



# Economic Ties between India and Latin America

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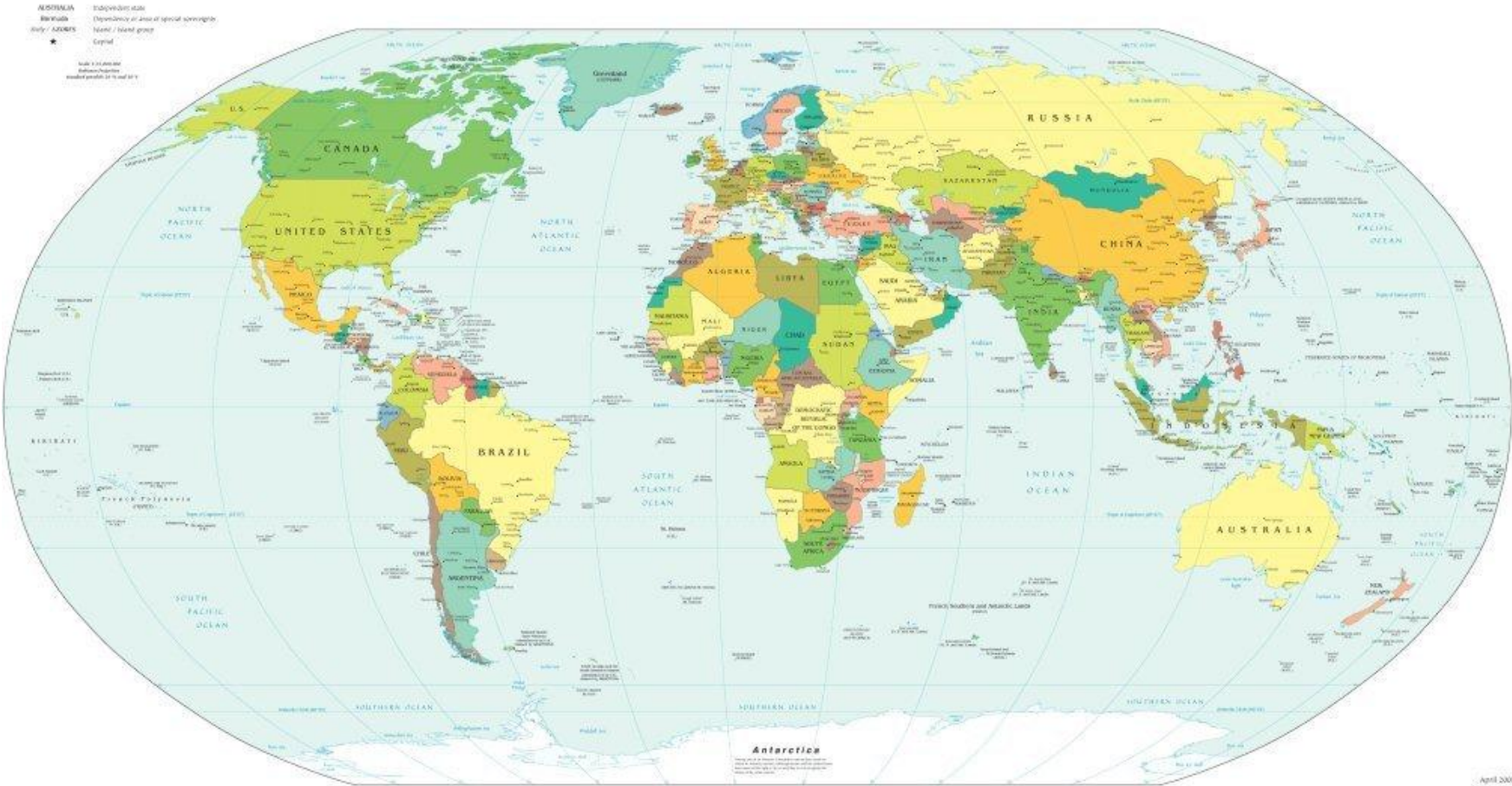
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# Outline

- Not “important” in terms of aggregates, but increasing
- General discussion of challenges of working on this topic
- Review of trade numbers to give you profile of changing Indian trade
- Trends and possibilities for the future, other areas of study

# The World

Political Map of the World, April 2007



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# Challenges of doing research on this topic

- Lack of data, especially reliable data over time
- Inconsistent data
  - Timing differences
  - Aggregation differences
- Virtually no reference literature
- Need to start somewhere

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# What are economic ties?

- Trade
  - Goods
  - Services
- Investment
- Economic diplomacy
  - Formal agreements
  - Fuzzier agreements, cooperation

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# Trade

- Start with IMF DOT stats. Why? Accessible
- Other sources - Inconsistent in absolute terms, but generally consistent in terms of trends
- Similarity between working on LA twenty years ago and India today in terms of data availability and quality
- If we have time, can talk about trade profiles by product
- One short comment on trade in services

# Indian Imports

## Millions of US\$

Country	2000	2004	2005	2006	2007	2008
DOTS Total	50,336.40	99,838.10	139,888.00	176,669.00	235,025.00	281,467.00
Industrial countries	24,674.20	44,596.60	60,674.90	75,782.30	99,948.40	114,123.00
UAE	1,077.80	3,951.43	4,425.83	7,581.68	12,267.30	18,821.20
China	1,448.60	6,073.29	9,925.53	15,812.50	24,692.00	30,276.00
Western Hemisphere	763.80	1,755.58	2,514.72	5,269.15	6,439.06	8,937.82
Argentina	372.48	517.57	700.43	848.95	899.21	608.90
Brazil	191.63	649.89	867.89	967.03	959.19	1,124.35
Chile	64.20	296.12	412.27	1,547.01	1,861.59	1,547.21
Mexico	64.48	77.83	93.87	617.20	1,085.33	1,599.23
Venezuela	11.45	3.54	8.17	559.73	483.45	3,112.57

Source: IMF Direction of Trade Statistics, Accessed April 2, 2010

# Indian Imports By % Share

Country	2000	2004	2005	2006	2007	2008
Industrial countries	49.02%	44.67%	43.37%	42.90%	42.53%	40.55%
EU	21.32%	17.32%	17.39%	16.35%	15.44%	14.52%
US	6.26%	5.99%	6.33%	6.32%	7.96%	6.71%
UAE	2.14%	3.96%	3.16%	4.29%	5.22%	6.69%
China	2.88%	6.08%	7.10%	8.95%	10.51%	10.76%
Western Hemisphere	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%
Argentina	0.74%	0.74%	0.74%	0.74%	0.74%	0.74%
Brazil	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
Chile	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%
Mexico	0.13%	0.08%	0.07%	0.35%	0.46%	0.57%
Venezuela	0.02%	0.00%	0.01%	0.32%	0.21%	1.11%

Source: IMF's DOT, accessed April 2, 2010

# Indian Exports

## Millions of USD

Country	2000	2004	2005	2006	2007	2008
DOTS Total	42,627.30	75,386.70	98,212.10	120,550.00	153,775.00	177,700.00
Industrial countries						
EU	27,395.50	42,418.00	55,610.50	64,524.00	77,426.60	85,513.00
US	10,392.60	16,588.30	22,031.00	25,946.50	32,605.70	37,936.80
UAE	9,083.25	12,839.30	16,475.20	18,515.50	20,285.40	20,851.50
Western Hemisphere	2,468.80	6,605.00	8,280.81	11,172.10	14,728.20	21,847.60
China	955.48	1,844.27	2,780.62	3,943.47	5,295.09	5,829.13
Argentina	758.23	4,178.48	6,473.30	7,910.25	10,195.10	9,663.86
Brazil	89.53	155.90	196.21	208.66	270.08	332.61
Chile	203.25	560.99	987.50	1,362.74	2,250.77	2,541.40
Mexico	98.53	99.47	141.91	319.52	280.94	352.10
Venezuela	191.60	330.35	424.44	512.60	577.69	636.15
	37.55	56.51	88.80	118.47	139.26	170.49

Source: IMF, DOT, accessed April 2, 2010

# Indian Exports

## % Share of Trade

Country	2000	2004	2005	2006	2007	2008
Industrial countries	64.27%	56.27%	56.62%	53.52%	50.35%	48.12%
EU	24.38%	22.00%	22.43%	21.52%	21.20%	21.35%
US	21.31%	17.03%	16.78%	15.36%	13.19%	11.73%
UAE	5.79%	8.76%	8.43%	9.27%	9.58%	12.29%
Western Hemisphere	2.24%	2.45%	2.83%	3.27%	3.44%	3.28%
China	1.78%	5.54%	6.59%	6.56%	6.63%	5.44%
Argentina	0.21%	0.21%	0.20%	0.17%	0.18%	0.19%
Brazil	0.48%	0.74%	1.01%	1.13%	1.46%	1.43%
Chile	0.23%	0.13%	0.14%	0.27%	0.18%	0.20%
Mexico	0.45%	0.44%	0.43%	0.43%	0.38%	0.36%
Venezuela	0.09%	0.07%	0.09%	0.10%	0.09%	0.10%

Source: IMF's DOT, accessed April 2, 2010

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# Investment

- Even worse data
- Latin countries don't show up in top ten investor lists in India nor vice versa
- Tracking via press releases, annual reports, embassy reports

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# Investment - examples

- Brazil: The big story - Joint ventures between Indian and Brazilian firms. Examples: Tata-Marco Polo buses, Gerdau-Kalyani Steel, Petrobras-ONGC
- ONGC is a major Indian investor abroad, active in many nations with oil and gas reserves. In Latin America, post 2005 this has included Cuba (2005), Colombia (2006), Brazil (2006), Trinidad and Tobago (2007) and Venezuela (2008)
- Steelmakers Jindal Steel and Mittal Steel have invested in iron ore and steel production in Bolivia and Costa Rica respectively.

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# More investment

- IT giants Infosys, Tata Consultancy, Satyam, and Wipro, as well as less famous iGate, have set up offices to provide their offshore IT services and develop software in the region, in some cases with multiple offices. TCS has a presence in Uruguay, Argentina, Chile, Brazil, Colombia, Ecuador and Mexico, using its office in Uruguay to service larger countries nearby, and Mexico to service the US
- Bajaj Auto began production of its three-wheelers in Brazil in December 2006 and is rumored to be considering establishing a presence in Colombia
- Praj, an innovative biofuels firm based in Pune, established an office in Colombia in 2000, and in 2009 entered into a joint venture in Brazil.

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# Economic Diplomacy

- Formal ties
  - Chile - Partial scope agreement - Signed March 2006, approved in 2007
  - Mercosur - Preferential agreement (Jan 2004) following framework agreement (June 2003)
  - IBSA - annual meetings, Brazil constrained by Mercosur
- Cooperation in international fora
  - WTO - increased work with Brazil
  - Climate Change negotiations - BASIC (with China)

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# Analysis

- Small but growing
- Trends - more natural resources. Good for India? Good for LA?
- International context: China

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# From here?

- Given the small numbers, is this worth discussing/tracking?
- Yes, because .....
- Where from here?
  - More primary research
  - More data analysis - understanding differences, trends
  - Building up more knowledge between regions
  - Focus on Brazil

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# General Indian Trade

- What does India export to the world? On the goods side, the leading sectors are diamonds, apparel in many categories, iron ore, jewelry, pharmaceuticals, organic chemicals, rice, and steel.
- What does India import from the world? Raw materials for energy such as petroleum, natural gas, and coal; diamonds; equipment of many types such as telecoms, computers, textile processing, and office machines; aircraft; and iron and steel scrap
- Source: Qureshi and Wan, *UNU-Wider Research Paper*, based on UN COMTRADE data

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# Trade highly concentrated

- Case of Chile - copper - 2005-2007 over 90% of trade, in 2008, 75%
- Mexico - petroleum - in 2008 - 76%
- Brazil - more diversified

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Export by Regions and Countries (In US \$) from India Countries/Regions	April-March	Export by Regions and Countries (In US \$) from India	India		SS\$ MILLION	Source: Min of Commerce and Industry, Gol
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09P
<b>1.1 EU Countries (27)</b>	<b>14,516.50</b>	<b>18,249.02</b>	<b>23,228.84</b>	<b>26,784.99</b>	<b>34,507.04</b>	<b>38,952.88</b>
<b>2) Africa</b>	<b>3,076.67</b>	<b>4,218.24</b>	<b>5,441.70</b>	<b>8,404.97</b>	<b>11,546.29</b>	<b>11,230.05</b>
South Africa	539.35	984.04	1,526.87	2,244.74	2,658.67	1,966.15
U S A	11,490.03	13,765.74	17,353.06	18,851.42	20,722.17	20,818.38
<b>3.2 Latin America</b>	<b>1,138.80</b>	<b>2,160.71</b>	<b>2,993.47</b>	<b>4,264.68</b>	<b>5,660.54</b>	<b>6,008.33</b>
Brazil	275.62	678.17	1,090.61	1,452.31	2,517.78	2,549.69
Mexico	264.42	368.58	443.07	535.36	591.95	650.98
Colombia	95.31	330.71	455.02	576.18	757.70	365.13
Argentina	87.33	186.32	199.50	211.55	289.68	346.96
Chile	83.02	111.20	152.15	375.02	249.61	386.31
Venezuela	21.13	71.97	94.41	126.39	143.59	179.48
Peru	38.01	68.82	84.26	125.51	286.99	302.02
<b>4) Asia &amp; Asean</b>	<b>30,390.83</b>	<b>41,347.45</b>	<b>49,874.74</b>	<b>62,955.23</b>	<b>84,238.02</b>	<b>95,176.93</b>
<b>4.1 East Asia</b>	<b>703.52</b>	<b>859.83</b>	<b>1,004.50</b>	<b>1,488.86</b>	<b>1,409.80</b>	<b>1,732.78</b>
<b>4.2 Asean</b>	<b>5,821.71</b>	<b>8,425.89</b>	<b>10,411.30</b>	<b>12,603.86</b>	<b>16,384.25</b>	<b>18,890.83</b>
<b>4.3 Wana</b>	<b>10,184.97</b>	<b>14,232.44</b>	<b>16,685.21</b>	<b>23,038.29</b>	<b>30,372.02</b>	<b>40,835.12</b>
U Arab Emts	5,125.58	7,347.88	8,591.79	12,022.77	15,634.56	23,921.12
Saudi Arab	1,123.30	1,412.06	1,809.77	2,586.15	3,708.30	4,987.94
Iran	918.11	1,231.39	1,188.35	1,449.67	1,949.46	2,509.49
Israel	723.98	1,005.76	1,201.50	1,320.39	1,603.69	1,439.13
<b>4.4 Ne Asia</b>	<b>9,387.11</b>	<b>13,223.15</b>	<b>16,226.10</b>	<b>19,359.80</b>	<b>26,450.00</b>	<b>25,279.90</b>
China P Rp	2,955.08	5,615.87	6,759.10	8,287.48	10,834.08	9,275.55
Hong Kong	3,261.80	3,691.82	4,471.32	4,676.92	6,308.31	6,661.66
Korea Rp	764.86	1,041.68	1,827.21	2,512.76	2,853.19	3,990.49
<b>4.5 South Asia</b>	<b>4,293.52</b>	<b>4,606.14</b>	<b>5,547.65</b>	<b>6,464.42</b>	<b>9,621.95</b>	<b>8,438.30</b>
<b>Total</b>	<b>63,842.55</b>	<b>83,535.94</b>	<b>103,090.53</b>	<b>126,262.68</b>	<b>162,983.91</b>	<b>182,630.50</b>