO Study Centre**

**Trade Education Services**

International Trade & WIPO Depository Library

**Tenant Services**

**Trade Research**

Trade Publications

Trade Workshops & Seminars

Trade Missions & Buyer-Seller Meets

**Certificate of Origin**

**Foreign Trade Facilitation Cell**


WE
PROMOTE
SHOWCASE
RESEARCH
TEACH
FACILITATE
TRADE
THE ULTIMATE TRADE RESOURCE
MVIRDC WORLD TRADE CENTRE MUMBAI
Centre 1, 31st Floor, World Trade Centre, Cuffe Parade, Mumbai 400 005
T: 022-66387272 | Fax: 91-22-2218 8385 | E-mail: wtc@wtcmumbai.org
Follow us on: | @WTCMumbaiindia