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F O R E W O R D

This document has been drafted in compliance with Activity III.1.4 of the Work Programme of the Permanent Secretariat of SELA for 2013, entitled "Analysis of economic relations of Latin America and the Caribbean with the People's Republic of China, the Russian Federation, India, and South Africa (RICS)." It is intended to endorse rapprochement and stronger links between such important emerging economies and SELA Member States.

Following the introduction, the first chapter puts in context the aforementioned countries and their ties with Latin America and the Caribbean from a general standpoint. A description is made of the main economic features of the RICS and their relative importance in the world economy. The second chapter delves into trade and investment relations between RICS and Latin America and the Caribbean; existing agreements are highlighted and, based on an updated and comprehensive diagnosis of economic flows, the potentials to tighten ties are identified.

The third chapter provides elements to improve economic and trade relations and cooperation. Some tools are suggested to foster the links between SELA Member States and this group of emerging economies.

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EXECUTIVE SUMMARY

The world heads for multi-polarity. Emerging countries play an increasingly relevant role both because of their specific weight and determination to take the lead and influence on major international affairs. The BRICS are shaping up as a group intending to set a common agenda and influence on the world scene. These countries total around 40% of the world population, 15% of world trade and 25% of the global GDP, and they are pivotal in the world economy. In 2011, their aggregate GDP increased around US$ 2.3 trillion, tantamount to Italy's GDP. Even though slowing down, their economic growth averaged 6.1% in 2012 and is estimated to reach 6.9% in 2013. In addition, by 2020, the economies of Brazil, China and India are expected to overtake Germany, Canada, the USA, France, Italy and the United Kingdom.

In March 2013, the BRICS Group held its Fifth Summit in Durban, South Africa. In that meeting, BRICS gave precedence to Africa. Sure enough, their economic profile in Africa could excel Europe, the United States and Japan, the traditional partners. Proposals were made in that summit to set up a development bank; a foreign currency joint fund; a study and business centre; their own rating agency; a submarine network for high-speed data transmission among the five countries and a university grading system, among others. They also expressed their intention to become a coordination mechanism on global matters so as to define positions in the world arena. To sum up, they showed their willingness to have a higher clout on world economy, politics and cooperation.

Considering the priority given to Africa by the BRICS Group, Latin American and Caribbean countries (LAC), nowadays side-lined, are advised to form part of their agenda as well. Brazil, the Latin American partner in BRICS, could hinge both groups. LAC should find a way to get closer to this group, given its relevance and higher profile in the near future. Also, getting to know BRICS, their strengths, opportunities and potential usefulness for LAC is suggested.

This document is precisely aimed at attracting the attention of LAC to BRICS through systematic information and identification of opportunities for economic cooperation, trade and investment. Likewise, with this paper, the Permanent Secretariat of SELA tries to make proposals so that LAC can submit a work agenda to BRICS in their upcoming summit to be held in Brazil in 2014. The cooperation potential is significant. Nonetheless, LAC is strongly recommended to set a strategy on both rapprochement and topics if such potential is to be cashed in. The Permanent Secretariat of SELA seeks to make an input in this regard and help Member States outline and implement an action plan to attain such goal.

I. INTRODUCTION

Today, emerging economies play an increasingly important role as parties willing and able to impact the world agenda. In addition to experiencing in the last decade significant economic growth, emerging countries have also become the driving forces of world economic growth. This is not only the result of their own dynamism, but it is also due to the crisis undergone by some industrialized countries that used to trigger the world economy. Emerging countries have a higher global profile, thus showing the movement towards multi-polar geopolitics including the rise of regionalism.

Among emerging economies, Brazil, Russia, India, China and South Africa (BRICS) stand out due to their unique characteristic features, including large territories, significant human capital and a dynamic economy. In the advent of the new millennium, China emerged as a global super power altering world competition. Likewise, in the past decade, Russia and India experienced intensive growth rates. Add to this, the efforts of these countries to restate the structures of the international order, aimed at further involvement and decision making in the policies adopted in traditional organizations.

In addition, BRICS' approaches seek to create new ways of interaction. Take, for instance, the proposal made by the BRICS Heads of State at the Durban Summit in 2013 to set up the Development Bank of the South as an alternative to traditional international financial institutions. This new bank will be helpful for BRICS to invest in infrastructure and sustainable development projects inside BRICS and in other emerging economies.

Given the growing relevance of BRICS in the world scene and as leading parties in setting the new rules of the world economic system, and in light of the priority given to Africa by BRICS, the Permanent Secretariat of SELA deems it vital for Member States to handle accurate and update information so as to seize the potential opportunities of stronger links with the Russian Federation, India, China and South Africa (RICS). Since Brazil is a member of both groups and in light of its leading role in Latin America and the Caribbean to get closer to BRICS, Brazil has been taken in this study as part of Latin America and the Caribbean. Undoubtedly, Brazil can act as a hinge between Latin America and the Caribbean and RICS.

This paper is intended to provide an analysis of the current state of affairs and prospects for economic relations between Latin America and the Caribbean and RICS, taking into account their systemic importance in regional and world economy.

The document focuses on trade and investment opportunities from such relationship. Hence, in the identification of new opportunities, Brazil will be construed as part of Latin America and the Caribbean, and potential areas with RICS will be listed[1].

The first section provides an outlook of the strengths and challenges of RICS. Main economic and social variables are briefly analysed, making emphasis on the achievements made by the four countries and the challenges they face. Current international agreements; institutional schemes of both groups, and the trade and investment infrastructure to facilitate economic relations and promote exchange are identified as well.

The second section deals with the nature of LAC-RICS relations. The extent of diplomatic rapprochement and cooperation agreements is measured. Current trade and investment

[1] For a review of economic and political relations between Brazil and the rest of BRICS countrides, see: IPEA, Boletim de Economia e Política Internacional, No. 9, January-March 2012.

flows are examined. Likewise, the available information on current promotion schemes is systematized.

The third section focuses on the opportunities and challenges faced by both groups to develop their potential. Goods and sectors suitable to tighten bilateral ties are ranked. The identification of future opportunities and challenges will help LAC target major cooperation areas. Working on economic cooperation areas to get both sides closer together is suggested, as well as the activities that SELA could undertake to accomplish that goal.

Finally, the fourth section provides conclusions and recommendations, so that SELA Member States have access to tools that get them acquainted with the reality of the four countries, and spot the way of strengthening economic ties for their mutual benefit.

II. BACKGROUND

The term BRIC first appeared in 2001. Jim O'Neill, then CEO of Goldman Sachs Assets Management, coined the term in order to recommend these markets to his investors, based on their bright economic prospects and role in the world economy. In his report entitled *The world needs better economic BRICs*, he forecast that Brazil, the Russian Federation (hereinafter, Russia), India and China could become superpowers by 2050 due to their size, population, resources and, above all, big economic growth and input to world economic growth. Indeed, from the outset of the millennium, China took off as a global superpower, altering world competition with an average annual growth rate nearing 10%. Similarly, in the past decade, Russia and India experienced intensive growth rates; the former at 6% on annual average, the latter, around 8%. Brazil, Russia and South Africa export raw materials; China and India export manufactures, including electronic and high-technology devices, vehicles, aircraft, and steel, among others. All the five account for 15% of the world trade.

Nowadays, the BRICS Group is the benchmark in emerging markets, not only because of their common features, but also because they run in tandem and have proposed an agenda including items of common interest. Coordination was effective as late as 2006, upon the meeting of their Foreign Ministers. Later on, in 2009, the first Summit of Heads of State was held in Yekaterinburg, Russia. Ensuing meetings were held in Brasilia, Brazil (2010); Sanya, China (2011); Delhi, India (2012); and Durban, South Africa (2013).

In the Third Summit of BRIC, held in Sanya, China, South Africa was invited to join the group. In this way, letter "S" was added to the acronym.

The BRICS Group has not set up an institutional framework, a bureaucratic structure or an established organization; nor has it a formal venue. BRICS could be defined as a political mechanism and a discussion forum. However, such discussions have not translated into binding agreements, but statements.

BRICS seek to reform global political and economic governance. Its agenda focuses on the world economic state of affairs, the need to reform international financial institutions, representation of developing countries in the world arena, its relationship with G20 and means of cooperation in several matters, including environment, energy, development, agriculture, eradication of poverty, infrastructure and trade (BRICS 2013B).

In the Fifth Summit held in Durban, South Africa, on 27 March 2013, BRICS took a stance on several matters that were mirrored on the Joint Declaration (BRICS 2013). This can be

regarded as their attempt at a higher profile in world and regional issues. Indeed, BRICS prioritize multilateralism, and view the United Nations as pivotal to bolster and strengthen multilateral cooperation. They upheld their commitment to continue boosting initiatives born into them, such as the Conference of Parties (COP) and the Millennium Development Goals (MDGs). They showed their support to the development of a multilateral trade system and undertook to complete the Doha Round. Recently, Brazilian Ambassador to the World Trade Organization (WTO) Roberto, Azevedo, was appointed Director General. In this way, Brazil will be able to get the necessary consensus to complete the Doha Round. A stance was taken on the events in Syria, Palestine, Afghanistan, Iran, Mali, Democratic Republic of Congo and Republic of Central Africa. Thus, the BRICS are positioned as emerging countries with global interests.

Furthermore, Member States voiced their intention to turn their meetings into a mechanism in its own right to coordinate a wide variety of long-term economic and political subjects. They reasserted their readiness to reform the International Monetary Fund (IMF) and urged Member States to work on an increasingly representative group with a higher clout of emerging economies. Having this in mind, they agreed to lay an international financial safety net and finance long-term infrastructure projects in developing countries. Additionally, Finance Ministers and Governors of central banks were entrusted with the setup of a contingency fund with a share capital of US$ 100 billion. The fund "will help BRICS face liquidity pressure in the short term and [...] will contribute to reinforce security in the global financial system" (BRICS 2013).

BRICS leaders agreed to set up a development bank for infrastructure and development projects both inside BRICS and other emerging countries and to further trade among them. An initial amount of US$ 50 billion was brought forward. However, in Durban, Member States failed to set the shareholding and management, in the expectation of taking the final steps for the bank before the Summit of 2014 (Economy 2013). For their part, China and Brazil agreed to trade in their local currencies for a total amount of up to US$ 30 billion annually, almost half of their trade in US dollars. While the BRICS development bank is intended to back projects around the world, an emphasis has been made on development projects in Africa, including roads and railroads connecting Durban, in South Africa, with Tanzania (Nassif 2013). The progress made by the fund and development bank will be revised in September 2013.

Lastly, the Multilateral Agreement on Cooperation and Co-financing of Sustainable Development and the Multilateral Agreement on Co-financing of Infrastructure for Africa were cemented. The Sixth Summit was slated for Brazil in 2014.

Following is a succinct analysis of strengths and challenges faced by Russia, India, China and South Africa (RICS), as well as the opportunities posed by them as emerging superpowers.

1. RICS within the international context

Russia, India, China and South Africa have become the most notable and influencing emerging economies in the last decade. China stands out for its large economy, strenuous growth and active policy for a true global profile. This is concomitant with the retreat of developed countries from the international ambit to cope with their own crisis resulting from their tax troubles and feeble economic growth.

RICS are top performers given the size of their population, territory and economy. China and India are the only countries in the world with more than one billion inhabitants (the United States ranks third, with 313 million). Geographically, Russia has the largest territory in

the world, virtually doubling that of Canada, in the second place. Based on income, in 2013, China, India and Russia are among the ten largest economies in the world. In Latin America and the Caribbean, only Brazil is close to the size of Russia, China, India and South Africa.

TABLE 1
RICS compared to the ten largest economies of Latin America and the Caribbean: Global income, population, territorial extension and development rankings

Country	Nominal GDP 2012 est. (million dollars)		Population 2013 est., million inhabitants		Area (million Km²)		Per capita GDP, Nominal PPP, 2012 (international dollars)[2]		Human development index 2012[3]	
China	8,250,000	2	1349	1	9.706	3	9,100	121	0.69	101
Brazil	2,425,000	6	201	5	8.514	5	12,000	105	0.73	85
Russia	2,053,000	7	142	9	17.098	1	17,700	75	0.78	55
India	1,947,000	9	1220	2	3.166	7	3,900	165	0.55	136
Mexico	1,163,000	13	116	11	1.964	14	15,300	87	0.77	61
Argentina	474,800	24	42	32	2.780	8	18,200	72	0.81	45
South Africa	390,900	28	48	26	1.221	25	11,300	108	0.62	121
Colombia	378,700	32	45	29	1.141	26	10,700	111	0.71	91
Venezuela	315,800	33	28	45	0.912	33	13,200	99	0.74	71
Chile	248,400	38	17	62	0.756	38	18,400	71	0.81	40
Peru	173,500	52	29	42	1.285	20	10,700	109	0.74	77
Ecuador	66,380	63	15	67	0.256	78	8,800	123	0.72	89
Bolivia	24,600	97	10	82	1.098	28	5,000	157	0.67	108
Paraguay	21,240	103	6	103	0.406	60	6,100	144	0.66	111

Source: CIA World Fact Book and United Nations Development Programme.

As far as economic dynamism is concerned, in 2012, RICS grew at lower rates compared with 2011, consistent with the world economic slowdown. In terms of development and per capita PPP, inequity indexes are still significant. Several Latin American and Caribbean economies still overtake Russia, the most advanced country in the RICS group in terms of development indexes. For their part, India and South Africa are smaller than the ten major economies of Latin America and the Caribbean and somewhat similar to Central American countries (UNDP 2013).

Likewise, RICS does not comprise a uniform group as to competitiveness. China is the only one with a relatively sound position in occupying the 29th position in 2012 in the Global Competitiveness Index (GCI) of the World Economic Forum (WEF). In the group, Russia occupies the 67th position, that is, the last one in competitiveness in BRICS and 38 steps below China.

[2] The World Bank uses this unit to compare purchasing power in multiple countries. Country per capita GDP is converted into international dollars by using purchasing parity power rates. International dollars have the same purchasing power as the US dollar in the United States.

[3] Human development index is an indicator devised by the United Nations, taking into account schooling, literacy, life expectancy and country income. The index is 0-1, where 1 is the top value. For further information, see: http://hdr.undp.org/en/statistics/hdi/

TABLE 2
RICS compared to the ten largest economies of Latin America and the Caribbean: World Economic Forum global competitiveness index

Country	Global Index	Basic requirements				Efficiency	Innovation
		Institutions	Infrastructure	Macroeconomics	Education and health		
China	29	50	48	11	35	30	34
Chile	33	28	45	14	74	32	45
Brazil	48	79	70	62	88	38	39
South Africa	52	43	63	69	132	37	42
Mexico	53	92	68	40	68	53	49
India	59	70	84	99	101	39	43
Peru	61	105	89	21	91	57	94
Russia	67	133	47	22	65	54	108
Colombia	69	109	93	34	85	63	66
Ecuador	86	131	90	37	67	100	93
Argentina	94	138	86	94	59	86	88
Bolivia	104	119	108	49	97	122	100
Paraguay	116	135	123	43	108	110	123
Venezuela	126	144	120	126	84	117	135

Source: World Economic Forum 2012.

Chile, Brazil, Mexico and Peru are the LAC economies more similar to RICS in terms of competitiveness. Based on the GCI-WEF, the indexes of Mexico, Brazil and South Africa are alike as to infrastructure. Regarding macro-economic performance, Chile and Peru are like China. With respect to education and health, Mexico and Chile are closer to Russia. Regarding economic efficiency, Chile and Brazil are very much like RICS. Finally, regarding innovation, Chile, Brazil and Mexico, and China, India and South Africa look alike.

Despite their size and high growth rates in the past few years, RICS still face substantial challenges as to development. This could be an area for cooperation with other emerging economies with similar problems.

Following is a summary of the strengths and challenges faced by RICS, as evidence of the extraordinary potential for Latin America and the Caribbean to learn from their lessons and share experiences.

1.1. The Russian Federation

Russia forms part of G8, the most influencing group in the world economy. It is the biggest country on the planet and very rich in natural resources. It counts on abundant energy reserves, and owns a fourth of natural gas in the world. It is the second oil producer in the world and occupies the second position in coal reserves. Russia is among the three countries with the largest amount of international reserves in the world. It is one

of the five permanent members of the UN Security Council and also has a tremendous nuclear capacity (Collins 2010).

In the past 10 years, Russia has grown over 5% in annual real terms. This country has managed to curb high inflation rates prevailing in the 1990s (sometimes more than 800%); unemployment and violence have diminished, and debt is lower than 10% of its GDP. This, together with international reserves, makes Russia macro-economically stable. Based on the Global Competitiveness Index (GCI) 2012-2013 of the World Economic Forum (WEF), Russia's macro-economic environment substantially improved from 44 to 22 as a result of its low debt and fiscal surplus. Nevertheless, Russia faces huge challenges stemming from feeble public institutions (133) and the country's innovative capacity (85 in 2013, down from 57 in the 2010-2011 GCI ranking). Russia has serious shortcomings in the goods market (134), labour market (84), and financial market (130), where the situation has deteriorated for the second year in a row. Furthermore, inferior economic competition (136) derived from ineffective antitrust policies (124) and restraints on foreign trade and ownership, as well as distrust in the financial system (134) result in ineffective resource allocation and hamper productivity. The WEF also identified a lack of business sophistication (119) and poor technology adaptation (137). All of them will be significant hurdles to growth and development (WEF 2012, 27-28).

It is worth mentioning that the Russian middle class has incredibly expanded in the last decade, thus feeding the huge domestic market (seventh in the world). In 1999, per capita GDP by per PPP at international prices accounted for 5900, and neared 22,000 in 2012, more than any other BRIC (The World Bank 2013C). In 2000, Russian middle class represented almost 15% of total population, as the effects of the collapse of the URSS and the 1998 crisis diminished it drastically. Today, it is another story. In 2000, there were about 25 Internet users for every 1,000 people, versus almost 70 million Internet users in 2010 (49% of the population), and a 6% growth in 2011. The flow of Russian travellers abroad has doubled; spending in luxury goods has increased over eight times, and registration of new cars has almost trebled (The Economist 2012B). Only in the last decade, Russians' purchasing power was threefold higher.

According to the Mexican Institute for Competitiveness (IMCO), Russia is the third country with the most talented people in the world (only behind Canada and the United States). Russians are educated people and illiteracy is virtually inexistent. Schooling compares to that in the United States, even beyond that of Europe (IMCO 2011, 244). Every year, more university students graduate in Russia as compared to any other European country.

Russia is more and more aware of the environment. According to the Global Competitiveness Index (GCI) of the World Economic Forum, Russia has a substandard record in environmental sustainability,[4] with low ratings based on three indicators: enforcement of environmental regulations, number of ratified international environment treaties and environmental quality (WEF 2012, 60). Russia is the fourth largest pollutant in the world. But it is also a party to the Copenhagen Accord and has vowed to reduce its CO_2 emissions around 25% versus 1990 numbers. Russia has made great strides with the reduction of greenhouse emissions over the past five years, among the 46 major world economies (IMCO 2011, 57). Russia has also warranted to uptake 95% of the natural gas resulting from oil drilling. In 2009, Russia enacted its first law on energy efficiency, providing for minimum efficiency standards for some goods. Beginning 2014, incandescent light bulbs will be banned (Collins 2010).

[4] According to the WEF, environmental sustainability refers to institutions, policies and issues that ensure effective resource management for the well-being of present and future generations (WEF 2012, 52).

In the economic field, Russia is coming back to the levels of the extinct Soviet Union (USSR). The fall of the USSR was not insignificant for the world, let alone Russians. Only in 2006-2007, Russia recovered the levels of production, per capita production and per capita purchasing power that it used to have in 1989.[5] In 1998, Russia's GDP was almost half of that in 1989. This was the same case for per capita purchasing power.

Abundant natural resources have delayed reforms and innovation. The clout of the energy sector in Russia recalls "that of Mexico in 1980, with an enormous dependence on oil and gas prices" (IMCO 2011, 14). This means a barely diversified export supply (two-thirds correspond to oil and gas); government's few incentives to undertake a tax reform for a better tax collection (near 12% of the GDP, much lower than Latin American and Caribbean standards), and extreme foreign dependence (as a result of the 2009 crisis, Russia's GDP shrank -7.8%).

Russia also faces troubles with its population structure, including both its population pyramid and growth rate. Firstly, Russians are mature people. In 2009, half of the population was 30-64 years old, in contrast with Mexico, Indonesia, Brazil and India, where most people are 0-20 years old (IMCO 2011, 21-2). Secondly, and probably most significant, population growth rate will average -0.7% in the next 40 years. This signifies one of the biggest demographic contractions in the world. Russia's population peaked in 1992, at 148.7 million. In 2050, Russia's population is expected to surpass 100 million, with implications on production and consumption, and health care and pension funds required by senior citizens.

Russia shares similar problems with Latin America and the Caribbean as regards transparency and efficiency of government agencies. Russia is a poor performer concerning civil and political rights and liberties; accountability is nil; armed conflicts are quite feasible; many people seek refuge elsewhere for political reasons; freedom of the press is tiny; and few endeavours are made against corruption. Lastly, ethnic strife, particularly in Chechnya and Islamists in the Caucasus remain. Some cities, like Gubden, undergo extreme violence (Parfitt 2011).

1.2. India

Economic growth in India will be very strenuous in the next decades. The World Bank and the International Monetary Fund (IMF) forecast that India will overtake China in the short term. According to PriceWaterhouseCooper (PWC 2011), India's average annual growth rate through 2050 is estimated to be at 8% (followed by China, at 5.9%). By 2050, India might be the second largest economy in the world, only behind China. It is quite certain that in less than 20 years, India will be the third world economy.

Since its independence, India has prioritized industrialization. In 1952, the first Five-Year Plan was implemented by means of a centralized administration of the economy, in search for development through import replacement. India's average annual growth rate hit 3% in 1950-1980, a lower performance compared with those of Mexico and Brazil, with a very similar economic model. In 1991, the import replacement model would deplete and, following the economic debacles that year, the Indian economy opened up to foreign trade and investment. Since then, the Indian economy has soared above 6.5% on average year on year.

According to IMCO (2011), India ranks 42nd out of 46 in terms of competitiveness. The GCI-WEF 2012 put India in the 59th position, three points less than in 2011. From its peak in 2009 at 49, India has lost 10 positions and lags behind China by 30 steps. As to

[5] In this analysis, no comparison is made with the USSR as a whole, only with Russia.

macroeconomics, India is characterized by huge and repeated public deficit with the highest debt/GDP ratio in BRICS. In 2011, inflation came back to one digit (WEF 2012, 29-30). India shows significant weaknesses in basic areas that support competitiveness. Transport, information and communications technologies (ICTs) and energy infrastructure are insufficient and fail to meet the country's needs. As a matter of fact, Indian entrepreneurs are afraid that infrastructure is the main obstacle to business. However, it has improved since 2006 (WEF 2012, 29). By contrast, India has plenty of advantages in the most advanced and complex competitiveness factors, namely: a sophisticated, highly developed financial market (21), able to channel funds into productive goals, and a streamlined, innovative business sector.

Demographic bonus is the country biggest potential. Today, India holds almost one fourth of the workforce in the world; young people will continue feeding the services sector. By 2020, nearly 40% of the Indian population will be younger than 25 years of age. This means that economically active population is far from its climax.

Except for the iron and steel industry, India's economic growth relies on the services sector. More than half of the GDP comes from it. Indian qualified, English-speaking, low-cost engineers graduated from top-notch public universities, attract substantial investments, particularly in information technology and software. Nonetheless, India holds the lowest penetration regarding Internet access. Only 11%, 137 million inhabitants, has access to Internet, despite a 26% hike in 2012 versus 2011.

As regards the iron and steel industry, India is the fourth world steel producer. In 1990-2000, steel production not only quintupled, but also halved the number of workers, that is, productivity per worker rose.

Despite the iron and steel industry and the services sector are the pillars of Indian development, "India is not Bangalore" (IMCO 2011, 131). As a matter of fact, more than 60% of population engages in agriculture, which is 100-130 times less productive than that in the United States or France (Pipitone 2011).

India is experiencing the highest growth in its history. Nevertheless, the relative weight of its industry has not changed. Manufacturing has remained close to 15% of GDP. There is feeble growth in the productive sector, in sheer contrast with China. In default of increasing production, long-term sustained growth is unfeasible, because markets cannot be expanded (Pipitone 2011).

Because of the growth in the past few years, million Indian people have overcome poverty. Also, education has significantly improved. Illiteracy has dwindled and the birth rate is under control. India is a leading stakeholder in the world economy and has much to offer as a driving force.

With regard to its challenges, even though India can become the second largest economy on the planet by 2050, it is far away from attaining the well-being standards of those countries to be left behind in terms of production, such as France, Canada, Germany or Japan. No matter the huge potential of a sizeable population, Indians still face big challenges, and well-being for such a large population is one of them.

Today, some development indicators in India are comparable to those of Sub-Saharan Africa. India's Human Development Index is lower than that of Botswana, Salvador, Iraq, Syria or Vietnam. Children malnourishment levels are worse than those in Ghana or Kenya (IMCO 2011, 16). While the Indian society is not as unequal as in Russia, China, Turkey,

Mexico or Brazil, inequity grows fast. Furthermore, nearly 75% of Indians (over 900 million) live on less than two US dollars a day, compared with around 35% in China and less than 6% in Latin America and the Caribbean (The World Bank 2013C).

Based on the GCI-WEF, the outlook of health and elementary education is dire, with India in position number 101 among 144 countries. Despite improvements lately in all ambits, poor health care and public education with schooling averaging 4.9 years remains the main cause of low productivity in India. For instance, only 34% of the Indian population has access to cleaning services (WEF 2012, 60). A weak welfare state makes the country vulnerable to economic crises. India has the worst mortality rate of children under five years of age.

While there are no official data of youth unemployment, multiple papers point to a very high percentage. In addition, India is last but one in women's involvement in economy and environmental protection. India's atmospheric pollution is among the highest in the world. In addition, water consumption is the least efficient due to its agriculture intensive use.

India is the largest democracy in the world. Nevertheless, certain legislative stalemate has hindered substantial reforms. GCI-WEF points to undermined confidence in politicians (106) in the past three years, down from 37 to 70. India is in serious corruption-related trouble. While the latest world financial crisis barely made an impact on growth, India is among the countries with the least leeway in tax and monetary policies (due to inflation, government debt and current account deficit) to face a potential crisis and sustain growth (The Economist 2012E).

Because of the size of India, its development in the upcoming decades will have quite an impact on the world. China and India involve soaring production of goods and services, construction and creation of infrastructure, and poverty reduction as never before. Notwithstanding, such growth will not suffice for India to be a developed country for a long while. Regardless of high growth rates, India will not surpass the average per capita income of Mexico in the next 100 years (IMCO 2011, 251).

1.3. China

In the whole history of humankind there had never been such an extraordinary case of development as that of China in recent decades. Not even the United States, England, Germany or Japan had such formidable accomplishments as China. In a couple of decades (1979-2000), nearly 400 million people abandoned extreme poverty; that is, 1.6 million on a monthly average. Neither the Industrial Revolution nor post-war economic growth (IMCO 2011, 17) offered such a leap. Anything like that will hardly happen again. India possibly is the only country able to do so. However, it would have to grow by several percentage points and keep such growth constant for more than 30 years.

Over the past 20 years, China's share in the world GDP surged from 1.6% to more than 10.4%, thus becoming the second world economy. In that same term, the share in the world GDP of Brazil and India heightened near 1%, compared to 0.5% for Mexico. Russia's share remained steady (The World Bank 2013C).

Investment, competitiveness and infrastructure development have been the three pillars of China's growth. The government has been pivotal in economic growth through long-term strategic planning and business financing. Transfers and subsidies have given advantage to Chinese companies over foreign competitors.

China is competitive not only because of its investments, but also because its population has played a key role. As a result of migration from the countryside to cities, rural population shrank from 80% in 1980 to 55% in 2010 (The World Bank 2013C). Such a percentage translates into million people arriving in cities, looking for a job; abundant low-cost labour, and reduced production costs. Precisely because of cheap manpower in China, many would leave elsewhere in the world, in search of higher competitiveness and profitability. Nevertheless, such trend is changing for exporters located on the coast.

Construction has widely contributed to China's economic growth. According to IMCO, "the most ambitious economic reform in China has been the establishment of a housing market. In 1980, there were 121 buildings of more than eight storeys in Shanghai; by 2010, such a number reached 10,045" (IMCO 2011, 17). Today, virtually more than half of the 50,000 great capacity dams in the world are in China. In the past 10 years, the highway network expanded from 12,000 km to 65,000 km, in addition to 6,000 km of railroads annually (IMCO 2011, 225).

China is the largest saver in the world. It has lately invested nearly half of its GDP on an annual basis, well ahead of the rest of countries where investment is close to 15% of GDP. In addition, China counts on more than 45% of its GDP in reserves (The World Bank 2013C). This gives it a cushion in the face of adverse scenarios. According to The Economist (2012E), China, together with Indonesia and Saudi Arabia, are the emerging economies with so much tax and monetary leeway to sustain their growth and enliven their economies in the face of a potential crisis.

Because of its size, China has always had a high clout in the international arena. Anyhow, it has significantly grown in the past few decades. Only China represents approximately one third of the world growth, but also indirectly bolsters other regions. By means of the demand of natural resources and inputs, in addition to its substantial investments in other continents, China is responsible for a great deal of the strenuous growth in Asia, Africa and South America over the past few years.

China's macroeconomic situation is very favourable no matter a protracted episode of high inflation rates. It has a moderate budget deficit; a low government debt/GDP ratio at 26%, and its gross savings rate is above 50% of the GDP. Its sovereign debt rating is much better than the other BRICS and many advanced economies.

It is worth mentioning that the challenges faced by China nowadays stem precisely from the three above-mentioned pillars that have lately defined its growth. Firstly, investments and real estate are depleting and the government huge investments yield less and less return. While India has hit growth rates at 7-8% with an investment tantamount to 25% of its GDP, China has had to invest almost half of its GDP to reach a couple of additional points for growth. In 2010, Mexico invested 21.2% of its GDP to attain 5.7% growth. This means that, in 2010, Mexico needed to invest somewhat less than 4% of its GDP to heighten its growth by one percentage point (IMCO 2011, 17). The foregoing shows the troubles faced by China to keep the high growth rates that have lately characterized its economy.

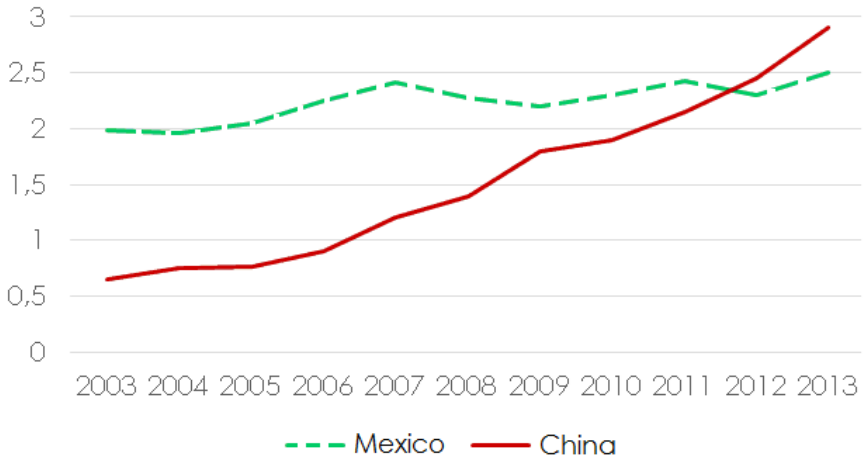
Two aspects should be pointed out with regard to competitiveness. China's demographic growth provided one fifth to the country annual growth in the past 30 years (Goldstone 2011). Nonetheless, this is coming to an end. By 2020, China's population will be older than that of the rest of emerging economies. Almost 50% will be 30-35 years old. Meanwhile, Mexico, India, Brazil and South Africa, for instance, same percentage will be 0-25 years old. Today, no matter the jobless in rural areas, the workforce is getting scarce and wages

rise. Added to the population downsizing, "by 2030, China will need to import workers" (The Economist 2012). Chinese population is estimated to decline about 15% by 2040, with an impact on its economy. It is expected that an annual decrease by 0.5% will automatically arrest growth by 2.2% (IMCO 2011, 21-2). With this trend, "China [...] will incur the 4-2-1 phenomenon; each child will be responsible for his/her two parents and four grandparents" (The Economist 2012).

China is losing ground as well in terms of competitiveness. Nowadays, it accounts for one-fifth of world manufacturing, mainly due to low production costs. Nevertheless, China is not cheap anymore. The price of lands; the costs associated to environmental and safety regulations and, mostly, wages, are on the rise. Production costs have jumped nearly 20% annually. Coast provinces, the big production centres, are losing their ability to attract workers from the province.

As per hourly wage, China has lost competitiveness versus other exporters of manufactures and electric appliances, such as Mexico in Latin America and the Caribbean. In 2003, the average wage per hour in US dollars in Mexico was 188.5% higher than that of China. Ten years later, in 2013, the average wage per hour in US dollars in China is 19.6% higher (Kwan Yuk 2013). "If wages keep on having annual increases at 30% and shipment costs at 5%, by 2015 producing in the United States would be as expensive as in China for export" (The Economist 2012D).

CHART 1
China and Mexico, hourly wage, 2003-2013
(US$ per hour)



Source: Chart outlined by the Financial Times with information of BofA Merill Lynch Global Research, the Bank of Mexico, INEGI, the International Labour Organization, NBS and estimates of the Financial Times.

According to the WEF, in 2012 China slipped back from position 26 in 2011 to 29. While China leads the BRICS economies by a wide margin (25 steps ahead of the second ranked, Brazil, in position 48), it faces challenges in critical areas to boost competitiveness, such as the development of the financial market, technology training and market efficiency. In this latter pillar, lack of domestic and foreign competition is particularly concerning, as the barriers to access seem to be more and more frequent.

Certainly, China has received relatively high marks in health and elementary education (35). And registration in higher education is also on the rise. Nevertheless, quality of education and a mismatch between school curricula and market needs remain

important matters. As to Internet penetration, only 42% of the population (564 million people) has access to the Web. Likewise, with increasing inequity, overall access to public utilities, such as better sanitation, is still narrow.

In the environmental field, China keeps on undergoing increased emission of pollutants (high levels of CO_2 and particles). The agricultural sector exerts a lot of pressure on environment, due to intensive use of water. China recently experienced the worst drought in 60 years. Over four million farmers underwent water scarcity.

While China has had a superb development, it faces enormous challenges, such as reduction of poverty, fight against corruption, piracy and inequity. In order to confront all these challenges, the country needs to keep on growing. However, it is evident that its economic model is getting exhausted. China is at a key moment, where increasing cooperation with other emerging economies and regions, such as Latin America and the Caribbean, may produce synergies able to enliven and spur its growth, foster development and improve its people's well-being.

1.4. South Africa

South Africa contrasts with the size of other BRICS, yet it stands out among African countries and developing nations with an influence on the global agenda. It is the biggest economy in Africa. Its macroeconomic performance and growth averaging 3.5% in 2005-2011 make it relevant in the world context (SELA, 2012, 3).

Because of its size, South Africa has a relative clout in Africa. It is the fifth most populated country in Africa behind Nigeria, Ethiopia, Egypt and the Democratic Republic of Congo. It is the ninth country with the largest area in Africa; it ranks first in economy in the continent, and sixth in terms of per capita purchasing power (PPP), behind Seychelles, Equatorial Guinea, Mauritius, Gabon and Botswana (The World Bank 2013C).

Due to its economic performance, South Africa was invited to join the BRIC. Even though it is hard to draw a comparison between this African country, given its size or economic growth rates, and the other BRICS, it is a door open to Africa, particularly Sub-Saharan Africa (The Economist 2012C). Besides, South Africa's purchasing power, more than US$ 11,000, is similar to that of Brazil, and higher than that of China and India. South Africans' purchasing power is similar to the average of BRIC. However, it is 4.5 times the African average. Undoubtedly, it is a very attractive economy from the viewpoint of consumption and the potential to develop a middle class with growing purchasing power.

Like BRIC, South Africa's macroeconomic performance has been steady. Its current account deficit shrank near 2%. In contrast with BRIC, South Africa has not experienced any contraction beyond 2% in any financial crisis, not even the crash of 2008. Nor has it undergone significant inflation, as the one experienced by BRIC in the 1980s and 1990s. As regards its foreign debt, South Africa occupies a good position before BRIC, and its situation is better and better if compared with some developed countries (Trading Economics 2013).

South Africa boasts the best infrastructure in Africa, with 80% of railroads. It is the seat of the largest Stock Exchange in Africa (The Economist 2012C). Like India, South Africa increasingly specializes in the sector of services. It holds plenty of mineral resources; it is the second gold producer in the world, and the major producer of platinum, chromium and manganese (The Economist 2012C).

Such a combination of factors makes South Africa highly competitive as compared to other emerging economies. According to the World Bank, South Africa ranks first as the best BRICS country for business (The World Bank 2013). Based on the GCI-WEF (2012), South Africa is 52nd worldwide, and 3rd among BRICS, regarding the size of the domestic economy. It shows good indicators as to the quality of institutions and some issues, such as intellectual property rights, property rights, accountability of private institutions, and efficiency of the market of goods. Its financial market is very reliable. Furthermore, it displays good indicators as to business satisfaction and innovativeness; it has top-notch scientific research centres and strong liaison between universities and businesses in furtherance of innovation.

South Africa has grown less than any other African countries. In 2005-2011, its annual growth average at 3.5% was lower than 4.5% in the rest of Africa (The World Bank 2013C). Its growth could be larger, yet it is undermined by severe shortcomings, including health, environment, fight against poverty, inequity and insecurity. Undoubtedly, these matters are a niche for international cooperation for development with Latin America and the Caribbean, at the binational and regional levels.

Job creation is among the main challenges in South Africa. The country's unemployment rate nears 25% (The World Bank 2013C). It is a serious challenge for a country with a young majority in need of jobs to meet its requirements. By 2020, approximately 50% will be under 30 years old, a higher proportion compared with any other BRIC.

Its labour force is lessened by low population growth – less than 1.3% in 2000-2011. PWC (2011) forecasts annual growth averaging 0.3% through 2050. This is principally due to health problems, particularly the prevalence of AIDS and high infant mortality rate (The World Bank 2013B). There are nearly 5.6 million AIDS patients, or 10% of the population. As a result, South Africa has the largest number of events of AIDS in the world (ONUSIDA 2010, 19).

Because of health problems in South Africa, life expectancy has not extended in the last decade – an unusual behaviour compared to the world average. While, on average, life expectancy in the world heightened from 67 to 69 years in 2000-2010, in South Africa it slipped back from 55 to 52 years.

Unequal income and violence are common challenges for South Africa and Latin America and the Caribbean. Together with Namibia and Botswana, South Africa is top in inequity in the world. As for security, based on the latest report of the Core Group of Geneva Declaration, South Africa is also top in the world in killings (Core Group of Geneva Declaration 2011).

South Africa should solve urgent matters if it is to grow in the long term. In this regard, international cooperation, particularly with Latin America and the Caribbean, is an attractive and plausible choice to fight such problems, and outline programmes to their mutual benefit and people's well-being.

2. Relations of Latin America and the Caribbean with RICS

Over the last few years, relations between RICS and Latin America and the Caribbean (LAC) have significantly improved mainly because of the political will to propel new cooperation areas and expanded trade and investment flows in the interest both of governments and productive sectors.

The existence of diplomatic missions is a first approach to the status of RICS-LAC liaison. It shows the focus and rapprochement in relations. Annex 1 lists the embassies and consulates of LAC countries in RICS and *vice versa*.

Given the high profile of RICS in the region, LAC is most interested in them. For their part, Russia and China are notably interested in LAC as well. China gives priority to LAC as a supplier of raw materials and also because half of LAC countries have recognized Taiwan as a sovereign country and hold diplomatic relations with it.[6] Thus, China regards international cooperation as a way of securing recognition and establishing diplomatic relations with a larger number of countries.

Cooperation agreements entered into by and between RICS and LAC is another indicator of their ties. In Russia, enhanced political dialogue and official visits at the highest level have made the difference in bolstering trade. Russia has defined several LAC countries as strategic partners, namely Argentina, Cuba, Ecuador and Venezuela (SELA 2009B).

2.1. China

Undoubtedly, the level and type of relations among countries and regions will hardly be homogeneous. This is glaring with regard to LAC and China.

Since the revitalization of relations with Latin America and the Caribbean in 2000, relations links with China have been fairly good and got stronger with the exchange of official visits at the highest level, particularly with those LAC countries that are economically attractive for China. Chinese links with LAC focus on the economy. However, China is also interested in diplomatic relations, particularly with those countries of Central America and the Caribbean that have not recognized Beijing. A wide variety of agreements have been entered into by and between LAC and China. Likewise, substantial arrangements have been reached at some international forums, for instance, the talks on agricultural subsidies at the World Trade Organization (SELA 2009C).

China has lately executed multiple cooperation agreements. To name a few as evidence of a dynamic relationship, China and Bolivia recently signed cooperation agreements in the economic, technical, agricultural, financial and telecommunications fields. China has also provided military equipment and funds for investment projects and procurement of goods and machinery (Bolivia 2013).

As regards Chile, the most recent deals with China were signed in 2008. Then, the Free Trade Agreement on Services was initialled, in addition to the Cultural Exchange Executive Plan 2008-2011, the Agreement on Prevention of Theft, Clandestine Excavation and Import, and Illicit Export of Cultural Goods; the Agreement on Exchange and Cooperation in Cultural Heritage, and the Memorandum of Understanding on SMEs Cooperation (Chile 2013).

With Colombia, the Chinese government allocated US$ 200 billion in 2012 for the people left homeless in the aftermath of heavy rains. That same year, economic, technical and cultural cooperation agreements were inked. Furthermore, an agricultural cooperation treaty, a phytosanitary protocol and a Memorandum of Understanding for the

[6] Presently, only 23 States hold diplomatic relations with Taiwan; none of them has a clout in the international community; 12 are in Latin America (six in Central America, five in the Caribbean and one in South America). As a result, the LAC region is the focus of diplomatic competition between China and Taiwan. (Rodríguez, 2008, 210).

establishment of a taskforce entrusted with a feasibility study of a FTA between the two countries were executed (Colombia 2012).

In Central America, Costa Rica is among the best examples of China's search for political recognition. From the outset of diplomatic relations in 2007, more than twenty cooperation agreements have been entered into by and between the two countries. Costa Rica has also been the recipient of several donations and training from the Chinese government (Costa Rica 2013).

Despite being at odds, particularly regarding trade, there was some rapprochement with Mexico in 2012. That year a Fishery and Aquaculture Cooperation Agreement was signed (México 2012). In the context of the Fifth Meeting of Mexico-China Commission, a Science and Technology Cooperation Agreement, academic exchange agreements and a Memorandum of Understanding on Agricultural Research were initialled and a Workshop on Biotechnology was agreed (A. M. México 2012).

China has also moved closer to Peru. In 2013, the Chinese government increased the number of scholarships for Peruvian students. Additionally, under an Economic Cooperation Agreement, 40 million Yuan were granted. Memoranda of Understanding were signed for forest cooperation, joint efforts to reduce poverty and to set up a Chinese R&D Centre on Agricultural Science and Technology in Peru (EFE 2013B).

In Venezuela, China has backed and implemented several infrastructure projects, from housing to dams and roads. In 2012 only, over 20 cooperation agreements were initialled, including geological exploration and prospecting, construction of drilling rigs, lending, railroad cooperation, joint ventures, and military cooperation, among others (Venezuela 2013). The Chinese government and Venezuela's President Nicolás Maduro met already to revise and ratify previous agreements.

President Xi Jinping's recent tour of Trinidad and Tobago, Costa Rica and Mexico in June 2013, following the visit of Vice-President Li Yuanchao some weeks earlier, attests to the importance granted to LAC.

Bilateral meetings between CELAC's Troika[7] and Russia, India and China stand out in LAC-RICS rapprochement.

The First Meeting of China-CELAC Troika Foreign Ministers held in Beijing, on 9 August 2012, reached the following arrangements:

i. Establishment of CELAC-China relations.
ii. Establishment of a dialogue mechanism at the level of Foreign Ministers, to meet annually in China, the host country of CELAC Pro-Tempore Presidency, or New York.
iii. The first meeting was held in September 2012.
iv. A feasibility study for a cooperation forum to bolster relations.

Later on, during a meeting held in New York, on 27 September 2012, a China-LAC cooperation forum was proposed, with CELAC as the interlocutor. Both vowed to work jointly on a number of proposals made by Prime Minister Wen Jiabao at the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), and some

[7] The Chair of CELAC – a body which provides institutional, technical and administrative support – is backed by a Troika composed of the previous, present and future States holding the presidency, in addition to a CARICOM Member State. The second Troika (2013-2014) is chaired by Cuba. Costa Rica will preside over the third Troika in 2015-2016. Haiti is the CARICOM Member State participating in the expanded Troika.

others to be brought forward by CELAC, in order to strengthen cooperation on economy and trade, financing, infrastructure, science and technology, and cultural and human exchange.

The parties pledged to hold positive political talks on disarmament and non-proliferation of mass destruction weapons, particularly in compliance with the Treaty on the Non-Proliferation of Nuclear Weapons. Finally, a new meeting of Foreign Ministers of CELAC Troika and China was scheduled for 2013 (CELAC 2012).

2.2. India

Trade and investment have principally bolstered India-LAC relations. India has signed the following agreements with LAC countries:

Argentina: cooperation agreements on commercial promotion, geology, sports, science and technology, customs, culture and agriculture.
Chile: agreements and memoranda of understanding on renewable energy, exchange programs, space exploration and mining.
Colombia: cooperation agreements on mining, business development, defence and cooperation in the bamboo sector.
Cuba: agreements on cultural exchange, energy, consumer protection, science and technology, and sports.
Dominica: cooperation agreements in the technical and economic fields, health and horticulture and food processing.
Ecuador: agreements on defence, culture and agriculture.
Mexico: agreements on customs, air services, renewable energy, efforts against double taxation, SMEs and cultural exchange.
Peru: agreements on customs cooperation, air services, and mutual legal advice on criminal matters.
Uruguay: double taxation treaties; agreements on renewable energy, and a joint taskforce (MEA, India 2013C).

On 7 August 2012, the first meeting of Foreign Ministers of India and CELAC Troika was held in New Delhi in order to nail down multilateral cooperation and coordinate their response on matters such as United Nations reforms, world financial crisis, climate change and international terrorism.

Foreign Ministers agreed to set up an India-CELAC Business Council and an India-CELAC CEO's Forum entitled to make recommendations to improve bilateral trade. India offered technical training in cartography of geological resources by means of satellite imagery for mineral exploitation. Furthermore, an Energy Forum was proposed to tackle energy security as well as an Agricultural Expert Group to provide advice to Agriculture ministers.

During the meeting, the setup of a Scientific Forum was agreed. Such Forum will include an action plan on joint research into medicine, agriculture, agronomy, and astronomy, among others. The parties acknowledged the efforts of the United Nations Conference on Sustainable Development (RIO+20) to renew the political commitment to sustainable development and remove poverty through a balanced integration of economic, social and environmental aspects (CELAC 2012B).

2.3. Russian Federation

In light of its recent development, Russia pursues increasing insertion in the world economy. In this connection, the LAC market is most interesting for the Russian industry. LAC is regarded as a region with good economic prospects. For this reason, the Russian

Government seeks to expand its ambits of competitiveness, namely: energy, mining, infrastructure and military. Special emphasis is made on oil exploration and drilling; construction of hydroelectric plants; space exploration; use of nuclear energy for peaceful purposes, and huge economic projects for infrastructure development (SELA 2009B).

Russia-LAC agreements are varied and have increased by more than 150 since 2000 (SELA 2009B). In the past few years, Russia and Chile have signed agreements on animal and phytosanitary control, as well as agreements on military, cultural, scientific, and diplomatic and customs cooperation. (Chile, Embassy of Chile in the Russian Federation 2013B).

Another example of Russia-LAC cooperation lies in Venezuela, signifying over 30 agreements since 2009. Agreements include joint construction of air equipment, cultural exchange, joint science and research programmes, capacity building, reciprocal acknowledgment of courses and certificates, exchange of teachers, cooperation to expand and strengthen the agricultural sector, and cooperation energy agreements, particularly in the oil business (Venamcham 2013).

As for Cuba, Russia recently signed in February 2013 ten agreements that complete their extensive network of treaties. They include, among others, regularization of Cuba's debt; customs information exchange, and cooperation on space exploration; environmental monitoring, nuclear medicine, education and aeronautics (Radio Rebelde 2013).

Russia has also signed cooperation agreements with LAC major economies. Agreements have been initialled with Argentina on strategic relations, technical-military cooperation and legal cooperation and advice in civil, commercial, labour and administrative matters (Russia 2013). Moreover, agreements have been entered into by and between Russia and Mexico against double taxation and on tourism, and they are working on agreements concerning foreign trade, customs, sea transport and nuclear energy (Peña 2011).

The first meeting between the Foreign Minister of the Russian Federation, Sergei V. Lavrov, and CELAC Troika Foreign Ministers was held in New York, on 28 September 2012. During that meeting, ministers agreed to hold a regular political and cooperation dialogue intended to preserve the rules and principles of the international law with the United Nations acting as coordinator; reinforce the world financial and monetary system; advocate the principles of democracy and human rights; ensure international peace and security; make headway with disarmament and non-proliferation of massive destruction weapons; join efforts against drug trafficking, transnational crime and other threats and challenges; protect the environment; ensure energy and food security, and keep sustainable economic development by giving assurances of social justice.

The Foreign Ministers also agreed to take action in order to tighten Russia-CELAC ties; hold regular ministerial meetings, and consider the possibility of a Russia-CELAC meeting. Common interest was also expressed in enhancing economic, trade, scientific and technical cooperation; investments, and further contacts in education and among civil society representatives.

The Foreign Ministers reasserted the need to help prepare multilateral projects on areas of common interest, including food and energy security; use of nuclear energy for peaceful purposes; telecommunications and information technologies; outer space; medicine and pharmaceuticals; capacity building, and sports (CELAC 2012C).

2.4. South Africa

South Africa-LAC relationship is clearly gaining momentum. Following political changes and the demise of apartheid – in the late 1980s and early 1990s – South Africa put an end to the international isolation imposed by foreign countries against discrimination and racial segregation. In the past decades, South Africa has established diplomatic relations virtually with all LAC countries. This has brought along a network of mechanisms of political dialogue and a wide variety of cooperation agreements, thus making the linkage more institutional (SELA 2012).

Precisely in the late 1990s and throughout the decade of the 2000s, South Africa has built a wider institutional structure with LAC. With Argentina, South Africa counts on cooperation agreements on veterinary, sports, investment protection, technical assistance, counter-narcotics efforts, and defence and army cooperation. Chile, in turn, has some agreements in force with South Africa on investment protection, defence cooperation, counter-narcotics efforts and agriculture. Cuba is among the main triggers of an agenda for cooperation with South Africa. The Cuban Government has inked agreements on investment protection, education, sports, arts and culture, air services, trade, technical and scientific cooperation, environment, defence and health. As regards Ecuador, South Africa has agreements in force on exchange of legislative and regulatory information and health protocols, in addition to a cooperation agreement on mining. In the late 1990s, Mexico signed a master cooperation agreement. In the decade of the 2000s, some other treaties followed on social development, technical and scientific cooperation, youth and culture. Paraguay has executed cooperation agreements on science and technology, economy and investments, and it has made a deal to remove the visa requirement in regular passports. To date, Uruguay counts on an agreement with South Africa for coordinated sea and air rescue services. With regard to Venezuela, beginning in 2007, when a consultation mechanism was set up, agreements have been signed in the fields of economy, energy, culture, telecommunications and mining (SELA 2012).

2.5. Brazil

Without shadow of a doubt, Brazil represents the strongest link between LAC and RICS, acting as a hinge with a high profile in both groups. It is the main economy in the LAC region per production and income; the seventh world economy, and the largest and most populated country with almost 200 million inhabitants. Thus, it is a consolidated and influential regional superpower. It also forms part of BRICS with important synergies with Russia, India, China and South Africa. BRICS has not only gathered actions and positions, but also tightened its ties.

For instance, in the first meeting of the BRICS Group, held in Durban, Brazil and Russia signed substantial cooperation agreements on anti-air defence, trade, science, education, SMEs, sports and sanitary and phytosanitary requirements. This is added to a large number of agreements lately executed, namely: defence, technology, investment and trade (RIANovosti 2013).

In 2007 and 2008, government visits between Brazil and India have escalated to eventually reinforce the existent network of bilateral agreements. Agreements include areas such as extradition, oil and natural gas, tourism, science and technology, air services, audio-visual productions, academic exchanges, eradication of poverty and hunger, civil protection, human settlements, biotechnology, technical cooperation, education, gender, environment and space cooperation (MEA, India 2013C).

The following agreements have been entered into by Brazil and China in the last 10 years: Ten-Year Cooperation Plan; Memorandum of Understanding on the establishment of a working group on intellectual property; Cultural Cooperation Programme; Joint Action Plan; Protocol of Phytosanitary Requirements; Protocol of Energy and Mining Cooperation; Cooperation Agreement on Infrastructure; Memorandum of Understanding for the preservation of forest biodiversity, and still another on trade and investment; Agreement to relax the granting of business visas and a Memorandum of Understanding to set up a high level joint working group (Conselho Empresarial Brasil-China 2013).

Brazil is top among the countries that have enhanced cooperation with South Africa. Presently, it counts on almost 30 agreements since 1996. Nevertheless, in 2003 and 2007, more than half of such agreements were formally delivered. Items in the agenda encompass culture, science and technology, defence, air services, environment, health, tourism, investment, sports, and education, among others (SELA 2012).

Brazil, South Africa and India have a meeting point in the India, Brazil and South Africa Forum (IBSA), a trilateral coordination entity aimed at bolstering cooperation projects, established in 2003 under the Brasilia Declaration. The emergence of this Forum and BRICS was much alike. It stresses the status of Member States as intermediate powers; the common need to reduce social inequity; the industrialization level and the need to reform international organizations, and some other similarities that enable cooperation among the three countries (IBSA 2013).

Like BRICS, IBSA lacks an official venue and a permanent secretariat, but involves multiple levels of the governments of the three Member States. Since 2006, five summits of Heads of State have been held. Also, every year, the Foreign Ministers meet to chair the Joint Committee.

The Forum includes several groups working on, among others, public administration, agriculture, human settlements, science and technology, culture, defence, trade and investment, social development, education, energy, health, environment and climate change, transport and tourism.

Additionally, IBSA established a fund in 2004, intended to identify and replicate projects against poverty in other developing countries. Each Member State provides the fund with US$ 1 million a year, to be used in selected projects submitted by requesting countries. Thus far, projects have been undertaken in Guinea Bissau, Haiti, Cape Verde, Cambodia, Burundi and Palestine.

IBSA has consolidated its net of agreements (see Annex 2). Such net reaches education, environment, health, energy, public administration, tax coordination, social development, human settlements, agriculture, trade, investment and culture.

IBSA has spearheaded the initiative of a trilateral free trade agreement among India, the Southern Africa Customs Union (SACU) and MERCOSUR (Bilaterals.org 2011). IBSA might be a catalyst for a deeper trade agreement between SACU and MERCOSUR, compared with the existent one of a partial scope.

Brazil is an unquestionable link between LAC and the main world emerging economies – RICS. In the same way as South Africa has attracted the attention of BRICS to Africa through specific actions to foster development and reduce poverty, Brazil could be a bridge to further attract the attention of Russia, India and South Africa, adding their actions to that of China. The next summit of BRICS in 2014 could be a golden opportunity

to materialize joint actions in LAC. In this regard, international organizations, such as SELA, could act as catalysts to galvanize LAC-RICS dialogue.

III. TRADE AND INVESTMENT

During the 2000s, with the increase in the production and per capita income of RICS, their participation in world trade also soared greatly, currently accounting for 15%.

Even though each one of the RICS countries has had an outstanding trade development individually, it is important to consider the influence each country has over the group, as the analysis shown in this section will be about RICS as a whole. In Table 3 it is noticeable that trade flow from China accounts for more than half of RICS's trade (both imports and exports), representing almost 70% in both cases, as China is the first exporter and second importer worldwide.

For this reason it should be noted that, despite the fact that the trends to be outlined hereunder include trade figures from Russia, India, China, and South Africa; China's trade development considerably determines such trend, as China's imports and exports stand for two-thirds of total imports and exports of Latin America and the Caribbean. As noted in Table 3, China exceeds by far the remaining RICS, as it almost quadruples imports from India and exports from Russia, countries ranking second in those flows, respectively. South Africa's trade barely represents 5% of China's trade.

TABLE 3
Trade indicators, 2011
(US$ billion)

Flows	Country	Imported value	Trade balance	Share in RICS	Percentage share in world
Imports	RICS	2590,260	180,595		14.3
	China	1743,394	154,993	67.31%	9.6
	India	462,402	-160,919	17.85%	2.5
	Russia	284,736	193,272	10.99%	1.6
	South Africa	99,726	-6,750	3.85%	0.5
Exports	RICS	2770,856	180,595		15.5
	China	1898,388	154,993	68.51%	10.6
	Russia	478,009	193,272	17.25%	2.7
	India	301,483	-160,919	10.88%	1.7
	South Africa	92,975	-6,750	3.36%	0.5

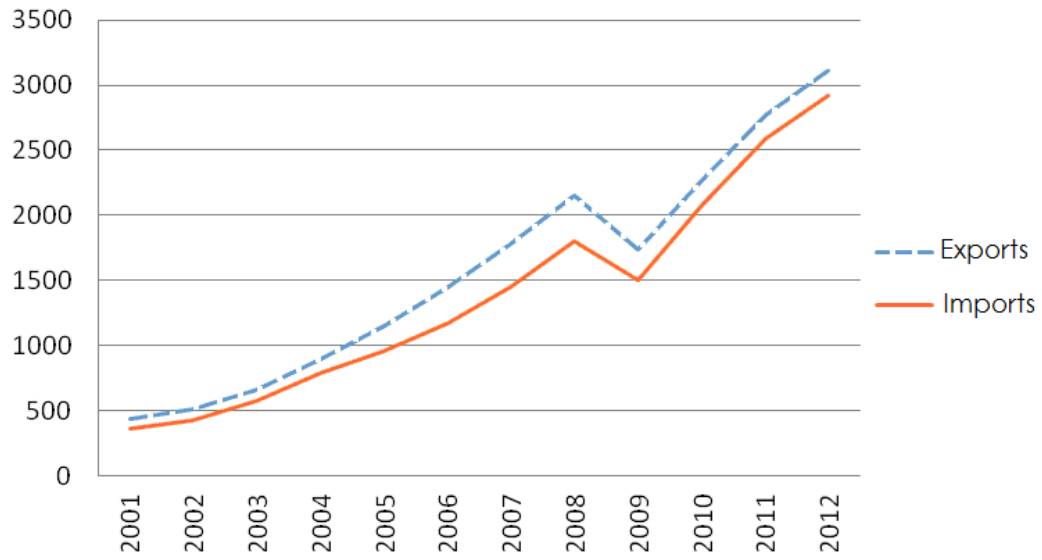
Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

The remarkable growth recorded in China over the last decades has had two different effects on Latin America and the Caribbean. On the one hand, China's demand for raw material has jumped, which has benefited many countries of the region, especially in South America. On the other hand, China's growth has implied the migration of a large number of Latin American and Caribbean industries to China, mostly those which are labour intensive, namely, footwear, toys, and textiles and clothing; and also electric appliances, plastics, electronics, among others. This has led to a tough competition with Mexico's production, and the countries of Central America and the Caribbean, such as

Dominican Republic. Today, China is the main trade partner of countries such as Chile or Peru and Mexico's second trade partner.

Performing a comprehensive analysis, we can see that since 2001 RICS have multiplied their exports almost nine-fold, whereas their exports have increased almost seven-fold. Chart 2 shows RICS' trends in trade growth. Despite the trade contraction due to the world financial crisis in 2009, it only took the group one year to recover the levels recorded before 2008 and continue growing. Chart 2 also shows that trade surplus has been constant for RICS over the last decade.

CHART 2
RICS' trade flows with the world, 2001-2012[8]
(US$ billion)

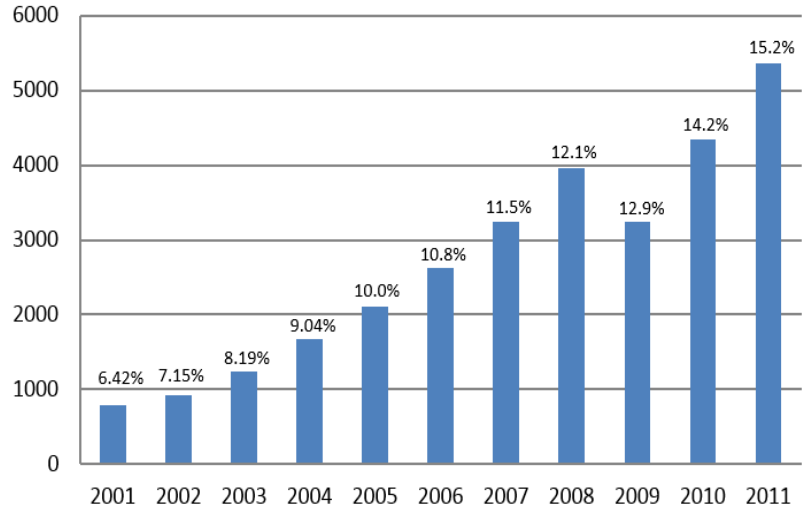


Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

With the trade performance described above, RICS have exceeded the average growth recorded worldwide, as their participation has more than doubled, from 6.4% in 2001 to 15.2% in 2011. In 2011, the trade flow of RICS exceeded US$ 5 billion. As noted in Chart 3, even in 2009, when RICS' trade volume shrank, their participation increased, meaning that the slowdown was not as serious as in the rest of the world.

[8] For India's trade in 2012, its imports and exports flows were projected by using its growth rate recorded during the last three previous years.

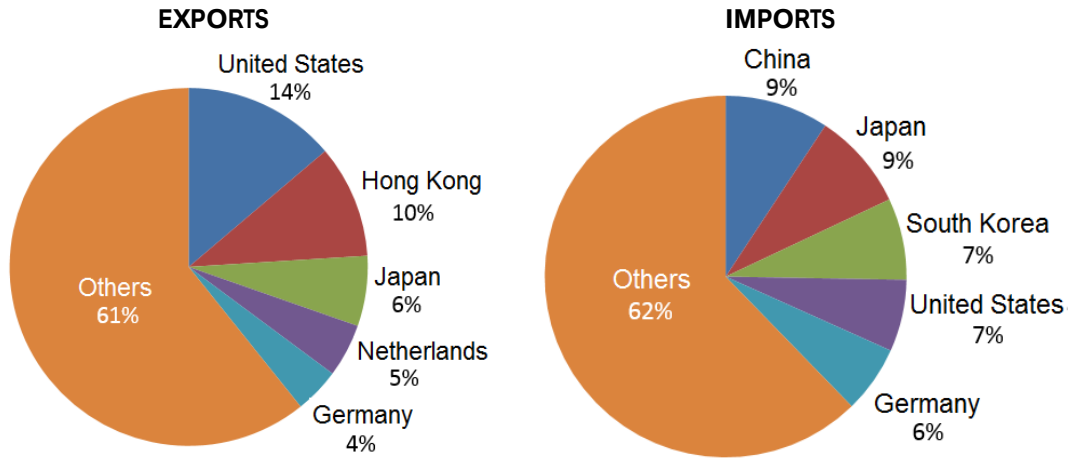
CHART 3
RICS' share in global trade, 2001-2011
US$ billion



Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

Another feature of RICS' trade as a group is that their exports destinations and the source of their imports are quite diversified. As for exports, the main destination of the products of the four countries is the United States, followed by Hong Kong, the Netherlands, and Germany. It should be highlighted that these five main export trade partners do not even stand for 40% of RICS' exports. As for imports, purchases from China made by Russia, India and South Africa exceed the total purchases RICS, as a group, make from other countries. In consequence, China is the main trade partner of RICS. Japan, South Korea, United States, and Germany are the remaining main import trade partners of RICS. Once again, the five main trade partners do not even represent 40% of RICS' imports.

CHART 4
RICS' main trade partners, 2011



Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

1. Trade

Despite the great dynamism RICS have had over the last years, the institutional approaches through trade agreements with Latin America and the Caribbean have diminished. Russia's economy remains relatively closed, featuring preferential trade agreements only with former Soviet republics. It was not until 2012 when Russia entered the World Trade Organization (WTO), the last member of the G20 and 158th country to do so. Russia has not signed any preferential agreement with Latin America (WTO 2013), and its average most favoured nation (MFN) tariff applied inside the WTO in 2011 was 9.5%.

For its part, India has signed a Partial Scope Agreement with Chile, in force since 2007, and both countries are negotiating a Free Trade Agreement (FTA). India also has a Partial Scope Agreement with MERCOSUR (Brazil, Argentina, Paraguay, and Uruguay), in force since 2009. In addition, since 1989, India is part of the Global System of Trade Preferences (GSTP), along with other G77 members, including Latin American and Caribbean countries, namely, Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Nicaragua, Peru, Trinidad and Tobago, and Venezuela (WTO 2013).

Despite the fact that India has preferential trade agreements with a larger number of countries, compared to Russia, these are partial scope agreements, so they are limited to certain products. This is also due to India's scarce participation in Latin American and Caribbean trade, its great concentration in primary products, which are offered to few countries – Argentina, Brazil, Colombia, Chile, Mexico, and Peru – which receive more than 80% of India's exports to Latin America and the Caribbean. The concentration of India's imports in the same markets is even greater, as it exceeds 90%. With the exception of these two items, India has had a more distant approach to the region, which is not consistent with the importance that India has been taking on in the global context. Apart from Brazil's case, the trade relations that India has developed with most of the countries of the region are still incipient (SELA 2009).

So far, China is the only country of RICS that has signed free trade agreements in Latin America and the Caribbean. The first FTA signed by China in the region was with Chile and it is in force since 2006. Then, in 2011, additional FTAs with Peru and Costa Rica came into force (WTO 2013). Even though the Chinese and Colombian Governments have had approaches regarding a FTA, negotiations have not started yet.

Finally, South Africa, just like Russia, only relies on the WTO as the main trade coordination mechanism with Latin America and the Caribbean. Out of the framework of the WTO, South Africa has few trade agreements, mainly in Europe and Southern Africa. In 2000, MERCOSUR and South Africa signed a framework agreement for the establishment of a free trade area among them. The agreement set up a negotiation committee to establish the treaty. Later, in 2004, MERCOSUR and Southern African Customs Union (SACU, the customs union among Botswana, Lesotho, Namibia, South Africa, and Swaziland) signed a preferential trade agreement and reasserted their conviction of strengthening bilateral negotiations to facilitate the execution of the agreement, plus enhancing cooperation.

The negotiations towards a free trade agreement continued in the 10th meeting held in South Africa in 2006, in which the countries agreed on the importance of the negotiations and the need of conclude them in the following stage (SELA 2012).

1.1. Chambers of Commerce

Chambers of commerce are another mechanism through which Latin America and the Caribbean and RICS can make the most of trade opportunity niches. These chambers facilitate associations among the entrepreneurs of several countries in order to boost trade exchanges of goods and services, and also to improve investment flows.

Table 4 shows that RICS have more presence in Latin America and the Caribbean through the chambers of commerce launched by business groups than through trade agreements established by the governments. This reveals the need of creating mechanisms offering more stability to the trade flows between RICS and Latin America and the Caribbean. Until 2013, business groups in the four main economies of the region (Argentina, Brazil, Chile, and Mexico) have established binational chambers with RICS. Colombia, Guatemala, and Uruguay have also created chambers with most of RICS.

These sort of binational organizations with RICS have not been created in the Caribbean. Even though countries such as Jamaica or Barbados hold political ties with India and South Africa through the Commonwealth of Nations; and Cuba has ideological approaches to China and Russia, chambers of commerce between the Caribbean countries and RICS are yet to be created.

TABLE 4
Binational Chambers of Trade between RICS and LAC

Country	Chamber
Russia	Argentine Russian Chamber of Commerce and Industry Brazil-Russia Chamber of Commerce, Industry and Tourism Official Chamber of Commerce and Industry Brazil-Russia Bolivian-Russian Chamber of Commerce and Industry Chilean-Russian Chamber of Commerce Colombian-Russian Chamber of Commerce Russian-Costa Rican Chamber of Tourism and Commerce Guatemalan-Russian Chamber of Commerce Russian-Mexican Chamber of Commerce and Industry Panamanian-Russian Chamber of Commerce Paraguayan-Russian Chamber Uruguay - Russia Chamber of Commerce
India	Argentina-India Chamber of Commerce and Industry Brazil-India Chamber of Commerce and Industry Chamber of Commerce Chile-India Colombia-India Chamber of Commerce and Industry Ecuador-India Chamber of Commerce Guatemala-India Chamber of Commerce and Industry India-Mexico Business Chamber Uruguay - India Chamber of Commerce
China	Argentine-Chinese Chamber of Production, Industry And Commerce Brazil-China Chamber of Commerce and Industry Chilean-Chinese Chamber of Commerce, Industry and Tourism Chinese-Costa Rican Chamber of Commerce and Industry Colombia-China Commerce & Integration Chamber Ecuadorian-Chinese Chamber of Commerce China-Guatemala Chamber of Cooperation and Trade Honduras-China Chamber of Commerce

	China-Mexico Chamber of Commerce and Technology Peruvian-Chinese Chamber of Commerce Chinese Chamber of Commerce of the Dominican Republic Uruguay-People's Republic of China Chamber of Commerce Venezuelan Chinese Chamber of Commerce, Industry and Tourism
South Africa	Argentine-South African Chamber of Commerce African-Brazilian Chamber of Commerce Chilean- South African Chamber of Commerce Paraguayan-South African Chamber of Commerce Uruguay-Africa Chamber of Commerce

Source: Business Entities Directory. www.aladi.org.

1.2. Trade flows between Latin America and the Caribbean and RICS

When comparing RICS with the countries of Latin America and the Caribbean, once again, only Mexico and Brazil are comparable to RICS in terms of imports and exports trade volumes. Mexico surpasses Russia and South Africa in terms of imports volume; while Mexico's exports exceed those of India and South Africa. For their part, Brazil's exports are very similar to India's and exceed South Africa's exports. South Africa is more similar to Chile in trade terms.

TABLE 5
RICS and LAC global rankings by trade volume, 2011

#	Country	Imports	Exports	#	Country	Imports	Exports
1	China	2	1	8	Argentina	46	45
2	Russia	17	9	**9**	Colombia	50	54
3	India	12	19	10	Peru	56	56
4	Mexico	16	15	11	Venezuela	57	89
5	Brazil	23	20	12	Paraguay	91	92
6	South Africa	35	40	13	Uruguay	95	106
7	Chile	43	41	14	Bolivia	107	123

Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

Over the last few years, trade in Latin America and the Caribbean has remarkably grown. From 2001 to 2011, imports have multiplied by 2.7, while exports have tripled. Following this trend, total trade of Latin America and the Caribbean with the world has grown at an annual average rate of 12.36% in the 2001-2011 period, with trade exchanges jumping from US$ 726.6 billion to US$ 2.1 trillion. As noted in Table 6, trade performance of the region with RICS has contributed to trade growth in Latin America and the Caribbean. Between 2001 and 2011, exports from Latin America and the Caribbean to RICS multiplied by 10.8%, recording a 27.4% annual average growth rate. Imports from RICS to Latin America and the Caribbean climbed even higher, as they multiplied by 12.2%, with a 30.2% annual average growth rate.

TABLE 6
Latin American and Caribbean[9] total trade and trade with RICS
(US$ million)

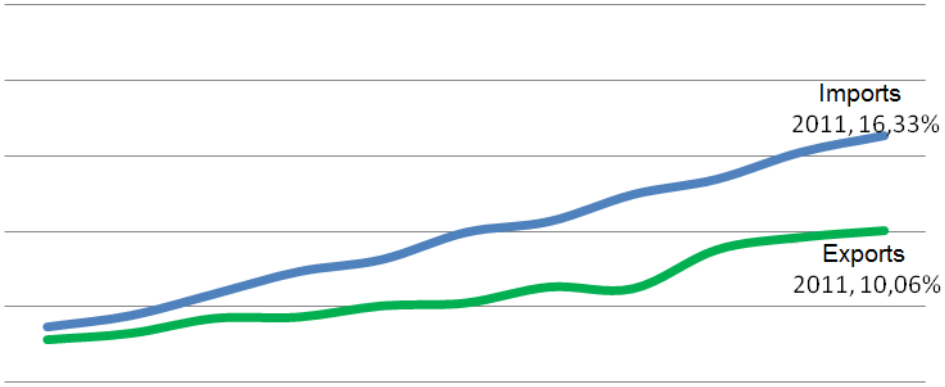
Years	Exp. from LAC to the world	Exp. from LAC to RICS	Exp. LAC to RICS/world ratio (%)	Imp. of LAC from the world	Imp. of LAC from RICS	Imp. of LAM from RICS/world ratio (%)	TT of LAC with world	TT of LAC with RICS	Exp. from LAC to RICS/world ratio (%)
2001	349077	9845.4	2.82%	377576	14024.5	3.71%	726653	23869.8	3.28%
2002	353659	11503.8	3.25%	353237	15788.0	4.47%	706896	27291.8	3.86%
2003	386699	16411.9	4.24%	365530	21562.3	5.90%	752229	37974.2	5.05%
2004	475693	20566.1	4.32%	444572	32714.4	7.36%	920265	53280.5	5.79%
2005	573461	29087.0	5.07%	526740	42989.0	8.16%	1100201	72075.9	6.55%
2006	685263	36062.3	5.26%	626383	62315.4	9.95%	1311646	98377.6	7.50%
2007	769587	48655.3	6.32%	746040	79614.6	10.67%	1515627	128270.0	8.46%
2008	894448	55569.4	6.21%	911838	113546.5	12.45%	1806286	169115.8	9.36%
2009	688326	60548.2	8.80%	683172	91919.8	13.45%	1371498	152468.0	11.12%
2010	890383	85621.3	9.62%	887574	135241.1	15.24%	1777957	220862.4	12.42%
2011	1058268	106444.2	10.06%	1049492	171353.3	16.33%	2107760	277797.5	13.18%
AGR	12.74%	27.41%	n.a.	12.05%	30.24%	n.a.	12.36%	28.86%	n.a.

Source: WTO and ITC Trade Map.
Notes: AGR is the Average Growth Rate from 2001 to 2011.
n.a. = Not applicable.

Featuring such trade dynamism between both groups, RICS went from representing 3.3% of total trade flow of Latin America and the Caribbean in 2001, to 13.2% in 2011. Over the same period, Latin America and the Caribbean have held an overdrawn current account with RICS. In 2011, trade deficit amounted to US$ 67 billion, mostly explained by China's trade relationship with LAC.

[9] La definición utilizada de América Latina y el Caribe, para los análisis realizados en este documento, corresponde a la usada por el *Trade Map* de la *Organización Internacional de Comercio*. En ella se considera como parte de la región a: Anguila, Antigua y Barbuda, Antillas Holandesas, Argentina, Aruba, Bahamas, Barbados, Belice, Bolivia, Brasil, Chile, Colombia, Costa Rica, Cuba, Dominica, Ecuador, El Salvador, Granada, Guatemala, Guyana, Haití, Honduras, Islas Malvinas, Islas Caimanes, Islas Turks y Caicos, Islas Vírgenes Británicas, Jamaica, Monserrat, México, Nicaragua, Panamá, Paraguay, Perú, República Dominicana, Saint Kitts y Nevis, San Vicente y las Granadinas, Santa Lucía, Suriname, Trinidad y Tobago, Uruguay y Venezuela.

CHART 5
Evolution of RICS' share in LAC total trade



Source: Prepared by the author, based on data from the International Trade Centre, Trade Map.

1.2.1. Exports

As for exports, Brazil is the main trade partner of RICS in Latin America and the Caribbean. It nearly triples the exports of the second trade partner, Chile. Brazil has recorded considerable exports growth towards that bloc of countries, as they have leaped 29% on average each year since 2005. Notwithstanding, that growth is inferior to the one registered by the other main economies of Latin America and the Caribbean. Mexico's exports have increased 84% annually in the same period, Colombia's exports have climbed 161%, while Venezuela's soared 228% each year, multiplying its exports by 13.5 times, thus becoming the third main trade partner of RICS.

TABLE 7
Main LAC countries exporting goods to RICS
(US$ million)

Exporter country	2005	2006	2007	2008	2009	2010	2011	AGR
Brazil	14531.23	18232.23	24986.18	37355.09	35930.42	46755.24	62167.73	29%
Chile	5551.94	7504.32	12531.63	13411.84	14038.42	19911.77	22944.44	69%
Venezuela	1299.06	3185.59	3685.92	10972.50	6220.72	11700.84	17772.99	228%
Mexico	2581.59	3606.56	5053.30	6457.81	5405.05	8793.38	12993.08	84%
Argentina	5501.76	6602.06	9203.14	12190.92	6929.78	9676.90	9516.55	29%
Peru	2334.46	3038.78	4565.96	4856.78	4441.27	6671.78	8394.49	60%
Costa Rica	1029.38	1860.74	2455.61	2462.71	2828.00	3338.87	4140.49	67%
Colombia	340.71	456.11	1564.09	1331.94	1462.97	3048.10	3290.08	161%
Ecuador	531.83	665.07	1161.78	1755.47	1644.75	1582.06	1917.81	60%
Uruguay	225.86	533.67	490.31	981.89	1079.80	1543.16	1831.23	135%
Cuba	303.45	5.80	1186.71	1000.90	648.48	829.74	959.81	53%
Trinidad and Tobago	23.57	37.66	143.84	155.73	260.70	188.86	544.52	385%
Paraguay	138.82	289.14	206.06	385.93	39.52	503.99	542.61	73%
Dominican Rep.	36.01	108.05	148.52	17.93	122.12	164.92	324.04	150%
Bolivia	36.17	53.08	82.01	16.29	136.55	210.75	295.89	136%

Source: Trade Map.
Note: AGR is the Average Growth Rate from 2005 to 2011.

The main products that Latin America and the Caribbean export to the world are mineral fuels, followed by vehicles and parts, plus machinery and electric appliances. However, the most exported products exported by Latin America and the Caribbean to RICS are raw materials: minerals and slag; fuels, and oil seeds and oleaginous fruits. Latin America and the Caribbean might cover 100% or more of RICS' total demand for raw material, namely in the case of coffee, tea, and mate; fish meat preparations; sugar and confectionery articles, cereals, vegetables preparations; plants and flowers, tobacco and oleaginous fruits, live animals; and spirits. Latin America and the Caribbean already meets at least 30% of RICS' demand for coffee, sugar, live plants, tobacco, and oleaginous fruits; however, in 81 chapters of the harmonized system, the participation of Latin America and the Caribbean represents less than 10% of RICS' imports; while in 53 chapters, LAC's participation is less than 1%. This means that Latin American and Caribbean exports to RICS are focused on a few product categories. Nearly 90% LAC's exports to RICS are concentrated on 12 categories.

TABLE 8
LAC exports to RICS, 2011
(US$ million)

Chap HS	Product	Exp. from LAC to RICS (A)	Exp. from LAC to world (B)	RICS Imp. from world (C)	LAC possible coverage B/C	Share A/B	Share A/C
26	Ores, slag and ash	43156.12	84934.78	157693.54	53.9%	50.8%	27.4%
27	Mineral fuels, mineral oils and products	30328.81	257367.23	459072.72	56.1%	11.8%	6.6%
12	Oil seeds and oleaginous fruits; miscellaneous seeds and fruits	17627.13	26691.84	33434.93	79.8%	66.0%	52.7%
74	Copper and articles thereof	14548.39	38511.03	58057.50	66.3%	37.8%	25.1%
85	Electrical machinery and equipment and parts thereof; sound recorders	7008.97	82440.39	423515.94	19.5%	8.5%	1.7%
17	Sugars and sugar confectionery	3377.89	20629.98	4536.30	454.8%	16.4%	74.5%
02	Meat and edible meat offal	3371.86	20404.45	10152.05	201.0%	16.5%	33.2%
47	Pulp of wood or of other fibrous cellulosic material; paper	3306.11	8200.59	20394.19	40.2%	40.3%	16.2%
15	Animal or vegetable fats and oils; edible fats; waxes	2547.84	12748.27	23421.08	54.4%	20.0%	10.9%
72	Iron and steel	2116.73	22551.60	49019.02	46.0%	9.4%	4.3%
08	Edible fruit and nuts; peel of citrus fruit or melons	2035.04	17238.86	11444.46	150.6%	11.8%	17.8%
23	Residues and waste from the food industries; prepared animal feed	1956.38	20532.81	4987.08	411.7%	9.5%	39.2%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1932.84	89122.88	117417.66	75.9%	2.2%	1.6%
84	Nuclear reactors, boilers, machinery and mechanical appliances	1686.20	67326.10	301552.49	22.3%	2.5%	0.6%

Chap HS	Product	Exp. from LAC to RICS (A)	Exp. from LAC to world (B)	RICS Imp. from world (C)	LAC possible coverage B/C	Share A/B	Share A/C
41	Raw hides and skins (other than furskins) and leather	1026.11	4071.18	7537.37	54.0%	25.2%	13.6%
24	Tobacco and manufactured tobacco substitutes	1022.58	4912.16	2682.07	183.1%	20.8%	38.1%
39	Plastics and articles thereof	788.89	16936.14	90672.92	18.7%	4.7%	0.9%
52	Cotton	778.50	3132.41	16107.29	19.4%	24.9%	4.8%
88	Aircraft, spacecraft	774.61	6388.80	16758.37	38.1%	12.1%	4.6%
44	Wood and articles of wood; wood charcoal	685.62	6070.06	19688.40	30.8%	11.3%	3.5%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus	649.59	14368.22	115331.51	12.5%	4.5%	0.6%
75	Nickel and articles thereof	617.43	1374.43	8462.54	16.2%	44.9%	7.3%
29	Organic chemicals	545.67	13041.81	81915.97	15.9%	4.2%	0.7%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	517.81	9876.56	8146.52	121.2%	5.2%	6.4%
99	Materials not elsewhere specified or included	403.64	7167.79	73294.08	9.8%	5.6%	0.6%
71	Natural or cultured pearls, precious or semi-precious stones and articles thereof	400.20	37945.00	110124.22	34.5%	1.1%	0.4%
28	Inorganic chemicals; organic or inorganic compounds of metals	398.43	10680.96	20471.27	52.2%	3.7%	1.9%
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	383.40	2405.65	9972.01	24.1%	15.9%	3.8%
06	Live plants and ornamental foliage	372.77	2353.28	1076.78	218.5%	15.8%	34.6%
30	Pharmaceutical products	360.48	7506.91	27209.21	27.6%	4.8%	1.3%
10	Cereals	357.44	14803.30	3589.15	412.4%	2.4%	10.0%
20	Preparations of vegetables, fruit, nuts or other parts of plants	344.74	7244.67	2392.24	302.8%	4.8%	14.4%
22	Beverages, spirits and vinegar	292.95	9390.57	6053.70	155.1%	3.1%	4.8%
09	Coffee, tea, mate and spices	249.30	17765.48	2069.12	858.6%	1.4%	12.0%
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	210.96	851.05	4324.03	19.7%	24.8%	4.9%
21	Miscellaneous edible preparations	189.26	3928.97	2903.44	135.3%	4.8%	6.5%
40	Rubber and articles thereof	163.39	6965.92	32017.86	21.8%	2.3%	0.5%
79	Zinc and articles thereof	158.50	1355.76	1655.15	81.9%	11.7%	9.6%
04	Milk and dairy produce; birds eggs; natural honey	158.29	3681.46	5138.52	71.6%	4.3%	3.1%

Chap HS	Product	Exp. from LAC to RICS (A)	Exp. from LAC to world (B)	RICS Imp. from world (C)	LAC possible coverage B/C	Share A/B	Share A/C
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	153.74	6873.25	12866.14	53.4%	2.2%	1.2%
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	142.32	3991.74	748.70	533.2%	3.6%	19.0%
32	Tanning or dyeing extracts; dyes, pigments, paints	139.21	2077.09	8767.74	23.7%	6.7%	1.6%
76	Aluminum and articles thereof	125.98	5031.13	14408.22	34.9%	2.5%	0.9%
73	Articles of iron or steel	122.85	9106.20	23827.28	38.2%	1.3%	0.5%
31	Fertilizers	98.64	2623.76	12975.07	20.2%	3.8%	0.8%
38	Miscellaneous chemical products	86.27	6037.33	23173.44	26.1%	1.4%	0.4%
05	Products of animal origin, not elsewhere specified or included	72.11	785.17	702.25	111.8%	9.2%	10.3%
80	Tin and articles thereof	69.13	677.10	1114.01	60.8%	10.2%	6.2%
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	61.50	1935.45	6122.92	31.6%	3.2%	1.0%
64	Footwear, gaiters and the like; parts of such articles	59.74	3758.08	6955.87	54.0%	1.6%	0.9%
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	50.01	5348.32	6416.39	83.4%	0.9%	0.8%
01	Live animals	48.72	1619.96	975.18	166.1%	3.0%	5.0%
89	Ships, boats and floating structures	46.84	3113.45	9035.83	34.5%	1.5%	0.5%
94	Furniture; bedding, and similar stuffed furnishing	36.59	7729.52	8368.35	92.4%	0.5%	0.4%
35	Albuminoidal substances; modified starches; glues; enzymes	30.33	1013.89	3715.85	27.3%	3.0%	0.8%
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	30.32	1877.15	3059.13	61.4%	1.6%	1.0%
70	Glass and glassware	29.34	2348.13	8322.91	28.2%	1.2%	0.4%
83	Miscellaneous articles of base metal	26.11	2898.45	4212.87	68.8%	0.9%	0.6%
61	Articles of apparel and clothing accessories, knitted or crocheted	24.24	7177.39	5257.18	136.5%	0.3%	0.5%
07	Edible vegetables and certain roots and tubers	24.22	7138.17	6858.51	104.1%	0.3%	0.4%
78	Lead and articles thereof	23.05	489.37	776.47	63.0%	4.7%	3.0%
86	Railway or tramway locomotives, rolling-stock and parts thereof	22.49	1917.74	6102.30	31.4%	1.2%	0.4%

Chap HS	Product	Exp. from LAC to RICS (A)	Exp. from LAC to world (B)	RICS Imp. from world (C)	LAC possible coverage B/C	Share A/B	Share A/C
53	Other vegetable textile fibres; paper yarn and woven fabric of paper yarn	20.06	70.42	1084.52	6.5%	28.5%	1.8%
81	Other base metals; cermets; articles thereof	18.78	319.03	2104.62	15.2%	5.9%	0.9%
55	Man-made staple fibres	18.03	595.04	5187.68	11.5%	3.0%	0.3%
34	Soap, organic surface-active agents, washing preparations,	16.99	2070.33	5561.96	37.2%	0.8%	0.3%
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	16.01	113.66	257.87	44.1%	14.1%	6.2%
18	Cocoa and cocoa preparations	15.67	2291.60	2371.08	96.6%	0.7%	0.7%
37	Photographic or cinematographic goods	15.20	369.33	2801.03	13.2%	4.1%	0.5%
13	Lac; gums, resins and other vegetable saps and extracts	15.11	341.03	468.41	72.8%	4.4%	3.2%
96	Miscellaneous manufactured articles	14.50	1137.39	2064.06	55.1%	1.3%	0.7%
49	Printed books, newspapers, pictures and other products of the printing industry	14.32	1035.68	3172.42	32.6%	1.4%	0.5%
69	Ceramic products	13.02	1852.28	3344.83	55.4%	0.7%	0.4%
54	Man-made filaments	12.12	890.22	5560.32	16.0%	1.4%	0.2%
62	Articles of apparel and clothing accessories, not knitted or crocheted	10.04	6026.77	6739.77	89.4%	0.2%	0.1%
59	Impregnated, coated, covered or laminated textile fabrics	9.53	504.73	3282.44	15.4%	1.9%	0.3%
56	Wadding, felt and nonwovens; special yarns, cordage and articles thereof	9.25	763.86	1869.06	40.9%	1.2%	0.5%
95	Toys, games and sports requisites; parts and accessories thereof	9.03	1702.01	4300.15	39.6%	0.5%	0.2%
43	Furskins and artificial fur; manufactures thereof	8.47	122.83	1211.27	10.1%	6.9%	0.7%
19	Preparations of cereals, flour, starch or milk; bakers' wares	6.59	2907.84	2616.33	111.1%	0.2%	0.3%
11	Products of the milling industry; malt; starches; inulin; wheat gluten	5.14	1645.85	853.71	192.8%	0.3%	0.6%
42	Articles of leather; saddlery and harness; travel goods	3.93	781.69	3187.76	24.5%	0.5%	0.1%
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	3.86	1594.47	1894.62	84.2%	0.2%	0.2%

Chap HS	Product	Exp. from LAC to RICS (A)	Exp. from LAC to world (B)	RICS Imp. from world (C)	LAC possible coverage B/C	Share A/B	Share A/C
58	Special woven fabrics; tufted textile fabrics; lace	3.70	275.02	1057.59	26.0%	1.3%	0.4%
60	Knitted or crocheted fabrics	1.51	437.85	3296.30	13.3%	0.3%	0.0%
36	Explosives; pyrotechnic products; matches	1.22	253.66	176.05	144.1%	0.5%	0.7%
92	Musical instruments; parts and accessories of such articles	1.17	108.03	423.53	25.5%	1.1%	0.3%
91	Clocks and watches and parts thereof	1.15	325.80	3967.32	8.2%	0.4%	0.0%
50	Silk	0.80	34.99	473.94	7.4%	2.3%	0.2%
93	Arms and ammunition; parts and accessories thereof	0.69	358.71	236.59	151.6%	0.2%	0.3%
65	Headgear and parts thereof	0.44	150.47	252.69	59.5%	0.3%	0.2%
97	Works of art, collectors' pieces and antiques	0.27	159.83	173.35	92.2%	0.2%	0.2%
57	Carpets and other textile floor coverings	0.09	100.80	499.25	20.2%	0.1%	0.0%
66	Umbrellas, sun umbrellas, walking sticks, seatsticks, whips, riding-crops and parts thereof	0.07	29.93	93.86	31.9%	0.2%	0.1%
45	Cork and articles of cork	0.01	14.42	127.59	11.3%	0.1%	0.0%
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers	0.01	24.31	449.34	5.4%	0.1%	0.0%
46	Manufactures of basketware and wickerwork	0.01	18.24	43.97	41.5%	0.1%	0.0%
Total	All products	148641.4	1097915.4	2590260.5	42.4%	13.5%	5.7%

Source: Trade Map.

On Table 8, it is possible to identify the products featuring the greatest opportunities and potential for exportation. Latin America and the Caribbean might be able to meet an important share of the RICS' import demand in some products categories; however it ships a reduced share of its export offer, thus meeting a small share of demand.

In the case of manufactures of basketware, Latin America and the Caribbean cover a little more than 40% of the RICS' total demand, but they only ship less that 0.1% of their export offer, so they meet an insignificant share of RICS' demand.

As for apparel and accessories, and works of art and antiques, Latin America and the Caribbean might meet nearly 90% of RICS' import demand for those products, but only ships 0.2% of their exports to those countries. A similar case and even greater potential is noted in the following categories: textile articles; preparations of cereals; vegetables and legumes; arms and ammunition; products of malt and starches; cocoa; explosives, vehicles and parts thereof; live animals; spirits and vinegar; milk and dairy products; vegetable gums and resins, and fish and crustacean.

1.2.2. Imports

As for imports, Brazil holds its position as the first trade partner of RICS in Latin American and the Caribbean. Countries such as Mexico and specially Panama (which are not listed among the 15 main exporters of Latin American and the Caribbean to RICS) have progressed in the rank, becoming established as some of the main trade partners

after Brazil. Compared to exports, in most of the countries, imports had an inferior average growth per year. Uruguay, Ecuador, and Bahamas are the countries featuring the greatest annual average growth rates between 2005 and 2011; 67%, 195%, and 329% respectively.

TABLE 9
Main LAC countries importing goods from RICS
(US$ million)

Importer country	2005	2006	2007	2008	2009	2010	2011	AGR
Brazil	6720.38	10006.01	14947.88	24757.50	17339.09	30640.33	40149.57	40%
Mexico	6298.63	9812.24	12744.72	15347.52	13355.69	19218.73	26549.59	29%
Panama	3524.49	4051.96	5754.65	8325.56	6673.47	12202.58	14839.40	31%
Chile	2355.93	3358.92	4742.52	6689.17	5255.34	8593.85	11443.13	33%
Argentina	1743.03	2465.82	4192.11	6326.83	4014.47	6811.62	9901.72	40%
Venezuela	1048.30	1880.83	3383.26	4501.15	3155.45	3963.05	8527.05	51%
Colombia	1411.84	2120.81	2959.18	3650.27	2835.33	4470.78	6851.42	34%
Peru	784.11	1247.55	2118.50	3506.04	2491.53	4290.67	5773.26	45%
Bahamas	425.18	558.81	210.25	404.55	972.99	2846.26	3006.08	67%
Ecuador	519.72	85.33	1041.83	1731.59	1141.42	1668.96	2615.51	195%
Uruguay	459.78	45.79	940.48	1359.56	1045.23	1613.45	2198.55	329%
Guatemala	561.30	818.08	912.45	1119.41	764.70	1173.09	1513.48	22%
Paraguay	269.35	353.49	517.28	810.79	549.67	1096.03	1320.42	37%
Cuba	773.25	1466.56	1311.68	1584.90	1278.57	1313.13	1252.58	13%
Dominican Rep.	323.07	503.64	565.78	757.47	651.15	1012.77	1124.26	26%

Source: Trade Map.
Note: AGR is the Average Growth Rate from 2005 to 2011.

The main products Latin American and the Caribbean import from the rest of the world include: mineral fuels, machinery and mechanical appliances, electrical appliances, and vehicles and parts thereof. The four categories mentioned above are consistent with the main imports bought by Latin American and the Caribbean from the RICS Group.

There are chapters, namely, furskins, silk, basketware, natural pearls, and articles made of feathers or of down, in which RICS exports exceed by 20 times the imports of Latin American and the Caribbean. Despite that, only in eight chapters, RICS cover more than 50% of Latin American and the Caribbean demand, mainly in the chapters including textiles and clothing. In 45 chapters, RICS do not meet more than 10% of the demand of Latin America and the Caribbean. In 12 chapters, (mainly raw material and food) RICS supply to LAC does not exceed 1%. Unlike exports, total imports made by Latin America and the Caribbean are diversified into more categories, as 90% of the region's imports are distributed in 27 categories.

TABLE 10
LAC imports from RICS, 2011
(US$ million)

Chap HS	Product	LAC imports From RICS (A)	LAC imports From world (B)	RICS Exports to world (C)	RICS possible coverage C/B	Share A/B	Share A/C
85	Electrical machinery and equipment, and parts thereof	23108.41	147525.41	462466.34	313.5%	15.7%	5.0%
84	Nuclear reactors, boilers, machinery and mechanical appliances	20642.88	147964.95	376098.30	254.2%	14.0%	5.5%
27	Mineral fuels, mineral oils and products of their distillation	11594.99	181594.45	380958.81	209.8%	6.4%	3.0%
87	Vehicles other than railway or tramway, rolling stock, and parts and accessories thereof	8820.80	98178.08	70026.59	71.3%	9.0%	12.6%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus	5727.16	27276.41	64147.31	235.2%	21.0%	8.9%
89	Ships, boats and floating structures	4900.40	7842.90	52445.47	668.7%	62.5%	9.3%
61	Articles of apparel and clothing accessories, knitted	4770.31	6071.43	86037.11	1417.1%	78.6%	5.5%
29	Organic chemicals	4384.97	33069.12	56109.70	169.7%	13.3%	7.8%
73	Articles of iron or steel	4376.64	21522.23	60937.94	283.1%	20.3%	7.2%
31	Fertilizers	3905.41	17147.64	18306.79	106.8%	22.8%	21.3%
62	Articles of apparel and clothing accessories, not knitted	3670.32	7222.76	71150.00	985.1%	50.8%	5.2%
72	Iron and steel	3571.78	24392.95	77771.64	318.8%	14.6%	4.6%
39	Plastics and articles thereof	3504.58	45333.43	53534.27	118.1%	7.7%	6.5%
40	Rubber and articles thereof	2971.72	19141.24	27922.42	145.9%	15.5%	10.6%
64	Footwear, gaiters and the like; parts of such articles	2853.78	6206.02	43879.27	707.0%	46.0%	6.5%
94	Furniture; surgical and medical equipment, bedding and similar furnishing	2822.66	7758.68	61059.48	787.0%	36.4%	4.6%
76	Aluminum and articles thereof	2449.03	9966.79	30120.85	302.2%	24.6%	8.1%
42	Articles of leather; saddlery and harness; travel goods	2136.76	2536.23	28985.21	1142.8%	84.2%	7.4%
54	Man-made filaments	1991.85	4036.58	16518.83	409.2%	49.3%	12.1%
95	Toys, games and sports requisites; parts and accessories thereof	1903.32	6204.64	34629.60	558.1%	30.7%	5.5%
60	Knitted or crocheted fabrics	1649.46	2276.21	10964.32	481.7%	72.5%	15.0%
52	Cotton	1635.01	5875.69	23359.05	397.6%	27.8%	7.0%
55	Man-made staple fibres	1390.08	3745.57	13460.06	359.4%	37.1%	10.3%
69	Ceramic products	1185.71	3214.52	14637.29	455.3%	36.9%	8.1%
38	Miscellaneous chemical products	1180.59	15325.83	15567.94	101.6%	7.7%	7.6%
63	Other made up textile articles; sets.	1178.04	2471.84	26648.39	1078.1%	47.7%	4.4%

Chap HS	Product	LAC imports		RICS Exports to world (C)	RICS possible coverage C/B	Share	
		From RICS (A)	From world (B)			A/B	A/C
82	Tools, implements, cutlery, spoons and forks, of base metal	989.90	4869.58	12447.61	255.6%	20.3%	8.0%
70	Glass and glassware	982.39	3745.89	13596.63	363.0%	26.2%	7.2%
28	Inorganic chemicals; organic or inorganic compounds of metals	902.21	8691.93	28157.69	324.0%	10.4%	3.2%
96	Miscellaneous manufactured articles	837.20	2299.07	10562.66	459.4%	36.4%	7.9%
83	Miscellaneous articles of base metal	823.11	4299.78	12470.44	290.0%	19.1%	6.6%
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	747.54	15326.31	16181.77	105.6%	4.9%	4.6%
59	Impregnated, coated, covered or laminated textile fabrics	702.42	1949.99	7477.87	383.5%	36.0%	9.4%
30	Pharmaceutical products	690.98	25007.72	14196.42	56.8%	2.8%	4.9%
32	Tanning or dyeing extracts; dyes, pigments, paints	684.71	6241.70	7847.19	125.7%	11.0%	8.7%
93	Arms and ammunition; parts and accessories thereof	658.78	n.d.	3702.74	1096.0%	n.d.	17.8%
07	Edible vegetables and certain roots and tubers	483.64	2184.87	10056.81	460.3%	22.1%	4.8%
74	Copper and articles thereof	458.11	7979.92	15540.29	194.7%	5.7%	2.9%
10	Cereals	451.02	16703.43	11261.69	67.4%	2.7%	4.0%
03	Fish and crustaceans, molluscs and other aquatic invertebrates	449.83	2793.24	17066.81	611.0%	16.1%	2.6%
86	Railway or tramway locomotives, rolling-stock and parts thereof	419.65	2385.39	15299.46	641.4%	17.6%	2.7%
58	Special woven fabrics; tufted textile fabrics; lace	409.97	869.87	4824.19	554.6%	47.1%	8.5%
44	Wood and articles of wood; wood charcoal	397.94	3270.71	18928.72	578.7%	12.2%	2.1%
66	Umbrellas, sun umbrellas, walking sticks, seatsticks, whips	304.25	n.d.	2887.63	1448.5%	n.d.	10.5%
56	Wadding, felt and nonwovens; special yarns, cordage and articles thereof	276.52	1822.56	3870.77	212.4%	15.2%	7.1%
65	Headgear and parts thereof	264.13	367.12	3574.43	973.6%	71.9%	7.4%
16	Preparations of meat, of fish or of crustaceans, molluscs	233.85	1694.74	8187.29	483.1%	13.8%	2.9%
13	Gums, resins and other vegetable extracts	219.10	436.29	3259.62	747.1%	50.2%	6.7%
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers	205.90	n.d.	4554.88	2977.4%	n.d.	4.5%
92	Musical instruments; parts and accessories of such articles	201.28	496.71	1642.21	330.6%	40.5%	12.3%
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	201.10	2163.40	8753.12	404.6%	9.3%	2.3%
20	Preparations of vegetables, fruit, nuts or other parts of plants	188.20	2656.60	7892.72	297.1%	7.1%	2.4%

Chap HS	Product	LAC imports From RICS (A)	LAC imports From world (B)	RICS Exports to world (C)	RICS possible coverage C/B	Share A/B	Share A/C
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	183.42	3324.98	6873.84	206.7%	5.5%	2.7%
34	Soap, organic surface-active agents, washing preparations	178.18	3862.95	3683.87	95.4%	4.6%	4.8%
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	168.20	7928.04	4925.76	62.1%	2.1%	3.4%
91	Clocks and watches and parts thereof	160.47	1472.77	3774.38	256.3%	10.9%	4.3%
57	Carpets and other textile floor coverings	159.05	519.28	3630.57	699.2%	30.6%	4.4%
35	Albuminoidal substances; modified starches; glues; enzymes	134.04	2216.07	2321.74	104.8%	6.0%	5.8%
26	Ores, slag and ash	126.78	6134.94	23830.55	388.4%	2.1%	0.5%
88	Aircraft, spacecraft, and parts thereof	117.22	8799.68	4321.02	49.1%	1.3%	2.7%
23	Residues and waste from the food industries; prepared animal feed	107.26	6153.86	5333.21	86.7%	1.7%	2.0%
09	Coffee, tea, mate and spices	105.13	1190.42	5126.70	430.7%	8.8%	2.1%
49	Printed books, newspapers, pictures and other products of the printing industry	100.18	2523.11	3815.72	151.2%	4.0%	2.6%
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	95.74	383.71	3590.24	935.7%	25.0%	2.7%
17	Sugars and sugar confectionery	90.14	3448.99	3798.87	110.1%	2.6%	2.4%
36	Explosives; pyrotechnic products; matches	81.12	594.61	1061.10	178.5%	13.6%	7.6%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits	79.83	5137.05	4552.15	88.6%	1.6%	1.8%
71	Natural or cultured pearls, precious or semi-precious stones	74.93	3733.10	107853.65	2889.1%	2.0%	0.1%
05	Products of animal origin, not elsewhere specified or included	74.07	521.59	2083.76	399.5%	14.2%	3.6%
24	Tobacco and manufactured tobacco substitutes	71.21	1121.80	2536.52	226.1%	6.3%	2.8%
81	Other base metals; cermets; articles thereof	68.56	628.04	4730.59	753.2%	10.9%	1.4%
21	Miscellaneous edible preparations	66.54	4589.84	3022.77	65.9%	1.4%	2.2%
46	Manufactures of straw, of esparto or of other plaiting materials; basketware	58.98	n.d.	1789.74	3907.4%	n.d.	3.3%
18	Cocoa and cocoa preparations	50.58	1646.60	709.08	43.1%	3.1%	7.1%
53	Other vegetable textile fibers; paper yarn and woven fabric of paper yarn	47.42	106.67	1532.19	1436.3%	44.5%	3.1%
37	Photographic or cinematographic goods	41.81	1276.43	1236.57	96.9%	3.3%	3.4%
22	Beverages, spirits and vinegar	40.37	5278.62	2917.43	55.3%	0.8%	1.4%

Chap HS	Product	LAC imports		RICS Exports to world (C)	RICS possible coverage C/B	Share	
		From RICS (A)	From world (B)			A/B	A/C
15	Animal or vegetable fats and oils; edible fats; animal or vegetable waxes	39.89	7241.13	2887.98	39.9%	0.6%	1.4%
99	Materials not elsewhere specified or included	31.18	10167.15	82624.14	812.7%	0.3%	0.0%
19	Preparations of cereals, flour, starch or milk; bakers' wares	23.69	3064.25	2191.23	71.5%	0.8%	1.1%
50	Silk	23.48	38.43	2005.62	5218.6%	61.1%	1.2%
41	Raw hides and skins (other than furskins) and leather	21.31	1201.99	1925.35	160.2%	1.8%	1.1%
08	Edible fruit and nuts; peel of citrus fruit or melons	20.29	2881.26	6929.58	240.5%	0.7%	0.3%
79	Zinc and articles thereof	17.91	509.15	1240.60	243.7%	3.5%	1.4%
11	Products of the milling industry; malt; starches; inulin; wheat gluten	17.86	2550.37	1173.43	46.0%	0.7%	1.5%
47	Pulp of wood or of other fibrous cellulosic material	15.71	2347.83	2566.41	109.3%	0.7%	0.6%
75	Nickel and articles thereof	10.60	490.07	6143.22	1253.5%	2.2%	0.2%
97	Works of art, collectors' pieces and antiques	10.37	246.04	690.87	280.8%	4.2%	1.5%
78	Lead and articles thereof	8.24	353.87	594.80	168.1%	2.3%	1.4%
43	Furskins and artificial fur; manufactures thereof	3.92	25.30	2706.04	10694.5%	15.5%	0.1%
02	Meat and edible meat offal	3.18	6756.40	3853.03	57.0%	0.0%	0.1%
04	Dairy produce; birds eggs; natural honey	2.90	4627.94	931.91	20.1%	0.1%	0.3%
06	Live plants and ornamental foliage	2.70	280.96	365.56	130.1%	1.0%	0.7%
14	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0.83	24.92	155.22	622.8%	3.3%	0.5%
45	Cork and articles of cork	0.53	137.26	21.82	15.9%	0.4%	2.4%
80	Tin and articles thereof	0.33	293.77	190.01	64.7%	0.1%	0.2%
01	Live animals	0.04	928.79	623.10	67.1%	0.0%	0.0%
Total	All products	144246.6	1089665.4	2770856.5	254.3%	13.2%	5.2%

Source: International Trade Centre. Trade Map.

RICS feature a great exportation potential to Latin America and the Caribbean in certain products; but currently, little of their exportable offer is shipped and only a small share of LAC demand is being covered by RICS. These products are: pulp of wood or of other fibrous cellulosic material; edible fruit; live plants; furs; natural pearls; ores and slag, nickel and articles thereof; lead and articles thereof; vegetable plaiting materials; zinc and articles thereof; sugars and sugar confectionery; products of the printing industry; works of art; paper and paperboard. In these product categories, RICS could cover more than 100% of Latin America and the Caribbean import demand; however, they ship less than 5% of their exportable offer. These are the products with the greatest potential; nonetheless, there are also other categories featuring remarkable opportunities. That is the case, for instance, of the live animals' chapter, as RICS could meet up to 67% of Latin America and the Caribbean import demand; however, they currently cover less that 0.01% of their demand.

2. Investment

RICS play an increasingly important role in capital international flows; not only as some of the most important investment destinations worldwide, but also as a source of investment. In 2011, direct foreign investment (DFI) flows amounted to US$ 1.524 trillion, out of which, RICS invested US$ 146.51 billion worldwide (Russia US$ 67 billion, China US$ 65 billion, India US$ 14 billion, and South Africa US$ -0.635 billion), representing 9.61% of total FDI worldwide (UNCTAD 2012). Nowadays, these countries might be an important source of FDI for RICS.

2.1. Russian Federation

Following the crisis and transformation of Russian economy, investments from that country to Latin America and the Caribbean have resumed. Notwithstanding, today Russia is not among the main foreign investors in Latin America and the Caribbean, so this area would have to be analyzed to foster approaches and exchanges. For Russia, Latin America and the Caribbean is a strategic region due to the possibilities of their energy reserves, many of which are yet unexplored. Hence, companies with technology and experience for the prospection and drilling of those resources, such as *Gasprom*, *Rosnaft*, *Lukoil*, *Garzpromnef* and *TNK-BP* already operate in several countries of Latin America and the Caribbean, namely, Venezuela, Brazil, and more recently, Bolivia; there have also been approaches and interest to develop projects in Mexico, Ecuador, and Peru (SELA 2009B).

Russian companies have also developed important projects in the electricity and mining sectors. Russian consortium *Siloviye Mashiny* has supplied and installed hydroelectric power stations in Brazil, Chile, Argentina, and Mexico. *Energomashkorporatsia* and *Tecnoprom Export* have taken part in the construction of hydroelectric power stations in Colombia and Bolivia. For its part, *UC Rusal*, the world's greatest aluminum producer, participated in the privatization of the Guyana's bauxite industry, as it acquired 90% of the state-run enterprise. In addition, since 2007, *UC Rusal* holds the majority shareholding in *Alpart* and *Windalco,* aluminum and bauxite enterprises in Jamaica. Moreover, the same Russian company has signed letters of intent with Venezuela in order to establish an alumina and aluminum industrial complex (SELA 2009B).

2.2. India

Investments from India have also increased in the region. Even though India is not among the main investors in the region, (except in the case of Trinidad and Tobago) capital flows between Latin America and the Caribbean and India have climbed and diversified over the last years. Most part of Indian investments in Latin America and the Caribbean are related to the services sector, given the experience and specialization Indian enterprises have in that sector. However, over the last years, Indian investments flows in the mining and hydrocarbons sectors have registered progress.

Major consulting firms, such as *Tata Consultancy Services*, have settled in Latin America and the Caribbean. Currently, *Tata Consultancy Services* operates in Mexico, Argentina, Brazil, Chile, Ecuador, Colombia, Peru, and Uruguay. Other major Indian enterprises in the region are *24/7 Costumer*, a customer services company, in Guatemala; information technology and consulting company *Wipro Technologies Ltd* and *Infosys Technologies*, a software company, in Mexico and Brazil; *Satyam Computer Services Ltd*, in Brazil, and *Evalueserve*, a consulting firm operating in Chile (SELA 2009).

As for the mining and hydrocarbons sector, *Oil and Natural Gas Corporation Ltd* is an Indian enterprise with major participation in Latin America and the Caribbean. This company prospects the Cuban waters of the Gulf of Mexico looking for oil. The same

company, either directly or through fusions and share purchases from other companies, has oil projects in Brazil, Colombia, and Venezuela. Meanwhile, companies *Jindal Steel and Power Ltd,* and *Reliance Industries Ltd* have won tenders for prospection of oil and gas deposits in Peru. *Reliance Industries Ltd* has also signed agreements for production and prospection with the Colombia's National Hydrocarbons Agency (ANH). *Ispat Industries Ltd* operates for iron extraction in Brazil and coal extraction in Colombia. Also, *JSW Steel* has a license to prospect and extract iron in Bolivia, and magnetite in northern Chile. Finally, steel company *Arcelor Mittal* bought its counterpart company *Acindar* in Argentina.

Even though the services and mining and hydrocarbons sectors are the ones with the greatest dynamism over the last years, enterprises such as *Larsen and Toubro* and *DS Construction* stand out in the construction sector; *Tata Motors, Bajaj Auto,* and *Mahindra & Mahindra Ltd* in the motor vehicle sector; while *Ranbaxy Laboratories Limited*, and *United Phosphorous Ltd* participate in the pharmaceutical and chemical markets.

2.3. China

The emergence of China as a global investor is a relatively recent phenomenon. For Latin America and the Caribbean, it arose by the end of the 2010 decade, as investment and Chinese loans are increasing becoming an important source of funding in some countries of the region, especially in those countries which face difficulties to access the international capital markets, or to fund infrastructure and industrial projects (Gallagher 2013).

As for FDI, it totalled US$ 31 billion in Latin America and the Caribbean by the end of 2009, when Chinese FDI in the region leaped, doubling the figure recorded in 2008 (Rosales, 2012, 33). Mostly, capital flows from China are allocated to the acquisition and fusion with other companies. Between 1990 and 2010, more than 85% of the Chinese FDI in Latin America and the Caribbean was destined for the energy sector and raw material that is used to export and process in China (SELA 2009C). Likewise, most part of the flows and total volume of China's FDI in Latin America and the Caribbean (90%) are concentrated in tax havens, such as the Cayman Islands and the British Virgin Islands. After those two islands, Brazil is the country receiving the largest investment from China, followed by Peru, Venezuela, Mexico, Ecuador, and Chile, both in total DFI volume and flows between 2006-2010 (SELA 2009C).

As for loans, 81% of these have been granted by the China Development Bank (CDB), 10% by the Export-Import Bank of China (Ex-Im), and 6% by the Industrial and Commercial Bank of China (ICBC). Loans have usually been abundant and concentrated in Argentina, Brazil, Ecuador, and Venezuela (93% of total), and greatly focused on the oil sector (Gallagher 2013, 6). For instance, in 2009, the China Development Bank opened a credit line to Petrobras worth US$ 10 billion. Even though there are not precise data on the amount of the credits China has granted to Latin American and Caribbean countries, an estimate points out that it might reach US$ 85 billion, which implies that the region "represents a large share of Chinese funding overseas" (Gallagher 2013, 7). It is not clear if this trend will continue growing, but there is no doubt that today China is an international source of funding for strategic projects.

2.4. South Africa

Compared to the cases of Russia, China and India, South Africa has registered historical flows of FDI reception, but this trend has not been duplicated in the outflows of capital. In 2011, South Africa hardly registered capital outflows and when they have occurred, they have been highly unstable. While in 2006, the country invested more than US$ 6 billion abroad, in 2007, it invested less than US$ 3 billion; and in 2008, South Africa registered a US$ -3.1 billion negative capital outflow. South African investments continue to be greatly focused on the region of Sub-Saharan Africa; hence financial relations between Latin America and the Caribbean and South Africa remain very incipient. This is a great opportunity to promote a greater FDI from South Africa in Latin America and the Caribbean.

In short, FDI flows and RICS loans to Latin America and the Caribbean are taking place already, and they demonstrate a growing interest in approaching and strengthening the relation among the productive sectors. This financial integration occurs without the intervention of international financial institutions such as the World Bank, the International Monetary Fund or the Inter-American Development Bank. FDI usually precedes greatest trade and interchange flows in several areas, and also precedes more employment creation and the possibility of interchanging technology and developing innovations. That is the importance of fostering FDI flows both ways.

3. Bilateral investment agreements

Even though RICS are not among the main investors in Latin America and the Caribbean, the development of investment in specific sectors has been substantially dynamic, and it might have a greater momentum with the adoption of legal and promotion mechanisms to provide further security and predictability to capital flows. Such mechanisms could foster a larger investment flow by providing tools offering them more sustainability. Currently, Russia has only signed agreements for the protection and promotion of investments in Cuba and Argentina. India has signed an agreement with Colombia, and has other valid agreements with Argentina, Trinidad and Tobago, and Mexico. China is the country with more agreements, as it has signed four, plus eight additional agreements currently in force. Finally, South Africa has signed two agreements with Paraguay and Chile, and two agreements with Cuba and Argentina. It should be also noted that, in addition to those agreements, China has included chapters on investment in their free trade agreements with Peru, Costa Rica, and Chile.

As shown in Table 11, Brazil, the country featuring the most intense relation with RICS in terms of trade and investment, has no investment agreements with RICS. As for the remaining major economies of Latin America and the Caribbean, Mexico has agreements with China and India; Chile has bilateral agreements with China and South Africa; and finally, Argentina is the only country which has signed investment agreements with all RICS.

TABLE 11
Bilateral investment agreements, 2013

Country	Under negotiation	Signed	In force
Russia		Cuba 1993 Argentina 1998	
India	Brazil, Cuba, El Salvador, Guyana, Jamaica, Peru and Venezuela	Colombia 2009	Argentina 2002 Trinidad and Tobago. 2007 Mexico 2008
China		Argentina 1992 Bolivia 1992 Honduras 1996 Guyana 2003	Chile 1995 Cuba 1995 Peru 1995 Jamaica 1996 Ecuador 1997 Barbados 1999 Costa Rica 2004 Mexico 2009
South Africa		Paraguay 1974 Chile 1998	Cuba 1997 Argentina 2001

Source: Business Portal of India, Ministry of Finance of India, International Centre for Settlement of Investment Disputes and Secretariat of Economy of Mexico.

It is important to recognize that the current state of the economic relationships between RICS and Latin America and the Caribbean are not consistent with the economic and human potentials in both groups of countries. It is clear that the diversification achieved thus far is not enough in terms of trade and investment cooperation, and the establishment of instruments to ensure the sustainability of such flows with most of the region's countries. Next, proposals will be outlined to strengthen the institutional structure of RICS-Latin America and the Caribbean economic cooperation, in order to foster interchanges both ways.

IV. AREAS OF OPPORTUNITIES

While emerging countries occasionally tend to be regarded as direct competitors because of their wealth of natural and human resources and their lack of capital, the diversity of both RICS and the countries of Latin America and the Caribbean creates significant opportunities for cooperation and complementarity.

Russia, India, China and South Africa have already shown their ability to influence decisions in the global economy. As the emerging markets with the greatest potential for growth in recent decades, they have lifted hundreds of millions of people from poverty, while showing sound macroeconomic policies and manageable levels of debt, and above all, political will to influence the course of the world economy. The benefits of a closer cooperation with these economies would certainly spark an explosion of new opportunities for development in the Latin American and Caribbean region, which in turn can benefit from best practices that have been implemented by RICS in their own countries, can find new markets for its exports and new sources of raw materials for its products, in addition to finding new sources and destinations of investment in these economies that are so eager to explore new opportunities.

For its part, Latin America and the Caribbean offers great potential for cooperation to RICS. Endowed with bountiful natural resources, the region is home to about 600 million people with an average life expectancy of 74 years and has a GDP per capita of more than US$ 8,500. LAC is also capable of providing RICS with minerals/ores, energy commodities and food, which should help it to maintain its high growth rates. Furthermore,

Latin America and the Caribbean can become a strategic partner to ensure that emerging economies have a greater decision-making power in the international system.

Based on these complementarities, while cooperation between RICS and Latin America and the Caribbean has gained significant strength in the past decade, increased efforts at the highest political level will be required to establish institutional mechanisms aimed at advancing and reinforcing this relationship.

In developing a regional strategy towards RICS, Latin America and the Caribbean could explore two different avenues to promote better understanding and closer ties, to take advantage of existing trade and investment opportunities, and to give further impetus to economic cooperation.

Below are recommendations divided into 2 major categories: 1) Trade and economic opportunities, and 2) Cooperation.

1. Trade and economic opportunities

Trade between RICS and Latin America and the Caribbean saw an exponential growth from 2001 to 2011 with an eleven-fold increase during the period, though from a rather small base. It should also noted that an important amount of this increase has been fuelled particularly by China's production and exports to the world market, and especially to all countries in Latin America and the Caribbean. Such growth rate exceeds those that both Latin America and the Caribbean and RICS have seen in their trade flows with the world. This illustrates the potential business opportunities and complementarity of the economies of these two groups of countries. Trade between RICS and Latin America and the Caribbean presents opportunities that remain largely unexplored, in addition to the fact that the institutional framework governing this trade is in a fledgling stage. It is also a combined result of a lack of information about the opportunities available on both sides and a lack of knowledge of how to access the respective markets. But today geographical location, language or different national traditions should no longer hinder trade in goods and services, and opportunities are there to be seized.

As regards investments, because of its natural resources and comparative advantages, Latin America and the Caribbean is an attractive partner for RICS. Investments have focused mainly on the mining and service sectors, including information technology. Nevertheless, based on the needs of Latin America and the Caribbean and the experience of BRICS, there are other areas of opportunities which have not been fully exploited, such as construction and infrastructure, scientific and technological research, aerospace industry, development of labour- and environment-friendly approaches to sustainable production, just to name a few.

The existing context of trade relations between RICS and Latin America and the Caribbean has a number of areas on which both groups of countries can focus to deepen such relations. This could result in increased flows of trade and investment, further development of enterprises and innovation, job creation, strengthening of supply chains and growing markets. In this connection, steps should be taken towards the development of an institutional framework aimed at strengthening trade through the following actions:

- **Establishment of trade agreements.** Currently, China is the only RICS country that has negotiated preferential trade agreements with a couple of countries in Latin America and the Caribbean, namely Chile, Peru and Costa Rica. India maintains partial preferential agreements with Chile and MERCOSUR. Meanwhile, Russia and South Africa are still to conclude preferential trade agreements with the region. On the Latin American

and Caribbean side, Brazil is the country that has the closest political ties with RICS because of its BRICS member status, but despite being the largest economy in the region, a preferential trade agreement between Brazil and any one country of this group is still to be reached. With the negotiation of new agreements involving more countries and covering more topics, trade flows between Latin America and the Caribbean and RICS would benefit from greater certainty and better market access conditions. There is no doubt that such a move would increase trade, would create greater investment opportunities and would lead to a broader political rapprochement.

- **Negotiation of investment agreements**. The negotiation and establishment of an increased number of investment agreements between the countries of Latin America and the Caribbean and RICS could create an incentive to boost the flows of capital between the two groups. As a target for investment and a source of investment and credit in the international capital market, RICS plays an increasingly important role in international capital flows, which provides an area of opportunity for the LAC region. Latin America and the Caribbean can implement more aggressive policies on investment attraction aimed to develop the emerging flows of capital between the region and South Africa, diversify existing Russian, Indian and Chinese investments, and create incentives to prevent capital from being directed exclusively to Caribbean tax havens and instead be invested in productive projects with the potential to strengthen the relationship between both sides. As part of such investment attraction strategy, the establishment of agreements that create incentives through greater legal certainty would be a recommended first step. A second step would be the strategic identification of investment opportunities in sectors such as infrastructure, innovation, information technology, company-oriented services, just to mention a few.

- **Negotiation of sanitary agreements (phytosanitary and zoosanitary)** providing assurance of animal and plant health to boost trade flows on both sides. For Latin America and the Caribbean, it is vital to have these types of agreements as they are the gateway for its products into the RICS market. Because a significant portion of the export supply of Latin America and the Caribbean comes from the agricultural sector, health agreements will help open new opportunities for this sector, making market access easier as a result of the compliance with the health regulations of the target market. For RICS, this would also provide a way to secure food supply in times of great volatility in production and markets.

- **Negotiation and implementation of agreements on double taxation** that facilitate economic and trade interaction between the parties. This will give a boost to economic and trade exchanges since the tax status of taxpayers carrying out economic activities in other countries will be clarified, unified and guaranteed, thus avoiding duplication of taxes.

As regards opportunities for trade and investment between the two parties, it is seen as an area with great potential for development. To this end, the following proposals should be developed:

- **Chambers of commerce and business associations.** A practical and valuable way to promote rapprochement is through associations within the production sector. Encouraging the establishment of these kinds of groupings led by entrepreneurs committed to exploiting opportunities would lead to greater integration between the production sectors of the countries involved, while providing entrepreneurs with a convenient tool to access more information on technical issues related to trade and investment, including tariffs, technical standards, sanitary methods, labelling requirements,

marketing practices, potential partners, among others. Chambers and associations would help both reduce problems such as asymmetric information and conduct market research on specific products, services and/or sectors. They are also an excellent source to identify key contacts for the purpose of facilitating business development. The establishment of such groupings would make easier to build business networks aimed at deepening exchanges in a more efficient and effective manner, creating new companies, and attracting new investments.

- **Business promotion**. Business promotion is more effective when it is performed in the field. Thus it is essential to have representative offices that help identify opportunities accurately. But establishing representative offices abroad will usually entail a considerable investment which may require significant financial and human resources. One way to optimize such resources would be through the establishment of joint representative offices from which different countries can operate, thus being able to reduce costs. As a matter of fact, Colombia, Chile, Mexico and Peru have already declared their interest in opening up joint embassies and business offices in countries such as Ghana, Morocco, Viet Nam, Singapore and Turkey, among others (Oppenheimer 2013). Such initiative could be explored jointly by Latin American and Caribbean countries as well, for the purpose of establishing offices devoted to promoting business and identifying opportunities in each RICS country. This could lead to reduced costs and improved efforts.

- **Trade fairs and missions.** One of the main constraints in many potential areas of cooperation between Latin America and the Caribbean and RICS is the lack of knowledge about how and with whom to do business in a foreign country. Trade fairs, exhibitions, symposiums and seminars are all recommended activities to help disseminate information on the various business opportunities offered by RICS. These types of events could lead to the establishment of links between the production sectors of both sides, which in turn could have an impact on trade and investment flows. Promotion through trade fairs and missions could also have an effect on other important areas for Latin America and the Caribbean such as tourism and artistic, cultural and educational exchange. The rapid growth of the middle classes in the RICS countries certainly provides an area of opportunity for the Latin American and Caribbean region, which could benefit from the increased demand for services through wider dissemination of relevant information, and trade fairs and missions are valuable tools that should be promoted and leveraged.

- **Attraction of mutual investments** through dissemination of investment projects in areas of interest for each party, such as the development of physical infrastructure. It would also be desirable to disseminate information on funding sources to enable participation in these projects.

- **Funding.** Closer relations between the development banks and investment funds of the parties in order to define funding schemes that allow greater participation of the parties in the respective project proposals. In addition to preferential treatment, in order to promote exports from both groups, adequate funding would be required. Domestic, regional and subregional development banks can create lines of credit to facilitate trade between Latin America and the Caribbean and RICS.

In Latin America and the Caribbean, a step forward in this direction would be to suggest the opening of export lines of credit for producers seeking to enter new markets, through development banks such as IDB, CAF and CABEI. In addition, it would be advisable to explore the possibilities of working with BRICS in the creation of the new Development

Bank of the group, which aims to provide an additional source of loans for development projects, in parallel with international financial institutions (i.e. the World Bank and the International Monetary Fund).

- **Analysis of business opportunities**. Conducting market studies on the current trends and patterns of trade between Latin America and the Caribbean and RICS would make it possible to identify those products and services with potential for an increased exchange, thus defining specific strategies to take advantage of such opportunities in an effective manner. As part of a preliminary analysis, this study has identified that the main products exported to RICS by Latin America and the Caribbean are raw materials, including ores, slag, fuels, and oil seeds and oleaginous fruits. Absent from this export supply are other major product categories that the region does sell to the world on a regular basis such as vehicles and auto parts, and machinery and electrical appliances. Latin America and the Caribbean has a share of less than 1% in RICS import for 53 of 97 chapters of the Harmonized System and about 90% of Latin America and the Caribbean export to these countries is concentrated in 12 groups. Products with the greatest potential – i.e. those categories in relation to which Latin America and the Caribbean could meet a significant portion of the import demand from RICS and actually account for only a very small percentage of LAC export supply – include, without limitation, basketry products; clothing; cereal-based preparations; vegetables and legumes; malt and starch products; cocoa; motor vehicles and auto parts; live animals; alcoholic beverages and vinegar; milk and dairy products; plant gums and resins; and fish and crustaceans.

As regards imports, despite the fact that RICS could meet more than 100% of imports to Latin America and the Caribbean for 78 chapters of the Harmonized System, RICS countries cover more than 50% of the Latin American and Caribbean demand for only 8 chapters, primarily those related to textiles and clothing. There are many products that Latin America and the Caribbean imports from the world the origin of which could be diversified by buying from RICS. Products with greater potential, i.e. those that RICS could meet more than 100% of LAC import demand and only covers less than 5% and that account for less than 5% of RICS export supply, include: pulp of wood or of other fibrous cellulosic material; edible fruit and nuts; skins; pearls; ores, slag and ash; nickel and articles thereof; lead and articles thereof; vegetable plaiting materials; zinc and articles thereof; sugars and sugar confectionery; products of the printing industry; works of art; paper and cardboard. It could be worth exploring these opportunities by conducting market studies – by sector and/or product – that identify access conditions; applicable regulations; customs, logistics and financing issues; and possible alliances for marketing, just to name a few. An enhanced trade information base can result in maximized opportunities and closer links.

2. Cooperation

It should be noted that at the Durban Summit the BRICS members expressed their intention to increase cooperation with other countries, in particular with emerging and developing countries, as well as with regional and international organizations. This provides Latin America and the Caribbean with an opportunity that the region should seize to increase investment in infrastructure projects aimed at supporting production agriculture as well as the manufacturing and service sectors, academic exchange and the development of scientific and technical capacities. Such cooperation can also be strengthened by developing common agendas and consensus within the international system to reflect the interests of Latin America and the Caribbean as supported by RICS.

Economic cooperation also offers a variety of opportunities, allowing both sides to work more closely in specific areas such as the exchange of statistical information; tourism; energy and hydrocarbons; infrastructure; science and technology; development of SMEs; negotiation of health arrangements; business promotion; and financing, just to mention a few key areas. Below are some suggestions that the countries in Latin America and the Caribbean might consider:

2.1. Statistical information

One of the main challenges in identifying opportunities and strategies to seize them is precisely to have the best information available. Today, much of the relevant information comes from international organizations. It would be very useful if both RICS and LAC could disseminate more statistical information not only on trade and investment flows but also on the willingness to develop projects in areas such as infrastructure and innovation. Just as important is to facilitate information on the availability of funding sources to support the implementation of projects and closer relations between both parties. In this connection, working groups should be established for the purpose of collecting and harmonizing criteria for aggregation and compilation of regional statistical data on issues such as trade, economic conditions, tourism, labour, education, demographics, and social aspects, among others, thus allowing for a more informed basis to make policy and business decisions.

2.2. Technical regulations

The exchange of information and experiences on the implementation of technical procedures and standards as well as on legislation and regulations currently in effect in each country or subregion (e.g. CACM, CAN, MERCOSUR) should be fostered in order to facilitate and promote trade flows.

2.3. Agricultural and livestock promotion

Programmes for the establishment of agricultural enterprises designed to support sustainable food production should be developed, taking into account the experiences of Latin American and Caribbean countries in the development of agricultural enterprises.

2.4. Innovation

National experiences in patent and trademark protection processes that promote innovation and scientific and technological development in the LAC and RICS countries should be shared, taking advantage of the advances already achieved by countries such as China and India in the field of technology.

2.5. Energy

The interests and needs of both sides converge in the energy sector. There is no doubt that the centre of gravity of the geographical map of energy consumption is shifting to the East. As a matter of fact, power consumption in all four BRIC countries has been increasing consistently from 23% of the global consumption in 1990 and is expected to reach 42% by 2030, with China as the main contributor to the increase after rising from 8% of the global energy consumption in 1990 to an expected 27% by 2030. China and Russia have invested heavily in this sector, and so both sides' experiences can be used in the development of joint programmes for the efficient exploitation of hydrocarbons, the adequate use of renewable energies and the promotion of energy efficiency. LAC and RICS countries should also promote joint actions for better coordination between national bodies responsible for energy efficiency, thus facilitating the exchange of information and experiences on the implementation of programmes aimed at the sustainable exploitation of energy resources in the long term.

2.6. Tourism

Thanks to the development of the middle class in the RICS countries, an increased number of people from these countries are now interested in purchasing tourist services and everything related to this activity. To be able to attract these new tourists, it is necessary to learn about their preferences and how they buy these services. Hence it would be useful to work at the government level to promote and strengthen tourism exchange. This can be achieved through the development of tourism cooperation agreements establishing ways to exchange information and disseminate it both to operators and to potential tourists. Also recommended is to explore cooperation agreements between the countries of Latin America and the Caribbean for the development of new tourist routes especially designed with RICS tourists in mind.

2.7. Development of SMEs

The exchange of information and experiences on the granting of loans for the establishment of new businesses should be promoted, as should the implementation of programmes aimed to support SMEs, identifying those sectors where Latin America and the Caribbean and RICS can find common ground. Additionally, this exchange of experiences can lead to the consolidation of SMEs having as their ultimate goal the leveraging of those business opportunities identified in the matrix of export opportunities.

2.8. Youth employment policies

Also suggested are the exchange of experiences in the creation of employment opportunities for young people, building upon experiences developed in Latin American and Caribbean countries, and the exchange of information and experiences on both the granting of loans for the establishment of new businesses and on tax allowances for young people entering the labour force and companies that hire young people entering the labour market for the first time.

2.9. Academic exchanges

To ensure that both sides' economies can continue to move forward, it is imperative to invest in the further development of human resources. As regards production, it is necessary to link academic training with real-world experience and to promote scientific education in engineering sciences and mathematics. Encouraging student and faculty exchanges through academic programmes can be useful to boost productivity growth in both LAC and RICS.

2.10. International organizations

Both Latin America and the Caribbean and RICS participate in multilateral bodies, which should allow for closer relations and a better understanding of the respective agendas and priorities. For instance, organizations such as the IMF, the World Bank or WTO include virtually all countries considered in this study, except for the Bahamas. Developing closer positions and building consensus among them will give these countries more weight in the development of the agendas of the various international organizations.

3. Tools to boost LAC-RICS relations

Based on the elements identified in this document, SELA can be an ideal partner in helping the countries of Latin America and the Caribbean to implement a strategy consisting of the different elements considered as part of their efforts to establish stronger links with RICS. SELA can support the development of a plan for action and act as a facilitator to promote the implementation of the various recommendations contained in this document. To this end, the Permanent Secretariat of SELA suggests that the following activities should be undertaken:

- Conducting **seminars** to discuss trends in relation to RICS. In particular, such events could be organized to address specific sectors or specific issues. For example, organizing a workshop on energy, or on development of infrastructure projects, or on services for the digital economy, just to mention a few possible topics, in a SELA member country with the participation of experts, businesspersons and investors from both groups of countries.

- Conducting **market studies** that provide elements for analysis to countries seeking to take advantage of market opportunities in RICS, considering the areas already identified in this document.

- Reinforcing **efforts to disseminate** information on the variety of opportunities that RICS offers to Latin America and the Caribbean so that each country can make informed decisions on which areas to explore.

- Promoting a **meeting between RICS and LAC** within the framework of the VI BRICS Summit – to be held in Brazil in 2014 – for the purpose of defining an agenda to help bring stakeholders from both sides closer together.

V. CONCLUSIONS AND RECOMMENDATIONS

BRICS countries have played an outstanding role since the start of the new Millennium not only because of their growing economies, the size of their populations and their growing middle class, but also and especially due to their expressed political will to gain significant weight in the decisions of the international agenda, thereby influencing directly on the future of international governance, business and global politics. BRICS emerges as a group of countries seeking to exert influence on a number of areas, where trade, investment and development are priority topics. The size of the BRICS economies as a whole is expected to be as large as that of the US by 2015 and equal to G7 economies by 2027.

The BRICS countries, however, are not immune to the global slowdown or to the problems affecting the global financial markets. India and South Africa, for example, may be at risk of sovereign rating downgrades. In addition, BRICS face significant challenges in the field of economic and social development, specifically those related to education, health, inequality, environment and the quality of life of their populations. Their Human Development Index levels are still far from those of European countries, the US or Japan, for example. Even compared to other developing and emerging countries, BRICS indicators are significantly lagging behind.

The BRICS countries see themselves as a counterweight to countries such as the US or the European Union. Even though this group still lacks a formal framework and serves primarily as a consultation mechanism which defines positions and proposals at the highest political level, it is also true that they have already agreed on measures to facilitate trade between them and have made joint statements on foreign policy issues or the creation of new international financial systems.

Meanwhile, Africa has been identified as a continent that holds great promise, as it is a developing region where BRICS has plans to promote its presence through investment, trade and cooperation.

The group has also tried to reach emerging markets. Today, it is critical for the countries of Latin America and the Caribbean to pay closer attention to the issues dominating the

economic agenda of BRICS. Latin America and the Caribbean should develop a strategy to forge closer links with BRICS as the latter group has the potential to help broaden LAC reach. In this regard, Brazil can be a great promoter of the actions and proposals of that group in Latin America and the Caribbean.

This document has identified a number of areas where Latin America and the Caribbean and RICS – with Brazil acting as a common link between both groups – can forge closer ties with a view to improving trade, investment and cooperation. Regardless of the form that the BRICS countries as a whole might take, there can be no doubt of the important role they are already playing on the international stage and are expected to play in the future. Latin America and the Caribbean must find the most appropriate ways and mechanisms to promote closer relations and maximize benefits. Prepared by the Permanent Secretariat of SELA, this paper seeks to contribute to the systematization of relevant information and the formulation of proposals to move forward in this regard. Many and clear opportunities are there, just waiting to be assessed and seized by the countries in both groups. In addition, SELA can support the development of a more comprehensive strategy with a plan for action to take the relations between Latin America and the Caribbean and BRICS to a new level.

A N N E X I

Diplomatic Relations between RICS and Latin America and the Caribbean

RICS	LAC country	LAC Embassies and Consulates in RICS	RICS Embassies and Consulates in LAC
Russia	Argentina	Embassy (Moscow)	Embassy (Buenos Aires)
	Bolivia	Embassy (Moscow)	Embassy (La Paz)
	Brazil	Embassy (Moscow)	Embassy (Brasilia) Consulate (Rio de Janeiro) Consulate (Sao Paulo)
	Chile	Embassy (Moscow) Consulate (Moscow) Consulate (Vladivostok)	Embassy (Santiago)
	Colombia	Embassy (Moscow)	Embassy (Bogotá)
	Costa Rica	Embassy (Moscow)	Embassy (San José)
	Cuba	Embassy (Moscow) Consulate (Saint Petersburg)	Embassy (Havana) Consulate (Havana)
	Ecuador	Embassy (Moscow)	Embassy (Quito)
	El Salvador	Embassy (Moscow)	
	Guatemala	Embassy (Moscow)	Embassy (Guatemala City)
	Guyana	Consulate (Moscow)	Embassy (Georgetown)
	Jamaica		Embassy (Kingston)
	Mexico	Embassy (Moscow)	Embassy (Mexico City)
	Nicaragua	Embassy (Moscow)	Embassy (Managua)
	Panama	Embassy (Moscow)	Embassy (Panama City)
	Paraguay	Embassy (Moscow)	Embassy (Asunción)
	Peru	Embassy (Moscow)	Embassy (Lima)
	Dominican Rep.	Embassy (Moscow)	
	Uruguay	Embassy (Moscow) Consulate (Yerevan)	Embassy (Montevideo)
	Venezuela	Embassy (Moscow)	Embassy (Caracas)
	Total countries	**19**	**18**
India	Argentina	Embassy (New Delhi)	Embassy (Buenos Aires)
	Bolivia	Embassy (New Delhi)	
	Brazil	Embassy (New Delhi) Consulate (Calcutta)	Embassy (Brasilia) Consulate (Sao Paulo)
	Belize	Consulate (New Delhi)	
	Chile	Embassy (New Delhi) Consulate (Chennai) Consulate (Calcutta) Consulate (Mumbai)	Embassy (Santiago)
	Costa Rica	Embassy (New Delhi)	
	Colombia	Embassy (New Delhi)	Embassy (Bogotá)
	Cuba	Embassy (New Delhi)	Embassy (Havana)
	Dominican Rep.	Embassy (New Delhi)	
	Ecuador	Embassy (New Delhi)	
	El Salvador	Embassy (New Delhi) Consulate (Bangalore) Consulate (Calcutta) Consulate (Mumbai)	
	Guatemala	Embassy (New Delhi)	Embassy (Guatemala)
	Guyana	Embassy (New Delhi)	

RICS	LAC country	LAC Embassies and Consulates in RICS	RICS Embassies and Consulates in LAC
	Haiti	Consulate (Mumbai)	
	Jamaica	Consulate (New Delhi)	Embassy (Kingston)
	Mexico	Embassy (New Delhi) Consulate (Calcutta) Consulate (Mumbai)	Embassy (Mexico City)
	Nicaragua	Consulate (New Delhi)	
	Panama	Embassy (New Delhi)	Embassy (Panama City)
	Peru	Embassy (New Delhi) Consulate (Calcutta) Consulate (Mumbai)	Embassy (Lima)
	Paraguay	Embassy (New Delhi)	
	Suriname	Embassy (New Delhi)	
	Trinidad and Tobago		High Commissioner of India in Port of Spain
	Uruguay	Embassy (New Delhi) Consulate (Mumbai)	
	Venezuela	Embassy (New Delhi)	Embassy (Caracas)
	Total countries	**23**	**12**
China	Antigua and Barbuda	Non-resident Ambassador	Embassy (St. John's)
	Argentina	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Buenos Aires)
	Bahamas	Embassy (Beijing)	Embassy (Nassau)
	Barbados	Embassy (Beijing)	Embassy (Barbados)
	Bolivia	Embassy (Beijing)	Embassy (La Paz) Consulate (Santa Cruz)
	Brazil	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Brasilia) Consulate (Rio de Janeiro) Consulate (Sao Paulo)
	Chile	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Santiago) Consulate (Iquique)
	Colombia	Embassy (Beijing) Consulate (Hong Kong)	Embassy (Bogotá) Consulate (Barranquilla)
	Costa Rica	Embassy Beijing	Embassy (San José)
	Cuba	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Havana)
	Dominica	Embassy (Beijing)	Embassy (Roseau)
	Ecuador	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Quito) Consulate (Guayaquil)
	Grenada	Embassy (Beijing)	Embassy (St. Georges)
	Guyana	Embassy (Beijing)	Embassy (Georgetown)
	Jamaica	Embassy (Beijing) Consulate (Shanghai)	Embassy (Kingston)

RICS	LAC country	LAC Embassies and Consulates in RICS	RICS Embassies and Consulates in LAC
	Mexico	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong) Consulate (Guangzhou)	Embassy (Mexico City) Consulate (Tijuana)
	Peru	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong)	Embassy (Lima)
	Suriname	Embassy (Shanghai)	Embassy (Paramaribo)
	Trinidad and Tobago		Embassy (Port of Spain)
	Uruguay	Embassy (Beijing) Consulate (Shanghai)	Embassy (Montevideo)
	Venezuela	Embassy (Beijing) Consulate (Shanghai) Consulate (Hong Kong)	Embassy (Caracas)
	Total countries	**19**	**21**
South Africa	Argentina	Embassy (Pretoria) Consulate (Johannesburg)	Embassy (Buenos Aires)
	Brazil	Embassy (Pretoria) Consulate (Cape Town)	Embassy (Brasilia) Consulate (Sao Paulo)
	Chile	Embassy (Pretoria) Consulate (Cape Town) Consulate (Durban) Prochile Trade Office (Johannesburg)	Embassy (Santiago)
	Colombia	Embassy (Pretoria) Consulate (Cape Town) Consulate (Pretoria)	
	Costa Rica	Consulate (Johannesburg)	
	Cuba	Embassy (Pretoria)	Embassy (Havana)
	Dominican Rep.	Embassy (Pretoria)	
	Ecuador	Embassy (Pretoria)	
	Jamaica	Embassy (Pretoria)	
	Mexico	Embassy (Pretoria) Consulate (Cape Town)	Embassy (Mexico City)
	Panama	Embassy Consulate (Durban)	
	Paraguay	Embassy (Pretoria)	
	Peru	Embassy (Pretoria)	Embassy (Lima)
	Trinidad and Tobago	Embassy (Pretoria) Consulate (Johannesburg)	
	Uruguay	Embassy Consulate (Pretoria)	
	Venezuela	Embassy (Pretoria)	Embassy (Caracas)
	Total countries	**16**	**7**

Sources: China, Ministry of Foreign Affairs of the Peoples' Republic of China; India, Ministry of External Affairs; Russia, Ministry of Foreign Affairs; South Africa, Department of International Relations.

A N N E X I I

Agreements signed within the Framework of IBSA

Agreement	Signing date
Memorandum of Understanding on Agriculture	6 June 2003
Memorandum of Understanding on Wind Energy	17 October 2007
Memorandum of Understanding on Solar Energy	17 October 2007
Memorandum of Understanding on Environment	17 October 2007
Memorandum of Understanding on Culture	17 October 2007
Memorandum of Understanding on Health	17 October 2007
Memorandum of Understanding on Human Settlements	17 October 2007
Memorandum of Understanding on Public Administration	17 October 2007
Cooperation Agreement on Education	17 October 2007
Cooperation Agreement on Tax and Customs Administration	17 October 2007
Cooperation Agreement on Social Development	17 October 2007
Agreement between the Government of the Federative Republic of Brazil and the Government of the Republic of South Africa on Mutual Assistance between Customs Administrations	11 May 2008
Cooperation Agreement on Trade and Investment	15 October 2008
Cooperation Agreement on Tourism	15 October 2008
Cooperation Agreement on Science and Technology	2010
Cooperation Agreement on Taxes and Customs between Brazil, India and South Africa	17 October 2010

Source: Official Web site of the India-Brazil-South Africa Forum.

ACRONYMS

ALADI – Latin American Integration Association
ARPPI - Agreement on Reciprocal Promotion and Protection of Investments
BRIC – Brazil, Russia, India and China
BRICS – Brazil, Russia, India, China and South Africa
CACM – Central American Common Market
CAN – Andean Community
COP – Conference of the Parties of the UN Framework Convention on Climate Change
EU – European Union
FTA – Free Trade Agreement
G20 – Group of 20, which encompasses the 20 largest economies of the world
G77 – Group of 77, coalition of developing countries within the framework of the UN
G8 – Group of 8 (USA, Japan, Germany, UK, France, Canada, Italy and Russia)
GCI – Global Competitiveness Index of the World Economic Forum
GDP – Gross Domestic Product
GSTP – Global System of Trade Preferences
IBSA – Trilateral Cooperation Forum grouping India, Brazil and South Africa
ICTs - Information and Communication Technologies
IMCO – Mexican Institute for Competitiveness
IMF – International Monetary Fund
ITC – International Trade Centre
LAC – Latin America and the Caribbean
MERCOSUR – Southern Cone Common Market
MFN – Most Favoured Nation tariff
PPP – Purchasing Power Parity
RICS – Russia, India, China and South Africa
RSA – Republic of South Africa
SACU – Southern African Custom Union
SELA – Latin American and Caribbean Economic System
UN – United Nations
USSR – Union of Soviet Socialist Republics
WB – World Bank
WEF – World Economic Forum
WTO – World Trade Organization

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