

Prospects for India in Latin America and the Caribbean

Lecture delivered at Gateway House, Mumbai, September 2012. Published also in
www.icwa.in - LAC Portal

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Latin America and the Caribbean (LAC) is presently the most distant frontier for India. Historical contacts, including the Indian Diaspora, as well as social and economic affinities, made it possible for the Indian official and private establishments to enjoy considerable interaction with the other principal regions of the world: East and South Asia; Central Asia; West Asia; Eurasia; West Europe; North and Sub-Saharan Africa, North America and Australasia.

2. The Caribbean region received migration of plantation labour from India in the nineteenth century, mainly in the eastern Caribbean corner, comprising the former British colonies of Trinidad and Tobago and Guyana, and the Dutch Colony of Surinam. There were subsequent migrations by Indian businessmen and professionals to other countries of the region, but these were not sufficient to arouse the interest of mainstream India.

3. The advent of the 21st century, increasing economic and commercial exchanges, and the evident complementarity between India and several resource-rich countries of LAC, have raised the profile of that region in India.

4. Conversely, India has also been little known in most of LAC, whose populations tended to regard it as a distant, benign entity, with admirable spiritual and cultural traditions, and often as a bewildering kaleidoscope, throwing up contrasting images of poverty and progress. India's official engagement with the region, for the greater part, dates back to the 1960s and '70s. India's diplomatic footprint in LAC has expanded, although to a lesser extent than in other parts of the world. Significant countries, such as Ecuador, Bolivia, Uruguay and Paraguay, still do not have resident Indian Missions, despite the presence of Indian business. LAC, in 2012, has 17 Resident Missions in India, and 17 Indian has an equal number of

Missions in that region. India has also opened a few Cultural Centres, and has a Consulate in Sao Paulo, Brazil.

Let us consider the salient features of the LAC region:

- A combined GDP of over US\$ 6 Trillion in conventional terms
- Over 20% of the world's fresh water resources and vast tracks of arable and grazing land, providing immeasurable prospects for food security
- Extensive resources of hydrocarbons and essential minerals such as iron ore, copper, coal, gold, nickel etc
- A huge market of around 600 million, with average annual per capital income of approximately US\$ 10,000.
- A land mass over five times the size of India, strategically located between the Pacific and Atlantic Oceans, with the Panama Canal serving as a vital link between the two
- Stable economies with manageable inflation rates and public debt, and relatively stable currencies, for the greater part.
- Historical linkages with the US and Europe, bolstered by corporate investments, financial ties, preferential/free trade agreements, forums for regional and organizational coordination
- Increasing interest in enhancing political and economical contacts with Asia, particularly India and China.

5. The historical dependence of LAC on the colonial European powers, followed by predominance, through most of the 20th century, of US political and economical interests, has gradually given way to an increasing assertiveness on the part of regional leaders, who have had to take into account regional economic and social developments, which have created a tendency towards greater regional cohesion, identification and prioritisation of regional (LAC) interests, which need to be protected and promoted.

6. In February 2010, the region's leaders met in Mexico at a summit of the Rio Group – a relatively informal forum of regional leaders - which was transformed into the Community of Latin America and Caribbean States (CELAC – its Spanish language acronym). CELAC was formalised at its first summit in Venezuela in December 2011. It is the culmination of a

process of consensus building, which accommodates divergent tendencies from the left of the political spectrum - Cuba, Venezuela, Ecuador and Bolivia - to the more market oriented and liberal politics of Mexico, Colombia, Peru and Chile. CELAC is also an attempt to ensure that regional issues are debated and resolved in-house, without the involvement - and interference - of the United States. It also enables regional leaders to identify regional priorities and ensure that projects emerging from such discussions stand a good chance of being implemented.

7. The Declaration of the first CELAC summit in 2011 enjoined upon the organisation to seek international linkages. The pro-tempore President in 2012 – The Republic of Chile – identified India and China as important Dialogue Partners. In August 2012, Chile's Foreign Minister, Alfredo Moreno, accompanied by Ministers from Venezuela and Cuba (former and future Presidents of CELAC) visited Delhi, where the Troika held the First Foreign Ministerial Dialogue with India's External Affairs Minister. The Joint Statement issued on 7th August was perhaps the most comprehensive statement of relations between India and LAC ever. Apart from a commitment to annual dialogue, the statement identified initiatives for cooperation in business, agriculture, academia, culture and science and technology through separate forums.

8. The first prospect emerging for India from the new Latin America is of consolidation of the political relationship, which has hitherto been predicated on bilateral contacts, by themselves inadequate given India's tenuous presence and superficial political involvement in the region. Existing political relations, through regional contacts such as BRICS and IBSA with Brazil, occasional meetings with regional leaders and infrequent bilateral contacts at higher levels, have not been sufficient to elevate the political dialogue with LAC to reflect the identity of views and to express agendas of mutual interest.

9. Economic prospects for India have brightened in the 21st century, largely due to the discovery by large Indian companies such as Reliance, ONGC, Essar, Jindals, Tatas, Mahindras, Bajaj, TCS and others, of the enormous potential that the region offers, principally in terms of natural resources and market. India's trade with the region rose from around US\$ 500 million in 1990 to over US\$ 32.24 billion in the financial year 2011-12 (Ministry of Commerce, Government of India). The composition of this trade tells its own story. The vast majority of LAC exports to India consist of crude oil, copper, edible oils and

other raw or semi-processed materials. By contrast, India's exports to that region consist of automobiles, pharmaceuticals, machinery and related engineering products, textiles and other value added products, apart from services such as software. Although LAC enjoyed an aggregate trade surplus of approximately US\$ 5 billion over India in 2011-12 (exports to India US\$ 18.6 billion and imports from India US\$ 13.3 billion), the fact is it has been beneficial for Indian companies, who acquire raw material and other essential supplies, while exporting value added manufactures and services.

10. Indian investment in LAC is understood to have crossed US\$ 15 billion, with several billion dollars invested in just the hydrocarbon-related ventures in Brazil, Venezuela, Colombia, and other prospects being actively explored in other countries. Shree Renuka Sugars has made an investment of US\$ 350 million to buy two Brazilian sugar producing companies recently, while other Indian companies such as Mahindras, Jindals, U-flex, Essar and several smaller enterprises have either invested in key sectors, or established profitable linkages with regional companies.

11. The next major wave of Indian investment is expected in the minerals sector in countries such as Peru, Colombia and Brazil, with Chile also seen as an interesting prospect. Argentina and Uruguay are being considered for their agricultural potential, as is Brazil. Among the software companies, TCS has a foot-print all over the region, with several development centres employing over eight thousand Latin Americans. Others include Infosys, Wipro, Satyam, i-flex and several smaller players. These companies have identified the complementarity that exists, given Indian experience and expertise and the locational advantages of LAC, as well as linguistic complementarity, which enables our companies to expand their markets and open new horizons for their businesses.

12. There is a view that India is being left behind by the rapid and massive Chinese advance in the region. Although China's Dragon has a much more significant presence in LAC, it is also true that the steady advance of the Indian Elephant is looked upon with appreciation and not trepidation, by LAC businessmen and populations. This perception is buttressed by a steady projection of Indian culture through Yoga, Spirituality (thousands of followers of Sai Baba and other spiritual figures); Indian dance and music, Bollywood, which is increasingly filming in the region; Indian food and the images of Indian historic monuments, etc. Efforts at promotion of India's image all over the region, have led to

increased Latin America and Caribbean tourism in India, which in turn have led to an increase in the number of young Indians studying Spanish and Portuguese, to cater to the larger number of LAC tourists, shoppers and businessmen.

13. As is to be expected, given this groundswell of economic political and cultural exchanges, the academic and research establishments on both sides have begun taking more interest. There are enormous gaps in India's understanding of the LAC reality and prospects, and vice versa. It is imperative that universities and other centres of learning accelerate the process of understanding of that region and co-opt partners at that end for the reverse process. Language studies are one aspect but a deeper cultural understanding is essential if we are to exploit the full potential that exists with that part of the world.

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September 2012