



# 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**



## FAST TRADE GROWTH

- 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



## FEW MARKETS

- **2/3 of LAC exports from:**
  - Venezuela: 31%**
  - Mexico: 21%**
  - Brazil: 17%**
- **Yet, exports to India are on the rise in many LAC countries**



## PRODUCT CONCENTRATION

- 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

# INVESTMENT

INDIA

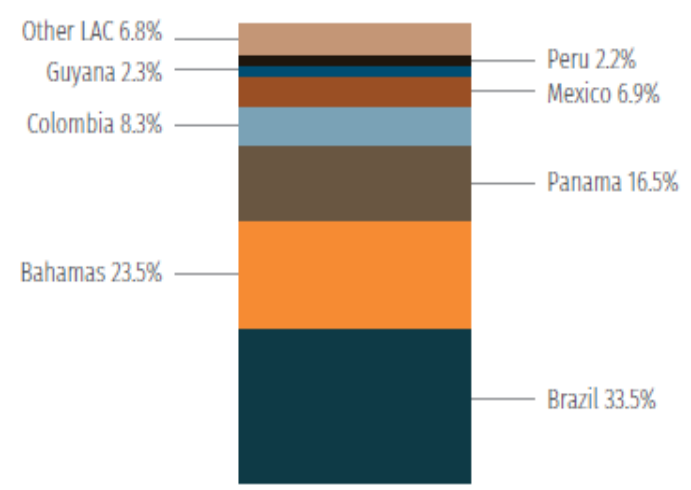


LAC

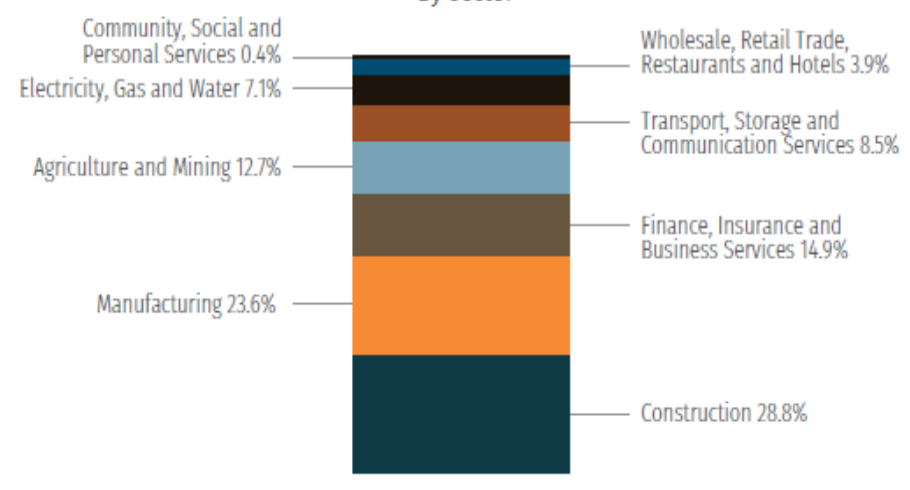
~700M

1% Total India's Outward Equity Investment

By country



By sector



# INVESTMENT

LAC



INDIA

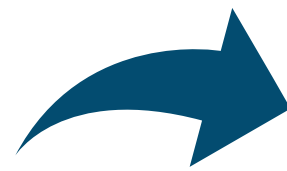
~500M

0,1% Total India's Inward FDI

Country	Accumulated FDI	Share in total India Inward FDI
Chile	151.93	0.04%
Mexico	132.88	0.03%
Panama	45.74	0.01%
Bahamas	40.66	0.01%
Brazil	62.96	0.01%
Argentina	32.94	0.00%
Belize	22.65	0.00%
Other LAC countries	15.49	0.00%
Total	505.25	0.10%

# SUCCESS STORIES

INDIA



LAC



Auto retail



Consumer retail



Fintech



Pharma global hub

LAC



INDIA



Bus manufacturing  
(w/ Tata Motors)



Mining machinery &  
technology



Software offshoring



Fintech



Engineering & construction



Technology





198%

OF THE VALUE OF  
TRADED GOODS

- 2.4%

ANNUAL REDUCTION SINCE  
2000

# TRADE COSTS



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

# REGULATORY FRAMEWORK



# 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

## LAC



ELECTRICAL DEVICES



MINERAL FUELS



AIRCRAFTS

**\$ 69 bn**

192 PRODUCTS

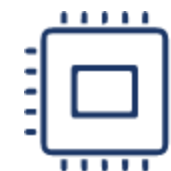
## INDIA



VEHICLES



VEHICLE PARTS



ELECTRICAL MACHINERY AND EQUIPMENT

**\$ 263 bn**

328 PRODUCTS

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

**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

**WHAT CAN  
BE DONE**



## India-LAC Community

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**~300k**  
USERS

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**~52k**  
VISITS  
FROM INDIA

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**~4.5M**  
VISITS

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**~800**  
USERS

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**209**  
COUNTRIES AND  
TERRITORIES

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**150 - 24**  
SUPPLY - DEMAND  
ACTIVE OFFERS

THE FIRST  
ONLINE NETWORK  
FOR BUSINESSES  
IN THE AMERICAS



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