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India seeks to deepen trade ties with LatAm, Caribbean nations

Elizabeth Roche, Mint

Tue, August 7, 2012: India will aim to deepen economic and strategic linkages with energy and mineral-rich Latin American and Caribbean countries by hosting the foreign ministers of Chile, Cuba and Venezuela in New Delhi this week, senior foreign ministry officials said Monday.

The meeting between India's external affairs minister S.M. Krishna and his counterparts on Tuesday will mark the first dialogue between India and the newly formed 33 member Community of Latin American and Caribbean States (CELAC). "A meeting with the external affairs minister in this format is indicative of interest (from both sides) in raising engagement between India and the CELAC," said India foreign ministry spokesman Syed Akbaruddin.

India's trade with the region rose to \$25 billion in 2011-12 from \$2 billion in 2000-01. Indian investments in the Caribbean and Latin America are at about \$16 billion, with the bulk of it in the hydrocarbon sector besides information technology, pharmaceuticals and minerals, Akbaruddin said.

A person familiar with developments said India was one of the many countries that has taken note of the emergence of a regional grouping with a GDP six times that of India, a vast landmass and considerable reserves of hydrocarbons and minerals.

"Problems are there in terms of shipping, in terms of language," the person said, acknowledging that both Indian and the CELAC countries had been "late" in discovering the potential that the other presented. "We are now re-discovering each other with renewed vigour," the person said, noting that in recent years, the presidents of Argentina, Paraguay and Trinidad and Tobago have visited India.

Prime Minister Manmohan Singh and former president Pratibha Patil visited several countries in the region over the past four years. At least two CELAC countries—Trinidad and Tobago and Guyana—have had Indian origin heads of state.

On India's possible increased dependence on the region for energy against the backdrop of the government looking to cut imports from the volatile West Asia region, the person pointed that Indian investments in the energy sector totalled \$8 billion so far— most of it by the state-run ONGC Videsh Ltd. Reliance Industries Ltd, Videocon and Essar were among the private sector firms in the region. But the potential for further investment was huge with untapped reserves in many countries of the region.

"This is where we think there is great potential ahead," the person said, adding that Mexico and Brazil were countries where India expected the market to open up in the next few years. Besides investing in oil blocks, Indian companies could also look at forming joint ventures or joining consortiums to build pipelines, the person said.

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'India-Latin America trade to double in five years'

Humasiddiqui, The Financial Express

New Delhi, 7 March 2013: Trade between India and Latin America is likely to double in the next five years with direct shipping, air connectivity, visa on arrival and free trade agreements on cards.

“At the rate at which it is growing in about five years, we should be able to double it (from current level of \$30 billion). If not, it will be \$50 billion,” said Dammu Ravi, joint secretary (Latin America and Caribbean) in the MEA.

Indian firms have so far invested \$16 billion in the region, while more companies are exploring opportunities in trade, investment and mining. Today, 60 % of the current bilateral trade is in oil, hydrocarbons, minerals and agriculture commodities. But now it is moving into niche areas like pharma and IT services.

While transportation costs and the lack of familiarity with each other's markets were previously cited as the big impediments, the government is planning to improve connectivity to the region and a direct flight is expected to be launched next year. “Indian Airlines can perhaps have direct connection to Panama, where we have large Indian community and a hub connecting north and south America,” he said .

Underlining the need for direct shipping, he pointed out that presently it takes about 45 days due for shipments to reach Europe and Singapore. The government is working on direct shipping, which will not take more than 30 days.

The joint secretary said the region was aiming at visa waiver and requesting all countries in the region to relax norms by clearing visa applications of Indians in a day. He pointed out that Indians holding a US visa don't need separate visas for all eight central American countries.

“Now in reciprocity, we are planning to give them visa on arrival facility. This facility is already available to 11 countries. We will extend it to more countries,” he said.

“Though India is negotiating Free Trade Agreement (FTA) with Peru and Mexico, we know that when the Pacific Alliance takes shape, we will have FTA with Pacific Alliance which include all four countries and the entire area will become a very potent trade region for India.”

Talking to FE, Augusto Castellanos, director, Colombia's commercial office in India, said, “The two countries are increasingly finding business opportunities with each other and are on track to diversify to generate sustainable growth for both countries. The growth in India is due not only to the fact that Indian companies are finding an important market in Colombia, but also because many of them based in Colombia have managed to cover the entire region, because of factors such as excellent location, easy access to north and south, free zones, with benefits such as income tax of 15 % and non-payment of import tariffs and VAT plus a double taxation agreement with India that will take effect in the coming months.”

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