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# DEBATE

# LATIN AMERICA AND THE CARIBBEAN: NEXT STEP FOR INDIA

For nearly fifty years after independence, India's relations with Latin American and Caribbean (LAC) countries remained cordial but limited. The two subcontinents had divergent foreign policy perceptions; and their inward-looking development strategies also gave little incentive for any meaningful economic exchanges. This changed in the 1990s. A liberalizing Indian economy initiated the export-promoting "Focus LAC" strategy in 1996. On its part, the LAC region also reached out to India and other dynamic economies of Asia with a view to boost regional economic growth momentum. The interests converged on global trade and political issues too; and political dialogue increased in frequency. The past decade witnessed sizeable growth in trade and investment, preferential trading arrangements (PTAs) and special relationships; bilateral visits at ministerial and summit levels; and cooperation in fora such as G-20+, O-5, IBSA, G-4, BRIC and BASIC.

There are probably two sets of questions one can ask at the moment. What is the "next step" for India in Latin America? Besides trade and investment, the LAC region is important for the emerging power India in terms of its energy and food security, knowledge-based activities, and exchange of "best practices" in areas of social protection and inclusive growth. Crucially, reform of multilateral institutions, challenges in global governance and the issue of climate change are likely to see the two subcontinents cooperate and compete. The diasporic and democratic make-up of the Commonwealth Caribbean and Suriname require a concerted effort beyond the present ad hoc approach. Or India may have already been side-stepped by others. It is a very late comer and might possibly remain only on the fringe of the LAC region in terms of business, diplomacy, culture and politics.

Is it time to put India's relations with the LAC region on a different and new keel? For fifty years, it was Indian philosophy, Yoga and Ayurveda that appealed to small elitist sections of Latin American societies; whatever the export promotion since the 1990s, it should not create an impression of materialistic, even exploitative, Indian pursuits. Whatever India does or doesn't do, it is clear that old approaches and frameworks simply won't do.

*Indian Foreign Affairs Journal* posed these questions to three eminent scholars and policy practitioners. Broadly identified, but not exclusive, themes and subjects for consideration were:

- Shifts in the International System and Emerging Powers: India and the LAC Region;
- Engaging Regional Integration Mechanisms in LAC Region;
- Reforms in the Multilateral Order and Issues of Global Governance: India-LAC Convergence and Divergence;
- Environment, Energy and Food Security: Identifying Areas of Cooperation;
- Inclusive Growth and Sharing of Best Practices; and
- India-LAC Relations in the coming Decades.

***In the Following Pages***:

**Vivek Katju**, Secretary (West), Ministry of External Affairs, notes:

> India and Latin America have historically not occupied large spaces in each other's consciousness. The enormous distance between India and Latin America was not only physical but mental and intellectual. Happily, that bleak picture has been transformed. There is in India a far greater awareness of Latin America than before.… Within Latin America also there is a growing and direct awareness of the great transformation that is underway in India.

**R. Viswanathan**, currently the Ambassador of India to Argentina, says:

> Latin America has undergone a paradigm shift in the last two decades. The region has come out of the past curses of political and economic instability and cycles of booms and busts. A stable and prosperous New Latin America is emerging. The New Latin Americans are looking forward to the future with confidence and optimism. India needs to recognize this new scenario and take strategic steps to engage this region, enhance cooperation and promote trade and investment.

**Jorge Heine**, who was till recently Ambassador of Chile to India, opines:

> At the beginning of the second decade of this new century, the appeal that India is starting to exercise in Latin America is considerable. Its vigorous parliamentary democracy, its growing economy, its high-tech achievements, in combination with its millenarian spiritual traditions, make for a heady mix. To make the most of this appeal, however, requires a much more proactive policy towards the region, one that realizes that in this new international order that is emerging, by working together, India and Latin America have much to gain.

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## *Growing Awareness between India and Latin America*[1]

**Vivek Katju**

It would not be wrong to say that India and Latin America have historically not occupied large spaces in each other's consciousness. While both had impressions of each other, there was no real attempt at developing an understanding of each other's worlds. The impressions too were not direct but were largely transmitted through others; they came via Europe and the United States. The enormous distance between India and Latin America was not only physical but mental and intellectual.

Happily, that bleak picture has been transformed. There is in India a far greater awareness of Latin America than before. There is the awareness that Latin America is making great strides in diverse fields – agriculture, industry, science & technology; that the arts and literature and music are flourishing and have become vibrant. That human effort is taking advantage of the abundant natural resources of Latin America to fashion a better life for the people. Above all, that the generals and the autocrats have given way to democratically elected governments that are working for the benefit of their peoples and that forces of integration and cohesion are at work in the entire region. I believe that within Latin America also there is a growing and direct awareness of the great transformation that is underway in India; the enormous change that is taking place through fully democratic and popular and participatory processes. The enthusiasm in Indian and Latin American business and industry to learn more about each other so that all opportunities for mutually beneficial contact can be utilized is particularly noteworthy. I believe that these factors are the basis of an enduring and mutually beneficial partnership between us.

India's relations with Latin America are moving ahead in a comprehensive manner. Indian-Latin American political interaction is growing. The exchange of visits at the level of Heads of State/Heads of Government, ministerial, official, business and people-to-people contacts have increased manifold in the last decade. Cooperation at multilateral fora is moving ahead. The broad convergence and consensus between our two regions on international issues is becoming underpinned by the shared values of democracy and the rule of law and commitment to fundamental rights, liberties and freedoms.

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[1]Adopted from an address by Amabassador Vivek Katju, Secretary (West), Ministry of External Affairs, on 11 July 2011 at the Ministry of Foreign Affairs of Colombia, Bogota.

Trade and investment is moving ahead at an ever greater pace. Distance is no longer an impediment but direct transportation links have to be further developed. Bilateral trade has grown significantly from (US)$2 billion in 2000 to over $23 billion in 2010. Going by this trend, I have no doubt we will be able to double this figure in five years' time. This will require work but the enthusiasm of business people gives me this confidence. India's investments in the region have also grown significantly to over $15 billion. While Indian investments would continue to grow in the traditional sectors such as hydrocarbons, agricultural farming and mining, our presence in other sectors such as automobiles, IT, pharmaceuticals, engineering, gems & jewellery and food processing will expand for mutual benefit.

The Government of India has started the "FOCUS Latin America and Caribbean" initiative to realize the full potential of our relationship. Also, to supplement the efforts of our business people, in close collaboration with apex chambers of commerce and industry such as FICCI and CII it is aiming to enhance awareness about Latin America's great potential. Seminars, business conclaves and conferences are taking place to build greater awareness of each other's capacities.

It would not be out of place to dwell a little more extensively on Indian investments in Latin America and Latin American investments in India. In the Information Technology sector, Indian companies have set up software development centres, business process outsourcing, knowledge process outsourcing and call centres in ten countries. These are Argentina, Brazil, Chile, Uruguay, Mexico, Colombia, Peru, Ecuador, Costa Rica and Guatemala. These companies employ around 18,000 persons of Latin America. What may be of particular interest is that some IT companies are coordinating with universities in Colombia as well as the private sector and have set up twenty IT education centres in a number of cities of Colombia. Similarly, there are training centres being set up in Brazil, Mexico, El Salvador and Peru. India has great strengths in the pharmaceutical industry and Indian companies have set up manufacturing units in Brazil, Mexico and Argentina and have marketing offices in other countries. In some cases, Indian companies have acquired Latin American firms. I believe pharmaceuticals is a particularly important area for our collaboration. Indian companies are also active in the agro-business sector in Brazil. The largest Indian sugar producer has now become a significant player in the sugar manufacturing sector in Brazil. Indian companies are also active in the agro-chemical sector as well as in hydrocarbons and minerals. In the automobile sector, Indian companies have set up assembly plants for automobiles and three-wheelers. Hydrocarbons is a particularly important sector for us.

We are happy that Latin American investment in India is growing, with Brazilian companies setting up production bases of automobiles, footwear, steel, the manufacture of ATM machines. Argentinean companies too are exploring businesses in India and Mexican companies have made investments in the entertainment sector.

Indian contacts with Latin America are not limited to bilateral relations with individual countries but institutional arrangements have now been established for interaction and dialogue with regional groups. Thus, there is an India-SICA Dialogue, India-Caribbean Dialogue and an India-Andean Community Dialogue. We now have to give these dialogue processes greater energy. There are also significant PTAs, including India-Mercosur PTA and the India-Chile PTA. It is significant that India and Brazil are part of BRICS and IBSA.

India is a developing country as are many countries of Latin America. We are all engaged in the task of addressing the problems of poverty and underdevelopment so that our peoples can live in dignity and prosperity. While all of us have to, at one level, find answers individually to our individual problems, there are many issues where our cooperation becomes imperative. These are issues that emanate from global structural imbalances and inequities; in large measure their origins lie in the sad experience of colonialism that devastated our countries. Half a century ago, many of us had decided to cooperate so as to ensure that our collective voice was heard so that we too could play a role in deciding on global issues that impinge upon us. So, the Non-Alignment Movement was born. India and Colombia are members of that movement. Much has changed in the fifty years since the first Non-aligned Summit in 1961. Technological progress has transformed the world, making it a global village. The Cold War ended two decades ago and the emergence of a new global order is taking place, but old problems remain while new ones have emerged.

All these require our collective efforts. We need to address the issues of climate change – the developing world was not responsible for the concentrations of carbon dioxide and other greenhouse gases but it is paying a price; of bringing in necessary changes in the international institutions of governance – the world can simply no longer continue to be governed by structures that go back to the Second World War; of terrorism – both India and Colombia are victims and global cooperation is essential to successfully combat this great menace; of narcotics trafficking; of overcoming the difficulties caused by the international financial and economic crisis; again, the developing world was not responsible for the crisis but it has greatly suffered because of it. These issues and many more require our cooperation in multilateral forums and international organizations. Such cooperation is growing but much more needs to be done.

As part of South-South cooperation, India is committed to assist developing countries in capacity building, infrastructure development, in science & technology, health, education and similar areas. For this purpose, India put in place many decades ago the India Technical and Economic Cooperation Programme (ITEC). It is a major instrument and flagship programme of the Government of India for extending our technical cooperation and assistance to developing countries. As part of ITEC, India allocates and funds over 5000 training slots every year in more than 200 short-, medium- and long-term courses at forty-two Institutes of eminence, located in various states. India offers forty-five ITEC slots to Colombia and the utilization is very satisfactory.

May I turn to the India-Colombia relationship? Our bilateral relations are warm and friendly and there are many complementarities in our relationship that bring us together. We are democracies, culturally rich and diverse and we respect the rule of law.

Our economies are witnessing unprecedented rates of growth and share a great potential in the globalized world of the twenty-first century. Trade between our two countries has doubled in the last two years. It was over $1 billion last year; at this rate we should be able to reach a trade target of $2 billion in three years. Indian investments in Colombia are over $1 billion. As the Colombian economy is expanding with liberal economic reforms, Indian entrepreneurs who are active in the region are looking at Colombia itself and as a gateway to the South American market.

At the multilateral level we have maintained close contacts and there is convergence of our positions on many international issues. Both India and Colombia are currently non-permanent members of the UNSC and we believe that our close partnership will influence the course of developments for the common good.

India and Colombia are victims of terrorism. India's neighbourhood has emerged as the epicentre of world terrorism. Cross-border terrorism continues to impinge on our security. The fight against international terrorism needs a strong commitment from the world community both in the form of actions and multilateral frameworks. India's proposal for a Comprehensive Convention on International Terrorism (CCIT) assumes importance in this regard. We are confident that with the support of countries like Colombia we will be able to ensure its early adoption.

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# *The New Latin America and the Next Steps for India*

**R. Viswanathan***

Latin America has undergone a paradigm shift in the last two decades. The region has come out of the past curses of political and economic instability and cycles of booms and busts. A stable and prosperous New Latin America is emerging. The New Latin Americans are looking forward to the future with confidence and optimism. India needs to recognize this new scenario and take strategic steps to engage this region, enhance cooperation and promote trade and investment.

Democracy has irreversibly replaced military dictatorship in Latin America. Democratic institutions have taken strong roots. Latin America's political and economic agenda is no longer top-down but bottom-up. It is being driven by the bottom of the pyramid. The masses, with their new-found voting power, elect those who promise to make a change in their lives, through inclusive development agenda. With this political change, millions of Latin Americans have come out from below the poverty line and joined the middle class. The policies of the governments in the region are pragmatic (with a few exceptions), influenced by the role model of Brazil which has found equilibrium between pro-poor and pro-business policies.

Latin America has tamed inflation decisively and has kept it in single digit in the last decade. Its average rate of inflation was 6.2 per cent in 2010. Its currencies and exchange rates have become stable and predictable. Its gross public debt has been brought down to 28.5 per cent of GDP in 2010 from 58.2 per cent in 2002. The governments have paid off their major external debts and there are no more "IMF cases" in the region. Brazil and Argentina paid their debts to the IMF ahead of schedule. Brazil, in fact, has become a creditor to the IMF now! These days, the governments and companies have been successfully raising resources through issue of bonds in local currencies. Domestic saving rates in the region have been going up and there is a conscious determination to avoid reliance on external resources. Foreign exchange reserves of the region have been steadily

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increasing from (US)$163 billion in 2001 to $614 billion in 2010. Latin America and the Caribbean was the region with the strongest growth in incoming and outgoing foreign direct investment (FDI) in 2010. The region had the highest percentage increases as a recipient and source of FDI, according to a report presented by the Economic Commission for Latin America and the Caribbean (ECLAC) on 5 May 2011. FDI inflows were up by 40 per cent with respect to 2009 and stood at a total of $113 billion. This is the third-highest for the region after the $134 billion FDI in 2008 and $114 billion in 2007. For 2011, FDI inflows to Latin America and the Caribbean are expected to maintain this trend and increase by between 15 and 25 per cent. FDI outflows increased almost fourfold to reach an all-time high of $43 billion.

Five countries, namely Chile, Mexico, Brazil, Peru and Panama, have been upgraded in recent years to investment grade by the Sovereign Rating Agencies. Uruguay and Colombia are the next candidates for Investment Grading. Table 1 illustrates the new macroeconomic scenario of the region.

**Table 1**

**Latin America and the Caribbean, the Macroeconomic Scenario, 2003–2010**

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|
| GDP growth (%) | 2.2 | 6.1 | 4.9 | 5.8 | 5.8 | 4.2 | –1.9 | 6 |
| Inflation (%) | 8.5 | 7.4 | 6.1 | 5 | 6.5 | 8.2 | 4.6 | 6.2 |
| Gross Public Debt as percentage of GDP | 57.3 | 50.9 | 42.8 | 35.8 | 29.9 | 28.2 | 30.2 | 28.5 |
| Foreign exchange reserves ($ bn) | 198 | 226 | 262 | 319 | 459 | 512 | 567 | 614 |
| FDI ($ bn) | 38 | 50 | 55 | 75 | 114 | 134 | 89 | 113 |
| Exports ($ bn) | 391 | 481 | 580 | 694 | 779 | 906 | 701 | 896 |
| Imports ($ bn) | 349 | 424 | 502 | 597 | 711 | 863 | 649 | 793 |

With the strengthening of macroeconomic fundamentals, the regional GDP grew by an annual average of 5 per cent during 2003–2008. Due to the global crisis, GDP contracted by 1.9 per cent in 2009 but bounced back to 6 per cent growth in 2010. While the economies have been helped by the high demand and price of commodities, domestic demand has been the main driver of growth. Brazil's growth in 2010 was 7.7 per cent; that of the other three Mercosur countries was over 8.4 per cent.

The economies of the region have become more resilient and less vulnerable to external shocks. This was evident from the way in which the region withstood the global crisis, with only a moderate adverse impact. The region did not face any financial crisis following the global financial meltdown. There was not a single case of banks or financial institutions going bust in the region, unlike what happened in the US and Europe. The governments are now better prepared to face external shocks. This has been noted by the IMF, the World Bank and other international institutions, which have praised the new discipline and prudence of policymakers in the region. Latin America is expected to be more stable and maintain the growth trajectory in the coming years. Standard and Poor had a webcast in January 2011 with the title, "Will 2011 be the dawn of the Latin American decade?" The theme of the World Economic Forum on Latin America, held on 27-28 April 2011 in Rio de Janeiro, was "Laying the Foundation for a Latin American Decade".

The stability of the economies of individual countries in the region has been reinforced by the regional integration through Mercosur, Andean Community, UNASUR and SICA. Mexico is part of NAFTA. In April 2011 another economic grouping, the Pacific (Ocean) Group, was formed by Mexico, Peru, Colombia and Chile with the objective of economic integration. Through these groups, the barriers are being removed for free movement of goods, services, capital and people and there is growing intraregional trade and investment. Mercosur has emerged as a formidable trading bloc of the region. The other groups are in various stages of integration. The pace of integration might be slow, but regional integration is the clear destination in the long term.

Latin America is a market of $4.6 trillion GDP, population of 556 million and per capita income of $8400. To this, one must add the 40-million strong Hispanic community in the USA which has more economic power than Argentina, the third-largest market of Latin America. Table 2 gives an overview of the markets of Latin American countries for 2010.

**Table 2**

**Overview of Latin American Markets, 2010**

| Grouping | Country | Population (million) | GDP ($ bn) | Total imports ($ bn) | Total ($ bn) |
|---|---|---|---|---|---|
| Mercosur | Argentina | 40 | 353 | 48 | 84 |
| | Brazil | 189 | 2002 | 181 | 201 |
| | Paraguay | 6 | 17 | 10.2 | 5.1 |
| | Uruguay | 3.4 | 40 | 7.3 | 6.7 |
| Special member | Venezuela | 28 | 343 | 42 | 102 |
| Andean Community | Bolivia | 10 | 18 | 4.5 | 6.3 |
| | Colombia | 48 | 283 | 40 | 42 |
| | Ecuador | 14 | 55 | 19 | 16 |
| | Peru | 29 | 153 | 28 | 34 |
| Associate | Chile | 17 | 188 | 49 | 67 |
| Central American Integration System (SICA) | Costa Rica | 4 | 34 | 16 | 11 |
| | Guatemala | 14 | 40 | 14.5 | 9.5 |
| | Honduras | 7 | 15 | 9.5 | 7 |
| | Nicaragua | 6 | 7 | 5.5 | 4 |
| | El Salvador | 7 | 21 | 9.5 | 5.8 |
| | Panama | 3 | 26 | 17 | 11.2 |
| | Belize | 0.3 | 1.3 | 1.2 | 0.8 |
| | Dominican Republic | 9.5 | 51 | 16.5 | 7.3 |
| NAFTA | Mexico | 110 | 1026 | 274 | 271 |
| Others | Cuba | 11 | | 15 | 4.5 |
| Total | | 556.2 | 4673.3 | 792.7 | 896.2 |

## Challenges Facing the Region

Latin America has problems of poverty, inequality and underdevelopment. Some countries suffer from poor governance, corruption, inflation and ideological polarization. But these challenges are manageable and, in any case, of lesser magnitude than what India faces.

## Change in the Mindset of Latin Americans

The global crisis has triggered a fundamental change in the mindset of Latin Americans towards India. They have started diversifying away from their traditional US-Europe orientation and are focusing on new markets such as India. They are attracted by the new paradigm of India's high growth and emerging economic profile. They see India's growing population and consumption patterns as a new opportunity for their exports. They are dazzled by India's information technology (IT) power surge. They have started taking India seriously as a large, growing and long-term market and a global economic power.

The Latin Americans are fascinated by the Indian acquisition of Western crown jewels such as Jaguar and Ritz Carlton. They are impressed by the $12 billion Indian investment in Latin America, which contributes to their employment, exports and industry. The Indian IT companies employ 20,000 Latin American youth and train and prepare them for the new Information Society. Most of the Indian operations are headed by Latin American country managers. This is more than employment. It is a contribution to Latin America's human resource development.

India is a "comfort zone" in the cultural sense for the Latin Americans. They are familiar with yoga and meditation. There are thousands of followers of Sai Baba and Ravi Shankar. They read Deepak Chopra and J. Krishnamurthy. They have been moved by Gandhi and "Slumdog Millionaire". They admire the vibrant and large Indian democracy flourishing amidst serious challenges arising from diversity and underdevelopment. They see this as a role model for their young democracies which have come out of dictatorship not very long ago. The Indian Story resonates with them since it is relevant for their circumstances. Their dream is to follow this example of high growth with democracy. India does not puzzle or frighten them. They see it as open and transparent, understandable and likeable.

## Need for Change in India's Approach

In view of the emerging positive scenario of the New Latin America, Indian policymakers and businessmen need to take a fresh look at the region and formulate long-term plans. Latin America has started contributing to India's energy and food security. India will need more of the Latin American resources and products such as petroleum, minerals and edible oils to meet the growing domestic demand. Mercosur is emerging as an agricultural powerhouse with increasing volumes of exportable surplus.

India should learn from China, which has become a major trade partner and investor in Latin America in the last ten years. China's trade with the region was $166 billion in 2010 in comparison with India's trade of $23 billion.

### *Trade*

India's trade with Latin America has gone up to $23 billion in 2010 from $2.6 billion in 2001. It had declined in 2009 due to the global crisis. Indian exports to the region increased from $1.5 billion in 2001 to $9 billion in 2010 and imports went up to $14 billion in 2010 from $1.1 billion in 2001 (see Table 3). India accounts for a small portion of the Latin American trade, which was $1.7 trillion in 2010. Latin America exported $896 billion worth of goods and imported $793 billion in 2010.

**Table 3**

**India's trade with Latin America (in $ billion)**

| Year | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|---|---|---|---|---|---|---|---|---|---|
| India's Exports | 9 | 7.5 | 8 | 5 | 4 | 3.2 | 2 | 1.7 | 1.7 | 1.5 |
| India's Imports | 14 | 9.7 | 11 | 6 | 5.2 | 3.1 | 2.3 | 1.9 | 1.7 | 1.1 |
| Total | 23 | 17.2 | 19 | 11 | 9.2 | 6.3 | 4.3 | 3.6 | 3.4 | 2.6 |

Petroleum crude, edible oil and copper are the top three items accounting for over three-fourths of India's imports from Latin America. Imports of these three items are expected to increase in the coming years in view of the growing gap between demand and domestic production in India.

Latin America has become a new regular source for India's crude oil imports in the last ten years and crude oil is the leading item of India's imports from the region. In 2010, India imported about 300,000 barrels per day (bpd).

## India's Preferential Trade Agreements (PTAs) with the Region

*Chile*: India signed a PTA with Chile in 2006, effective from 2007. Under this PTA, India gives preferential duties to 276 Chilean export items while Chile reciprocates for 296 Indian items. Negotiations have been started to deepen and widen the PTA.

*Mercosur*: The India-Mercosur PTA, signed in 2005, came into effect in June 2009. India and Mercosur have decided to expand and deepen the PTA. In the first round of talks held in Delhi in April 2010 the two sides exchanged lists of new products to be covered under the PTA. This is to be followed up in the next round in 2011.

**Indian Investment and Joint Ventures in Latin America**

Indian companies, including NRI firms, have invested about $12 billion in the region in IT, pharmaceuticals, agro-chemicals, steel, mining, agribusiness and other sectors. Two dozen Indian IT companies have established software development centres, BPOs (business process outsourcing) and KPOs (knowledge process outsourcing) in fourteen countries – Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Panama, Peru, Dominican Republic, Nicaragua, Uruguay and Venezuela – employing 20,000 Latin Americans.

Entertainment is the latest industry in which India and Latin America have started joint ventures and collaboration. Argentine musician Gustavo Santaolalla composed the music for Aamir Khan's 2011 film "Dhobi Ghat". Illusion Studios of Buenos Aires in technical collaboration with Toonz Animation of Thiruvananthapuram produced a cartoon film "Gaturro", which was a box office hit in Argentina in 2010. Latin America has exotic and attractive locations for Indian film shootings. "Dhoom II" was shot in Rio and a scene for "Robot" was shot in Machu Pichu, in which Rajnikant danced with Aishwarya Rai. In August 2010 Priyanka Chopra was in Rio for shooting the show "Fear Factor". Latin America has also offered stars for Bollywood. Mexican actress Barbara Mori was the heroine with Hrithikesh Roshan in the film "Kites" released in 2010. Giselle Monteiro of Brazil has acted in "Love Aaj Kal" in a supporting role. The success of these two films has given rise to a new category of Latin American visa applicants at the Indian embassies. Boys and girls want to visit India to try their luck at Bollywood and at modelling in India.

**Suggestions for Consideration of Policymakers**

- There should be more high-level visit exchanges with the region. The Chinese Premier, President, Foreign Minister and Trade Ministers have visited many countries in the region, and more often. India's record, except for Brazil and Chile, is poor. India's President/Prime Minister could consider visiting Argentina, Peru and Colombia. The Presidents of Bolivia, Peru and Colombia, among others, need to be invited to visit India.
- India's Minister of External Affairs has not visited Argentina, Peru, Colombia and Central America for over seven years. This gap needs to be

bridged. The Foreign Ministers of the region also need to be invited to visit India.

- The most glaring example of absence of visits and interaction is Bolivia, which has given a contract of $2.1 billion to an Indian company. This is the largest for an Indian company in Latin America. No Indian dignitary has visited this country even after the historic change of 2005 in which a native Indian (Evo Morales) became President for the first time in the history of Latin America; and no Minister or senior official from the administration of Evo Morales has visited India. This needs to be corrected urgently.
- The Government of India should institutionalize regular dialogue with all the regional groups of the region. It has made a good start by holding meetings with SICA and CARICOM.
- India should open more embassies in the region, including Dominican Republic, Ecuador, Bolivia and Paraguay.
- It should give aid to more countries in the region as part of its policy of development partnership. So far it has given aid only to some Caribbean and Central American countries. The quantum of the aid needs to be increased.
- The government should provide concessional Lines of Credit (LOC) to more South American countries than it is doing now as part of its policy of development partnership. Even here it needs to think big and give larger amounts. The Chinese grants and LOCs are very large in comparison to the Indian figures.
- The government should sign FTA/PTA (free trade agreement/preferential trade agreement) with Mexico, Colombia and Peru. India's exports are at a disadvantage in these markets since the products of a large number of countries with whom these countries have signed FTA enter duty-free. And these three are among the major destinations of India's exports in the region.
- The government should expedite the ongoing negotiations for deepening and widening of PTAs with Mercosur and Chile.
- The Latin American countries, which are becoming stronger economically and politically, are useful allies for India for its global aspirations in the world which is becoming multipolar. Brazil, Mexico and Argentina are happy to work with India in the G-20 group. These and other Latin

American countries collaborated with India in the other G-20 group of the Doha Round of WTO.

- Brazil, with whom India is building a strategic partnership, is becoming a stronger global player. Among the BRICS (Brazil, Russia, India, China, South Africa) it has the advantage of being self-sufficient in energy and food security and is becoming an agricultural superpower. Brazil is also free from religious, ethnic, linguistic and regional conflicts and so far has no problem of terrorism. It has a benign neighbourhood which does not hamper its progress. India should note these points of strength and engage Brazil even more closely for partnership in global affairs.
- India's Ministry of External Affairs should intervene with some of the Latin American embassies in Delhi which follow restrictive visa policies discouraging Indian business visitors.
- ICCR (Indian Council for Cultural Relations) should set up cultural centres in Brazil and Argentina; there is already one in Mexico.
- ICCR should invite Latin American writers and artists to visit India and promote cultural exchanges.
- A Latin American cultural centre, called Casa Latina, could be established in New Delhi to promote cultural exchanges with the region.
- Many Latin American universities are keen to have exchanges and collaboration with their Indian counterparts. This can be facilitated.
- More scholarships should be given to Latin Americans who are keen to learn Indian music, dances and Ayurveda.
- The government as well as companies of India could invite Brazilian and Argentine football teams to visit India and send Indian players to these countries for training.
- The Government of India could get membership of Inter-American Development Bank and other regional banks. This will open up project opportunities for Indian companies. China and Korea have become members recently.
- The Commerce Ministry should vigorously take up non-tariff barriers imposed from time to time by some of the Latin American governments.
- Brazil and Argentina are global leaders in agricultural research, innovation, best practices and business models. India can learn from their Direct Seeding method of cultivation and Silobag storage. Indian policymakers,

farmers and agronomists should visit South America on study tours. Collaborations with Brazilian and Argentine agricultural research institutes need to be strengthened.

- India should learn from the success of the Brazilian fuel ethanol programme to make its policies in this sector more effective.
- The Commerce Ministry should expand its Focus LAC programme with more funds covering more promotional activities. It should restore the reverse buyer-seller meets, which have been discontinued after March 2011.
- India should set a target of $20 billion of exports to Latin America by 2014 and prepare a strategic plan to achieve this.
- Bonded warehouses could be established in Montevideo and Panama. India's exporters could store their goods in these places and supply to the clients in the region quickly. The Commerce Ministry needs to allocate funds to support the warehousing facilities.
- Annual India-Latin America business summits could be organized on a big scale, as the Chinese and Koreans currently do impressively.
- The government should encourage Exim Bank of India to open special credits for Indian companies to acquire assets in the region. Exim Bank should also expand its commercial credits for exports to the region.
- The Ministry of External Affairs, the Commerce Ministry and the Tourism Ministries should have Spanish and Portuguese- sections in their websites.
- The government should encourage Air India or the private airlines of India to operate flights to Sao Paulo through South Africa. This is commercially viable. Travellers and air cargo traffic are increasing between India and Latin America. The stop in Johannesburg could take advantage of the growing ties between Southern Africa and South America as well as the increasing engagement of India with Southern Africa.
- The Export Credit Guarantee Corporation of India (ECGC) should review its credit ratings based on the new perspectives of the market and make its terms more liberal and reduce the cost of coverage.

**Suggestions for Indian Business**

- Indian chambers of commerce and industry and export promotion councils should send more delegations and participate in trade fairs in the region regularly.

- The export promotion councils should prepare five-year or at least three-year plans for export promotion in consultation with the Commerce Ministry and the missions. At present, the visits and events are ad hoc, rushed at the end of the financial year in February-March, when the South Americans are distracted in Carnival revelries.
- Market studies should be conducted by Indian trade and industry bodies on individual and regional markets of Latin America for items of India's export interest.
- There should be one large Indian trade exhibition every year rotating among the major markets of the region.
- Most of the commercial credit lines of the Exim Bank to the banks and institutions in Latin America remain unutilized. The Exim Bank should review this situation and take steps to ensure utilization of the credit lines.

**Suggested Focus Areas for Indian Investors and Exporters**

- Indian companies should target Brazil for projects and supply of materials for the $200 billion infrastructure projects for the World Cup 2014 and the Olympics 2016. They should also focus on the opportunities offered by Petrobras to spend $220 billion in the next five years in petroleum exploration and production. This is the largest corporate investment plan in the world at this moment.
- The Minister of Mines and Energy of Brazil announced on 8 February 2011 that Brazil would invest $270 billion in the next two decades in the mining sector and triple the production of gold, iron and copper by 2030. This offers opportunities for investment as well as exports of mining machinery and materials.
- Invest in commercial forestry and paper pulp in Argentina, Brazil, Uruguay and Chile and take back timber and paper pulp.
- Indian companies should invest in agribusiness in the region to grow soy, sunflower, pulses and sugarcane to source edible oil, pulses, sugar and biofuels.
- The Colombian Minister of Energy and Mining announced on 15 August 2010 that he expected investment of $28 billion in oil exploration and production in the next four years and increase the oil production to 1.4 million bpd by 2014 from 963,000 bpd in June 2010. Colombia is emerging as South America's third-largest oil producer behind Brazil and Venezuela. This opens up opportunities for Indian investors and exporters.

- Mining investment in Peru amounted to $4.02 billion in 2010 and this is expected to increase in the coming years. Analysts predict that in 2011 and 2012 alone, at least $29 billion of mining investment will go into Peru and Colombia.
- Argentina has the third-largest recoverable reserves of shale gas in the world. This offers a new area of entry for Indian companies.
- Argentina, Brazil, Uruguay and Paraguay are expanding the area of agriculture and increasing their output, encouraged by the high prices and demand as well as by the global concern with food and energy security. This is good news for Indian exports of agrochemicals and equipment and machinery such as tractors.

**Conclusion**

My advice to policymakers and businessmen of India: Forget the Latin American history books. Look at the present and the promising future. Listen to this Mexican ballad:

*No me preguntas mas*
*Dejanos imaginar que*
*No existe el pasado*
*Que nacimos al mismo instante en que conocimos*

Don’t ask me more
Let us imagine that
The past did not exist

We were born at the instant we met each other.

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# *Much to Gain by Working Together in the Emerging International Order*

**Jorge Heine***

Everybody wants a piece of India these days. The number of international delegations doing the rounds in Delhi, Mumbai and Bangalore, as well as in Hyderabad and Chennai, among other major cities, is enormous. Indian officials, both in the Union government and in the states, can hardly cope with them. India's high growth over the past two decades, its burgeoning middle class, now approaching 300 million, its changing patterns of consumption and its opening up to the rest of the world (the "Global Indian Takeover", in the somewhat over-the-top phrase of the Indian press) make India an attractive trade and investment partner.

Given this heavy demand, why shouldn't the Indian government and Indian business just focus on the traditional markets (Western Europe, the United States) and the ones closer by (China, Japan, Korea)? Given the size of these markets and the weight of existing links with them, it is tempting to stick to the tried and true. Yet this would be a mistake. Some of the best opportunities for India in the globalized world of the twenty-first century are to be found off the beaten diplomatic track. Latin America is a case in point.

Latin America is geographically and culturally very distant and very different from India. This has been compounded by the wary eyes with which Indians and Latin Americans looked at each other until very recently. Indians looked at Latin American countries and saw high inflation, political instability and periodic calls for revolution, none of which was very reassuring. Latin Americans looked at India, and saw rampant poverty, a puzzling caste system and a highly fractured polity, more akin to a continent than a traditional nation-state, all of which made it difficult to understand what made India tick.

Not surprisingly, until the 1990s, interactions were few and far between. With both India and Latin America having embraced the Import-Substitution-Industrialization (ISI) development approach, they remained self-absorbed and inward looking, with little inclination to reach out to the wider world. Yet, in the course of the past twenty years, this has changed. A new dynamic in

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Indo-Latin American relations, driven by the changes taking place both in India and in Latin America, has emerged. In these pages, there is no need to elaborate on Indian developments in this period. But what has happened in Latin America in these years?

### *A New Latin America for a New Century*

Perhaps one of the most misleading notions about the region has been that of it having been taken over by populist movements and leaders bent on mismanaging the economy, driving out foreign capital and otherwise making sure that the region remains mired in the past, instead of taking on the challenges of the twenty-first century and thus ensuring progress and prosperity for the 500 million Latin Americans. Even apparently serious academic books written by Latin American scholars themselves, like the recent *Left Behind: Latin America and the False Promise of Populism* by Sebastian Edwards, published by the University of Chicago Press, tend to perpetuate that myth, arguing that Latin America has "failed to share in the fruits of globalization", supposedly because of "the recent turn to economic populism".

Nothing could be farther from the truth. In fact, Latin America, and especially South America, is doing extremely well these days. From 2003 to 2008, the region grew at an average of 5 per cent a year, its best performance in three decades. In 2008–2009, with the onslaught of the Great Recession, for the first time in its two centuries, a financial crisis in the North did not have devastating consequences in the Southern part of the Americas. If we were to take out Mexico, which had a 7 per cent drop in GDP in 2009, the rest of the region would have had *positive* growth in 2009, an extraordinary occurrence, given the depths of the recession in the United States and in Europe. Brazil was the last country affected by the Great Recession (the worst economic crisis in eighty years), and the first to come out of it. Bolivia clocked in the best economic performance in the Americas in 2009, with a growth of 3.5 per cent (so much for the "perils of populism"). Chile, despite the 2010 earthquake, grew at 5 per cent that year, and is projected to grow at 6.4 per cent in 2011. Overall growth in the region in 2010 reached 6.1 per cent.

Perhaps nothing illustrates better this remarkable turnaround than Foreign Direct Investment (FDI) trends. According to the Economic Commission for Latin America and the Caribbean (ECLAC), in 2010 Latin America was the region with the highest FDI growth, with a 40 per cent increase over 2009. Overall, financial inflows into the region reached $220 billion in 2010, a 53 per cent increase over 2009, and only slightly below the record $233 billion reached in 2007. Globally, FDI only grew at 1 per cent in 2010. But in the region, inward FDI flows reached $113 billion, coming close to the 2008 record. South America was the main beneficiary of this trend, with an increase of 56 per cent, and an absolute figure of $85 billion. Brazil attracted the lion's share of this, with $48 billion, followed by Mexico ($17 billion), Chile ($15 billion), Peru ($7 billion) and Colombia and Argentina ($6 billion each).

Outward-bound FDI from Latin American nations also increased. It reached $43 billion in 2010, reflecting a growing trend over the past decade, in which Latin American-originated FDI has jumped from 6 per cent of total developing-country-originated FDI in 2000 to 17 per cent in 2010. This is particularly evident in the *multilatinas* (Latin MNCs) based in Brazil, Mexico, Chile and Colombia, which originate some 90 per cent of these flows. FDI in developed countries contracted for the third year in a row, by 17 per cent.

Far from the picture of a region being driven off the proverbial economic cliff by irresponsible, demagogic leaders, what we have is the opposite. Most Latin American countries today offer prudent macroeconomic management and an investor- and business-friendly environment, combined with social policies aimed at reducing poverty and the region's still abysmal income inequality levels—the highest in the world. As a recent IMF report points out, Latin America is undergoing an exceptional moment. Domestic conditions of solid growth and a healthy public purse go hand in hand with external ones of high liquidity and strong demand for commodities.

Latin America thus offers remarkable conditions for Indian companies to invest and to trade. Many of them have already done so, to the tune of some $12 billion since 2000. They include Tata Consulting Services (TCS) in IT, Dr Reddy's Laboratories in pharmaceuticals, United Phosphorus in agrochemicals, Shree Renuka Sugars, Havells Silvania in lighting equipment, Videocon in television and ONGC Videsh in oil. Jindal Steel & Power initiated a $2.3 billion investment in the iron ore mine El Mutun, the biggest FDI project in Bolivia ever, and the biggest of any Indian company in Latin America. In Trinidad and Tobago, Essar Steel is establishing a 2.5 million-ton steel plant. In 2002 TCS set up a Global Delivery Center in Montevideo that put Uruguay on the global IT map. Some 35,000 Latin Americans work for Indian companies in the region, of which half do so for IT and IT-enabled services companies. India's trade with Latin America, at $20 billion in 2010, still pales compared with China's $140 billion, but it is growing fast, and the opportunities for Indian companies are considerable.

### *India and Latin America on the World Stage*

As Latin America has finally put its economic house in order, it has also started to claim a larger and more assertive international role, and the parallels with India are instructive. Of all the regions in the world, Latin America, because of its geographic isolation (surrounded as it is by two of the world's largest oceans), traditional subordination to the United States and distance from the Eurasian landmass (traditional centre of world conflict) has been a strategically secondary region. This meant for a long time a somewhat parochial international perspective, one limited to North America and Western Europe, with little attention being paid to the rest of the world. There have been exceptions: Cuba in the 1970s and 1980s, and, intermittently, Brazil. Yet, by and large, Latin American countries, for most of their two centuries of independent history, have been reluctant to reach out beyond the "safe" boundaries of North America and Western Europe in their foreign policy, diplomacy and international relations. As a consequence, Latin American nations had also, as a rule, been absent from international debates about global issues—with the exception of matters like the Law of the Sea Treaty and the Antarctic Treaty, as well as, in the case of Brazil, deliberations on the global environment and the role of the Amazon.

The reluctance of some Latin American countries in the not-too-distant past to stand for election as non-permanent members to the UN Security Council (even when, according to the rotation principle, it was their turn) is a good example of this international shyness. This derives from a feeling that there is little to be gained, and much to be lost, by engaging global issues on a platform like the Security Council.

Again, this has changed in the past decade. In many ways, it has been a period in which Latin America has "come out" on the world scene, starkly raising its international profile, as Andrew Cooper and I have pointed out in our book, *Which Way Latin America? Hemispheric Politics Meets Globalization* (United Nations University Press, 2009).

### Regionally, this has been Made Possible by Two Interrelated Phenomena

On the one hand, the 1990s saw a revival of regional (and particularly sub-regional) integration schemes, which many considered had been discarded for good in the 1980s). From the founding of MERCOSUR in 1991 to a renewed impetus of the Andean Community, the Central American Common Market and CARICOM, a "new regionalism" came to the fore. Very different from the one seen in the 1960s with ALALC (the *Asociacion Latinoamericana de Libre Comercio*) and the Andean Pact, this was an "open regionalism" inspired partly by the experience of ASEAN. Based on export-led development (as opposed to ISI), it looks at the region as a base from which to export to and interact with the rest of the world.

The 1990s also saw the rise of Latin American political cooperation. Regional summit diplomacy came to the fore, with the Rio Group, the Iberoamerican Summits, the Americas Summits (with a somewhat different profile), and the UNASUR summits, which overlapped with those of the various sub-regional integration schemes. Latin American leaders thus started to interact regularly in a great variety of fora, developing a distinct regional diplomatic identity.

Moreover, with the emergence of Asia as a major growth pole in the world economy, Latin American nations realized that their traditional US-and-Euro-centric outlook on world affairs was anachronistic, and that ignoring global issues was no longer an option.

Latin America's growing density of international linkages is thus marked by a steady increase in *regionalism* as a foreign policy platform, growing *diversification* away from traditional partners and towards a greater engagement of countries in the Global South, and a shift to a position of relative *strength*, as Latin American countries got their domestic economies in order and benefited from the commodities boom, thus becoming valuable economic partners in their own right.

In foreign policy, Brazil has been by far the most active and ambitious. Most recently, President Luiz Inacio Lula da Silva's attempts to mediate in the US-Iran dispute on the nuclear issue, as well as Brasilia's joint 2010 attempt with Ankara in the same direction (much to Washington's chagrin) have raised eyebrows among diplomatic observers. Yet, these initiatives have been only the latest in a much longer process throughout two presidencies, those of Fernando Henrique Cardoso (1993–2001) and Lula da Silva (2002–2010), to craft and implement an ambitious foreign policy agenda. Brazil's leadership within the G20+ in the Doha Round negotiations from 2003 on, the India-Brazil-South Africa (IBSA) Initiative the same year and its joining the G4 (with Germany, India and Japan) in 2006 in an (ultimately failed) attempt to reform the United Nations Security Council, are all products of this truly global approach to its international relations. A close association between Brazil and India in many of these initiatives has been at the core of this approach.

The opening of 32 new embassies from 2003 to 2008, at a time when many countries were closing missions abroad and cutting foreign ministry budgets, is also revealing.

More modest, but not necessarily less effective, has been Chile's approach to foreign relations, putting international economic policy front and centre. With 59 free trade agreements (FTAs) as of 2011, more than those of any other country, Chile has made access to foreign markets a key component of its foreign policy, having signed agreements with the United States, the European Union, China, Japan and India (a preferential trading agreement–PTA), among other countries, and in doing so, increasing exports from $9 billion in 1990 to $69 billion in 2008. Chile has also joined APEC (in 1994) and the OECD (in 2010), deploying the sort of diplomatic initiatives needed in an increasingly complex and networked international system. Something similar can be said about Mexico, the first Latin American country to join APEC, the first to join the OECD, and the one, after Chile, with the largest number of FTAs.

### *Between Globalization and Globalism*

As can be seen from the ways these various Latin American countries have handled the challenges of globalization, they are very far from "circling the wagons" and from aiming at cutting themselves off from the world economy. Rather, they are engaging it proactively, at a time when the Great Recession of 2008–2009 signalled the end of "liberal globalization", that is, broadly speaking, the end of globalization as an ideology, though not necessarily as a process. Notions like "the twilight of the nation state", "global markets in command", "unilateral opening of economies to maximize comparative advantages" and "the ever rising power of transnational firms" seem dated at a time when nationalism is reasserting itself, and when the forceful power of the state is behind many of the newly emerging economies.

A central tenet of globalism was that the scope of politics was being reduced. There would be no margin for political choice and discretion in a world ruled by abstract economic forces, in the face of which politicians were essentially impotent. In response, the message that Latin American electorates sent for much of the past decade was that they no longer buy that view and are ready for a change. They want choice. And it is not a coincidence that President Rafael Correa of Ecuador, elected in November 2006, did his doctoral dissertation in economics at the University of Illinois on the subject of globalization and its impact on Latin America.

A distinctive feature of India's approach to its own development challenges over the past two decades has been this very same notion of "managed globalization", that is, the idea that the opening and gradual liberalization of the economy has to go hand in hand with a careful monitoring of the tides of global forces, and that the state needs to play a role in making sure that these tides do not end up drowning local economic activities and initiatives.

There is then, a convergence between trends obtaining in India and in Latin America. This should lay the basis for much more extensive interaction than has been the case until now. Domestically, both have moved away from inward-oriented development approaches to ones that take advantage of the many opportunities offered by the increased global flows of goods, services, capital and data. Internationally, both India and Latin America are part of the emerging powers in the Global South that are driving the world economy at a time when the mature markets of the North are in difficulties.

### *Increasing the Density of Indo-LAC Interactions*

In Latin America, the image of the "Old India" is increasingly being replaced with that of the "New India"—the IT Power, known for its IITs and IIMs, BPO (business process outsourcing) and KPO (knowledge process outsourcing), Bangalore and Wipro. The number of LAC missions based in New Delhi increased from 12 in 2002 to 18 in 2011, and India's missions in the region doubled from 7 to 14. A PTA between India and Chile went into effect in 2007, and another between India and Mercosur in 2009.

A good indicator of this increased Latin American interest in India can be seen from Table 1. In the first half century of Indian independence, only twelve presidential visits from Latin America took place. From 2001 to 2011 alone, there were ten.

**Table 4**

**Presidential Visits from Latin America to India**

| | |
|---|---|
| 1961 | Arturo Frondizi, Argentina |
| 1962 | Adolfo Lopez Mateos, Mexico |
| 1973 | Fidel Castro, Cuba |
| 1974 | Luis Echeverria, Mexico |
| 1981 | Jose Lopez Portillo, Mexico |
| 1983 | Fidel Castro, Cuba |
| 1985 | Miguel de la Madrid, Mexico |
| | Raul Alfonsin, Argentina |

| | |
|---|---|
| 1987 | Alan Garcia, Peru |
| 1994 | Carlos Menem, Argentina |
| 1996 | Fernando Henrique Cardoso, Brasil |
| 1997 | Alberto Fujimori, Peru |
| 2001 | Andres Pastrana, Colombia |
| 2004 | Luiz Inacio Lula da Silva |
| 2005 | Ricardo Lagos, Chile |
| | Hugo Chavez, Venezuela |
| 2007 | Luiz Inacio Lula da Silva, Brasil |
| | Felipe Calderon, Mexico |
| 2008 | Luiz Inacio Lula da Silva, Brasil |
| 2009 | Michelle Bachelet, Chile |
| | Cristina Fernandez, Argentina |
| 2011 | Leonel Fernandez, Republica Dominicana |

*Source: Ministry of External Affairs, India*

Although no Chilean President had ever visited India, two did so now in quick succession, Ricardo Lagos in 2005 and Michelle Bachelet in 2009. Andres Pastrana became the first Colombian President to visit India in 2001, and President Lula of Brazil visited India thrice.

Despite these efforts on the Latin American side, the region still does not show up very prominently on the radar screen of the Indian government. Prime Minister Manmohan Singh has visited Brazil twice (in 2006 and in 2010), as well as Cuba and Trinidad and Tobago. President Pratibha Patil also visited Brazil, Chile and Mexico in 2008. But by and large, visits to the region at the highest levels, be it the Prime Minister or the Minister for External Affairs, have been few and far between. There are no doubt good reasons for this. It is said that the most difficult job in the world is being Prime Minister of India. Running a parliamentary democracy with 1.1 billion people, 28 states, 22 languages, and ruling coalitions made up of a dozen political parties is no mean feat, and does not leave much time for foreign travel. Yet the fact that even visits by the Indian Minister for External Affairs to Latin America have been so sparse shows the region's relatively low priority in Indian foreign policy.

As the international system makes a transition from a unipolar, North-Atlantic anchored one to a very different, multipolar, Pacific- and Indian Ocean-centred one, whose centre of gravity shifts East, a partnership between India and Latin America offers much. The flattening of the international hierarchy has rendered some traditional international fora obsolete.

The India-Brazil link has in many ways spearheaded Indo-LAC relations, and IBSA has been especially important in that regard. IBSA can be interpreted as a "soft balancing" effort designed to compensate for the lack of representation of developing nations in global governance institutions. Each of these three states performs significant leadership roles in its respective region (Asia, Africa and Latin America), but in each region they are not uncontested or unquestioned. In global affairs, on the other hand, they have a much freer hand, which they have proceeded to exercise. They have conformed in many ways to the definition of middle powers—not sufficiently influential to make a mark on the international system by themselves, but able to do so by working with others and through international institutions. IBSA also stands in the middle between the extremes of outright submission to Northern demands and straightforward rejection of them. It engages the established international order, but with the ultimate objective of overturning it—what has been called systemic revisionism.

In this context, however, it is vital for India to reach out not just to Brazil, the region's most significant power, but also on two other fronts. As mentioned above, both regional integration and political cooperation have been key drivers of Latin America's international relations over the past two decades. India could gain much by engaging Latin American nations not just individually, but also through their regional bodies. The Inter-American Development Bank (which last year produced a report entitled *India: Latin America's next big thing?*), the Organization of American States (OAS), and UNASUR are all among the regional bodies with which India could engage, with a considerable multiplier effect.

At the beginning of the second decade of this new century, the appeal that India is starting to exercise in Latin America is considerable. Its vigorous parliamentary democracy, its growing economy, its high-tech achievements, in combination with its millenarian spiritual traditions, make for a heady mix. To make the most of this appeal, however, requires a much more proactive policy towards the region, one that realizes that in this new international order that is emerging, by working together, India and Latin America have much to gain.

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In the Andean, Central American and Caribbean parts of the region, as well as in the north and northeast of Brazil, a slowly fading model characterized by high natality will remain. Average population growth in the Latin America and the Caribbean will exhibit a decrease from 1.3% in 2005-2010 to approximately 1% in the first forecast decade and 0.7-0.8% in the second. The labor market will be influenced by numerous members of younger generations reaching the active working age. In other words, during the next 10-15 years, the active working population will grow at an accelerating rate. At the The Latin American Economic Outlook, the Revenue Statistics in Latin America and the Caribbean, as well as the Multi-Dimensional Country Reviews, are internationally recognised reports that demonstrate the Centreâ€™s capacity to tackle both regional and country specific challenges for further inclusive development in the region.â€ Pierre Duquesne, former Ambassador of France to the OECD and Chair of the OECD Development Centreâ€™s Governing Board. â€œThe Development Centre has been instrumental in strengthening the engagement between the OECD and the Latin American and Caribbean region. This enduring Economic activity in Latin America continues to rise, but at a slower rate than previously anticipated. The weakening global economy and rising policy uncertainty are contributing to slowing Latin Americaâ€™s growth momentum. Overall, the region is expected to advance by 2 percent in 2019 and 2.5 percent in 2020â€”still well below peer countries in other regions.Â Several risks could further harm the outlook for Latin America and the Caribbean. For instance, escalating trade tensions between China and the United States, or a slowdown in some major economies, could result in lower trade growth for the region. The region would also suffer if global financial conditions tighten furtherâ€”including spikes in global financial volatility, higher U.S. interest rates, and a stronger U.S. dollar. The term Latin America and the Caribbean (LAC) is an English-language acronym referring to the Caribbean and Latin American region. The term LAC covers an extensive region, extending from The Bahamas and Mexico to Argentina and Chile. The region have over 670,230,000 people as of 2016, and spanned for 21,951,000 square kilometres (8,475,000 sq mi). * Disputed territories administered by Colombia. â€  The UN geoscheme includes Mexico in Central America.