A BRIDGE BETWEEN INDIA AND LATIN AMERICA

Policy Options for Deeper Economic Cooperation

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TRADE

- Fast Trade Growth
- Few Markets
- Product Concentration
From U$ 2 to 39 bn in 2000-18

25.6% annual growth until 2014

LAC surplus: U$ 22.7 bn vs. 16.0 bn

Exports to India > Japan / Korea
2/3 of LAC exports from:
Venezuela: 31%
Mexico: 21%
Brazil: 17%

Yet, exports to India are on the rise in many LAC countries
High export concentration vs RoW (excl. MX)
- Extractive industries: 72% vs 39%
- Agriculture: 19% vs 39%
- Manufactures: 9% vs 22%

Imports dominated by manufactures (85%)

Top2 > 50% - Top 5 > 80%
- Oil 42% VE, MX, BR
- Copper 13% CH, PE, BR
- Gold 12% PE, BO, DR
- Soybean oil 11% AR, BR, PR
- Manufactures 3% MX

In many countries just one product
INDIA LAC

~700M

1% Total India’s Outward Equity Investment

INVESTMENT

By country
- Bahamas: 23.5%
- Panama: 16.5%
- Mexico: 6.9%
- Peru: 2.2%
- Colombia: 8.3%
- Guyana: 2.3%
- Other LAC: 6.8%

By sector
- Manufacturing: 23.6%
- Construction: 28.8%
- Finance, Insurance and Business Services: 14.9%
- Transport, Storage and Communication Services: 8.5%
- Agriculture and Mining: 12.7%
- Electricity, Gas and Water: 7.1%
- Community, Social and Personal Services: 0.4%
- Wholesale, Retail Trade, Restaurants and Hotels: 3.9%
INVESTMENT

India’s Inward FDI 2000-2018

~500M

0.1% Total India’s Inward FDI

<table>
<thead>
<tr>
<th>Country</th>
<th>Accumulated FDI</th>
<th>Share in total India Inward FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>151.93</td>
<td>0.04%</td>
</tr>
<tr>
<td>Mexico</td>
<td>123.88</td>
<td>0.03%</td>
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<tr>
<td>Panama</td>
<td>45.74</td>
<td>0.01%</td>
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<tr>
<td>Bahamas</td>
<td>40.66</td>
<td>0.01%</td>
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<tr>
<td>Brazil</td>
<td>62.96</td>
<td>0.01%</td>
</tr>
<tr>
<td>Argentina</td>
<td>32.94</td>
<td>0.00%</td>
</tr>
<tr>
<td>Belize</td>
<td>22.65</td>
<td>0.00%</td>
</tr>
<tr>
<td>Other LAC countries</td>
<td>15.49</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>505.25</td>
<td>0.10%</td>
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</table>
SUCCESS STORIES

**INDIA**
- **Auto retail**
  - Mahindra

**LAC**
- **Consumer retail**
  - Godrej

**INDIA**
- **Fintech**
  - Mahindra Comviva

**LAC**
- **Pharma global hub**
  - Glenmark

**INDIA**
- **Bus manufacturing (w/ Tata Motors)**
  - Marcopolo

**LAC**
- **Mining machinery & technology**
  - Resemin

**INDIA**
- **Software offshoring**
  - Softtek

**LAC**
- **Fintech**
  - SalaryFits

**INDIA**
- **Engineering & construction**
  - TECINT

**LAC**
- **Technology**
  - Globant
TRADE COSTS

OF THE VALUE OF TRADED GOODS

ANNUAL REDUCTION SINCE 2000

198%

- 2.4%

TARIFFS

8.1%  12.3%

Tariffs steeper for agriculture goods (20-98% - 2/3 > 30%) > BR (16.6%) – Other MSUR (20.4%)

TRANSPORT AND LOGISTICS

LAC = 91% OF INDIA'S LPI

Largest gap in customs efficiency
A regulatory architecture still relatively modest compared to the proliferation of LAC FTAs with Asia

| TARIFF AGREEMENTS          | Evolving scope of fixed preferences agreements  
|                           | CHILE / MERCOSUR |
| FREE TRADE AREAS          | Ongoing negotiations  
|                           | PERU |
|                           | Envisioned  
|                           | COLOMBIA / ECUADOR |
| BILATERAL INVESTMENT TREATIES | Standing  
|                           | MEXICO |
|                           | Expired  
|                           | ARGENTINA / URUGUAY |
|                           | Not entered into force  
|                           | COLOMBIA |
| CONSULTATIVE MECHANISMS  | Centre for Trade Development with LAC - India TPO  
|                           | Joint Business Councils – FICCI and ACC |
|                           | Revival of official joint councils  
|                           | IBSA Forum |
TRADE POTENTIAL

SIMULATED REDUCTION OF TRADE COSTS

LAC EXPORTS TO INDIA
- 42%
- US$ 7.6 bn
- Largest gains in CH (+88% US$ 2.1 bn) and BR (+56% US$ 1.9 bn)
- Greatest opportunities in mining, food and manufacturing sectors

INDIAN EXPORTS TO LAC
- 46%
- US$ 8.6 bn
- Largest gains in BR (+42% US$ 3.7 bn) and MX (+76% US$ 1.3 bn)
- Greatest opportunities in petrochemical and vehicles sectors
BUSINESS OPPORTUNITIES

Products with trade complementarity and that are also:

- Significant: > 0.1% of total imports / exports
- Dynamic: above-average growth in 2012-2017
- Attractive: < 5% share in destination market

LAC
- ELECTRICAL DEVICES
- MINERAL FUELS
- AIRCRAFTS
- ELECTRICAL MACHINERY AND EQUIPMENT

$69 bn
192 PRODUCTS

INDIA
- VEHICLES
- VEHICLE PARTS

$263 bn
328 PRODUCTS
WHAT CAN BE DONE

EXPAND THE WEB OF FTA
Pragmatic incremental approach

ADVANCE TRADE FACILITATION
Harness new technologies for maximum impact

PROMOTE TRADE AND INVESTMENT
Every dollar invested in trade promotion yields US$ 38-45 in exports

LOWER LOGISTICS COSTS
A necessary complement of trade liberalization
WHAT CAN BE DONE

DEEPEN TECHNICAL COOPERATION
Transfer of expertise as a first step towards deeper economic integration

BRING PEOPLE TOGETHER
Encourage communication among officials, businesses and citizens

HARNESS MULTILATERAL ORGANIZATIONS
Cut the learning curve short, in absence of a critical mass of working contacts
THE FIRST ONLINE NETWORK FOR BUSINESSES IN THE AMERICAS

India-LAC Community

- ~300k Users
- ~4.5M Visits
- 209 Countries and Territories
- ~52k Visits from India
- ~800 Users
- 150 - 24 Supply - Demand Active Offers
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