

A stylized map of the world focusing on India and Latin America/Caribbean. India is shown in green, and Latin America/Caribbean is shown in orange. The background features a pattern of green and orange circles.


## India and Latin America and the Caribbean

Opportunities and challenges in trade and investment relations



UNITED NATIONS

ECLAC



**India and Latin America and the Caribbean**  
Opportunities and challenges in trade and investment relations



UNITED NATIONS



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## Foreword

India and Latin America and the Caribbean, together with China, are the world's new growth poles. Economies in developing Asia, led by China and India, are growing three times as fast as the industrialized countries. Latin America and the Caribbean weathered the international crisis with remarkable resilience and emerged from it sooner and more robustly than the developed economies. In the coming years, the industrialized economies will continue to face complex challenges, in particular the need to rein in and gradually reduce the fiscal deficit and public debt in a context of slower growth and high unemployment. The rise of the emerging economies reflects not only their growing contribution to the world economy, but also the stronger linkages between emerging and developing economies through increased South-South trade and investment and cooperation. In this context, India continues to deepen its trade and investment relations with the Latin American and Caribbean region in search of a more coordinated, institutionalized approach among countries.

On the back of recent global economic events, India and the countries of Latin America and the Caribbean must rethink strategic alliances both globally and regionally. In this respect, India and Latin America and the Caribbean need to reposition themselves in the world economy and to address the growing relevance of South-South linkages (in areas such as trade, foreign direct investment and finance) by enhancing cooperation in innovation and human capital in order to diversify trade, add greater value and apply new knowledge to exports, thus helping to create more stable conditions for growth.

Latin America's resilience during the international financial crisis and its recent strong recovery have aroused India's interest in the region, while countries in the region have shown a renewed enthusiasm for learning about the Indian economy as a future trade and investment partner. Indeed, the region's trade with India will continue to grow rapidly, though from a small base, while an increasing number of Indian companies have begun to invest and operate in the region.

Despite recent improvements on many fronts, however, both India and the countries of Latin America and the Caribbean face some formidable challenges. They still have some of the highest inequality indices in the world, as well as serious deficiencies in infrastructure, technology, innovation and competitiveness. India and the Latin American and Caribbean region, together with their main partners, could approach these challenges as opportunities to forge new partnerships to promote growth and development through increased trade and investment. India could be an active partner of the region in this endeavour.



Increasing trade between Latin America and the Caribbean and the Asia-Pacific region has been prompted primarily by China, while India still remains an unexploited export market as well as an untapped source of imports for the majority of countries in Latin America and the Caribbean. Furthermore, despite the rising interest in investing in the region shown recently by Indian firms, the region's share of India's overseas foreign direct investment (FDI) remains quite small. The region's trade and investment relations with India are still at an incipient stage, making it necessary to consolidate and strengthen ties, while identifying and taking advantage of complementarities and promoting business alliances with a view to stimulating their internationalization and enhancing competitiveness. Several countries in Latin America and the Caribbean have benefited from growing trade flows with the Asia-Pacific region, including Argentina, Brazil, Chile, Costa Rica, Cuba and Peru. However, this trade is mainly of an inter-industry nature, whereby the region exports primary products and natural resource-based manufactures and imports manufactures of different technological intensities, thus limiting the potential for deeper economic relations between the two regions. Trade development therefore needs to be promoted at the intra-industry level with an emphasis on export diversification through business initiatives that draw on the competitive advantage of each region and promote increased investment flows centred on value chains involving both Asian and Latin American firms. Efforts should be made to reduce transaction and transport costs, streamline trade logistics, promote communication with trading partners and enhance the international competitiveness and innovation capabilities of countries in both regions.

For the past five years, the Economic Commission for Latin America and the Caribbean (ECLAC) has closely monitored developments in economic relations between Latin America and the Caribbean and China, Japan and the Republic of Korea. The opportunity now to expand the analysis to include India is a welcome challenge. We hope that this document will serve as an input for deliberations during the seminar "The New India and the New Latin America-Synergies and Complementarities", to be held in December 2011 in Buenos Aires, and contribute to the region's goal to further promote trade and investment and enhance economic cooperation with India.

Alicia Bárcena  
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**Chapter I**

**India and Latin America and the Caribbean  
in the world economy**



## 1. India's population will surpass that of China by 2030. With its growing middle class, India presents a large potential market for Latin American and Caribbean countries

- India's 1.2 billion inhabitants account for almost 18% of the world's population. If the population continues to grow at a high rate, India is likely to be the most populous country in the world by 2030.
- India's rapid economic growth has set the stage for fundamental change among the country's consumers. While there is no official definition of the middle class, estimates of the number of people making up this segment of the population range from 30 million to 300 million; even using the most generous estimates, the middle class comprises less than 30% of the population. Though the rich and the poor combined far outweigh the Indian middle class, the middle class is the fastest growing segment of the population. Average household incomes are expected to triple over the next two decades and India looks set to become the world's fifth-largest consumer economy by 2025, up from the twelfth place it currently holds.
- On the other hand, Latin America and the Caribbean has a young population with a birth rate higher than that of Asia and the European Union, but slightly lower than that of the United States of America.
- Until 2050, population growth rates in the countries of the region are expected to be quite heterogeneous: Guatemala will have the highest annual growth rate (1.7%), while Cuba will experience an annual decline in its population (0.3%). The largest populations of the region (Brazil, Mexico, Argentina, the Bolivarian Republic of Venezuela and Colombia) are expected to grow at an annual rate of 0.46%.

**Table I.1**

### Selected countries and regions: population growth, 2000-2050

(Millions of people and annual growth rates)

	2000	2010	2020	2030	2040	2050	Rate of growth 2010-2050
Latin America and the Caribbean	521.2	588.6	645.5	689.9	718	729.2	0.54
Andean Countries	110.8	128.6	145.6	160.3	171.6	179	0.83
Caribbean	34.7	38.1	41.2	43.8	45.6	46.5	0.5
Central America	35.4	42.2	49.6	56.9	63.0	67.9	1.2
Mexico	99	110.7	120.1	127.5	132.1	133.3	0.47
Southern Cone	235.1	263.2	283.2	296.3	302.8	303.2	0.35
Asia <sup>a, b, c</sup>	3 032.2	3 368.0	3 661.2	3 857.5	3 959.2	3 979.8	0.42
East Asia <sup>a</sup>	1 472.4	1 564.0	1 640.4	1 666.4	1 649.8	1 600.0	0.06
China	1 267.0	1 354.1	1 431.2	1 462.5	1 455.1	1 417.0	0.11
Korea, Republic of	46.4	48.5	49.5	49.1	47.3	44.1	-0.24
Japan	126.7	127.0	123.7	117.4	109.8	101.7	-0.55
South-east Asia <sup>b</sup>	517.2	589.6	653.5	706.5	744.7	766.0	0.66
India <sup>c</sup>	1 042.6	1 214.5	1 367.2	1 484.6	1 564.8	1 613.8	0.71
United States	287.8	317.6	346.2	370.0	388.9	403.9	0.60
European Union	481.2	497.5	505.3	505.6	501.4	493.9	-0.02
World	6 115.4	6 908.7	7 674.8	8 308.9	8 801.2	9 150.0	0.70
Asia's share in the world total	49.6	48.8	47.7	46.4	45.0	43.5	

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Population Prospects, 2008.

<sup>a</sup> China, Democratic People's Republic of Korea, Hong Kong Special Administrative Region of China, Japan, Macao Special Administrative Region of China, Mongolia and Republic of Korea.

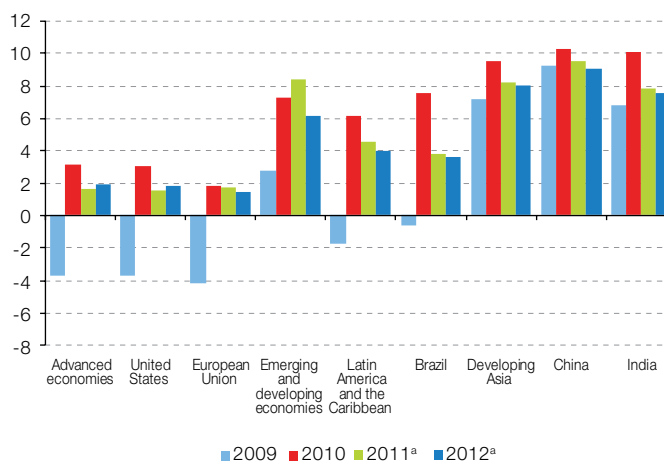
<sup>b</sup> Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam.

<sup>c</sup> Includes India.

## 2. Countries in Latin America and the Caribbean weathered the recent world economic crisis with unprecedented resilience and emerged from it more quickly and robustly than the developed economies. In the future, the region will be called on to assume an ever larger role in the global economy

- The Latin American and Caribbean region is a large market of 33 countries, with a population of 580 million people, regional GDP of US\$ 4.9 trillion (at current prices), per capita GDP over five times higher than that of India, and US\$ 1.6 trillion in merchandise trade, accounting for 6% of the world total.
- Following a 1.7% decline in GDP in 2009, Latin America and the Caribbean grew by 6.1% in 2010, with most countries in the region experiencing an economic rebound.
- The region's economic reforms of past decades, its fiscal and macroeconomic prudence and its sound financial supervision, together with ever closer commercial ties with China and the emerging economies, have allowed it not only to successfully navigate through the worst international crisis of the past 80 years but also to enter the new decade with a promising outlook for growth and development.
- Of course, significant challenges remain. Latin America and the Caribbean is still the region with the highest levels of inequality in the world and there are serious deficiencies in technology, innovation and competitiveness.
- The region and its main partners are approaching these challenges as opportunities for growth, investment and trade with a view to opening the way for new business opportunities and partnerships. On the strength of its solid recent performance and its abundance of natural resources, energy, water and biodiversity, the region will be called on to assume an ever larger role in the global economy.
- India can and should be an active partner in the region's endeavour.

**Figure I.1**  
**WORLD GDP GROWTH RATES BY REGION, 2008-2012**  
(Percentages)



Source: International Monetary Fund (IMF), World Economic Outlook database, September 2011.

<sup>a</sup> Projections.

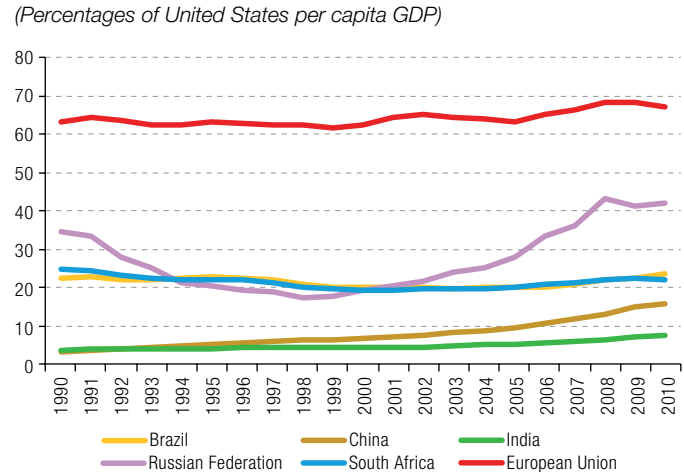
### 3. When measured at PPP, India is likely to surpass Japan as the world's third largest economy in 2011. However, its per capita GDP still remains less than 10% of that of the United States

**Table I.2**  
**WORLD'S 15 LARGEST ECONOMIES: GDP AT CURRENT PRICES AND PURCHASING POWER PARITY (PPP), 2010**  
(Billions of dollars and percentages)

Ranking	GDP at current prices		GDP at PPP (International prices)	
1	United States	14 582 23.1	United States	14 582 19.1
2	China	5 879 9.3	China	10 085 13.2
3	Japan	5 498 8.7	Japan	4 333 5.7
4	Germany	3 310 5.2	India	4 199 5.5
5	France	2 560 4.1	Germany	3 071 4.0
6	United Kingdom	2 246 3.6	Russian Federation	2 812 3.7
7	Brazil	2 088 3.3	United Kingdom	2 231 2.9
8	Italy	2 051 3.3	France	2 194 2.9
9	India	1 729 2.7	Brazil	2 169 2.8
10	Canada	1 574 2.5	Italy	1 909 2.5
11	Russian Federation	1 480 2.3	Mexico	1 652 2.2
12	Spain	1 407 2.2	Spain	1 478 1.9
13	Mexico	1 040 1.6	Korea, Rep.	1 418 1.9
14	Korea, Rep. of	1 014 1.6	Canada	1 327 1.7
15	Netherlands	783 1.2	Turkey	1 116 1.5
Memo	European Union	16 250 25.8	European Union	15 904 20.9
	Latin America & Caribbean	4 969 7.9	Latin America & Caribbean	6 478 8.5
	World	63 044 100.0	World	76 278 100.0

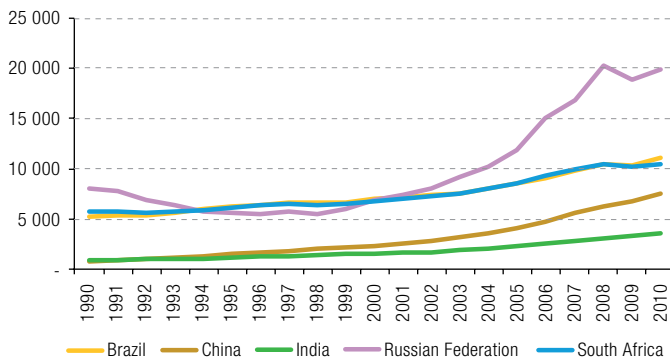
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, 2011.

**Figure I.2**  
**BRICS AND EUROPEAN UNION: PER CAPITA GDP (PPP), 1990-2010**  
(Percentages of United States per capita GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, 2011. Abbreviation: BRICS, Brazil, Russian Federation, India, China and South Africa.

**Figure I.3**  
**BRICS: PER CAPITA GDP (PPP), 1990-2010**  
(International dollars)

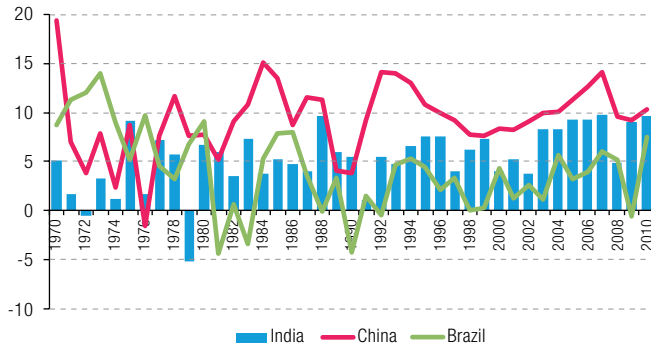


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators, 2011.

- India's GDP ranked ninth and fourth largest in the world in 2010, when measured at current prices and purchasing power parity (PPP), respectively. The International Monetary Fund (IMF) projects that India's GDP at PPP will surpass that of Japan in 2011, making it the world's third largest economy.
- India's per capita GDP is the lowest of the emerging economies commonly referred to as BRICS (Brazil, Russian Federation, India, China and South Africa). At US\$ 1,500, India's per capita GDP is less than half that of China.
- Despite the rapid growth rates that it has achieved over the years, India is far from closing the income gap with industrialized countries.

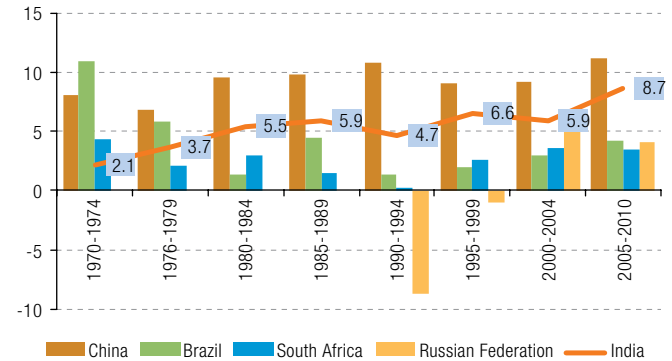
## 4. India has been responsible for almost 10% of world economic growth in recent years. This impressive performance has contributed to the stability of the world economy

**Figure I.4**  
**BRAZIL, CHINA AND INDIA: ANNUAL GDP GROWTH, 1970-2010**  
(Percentages)



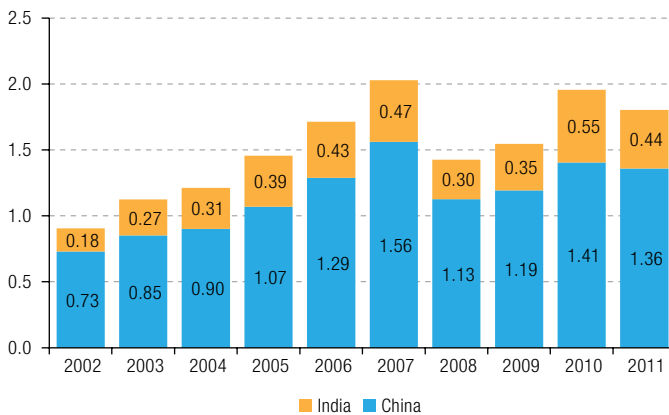
Source: World Bank, World Development Indicators 2011.

**Figure 1.5**  
**BRICS: ANNUAL GDP GROWTH BY PERIODS, 1970-2010**  
(Percentages)



Source: World Bank, World Development Indicators 2011.

**Figure I.6**  
**CHINA AND INDIA: CONTRIBUTION TO WORLD ECONOMIC GROWTH, 2002-2011**  
(Percentage points)

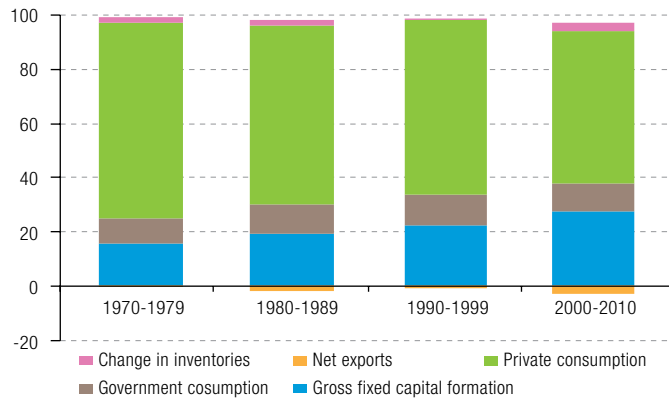


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), World Economic Outlook database, September 2011.

- Even though it slowed substantially, India managed to maintain a positive growth rate during the 2008-2009 international financial crisis. The economy grew at 4.9% in 2009 and at an almost double-digit rate in the subsequent two years.
- For over a decade, India has been contributing more than 10% to world economic growth, a level similar to that of Latin America and the Caribbean as a whole. Together with China, the growth rates of the two BRICs account for more than 40% of the overall growth of the world economy.
- India has thus become one of the most important growth poles of the world economy.

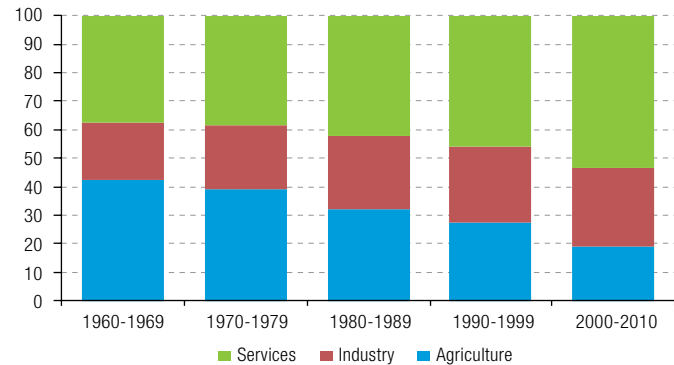
**5. The Indian economy has seen significant structural changes. The share of services in GDP has increased, while that of agriculture has declined. India's trade-to-GDP ratio has increased considerably in the past decade, but its level of trade integration remains low compared with that of other Asian countries**

**Figure I.7**  
**INDIA: GDP BY EXPENDITURE, 1970-2010**  
(Percentages)



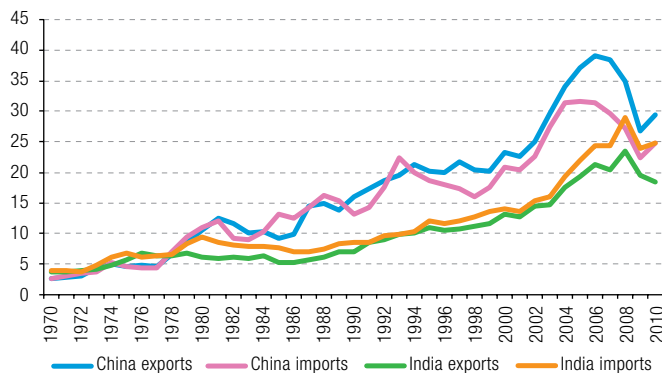
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators 2011

**Figure I.8**  
**INDIA: GDP BY SECTOR, 1960-2010**  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators 2011

**Figure I.9**  
**CHINA AND INDIA: SHARE OF EXPORTS AND IMPORTS (GOODS AND SERVICES) IN GDP, 1970-2010**  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development Indicators 2011

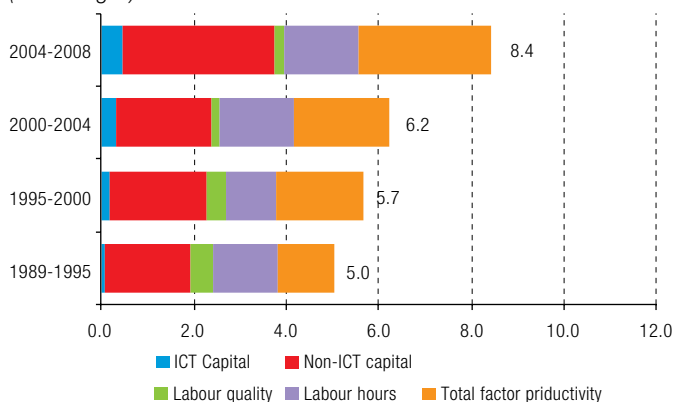
- Private consumption has long been the largest component of GDP in India, although its share has fallen from 75% in 1980 to 60% in 2010. By contrast, the share of gross fixed capital formation has risen significantly over the last forty years, though it remains lower as a proportion of GDP than in China. In India, the contribution of net exports to GDP is negative, in strong contrast to China.
- A boom in the services sector has raised its share of GDP from 38% during the 1970s to 53% in the 2000s. The industrial sector has maintained a share slightly over 25% of GDP. Although the economy's dependence on agriculture has declined in recent years, the sector still absorbs 56% of the total labour force.
- The economy is also becoming more exposed to external trade, with the share of exports (goods and services) rising from 7% in 1990 to 19% in 2010. Compared with China, India's trade openness is still modest in terms of exports; however, imports (goods and services) now account for a similar proportion of GDP in India as in China.



## 6. Total factor productivity has been a major source of economic growth for India, whereas Latin American performance in this area has been disappointing

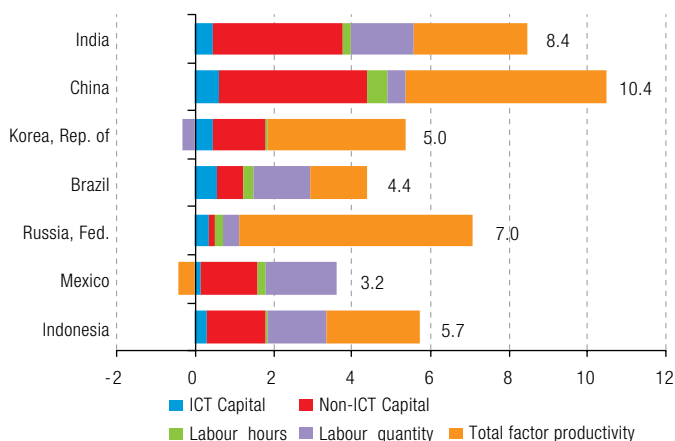
- When measured in terms of PPP, a major source of economic growth, and one that has been gaining ground over the last ten years, for India has been total factor productivity (TFP). For example, total factor productivity accounted for 34% of the 8.4% growth rate recorded for the period 2004-2008, only slightly less than the contribution of non-ICT capital.
- Latin American experience in this area has been quite meagre in comparison with that of Eastern Europe and developing Asia. The TFP performance of Brazil has not been very strong and in Mexico, the contribution of TFP to overall growth in 2004-2008 was even negative.
- The above indicates that economic growth in India is being driven increasingly by improvements in quality rather than increases in the quantity of capital and labour inputs.

**Figure I.10**  
**INDIA: SOURCES OF GROWTH, 1989-2008**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Dale W. Jorgenson and Khuong M. Vu, "Potential Growth of the World Economy", Journal of Policy Modeling, vol. 32, Issue 5, September-October 2010.

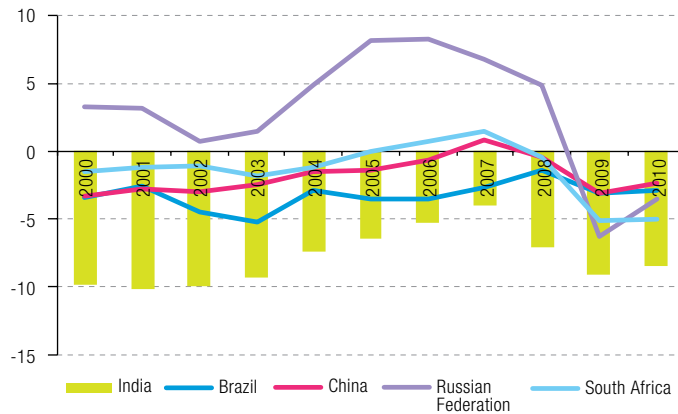
**Figure I.11**  
**SELECTED ASIAN AND LATIN AMERICAN COUNTRIES: SOURCES OF GROWTH, 2004-2008**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Dale W. Jorgenson and Khuong M. Vu, "Potential Growth of the World Economy", Journal of Policy Modeling, vol. 32, Issue 5, September-October 2010.

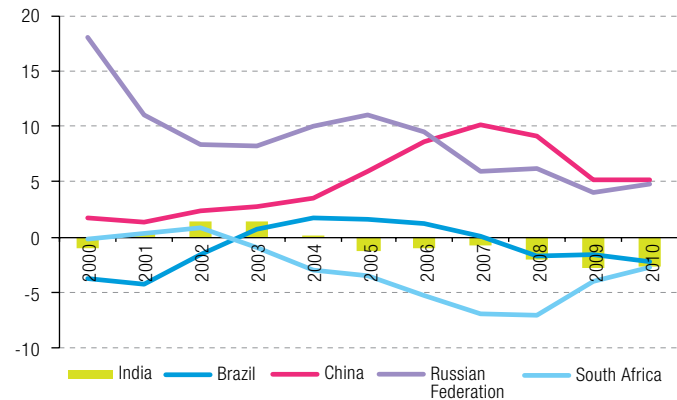
## 7. India's central Government has a difficult task of maintaining high growth rates with a twin deficit and relatively high inflation

**Figure I.12**  
**BRICS: FISCAL DEFICIT, 2000-2010**  
(Percentages of GDP)



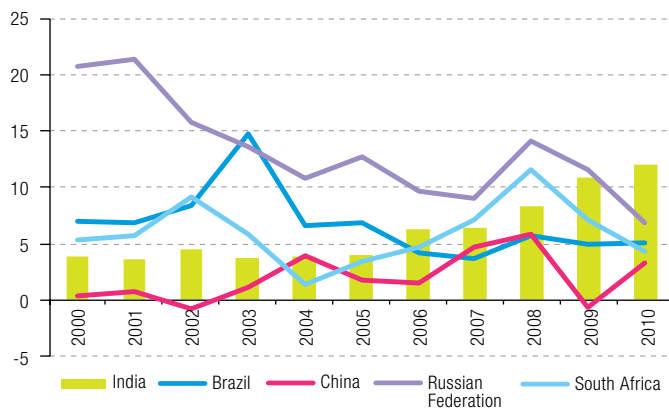
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), World Economic Outlook database, September 2011.

**Figure I.13**  
**BRICS: CURRENT ACCOUNT DEFICIT, 2000-2010**  
(Percentages of GDP)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of International Monetary Fund (IMF), World Economic Outlook database, September 2011.

**Figure I.14**  
**BRICS: INFLATION, 2000-2010**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of International Monetary Fund (IMF), World Economic Outlook database, September 2011.

- The Indian economy is not free from problems. The central Government has a difficult task of attenuating rising fiscal deficit and the resulting public debt. Among the BRICS countries, India shows the highest level of fiscal deficit when measured by comparing central government revenues with expenditures as percentages of GDP.
- Unlike China and the Russian Federation, India runs a chronic current account deficit, which is continuing to grow in size as a percentage of GDP.
- Inflation, a constant source of concern in India, remains at the highest level among the five BRICS countries considered.

## 8. Despite its increasing volume, India is still at an incipient stage of merchandise trade expansion

Table I.3

### WORLD MERCHANDISE TRADE, 2010

(Billions of dollars and percentages)

Country/Region	Exports		Imports	
China	1 578	10.4	1 368	8.9
Russian Federation	400	2.6	248	1.6
India	216	1.4	323	2.1
Brazil	202	1.3	191	1.2
BRIC total	2 396	15.7	2 130	13.9
ASEAN	1 052	6.9	950	6.2
Newly industrialized economies	1 111	7.3	1 103	7.2
Japan	770	5.1	693	4.5
Asia total	4 511	29.6	2 746	17.9
United States	1 278	8.4	2 681	17.4
European Union	5 147	33.8	5 337	34.7
Latin America and the Caribbean	872	5.7	887	5.8
World	15 238	100.0	15 376	100.0

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Trade Organization (WTO) press release, "World Trade 2010. Prospects of a 2011", Press/628, April 2011.

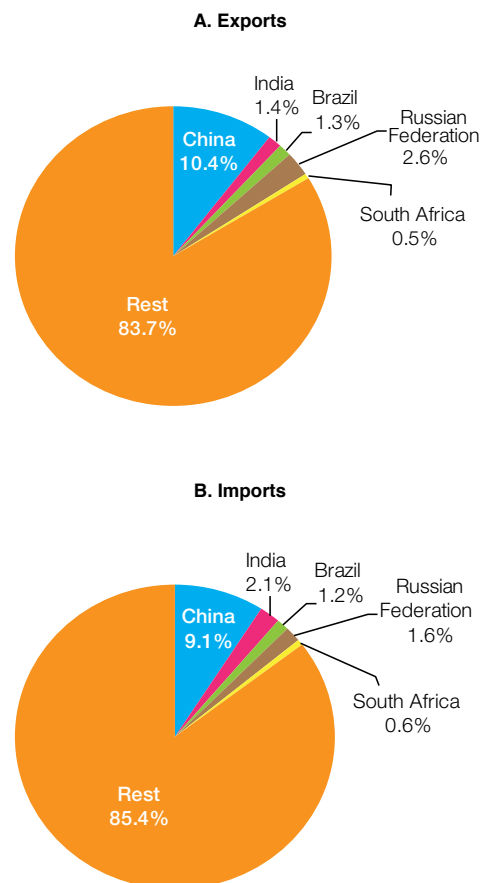
**Note:** The newly industrialized economies include Hong Kong Special Administrative Region of China, Republic of Korea, Singapore and Taiwan Province of China.

- Compared with its share in world GDP, India's participation in world merchandise trade remains small, accounting for 1.4% and 2.1% of world exports and imports, respectively, in 2010. The country ranked twentieth in exports that year. Its export value was similar to that of Brazil, but lower than that of Mexico.
- India's share in world merchandise imports was slightly larger than in exports. With an import value of US\$ 323 billion, India ranked thirteenth in the world in 2010.
- The Latin American and Caribbean region accounted for 5.7% and 5.8% of world exports and imports, respectively.

Figure I.15

### BRICS AND REST OF THE WORLD: SHARE IN WORLD MERCHANDISE TRADE, 2010

(Percentages of world total)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Trade Organization (WTO) press release, "World Trade 2010. prospects of a 2011", Press/628, April 2011.

## 9. By contrast, India plays a much more important role in world services trade

Table I.4

### WORLD TRADE IN SERVICES BY VALUES, ANNUALIZED GROWTH RATES AND SHARES IN WORLD TOTAL, 2005-2010

(Billions of dollars and percentages)

A. Exports					B. Imports				
	2005	2010	Annualized growth rates 2005-2010	Share in world total 2010		2005	2010	Annualized growth rates 2005-2010	Share in world total 2010
United States	353	518	8.0	14.0	United States	271	358	5.8	10.2
European Union	1 181	1 569	5.8	42.5	European Union	1 072	1 404	5.6	40.0
Latin America and the Caribbean	86	127	8.1	3.4	Latin America and the Caribbean	92	136	8.2	3.9
Brazil	15	30	15.3	0.8	Brazil	22	60	21.7	1.7
Mexico	16	15	-0.8	0.4	Mexico	21	22	1.3	0.6
Commonwealth of Independent States	41	79	13.9	2.1	Commonwealth of Independent States	59	107	12.7	3.1
Russian Federation	25	44	12.2	1.2	Russian Federation	38	70	13.2	2.0
Africa	56	85	8.7	2.3	Africa	72	139	14.1	4.0
South Africa	11	14	4.3	0.4	South Africa	12	18	8.8	0.5
Middle East	65	97	8.4	2.6	Middle East	97	184	13.6	5.2
Asia	539	975	12.6	26.4	Asia	571	958	10.9	27.3
China	74	146	14.7	4.0	China	83	192	18.2	5.5
India	52	123	18.8	3.3	India	47	116	19.9	3.3
World	2 496	3 693	8.1	100.0	World	2 373	3 511	8.2	100.0

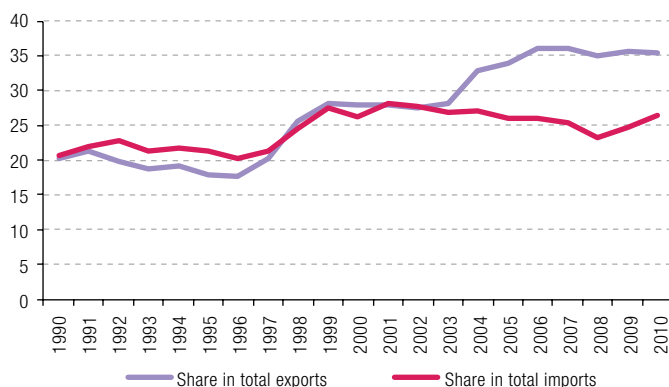
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Trade Organization (WTO) Trade Statistics database.

- India exported US\$ 123 billion of services in 2010, more than double the value of its services exports in 2005. The country was the world's tenth largest services exporter in 2010. India's 3.3% share in world services exports was almost equal to that of Latin American and the Caribbean. India's annualized growth rate for the period 2005-2010 was almost 19%, the highest rate among the countries and regions under consideration.
- India's services imports reached US\$ 116 billion, equivalent to 3.3% of world services imports in 2010. The country was ranked seventh in world services imports that year. India's imports grew at a high rate, but slightly below that registered by Brazil. The import value of India was US\$ 20 billion lower than that of Latin America and the Caribbean as a whole.
- Among the five BRICS countries, India ranks second behind China in both exports and imports.

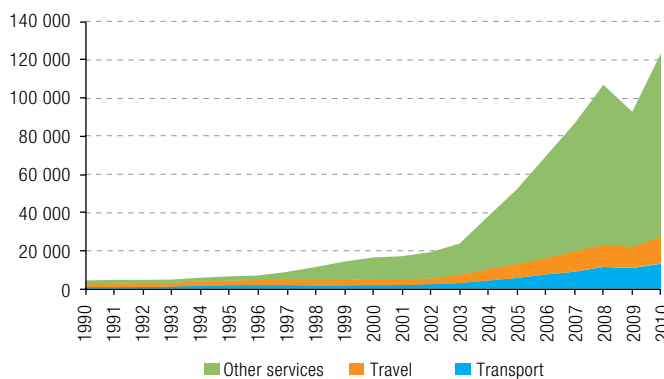
## 10. Over the years, trade in services has become an engine of growth for India's external sector

**Figure I.16**  
**INDIA: TRADE IN SERVICES**

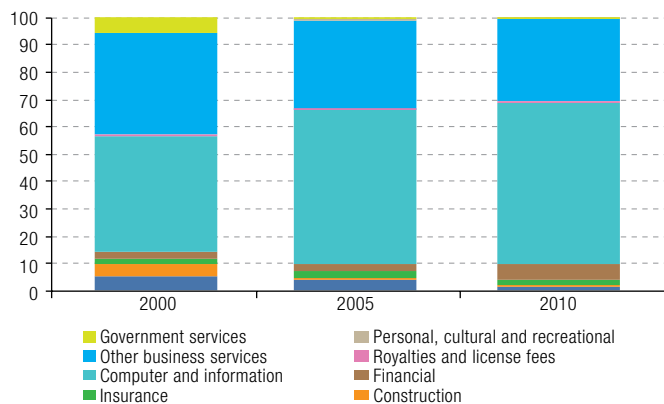
**A. SHARE OF SERVICES IN TOTAL TRADE, 1990-2010**  
(Percentages of exports and imports)



**B. BREAKDOWN OF SERVICES EXPORTS BY MAJOR SECTORS, 1990-2010**  
(Millions of dollars)



**C. BREAKDOWN OF OTHER SERVICES, 2000, 2005 AND 2010**  
(Percentages of the "other services" total)



- India's trade in services continues to expand, accounting for 35% and 26% of total exports and imports (merchandise and services), respectively.
- The major growth engine of service exports has been the "other services" category, growing at a much faster rate than the other two major categories, travel and transport.
- Among the different subsectors within "other services", the most dynamic has been the computer and information category. Together with the other business services category, these two subsectors account for 90% of the "other services" total.
- Indian companies operating in these areas, especially in business process outsourcing (BPO) and knowledge process outsourcing (KPO), have become India's major investors abroad.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), Balance of Payments Statistics, 2011.

## 11. Asia is India's largest trading partner both in exports and imports, while the role of Latin America and the Caribbean as a trading partner remains modest

**Table I.5**

**INDIA: EXPORTS AND IMPORTS, BY MAJOR REGIONS, ANNUAL AVERAGE, APRIL 2009-MARCH 2010 AND APRIL 2010-MARCH 2011**

*(Millions of dollars and percentages of national total)*

	Exports		Imports	
	Value	%	Value	%
European Union	41 424	19.3	41 487	12.6
Other Europe	3 168	1.5	21 960	6.7
Africa	13 294	6.2	23 389	7.1
North America	23 784	11.1	20 576	6.3
Latin America and the Caribbean	8 223	3.8	12 305	3.7
Asia	118 718	55.2	200 760	61.0
ASEAN	22 696	10.6	28 203	8.6
Commonwealth of Independent States	2 276	1.1	5 884	1.8
Unspecified	4 057	1.9	2 711	0.8
<b>Total</b>	<b>214 944</b>	<b>100.0</b>	<b>329 071</b>	<b>100.0</b>

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Ministry Commerce and Industry, Export Import Data Bank [online] <http://commerce.nic.in/eidb/irgn.asp> [Date of reference: 10 November 2011].

Abbreviation: ASEAN, Association of Southeast Asian Nations.

- The annual average value of Indian exports and imports during the fiscal years 2009 and 2010 reached US\$ 215 billion and US\$ 329 billion, respectively.
- Asia is India's largest trading region, accounting for 55% of exports and 61% of imports during the same period.
- The European Union represented almost 19% and 13% of the country's exports and imports, respectively. The United States had a much lower share in India's exports and imports than the European Union.
- Latin America and the Caribbean is neither an important export destination nor a point of origin for India's imports. In each, the region's share was less than 4%. This compares quite unfavourably with Africa's share, which was almost double that of Latin American and Caribbean in both cases.
- Among the developing regions, the countries of the Association of Southeast Asian Nations (ASEAN) have become a significant trade partner for India, accounting for 11% of exports and 9% of imports, during the two fiscal years under consideration.

## 12. Historically, India has not relied heavily on FDI as a source of gross fixed capital formation; however, in recent years, the country has become not only a major recipient but also a significant investor worldwide

**Table I.6**  
**BRICS, SELECTED ECONOMIES AND WORLD: INWARD AND OUTWARD FDI STOCK, DECEMBER 2010**  
(Millions of dollars and percentages)

	Inward		Outward	
China	578 818	3.0	297 600	1.5
India	197 937	1.0	92 407	0.5
Brazil	472 579	2.5	180 949	0.9
Russian Federation	423 150	2.2	433 655	2.1
<b>BRIC Total</b>	<b>1 290 306</b>	<b>6.7</b>	<b>713 368</b>	<b>3.5</b>
South Africa	132 396	0.7	81 127	0.4
<b>BRICS</b>	<b>1 296 002</b>	<b>6.8</b>	<b>714 952</b>	<b>3.5</b>
Developing economies	5 951 203	31.1	3 131 845	15.3
<b>World</b>	<b>19 140 603</b>	<b>100.0</b>	<b>20 408 257</b>	<b>100.0</b>

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2011 [online] [www.unctad.org/wir](http://www.unctad.org/wir) or [www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics).

- India accounted for only 1.0% and 0.5% of world inward and outward FDI stock, respectively, in 2010, which was much lower than the shares of Brazil, China and the Russian Federation.
- However, India's FDI flows have increased substantially in recent years. Annual average inflows in 2008-2010 reached US\$ 34 billion, almost 10 times the annual average amount received in 1995-2004. At the same time, India has been increasing its FDI abroad: in the period 2008-2010, annual average outward FDI totalled US\$ 17 billion, much more than the amount invested abroad by Brazil and Mexico.

**Table I.7**  
**INDIA, SELECTED ECONOMIES AND WORLD: INWARD AND OUTWARD FDI FLOWS, 1995-2010**  
(Millions of dollars and percentages)

	1995-2004 Annual average	2005-2007 Annual average	2008-2010 Annual average	2008-2010 Share in total developing economies	2008-2010 Share in World total
India					
Inward	3 789	17 766	34 278	5.9	2.5
Outward	824	11 501	16 651	5.5	1.1
China					
Inward	46 475	76 213	102 349	17.6	7.4
Outward	2 976	18 630	58 893	19.5	4.0
Brazil					
Inward	19 174	22 824	39 815	6.9	2.9
Outward	1 885	12 595	7 297	2.4	0.5
Korea, Rep. of					
Inward	5 075	4 855	7 594	1.3	0.5
Outward	3 745	12 418	18 893	6.2	1.3
Taiwan Prov. of China					
Inward	2 165	5 606	3 576	0.6	0.3
Outward	5 022	8 178	9 116	3.0	0.6
Singapore					
Inward	12 980	27 780	20 835	3.6	1.5
Outward	7 752	20 910	12 649	4.2	0.9
Argentina					
Inward	7 351	5 759	6 693	1.2	0.5
Outward	1 269	1 751	1 022	0.3	0.1
Mexico					
Inward	17 097	24 636	20 103	3.5	1.4
Outward	1 549	6 830	7 507	2.5	0.5
Developing economies					
Inward	199 794	444 940	580 716	100.0	41.8
Outward	74 301	214 332	302 402	100.0	20.6
World					
Inward	718 542	1 471 784	1 390 934		100.0
Outward	703 779	1 487 426	1 468 124		100.0

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2011 [online] [www.unctad.org/wir](http://www.unctad.org/wir) or [www.unctad.org/fdistatistics](http://www.unctad.org/fdistatistics).

### 13. Although developing countries are receiving an ever larger proportion of India's outward FDI, developed economies have, until recently, been India's main outward FDI hosts. However, even among the former, Latin America and the Caribbean has not been a favoured destination for those investment flows

- Traditionally, developed economies have been the main recipients of India's FDI abroad. In the period 2002-2009, Europe received more than US\$ 30 billion of India's outward FDI, absorbing more than 40% of the total.
- In recent years, developing economies as a whole have become important destinations for India's FDI abroad, accounting for almost half of outflows during the 2000s.
- Among developing regions, developing Asia is increasing its share as a host region of India's FDI, absorbing almost 30% of total FDI in recent years.
- Latin America and the Caribbean received almost 4% of India's FDI abroad between 2002 and 2010.

Table I.8

#### INDIA: GEOGRAPHICAL DISTRIBUTION OF OUTWARD FDI FLOWS,<sup>a</sup> 1996-2010<sup>b</sup>

(Millions of dollars and percentages)

	1996-2002	2002-2009	2009-2010	1996-2002	2002-2009	2009-2010
Developed economies	5 267	39 487	3 384	70.0	52.0	31.9
Europe	827	30 715	2 134	11.0	40.4	20.1
North America	1 546	7 185	1 191	20.5	9.5	11.2
Other developed economies	248	1 587	59	3.3	2.1	0.6
Developing economies		36 498	7 239	-	48.0	68.1
Africa	750	9 321	1 521	10.0	12.3	14.3
Asia and Oceania	1 544	21 032	4 923	20.5	27.7	46.3
South-east Europe/CIS	1 787	3 448	76	23.7	4.5	0.7
Latin America and the Caribbean	821	2 697	718	10.9	3.5	6.8
World	7 525	75 985	10 623	100.0	100.0	100.0

**Source:** Adapted from Premila Nazareth Satyanand and Pramila Raghavendran, "Outward FDI from India and its policy context", Columbia, FDI Profiles, Vale Columbia Center, 22 September 2010. Abbreviation: CIS, Commonwealth of Independent States.

<sup>a</sup> This table relies on investment approval data because the Government of India does not publish a geographical breakdown of outward FDI flows.

<sup>b</sup> Data are by fiscal year (1 April to 31 March).



## 14. The drivers of India's outward foreign direct investment in recent years have been mergers and acquisitions in developed economies

Table I.9

### INDIA: TOP 15 OUTWARD FDI DESTINATIONS, 1996-2002 AND 2002-2009<sup>a, b</sup>

(Billions of United States dollars and percentages)

1996-2002			2002-2009		
Destination	Outflows authorized	Share	Destination	Outflows authorized	Share
Russian Federation	1.7	23.8	Singapore	14.2	20.8
United States	1.5	20.5	Netherlands	10.6	15.4
British Virgin Islands	0.8	10.3	Mauritius	5.6	8.1
Mauritius	0.6	8.2	Channel Islands	5.4	7.9
Hong Kong SAR	0.4	5.9	United Kingdom	5.2	7.6
United Kingdom	0.4	5.5	United States	5.1	7.4
Bermuda	0.2	3.1	Cyprus	4.7	6.8
Viet Nam	0.2	3.0	United Arab Emirates	2.1	3.1
Oman	0.2	2.7	Russian Federation	1.4	2.0
Netherlands	0.1	2.1	Sudan	1.2	1.7
Singapore	0.1	2.0	Switzerland	1.1	1.6
United Arab Emirates	0.1	1.5	China	0.9	1.3
Austria	0.1	1.0	British Virgin Islands	0.9	1.2
Nepal	0.1	0.9	Egypt	0.8	1.2
Sri Lanka	0.1	0.8	Denmark	0.8	1.2

Source: Adopted from Premila Nazareth Satyanand and Pramila Raghavendran, "Outward FDI from India and its policy context", Columbia, FDI Profiles, Vale Columbia Center, 22 September 2010.

<sup>a</sup> Rankings are based on the cumulative stock of outward investment approvals for each period.

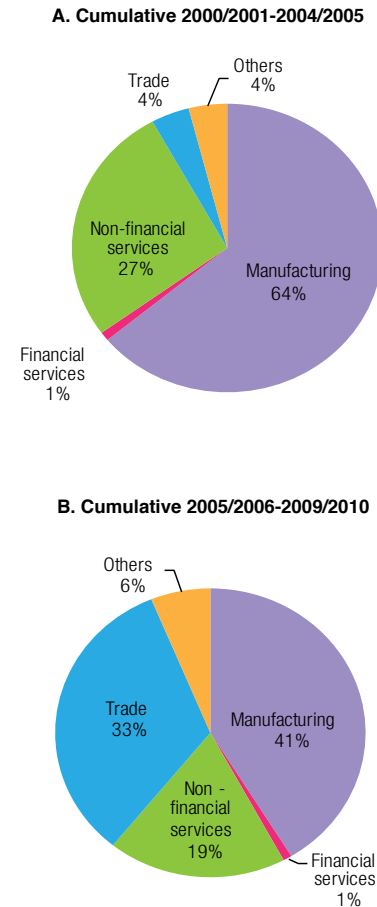
<sup>b</sup> Data are by fiscal year (1 April to 31 March).

- Prior to the 1990s, India's outward FDI flows were largely limited to its neighbouring developing countries. Such investments were viewed by the Government of India as its contribution to South-South cooperation.
- During the 1980s, the share of India's total outward FDI going to developing countries stood at 76%. However, this changed in the early 1990s. The share of developed countries rose continuously from 24% in the 1980s to 44% in the 1990s, and climbed further to 64% in 2000-2007.
- The sharp rise in India's outward FDI to developed regions was also reflected in its overseas mergers and acquisitions. During the period from 2000 to March 2008, Indian FDI flows into developed countries in the form of acquisitions stood at US\$ 47.4 billion, accounting for 80% of the total acquisitions made by Indian companies. A total of 306 Indian firms were engaged in acquisitions in 28 developed countries.

## 15. Manufacturing is the primary destination sector for India's FDI overseas, though its share has been declining in recent years

- Over the years, manufacturing has been the leading sector for India's outward FDI, though in the last half of the past decade, the predominance of manufacturing was slowly displaced by services.
- While the pharmaceutical, consumer electronics and automotive sectors accounted for the bulk of manufacturing FDI abroad in the first half of the decade, the second half saw a concentration in metals, energy and natural resource investments, and consumer goods and foods and beverages.
- Similarly, while information and communications technology initially dominated services, there has been a rising trend in investment in other services sectors, such as financial and insurance services, entertainment and broadcasting, construction and telecommunications.
- Since 2000, Indian firms have tended to use cross-border mergers and acquisitions as the main vehicle for entry into developed economies and greenfield investments as a way into developing countries. Firms systematically acquire leading developed country firms to boost domain expertise, technological competitiveness, market size and brand recognition.
- Energy and mineral security have been the major driving forces of Indian firms' investments in developing countries, although many telecommunications, consumer goods, food, information and communications technology, metal and power firms are now using mergers and acquisitions to obtain market size or secure raw materials in these economies.

**Figure I.17**  
**INDIA: DISTRIBUTION OF OUTWARD FDI FLOWS**  
**BY MAJOR SECTORS<sup>a, b</sup>**  
*(Percentages)*



**Source:** Adapted from Premila Nazareth Satyanand and Pramila Raghavendran, "Outward FDI from India and its policy context", Columbia, FDI Profiles, Vale Columbia Center, 22 September, 2010.

<sup>a</sup> These figures use investment approval data.

<sup>b</sup> Data are by fiscal year (1 April to 31 March).

## 16. There are substantive differences in outward FDI between China and India

### 1. India's outward FDI is primarily driven by markets and private companies, while China's outward FDI is mainly government-led

- Most Indian outward FDI is undertaken by publicly-listed, private firms and, as yet, only a handful of Indian public-sector firms have internationalized.
- Unlike State-driven Chinese FDI outflows, Indian outward FDI has chiefly been led by leading Indian multinationals owned by large Indian business houses and driven by markets, with little coordination with the Government, except in the case of a few public-sector firms operating in the energy sector.

### 2. China's outward FDI mainly goes to developing countries and mining sectors while India's goes to developed economies and manufacturing and, increasingly, services sectors

- The growing importance of developed countries as a host to Indian outward FDI can be attributed to the emergence of the knowledge-based segment of the Indian economy, including, for example, the pharmaceuticals and software development industries.
- The non-financial services and mining sectors accounted for the largest shares of Chinese outward FDI, while manufacturing accounted for a relatively small share.

### 3. China has advantages in its government-led strategy and economic diplomacy, whereas India has advantages in enterprise governance and management

- Many of India's family-run companies have been involved in outward ventures far longer than their Chinese counterparts and have thus developed the

requisite knowledge and business acumen to deal with the complex issues relating to the management of cross-border alliances.

- Indian outward FDI is driven fundamentally by inherent incentives and innovations, global growth, competition and business opportunities.
- Chinese local and private enterprises still lack sufficient capital and the technological capabilities to invest abroad. A priority in the Chinese outward FDI strategy has been to secure access to strategic assets and natural resources by supporting large State-owned enterprises to invest abroad.

### 4. Mergers and acquisitions will remain an active component of both countries' overseas resource acquisition strategy

- For many latecomers and less technologically advanced firms, outward FDI in the form of overseas mergers and acquisitions provides an important means to access advanced proprietary technology, immobile strategic assets (such as brands and local distribution networks) and other capabilities required for survival and growth in a globalizing world economy.
- Many Chinese and Indian firms engaged in overseas mergers and acquisitions have been motivated to acquire skills, technology and widen their distribution networks overseas, in addition to achieving the objective of accessing overseas markets.
- It is not just large conglomerates that are active investors abroad. In the period 2000-2008, 34% of all Indian mergers and acquisitions abroad were made by smaller firms, even though they accounted for just 8% of the total investment value and were less geographically diverse than their larger counterparts.

## 17. Though to a lesser degree than China, India is a major importer and consumer of the types of primary products of which Latin America and the Caribbean is a major producer

**Table I.10**  
**SHARE OF CHINA AND INDIA IN GLOBAL PRODUCTION, CONSUMPTION AND IMPORTS OF AGRICULTURAL PRODUCTS, 2008/2009**

(Millions of metric tons and percentages)

Production					
Product	World	China	India	China	India
Wheat	683.3	112.5	78.6	16.5	11.5
Corn	797.8	165.9	19.7	20.8	2.5
Rice	448.2	134.3	99.2	30.0	22.1
Soybean	212.0	15.5	9.1	7.3	4.3
Soybean meal	151.4	32.5	5.8	21.4	3.8
Soybean oil	35.7	7.3	1.3	20.5	3.6
Cotton	23.6	8.1	4.9	34.2	20.8
Sugar	151.1	13.6	16.0	9.0	10.6
Consumption					
Product	World	China	India	China	India
Wheat	635.8	105.0	72.5	16.5	11.4
Corn	778.7	155.0	17.0	19.9	2.2
Rice	437.5	131.0	93.2	29.9	21.3
Soybean	220.8	51.4	8.5	23.3	3.8
Soybean meal	151.9	31.7	2.0	20.8	1.3
Soybean oil	35.9	9.5	2.3	26.4	6.4
Cotton	22.7	8.8	4.0	38.8	17.6
Sugar	161.8	14.9	23.8	9.2	14.7
Imports					
Product	World	China	India	China	India
Wheat	136.9	0.5	0.0	0.4	0.0
Corn	82.4	0.1	0.0	0.1	0.0
Rice	27.2	0.3	0.0	1.3	0.0
Soybean	77.2	41.1	0.0	53.3	0.0
Soybean meal	51.2	0.2	0.0	0.4	0.0
Soybean oil	8.9	2.5	1.1	27.9	11.9
Cotton	30.0	7.0	0.8	23.3	2.7
Sugar	48.2	1.1	2.8	2.2	5.8

**Source:** United States Department of Agriculture; Economist Intelligence Unit, World Commodity Forecasts: industrial raw materials, January 2010; Economist Intelligence Unit, World Commodity Forecasts: food, feedstuffs and beverages, November 2010.

- India is a major global producer and consumer of wheat, rice, cotton and sugar, and its share in world imports of soybean oil is quite high.
- India's share in world production, consumption and imports of minerals and metals, and crude oil is much lower than that of agricultural products.
- If the sustained economic growth that the country has shown over the last two decades continues, India's consumption

**Table I.11**  
**SHARE OF CHINA AND INDIA IN GLOBAL PRODUCTION, CONSUMPTION AND IMPORTS OF MINERALS AND METALS, 2008/2009**

(Millions of metric tons and percentages)

Production					
Product	World	China	India	China	India
Aluminium	36 891.2	12 846.0	1 478.6	34.8	4.0
Copper	18 606.7	4 109.5	721.4	22.1	3.9
Lead	8 903.7	3 707.9	137.7	41.6	1.5
Nickel	1 326.7	246.7	-	18.6	0.0
Tin	333.0	134.5	3.6	40.4	1.1
Zinc	11 465.4	4 356.7	615.5	38.0	5.4
Primary steel	1 219.7	567.8	56.6	46.6	4.6
Crude oil	82.3	3.8	0.8	4.6	1.0
Consumption					
Product	World	China	India	China	India
Aluminium	34 581.5	14 275.7	1 478.1	38.7	4.3
Copper	18 256.4	7 144.1	551.5	38.4	3.0
Lead	8 951.4	3 859.9	180.0	43.4	2.0
Nickel	1 305.6	541.3	24.5	40.8	1.9
Tin	321.5	143.0	9.0	44.5	2.8
Zinc	11 255.6	4 888.3	532.2	43.4	4.7
Primary steel	1 300.7	452.9	53.6	34.8	4.1
Crude oil	83.7	8.2	3.0	9.8	3.6
Imports					
Product	World	China	India	China	India
Aluminium	17 250.3	1 739.8	257.7	10.1	1.5
Copper	7 970.0	3 185.0	15.5	40.0	0.2
Lead	1 734.5	175.6	116.3	10.1	6.7
Nickel	638.8	247.0	17.9	38.7	2.8
Tin	254.0	20.5	6.1	8.1	2.4
Zinc	3 660.1	670.2	93.6	18.3	2.6
Iron ore	933.2	444.0	0.6	47.6	0.1
Sponge iron	24.0	0.4	0.0	1.5	0.1
Crude oil <sup>a</sup>	44.5	3.6	2.5	8.2	5.6

**Source:** United States Department of Agriculture; Economist Intelligence Unit, World Commodity Forecasts: industrial raw materials, January 2010; Economist Intelligence Unit, World Commodity Forecasts: food, feedstuffs and beverages, November 2010.

<sup>a</sup> Millions of barrels a day. The figures refer to 2008: US Energy Information Administration, Independent Statistics and Analysis [online] <http://www.eia.gov/>.

and imports of the type of commodities of which Latin America and the Caribbean is a major producer should increase over time. However, India is trying to diversify its suppliers and in this regard, Latin America and the Caribbean has to compete with other regions of the world to supply primary products to India.

## 18. India is a major world producer of industrial goods

Table I.12

### BRICS: RANKING AMONG WORLD TOP 15 PRODUCERS IN SELECTED INTERNATIONAL STANDARD INDUSTRIAL CLASSIFICATION (ISIC REV. 3) DIVISIONS AND SHARE IN WORLD TOTAL VALUE-ADDED, 2007

(World total value-added at constant 2000 prices and percentages)

ISIC	Product description	Ranking	China (Percentages)	Ranking	Brazil (Percentages)	Ranking	India (Percentages)	Ranking	Russian Federation (Percentages)
15	Food and beverages	2	14.3	9	2.6			14	1.7
16	Tobacco products	1	51.4	12	0.9				
17	Textiles	1	36.7			4	4.2		
18	Wearing apparel, fur	1	28.7	8	2.0				
19	Leather, leather products and footwear	1	39.1	9	2.2	10	2.0		
20	Wood products (except furniture)	2	8.9	7	3.7				
21	Paper and paper products	3	12.9	12	2.1			15	1.5
22	Printing and publishing	5	3.8						
23	Coke, refined petroleum products and nuclear fuel	2	15.7	4	6.0	10	1.8		
24	Chemicals and chemical products	2	3.5	12	1.9	7	3.5		
25	Rubber and plastics products	1	18.3	9	2.2	15	1.4		
26	Non-metallic mineral products	1	16.1	9	2.5	13	2.1	12	2.2
27	Basic metals	1	36.3	14	1.3	6	2.9	7	2.3
28	Fabricated metal products	4	9.4	9	2.4				
29	Machinery and equipment n.e.c.	2	15.9	10	1.6	12	1.4	11	1.5
30	Office, accounting and computing machinery	7	3.2	9	1.1	15	0.3		
31	Electrical machinery and apparatus n.e.c.	1	30.8	7	2.0	5	3.1	15	0.8
32	Radio, television and communication equipment	3	7.2	10	0.2				
33	Medical, precision and optical instruments	4	5.1	8	2.4			6	4.4
34	Motor vehicles, trailers and semi-trailers			13	1.5	12	1.6		
35	Other transport equipment	1	35.9	3	5.6	10	2.4	13	1.0
36	Furniture, manufacturing n.e.c.	2	20.7	11	1.4				

Source: United Nations Industrial Development Organization (UNIDO), Industrial Statistical Yearbook, 2009.

- In addition to the dominant positions that China has consolidated in selected International Standard Industrial Classification (ISIC) industrial sectors, Brazil and India, and to a lesser extent, the Russian Federation, have also become major producers of manufactures worldwide.
- When measured in terms of manufacturing value-added, at constant 2000 prices, India ranks quite highly among the top 15 producing countries in sectors such as textiles (ISIC division code 17), chemicals and chemical products (ISIC division code 24), basic metals (ISIC division code 27) and electrical machinery and apparatus (ISIC division code 31).
- India has a solid industrial base in many sectors, pointing to future trade and investment opportunities, on the one hand, and competition in domestic and third country markets, on the other, for Latin America and the Caribbean.

## 19. India's domestic demand presents trade and investment opportunities in a number of sectors of the manufacturing industry for the region

Table I.13

### INDIA: SHARE OF IMPORTS IN APPARENT CONSUMPTION IN SELECTED INTERNATIONAL STANDARD INDUSTRIAL CLASSIFICATION (ISIC REV. 3) MANUFACTURING CLASSES, 2007

(United States dollars at current prices)

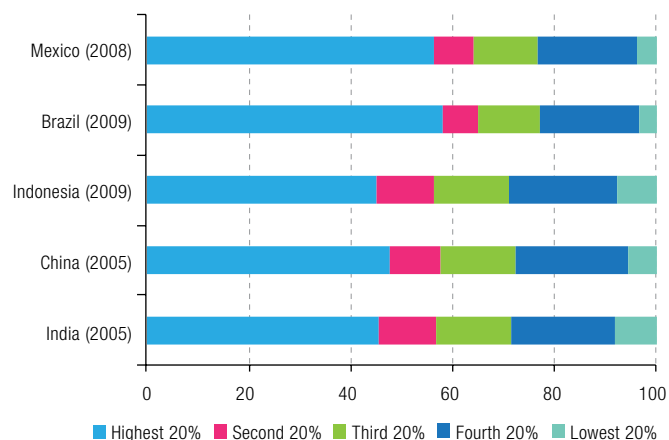
Ranking	Industry (ISIC Rev. 3, four-digit class code)	Total apparent consumption (US\$ billions)	Imports as a percentage of apparent consumption
1	2320 - Refined petroleum products	91.2	12.4
2	2710 - Basic iron and steel	78.1	10.5
3	2720 - Basic precious and non-ferrous metals	34.9	62.5
4	1514 - Vegetable and animal oils and fats	22.5	11.5
5	1711 - Textile fibre preparation; textile weaving	22.4	5.7
6	3410 - Motor vehicles	22.3	3.1
7	2412 - Fertilizers and nitrogen compounds	16.8	26.6
8	2423 - Pharmaceuticals, medicinal chemicals, etc.	15.4	12.2
9	3430 - Parts/accessories for automobiles	15.1	11.5
10	1531 - Grain mill products	14.5	0.1
11	2413 - Plastics in primary forms; synthetic rubber	13.6	23.5
12	2694 - Cement, lime and plaster	12.9	0.3
13	2411 - Basic chemicals, except fertilizers	12.2	74.2
14	2520 - Plastic products	12.2	8.5
15	3220 - Television and radio transmitters and apparatus for line telephony and line telegraphy	10.4	74.3
16	3110 - Electric motors, generators and transformers	10.3	17.7
17	3591 - Motorcycles	9.2	0.7
18	1542 - Sugar	9.2	0.0
19	1520 - Dairy products	8.3	0.4
20	2811 - Structural metal products	7.8	7.6
21	2101 - Pulp, paper and paperboard	7.5	19.0
22	3230 - TV and radio receivers and associated goods	6.9	30.1
23	3000 - Office, accounting and computing machinery	6.6	63.9
24	2429 - Other chemical products n.e.c.	6.3	28.8
25	3120 - Electricity distribution and control apparatus	6.3	20.5
26	1549 - Other food products n.e.c.	6.0	0.8
27	2929 - Other special purpose machinery	6.0	45.0
28	2424 - Soap, cleaning and cosmetic preparations	5.6	5.1
29	3130 - Insulated wire and cable	5.4	12.9
30	2911 - Engines and turbines (not for transport equipment)	5.3	11.4
31	2924 - Machinery for mining and construction	5.1	39.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Industrial Development Organization (UNIDO) Industrial Statistics Database, <http://www.unido.org/> [Date of referencia: 9 November 2011].

- The list of 31 industrial sectors whose apparent consumption reached the threshold of US\$ 5 billion in 2007 includes a series of industrial activities which might be conducive to future trade and investment expansion between India and Latin America and the Caribbean.
- The list includes sectors such as basic and non-ferrous metals, basic chemicals, television and radio transmitters, and office, accounting and computing machinery, whose import levels as a percentage of apparent consumption are already high.
- The list also includes sectors that are subject to large domestic demand and that have been satisfied mostly by national production, but that are considered sectors of comparative advantage for Latin America and the Caribbean. For example, basic iron and steel, vegetable oils and fats, cement, basic chemicals, and others, provide future trade opportunities with India.

## 20. In comparison with Latin American countries, India's income distribution is favourable; however, the country has the highest poverty rate of all the BRICS

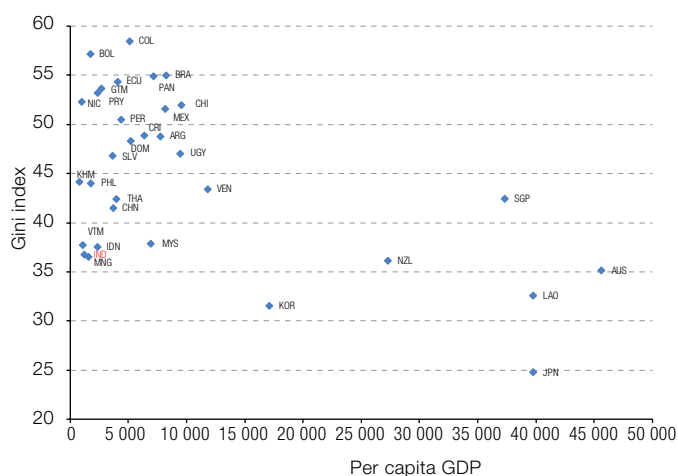
**Figure I.18**  
**SHARE OF INCOME BY QUINTILES**  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development indicators, 2010.

- Strong economic growth and targeted labour market and social policies have helped to reduce extreme poverty in India in the past 15 years. However, the country has not managed to achieve reductions on the scale of Brazil or China where the number of people living on less than US\$ 1.25 per day has fallen by more than half. Nevertheless, poverty levels remain high, affecting approximately 5% of the population in Brazil, 16% in China, 18% in South Africa and 35% in India.

**Figure I.19**  
**SELECTED ASIAN AND LATIN AMERICAN COUNTRIES: GINI INDEX IN RELATION TO PER CAPITA GDP, 2009**



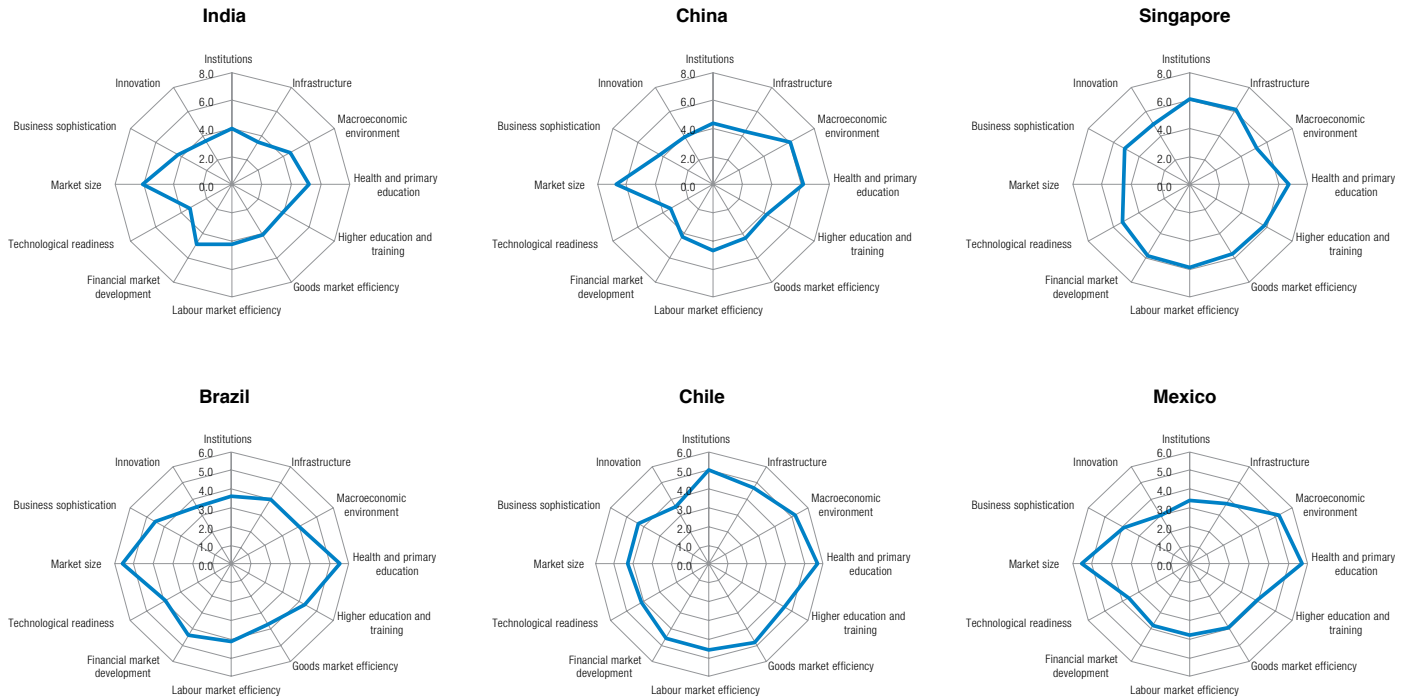
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, World Development indicators, 2010.

- Where progress on overall poverty reduction has been made, income inequality has often increased. While Brazil has seen a remarkable reduction in income inequality since 2000, the levels have worsened in India, China, and South Africa.
- Depending on the definition used, informal employment represents between 15% and 30% of total employment in China, between 25% and 50% in Brazil and between 55% and 85% in India.
- India's social expenditure as a percentage of GDP is lower than that of Brazil, China and South Africa.

## 21. Among the weaknesses of the Indian economy, the poor condition of infrastructure is a major hindrance to growth

Figure 1.20

KEY COMPONENTS OF COMPETITIVENESS, SELECTED ASIAN AND LATIN AMERICAN COUNTRIES, 2010



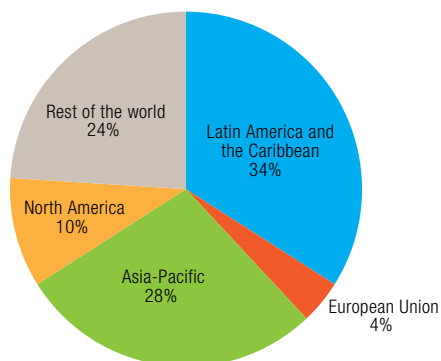
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Economic Forum, The Global Competitiveness Report 2010-2011

- Although recent pronouncements by the Government of India have increasingly emphasized the need to secure investment in major infrastructure projects, most of the progress has thus far been limited to the telecommunications sector, and more recently to road construction. It is imperative that the Government continue to improve the country's infrastructure (particularly its power supply and road network) in order to support industrial development. The Government is mobilizing more public resources to address this issue, but, at 5% of GDP, spending on infrastructure trails far behind that of China (around 10% of GDP). According to the Planning Commission, that figure must be raised to 9% by 2011/2012 to maintain average annual GDP growth of 9-10%. It must also promote the training of human resources in the services sector and make necessary investments to increase rural productivity.



## 22. India offers sizeable markets for Latin American agricultural products. The region has untapped agricultural assets such as fresh water and cultivable land for future use

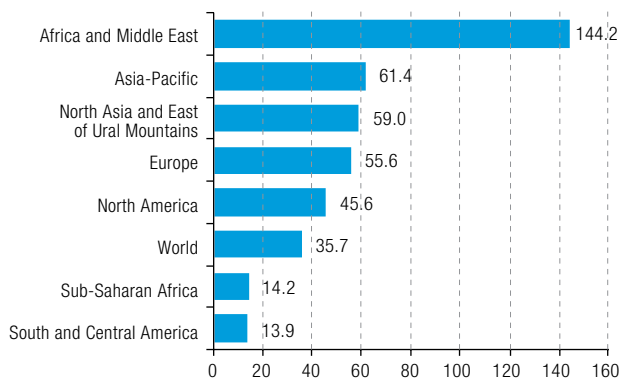
**Figure 1.21**  
**WATER RESERVES, BY MAJOR REGIONS, 2007**  
(Percentages)



**Source:** World Resource Institute (WRI), Earth Trends: Environmental information, 2007 [online] <http://earthtrends.wri.org>.

- Latin America and the Caribbean has the world's largest freshwater reserves, accounting for one third of world reserves.
- In addition, together with Sub-Saharan Africa, the region has the largest area of cultivable land available for future use. The region has 885 million hectares of land that could be used for production, equivalent to one third of the world total.

**Figure 1.22**  
**CULTIVABLE AREA IN USE, BY MAJOR REGIONS, 2011**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Food and Agriculture Organization (FAO) database TERRASAT [online] <http://fao.org/ag/agl/agll/terratat/#terratatdb>.

- On the basis of world population growth projections, an additional 1 billion tons of grain and 200 million tons of meat will be needed to feed the world's population in 2050. Latin America and the Caribbean has an abundance of natural resources, which represent strategic assets.

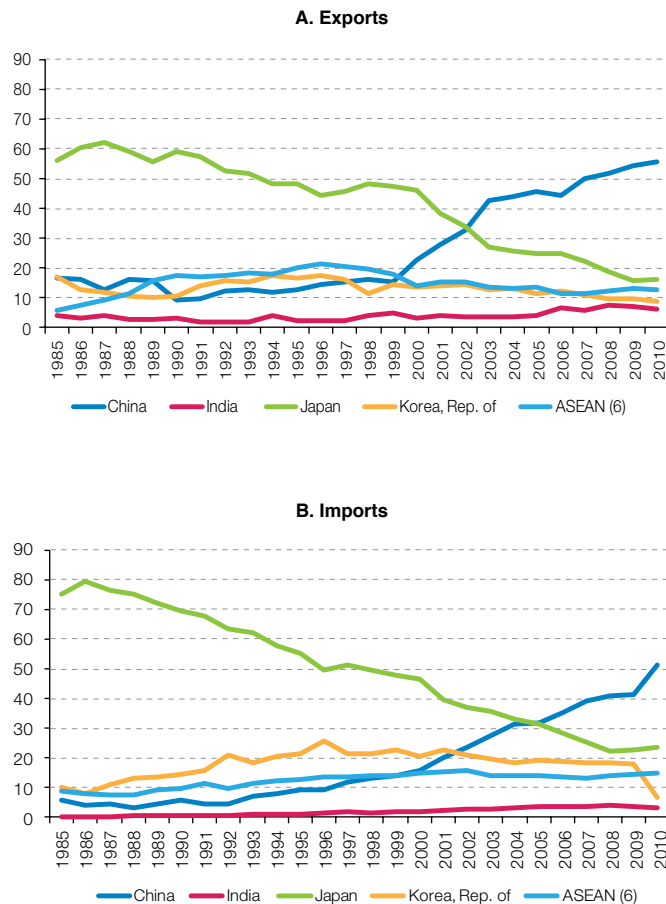
## **Chapter II**

# **Trade and investment relations between India and Latin America and the Caribbean**



# 1. China is a key component in the Latin American and Caribbean region's strategy to diversify into Asia-Pacific markets. However, the dynamism of Asia-Pacific does not lie solely in China – India has also become an important trading partner

**Figure II.1**  
**LATIN AMERICA AND THE CARIBBEAN: SHARE OF SELECTED COUNTRIES AND ASEAN IN EXPORTS AND IMPORTS, 1985-2010**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

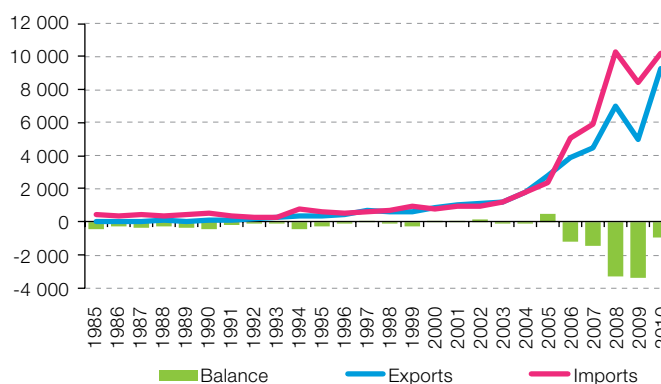
**Note:** ASEAN (6) includes Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam. Abbreviations: ASEAN, Association of Southeast Asian Nations.

- Asia-Pacific has become a very important trading partner for the Latin American and Caribbean region, particularly in terms of the latter's imports. Indeed, the difference in the volume of imports and exports has generated a growing trade deficit with the Asia-Pacific region over the last three decades, amounting to US\$ 85 billion in 2010.
- Behind the dynamic trade between the two regions, China is playing an increasing role in both exports and imports, rapidly displacing Japan as the largest trade partner in the Asia-Pacific region at the start of the decade, despite Japan's slight recovery in recent years on the export side. In addition, the ASEAN (6) grouping (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam) has overtaken the Republic of Korea as a source of imports for Latin America and the Caribbean and as a destination for its exports.

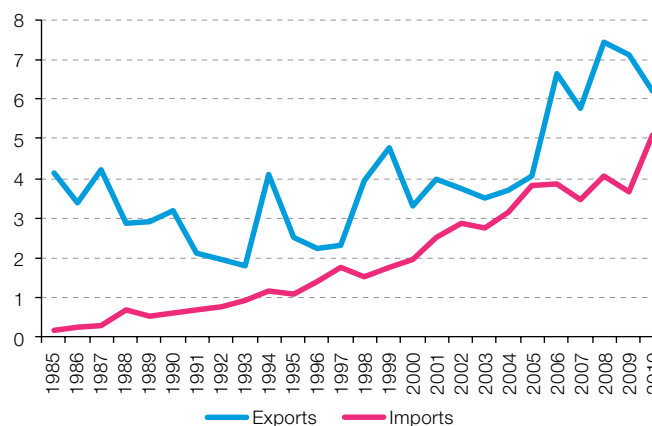
## 2. Trade between Latin America and India is a recent phenomenon

- The region's trade with India was negligible until the beginning of the past decade. Since then, trade with the Asian country has burgeoned. According to the official statistics of the countries of the region. Imports from India are estimated to have reached US\$ 10 billion in 2010, while the value of the region's exports to India totalled US\$ 9 billion.
- Even compared with the impressive performance of China in the Latin American and Caribbean region, India has become an important trading partner for the region as a whole. Nonetheless, India's share in Latin American and Caribbean trade with Asia-Pacific is still at an incipient stage; its 6.2 % share in the region's exports to Asia-Pacific is below the 8.8% share of Republic of Korea and the 12.9% share of ASEAN (6). India's share in the region's imports from Asia-Pacific is even lower, at 5.1%.
- There is significant potential for boosting trade in the coming years, given the new growth paradigm of Latin America and the Caribbean and the favourable mindset of Latin Americans towards India.

**Figure II.2**  
**INDIA'S TRADE WITH LATIN AMERICA AND THE CARIBBEAN, 1985-2010**  
(Millions of dollars)



**Figure II.3**  
**LATIN AMERICA AND THE CARIBBEAN: INDIA'S SHARE IN THE REGION'S TRADE WITH ASIA-PACIFIC, 1985-2010**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

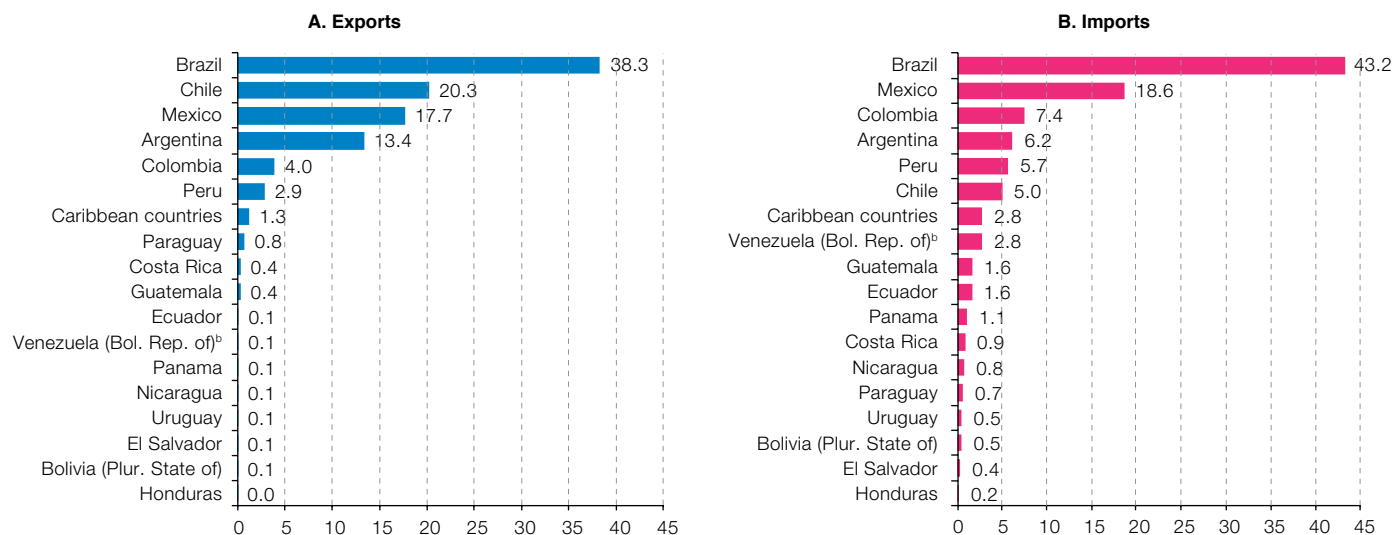
**Note:** Asia-Pacific includes Australia, China, Japan and the Republic of Korea, and ASEAN (6) consists of Indonesia, Malaysia, the Philippines, Thailand, Singapore and Viet Nam.

### 3. The region's trade with India is concentrated in a small number of countries

Figure II.4

#### LATIN AMERICA AND THE CARIBBEAN: TRADE WITH INDIA, AVERAGE 2008-2010<sup>a, b</sup>

(Percentages of total trade)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Data are not available for Antigua and Barbuda and Honduras from 2008; for Saint Kitts and Nevis and Saint Lucia from 2009 ; or for Bahamas, Granada, Honduras, Saint Kitts and Nevis, Saint Lucia, Trinidad and Tobago and Uruguay from 2010.

<sup>b</sup> Oil statistics were estimated by COMTRADE and may not be included for every country.

- According to the official statistics of the countries of Latin America and the Caribbean, the region's exports to India reached US\$ 7 billion a year in 2008 and 2009. The four major exporters, Brazil, Chile, Mexico and Argentina, accounted for almost 90% of region's exports to India during the period. The Caribbean countries represented 1.3 % of total exports.
- The region's imports from India totalled an annual average value of US\$ 7.7 billion. Brazil, Mexico, Colombia, Argentina, Peru and Chile, by order of importance, absorbed 86% of the region's total imports from India. The Caribbean played a more significant role in imports than exports, accounting for 2.8% of total imports (for more detailed information by country, see tables A.1 and A.2 of the annex).

## 4. According to India's official statistics, the order of importance of its trade partners differs dramatically

Table II.1

### INDIA: TRADE WITH LATIN AMERICA AND THE CARIBBEAN, ANNUAL AVERAGE, APRIL 2009 TO MARCH 2011

(Millions of dollars and percentages of regional total)

Ranking	Exports			Imports		
	Country	US\$ million	Share	Country	US\$ million	Share
1	Brazil	3 192.5	38.83	Venezuela (Bol. Rep. of)	4 047.9	32.90
2	Bahamas	1 528.4	18.59	Brazil	3 493.4	28.39
3	Mexico	754.7	9.18	Chile	1 334.8	10.85
4	Colombia	471.9	5.74	Mexico	1 106.2	8.99
5	Chile	413.6	5.03	Argentina	847.5	6.89
6	Peru	364.9	4.44	Colombia	640.2	5.20
7	Argentina	334.1	4.06	Panama	277.4	2.25
8	Venezuela (Bol. Rep. of)	176.9	2.15	Peru	162.0	1.32
9	Ecuador	107.5	1.31	Ecuador	118.1	0.96
10	Trinidad and Tobago	104.7	1.27	Costa Rica	94.5	0.77
11	Guatemala	99.1	1.21	Trinidad and Tobago	68.9	0.56
12	Panama	98.0	1.19	Guatemala	23.0	0.19
13	Uruguay	69.4	0.84	Uruguay	16.7	0.14
14	Dominican Republic	67.6	0.82	Honduras	13.4	0.11
15	Honduras	53.1	0.65	Dominican Republic	12.6	0.10
16	Haiti	46.7	0.57	Guyana	8.8	0.07
17	Costa Rica	46.6	0.57	Antigua	7.8	0.06
18	British Virgin Islands	40.9	0.50	El Salvador	5.4	0.04
19	Netherlands Antilles	40.5	0.49	Paraguay	5.3	0.04
20	Paraguay	39.7	0.48	Bolivia (Plur. State of)	5.0	0.04
	Others	171.8	2.09	Others	15.8	0.13
	Total	8 222.6	100.00	Total	12 304.7	100.00

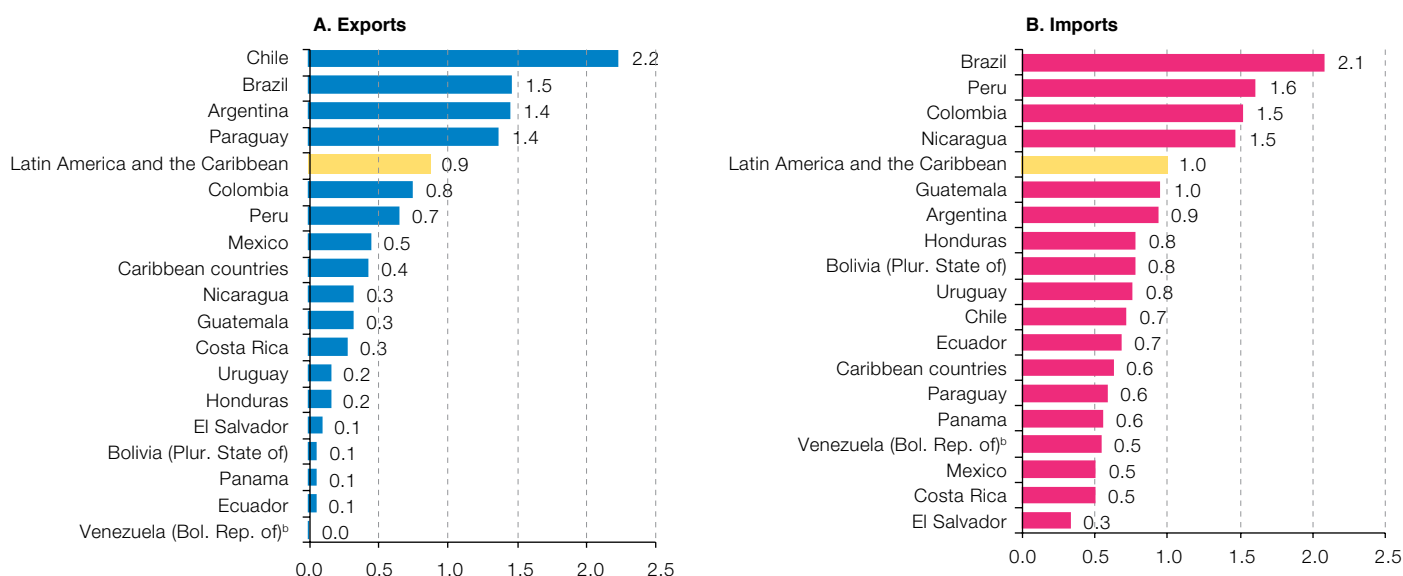
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Ministry of Commerce and Industry, Export Import Data Bank [online] <http://commerce.nic.in/eidb/Default.asp>.

- According to India's official statistics for the fiscal years 2009 and 2010, the country's exports to Latin America and the Caribbean reached US\$ 8.2 billion, while its imports from the region totalled US\$ 12.3 billion.
- Brazil is the largest export destination, accounting for almost 40% of total exports to the region. The combined share of the top seven destination countries (Brazil, Bahamas, Mexico, Colombia, Chile, Peru and Argentina) represented 86% of total exports to the region.
- With respect to imports, the Bolivarian Republic of Venezuela and Brazil led the list, with a combined share of 61%. Chile, Mexico, Argentina and Colombia were also important sources of Indian imports.
- The major differences between the official statistics produced by India and those produced by the countries of Latin America and the Caribbean probably stem from the fact that: (i) data on oil trade destinations are not always available, as is the case for the Bolivarian Republic of Venezuela; and (ii) India's statistics report on the basis of ports of arrival rather than final destination.

## 5. For the majority of the countries in the region, India is still an unexploited export market and a minor source of imports

Figure II.5

**LATIN AMERICA AND THE CARIBBEAN: RELATIVE IMPORTANCE OF INDIA AS A TRADE PARTNER, ANNUAL AVERAGE, 2008-2010<sup>a, b</sup>**  
(Percentages of each country's total exports and imports)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Data are not available for Antigua and Barbuda and Honduras from 2008; or for Saint Kitts and Nevis and Saint Lucia from 2009; or for Bahamas, Granada, Honduras, Saint Kitts and Nevis, Saint Lucia, Trinidad and Tobago and Uruguay from 2010.

<sup>b</sup> Oil statistics were estimated by COMTRADE and may not be included for every country.

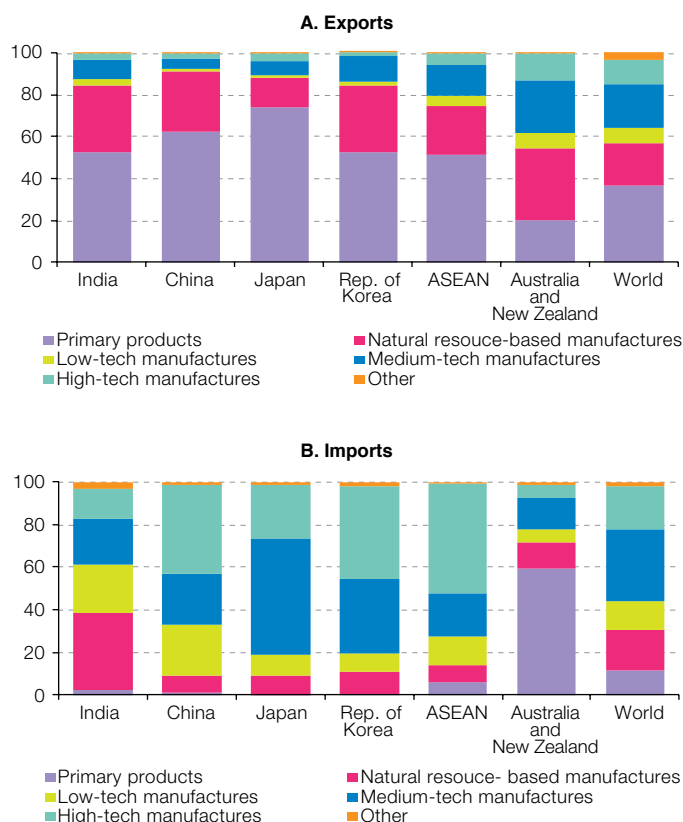
- India is not yet a major destination for the region's exports, receiving only 0.9% of the region's total exports in 2008-2010. Among the countries of the region, Chile sends the highest proportion of its total exports to India: 2.2%. Brazil, Argentina and Paraguay are the only other countries to surpass the regional average.
- Nor is India an important source of the region's imports. In 2008-2010, only 1% of the region's total imports originated from India. The countries that rely more on India as an import source are Brazil, Peru, Colombia and Nicaragua (for more detailed information by country, see tables A.1 and A.2 of the annex).



## 6. The region's exports to India are concentrated in primary products and natural resource-based manufactures, while its imports from India are of a more diverse nature

Figure II.6

**LATIN AMERICA AND THE CARIBBEAN: TRADE STRUCTURE WITH SELECTED MARKETS IN ASIA-PACIFIC, BY TECHNOLOGICAL INTENSITY, ANNUAL AVERAGE, 2008-2010<sup>a, b</sup>**  
(Percentages of total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Data are not available for the Bolivarian Republic of Venezuela from 2007; for Antigua and Barbuda and Honduras from 2008; or for Saint Kitts and Nevis and Saint Lucia from 2009.

<sup>b</sup> Oil statistics for the Bolivarian Republic of Venezuela were estimated by COMTRADE and may not include data for every country.

- The region's export basket for India is similar to that for other Asian countries, that is, primary products and natural resource-based manufactures account for the lion's share of total exports. The share of primary products could be even higher if oil exports from the Bolivarian Republic of Venezuela were taken into account. This contrasts with the region's export basket for other trading partners, especially for intraregional trade within Latin America and the Caribbean, which consists of a high proportion of manufactures of different technological intensities.
- Notably, the region's import structure from India is quite different to that from other Asian countries. The import basket from India consists not only of manufactures, but also natural resource-based manufactures. The shares of medium- and high-tech manufactures are also much lower when compared with the import baskets from China, Japan and the Republic of Korea.
- Therefore, the typical inter-industry trade structure of the region with Asia, in which the region exports primary products and imports manufactures, does not necessarily apply to India.

## 7. The region's exports to Asia, and especially to India, are limited in terms of range of products

Table II.2

### LATIN AMERICA AND THE CARIBBEAN: NUMBER OF PRODUCTS EXPORTED TO THE MAIN MARKETS, ANNUAL AVERAGE, 2007-2009

(Number of products at the six-digit level of the 2002 Harmonized System)

	India	China	Japan	Republic of Korea	ASEAN	European Union	United States	Latin America and the Caribbean
Argentina	373	521	453	251	674	2 258	1 751	3 815
Bolivia (Plur. State of)	15	40	82	34	18	359	364	673
Brazil	1 031	1 172	1 266	524	1 395	3 148	2 864	3 964
Chile	113	307	324	173	254	1 429	1 340	3 108
Colombia	73	155	210	118	156	1 314	1 827	3 258
Costa Rica	54	160	112	68	176	684	1 457	2 472
Ecuador	22	65	109	61	61	753	1 020	1 803
El Salvador	15	36	39	24	40	336	1 008	2 435
Guatemala	25	193	140	304	161	843	1 534	3 284
Honduras <sup>a</sup>	27	74	76	31	47	323	922	1 851
Mexico	591	1 093	1 150	671	1 043	2 772	4 129	3 895
Nicaragua	7	35	22	44	16	174	840	1 726
Panama	45	98	50	52	92	718	1 029	2 716
Paraguay	18	57	27	12	30	345	246	1 002
Peru	58	252	447	172	184	1 555	1 688	2 872
Uruguay	42	121	49	42	100	717	448	1 430
Venezuela (Bol. Rep. of) <sup>b</sup>	40	63	67	19	120	778	849	1 663
Caribbean countries <sup>c</sup>	108	289	147	37	189	1 422	2 600	3 037
Latin America and the Caribbean	1 613	2 275	2 234	1 529	2 319	4 225	4 625	4 852

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Does not include 2008.

<sup>b</sup> Does not include 2007.

<sup>c</sup> Includes Bahamas, Barbados, Belize, Dominica, Dominican Republic, Guyana, Jamaica and Trinidad and Tobago.

- The number of products exported by Latin America and the Caribbean, as categorized under the Harmonized System at the six-digit level (5,052 tariff lines), to India is much smaller than to other regions and countries of the world. Export baskets within the region, for the United States, and for the European Union are much more diversified. At the regional level, 1,613 products (at the six-digit level of the Harmonized System) were exported to India, a much smaller number than for China, Japan and ASEAN.
- Among the countries of the region, Brazil exports the largest number of products to India, followed by Mexico, while the number of products exported by Central American countries and Paraguay is very small.

## 8. India's imports from the region are concentrated in a small number of primary products

Table II.3

### INDIA: TOP THREE IMPORT PRODUCTS FROM LATIN AMERICAN AND CARIBBEAN COUNTRIES, ANNUAL AVERAGE 2008-2010

(Percentages)

	First	Second	Third	Share in total
Argentina	Fixed vegetable oils (73.8)	Wheat, unmilled (7.6)	Leather (3.3)	84.9
Bolivia (Plur. State of)	Other crude minerals (57.9)	Leather (29.7)	Hides and skins, raw (2.5)	90.2
Brazil	Sugars, molasses and honey (18.2)	Petroleum oils, crude (32.4)	Copper ores (12.6)	63.3
Chile	Copper ores (86.7)	Inorganic chemical elements (3.5)	Other base metals ores (2.3)	92.7
Colombia	Petroleum oils, crude (88.6)	Coke and semi-coke (3.8)	Ferro-alloys (2.7)	95.2
Costa Rica	Parts for automatic data-processing machines (68.1)	Wood, in the rough (25.6)	Ferrous waste and scrap (1.3)	95.1
Cuba	Petroleum oils, crude (78.1)	Tobacco, manufactured (12.5)	Pulp and waste paper (2.5)	93.3
Dominican Rep.	Cocoa (38.2)	Ferrous waste and scrap (18.2)	Ferro-alloys (20.1)	76.6
Ecuador	Petroleum oils, crude (65.3)	Wood, in the rough (19.1)	Printed matter (6.2)	90.8
El Salvador	Wood, in the rough (84.7)	Pulp and waste paper (6.7)	Base metal waste and scrap (3.1)	94.7
Guatemala	Sugars, molasses and honey (72.2)	Wood, in the rough (10.4)	Spices (4.8)	87.6
Honduras	Ferrous waste and scrap (49.8)	Base metal waste and scrap (24.3)	Precious or semiprecious stones (11.4)	85.6
Mexico	Petroleum oils, crude (52.9)	Fertilizers (8.7)	Primary forms of iron (8.5)	70.3
Nicaragua	Ferrous waste and scrap (27.8)	Wood, in the rough (19.6)	Base metal waste and scrap (11.8)	59.4
Panama	Petroleum oils, crude (55.7)	Ships and floating structures (39.5)	Wood, in the rough (3.4)	98.7
Paraguay	Fixed vegetable oils (82.7)	Essential oils (12.1)	Leather (2.5)	97.5
Peru	Copper ores (77.3)	Other base metals ores (14.9)	Silver (1.5)	93.9
Uruguay	Wool (32.4)	Other textile fabrics (13.6)	Hollow profiles of iron (11.9)	58.1
Venezuela (Bol. Rep. of)	Petroleum oils, crude (99.5)	Flat-rolled products of iron not coated (0.15)	Polymers of halogenated olefins (0.08)	99.8
CARICOM	Natural gas (60.6)	Ships and floating structures (21.7)	Petroleum oils, crude (5.2)	87.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

- According to the country's official statistics, India's imports from the region by country are highly concentrated in a small number of products. With the exception of Uruguay, the top three products account for about 90% of total imports from each country.
- Moreover, the majority of those products are primary products or natural resource-based manufactures. The only exception is the top product for Costa Rica: parts for automatic data processing machines.

## 9. As is the case for the trade flows between Latin America and the Caribbean and other Asian countries, India has little intra-industry trade with Latin America

- The Grubel Lloyd Index indicates that: (i) intra-industry trade has increased over the years from 0.13 to 0.29 in Latin America and from 0.22 to 0.37 in Asia-Pacific; (ii) the strongest spikes in intra-industry trade coefficients are observed in intra-Asia-Pacific trade; (iii) the intra-industry trade coefficients for biregional trade between Latin America and Asia-Pacific, though rising, still remain very low at 0.06 and 0.05; and (iv) coefficients for intra-industry trade with the United States and the European Union are rising substantially for both regions. The increase is most striking in the case of intra-industry trade with the United States.
- The Grubel Lloyd Indices for Latin America with Asia-Pacific are invariably low. In the case of India, trade with Brazil and Mexico is of a more intra-industry nature than that with other countries in the region.

Table II.4

### INTRA-INDUSTRY TRADE BETWEEN SELECTED ASIA-PACIFIC AND LATIN AMERICAN COUNTRIES, 2009

(Grubel Lloyd Indices)

	Republic of Korea	China	Japan	Indonesia	Malaysia	Philippines	Singapore	Thailand	Viet Nam	Australia	New Zealand	India
Argentina	0.02	0.02	0.03	0.01	0.01	0.01	0.06	0.03	0.00	0.08	0.04	0.04
Bolivia (Plur. State of)	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brazil	0.04	0.04	0.06	0.06	0.02	0.03	0.17	0.04	0.05	0.07	0.15	0.11
Chile	0.01	0.02	0.00	0.01	0.02	0.03	0.01	0.02	0.01	0.05	0.06	0.01
Colombia	0.02	0.02	0.01	0.02	0.01	0.03	0.02	0.02	0.01	0.05	0.05	0.00
Costa Rica	0.03	0.06	0.09	0.01	0.04	0.03	0.16	0.01	0.01	0.09	0.01	0.03
Ecuador	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00
El Salvador	0.05	0.00	0.00	0.00	0.00	0.04	0.00	0.00	0.01	0.00	0.00	0.00
Guatemala	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.01
Honduras	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01
Mexico	0.03	0.05	0.12	0.07	0.03	0.03	0.36	0.05	0.04	0.23	0.06	0.10
Nicaragua	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00
Panama	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Paraguay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00
Peru	0.05	0.01	0.00	0.01	0.02	0.01	0.00	0.00	0.01	0.02	0.03	0.02
Uruguay	0.03	0.01	0.01	0.09	0.02	0.02	0.01	0.00	0.01	0.04	0.01	0.03
Venezuela (Bol. Rep. of)	0.00	0.01	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.06

More than or equal to 0.05    More than 0.10 but less than 0.20    More than 0.20

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the United Nations Commodity Trade Statistics Database (COMTRADE).

## 10. To date, the lion's share of India's outward FDI in the region has been directed towards tax haven countries

Table II.5

### INDIA: OUTWARD FDI IN LATIN AMERICA AND THE CARIBBEAN, 1996-2010<sup>a, b</sup>

(Millions of dollars and percentages)

	1996-2002	2002-2009	2009-2010	1996-2002	2002-2009	2009-2010	1996-2002	2002-2009	2009-2010
	(US\$ Million dollars)			(As percentage of regional total)			(As percentage of world total)		
South America	30	622	14	3.7	23.1	1.9	0.4	0.8	0.1
Brazil	13	508	11	1.6	18.8	1.5	0.2	0.7	0.1
Uruguay		91		0.0	3.4	0.0	0.0	0.1	0.0
Central America	1	144	32	0.1	5.3	4.5	0.0	0.2	0.3
Caribbean and other Americas	790	1 930	672	96.2	71.6	93.6	10.5	2.5	6.3
British Virgin Islands	777	1 627	567	94.6	60.3	79.0	10.3	2.1	5.3
Cayman Islands	12	221	104	1.5	8.2	14.5	0.2	0.3	1.0
Latin America and the Caribbean	821	2 697	718	100.0	100.0	100.0	10.9	3.5	6.8
World	7 525	75 985	10 623				100.0	100.0	100.0

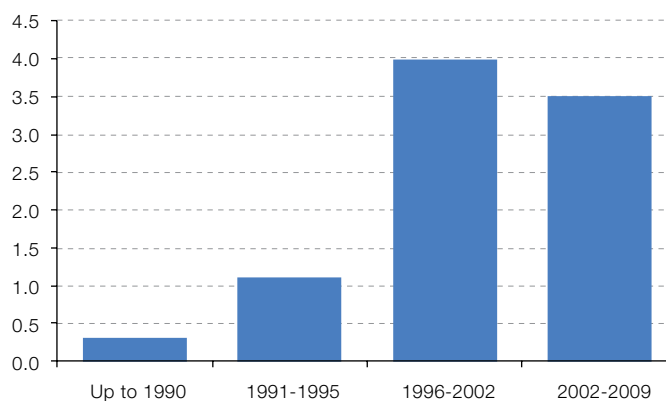
Source: Adapted from Premila Nazareth Satyanand and Pramila Raghavendran, "Outward FDI from India and its policy context", Columbia, FDI Profiles, Vale Columbia Center, 22 September 2010.

<sup>a</sup> This table relies on investment approval data because the Government of India does not publish a geographical breakdown of outward FDI flows.

<sup>b</sup> Data are by fiscal year (1 April to 31 March).

- Over the last two decades, the Latin American and Caribbean region has received about 4% of India's outward FDI.
- Of this small amount, more than 70% of the total invested in the region has gone to the British Virgin Islands and Cayman Islands.
- Productive investment in the region as a whole has therefore been quite limited.

Figure II.7  
LATIN AMERICA AND THE CARIBBEAN: SHARE IN INDIA'S TOTAL OUTWARD FDI  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Prema-Chandra Athukorala, "Outward Foreign Direct Investment from India", Asian Development Review, vol. 26, no. 2., pp. 125-153, and Premila Nazareth Satyanand and Pramila Raghavendran, "Outward FDI from India and its policy context", Columbia, FDI Profiles, Vale Columbia Center, 22 September 2010.

## 11. Though it is still concentrated in natural-resources intensive sectors, India is beginning to expand and diversify its FDI into various types of services, especially outsourcing, software development, and manufacturing

- Following a brief analysis of the list of major Indian firms operating in Latin America and the Caribbean (for more details, see table A.3 of the annex) India's FDI in the region can be characterized as follows:
  1. As with Chinese FDI in the region, the factors driving Indian FDI are access to natural resources, expansion of overseas markets (market-seeking) and improvement of production and administration efficiency (efficiency-seeking).
    - Significant Indian investments have been made in the region in the mining and hydrocarbons sector.
    - The Indian economy needs a reliable supply of raw materials, of which the Latin American and Caribbean region is a particularly rich source. This has led to many of the major investments and acquisitions made by Indian transnational companies in the region.
    - In the manufacturing sector, Chinese industries —mainly textiles, paper, automotive, electronics, information technologies and telecommunications— have selected particular countries (Brazil is clearly one of them) as a stepping stone to enter the regional market.
    - Unlike for China, sectors such as textiles have not been a target of Indian investment in the region.
  2. The construction sector has been favoured by India's FDI in the region.
    3. The service outsourcing sector has been a major target of India's FDI in the region and, as a result, has become a major player in this arena.
      - Most Indian investments in the region have been carried out by the main companies that operate in this sector worldwide. In the consulting services sector, the most well known is Tata Consultancy Services, which has operations in Argentina, Brazil, Chile, Ecuador, Colombia, Mexico, Peru and Uruguay.
      - Wipro Technologies Ltd, a software development company, has operations in Mexico and Brazil. The firm set up operations in 2007 in Monterrey, Mexico, to service North America and Latin America, and it has a payroll of approximately 1,000 employees.
    4. FDI by Latin American firms in India is even smaller.
      - Some outstanding examples include (for more details, see table A.4 of the annex):
        - (i) A joint venture was forged between Marcopolo, a Brazilian bus manufacturer, and Tata Motors, which started to produce buses in India in 2008 at its plant located in Dharwad. This plant has the capacity to manufacture 30,000 units per year and generate 6,500 direct jobs;
        - (ii) Grupo Gerdau, Brazil's largest steel manufacturer, and the Indian Kalyani Group signed a contract for a joint venture worth US\$ 170 million to operate SJK Steel Plant Ltd in the city of Tadipatri, state of Andhra Pradesh; and
        - (iii) Petrobras and Oil and Natural Gas Corporation Ltd (ONGC) signed an agreement in June 2007, granting them joint participation in exploration blocks – Brazil's first oil operations on Indian soil.

## 12. A complex network of trade agreements has emerged within and between Asia-Pacific and Latin America; however, India has shown reluctance towards signing comprehensive trade agreements with countries in the latter region

**Table II.6**  
**BILATERAL AND MULTILATERAL FREE TRADE AGREEMENTS IN ASIA-PACIFIC, BY COUNTRY AND STAGE OF NEGOTIATIONS, JUNE 2011**

	ASEAN	Japan	China	Republic of Korea	India	Australia	New Zealand
ASEAN	IF	IF	IF	IF	IF		IF
Japan	IF		FS	UN	IF	UN	FS
China	IF	FS		FS	IF	UN	IF
Korea, Rep. of	IF	UN	FS		IF	UN	UN
India	IF	IF	FS	IF		FS	UN
Australia		UN	UN	UN	FS		IF
New Zealand	IF	FS	IF	UN	FS	IF	

IF In force or signed    UN Under negotiation    FS Feasibility study

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information.

**Note:** Australia and New Zealand have a joint agreement with ASEAN. Although Japan and the Republic of Korea started negotiations in December 2003, the process was suspended in November 2004. A feasibility study on an agreement between China, Japan and the Republic of Korea was announced in May 2010.

- Some examples of trans-Pacific agreements include the trade agreement between Chile and China, the agreements Chile has with Japan and India, and Panama's agreements with Singapore and Taiwan Province of China. The Economic Partnership Agreement between Japan and Mexico entered into force in April 2005 and is considered the first agreement Japan has entered into that is of such broad scope. Several more Asia-Pacific and Latin American countries have also been involved in other initiatives, including: Chile-Korea Free Trade Agreement (the first trans-Pacific trade agreement), Trans-Pacific Strategic Economic Partnership between Chile, New Zealand, Singapore and Brunei Darussalam (referred to as the P4 agreement) and a free trade agreement between Peru and Thailand, which was concluded in 2005 but has not yet entered into effect. Chile has signed a free trade agreement with Malaysia and is at the pre-negotiation stage with Viet Nam (evaluating the possibility of an agreement). In 2010, Costa Rica signed bilateral free trade agreements with Singapore and China.
- These initiatives demonstrate that Latin American countries are intent on developing long-term relationships with Asia-Pacific even though a unified strategy does not yet exist.

**Table II.7**  
**TRANS-PACIFIC FREE TRADE AGREEMENTS, JUNE 2011**

Agreements in force	Date of entry into force
Taiwan Prov. China - Panama	1 Jan. 2004
Korea, Rep. of -Chile	1 Apr. 2004
Japan-Mexico	1 Apr. 2005
Trans-Pacific Strategic Economic Partnership Agreement (P4)	28 May 2006
Singapore - Panama	24 July 2006
China-Chile	1 Oct. 2006
India-Chile	17 Aug. 2007
Japan-Chile	3 Sept. 2007
Nicaragua-Taiwan, Prov. China	1 Jan. 2008
Honduras-Taiwan, Prov. China	1 Mar. 2008
Australia-Chile	6 Mar. 2009
India -Mercosur	1 June 2009
Singapore -Peru	1 Aug. 2009
China -Peru	1 Mar. 2010
Malaysia-Chile	15 Nov. 2010
Korea, Rep. of. - Peru	21 Mar. 2011
China-Costa Rica	1 July 2011
Agreements signed, but not yet in force	
Singapore -Costa Rica	Date signed
Thailand - Peru, Protocol	6 Apr. 2010
Japan-Peru	19 Nov. 2005
	31 May 2011
Under negotiation	
Thailand - Chile	
Viet Nam-Chile	
Singapore-Colombia	
Korea Rep. of. - México	Negotiations suspended
Korea, Rep. of. - Colombia	
Singapore - Mexico	
Proposed agreements	
Korea Rep. of. - Mercosur	
Korea, Rep. of. - Panama	
Indonesia-Chile	

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information.

### 13. India is creating a complex network of trade agreements, though most of them are partial agreements, with countries inside and outside Asia-Pacific, including partial agreements with Chile and MERCOSUR. India has been negotiating a free trade agreement with the European Union, its largest trading partner

#### ■ IN EFFECT

- Association of Southeast Asian Nations (ASEAN) (2010)
  - Asia-Pacific Trade Agreement (APTA)(1976): Bangladesh, China, India, Korea, Lao People's Democratic Republic and Sri Lanka
  - South Asian Preferential Trade Agreement (SAPTA)(1995): Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
  - South Asian Free Trade Agreement (SAFTA) (2006): Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka
  - MERCOSUR (2009)
  - Afghanistan (2003)
  - Bhutan (2006)
  - Chile (2007)
  - Republic of Korea (2010)
  - Nepal (2009)
  - Singapore (2005)
  - Sri Lanka (2001)
  - Japan (2011)
  - Malaysia (2011)
  - Thailand (2011)
  - Global System of Trade Preferences among Developing Countries (GSTP) (1989): Includes a number of Latin American and Caribbean countries, such as the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Cuba, Mexico, Nicaragua, Plurinational State of Bolivia and Trinidad and Tobago
- #### ■ UNDER NEGOTIATION
- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Area ((FA) signed/FTA Under Negotiation)
  - India-Gulf Cooperation Council Free Trade Area ((FA) signed/FTA Under Negotiation since October 2007)
  - India-Southern African Customs Union (SACU) Preferential Trade Agreement ((FA) signed/FTA under Negotiation)
  - European Union (under negotiation since June 2007)
  - EFTA (under negotiation since October 2008)
  - Gulf Cooperation Council (GCC) (under negotiation since 2006)
  - New Zealand (under negotiation)
- #### ■ PROPOSED/UNDER CONSULTATION AND STUDY
- Comprehensive Economic Partnership for East Asia (ASEAN+6)
  - India-Australia Free Trade Agreement
  - India-Canada Economic Partnership Agreement
  - India-Colombia Preferential Trading Arrangement
  - India-Indonesia Comprehensive Economic Cooperation Arrangement
  - India-Israel Preferential Trade Agreement
  - India-Russian Federation Comprehensive Economic Cooperation Agreement
  - India-Turkey Free Trade Agreement
  - India-Uruguay Preferential Trading Arrangement
  - India-Bolivarian Republic of Venezuela Preferential Trading Arrangement
  - People's Republic of China-India Regional Trading Arrangement
  - India-Egypt Preferential Trade Agreement
  - India-Mauritius Comprehensive Economic Cooperation



## 14. The region's exports of raw materials to India are expected to grow, but will face stiff competition in the Indian market from exporters from other regions

- This competition is illustrated in table II-8, which lists the 20 main products imported by India from Latin America and the Caribbean in 2008-2010, the top three suppliers of each product to India and their respective market shares.
- Crude oil, copper ores and edible oil are the top three items, accounting for 76% of total imports from the region. Imports of these three products are expected to increase in the coming years in view of the growing demand and sluggish domestic production.
- It is striking that many countries of the Asia-Pacific region are also suppliers of the same natural resources, yet Latin America and the Caribbean maintains a sizeable comparative advantage in the Indian and other Asian markets.

Table II.8

### INDIA: 20 LEADING PRODUCTS<sup>a</sup> IMPORTED FROM THE LATIN AMERICAN AND CARIBBEAN REGION AND ITS COMPETITORS, ANNUAL AVERAGE 2008-2010

(Millions of dollars and percentages)

Ranking	SITC	Commodity description	Value <sup>b</sup>	Accum. Percentages <sup>c</sup>	Share Percentages <sup>d</sup>	World <sup>e</sup>	Leading buyer countries and import percentages					
							1st	Percentages	2nd	Percentages	3rd	Percentages
		All commodities	9 293.1	100.0	3.3	283 581	CHN	11.2	ARE	7.4	USA	6.6
1	333	Petroleum oils, crude	5 006.4	53.9	6.9	72 332	SAU	19.4	IRN	13.1	NGA	10.6
2	283	Copper ores	1 542.9	16.6	43.4	3 551	CHL	31.5	AUS	19.7	IDN	13.9
3	421	Fixed vegetable oils	597.2	6.4	61.0	978	ARG	50.1	UKR	25.7	BRA	10.6
4	061	Sugars, molasses and honey	418.6	4.5	78.2	535	BRA	74.6	THA	8.6	GTM	6.1
5	562	Fertilizers	111.1	1.2	1.4	7 961	USA	22.3	RUS	13.2	CHN	12.2
6	793	Ships and floating structures	107.5	1.2	3.1	3 484	SGP	14.3	NOR	13.5	CHN	13.2
7	343	Natural gas	99.7	1.1	3.9	2 541	QAT	60.9	BEL	7.4	RUS	6.1
8	041	Wheat, unmilled	94.6	1.0	87.5	108	ARG	141.5	BRA	33.5	RUS	30.4
9	672	Primary forms of iron	83.5	0.9	21.7	386	MEX	37.2	UKR	14.1	CHN	12.4
10	287	Other base metals ores	66.9	0.7	11.7	574	AUS	27.2	ZAF	25.2	GAB	6.7
11	673	Flat-rolled products of iron not coated	66.6	0.7	2.1	3 136	CHN	27.1	KOR	20.7	RUS	8.1
12	247	Wood, in the rough	64.3	0.7	5.7	1 133	MYS	31.5	MMR	29.6	NZL	8.0
13	671	Ferro-alloys	61.6	0.7	13.1	470	CHN	18.3	BTN	12.6	RUS	11.3
14	931	Commodities not classified	56.9	0.6	0.7	7 918	CHN	32.2	USA	16.4	DEU	7.8
15	512	Alcohols and their halogenated derivatives	45.0	0.5	3.2	1 421	SAU	26.2	IRN	9.4	USA	9.0
16	278	Other crude minerals	43.8	0.5	11.5	380	RUS	22.0	CHN	14.5	CAN	9.6
17	759	Parts for automatic data-processing machines	43.6	0.5	3.1	1 424	CHN	37.0	MYS	19.9	SGP	12.2
18	522	Inorganic chemical elements	37.8	0.4	1.3	2 895	MAR	21.1	ZAF	12.4	USA	7.4
19	282	Ferrous waste and scrap	29.1	0.3	1.4	2 060	USA	17.5	GBR	16.7	ARE	11.7
20	764	Telecommunications equipment	27.2	0.3	0.3	9 045	CHN	57.2	KOR	8.0	USA	3.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> 20 leading products imported from Latin America and the Caribbean by India, based on its average import value in 2008-2010, with their SITC Rev. 2 codes.

<sup>b</sup> The order reflects the import value of these products.

<sup>c</sup> Share of the product in India's total imports from Latin America and the Caribbean.

<sup>d</sup> Share of the product imported from Latin America and the Caribbean in the total value of the product imported worldwide.

<sup>e</sup> Total value of imports of the product worldwide.

## 15. The region's imports from India range from primary products to manufactures of varying technological intensities. Countries of the region are expected to face strong competition from the Asian country in relation to these products in the future

Table II.9

### INDIA: 20 LEADING PRODUCTS<sup>a</sup> EXPORTED TO THE LATIN AMERICAN AND CARIBBEAN REGION AND ITS COMPETITORS, ANNUAL AVERAGE 2008-2010

(Millions of dollars and percentages)

Ranking	SITC	Commodity description	Value <sup>b</sup>	Accum. Percentages <sup>c</sup>	Share Percentages <sup>d</sup>	World <sup>e</sup>	Leading buyer countries and export percentages					
							1st	Percentages	2nd	Percentages	3rd	Percentages
		All commodities	5 904.2	100.0	3.1	193 012	ARE	12.4	USA	11.1	CHN	6.5
1	334	Petroleum oils, preparations	2 204.4	37.3	7.2	30 475	ARE	14.9	SGP	12.2	NLD	11.1
2	651	Textile yarn	424.9	7.2	13.4	3 178	BGD	11.4	BRA	9.5	TUR	7.8
3	542	Medicaments	299.6	5.1	5.9	5 058	USA	24.9	RUS	5.8	GBR	4.6
4	781	Motor vehicles for the transport of persons	263.0	4.5	8.2	3 224	GBR	9.0	ITA	7.4	DZA	7.2
5	516	Other organic chemicals	241.0	4.1	9.2	2 606	USA	18.8	DEU	6.2	CAN	5.2
6	591	Insecticides	219.4	3.7	20.6	1 065	USA	12.5	BRA	8.3	NLD	4.7
7	674	Flat-rolled products of iron, coated	135.0	2.3	8.7	1 548	ARE	11.5	USA	11.2	ITA	8.0
8	325	Coke and semi-coke	130.8	2.2	99.6	131	BRA	91.4	ARG	16.4	ITA	12.1
9	679	Hollow profiles of iron	109.7	1.9	3.8	2 884	USA	27.5	SAU	11.5	ARE	8.6
10	541	Medicinal and pharmaceutical products	90.9	1.5	7.4	1 231	USA	10.7	BRA	4.6	CHN	3.8
11	531	Synthetic organic colouring matter	84.1	1.4	7.7	1 095	USA	10.4	DEU	6.4	ITA	6.1
12	676	Shapes and sections of iron	56.7	1.0	6.4	887	DEU	11.2	USA	11.0	ITA	6.3
13	785	Motor cycles	54.0	0.9	6.1	884	NGA	12.6	COL	10.4	LKA	10.3
14	784	Parts and accessories of motor vehicles	52.6	0.9	3.1	1 704	USA	23.3	ITA	6.2	THA	5.9
15	842	Women's or girls' clothes, not knitted	47.3	0.8	1.4	3 388	USA	26.8	GBR	13.6	DEU	7.9
16	515	Other organic chemicals	45.0	0.8	5.7	792	USA	16.0	DEU	9.5	CHN	9.3
17	716	Rotating electric plant, and parts thereof	41.3	0.7	4.3	966	USA	31.9	BRA	9.6	AUS	9.5
18	625	Tyres	41.1	0.7	4.5	912	ARE	6.7	USA	5.8	PHL	5.3
19	673	Flat-rolled products of iron not coated	36.3	0.6	2.9	1 232	BEL	25.2	ARE	10.1	NPL	6.4
20	722	Tractors	35.7	0.6	8.8	407	USA	35.6	BGD	5.7	TUR	5.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> 20 leading products exported to Latin America and the Caribbean by India, based on average export value in 2008-2010, with their SITC Rev. 2 codes.

<sup>b</sup> The order reflects the export value of these products.

<sup>c</sup> Share of the product in India's total exports to Latin America and the Caribbean.

<sup>d</sup> Share of the product exported to Latin America and the Caribbean in the total value of the product exported worldwide.

<sup>e</sup> Total value exports of the product worldwide.

- The list of the top 20 products exported to the region by India includes products in which Latin America is a major supplier to its own region.
- Notwithstanding the increasing role of India as a major supplier of manufactures to the region, competition within Latin America is expected to intensify, and diversion of trade by India may have a significant impact on the region, unless proactive policies are adopted.

## 16. Latin America and the Caribbean competes with other countries in Indian markets of primary products and their processed goods, and competes with India in third markets

Table II.10

### INDIA'S TRADE BALANCE WITH SELECTED TRADING PARTNERS, BY TECHNOLOGICAL INTENSITY, ANNUAL AVERAGE 2008-2010

(Millions of dollars)

	Exports	Imports	Balance	Primary products		Manufactures			
				Products	Natural resources	Low-tech	Medium-tech	High-tech	
Africa	614	989	(374)	(5 346)	295	508	826	742	
Asia-Pacific	2 134	4 143	(2 009)	35	(341)	(1 125)	(4 202)	(5 273)	
ASEAN	881	1 123	(241)	(1 620)	(181)	88	113	(695)	
Australia and New Zealand	91	499	(408)	(2 384)	(56)	147	5	61	
China	728	1 692	(963)	3 529	(600)	(916)	(2 443)	(3 792)	
Japan	224	379	(155)	431	278	(185)	(998)	(357)	
Republic of Korea	209	451	(241)	79	218	(259)	(878)	(490)	
Commonwealth of Independent States	97	258	(161)	(109)	(248)	(89)	(604)	194	
Latin America and the Caribbean	301	418	(117)	(2 517)	235	259	225	159	
South America	229	356	(127)	(2 546)	168	185	249	157	
Mexico and Central America	58	89	(31)	(510)	32	69	(38)	(25)	
Caribbean	14	(27)	41	542	50	15	305	157	
Middle East	1 678	2 787	(1 109)	(15 137)	1 515	2 060	100	247	
European Union	1 682	1 621	61	597	76	2 258	(2 184)	(1 641)	
United States	1 142	1 031	112	74	635	1 862	(1 159)	(880)	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

- India's trade deficit with Latin America and the Caribbean is mostly attributable to its trade with South America in primary products. The deficit with Mexico and Central America is much smaller and originates from not only primary products but also medium- and high-tech manufactures.
- India has a surplus in natural resource-based manufactures with Latin America and the Caribbean, a sector in which the latter is supposed to have a comparative advantage.
- In addition to a large deficit in relation to oil imports with the Middle East, India's deficit in primary products and natural resource-based manufactures with Africa, Australia and New Zealand, and ASEAN, is comparatively large.
- India is a significant importer of manufactured goods, registering a large deficit with members of ASEAN+3 (ASEAN plus China, Japan and the Republic of Korea). India's deficit in medium- and high-tech manufactures with Asia is much larger than that with the United States or the European Union.

## 17. The continuing process of reducing trade barriers between Asian countries continues could prejudice trade with Latin America and the Caribbean

- The disadvantage that Latin American and Caribbean countries face in Indian markets compared with the countries of ASEAN would be alleviated if countries in the region signed free trade agreements with ASEAN.
- If the existing high most-favoured-nation tariffs remain in effect, Latin America and the Caribbean will face severe competition in relation to the primary markets and natural resource-based manufactures in which ASEAN countries have a comparative advantage.
- The tariffs applied to agricultural products, textiles and clothing and some machinery by ASEAN countries, as well as China, Japan and the Republic of Korea (ASEAN +3) are still high. Any reduction in tariffs in the ASEAN+3 agreement or the agreements between ASEAN and individual countries, or even in the China-ASEAN or ASEAN-India agreements, would be at the expense of Latin America and the Caribbean.

**Table II.11**

### CHINA AND INDIA: COMPOSITION OF TRADE WITH ASEAN AND LATIN AMERICA AND THE CARIBBEAN, BY TECHNOLOGICAL INTENSITY, ANNUAL AVERAGE, 2006-2009

(Percentages of each country's total exports and imports)

		China		India	
		Imports	Exports	Imports	Exports
Primary products	ASEAN	6.8	12.7	7.4	11.8
	LAC	17.0	1.8	5.9	0.5
Natural-resource based manufactures	ASEAN	13.3	11.3	15.3	12.8
	LAC	9.2	6.0	2.8	3.7
Low-tech manufactures	ASEAN	6.3	5.7	7.9	3.1
	LAC	1.8	4.3	0.9	2.9
Medium-tech manufactures	ASEAN	6.0	9.6	7.9	12.4
	LAC	1.1	5.8	1.7	4.5
High-tech manufactures	ASEAN	17.0	7.9	11.1	10.6
	LAC	1.3	3.4	0.6	5.4
Others	ASEAN	4.2	6.9	2.6	17.2
	LAC	0.1	1.7	0.3	0.8

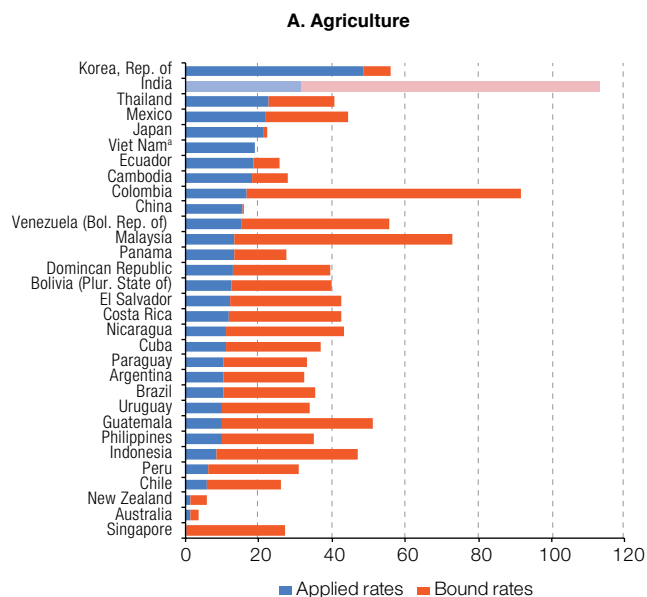
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).  
Abbreviations: ASEAN, Association of Southeast Asian Nations; LAC, Latin America and the Caribbean.

## 18. The most-favoured-nation tariff rates applied to the sectors that are of interest to the region remain high

Figure II.8

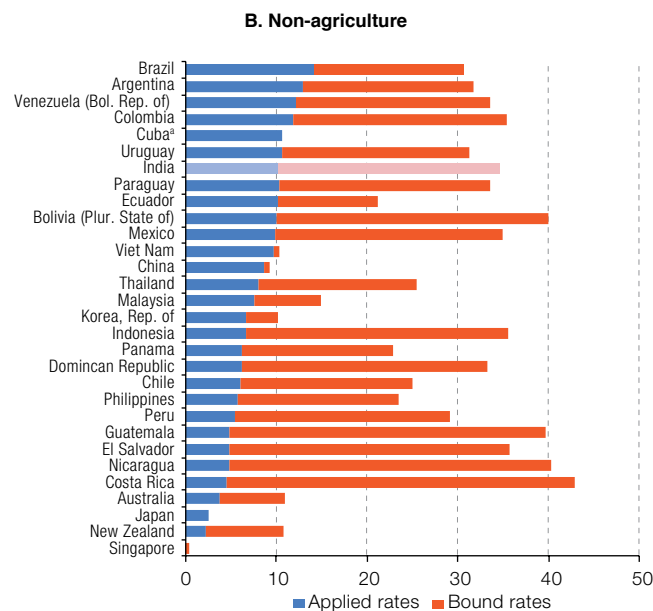
ASIA-PACIFIC AND LATIN AMERICA (SELECTED COUNTRIES): MOST-FAVOURLED-NATION SIMPLE AVERAGE APPLIED AND BOUND RATES, AGRICULTURE AND NON-AGRICULTURE, 2009

(Percentages)



Source: World Trade Organization (WTO) Tariff Profiles 2010.

<sup>a</sup> Viet Nam: bound rate 18.5% and applied rate 18.9%.



Source: World Trade Organization (WTO) Tariff Profiles 2010.

<sup>a</sup> Cuba: applied rate, 10.7% and bound rate, 9.4%.

- The tariffs applied by a large number of Asian countries, including India, and some Latin American countries to agricultural products remain quite high, while the majority of Latin American countries still apply high most-favoured-nation rates in the non-agricultural sectors. The

applied most-favoured-nation rates differ substantially to the bound rates in both agricultural and non-agricultural sectors, thereby leaving the countries with a significant margin for possible protectionism.

## 19. The Indian markets that are of major interest to Latin America and the Caribbean apply extremely high most-favoured-nation rates

- The most-favoured-nation rates applied by India in almost all sectors, with the exception of the petroleum sector, are much higher than those applied by other Asian countries. The rates are extremely high for agricultural products, in which Latin American and Caribbean countries have comparative advantages and the potential for trade expansion between India and the region is high.
- Though lower than the most-favoured-nation rates for agricultural products, those applied to industrial goods are also higher than those applied by other Asian countries. A lowering of these tariffs within the framework of the ASEAN+6 agreement would benefit Asia-Pacific countries at the expense of Latin America and the Caribbean. These high rates also impede the countries of the region from engaging in Asian supply chains.

Table II.12

### ASIA-PACIFIC AND LATIN AMERICA (SELECTED COUNTRIES): MOST-FAVOURLED-NATION TARIFF RATES, 2009

(Percentages)

	Animal products	Dairy products	Fruit, vegetables, plants	Coffee, tea	Cereals and preparations	Oilseeds, fats and oils	Sugars and confectionery	Beverages and tobacco	Cotton	Other agricultural products	Fish & fish products	Minerals & metals	Petroleum	Chemicals	Wood, paper, etc.	Textiles	Clothing	Leather, footwear, etc.	Non-electrical machinery	Electrical machinery	Transport equipment	Manufactures, n.e.s.
Australia	0.4	3.6	1.6	1.0	1.3	1.6	1.9	3.6	0.0	0.3	0.0	2.8	0.0	1.8	3.4	6.8	15.4	5.5	3.1	3.2	5.1	1.4
Cambodia	27.8	25.8	14.0	26.7	19.8	9.1	7.0	33.1	7.0	15.5	18.9	11.0	14.8	9.6	11.8	9.6	28.5	18.0	14.6	24.3	16.1	14.9
China	14.8	12.0	14.8	14.7	24.2	10.9	27.4	22.9	15.2	11.5	10.7	7.4	4.4	6.6	4.4	9.6	16.0	13.4	7.8	8.0	11.5	11.9
Indonesia	4.4	5.5	5.9	8.3	5.8	3.9	8.0	51.8	4.0	4.3	5.8	6.4	0.3	5.2	5.0	9.3	14.4	9.0	2.3	5.8	10.6	6.9
Japan	12.3	147.5	12.2	15.6	60.8	10.6	23.5	14.2	0.0	5.7	5.5	1.0	0.6	2.2	0.8	5.5	9.2	9.7	0.0	0.2	0.0	1.2
Republic of Korea	22.1	67.5	57.7	53.9	134.5	37.5	17.1	31.7	0.0	16.1	16.0	4.6	4.1	5.7	2.2	9.1	12.6	7.8	6.0	6.2	5.5	6.7
Malaysia	3.9	2.3	3.6	5.7	4.5	1.8	2.5	155.2	0.0	0.6	1.2	11.2	0.7	2.9	10.1	10.3	15.9	13.9	3.6	4.3	11.6	4.8
New Zealand	1.5	1.4	1.2	2.3	2.9	0.6	1.5	3.0	0.0	0.7	0.4	1.8	0.2	0.8	1.3	1.9	9.6	3.1	3.0	2.6	3.1	1.7
Philippines	21.0	3.9	9.8	15.7	10.9	5.6	16.0	8.2	2.6	3.4	8.1	4.9	2.9	3.8	6.6	9.1	14.9	6.6	2.3	4.0	9.1	4.9
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thailand	28.7	24.8	30.5	28.3	18.1	10.0	22.3	41.9	0.0	9.4	11.7	6.0	6.0	3.1	6.9	8.0	29.8	12.4	4.1	7.5	20.3	10.2
Viet Nam	14.6	12.8	24.4	29.8	21.6	8.6	15.8	50.0	6.0	6.8	25.7	8.6	13.5	4.2	13.5	10.0	19.7	15.4	4.0	10.9	18.9	12.1
India	105.9	65.0	99.4	133.1	115.7	165.2	124.7	120.5	110.0	105.6	100.8	38.3	-	39.6	36.6	30.0	37.8	34.7	28.2	27.0	35.7	30.8
Argentina	8.9	15.1	9.8	13.3	12.2	8.5	17.5	17.2	6.4	7.5	10.0	9.9	0.2	8.1	10.7	22.5	35.0	15.5	5.6	12.3	20.2	13.7
Bolivia (Plur. State of)	12.6	12.0	14.1	15.3	11.2	12.2	13.0	13.7	11.0	9.6	18.0	9.0	9.8	7.0	11.3	15.8	19.5	11.3	4.2	7.4	7.2	11.1
Brazil	8.9	15.1	9.7	13.3	11.8	8.0	16.5	17.2	6.4	7.6	10.0	10.1	0.2	8.3	10.7	22.5	35.0	15.7	12.7	14.2	18.1	15.3
Chile	6.3	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.4	6.0
Colombia	24.5	24.3	15.3	17.9	20.4	16.3	16.8	18.6	10.0	9.9	19.1	10.1	10.1	7.9	13.1	17.7	20.0	13.6	8.7	10.5	14.0	11.2
Costa Rica	21.0	43.5	11.4	12.4	10.0	6.1	17.2	12.7	0.0	4.0	8.6	3.1	7.3	1.8	5.9	7.6	13.9	7.2	1.1	2.1	4.1	6.1
Cuba	9.7	22.1	9.4	20.5	11.2	8.2	20.3	23.4	1.6	6.2	4.7	7.7	2.4	9.5	8.7	14.6	22.8	12.0	9.7	10.4	9.0	12.5
Dominican Rep.	20.9	18.6	17.0	18.1	10.9	5.1	13.0	18.1	0.0	3.0	16.3	5.8	8.4	2.8	6.6	4.1	19.9	8.7	1.7	5.7	7.3	11.4
Ecuador	28.9	31.8	20.2	24.5	21.0	13.8	12.1	24.2	4.0	5.4	24.6	6.5	4.8	3.2	13.3	18.0	30.0	13.0	3.4	7.1	8.8	14.3
El Salvador	24.0	26.1	11.4	13.0	10.9	5.7	25.2	17.7	0.0	4.2	9.2	3.4	7.6	1.9	6.2	8.2	14.9	7.8	1.2	2.6	3.9	7.4
Guatemala	12.3	13.2	11.3	13.4	10.3	5.8	11.1	17.6	0.0	4.3	9.3	3.3	6.8	1.9	6.4	8.3	14.9	7.8	1.2	2.8	6.1	6.8
Mexico	41.2	35.0	17.8	37.0	19.5	17.1	66.0	27.8	4.7	7.3	16.6	7.3	4.4	5.5	9.2	14.5	30.0	11.1	5.9	7.7	14.2	10.5
Nicaragua	15.4	26.5	11.3	13.4	11.4	6.3	29.0	13.2	0.0	4.2	9.3	3.3	7.3	1.8	6.2	8.2	14.9	7.6	1.2	2.8	3.8	6.5
Panama	21.5	37.2	10.7	19.6	13.0	9.8	24.1	13.3	0.0	7.9	12.9	7.0	3.9	1.8	7.7	3.6	11.7	8.7	4.8	7.9	11.2	10.1
Paraguay	8.9	15.1	10.1	12.4	11.5	8.0	19.6	16.7	6.4	7.5	10.0	9.7	0.2	7.8	10.3	16.4	20.4	13.1	3.2	8.5	8.3	12.5
Peru	7.7	4.5	7.5	9.0	4.4	3.4	7.0	9.3	9.0	4.6	0.6	3.0	0.0	3.1	6.7	13.1	17.0	6.8	0.8	3.1	1.5	5.5
Uruguay	8.9	15.1	9.8	11.5	11.4	8.0	17.5	16.6	6.0	7.5	10.0	9.7	0.2	7.8	10.0	16.5	20.0	15.3	3.3	11.3	8.6	13.3
Venezuela (Bol. Rep. of)	17.2	19.3	14.8	17.9	17.8	16.0	17.4	18.6	10.0	9.2	19.1	10.3	9.8	8.3	13.3	17.8	20.0	13.3	9.2	11.4	14.1	11.4

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Trade Organization (WTO), Tariff Profiles 2010.



## **Conclusions and recommendations**





Given the current uncertainty in the world economy and its new emerging structure increasingly centred on emerging markets, in particular the BRICs, government authorities in Latin America and the Caribbean should redouble their efforts to identify and capitalize on the potential complementarities created by greater integration with that group of countries. Of the four BRICs economies, China, Brazil and India are likely to continue to be at the heart of the significant changes taking place in the world's economic structure and power balance in the global economy. Countries of the region and India could boost their potential by reinforcing the bridges of South-South cooperation.

Like in China, economic growth in India has been faster than that in developed and other emerging markets. India was able to grow at a positive rate during the international financial crisis, thanks to the implementation of a stimulus package and a countercyclical fiscal policy. India's strong growth fundamentals, high saving and investment rates, fast labour force growth and rapidly expanding middle class are likely to ensure a steady economic performance, with little volatility in GDP growth rates from year to year. However, economic growth will continue to be constrained by infrastructure bottlenecks, shortages of skilled labour and the difficulties involved in shifting resources from low productivity agriculture to higher productivity manufacturing.

The first decade of this new century has seen a solid performance by Latin America and the Caribbean. Between 2003 and 2008, regional GDP growth averaged nearly 5% per year, with per capita GDP increasing by over 3% per annum. This growth was coupled with improvements in labour-market indicators and a reduction in poverty in the region. One of the most outstanding features of this period was the priority placed by policymakers, in most countries, on maintaining macroeconomic balances, which helped to generate surpluses in both their external and their fiscal accounts. The highly favourable external economic environment during this period, especially the increasing demand for primary products in Asian countries, was another contributing factor. The ramparts that the countries of the region had built through sounder macroeconomic policy management during this period made it possible for the region to weather the international crisis with unprecedented resilience and to emerge from it more quickly and robustly than the developed countries. The region's economy grew by 6.1% in 2010 and is expected to grow by over 4.5% in 2011.

Medium-term perspectives look promising for India and Latin America and the Caribbean. This reflects not only the larger influence of emerging economies in the main variables of the world economy, but also the stronger links between emerging and developing economies through increased South-South trade and investment. Countries in the region must work together with India to anticipate this new scenario, adjusting their policies and strategies so as to take advantage of the growing potential of South-South economic links and cooperation, by creating biregional business alliances, enhancing cooperation in innovation and human capital

in order to diversify trade, add greater value and knowledge to exports, and help create more stable conditions for growth.

The region's trade and investment relations with India, though still in their infancy, are expanding rapidly. So far, Latin American exports to India have been dominated by natural resource-based manufactures, while the region's imports from India have consisted mainly of natural resource-based manufactures low-, medium- and high-technology manufactures. Given the inter-industrial nature of trade between India and Latin America, the region should seek to create partnerships between its firms 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 best approach may be to build partnerships around chains, in order to increase the sophistication of the natural resource-based manufactures that the region exports to India. Latin America should make optimal use of its natural resources, promoting long-term contracts, investment agreements and technological partnerships in the natural resources sector, as well as strategic production clusters among countries, firms and specific geographical areas in Asia, including India. Strategic partnerships should also be created to increase value added throughout the production and marketing chain, and mutually beneficial technological partnerships should be developed (to apply advances in biotechnology to agro-industry, mining, forestry and fisheries, for example). With respect to India, the creation of value-chains in services will be a high priority.

India's raw material needs can be met and its food security facilitated by trade with Latin America and the Caribbean. The region is gradually transforming into one of the major suppliers of India's essential raw materials, such as crude oil, edible oils, and several minerals and metal products. The region also has a large available fertile land area and abundant water resources. Trade and investment with India in natural resource-related areas are expected to expand in the future. At the same time, investments in other fields should also be encouraged. As has occurred in recent years, India's FDI in the region is expected to continue increasing in areas such as the information and communications technology sector and other services, including construction, manufacturing, and the pharmaceutical industry. A more diversified trade and investment pattern with India would help to attenuate the region's skewed export structure based on primary products.

To promote trade and investment flows between Latin America and India in such a way as to improve competitiveness, the following constraints need to be addressed: (i) the fact that trade flows by country and the composition of traded products are highly concentrated; (ii) the nature of these flows is almost exclusively inter-industry, and India exports mainly manufactured goods, while Latin America and the Caribbean exports mainly raw materials; and (iii) that this characteristic makes it harder for the region's countries to engage more effectively in the productive chains of the Asia-Pacific region, which are increasingly intra-industry, and into which Indian companies are beginning to integrate. The Latin American and Caribbean region should therefore adopt a two-pronged approach: first, it should pursue a more efficient and coordinated exploitation of natural resource-based comparative advantages; and, second, it

should make greater efforts to promote industrial development by improving the corresponding international competitiveness in manufacturing sectors.

Like China, India has become a major destination for exports from other Asian countries, which have gradually attained a higher degree of specialization, and now produce not only natural resource-based manufactures, but also more complex inputs. Latin American countries with a solid industrial base, such as Brazil and Mexico, should be encouraged to integrate into the complex “Asian Factory” supply chain network that has been created as a result of ASEAN.

Notwithstanding the significant role played by some Latin American countries as leading suppliers of primary products, competition in that sector between Asia and South America is likely to intensify, leading to significant diversion of trade for the region, unless proactive policies are pursued with regard to the adoption of bilateral or subregional trade agreements. Such agreements would have a positive impact on the region, given their effect on international flows of foreign direct investment, as well as the business that they would generate for products currently facing sharp competition in the Indian and other Asian markets from the economies of Asia, North America and Europe.

In this regard, India’s preferential trade agreements with MERCOSUR and Chile have given a boost to the region’s trade with India. However, these agreements still focus mainly on market access for goods only, and in order for them to play a critical role in trade and investment promotion, their scope and depth should be widened to include other areas such as services, investment, government procurement and intellectual property rights. At the same time, more countries in the region should show an interest in negotiating comprehensive free trade agreements with India in the future, or at least partial preferential agreements, which could later be upgraded.

During the favourable external cycle of 2003-2008, Latin America grew faster than at any time in the last four decades, but it did not reduce its productivity gap with industrialized economies or that between modern and less advanced sectors within the region’s national economies. The countries of the region urgently need to: (i) develop new linkages to strengthen innovation and competitiveness (a weakness in the Latin American region); (ii) strengthen links between trade and investment; and (iii) consolidate productive and technological linkages. The success of any strategy aimed at convergence with industrialized economies will be measured by indicators showing innovation, productivity, diversification of the productive and export base, a more qualified workforce, a strengthening of the link between exports and the rest of the economy, and a less unequal income distribution. To differing degrees, India shares these fundamental problems in its own economy, making these systemic issues good areas for mutual cooperation in the coming years.

Latin American countries should strengthen their trade ties and increase their productive complementarity with India, striving to integrate into Asian production and export chains. To do so, they will need to form trade and investment partnerships that go beyond free trade agreements. Although these agreements may be important, they are not enough to generate the scale and critical mass needed to encourage trade and technology partnerships between

the two regions, or to reduce the marked asymmetry between the increasing volumes of trade and still small reciprocal levels of investment. The relationship between trade and FDI can also be affected by broadly defined transaction costs that include transportation costs, as well as trade logistics, and communication with trading partners. Companies must decrease costs and improve product quality, delivery and customer service in order to maintain good relationships with their clients in an increasingly globalized economy.

A complex and complete network of free trade agreements has emerged in the Asia-Pacific region, with the ASEAN at its core. The proliferation of free trade agreements in this region involves not only those signed by ASEAN as a whole or its individual member countries, but also those within the framework of ASEAN+3 (ASEAN plus China, Japan and the Republic of Korea) or ASEAN+6 (ASEAN+3 plus India, Australia and New Zealand). As India becomes increasingly integrated into Asian supply chains, by way of greater production and trade complementarities and lower levels of protection in goods and services among the parties to these free trade agreements, Latin America and the Caribbean, as an exporter of primary products and their processed goods, could find itself increasingly at a disadvantage. The work that lies ahead for ASEAN+6 is fundamentally important for Latin America and involves areas in which the region can contribute in a way that is beneficial to both regions.

India is in a position to promote South-South cooperation between Latin America and the Caribbean and the Asia-Pacific region. Both regions have a tradition of fruitful cooperation in regional and multilateral forums, including within the United Nations system. India and Latin America have been, and will continue to be, key actors in safeguarding an effective multilateral system and promoting the democratization of global governance structures. In respect of the Doha Development Agenda, for instance, both should continue stressing the importance of close coordination to bring to the fore the development dimension in every aspect of the negotiations, promoting the interests of developing countries and reaffirming their commitment to work closely together in the Group of Twenty (G20).

The ascendancy of Latin America and the Caribbean and India in the global economy may represent an opportunity in the medium and long terms to the extent that it induces both countries to rethink their strategies with a view to changing their production models to adapt to the global economy and to introduce more proactive policies for productive development, competitiveness and innovation. Technological capacities will have to be strengthened significantly in order to compete on the global market on the basis of higher value-added products and knowledge-based goods and services. Latin America and the Caribbean and India can work together in the following areas of South-South cooperation:

- Development of joint strategies for trade and investment promotion;
- cooperation on infrastructure, competitiveness and innovation;
- climate change, green economy and green trade; and
- policy dialogue on cooperation.

There is a great need for information exchange on market opportunities and market access, including basic economic indicators, recent trends in biregional trade and investment, developments in regional integration, standards, tariffs and non-tariff trade measures, as well as a need for capacity- and institution-building for biregional trade and investment promotion.

The countries in both regions face several challenges: eliminating poverty, radically improving living standards and attaining food security, for example, remain among the highest priorities. This is an area conducive to wide consultation and cooperation, including South-South cooperation. The countries of the region and India need not only to tap into the resources of developed countries, but also to usher in the second Green Revolution, harnessing contemporary biotechnology, water conservation and harvesting techniques and adopting an approach that is both environmentally friendly and economically sustainable. The Indian and Latin American authorities are also committed to finding effective solutions to climate change, without foreclosing developing countries' right to accelerated economic and social development for the purposes of poverty alleviation.

The policy dialogue process should also include issues such as: (a) trade-related capacity-building, including several emerging issues such as trade facilitation and the Aid for Trade Initiative; (b) the World Trade Organization process, addressing not only the Doha Round of trade talks, but also the development dimension, the issue of convergence or divergence between regionalism and multilateralism and strengthened operational rules on special and differential treatment; and (c) free trade agreements, including bilateral, subregional or biregional free trade agreements and the related negotiation, implementation and administration processes. Policy dialogue should also address one of the main disadvantages of India and Latin American and the Caribbean in global markets today: the lack of infrastructure, trade-related logistics and efficiency in production and trading processes, which make their products less competitive on global markets.

The Indian and Latin American authorities should institutionalize the policy dialogue process by holding periodic high-level meetings and even summits, with the active participation of the private sector.



**Annex**





Table A.1

**LATIN AMERICA AND THE CARIBBEAN: EXPORTS TO SELECTED COUNTRIES AND ASIA-PACIFIC GROUPINGS, ACCUMULATED 2008-2010<sup>a</sup>***(Millions of dollars and percentages)*

	Total exports by destination								Share in total exports for Latin America and the Caribbean							Share in total exports of each country							
	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia-Pacific	World	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia-Pacific	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia-Pacific	World
Latin America and the Caribbean	36 253	8 112	152 956	20 901	53 618	29 801	301 640	2 418 928	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.5	0.3	6.3	0.9	2.2	1.2	12.5	100.0
Andean countries	2 247	628	17 902	1 482	7 836	4 499	34 595	272 191	6.2	7.7	11.7	7.1	14.6	15.1	11.5	0.8	0.2	6.6	0.5	2.9	1.7	12.7	100.0
Bolivia (Plur. State of)	32	114	468	13	977	1 675	3 279	19 068	0.1	1.4	0.3	0.1	1.8	5.6	1.1	0.2	0.6	2.5	0.1	5.1	8.8	17.2	100.0
Colombia	1 223	96	3 359	830	1 219	593	7 320	110 298	3.4	1.2	2.2	4.0	2.3	2.0	2.4	1.1	0.1	3.0	0.8	1.1	0.5	6.6	100.0
Ecuador	234	68	836	31	613	35	1 816	49 725	0.6	0.8	0.5	0.1	1.1	0.1	0.6	0.5	0.1	1.7	0.1	1.2	0.1	3.7	100.0
Peru	759	351	13 239	609	5 027	2 197	22 180	93 100	2.1	4.3	8.7	2.9	9.4	7.4	7.4	0.8	0.4	14.2	0.7	5.4	2.4	23.8	100.0
Mexico and Central America	3 767	2 160	10 378	3 914	6 824	2 513	29 555	923 085	10.4	26.6	6.8	18.7	12.7	8.4	9.8	0.4	0.2	1.1	0.4	0.7	0.3	3.2	100.0
Costa Rica	561	106	1 647	79	240	196	2 829	27 626	1.5	1.3	1.1	0.4	0.4	0.7	0.9	2.0	0.4	6.0	0.3	0.9	0.7	10.2	100.0
El Salvador	34	9	13	13	57	24	150	12 846	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.3	0.1	0.1	0.1	0.4	0.2	1.2	100.0
Guatemala	193	15	97	77	368	179	929	23 405	0.5	0.2	0.1	0.4	0.7	0.6	0.3	0.8	0.1	0.4	0.3	1.6	0.8	4.0	100.0
Honduras	1	2	42	4	19	52	120	2 628	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	1.6	0.2	0.7	2.0	4.6	100.0
Mexico	2 869	2 002	8 448	3 701	5 570	1 965	24 556	819 282	7.9	24.7	5.5	17.7	10.4	6.6	8.1	0.4	0.2	1.0	0.5	0.7	0.2	3.0	100.0
Nicaragua	3	17	17	19	43	7	106	5 778	0.0	0.2	0.0	0.1	0.1	0.0	0.0	0.1	0.3	0.3	0.3	0.7	0.1	1.8	100.0
Panama	105	9	113	21	528	89	865	31 520	0.3	0.1	0.1	0.1	1.0	0.3	0.3	0.3	0.0	0.4	0.1	1.7	0.3	2.7	100.0
Southern Cone	29 982	5 260	124 146	15 243	38 573	22 394	235 597	1 163 459	82.7	64.8	81.2	72.9	71.9	75.1	78.1	2.6	0.5	10.7	1.3	3.3	1.9	20.2	100.0
Argentina	8 145	973	15 820	2 800	1 867	1 955	31 560	193 825	22.5	12.0	10.3	13.4	3.5	6.6	10.5	4.2	0.5	8.2	1.4	1.0	1.0	16.3	100.0
Brazil	18 288	2 493	67 346	7 999	17 508	9 496	123 130	548 294	50.4	30.7	44.0	38.3	32.7	31.9	40.8	3.3	0.5	12.3	1.5	3.2	1.7	22.5	100.0
Chile	3 058	1 789	39 117	4 233	18 932	10 832	77 960	190 825	8.4	22.1	25.6	20.3	35.3	36.3	25.8	1.6	0.9	20.5	2.2	9.9	5.7	40.9	100.0
Paraguay	237	2	163	166	170	49	788	12 164	0.7	0.0	0.1	0.8	0.3	0.2	0.3	1.9	0.0	1.3	1.4	1.4	0.4	6.5	100.0
Uruguay	207	2	405	19	49	45	727	11 327	0.6	0.0	0.3	0.1	0.1	0.1	0.2	1.8	0.0	3.6	0.2	0.4	0.4	6.4	100.0
Venezuela (Bol. Rep. of) <sup>b</sup>	46	1	1 294	27	46	17	1 432	207 024	0.1	0.0	0.8	0.1	0.1	0.1	0.5	0.0	0.0	0.6	0.0	0.0	0.0	0.7	100.0
Caribbean countries	257	63	531	262	385	395	1 893	60 192	0.7	0.8	0.3	1.3	0.7	1.3	0.6	0.4	0.1	0.9	0.4	0.6	0.7	3.1	100.0
Antigua and Barbuda	0	0	0	0	0	0	1	241	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.2	100.0
Bahamas	0	4	5	0	3	0	13	1 286	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.0	0.2	0.0	1.0	100.0
Barbados	5	1	6	5	0	1	17	1 091	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.1	0.5	0.4	0.0	0.1	1.5	100.0
Belize	0	0	2	0	19	0	21	827	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	2.3	0.0	2.5	100.0
Dominica			0		0	0	0	108	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Dominican Rep.	130	16	340	58	120	1	665	15 667	0.4	0.2	0.2	0.3	0.2	0.0	0.2	0.8	0.1	2.2	0.4	0.8	0.0	4.2	100.0
Grenada	0	0	0	0	1	0	1	31	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.6	0.0	3.7	0.0	4.5	100.0
Guyana	27	6	42	14	18	3	108	2 555	0.1	0.1	0.0	0.1	0.0	0.0	0.0	1.0	0.2	1.6	0.5	0.7	0.1	4.2	100.0
Jamaica	35	10	20	2	77	19	163	5 082	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.7	0.2	0.4	0.0	1.5	0.4	3.2	100.0
Saint Kitts and Nevis	0	0	0	0	0	0	0	51	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.4	100.0
Saint Lucia	1	0	1	1	0	0	2	164	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.6	0.4	0.0	0.1	1.4	100.0
Saint Vincent and the Grenadines	0	0	0	0	0	0	0	143	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	100.0
Suriname	5	1	52	2	11	0	71	5 171	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.0	0.0	0.2	0.0	1.4	100.0
Trinidad and Tobago	55	26	63	179	137	371	831	27 776	0.2	0.3	0.0	0.9	0.3	1.2	0.3	0.2	0.1	0.2	0.6	0.5	1.3	3.0	100.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Data are not available for Antigua and Barbuda, and Honduras from 2008; for Grenada, Saint Kitts and Nevis and Saint Lucia from 2009; or for Bahamas, Grenada, Honduras, Saint Kitts and Nevis, Saint Lucia, Trinidad and Tobago and Uruguay from 2010.

<sup>b</sup> Oil statistics were estimated by COMTRADE and may not be included for every country.

Table A.2

**LATIN AMERICA AND THE CARIBBEAN: IMPORTS FROM SELECTED COUNTRIES AND ASIA-PACIFIC GROUPINGS, ACCUMULATED 2008-2010<sup>a</sup>***(Millions of dollars and percentages)*

	Total imports by origin								Share in total imports to Latin America and the Caribbean							Share in total imports of each country							
	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia - Pacific	World	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia - Pacific	ASEAN	Australia and New Zealand	China	India	Japan	Rep. of Korea	Asia - Pacific	World
Latin America and the Caribbean	75 670	11 027	293 875	23 114	93 729	79 666	577 081	2 337 958	100.0	100.0	100.0	100.0	100.0	100.0	100.0	3.2	0.5	12.6	1.0	4.0	3.4	24.7	100.0
Andean countries	5 568	550	33 165	3 518	10 222	7 182	60 205	264 102	7.4	5.0	11.3	15.2	10.9	9.0	10.4	2.1	0.2	12.6	1.3	3.9	2.7	22.8	100.0
Bolivia (Plur. State of)	146	17	1 320	115	1 118	98	2 813	14 781	0.2	0.2	0.4	0.5	1.2	0.1	0.5	1.0	0.1	8.9	0.8	7.6	0.7	19.0	100.0
Colombia	2 168	161	13 741	1 719	3 135	2 540	23 464	113 249	2.9	1.5	4.7	7.4	3.3	3.2	4.1	1.9	0.1	12.1	1.5	2.8	2.2	20.7	100.0
Ecuador	1 323	35	5 650	372	2 395	2 052	11 825	54 370	1.7	0.3	1.9	1.6	2.6	2.6	2.0	2.4	0.1	10.4	0.7	4.4	3.8	21.7	100.0
Peru	1 932	338	12 454	1 313	3 574	2 492	22 103	81 702	2.6	3.1	4.2	5.7	3.8	3.1	3.8	2.4	0.4	15.2	1.6	4.4	3.1	27.1	100.0
Mexico and Central America	41 723	3 941	129 480	5 455	48 065	40 561	269 225	1 015 294	55.1	35.7	44.1	23.6	51.3	50.9	46.7	4.1	0.4	12.8	0.5	4.7	4.0	26.5	100.0
Costa Rica	660	51	2 556	205	1 980	577	6 028	40 760	0.9	0.5	0.9	0.9	2.1	0.7	1.0	1.6	0.1	6.3	0.5	4.9	1.4	14.8	100.0
El Salvador	230	134	1 298	85	442	266	2 455	25 494	0.3	1.2	0.4	0.4	0.5	0.3	0.4	0.9	0.5	5.1	0.3	1.7	1.0	9.6	100.0
Guatemala	517	140	2 860	380	929	1 084	5 910	39 873	0.7	1.3	1.0	1.6	1.0	1.4	1.0	1.3	0.4	7.2	1.0	2.3	2.7	14.8	100.0
Honduras	81	17	278	47	94	43	560	5 954	0.1	0.2	0.1	0.2	0.1	0.1	0.1	1.4	0.3	4.7	0.8	1.6	0.7	9.4	100.0
Mexico	34 481	3 482	112 827	4 297	42 694	37 204	234 986	844 449	45.6	31.6	38.4	18.6	45.6	46.7	40.7	4.1	0.4	13.4	0.5	5.1	4.4	27.8	100.0
Nicaragua	203	20	930	182	307	270	1 913	12 414	0.3	0.2	0.3	0.8	0.3	0.3	0.3	1.6	0.2	7.5	1.5	2.5	2.2	15.4	100.0
Panama	5 551	96	8 731	259	1 619	1 118	17 374	46 350	7.3	0.9	3.0	1.1	1.7	1.4	3.0	12.0	0.2	18.8	0.6	3.5	2.4	37.5	100.0
Southern Cone	27 007	6 043	124 436	13 490	33 077	31 341	235 393	955 070	35.7	54.8	42.3	58.4	35.3	39.3	40.8	2.8	0.6	13.0	1.4	3.5	3.3	24.6	100.0
Argentina	4 211	836	19 575	1 427	3 478	2 316	31 843	152 749	5.6	7.6	6.7	6.2	3.7	2.9	5.5	2.8	0.5	12.8	0.9	2.3	1.5	20.8	100.0
Brazil	18 050	3 602	61 487	9 989	19 145	18 649	130 920	481 303	23.9	32.7	20.9	43.2	20.4	23.4	22.7	3.8	0.7	12.8	2.1	4.0	3.9	27.2	100.0
Chile	3 005	982	21 535	1 155	7 308	8 758	42 743	160 559	4.0	8.9	7.3	5.0	7.8	11.0	7.4	1.9	0.6	13.4	0.7	4.6	5.5	26.6	100.0
Paraguay	434	5	7 956	153	1 146	362	10 056	26 013	0.6	0.0	2.7	0.7	1.2	0.5	1.7	1.7	0.0	30.6	0.6	4.4	1.4	38.7	100.0
Uruguay	137	40	1 727	122	162	147	2 335	15 976	0.2	0.4	0.6	0.5	0.2	0.2	0.4	0.9	0.2	10.8	0.8	1.0	0.9	14.6	100.0
Venezuela (Bol. Rep. of) <sup>b</sup>	1 170	578	12 155	645	1 839	1 109	17 495	118 470	1.5	5.2	4.1	2.8	2.0	1.4	3.0	1.0	0.5	10.3	0.5	1.6	0.9	14.8	100.0
Caribbean countries	1 372	494	6 795	650	2 365	582	12 258	103 493	1.8	4.5	2.3	2.8	2.5	0.7	2.1	1.3	0.5	6.6	0.6	2.3	0.6	11.8	100.0
Antigua and Barbuda	10	3	59	2	37	2	113	793	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.3	7.4	0.2	4.7	0.3	14.3	100.0
Bahamas	-	7	-	-	37	-	43	5 928	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.6	0.0	0.7	100.0
Barbados	82	85	173	24	148	32	544	4 281	0.1	0.8	0.1	0.1	0.2	0.0	0.1	1.9	2.0	4.0	0.6	3.4	0.7	12.7	100.0
Belize	19	2	197	8	17	12	255	2 202	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.8	0.1	8.9	0.4	0.8	0.5	11.6	100.0
Dominica	3	1	19	2	28	1	54	679	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	2.8	0.4	4.1	0.2	8.0	100.0
Dominican Rep.	534	83	4 133	229	826	274	6 078	43 534	0.7	0.8	1.4	1.0	0.9	0.3	1.1	1.2	0.2	9.5	0.5	1.9	0.6	14.0	100.0
Grenada	5	5	22	2	23	3	60	645	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.8	3.3	0.3	3.6	0.5	9.2	100.0
Guyana	69	39	220	65	135	24	551	3 970	0.1	0.4	0.1	0.3	0.1	0.0	0.1	1.7	1.0	5.5	1.6	3.4	0.6	13.9	100.0
Jamaica	242	149	791	73	433	71	1 759	18 755	0.3	1.4	0.3	0.3	0.5	0.1	0.3	1.3	0.8	4.2	0.4	2.3	0.4	9.4	100.0
Saint Kitts and Nevis	3	0	4	1	10	1	18	325	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.1	1.1	0.2	3.0	0.3	5.7	100.0
Saint Lucia	13	6	7	1	28	5	59	656	0.0	0.1	0.0	0.0	0.0	0.0	0.0	1.9	0.9	1.1	0.1	4.3	0.7	9.1	100.0
Saint Vincent and the Grenadines	7	9	40	4	28	2	90	1 086	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.6	0.9	3.7	0.3	2.6	0.2	8.3	100.0
Suriname	61	1	292	37	153	7	551	4 092	0.1	0.0	0.1	0.2	0.2	0.0	0.1	1.5	0.0	7.1	0.9	3.7	0.2	13.5	100.0
Trinidad and Tobago	325	103	839	204	463	148	2 082	16 547	0.4	0.9	0.3	0.9	0.5	0.2	0.4	2.0	0.6	5.1	1.2	2.8	0.9	12.6	100.0

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).

<sup>a</sup> Data are not available for Antigua and Barbuda and Honduras from 2008; for Saint Kitts and Nevis and Saint Lucia from 2009; or for Bahamas, Grenada, Honduras, Saint Kitts and Nevis, Saint Lucia, Trinidad and Tobago and Uruguay from 2010.

<sup>b</sup> Oil statistics were estimated by COMTRADE and may not be included for every country.

Table A.3

**INDIAN COMPANIES IN LATIN AMERICA AND THE CARIBBEAN: MAJOR OPERATIONS AND FUTURE PROJECTS, BY SECTOR**

A. Information technology	
Mahindra Satyam (Satyam Computer Service Ltd)	This software development company set up its first design centre in Brazil in São Paulo in May 2007 and its second in Londrina in the state of Paraná. It employs 900 Brazilian employees.
Patni Computers	It opened its first delivery centre in Latin America in June 2009 to augment its global delivery capabilities and serve the North American and Latin American markets. It has a centre in Querétaro, Mexico, and acquired a Brazilian company in Campinas in the state of São Paulo, Brazil.
Tata Consultancy Services (TCS)	This company has operations in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, and Uruguay. It employs 7,500 software professionals in these countries. It has signed a contract worth US\$ 200 million with ABN Amro Bank in Brazil to be implemented in five years. It has also signed a US\$ 140 million contract with Banco Pichincha of Ecuador to be implemented in five years. It has a US\$ 200 million contract from the Social Security Institute of Mexico (IMSS). It has established a Global Delivery Centre and a separate Regional Training Centre in Montevideo, Uruguay. It set up a Global Delivery Centre in Guadalajara, Mexico, in May 2007. It is expected to set up operations in Peru.
Infosys Technologies Ltd	It set up its first development centre in Belo Horizonte in December 2009, offering a complete set of services to Brazilian clients and Brazilian subsidiaries. It will also provide language support in English, Portuguese and Spanish. One of its major clients is Philips Latin America. It also has two other centres in Mexico that serve 32 clients and employ 357 professionals.
Aegis	Aegis is part of Essar Group. It acquired Actionline, an Argentine business process outsourcing (BPO) company with 5,000 staff, in 2010. It is the largest Indian BPO in Latin America and the Caribbean. It has centres in Buenos Aires, Córdoba, Tucumán and Bahía Blanca. The company has another centre in Costa Rica.
Cognizant	The company has set up operations in Argentina with 200 staff.
Copal partners	This financial research company established an office in Buenos Aires in the second half of 2010.
HCL Technologies	It opened centres in Buenos Aires, São Paulo and Porto Alegre in June 2009 to service local and global clients.
Polaris	This company identifies Latin America as an integral growth market for its expansion strategy. It opened a Regional Innovation and Development Centre in Santiago, Chile, in May 2009, hiring 100 people.
Sasken Communications	It has set up a subsidiary company for IT development and support in Nuevo León, Mexico.
Wipro	This company set up operations in Monterrey, Mexico, in 2007 to serve North America and Latin America and has a payroll of approximately 1,000 employees. It has a BPO centre in Curitiba, Brazil, that provides shared services to AmBev, a leading brewery company, and recently inaugurated its new global delivery centre in the city.

Aptech	Aptech entered into a 51:49 joint venture with Falgo Group to set up IT training centres in Brazil. At present, the company has centres in Mexico, El Salvador and Peru.
Aptech, NIIT and Tata Infortech	These three companies have collaborated with Colombian universities and private companies to establish about 20 IT education centres in various Colombian cities.
ICICI	This company has a BPO in Argentina with 350 employees.
CRISIL	IREVNA, a division of CRISIL, has set up a knowledge process outsourcing (KPO) unit in Buenos Aires for equity research with 70 Argentine staff.
E-Valueserve	This market research firm started operations in Chile in 2007. It is located in Valparaíso and it currently generates 10% of the global sales of the firm and hires 6% of its labour force.
Iflex	This company has contracts for banking solutions worth US\$ 40 million in the Bolivarian Republic of Venezuela, Chile, Mexico and Panama, among other countries. It has an office in Santiago, Chile.
Flatworld Solutions	This company opened a centre in Buenos Aires in January 2010. It has other operation centres in Colombia, Paraguay, Peru and the Plurinational State of Bolivia.
24/7 Costumer	It opened a BPO in Guatemala in 2008, employing 500 local staff.
Geodesic Ltd	It has acquired a Uruguayan software company with 40 staff in Montevideo.
Hexaware Technologies	This company has acquired Fox Frames, a Mexican-based IT company, for US\$ 34 million to expand its software business.
Manthan Systems	This provider of business intelligence and analysis solutions for the retail and consumer goods sectors has opened an office São Paulo.
Global Sourcing Solutions	This company has call centres and a BPO in Argentina, Colombia, Peru and the Plurinational State of Bolivia.

## B. Pharmaceuticals

Ranbaxy Laboratories Limited	This company started up operations in Brazil in 2000. Currently, it is the sixth largest generic drug company in Brazil and it directly hires 130 employees.
Cellofarm	Cellofarm's facility in Brazil was acquired by Aspen for US\$75 million. Aspen is based in South Africa.
Glenmark	Glenmark took over Argentine company Servycal S.A. in 2005. It invested in a new facility near São Paulo and has a plant for the production of oncological medicines in Buenos Aires.
Torrent	Torrent has a Brazilian subsidiary, employing 300 Brazilian professionals.
Bilcare	Bilcare is setting up a plant in Brazil for the manufacture of pharmaceutical packaging materials.
Zydus Cadila	This company has acquired Brazilian company Nikkho, which has a turnover of over US\$ 60 million.

Manish Pharma	This company has acquired companies in the states of São Paulo and Santa Catarina, which are already operational.
Dr.Reddy's Labs	This company acquired a pharmaceutical plant for US\$ 60 million in Mexico in 2006.
Cipla	Cipla has presence in Brazil and is in the process of forming a subsidiary.
Claris Lifesciences	This company has a local subsidiary in Brazil.
PICA Labs	This company has production facilities in Brazil and an office in Colombia.
Aurobindo	Aurobindo has invested in a warehouse facility in Anápolis, Brazil.
Unichem	Unichem, Intas and Sunpharma have established subsidiaries in Brazil.
Lupin, Zydus Cadilla and Emcure	These firms are among the pharmaceutical companies actively looking for acquisition opportunities and joint ventures in the region.

### C. Minerals and metals

Videocon Industries Ltd and Bharat Petroresources	This consortium was awarded an exploration contract in Brazil for US\$ 283 million. They acquired all of the shares of Encana Brasil Petróleo Limitada that belonged to the Canadian EnCana Corporation.
Jindal Steel and Power Limited	Jindal Steel and Power Limited has branched into the mining sector through a US\$ 2.3 billion investment in the El Mutún iron ore project in the Plurinational State of Bolivia. Most of the iron ore will be exported. Jindal Steel and Power Limited has also bought a mine in northern Chile for US\$ 53 million to extract magnetite.
Tega Industries Ltd	Tega Industries Ltd acquired Chilean company Acotec S.A. in February 2011. Acotec is a \$35 million company providing products and solutions for abrasion, corrosion and fluid transportation systems to the mining industry in Argentina, Chile, Peru and the Plurinational State of Bolivia.
Aditya Birla Group	The group has acquired three aluminium plants in Pindamonhangaba, Ouro Preto and Aratu in Brazil. It plans to invest US\$300 million in increasing its aluminium production capacity by 20% to 250,000 tons by 2014.
GAIL (India) Ltd	This company announced, in September 2008, its plans to build a petrochemical complex in Colombia, along with a gas pipeline network.
Ispat Industries Ltd	The company will start iron extraction operations in Brazil and carbon exploitation in Colombia. The mine in Brazil has reserves of approximately 300 million to 500 million tons, while the Colombian mine has between 60 million and 70 million tons.
JSW Steel	JSW Steel obtained a licence for exploring and extracting magnetite in an area spanning 1,200 hectares in northern Chile, specifically in the region of Atacama, at a cost of US\$ 53 million. This licence was awarded in 2008, and mention has been made of future plans of continuing to expand its operations in the region.

Arcelor Mittal	This company has steel plants in Argentina, Brazil, Mexico and Trinidad and Tobago. It has also acquired steel-finishing and distribution companies in Argentina, Costa Rica and Uruguay.
Essar group	<p>Essar Steel Ltd is building a steel plant in Trinidad and Tobago with a capacity of 2.5 million tons. This is part of the group's plan to increase its capacity from the present level of 8 million tons to 25 million tons by 2012. The company was awarded a mining concession in Amapá, located in the north of Brazil, and the material from that concession will be processed at the plant in Trinidad and Tobago. The area of the concession in Amapá measures 7,851.69 hectares. It is 150km from the Santana Public Port in Macapá, on the banks of the Amazon river, and close to Essar's proposed steel plant in Trinidad and Tobago. This would be Essar Steel's second international raw material deposit.</p> <p>In 2007, Essar Steel acquired Minnesota Steel, which had more than 1.4 billion tons of iron ore resources in the Mesabi Range in the United States.</p>
Indo- Borax Ltd	This company acquired a borax mine in Argentina.
NALCO	NALCO has announced plans to invest in copper mining in Chile.
Zamin Resources	Zamin Resources, founded by Pramod Agarwal, who is based in London, has won an iron ore mining concession in Uruguay. This billion-dollar project is one of several investments the company has made in mining in South American countries.

## D. Energy

Oil and Natural Gas Corporation Ltd (ONGC)	<p>The company has been awarded oil fields by the Governments of the Bolivarian Republic of Venezuela and Cuba. It has acquired oil fields in Brazil, Colombia and Trinidad and Tobago. Its overseas arm, ONGC Videsh Ltd is expected to invest over a billion dollars in these projects.</p> <p>ONGC signed an agreement to explore Cuban waters in the Gulf of Mexico for oil. This area covered measures 4,300 square kilometres. In 2008, ONGC invested US\$ 356 million to acquire 40% of a joint development with Petróleos de Venezuela S.A. (PDVSA) in the fields of San Cristóbal and Junín, both belonging to the Orinoco Oil Belt. ONGC, in a joint venture with Sinopec, acquired Colombian oil company Omimex in 2006. This company has proven reserves totalling more than 300 million barrels and a daily production of approximately 20,000 barrels. In addition, in 2007, the company was awarded a deep water block and a shallow water block in the ninth round of the bidding process opened by the Brazilian regulator, the Agencia Nacional do Petróleo de Brasil. ONGC – along with the Indian Oil Corporation, Oil India, and Reliance Industries – is considering a joint investment in the Orinoco Oil Belt, which has the potential to produce 200,000 barrels of light crude oil per day. The investment in this project would come to between US\$ 16 billion and US\$ 18 billion.</p> <p>ONGC Videsh Ltd has offshore oilfield concessions in Cuba on its own and as part of a consortium led by Repsol.</p>
Bharat Petro Resources (BPR)	BPR, along with Videocon International, acquired ten blocks in Brazil from EnCana of Canada valued at US\$ 280 million. BPR and Videocon have discovered more than 90 feet of high-quality oil in their Wahoo-2 well block, also identified as BM-C-30.

Reliance Industries Ltd	<p>This company acquired the Borojo offshore oil block in the Tumaco basin on the Pacific coast of Colombia. In a joint venture with China National Petroleum Corporation and Pluspetrol Energy, it was awarded block 155 in Puno, Peru. In June 2008, it acquired 10% of block 39.</p> <p>The company signed a technical evaluation agreement, which subsequently became a production and exploration agreement with the National Hydrocarbon Agency (ANH) of Colombia.</p>
Jindal Steel and Power Ltd, Enigma Oil and Gas Exploration Ltd	<p>These companies were awarded blocks 147, 153 and 159 in the round of bids for oil and gas in Peru in 2008. Jindal Steel and Power Ltd also acquired gas blocks in the Plurinational State of Bolivia.</p>
Suzlon Energy Ltd	<p>In 2006, Suzlon Energy Ltd secured a contract for a wind energy project in north-east Brazil. The project has a capacity of 225 MW, comprising 107 units of the Suzlon S88 – 2.1 MW turbines for installation in six projects.</p>
Indian Oil Ltd	<p>This company is currently exploring the possibility of setting up an ethanol refinery in Brazil.</p>
Assam company	<p>Assam Company has entered into a farmout agreement with Sismopetrol and R3 in Colombia for the exploration and production of an oil block known as ANH El Triunfo located in Casanare in Colombia. The block size is 10,200 hectares and contains one discovered well (La Cabana). Assam Company has a 70% participating interest in the block, with Sismopetrol holds a 30% participating interest.</p>
Burlington Resources Inc.	<p>This company set up an alliance with Woodside Petroleum to acquire 50% of block 108 from Pluspetrol Energy, the company that had acquired 90% of block 141 from Pan Andean Resources Plc. in April 2008.</p>

### E. Construction

Larsen and Toubro	<p>This company was awarded a project for supplying equipment to Petrobras in 2008. In addition, early this year, the company started operations in Brazil, where it is planning to set up its oil and gas, cement and paper divisions.</p>
DS Construction	<p>In a joint venture with Israeli company Israel Corp., DS Construction acquired assets for power generation in Brazil. Its other assets include natural gas and hydroelectric power plants in Peru and the Plurinational State of Bolivia, and fuel-based power assets in the Dominican Republic, El Salvador, Guatemala, Jamaica, Nicaragua and Panama, with a total capacity of over 2,180 MW.</p>

### F. Agribusiness

Shree Renuka Sugars Ltd	<p>In February 2010, the country's major sugar producer signed a US\$ 329 million deal with a Brazilian conglomerate for a 51% share in Brazil's Equipav S.A. Açúcar e Álcool, which owns two large sugar mills with integrated co-generation facilities and has 115,000 hectares of cane-growing land in south-eastern Brazil.</p> <p>In November 2009, Shree Renuka Sugars Ltd acquired sugar and ethanol producer Vale Do Ivaí S.A. Açúcar e Álcool for US\$240 million, with its two sugar and ethanol production facilities in the state of Paraná.</p> <p>With these Brazilian acquisitions, Shree Renuka Sugars Ltd became the third biggest sugar company in the world, the number one sugar firm in India and among the top five in Brazil.</p>
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Bajaj Hindustan	This company has set up a subsidiary in Brazil and earmarked US\$ 500 million for investment.
Sterling Group	Sterling Group has bought a 2,000 hectare olive farm in Argentina.
Olam	This non-resident Indian company with headquarters in Singapore has entered into agricultural production in Argentina and cultivates 30,000 hectares. Peanut is the company's main crop and it has also acquired two peanut processing plants. In addition, it grows soybean and wheat and is starting rice production in Uruguay and Argentina. In Brazil the company has a turnover of US\$ 750 million in agrocommodities trading.
Solvent Extractors Association of India	This consortium of 16 companies has a proposal to invest US\$ 50 million in acquiring land to grow oilseed in Uruguay.
<b>G. Other sectors</b>	
Tata Motors	This company's cars are being sold in several Latin American and Caribbean countries. The company has also forged a joint production agreement with Fiat to refloat the Fiat plant operating in Córdoba, Argentina.
Bajaj Auto	This motorcycle producer has entered into an association agreement with the Guerrero Group in order to assemble motorcycles in Argentina.
Mahindra & Mahindra Ltd	This manufacturer of all-terrain vehicles and tractors, in a joint venture with Bramont, has set up an assembly plant in Manaus, Brazil. It has also joined with Venezuelan company Corporación Elice 2222 to manufacture tractors on Margarita Island.
TVS	This company has joined up with DAFRA Motos, a Brazilian company of Grupo Itavema, which has a manufacturing plant in Manaus with capacity to produce 200,000 motorcycles annually. TVS Apache RTR 150 motorcycles are now being produced at this plant.
United Phosphorous Ltd	United Phosphorous Ltd has set up two operating plants in Argentina, one in Reposo and the other one in Icona. In addition, it started operations in Brazil in 2003. The company's has a turnover of about US\$ 100 million. In 2008, United Phosphorous Ltd bought Evofarms, a Colombian agrochemical company.
Besco	Besco has entered into a joint venture in southern Brazil for the manufacture of railway wagons.
BEML Ltd	This company has set up an assembly plant in the state of Espírito Santo, Brazil, to manufacture mining, earthmoving and railway equipments.
Aditya Birla Group	Hindalco Industries, part of the Aditya Birla Group, acquired the United States-based aluminum sheet maker Novelis Inc in a deal worth about US\$ 6 billion. Novelis has assets in Brazil in the cities of Ouro Preto, Pindamonhangaba and Utinga in the states of Minas Gerais and São Paulo.
Punjab Chemicals and Crop Protection Ltd (PCCPL)	This company acquired Sintesis Quimica, an Argentine company with two factories in Argentina and a turnover of US\$ 50 million.

IFFCO	IFFCO, India's largest fertilizer producer and the world's largest in the cooperative sector, has invested US\$ 25 million in Americas Petrogas, a Canadian company, which has oil and gas projects in Argentina and a potash mine in Peru. IFFCO is working on the potash project in Peru, as part of its global fertilizer production strategy. It is planning the construction of a potassium chloride plant in Bayóvar (Piura), which will involve an investment of US\$ 200 million. It is considering a new ammonia plant in Argentina for US\$ 800 million.
Pidilite	Pidilite has acquired a Brazilian adhesive company with a turnover of US\$ 70 million.
Havells	Havells has acquired the assets and business of Sylvania in Latin America, worth US\$ 200 million. It has plants in Brazil, Colombia and Costa Rica. The chief of operations of the Americas, Mr. Kapil Gulati, manages the regional business from Costa Rica.
Birlas	This company is setting up a carbon black plant in Mexico.
Videocon	Videocon acquired a TV manufacturing plant, owned by Thomson, in Mexico for about half a billion dollars.
Vijai Electricals Ltd	This company acquired a transformers plant in João Pessoa in the north-east of Brazil for over a million dollars. It will invest more to expand capacity and reach a turnover of over US\$ 50 million.
ELGI Equipments Ltd	ELGI Equipments Ltd launched a subsidiary in São Paulo, Brazil, to market its products directly.
Godrej	Godrej acquired two Argentine companies, Issue Group and Argencos, in 2010. The two companies are in the cosmetics business with their core strength in hair colour. They have a turnover of US\$ 50 million and export their products to other Latin American countries.
Essel Propack	This company has acquired plants in Colombia and Mexico that produce laminated plastic tubes.
Megatherm	This company has set up a Brazilian subsidiary, Megatherm Group Brasil Ltda, in the foundry sector.

**Table A.4****LATIN AMERICAN COMPANIES IN INDIA: MAJOR OPERATIONS AND FUTURE PROJECTS**

Company	Country of origin
<b>Brazil</b>	
Marcopolo	This company has a joint venture with Tata Motors for the production of buses in India. Production capacity is 14,000 vehicles per year.
Petrobras	Petrobras has been awarded three offshore blocks for exploration in collaboration with ONGC Videsh Ltd.
CVRD	CVRD has set up an office in India and is looking for investment opportunities.
Weg	This supplier of heavy electrical motors and generators has set up a subsidiary operation in India.
Stefanini	Stefanini has set up IT design centres in Bangalore and Hyderabad.
Gerdau	This company has invested US\$ 71 million in a joint venture with Kalyani Steel.
Dedini	Dedini has signed a memorandum of understanding with the Walchand Group for the supply of equipment for ethanol production in India.
COFAP	COFAP has set up a 50:50 joint venture in India with the Endurance Group for shock absorbers.
Perto	This Porto Alegre-based ATM machine manufacturer is setting up facilities in India. It has already sold 825 ATM machines to the State Bank of India.
<b>Argentina</b>	
IMPESA	IMPESA has set up an office in Gurgaon to seek opportunities in the hydroelectric power sector.
Biosidus	This company has shown interest in establishing a plant in India to produce biotech products.
Galileo	This global leader in compressed natural gas (CNG) technologies has supplied technology and equipment to Indian companies and is looking for opportunities to work with gas companies such as Reliance.
<b>Mexico</b>	
Homex	Homex has set up a joint venture with Daksh Builders to construct low-cost housing.
Cinepolis	This company will invest US\$ 160 million in India to set up multiplexes across four states, making India their largest market outside Mexico.
<b>Chile</b>	
CSAV	This shipping company has offices in several major cities in India.
<b>Colombia</b>	
FANALCA	This company has won a contract for garbage collection and processing in one-third of the city of Chennai and employs 2,600 Indian workers.
<b>Cuba</b>	
Biocon	Biocon has entered into a joint venture for the manufacture of vaccines in India with Cuban technology.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from R. Viswanathan, "Business with Latin America", March 2011, [www.businesswithlatinamerica.com](http://www.businesswithlatinamerica.com); SELA (Sistema Economico Latinoamericano y del Caribe), "India's Economy and Relations with Latin America and the Caribbean: Current Status and Prospects", SP/ RRRREE-CHINA-INDIA-RUSIA-ALC/DT No. 3-09, July, Caracas; and Deloitte and FICCI (Federation of Indian Chambers of Commerce and Industry) (2010), "India and Latin America and the Caribbean (LAC): Business environment and opportunities for Collaboration", Deloitte-FICCI theme paper, for India LAC Business Summit, 30 March 2010.



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