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New Frontiers in South-South Engagement

**Relationship between
India and Latin America & the Caribbean**

Sarang Shidore

Indian Council of World Affairs

Sapru House, Barakhamba Road, New Delhi- 110 001

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New Frontiers in South-South Engagement: Relationship between India and Latin America & the Caribbean

Introduction

Thirty years after India's growth rate demonstrated a breakout from the slow-growth era of the 1960s and 1970s, the size of the Indian economy has reached a level where formerly distant regions and states are becoming salient to the country's future growth. Concomitant to India's economic rise has also come its increased political engagement with practically every part of the world. This process has acquired greater salience with the financial crisis in the West, a perception of relative American decline and deepening South-South interactions.

The region of Latin America and the Caribbean (LAC) is the latest and final region to have joined the list. Trade and investment ties with key states in the region took off post-2000, and are now growing at an annual rate of about 35 per cent. In parallel, the end of the Cold War has allowed Latin America to emerge from decades of superpower interventions and military dictatorships. With the deepening of democracy has come a focus

on economic fundamentals, regional integration and a stress on equitable development the so-called ‘Brasilia Consensus’.

Initially led almost exclusively by the private sector, ties between India and Latin America have more recently begun to take on a deeper state-to-state and people-to-people form. India and Latin America have also initiated engagements at a multilateral level, both as a part of new organisations of the global South such as BRICS (Brazil-Russia-India-China-South Africa) and IBSA (India-Brazil-South Africa) as well as institutions of global governance such as the G20. These engagements have more recently been capped with a substantially deeper dialogue in areas of global governance and sustainable and equitable development.

This paper seeks to analyse trends on India’s economic, political, defence and cultural ties to the LAC region with a special focus on the period since the year 2000. The roles of both state and non-state actors will be addressed as well as relevant regional institutions. The more theoretically oriented conclusion section attempts to illuminate the way ahead. The paper is aimed at policymakers in India who seek to capture trends of the vital aspects of the relationship, as well as those in Latin America who wish to acquaint themselves with their fast-emerging partner in Asia.

Brief Historical Background

Geographical distance and the lack of a common history between India and LAC has led to only a minimal awareness of each other

through most of history. The first significant economic impact of India on the LAC was in the mid-19th century, when many thousands of indentured Indian labourers were brought in to the Caribbean by the British to work the plantations. This has led to the current substantial Indian diaspora in the region.

The Indian struggle for freedom in the 20th century saw the first modern awareness of Latin America. Radical revolutionary Manabendra Nath Roy escaped to Mexico from exile in the United States and founded the Communist Party of Mexico in 1917 - a remarkable and original contribution by an Indian to the politics of a distant and unfamiliar nation.¹

Jawaharlal Nehru studied the ancient and colonial history of the Americas in the 1920s, and was a great admirer of Simon Bolivar and his struggle for freedom from colonial rule.² He also perceived the role of the United States in Latin American affairs negatively, seeing the Monroe Doctrine as the foundation for America's 20th century imperial domination of the region. The first direct contact between Latin American leaders and the future leaders of an independent India was in 1927 at the International Congress Against Imperialism held in Brussels.³ Nehru was struck by the common developmental challenges faced by the two.⁴

During pre-independence India, Argentina was by far the largest trade partner for India in the region, a commercial relationship that owed its genesis in 19th century British domination of foreign investment in both countries. World War

II brought serious food shortages to India, with the prospect of a deadly famine looming in 1946. Argentina and Brazil, responding to an Indian appeal, played a critical role in exporting corn and wheat during this challenging period.⁵

Indian independence ushered in a new era in India-LAC ties, with India opening its own embassies in several countries in the region starting in 1948 with Brazil. Resident missions followed in Argentina (1949), Chile (1957), Mexico (1960), Cuba (1962), Peru (1968), Colombia (1970) and Venezuela (1972).⁶ In many of these countries, official relations pre-dated the establishment of physical Indian embassies. Several LAC states established representative offices in New Delhi even earlier - e.g. Brazil and Chile in 1949, Argentina in 1950, Venezuela, Peru, Ecuador, Bolivia, and Panama in 1953, and Colombia in 1959.⁷

Two visits by Indian leaders to LAC in the quarter century after independence are important - Jawaharlal Nehru's 1961 visit to Mexico, and particularly Indira Gandhi's seminal multi-nation tour of Latin America in 1968 during which she visited Brazil, Argentina, Chile, Uruguay, Colombia, Venezuela and Guyana. Sporadic Indian contact with LAC states continued in the 1970s and 1980s, among these being the visit of Rajiv Gandhi to Cuba in 1985 and Mexico in 1986. There were considerably more visits from LAC heads of state to India than vica versa during this period, probably reflecting the preoccupation of Indian leaders with regional issues and relations with major powers.

The focus of bilateral discussions during these visits reflected Indian and LAC priorities of the times - a strict adherence to sovereignty, strong opposition to nuclear weapons and backing for universal nuclear disarmament, stress on reducing inequality between the wealthy and developing countries, peaceful resolution of disputes, and backing for the principles enshrined in the UN charter, and an opposition to colonialism and racial discrimination.⁸

However, when it came to specific Indian political interests, LAC positions during the Cold War period were often distant or antagonistic. This reflected the fact that LAC states, with a few exceptions, were strongly allied to the United States and saw international communism as the greatest threat to their region and regimes, whereas India in general took an anti-colonial and non-aligned position. For example, the decolonisation debate in the UN Security Council over the merger of the princely states of Junagadh, Hyderabad, Kashmir and later the Portuguese colony of Goa saw LAC member states in each case criticising Indian actions and voting with western countries against India.⁹ A similar trend was seen during UNSC debates concerning the 1965 and 1971 India-Pakistan wars.

These LAC states however tended to support India, at least rhetorically, on issues of global concern such as apartheid in South Africa or economic development of the third world under the paradigm of the 'New International Economic Order'. LAC states also largely backed India during the 1962 India-China war,

which was probably driven by Washington pro-Indian stance in that conflict.¹⁰ A major exception to these trends was post-1962 Cuba under Fidel Castro, which generally converged with Indian positions, especially on issues of third world solidarity.

The political dynamic between India and LAC during the Cold War period remained inevitably limited, as it lacked a significant economic complement. Trade and investment ties during this period were practically negligible, with imports and exports between the two constituting less than 1 per cent of each other's trade basket. Policies of import substitution pursued by both India and LAC in varying degrees were a major contributor to this lack of economic engagement, but minimal transportation links and cultural distance were also important factors. A major opening between the two would have to wait until the removal of the American security shadow due to the end of the Cold War in the 1990s and the economic liberalisation initiative in India. In the next section, we will examine trade and investment ties between India and LAC focusing on the period since year 2000.

Trade and Investment

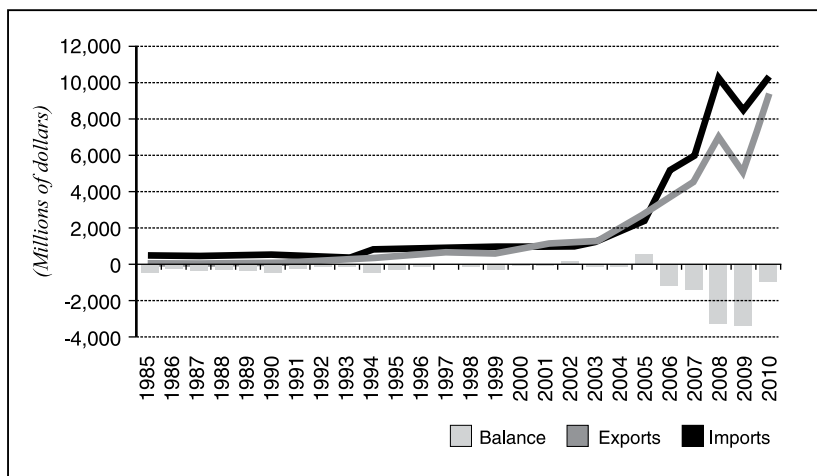
Overall Trends

Trade and investment have been the leading avenue of interaction between India and Latin America over the past decade. Trade between India and Latin America (Figure 1) was at a meagre level of US\$ 500 million in 1990, crossed US\$ 1 billion in 1997, and then increased a further five-fold to US\$ 5.37 billion by 2006.¹¹ However, the really large increases have come about in

the last six years, with aggregate merchandise trade reaching an unprecedented US\$ 32.24 billion by 2012, representing a compounded annual growth rate (CAGR) of nearly 35 per cent. The trade balance however is currently in favour of LAC to the tune of approximately US\$ 5 billion.

These are significant numbers, and indicate that economic ties between the two are now well into the take-off stage. However, the figures should also be put into context. LAC still represents only 4 per cent of India's total trade (up from 2 per cent in 2001).¹² From the LAC perspective, the fraction of trade with India is even smaller, representing only 1 per cent of its net trade (compared to 8 per cent with China).¹³ Thus it appears that there are tremendous opportunities for future growth in trade volumes.

Figure 1 : India-LAC trade has taken off since 2002.



Source - UN ECLAC

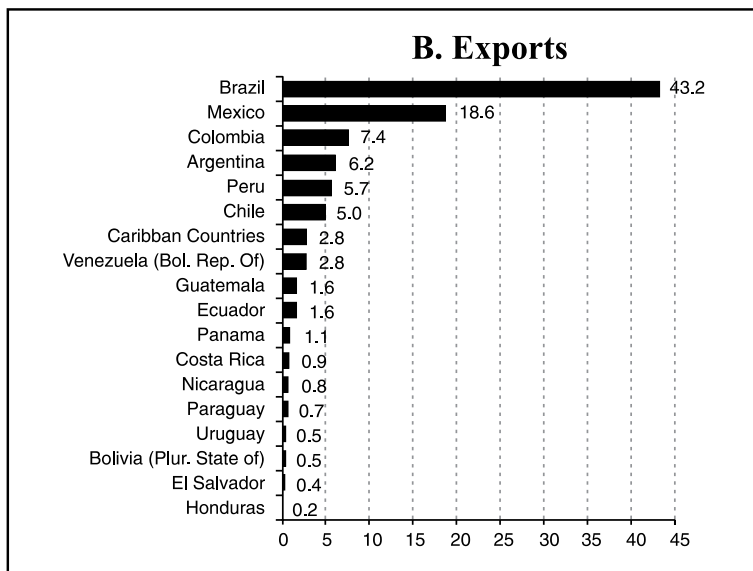
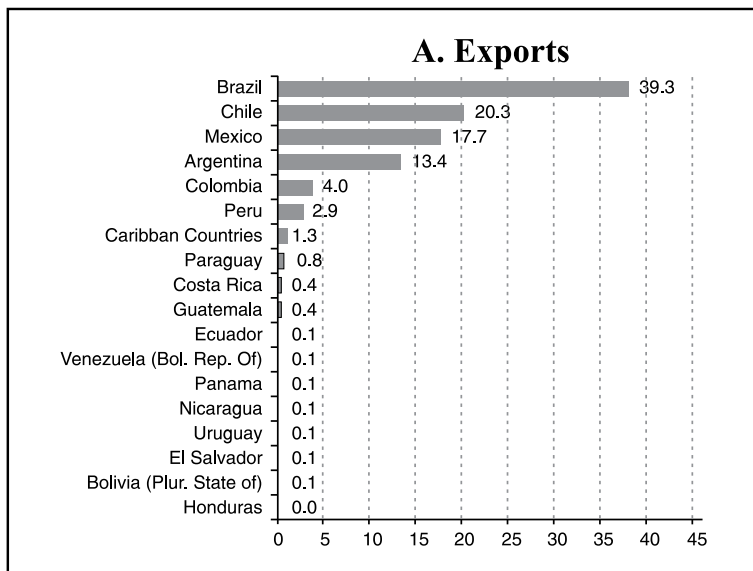
Sectorally, LAC exports mostly natural resources and primary products to India such as crude oil and biofuels, copper and other minerals, sugar, vegetable oil and soy whereas India exports refined oil products, textiles and yarn, engineering goods (including auto parts), chemical products and pharmaceuticals. India is also a major exporter of IT and IT-enabled services (ITES) to LAC, with its top IT companies such as Tata Consultancy Services present in a number of LAC countries.

Two distinct features of India-LAC trade are noteworthy - first, that it is heavily concentrated in a limited range of products (particularly in the case of imports from LAC), and that it is inter-industry rather than intra-industry. The paper will return to the significance of these observations.

Geographically, India's major trade partners are Brazil, Venezuela, Mexico, Chile, Argentina and Colombia, with Peru, Ecuador and Panama also significant contributors.¹⁴ The above nine countries account for more than 80 per cent of the India-LAC trade. Geographically therefore, India-LAC trade is seen to be concentrated in a small number of countries (Figure 2), indicating opportunities for expansion into a number of countries with currently negligible interaction.

Figures on foreign direct investment (FDI) tell a somewhat similar story. India's investments in LAC have been concentrated in natural resource sectors, pharmaceuticals and IT/ITES. More recently, India has made substantial investments in equity oil

Figure 2: India-LAC trade is concentrated in a small number of countries in the region.



Source: UN-ECLAC

and gas, particularly in Brazil and Colombia, making energy currently the top marginal sector of Indian investment into the region. Key Indian investors into the LAC region include TCS, Infosys, Wipro, Ranbaxy, Dr. Reddy's Labs, Reliance and ONGC Videsh, among others. Still, the cumulative Indian FDI of US\$ 15 billion¹⁵ represents only 2 per cent of the region's total since 1995. China invested as much into LAC in a single year (2011) as India did over the previous 15 years.¹⁶

Investment from LAC into the Indian market has so far been minimal, with the number of noteworthy deals in the single digits. These include a joint venture between the Brazilian bus manufacturer Marcopolo with Tata Motors, development centres set up by Brazilian firm Stefanini,¹⁷ and cinema multiplexes built by Mexico's Cinopolis.¹⁸ With the past decade's explosive rise of the multilatinas (Latin American multinational corporations)¹⁹ during a generalised trend of a South-South investment boom,²⁰ these volumes could be much higher. A key driver of this trend could be the fact that a disproportionate number of successful multilatinas are concentrated in the energy, minerals and agricultural sectors²¹ in which the Indian market has thus far provided limited opportunities for foreign investment.

State-to-State and Private Sector Initiatives

State-to-state engagement to facilitate trade and investment has been an important factor in the rapid expansion of the India-LAC economic relationship. In most concrete terms, this has

taken the form of Preferential Trade Agreements (PTAs). India and the southern cone economic bloc Mercosur²² signed a PTA in 2004, which came into effect in 2009. The PTA provides for preferential access to 450 product lines with a tariff reduction of at least 10 per cent. India and Chile signed a PTA in 2005 (in effect since 2007) and have announced their intention to expand it into an Free Trade Agreement (FTA). The current agreement provides tariff concessions of between 10 per cent and 100 per cent to a total of 474 product lines.²³ India and Peru have also recently begun negotiations on a PTA. In addition to PTAs, Bilateral Investment Promotion Agreements (BIPAs) have been signed with Mexico, Argentina and Uruguay. Additionally, Double Taxation Avoidance Agreements (DTAAs) have been signed with Brazil, Colombia and Uruguay, with negotiations ongoing with Chile and Venezuela.

The Indian state and private sector have taken steps to proactively back India-LAC trade and investment. The Ministry of Commerce launched the ‘Focus: LAC’ program in 1997, whose duration has most recently been extended to 2014.²⁴ The program focuses on educating Indian trade and commerce bodies and export-import agencies on the potential of the LAC region. It has also identified three key sectors for expansion of Indian exports to the region, namely textiles, engineering goods and software, and chemicals and pharmaceutical products. As a part of this initiative, the Indian private sector has joined the government in sponsoring seminars, buyer-seller meets and trade

fairs to promote India in Latin America. The Confederation of Indian Industries (CII), a key trade body, has held four India-LAC conclaves to catalyse business proposals.²⁵ Ratan Tata of India and Petrobras' head Jose Gabrielli set up an India-Brazil 'CEO Forum' in 2007 to deepen economic ties.²⁶

Visits by heads of state and joint India-LAC meetings have been another avenue to energise the relationship. After a lull during the 1970s and 1980s, bilateral visits received a boost in the next two decades. Brazil has received the most attention, with Brazilian President Lula da Silva making three visits to India, reciprocated two times by Indian Prime Minister Manmohan Singh. President Hugo Chavez of Venezuela visited India twice over the past decade. Heads of state from Argentina, Mexico, Chile and Colombia have also conducted visits. Indian External Affairs minister Salman Khurshid is slated to visit the region in 2013.

Key sectors

Key non-defence sectors in India-LAC trade worthy of special focus are - energy, minerals, pharmaceuticals & chemicals, agribusiness, IT/ITES, manufacturing and consumer goods, and IT/ITES. The following sections, would highlight key developments in each of these sectors.

Energy

Energy is the leading sector for trade and investment between India and LAC, with enormous potential for growth in the

future. Oil imports from LAC have grown to 9 per cent of total by 2011 from only 0.5 per cent in 2005.²⁷ Moreover, India has entered into major equity and/or trade relationships in energy with Venezuela, Brazil, Colombia and Cuba. Venezuela, as the region's 'oil superpower' with the world's largest reserves of petroleum, has been of particular focus. Joint ventures between ONGC Videsh and Venezuela's state-owned oil company PdVSA have involved a total of US\$ 2.6 billion of investment over the coming years, with production projected to reach 85,000 barrels per day (bpd) by 2016.²⁸

India's energy relationship with Brazil is multi-faceted, with joint ventures in oil and gas (including deepwater fields) with Indian investment of over US\$ 600 million,²⁹ complemented with export of diesel by Reliance in exchange for import of oil, and a renewable energy initiative. Crude oil forms the largest component of Brazilian exports to India. Brazil and India have initiated joint R&D efforts in bioethanol and second-generation biofuels.³⁰ The two states are also discussing cooperation on nuclear energy. India has signed a civil nuclear cooperation agreement with Argentina, the only LAC country with which it has such a pact.

In the rest of the LAC, ONGC Videsh has invested over US\$ 600 million in oil and gas joint ventures in Colombia, and oil production has already commenced in some oilfields.³¹ Reliance and Essar import Colombian crude oil. Indian steelmaker Monnet Ispat is close to acquiring a majority stake in a Colombian coal

mine³² and Essar recently struck an crude import deal with the nation's state-owned oil company Ecopetrol.³³ Reliance Industries has invested US\$ 50 million in Colombian energy, while the Aditya Birla group is in talks to acquire Colombian coal mines for US\$ 1 billion.

Indian equity in Cuban oil and gas blocks has totaled US\$70 million, though production has not yet commenced in any of the fields.³⁴ Reliance and Jindal have separately acquired oil and gas exploration blocks in Peru.³⁵ ONGC Videsh is reportedly bidding for oil blocks in Ecuador in partnership with the nation's state-owned energy corporation. However, Ecuador's reluctance to allow production sharing has limited Indian investment in the country.

In the Caribbean, Gas Authority of India Ltd. (GAIL) is considering a US\$1 billion investment in Trinidad & Tobago, a major global LNG exporter. Spot and short-term Trinidadian LNG is being imported by India currently from Atlantic LNG.³⁶ ONGC Videsh invested US\$ 200 million in natural gas reserves in Trinidad & Tobago in 2005.³⁷ A major portion (37 per cent) of India's exports to LAC comprise of non-crude petroleum oils and oils obtained from bituminous minerals.³⁸

There have been minimal investments from LAC into India in the energy sector - the only notable case is a joint ONGC-Petrobras venture in 2007 to explore gas fields in Andhra Pradesh. However, Petrobras exited this venture in 2010.³⁹

Minerals

Latin America is a significant source of mineral imports into India. By trade value, this trade is almost entirely composed of copper, with approximately US\$ 1.5 billion worth of the ore imported in 2010, predominantly from Chile,⁴⁰ and some from Brazil and Peru. Iron ore is a distant second with US\$ 83.5 million worth of the resource imported in 2010,⁴¹ mostly from Mexico (though this represents more than a fifth of India's net imports of the mineral). Other assorted minerals such as Zinc, Silver and Molybdenum follow with Peru and Bolivia as other import sources.

There is recent growing interest from Indian corporations in equity investments in the Latin American minerals sector. Essar announced plans to establish a major steel plant in Trinidad and Tobago in 2005, though the deal was later scrapped due to financing issues and environmental protests. Another early mover was Jindal Steel and Power, which announced an agreement with the Bolivian government to invest US\$ 2.1 billion staged over eight years to exploit half of the large iron ore reserves in Bolivia's El Mutun region. The single largest Indian investment into Latin America till date, the agreement also stipulated the construction of a power plant and the manufacturing of steel and sponge iron, thereby generating a value-add for Bolivia. The contract came into effect in 2009, but the promised US\$ 300 million investment in that year did not materialise from Jindal. The Bolivian government after initially redeeming a US\$ 18

million performance bond, eventually cancelled the contract in 2012. Jindal has taken the Bolivian government to international arbitration proceedings.

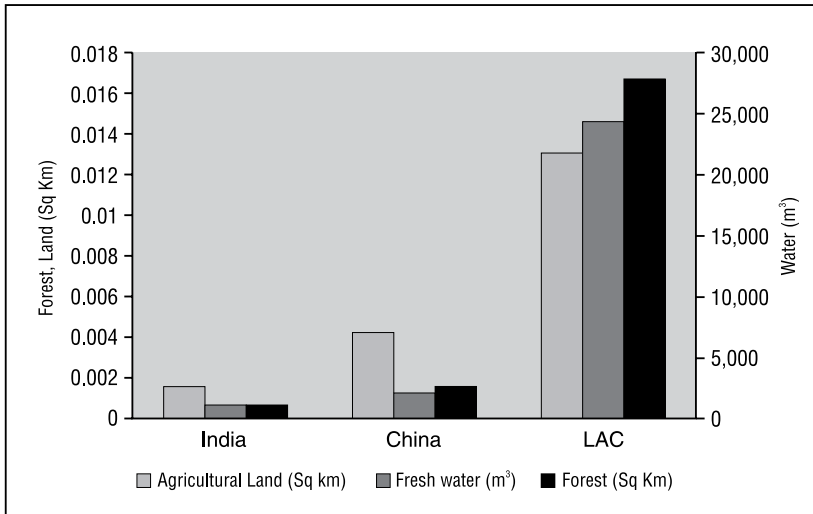
No matter how the Jindal-Bolivia dispute is eventually resolved, it has given a warning to Indian investors and Latin American governments to tread carefully in structuring major investment agreements. In the El Mutun case, Jindal argues that the Bolivian government did not fulfill its commitments for the required volume of natural gas and failed to complete a crucial road link on time.^{42,43} The Morales government accuses Jindal of pursuing the investment in bad faith with the deal as a ploy to raise the needed capital in global markets.

Agribusiness

The LAC region is tremendously rich in unused fertile land and water, both of which are limited in India where demographic pressures are high (Figure 3). This strong complementarity implies that agribusiness is a natural area for trade between the region and India.

Mexico was an early contributor to India's Green Revolution with its supply of special varieties of wheat,⁴⁴ and India sourced crucial supplies of the grain from Argentina during the food crisis in 1946. Argentina continues to be a source of wheat imports occasionally. However, its major export to India today is edible oil (mainly soy and sunflower), which represents nearly three-quarters of all Argentine exports to India.⁴⁵ Brazil is a significant

Figure 3: Natural resource endowments for India, China, and Latin America in 2005.



Source: Inter-American Development Bank, 2010

exporter of sugar, molasses and honey to India.⁴⁶ A notable Indian investor in LAC in the agrobusiness sector is Renuka Sugars, with four of its seven sugar mills located in Brazil.⁴⁷

Synergistic as the India-LAC relationship in agribusiness appears to be, there are also potential conflicts in this space. In multilateral trade talks LAC’s ‘agricultural superpowers’ such as Argentina and Brazil seek liberalised trade in the sector. However India, with livelihoods of more than 600 million of its citizens at stake, is resistant to dismantling its high tariffs in agriculture. This is one of the few areas where frictions can arise between India and some LAC states.

Pharmaceuticals and Chemicals

Pharmaceuticals and chemicals is one of India's major strengths in world trade. The Indian pharma industry has emerged as a leader in the supply of generics to the world, and LAC is no exception. The sector represents about 15 per cent of India's exports to the LAC region⁴⁸, making it the second-largest export sector of the region, second only to refined petroleum products.

Several Indian pharmaceutical companies are investors and employers in LAC. Ranbaxy made a pioneering entry into Brazil in 2000, Dr. Reddy's Laboratories acquired a plant in Mexico, and Glenmark has invested in Argentina and Brazil. Zydus-Cadila acquired two Brazilian pharma companies and is now a significant player in the market.⁴⁹ The largest recipient of Indian investment in pharmaceuticals has been Brazil, followed by Argentina, Mexico, Peru and Colombia.⁵⁰

Indicating the beginning of strategic engagement in pharmaceuticals, India and Brazil have cooperated in fighting the European Union's illegal clampdown on generics trade.⁵¹ Challenges in this sector include increasingly protectionist policies in Argentina which have hampered growth of the Indian pharma industry.

IT/ITES

India's global leadership in the IT/ITES sector is well established. With respect to the LAC region, rather unusually, it is a case

trade following FDI, rather than the other way around. Led by Tata Consulting Services (TCS), which entered the LAC region back in 2001 as a part of its nearshoring strategy, the roster of Indian companies with a direct presence in LAC includes Wipro, Infosys, Mahindra Satyam, Genpact and Evalueserve. There are now 25 Indian IT/ITES firms in LAC. Indian IT/ITES corporations employing more than 20,000 Latin Americans, with a presence in multiple countries such as Brazil, Mexico, Uruguay, Argentina, Chile, Colombia and Peru.⁵² TCS still retains the largest presence of these. As in pharmaceuticals, India runs a trade surplus with LAC in IT/ITES, which helps offset the trade deficit in the natural resources sector.

Manufacturing and Consumer Goods

India also exports a significant volume of manufactures and some consumer products to LAC including automobiles, auto parts, motorcycles and tractors. Brazil, Argentina, Colombia and Chile are key fast-growing export markets for India in the automotive sector.⁵³ Tata and Fiat jointly manufacture pick-up trucks in Cordoba, Argentina.⁵⁴ Brazilian aerospace leader Embraer is a major supplier of corporate jets to the Indian market.

The Indian conglomerate Godrej acquired two Argentinian companies in 2010, followed by the 2012 acquisition of a 60 per cent stake in the leading Chilean cosmetics maker Cosmetica Nacional.⁵⁵ In a rarer case of LAC investment into India, Tata Motors and Brazilian bus manufacturer Marcopolo initiated a

joint venture in 2006 to manufacture buses in India, with a net investment of US\$ 50-75 million.⁵⁶ Irritants in the relationship in this sector include anti-dumping duties levied by Brazil on several Indian products such as PET films, jute yarn, nitrile rubber and stainless steel.⁵⁷

Conclusion

Trade and investment form the bulwark of the current India-LAC relationship. India and LAC are highly complementary in the energy & natural resources, pharmaceuticals, and business services sectors. Diversification of trade partners and access to new markets is also a priority for both actors, especially as the Western demand stagnates under the shadow of the financial crisis. Considering these trends and drivers, there is every reason to believe that economic ties will grow rapidly in the future.

Challenges to greater economic ties include a poor understanding of each other, including a major deficit in Spanish and Portuguese language skills in India and lack of proficiency in English in parts of LAC.⁵⁸ Transportation connectivity is extremely poor, and although some air services agreements have been signed, it is still challenging to fly from Indian cities to most LAC capitals.⁵⁹ From the LAC point of view, high Indian tariffs, particularly in agriculture, hamper greater trade. From the Indian viewpoint, multilaterals have not yet paid adequate attention to opportunities in the Indian market.

There are also potential areas of competition. Sector-wise, a prominent one is manufacturing. Globally, China is the major

competitor to LAC in this sector. Although the contribution of Indian manufacturing to global trade has thus far been negligible unlike that of say, Mexico, this is beginning to change rapidly, especially in the medium-technology space such as the automotive industry.⁶⁰ There is a likelihood that the imperative of providing employment to its massive agricultural workforce will result in India's emergence as a global manufacturing power over the next two decades.⁶¹ Assuming the needed reforms are put in place, India could then provide a much stiffer competition in manufacturing to LAC leaders in manufacturing, particularly Mexico. In areas where India is a global leader such as IT/ITES and pharmaceuticals, LAC appears to be unlikely to catch up in the foreseeable future.⁶² Currently, Indian exports in these sectors are more than an order of magnitude greater than those from the LAC.

LAC is a global leader in primary products including energy, minerals and agribusiness as detailed above. Although LAC countries compete with other countries (e.g. ASEAN and Australia) in these sectors in Indian markets, the global tightness in supply of many commodities would imply that strong growth can be expected in their exports to India in the years ahead. However, trade integration between India and ASEAN states has proceeded faster than with LAC. Thus, there is a possibility for LAC states to be out-competed in the Indian market by Asia for some primary products in the future.⁶³

Finally, the collapse of the Jindal-Bolivia deal may signal an incipient barrier to growth in ties. Indian corporations need to

realise that Latin America has come a long way since the pliant dictatorships of the past. The LAC region's leftward political tilt (albeit to varying degrees) means that inclusive growth is a very high priority for LAC governments. Indian corporations that do not conduct a prior and detailed political risk assessment and fail to include the development of local communities in their investment plans for the region risk a backlash from the highly mobilised political actors in the LAC. On their part LAC states must not lose faith in India as a diversified economic partner that offers advanced levels of technology, human capital and a potentially massive market.

The next section will examine India's ties with the LAC that go beyond the purely economic and encompass political, strategic and military spheres.

Political and Strategic Ties

As we saw in a previous section of this paper, India-LAC political engagement has historically been limited due to geographic and cultural distance and the fact that India and most of the LAC states were ideologically apart during the Cold War. The increasing salience of the South-South framework has provided a key impetus for changing the terms of engagement. The following sections will analyse bilateral relations, regional engagement and defence and space relationship in the period since year 2000, followed by conclusions on the content and priorities of the political and strategic relationship.

Bilateral Ties

India has traditionally engaged LAC chiefly through state-to-state bilateral ties, and this remains true currently, though regional engagements are on an upswing (see below). The post-1991 period saw a sustainable democratisation of Latin America and an outward looking economic policy in both regions, which aided deeper economic and political interactions. The period since 2000 has seen as a major upswing in bilateral political ties. For example, the number of LAC missions based in New Delhi increased from 12 in 2002 to 18 in 2011, and India's missions in the region doubled from 7 to 14.⁶ Visits by heads of state or equivalent have also sharply risen, from 12 during the more than 50 years before 2001 to 10 in just a decade more until 2011.⁶⁵

The most significant bilateral political relationship India has in the LAC is with Brazil. This is unsurprising, as Brazil is by far the LAC's largest nation and economy with a dynamic and globally oriented foreign policy. The core elements of the current relationship are their growing economic ties in energy, minerals, agribusiness and pharmaceuticals, a budding defense relationship, as well as South-South and global governance agendas bilaterally and under the auspices of BRICS and IBSA.

After a relatively distant relationship during the Cold War years, ties between the two states warmed considerably since President Fernando Enrique Cardoso's milestone state visit to India in 1996. Health security was the first key political

initiative, with health minister Jose Serra's successful attempt to familiarise the Indian government and its pharmaceutical sector of massive opportunities for generics in Brazil.⁶⁶

President Cardoso's successor President Lula was an enthusiastic proponent of a strong voice for the developing world, and participated in the founding of IBSA in 2003. President Lula has visited India three times since 2003, leading to the formation of a 'strategic partnership' with India.⁶⁷ Credit for expanding India-Brazil ties arguably largely goes to this energetic and far-sighted Brazilian leader. His successor Dilma Rouseff has continued the trend with a visit in 2012, during which the target for bilateral trade in 2015 was set to US\$ 15 billion. President Pratibha Patil visited Brazil in 2008, followed by Prime Minister Manmohan Singh in 2010.

The strong bilateral relationship has translated into a number of concrete gains on global governance, defence and space (detailed below). This was aided by both states seeing their relationship not in isolation, but as a part of an overall project of deepening South-South interactions.⁶⁸ One specifically bilateral area of cooperation with great potential is the generation of new, sustainable sources of growth, dubbed 'bioindustries', through utilisation of biodiversity, which both Brazil and India possess in plenty.⁶⁹ Another such area is renewable energy. Brazil and India have the potential of creating an innovative sustainability paradigm that could translate into enhanced global leadership for both.

As LAC's second-largest economy, Mexico has the potential to emerge as a major partner for India. Though (as we have seen above) India's IT sector was a leader in investing in Mexico, political engagement between the two states has started to deepen only recently. President Patil visited Mexico in 2008. However, Prime Minister Singh's visit could only take place in 2012 and that too as a part of the G20 summit, a full 26 years after the visit of the then Prime Minister Rajiv Gandhi. The same sparseness of visits has also been seen from the Mexican side, with President Felipe Calderon's visit in 2007 ending a 22 year gap. The proximity to the giant US market has often distracted Mexico from energetically deepening ties with Asian countries.⁷⁰

However, the situation has started to change over the past few years. Since 2003, G20 summits have provided a forum in which Indian and Mexican officials meet regularly. President Felipe Calderon 2007 visit led to an extradition and mutual legal assistance treaty on crime.⁷¹ The ICWA held a bi-national seminar on India-Mexico ties in 2010. Mexico's restrictive visa regime towards Indian citizens eased considerably following a concerted effort by the Indian embassy.⁷² The embassy also established a Mexico-India Business Chamber.⁷³ Bilateral trade is now expected to reach US\$10 billion by 2015.⁷⁴

India and Mexico have some differences - for instance on UN Security Council reform. There is also the future possibility of India emerging as a competitor to Mexico in manufacturing. Yet, many more new areas of cooperation exist. For instance,

Mexico and India both have experience in combating serious armed internal challenges, and can usefully compare and learn from each others' successes and blunders. Mexico, a full-fledged democracy only since 2000, can also benefit from studying Indian democratic practices. Additionally, considering the size and growth of the Mexican economy, its close integration with the US market through NAFTA, and the burgeoning and multi-dimensional Indo-US relationship, it appears that the full potential of the India-Mexico bilateral relationship is still far from being realised.

Ties with Argentina, LAC's third-largest economy, were energised by President Cristina Fernandez's visit to India in 2009, the first in 15 years, during which the two states signed a civil nuclear energy agreement. Argentina also became only the second Latin American nation to open a consulate in Mumbai.⁷⁵ Food security is also a driver of the relationship, with Argentina being a major source of vegetable oils for India.⁷⁶

However, political differences exist with Argentina over India's drive for permanent membership in the UN Security Council. Argentina has appealed to India to back its claim to the Las Malvinas (Falklands) islands.⁷⁷ India supported the Argentinian position on the Las Malvinas dispute during the Cold War, but currently appears to have taken a neutral stance. ONGC Videsh made a recent bid to acquire a stake in exploration blocks off the disputed islands from a British energy company, though this bid was eventually blocked by the Indian government.⁷⁸

Venezuela is LAC's energy giant with its reserves of oil now having surpassed even Saudi Arabia. Unsurprisingly, the India-Venezuela relationship has been dominated by energy security (see above). Under Hugo Chavez, Venezuela is also an ideological state, with opposition to the US domination a cardinal foreign policy goal, and tense relations with neighbouring Colombia. India has generally distanced itself from President Chavez's more critical statements and has successfully maintained a pragmatic relationship.⁷⁹ President Chavez's remarkable number of visits to India (four since 1999) have yet to be reciprocated even once by the Indian President or Prime Minister. However, with the entry of Venezuela into Mercosur and expanding Indian investments in Venezuela, New Delhi may be called upon to take a political position should a future armed conflict arise involving the region.

India has long-standing historical ties with Chile, as we have seen above, with only the Pinochet era being an exception. Over the past two decades, this relationship is going from strength to strength, even as Chile has emerged as among the LAC's wealthiest countries. Two presidential visits (Ricardo Lagos in 2005 and Michelle Bachelet in 2009) have been reciprocated by President Pratibha Patil's visit in 2008. Chile has backed India's candidacy for permanent UNSC membership.⁸⁰

India's ties with Colombia, a mid-sized economy in LAC, are also growing. Energy security is a principal driver of the relationship, as Colombia is rich in oil and coal, but defence,

tourism and education also have potential. President Andres Pastrana's 2001 visit has not yet been reciprocated by India at an equivalent level. India and Colombia are both non-permanent UNSC members in 2012, and this has facilitated greater contact. Both states are also victims of terrorism. Colombia supports India's demand of a speedy adoption of the Comprehensive Convention on International Terrorism (CCIT) by the international community.⁸¹

Cuba is a nation with whom India has had particularly warm ties during the Cold War. The relationship is marked with a greater pragmatism in the current period, with energy security being the core component. In the post-Cold War world, Cuba is a strong supporter of South-South political engagement, a position that finds resonance in aspects of Indian foreign policy.

Other LAC states that have major potential for an expansion in political ties are Peru with its large mineral wealth and high growth rate,⁸² Bolivia for similar reasons, and some of the Caribbean states such as Guyana, Suriname and Trinidad & Tobago due to their large colonial-era Indian diaspora. Heads of state and other representatives of Indian-origin from the Caribbean countries have already made a number of visits to India.⁸³ Culture, sport and tourism could be a strong foundation for an expanded Indian political relationship with the English-speaking Caribbean states. In addition, as we have seen above, energy is a major area of cooperation between India and Trinidad & Tobago.

Regional Engagement

In August 2012, New Delhi was the site of the first India-CELAC Troika Foreign Ministers' summit. External Affairs minister S.M. Krishna met with foreign ministers from Venezuela and Chile representing the newly formed LAC regional grouping, the Community of Latin American and Caribbean States, known by its Spanish-language acronym CELAC. CELAC is unique in that it is the first regional grouping to include every single one of the 33 sovereign states within the LAC.⁸⁴

Significantly, the CELAC Troika picked India to be the first country for engagement, followed by China. The joint statement issued at the end of the summit emphasised cooperation on energy, minerals, agriculture, science and technology, people-to-people contacts, terrorism, sustainable development and climate change.⁸⁵ In terms of specific outcomes, India and CELAC agreed to form a 'strategic partnership' and decided to set up business economic development forum, an agricultural working group and an energy forum.⁸⁶ Assuming CELAC succeeds as a dynamic regional entity that forms a key basis of integration within the LAC, these summits are likely to take the political and strategic engagement of India and LAC to a new level in the coming years.

Besides CELAC, India has engaged with Mercosur, another key LAC regional organisation. As the common market for the southern cone countries of Argentina, Uruguay, Brazil and more

recently Venezuela, Mercosur is primarily an economic bloc, which is why the PTA it signed with India is the cornerstone of the relationship. However, Mercosur also represents more than just trade, as evidenced by its project of broader regional integration, and its enshrining 'Democracy Clause'. This clause was activated recently during the suspension of member-state Paraguay after the questionable impeachment of its president Fernando Lugo.⁸⁷

India has also had limited contact with other LAC regional groupings such as CARICOM (Caribbean Community) and SICA (Central American Integration System),⁸⁸ and the Andean Community.⁸⁹ However, these have not yet led to any major institutional pay-offs for either side. There is currently little engagement with other key associations such as the leftist Venezuelan-led ALBA bloc, the Brazilian-midwifed UNASUR (Union of South American States) or the traditionally US-dominated OAS (Organisation of American States).

Defence and Space

Defence and space represent an emerging strategic component of the India-LAC relationship. Defense ties between India and LAC are a relatively recent phenomenon, though cooperation in space has a longer history. India assisted Argentina and helped launch its satellite. Brazil is the most prominent partner in space cooperation. India and Brazil signed a framework accord on space cooperation in 2004 under which India is to launch a

Brazilian micro-satellite and has already located ground station in Brazil for receiving satellite data.⁹⁰ The two countries have also initiated a joint satellite project along with South Africa under the auspices of the IBSA grouping.⁹¹ The project will initially build two satellites focused on studies in weather forecasting, agriculture and food security studies. Brazil has recently asked India to train its space scientists.⁹²

Brazil is also the key defence partner for India among the LAC states. The two states began this engagement with the signing of a defence cooperation agreement in 2003, which envisaged joint activities in aeronautics, shipbuilding, integrated air defense, jungle warfare and defence software. India stationed a defence attache in Brazil in 2005.⁹³ In 2008, India ordered six EMB-145 intelligence, reconnaissance and surveillance aircraft from Brazil, the first one of which has recently been delivered.⁹⁴ They will be used by the India's Defence Research and Development Organization (DRDO) to mount its radars for battlefield surveillance of incoming enemy missiles and aircraft. Brazil is to mount DRDO radars on the aircraft, and is also responsible for the maintenance of the platform.

Brazilian officials have shown keen interest in the competent and thorough process by which the Indian Ministry of Defence made a decision on a US\$ 18.4 billion mega-order for 126 Medium Multi-role Combat Aircraft (MMRCA), for which the Dassault Rafale aircraft has emerged as the winner. Brazilian defense minister Celso Amorim has asked India to share its

open tender evaluation process in order to improve Brazilian approaches to making such decisions.⁹⁵ India has agreed to this request.⁹⁶ Further, Brazil and India are discussing sharing information on India's co-production agreements with Russia for fifth generation fighter aircraft, and Brazil's experience in cyber-defence.⁹⁷ Brazil has also sought operational training and cooperation in spare parts from New Delhi for its French-made Scorpene submarines, which India has also deployed.⁹⁸

India's defence engagement with other LAC states is at the early stages. Ecuador purchased four Dhruv advanced light helicopters from India in a US\$51 million deal signed in 2008.⁹⁹ The two countries are also discussing possibilities of technology transfer in the defence sector. India is looking to sell Dhruv helicopters to Chile,¹⁰⁰ subsequent to placing a defence attache in its embassy in Santiago in 2008. India was also in discussions in 2009 with Colombia regarding a sale of Indian howitzers, however an agreement could not be finalised.¹⁰¹

Clearly, there is a major potential for expanding defense and space ties between India and LAC states. The lack of any bilateral conflicts of a strategic nature, the complementarity in a number of defence areas, and commercial imperatives are strong drivers for enhancing this cooperation in the future.

Conclusion

Political ties between India and LAC have experienced an inflexion point from their limited levels during the Cold War.

The emergence of a democratic LAC and a liberalising India in an increasingly multipolar world interconnected like never before through the communications revolution has removed key constraints that hampered ties in the past. India and LAC are now free to entirely own their relationship with each other.

The bilateral prism is dominant in the current relationship, and considering the early stage of regional integration in LAC, this trend is expected to continue for the next one or two decades. Clearly, relations with the larger states with a continental or global footprint, especially Brazil and Mexico, but also Argentina, Colombia, Chile and Venezuela, require a sustained and deep focus. Engagement with Brazil is currently best developed thanks to its size and involvement in BRICS, IBSA and BASIC.

However, India needs to keep a close eye on the evolving integration pathways of the region, particularly the Mercosur and ALBA sets of states. The CELAC initiative is an ambitious development that can provide templates for South Asian integration. While India is engaged with Mercosur, there is currently a lack of a meaningful political relationship with the ALBA bloc. India also cannot afford to neglect some of the smaller states in the CARICOM or SICA groupings due to the need for friends and allies who vote in multilateral forums, diasporic factors and imperatives of resource security.

Political officials at the highest level in New Delhi need to be engaged with Latin America beyond occasional visits. Deeper

ties demand a thorough follow-up of agendas, institutionalising India-LAC relationship, language training for diplomats and sectoral dialogues on common strategic and developmental challenges such as terrorism, defence technologies, urban planning and tackling poverty (to name just a few).

Global Governance

The emergence of a host of ‘borderless’ international challenges in recent decades such as terrorism, climate change & environmental degradation, human rights, globalised financial risk and others is a serious problem confronting the international community. It is widely accepted that collective action is essential to mitigate their systemically harmful effects. These issues of global governance can no longer be simply tackled by a limited set of global powers as used to be the norm during the Cold War, but rather require the active participation of most developing countries, civil society groups and even individual citizens. With this in mind India has actively engaged with diverse global actors on issues of global governance.

In this section, we will summarise India’s engagement with LAC states in this arena. Brazil, as by far the leading LAC state with global reach and ambitions, has clearly been the dominant partner for India in this endeavor. Thus this section primarily focuses on analysing the India-Brazil engagement in global governance.

Reform of International Institutions

The reform of the UN Security Council (UNSC) by the addition of new permanent members has lately been a major goal of Indian foreign policy. There is also an international consensus that the UNSC in its current form reflects outmoded realities. Brazil, India, Japan and Germany have formed the G4 group demanding permanent UNSC membership for the four states. The G4, and by implication the Indian position, is opposed by the 'Uniting for Consensus' group of less salient middle powers, among which are the LAC states of Argentina, Mexico, Colombia and Costa Rica.¹⁰² Within the G4, the position and arguments of Brazil are closest to that of India.¹⁰³ Chile and Ecuador have also indicated their willingness to back Indian membership in the UNSC.

Another key objective of Indian foreign policy is substantive reform of international financial institutions (IFI), namely the IMF and the World Bank, such that emerging economies have a greater say in how they are run.¹⁰⁴ India is also opposed to the increasing trend of protectionism in multilateral trade talks. India and Brazil work closely together bilaterally and as a part of the BRICS grouping to achieve these objectives. Brazilian President Dilma Roussef stressed IFI reform and combating 'international protectionism' during her visit to India in 2012.^{105,106} Whereas India and LAC have largely convergent views on most such issues, the two diverge on the globally contentious issue of agricultural subsidies. Mindful of its rural poverty, India levels high agricultural import tariffs. On the other hand, LAC

agricultural powerhouses such as Brazil and Argentina seek reduced global barriers to agribusiness. However, it is important to note that this did not prevent close collaboration between India and Brazil in leading developing countries during the Cancun multilateral trade talks in 2003.¹⁰⁷

South-South Institution Building

Frustrated at the slow pace of IFI reform, the idea of a BRICS development bank is gaining ground in India and LAC.¹⁰⁸ Deeper cooperation between India and Brazil under the BRICS rubric has also been proposed to circumvent skewed structures of international trade and the US sanctions that hurt global energy trade.^{109,110}

The IBSA trilateral, with India and Brazil as two of its three members, serves another important forum to advance the interests of emerging powers.¹¹¹ IBSA is distinguished from BRICS in terms of common political values of democracy shared by all three of its members, and also the fact that the three powers are all relative ‘outsiders’ to the high table of global security stewardship.¹¹² India and Brazil, as major middle powers from the South, share the goal of enhancing IBSA’s organizational influence to ensure continued democratisation of the international political and economic order.¹¹³

Indo-Brazilian cooperation under the auspices of IBSA has already covered multiple sectors of development, and there are proposals to link the organisation with other regional groupings.

For example, Brazilian foreign minister Celso Amorim advocated a link between IBSA, Mercosur and the Southern African Customs Union (SACU) to create an expanded South-South economic space¹¹⁴ during his visit to India in 2007. India and Brazil also conducted their first naval refueling as a part of the latest of regularly scheduled IBSA maritime exercises, codenamed IBSAMAR.¹¹⁵ These exercises are aimed to bolster interoperability in disaster relief, hostage rescue, anti-piracy and other similar efforts by the international community.

Climate Change

Climate change is a critical issue in global environmental governance. The actions necessary to combat Greenhouse Gas Emission (GHG) have major developmental implications, particularly for emerging economies such as India and LAC states. There is deep concern that any climate accord will effectively limit economic growth in the South. India and many LAC states support the principle of ‘common but differentiated responsibility’ as the cornerstone of any future climate agreement.

In a recent joint statement before the G8 summit, India and Brazil laid the blame for climate change squarely on ‘unsustainable production and consumption patterns in the developed world’ and asserted that ‘perpetuation of poverty in developing countries was not the solution.’¹¹⁶ India and Brazil work closely together¹¹⁷ as members of the BASIC bloc¹¹⁸ in

climate talks, which represents a coordinated voice of large developing states. As a global leader in deploying renewable energy, Brazil can aid India in meeting its own goals on reducing GHG emissions as articulated in the Indian National Action Plan for Climate Change.¹¹⁹

Terrorism and Nuclear Weapons

Terrorism, a critical area of focus for India, has been less relevant to LAC states in recent years, with the exception of Colombia and Mexico.¹²⁰ Nevertheless, many LAC states proactively and strongly condemned the Mumbai attacks of 2008. These included Brazil, Argentina, Mexico, Colombia, Chile, Venezuela and others. Colombia also invoked its own terrorist challenge in its statement of condemnation and solidarity. Among the LAC states, India could work closely with Colombia, Mexico and possibly Brazil and Argentina to accelerate negotiations for a Comprehensive Convention on International Terrorism¹²¹ which are currently deadlocked in the UN.

India and LAC (particularly Brazil and Argentina) have traditionally been critical of the international regimes of nuclear non-proliferation. However, their positions have diverged since the 1990s. A post-Pokhran India now demands to be included as a nuclear weapons state within the Non-Proliferation Treaty (NPT). On the other hand, LAC states have solidified their opposition to nuclear weapons by the entry in 1994 of Brazil and Argentina into the Treaty of Tlatelolco which established a nuclear weapons-free zone in the region. Brazil and Argentina

condemned the 1998 Indian nuclear tests, although the former reportedly secretly admired the Indian move.¹²² The nuclear issue however soon disappeared from the agenda of India-LAC ties, and this pragmatism is likely to persist for the foreseeable future.

Sovereignty and Humanitarian Intervention

The post-Cold War world has seen a rise of a new doctrine in international relations on coercive intervention within a state to stop massive loss of life due to political repression or natural disasters. This doctrine has been dubbed Responsibility to Protect, or R2P, and is strongly backed by most European States, Canada, Australia and key political actors within the United States. R2P is however by no means a new international norm. It finds no mention in the UN charter or in international law.¹²³ It has also been consistently opposed by major powers such as Russia and China.

The LAC states too are generally wedded to the idea of sovereignty and have therefore treated R2P with suspicion. The unresolved question has always been whether R2P is an instrumental doctrine whose true intent is to enable wealthy western powers to intervene selectively in the Global South to achieve political objectives such a regime change.

Brazil has recently proposed a compromise formula, called Responsibility While Protecting (or RwP).¹²⁴ It broadly endorses the principle of R2P, but sets out stringent conditions for its

implementation to avoid misuse by intervening states. India too appears to be moving away from its past entrenched opposition to R2P. Clearly, there is a major opportunity for India and Brazil to work jointly together to build on the RWP proposal, thereby bridging the positions of the western states on one hand and Russia and China on the other.

Cultural and People-to-People Ties

In concrete terms, Latin American cultural influences first reached India through Portuguese colonialism. The Portuguese brought Roman Catholicism to the Malabar coast, Goa and the region near Mumbai, leading to vibrant Catholic communities in Kerala, Goa, the Mangalore region and Maharashtra. The Portuguese connection resulted in mango and coconut from India being introduced to Brazil, while Brazilian manioc and cashew entered India¹²⁵. Spanish translations of *Panchatantra* and *Hitopadesa* created the first awareness of India for Latin American elites.

The earliest known interaction between India and Spanish Latin America was in the form of an Indian slave, a Hindu woman named Mirra, who was kidnapped by Portuguese pirates, converted to Christianity and was eventually sold to a wealthy couple in the city of Puebla in Mexico in the early 17th century. Upon her owners' death, she joined a convent and was venerated by the Pueblan people for her piety.¹²⁶ In Mexican history she is known as *La China Poblana*. The saris she wore from her native land apparently inspired a new style of dress among women of Puebla of the time.

In modern times, the 1920s saw the first substantive exchange between Indian and Latin American artists and intellectuals. Chilean poet Pablo Neruda visited India in 1929, and Rabindranath Tagore spent three months in Argentina in 1924-25 as a guest of literateur Victoria Ocampo, where he composed some of his poems.

However, the Latin American writer and thinker most intimately connected to India was undoubtedly the Mexican Nobel laureate Octavio Paz. The six years he spent in India in the 1960s as Mexico's ambassador were tremendously productive years for him. The fascinating encounter with an entirely new civilisation in the subcontinent resulted in some of his finest poems and essays, and India continued to influence his poetry even after his departure. Although Paz always claimed his engagement with India was rooted in love rather than knowledge,¹²⁷ his work *In Light of India* impressed critics with its erudite commentaries on topics as diverse as Sanskrit poetry, Buddhist logic and the encounter between Islam and Hinduism.

For Latin Americans, India's image has slowly evolved from that of an exotic land imbued with spirituality to a more tangible geography - the origin of yoga, films, art, dance and cuisine. Yoga is now ubiquitous in the region as a path to health and wellness. Many thousands of Latin Americans are followers of Sai Baba, Brahmakumaris and Hare Krishna. Indian actors such as Shahrukh Khan and Aamir Khan have achieved popularity,¹²⁸

and a recent Hindi film starred the noted Mexican actress Barbara Mori.

The Indian government has taken a lead in promoting cultural exchanges with the region, with initiatives such as the Gurudev Tagore Cultural Center in Mexico City that offers courses in Indian classical dance and music. India also offers educational scholarships under its ITEC program, under which about 100 Latin Americans study in India each year, with practically all expenses borne by the Indian government. El Colegio de Mexico, a Mexican university for higher learning, has an established research centre in India, which was endowed in 2010 with a chair in Indian Studies funded by the Indian government.¹²⁹ A recent comprehensive work by former Chilean ambassador Jorge Heine represents the first major analysis of India from a Latin American perspective since Octavio Paz.¹³⁰

In recent years, musical influences from Latin America and the Caribbean have begun to permeate Indian popular culture. Salsa, Bachata, Merengue and Reggaeton music is now played in dance clubs in Indian metros,¹³¹ and has also influenced Indian cinema. A number of Latin dance schools¹³² have sprung up in India. Emerging styles include the French-Caribbean Zouk and Capoeira, the Brazilian martial art form.

Latin American embassies in India are taking the initiative to organise musical and other cultural programs in India. Instituto Cervantes, the Spanish embassy's cultural center in New Delhi,

acts as a forum for hosting numerous Latin American film festivals and cookery and Spanish language classes in the Indian capital.¹³³

The growing web of cultural connections has spawned a growing interest in learning the Spanish language in India. A large number of private language schools for teaching Spanish now exist in India's major cities,¹³⁴ and Spanish is likely to soon rival the traditionally popular French as a foreign language of choice for Indians.

With the deepening economic, political and cultural ties, the Indian diaspora in LAC is beginning to grow. Significant numbers of LAC citizens of Indian origin already exist in the CARICOM countries since the 19th century, in Panama as traders since the mid-20th century,¹³⁵ and more recently in cities such as Sao Paulo in Brazil. Indian tourists are beginning to visit Latin America for everything from beaches and ancient civilisations to salsa festivals. The pattern of travel and migration between the two regions is likely to accelerate very significantly in the coming decade.

The Way Ahead

The India-LAC relationship has thus far been dominated by economic factors.¹³⁶ Expanding economic opportunity and deepening trade and investment is a vital goal for both sides with much of its potential yet to be realised. This assumes even greater importance in a time of an economically stalled West

and deepening South-South ties. Achieving this will require strong state facilitation for businesses to expand, lines of credit by export promotion credit agencies to be enhanced and fully utilised, direct air services to be established (possibly using South Africa as a hub), and Spanish and Portuguese language training to be expanded in India.

However, it is in the arena of political and strategic engagement where the payoffs from the relationship could be truly revolutionary. Large Latin American states such as Brazil have foreign policy goals that are surprisingly similar to those of India - a desire to preserve their space for economic growth and human development and emerge on the global stage as actors with major influence by, among other things, an expanded role in the IMF and the World Bank, a stronger voice in the UNSC, and leadership in setting global norms. Brazilian foreign policy, for example, attempts to enhance national power through ‘the greatest possible diversification of political and economic ties as a means for expanding its room for maneuver and increasing its bargaining power’.¹³⁷ India too has pursued a similar approach. The democratisation of global governance is a salient common goal. Energising and deepening South-South interactions, of which India-LAC ties is a major part, is a cornerstone of such a strategy.

Energy security is an urgent Indian imperative in which LAC can play a critical role. With an increasingly unstable West Asia and North Africa, LAC is one of the few parts of the world

with new oil and gas discoveries in recent years. As a lifeline for the economy and the armed forces, energy straddles the space between purely economic and strategic imperatives. Expansion of equity acquisitions with energy with guaranteed production-sharing agreements ought to be a one of the top goals for Indian policy towards the region. Tied to energy security is also a shared awareness that the fossil fuel-led model of economic development may only have a few more decades to run. A focus on innovating a new paradigm of renewable energy, zero-waste development is in the national interests of both India and LAC states, and the development of such 'bioindustries' ought to be an agenda item for cooperation.

The process of LAC integration is a development with potentially major implications for Indian policy, though there still remain uncertainties as to how far this process will go. LAC leaders have realised that integration is a powerful tool to enhance their individual and collective global influence. Economic integration will probably remain the prime focus in the region over the next decade. However, a convergence of LAC foreign policy priorities, as was seen during the Honduras and Paraguayan crises recently, may also become more frequent. There is a persuasive argument that the idea of democracy, if not democratic institutions themselves, are a prime mover in the success of initiatives such as Mercosur in Latin America.¹³⁸ Architectures such as Mercosur can act as loose templates for the project of South Asian integration, which is currently at a

barely nascent stage. New Delhi would benefit from keeping a close watch on this regional dynamic.

Shared democratic norms are another important asset bridging India and LAC. Their democratic credentials give both a credible voice on the international stage. This voice ought to be used for enhancing human rights and preventing genocide, but also limiting the abuse of controversial new proposals such as R2P by major powers in the North.

Last but not the least, India and LAC states face many similar internal developmental challenges. These include high income inequality, racial/caste exclusion, weak and chaotic urban governance, and poor public health. There is much to learn from each other by engaging in comparative work to isolate and scale up best practices in each of these sectors. Although the scope of this paper did not allow a deeper treatment of these areas, their inclusion in joint India-LAC agendas is vital.

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