



Home

National

International

Regional

Politics

Business

Education

Religion

History

Career

Latin America beckons: India must seize the moment

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Vibrant Gujarat' was on full display at the Courtyard Marriott Hotel in Ahmedabad where the CII assembled over 200 representatives from a wide spectrum of Gujarati business to a seminar last week on 'Doing Business with Latin America'. It featured ambassadors and other senior diplomats representing Brazil, Peru, Argentina and Chile, along with other heavyweights from the region.

At such events, the crowd normally sits through the inaugural to hear senior representatives of the government and others, and melts away after lunch. I was pleasantly surprised to find the hall full at 5 p.m. and ran out of cards as enthusiastic businessmen were keen to know more about a part of the world that was unveiled to some, for the first time, in systematic splendour.

For my address, I insisted on a map of the region, from Mexico to Chile. A few details - the 10-hour flying time from Sao Paulo at mid-point of the Southern Cone to Mexico, being longer than a Delhi-Beijing flight - managed to convey a sense of the dimensions of that colossal continent. Other presenters, such as the representative of the International Finance Corporation (IFC), which has financed over 50 Indian ventures in the region, did better, as did the diplomats, who came armed with presentations and facts we would need days to digest.

The Latin American and Caribbean (LAC) region comprises three principal sub-regions: the South American continent; Central or Meso-America from Mexico to Panama; and the Caribbean. It includes 33 disparate countries, from tiny Caribbean island states to mighty Brazil, apart from

territories dependent on the US and former European colonial powers.

With a combined territorial expanse over six times the size of India - Argentina is almost the size of India, while Brazil is more than two and a half times our size - endowed with seemingly inexhaustible arable land, fresh water, massive deposits of gold, iron ore, coal and hydrocarbons, and other advantages such as a market of over 600 million with average per capita GDP of over \$10,000, one wonders why Indians know so little, or paid such scant attention, to that part of the world.

The Indian government has not been inactive but, till recently, has not been able to count on the critical mass of business connections required to sustain relationships with regions so geographically distant - with relatively small pockets of the Indian diaspora in the Atlantic corner of the Caribbean. New India has started discovering New Latin America in the 21st century, first through Brazil, with which we have established a network of collaborative projects bilaterally and multilaterally - IBSA, BRICS and BASIC - apart from joint business ventures in aviation, hydrocarbons, ethanol, engineering and so on.

The story gets more interesting as we get closer and see TCS, Infosys, Wipro, Satyam, IFlex and others operating in half a dozen countries, employing thousands of Latin Americans in Colombia, Chile, Peru, Mexico, Argentina and Brazil. Look even closer and you will find two- three- and four-wheelers from Bajaj, Hero, TVS, Tatas and Mahindras all over the region.

Indian pharmaceutical companies are now selling generic medicines under their own brand names, employing their own sales force, in several Latin American markets, with local companies clamouring for distribution rights. Indian investment in LAC currently stands at over \$12 billion, according to the ministry of external affairs. Little wonder the region is represented by its brightest diplomats, aware of India's potency and potential.

India's trade with the region grew from a mere \$500 million in 1990 to around \$2 billion in 2001 and over \$25 billion in 2011 - a 50-fold increase in 20 years! There is much more to come. India's appetite for industrial raw materials, fuel and food, combined with the increasing attraction of the LAC markets in a period of global downturn - the region has grown at over 4.5 percent in 2011 and is forecast to grow at 3.7 percent this year - make it hard for us to ignore each other.

Decades of political and economic distance have come to an

end with select countries such as Brazil and Mexico. Trade volumes with Argentina, Chile and Venezuela, and to a lesser extent with Colombia and Peru, have grown significantly, largely on account of fuel and commodity imports (crude oil, edible oil and copper, among others) India's export basket is a robust and versatile mix of engineering goods, pharmaceuticals, textiles and IT services. Investments, such as those by ONGC (Videsh) Ltd. serve to source critical raw-materials and inputs for India's economy.

With several countries, India has successfully concluded and even ratified agreements on investment and avoiding double taxation. Attempts are being made to achieve greater physical and virtual connectivity and leverage India's technological skills and resources through instrumentalities like the flagship ITEC programme, lines of credit, business delegations et al.

India's political relations with the region are trouble-free and on several multilateral issues, we are making common cause with leading Latin American nations. Our relations, however, continue to be defined largely in bilateral terms. Attempts at dialogue with regional forums have been sporadic, with little follow up. The declaration of the recently formed umbrella regional organization - the Community of Latin America and Caribbean States (CELAC) - speaks of an institutional dialogue with important countries. China and India have been identified by the pro-tempore president of Chile, whose foreign minister plans to lead the CELAC Troika - Chile, Venezuela and Cuba - to India in August.

India needs to seize the moment. Latin America, a vibrant, stable and friendly region, is receptive to foreign involvement in its affairs and investment in its economy. India has wasted time, but should now move faster.

Deepak Bhojwani is a former Indian ambassador to Colombia, Venezuela and Cuba and has served in Brazil as consul-general. He can be contacted at deepakbhojwani@hotmail.com