

## \*Focus Latin America: Strategizing to Enhance India's Export in W.T.O. Borderless Regime

Dr. Ram Singh

Traditionally, relations between India and the countries of Latin America have remained close and cordial. However, commercial relations have not grown commensurately. The main reasons that affected our trade with this region were: distance, language barriers, inadequacy of information and the absence of last and economic shipping and air links. In spite of various constraints, India's trade with the region during last few years has been growing rapidly. Trade with the region has increased from US\$ 473.66 million in 1991-92 to US\$ 2971.26 million in 2003-2004, registering an increase of more than 527% in twelve years. Considering the potential that the region offers (and our insignificant presence in that market) an integrated programme "Focus: LAC" was launched in November 1997 by the Commerce Minister, Govt. of India, in order to significantly enhance India's trade with the Latin American region. The programme has been extended upto March 2005. The main objective is to increase interaction between the two regions by identifying areas of bilateral trade and investments. The "Focus: LAC" programme aims to focus Latin American region with added emphasis on 9 major trading partners viz Argentina, Brazil, Chile, Colombia, Mexico, Peru, Panama, Trinidad & Tobago and Venezuela. The paper discusses the trends in India's exports and imports with Latin American Countries and elaborate suggestive course of action in WTO borderless regime.

### INDIA TRADE WITH THE LATIN AMERICA REGION:

In recent years our exports have been showing a continuously rising trend as could be seen from the following data: (in US\$ million)

Year	Exports	Imports	Trade	Balance of Trade
1991-92	124.40	349.26	473.66	-224.86
1992-93	165.55	316.24	481.79	-150.69
1993-94	241.53	319.15	560.68	-77.62
1994-95	358.43	780.17	1138.60	-421.74
1995-96	368.07	592.37	960.44	-224.30
1996-97	478.74	593.71	1072.45	-114.97
1997-98	699.83	580.42	1280.25	119.41
1998-99	611.31	730.69	1342	-119.38
1999-00	652.46	936.74	1589.20	-284.28

2000-01	978.42	707.71	1686.13	270.72
2001-02	1455.71	1006.17	2461.88	(+) 449.54
2002-03	1636.36	1044.92	2681.28	(+) 591.44
2003-04	1777.13	1194.13	2971.26	(+) 583.00

### INDIA'S IMPORT FROM LATIN AMERICA IN WTO BORDERLESS REGIME

Indian imports from the region have increased from US\$349.26 million in 1991-92 to US\$1194.13 million in 2003-2004. India imports large quantities of vegetable oil (edible), metal ferrous ores & metal scraps, non-ferrous metals, other crude minerals, chemicals, plastic materials and project goods from Latin American countries. Our analysis reveals that there is considerable scope for further increasing imports of these products from the Latin American region.

(in US\$ million)

YEAR from LAC	Imports	% Growth Imports	Total	% Share
1991-92	349.26	-	19554.90	1.79
1992-93	316.24	-9.45	21883.47	1.45
1993-94	319.15	0.92	23310.27	1.37
1994-95	780.17	144.45	28653.09	2.72
1995-96	592.37	-24.07	36675.08	1.62
1996-97	593.71	0.23	39132.47	1.51
1997-98	580.42	-2.24	41484.49	1.40
1998-99	730.69	25.89	42388.67	1.72
1999-2000	936.74	28.19	49738.08	1.88
2000-2001	707.71	(-) 24.44	49974.75	1.41
2001-2002	1006.17	42.17	51413.28	1.95
2002-2003	1044.92	3.85	61286.31	1.70
2003-2004	1194.13	14.16	77032.77	1.50

Data Source: DGCI&amp;S, Kolkata.

### POTENTIAL OF THE LATIN AMERICAN REGION

- ◆ The second fastest growing region in the world.
- ◆ The region accounts for nearly 5% of World Trade.
- ◆ Rich in natural resources.
- ◆ Recent liberalization process has resulted in integration of these economies with the global economic system.
- ◆ Privatization and liberalization of financial markets.
- ◆ In many countries inflation has been controlled and debt crisis has been overcome.
- ◆ Reduction of tariff/non-tariff barriers.
- ◆ Starting of direct shipping line which was not available earlier
- ◆ Activation of regional trade arrangements such as MERCOSUR, ANDEAN PACT, CARICOM.

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### INDIA'S TRADE WITH LATIN AMERICAN COUNTRIES

(In US\$ Million)

Country	Exports 2003-2004	Imports 2003-2004	Trade Balance
Argentina	87.00	523.90	(-) 436.90
Brazil	450.00	314.82	(-) 135.18
Chile	80.10	157.03	(-) 76.96
Colombia	112.00	10.47	(+) 86.00
Mexico	716.00	73.85	(+) 642.15
Panama	54.53	7.99	(+) 46.54
Peru	37.61	29.91	(+) 7.70
Trinidad & Tobago	19.66	7.36	(+) 12.30
Venezuela	21.08	2.49	(+) 18.59
<b>TOTAL</b>	<b>1578.08</b>	<b>1127.82</b>	
<b>OTHERS</b>	<b>199.05</b>	<b>66.31</b>	
<b>GROSS TOTAL</b>	<b>1777.13</b>	<b>1194.13</b>	
<b>% Share of 8 Countries</b>	<b>88.79</b>	<b>94.44</b>	

Sources: Economic survey, Government of India

### SPECIFIC COUNTRY COMMODITY FOCUS

ARGENTINA: Cereals, Feed, Motor Vehicles, and Crude Petroleum, Steel Manufactures

BRAZIL: Iron Ore, Soybean Bran, Orange, Juice, Footwear, Coffee, and Motor Vehicle Parts

CHILE: Copper, Other Metals And Minerals, Wood Products, Fish And Fish meal, Fruits,

COLOMBIA: Petroleum, Coffee, Coal, Gold, Bananas, and Cut Flowers

MEXICO: Crude Oil, Oil Products, Coffee, Silver, Engines, Motor Vehicles, Cotton, and Consumer Electronics

PERU : Copper, Zinc, Fish meal, Crude Petroleum And By- Products, Lead, Refined Silver, Coffee, Cotton

TRINIDAD & TOBAGO: Petroleum And Petroleum Products, Chemicals, Steel Products, Fertilizer, Sugar, Cocoa, Coffee, Citrus, Flowers

VENEZUELA: Petroleum, Bauxite And Aluminum, Steel, Chemicals, Agricultural Products, Basic Manufactures

### MEASURES TAKEN BY GOVERNMENT OF INDIA FOR ENHANCING EXPORTS

#### I. Enhanced Interaction

#### II. Institutional Mechanisms:

##### A. Joint Commissions

- a. Indo-Argentine Joint Commission
- b. Indo-Argentine Joint Trade Committee
- c. Indo-Mexican Joint Commission
- d. Indo-Brazilian Commercial Council
- e. Indo-Cuban Joint Commission
- f. Indo-Cuban Trade Revival Committee
- g. Indo-Suriname Joint Commission
- h. Indo-Guyana Joint Commission

##### B. Joint Business Councils

The FICCI/ASSOCHAM to have increased interaction with their counterparts and hold the meetings of the Joint Business Councils (JBCs) at regular intervals. The CII also to have regular interaction with their counterparts in the LAC region with which they have signed MOUs. Simultaneously, seminars & conferences will be organized within the country for creating awareness on emerging markets of Latin America.

##### C. Commercial Attaché

India has set up Missions in 13 major countries in the LAC region. Recently post of Marketing Assistants, one each in nine-focus countries viz. Argentina, Brazil,

Colombia, Chile, Mexico, Peru, Panama, Venezuela and Trinidad & Tobago has been provided.

#### D. Special Cell

The CII and FICCI to have a separate cell to look after exclusively the trade promotion and development matters pertaining to LAC region. The Latin America Committee in CII would be activated. The India-Latin America Interest Group in FICCI would also be activated. CII/FICCI would organize seminars at main centers in India/LAC on potential of enhancing trade. These would be followed by major product specific buyer-seller meetings (BSMs).

#### III. Trade Missions

#### IV. Exim Policy initiatives:

##### A. Textile quota policy

Textile exports to the identified Latin American countries have been accorded double weight age for the purpose of determining entitlements under the non-quota exports entitlement system in the Textiles Quota Policy.

##### B. Double weight age

For the purpose of recognition to the Export House, Trading Houses, Star Trading Houses and Super Star Trading Houses, double weightage is given on FOB or NPE

### ROLE OF EPCS /APEX CHAMBERS/ MISSIONS IN ENHANCING FOREIGN TRADE

#### EXPORT PROMOTION COUNCILS

- ♦ To carry out market surveys for the items with export potential in the Latin American countries and disseminate information to its members through their publications.

- ◆ To encourage members to participate in the specialized International Fairs.
- ◆ To bring out promotional literature in Spanish/Portuguese.
- ◆ To hold commodity specific seminars in selected industrial centres.
- ◆ To prepare compendium of main importers/associations in the Latin American countries and disseminate this to their remembers.

#### APEX CHAMBERS OF COMMERCE/ INDUSTRY

- ◆ To establish and strengthen ties with their counterparts in the region and ensure that there are more frequent exchange of delegations.
- ◆ To widely disseminate information amongst Indian businessmen through their publications, bulletins and other periodicals regarding potential of Indian exports to Latin America.
- ◆ To organize seminars and workshops at regular intervals to create awareness regarding the untapped potential that exists in the region for exporting goods. These seminars/workshops shall be held in industrial centers for wider coverage.

#### INDIAN MISSIONS IN LATIN AMERICAN COUNTRIES

- ◆ To organize catalogue/brochure exhibitions.
- ◆ To provide regular feedback on implementation of the programme.
- ◆ To play a pro-active role in coordinating promotional measures like organization of Buyer-Seller-Meets, visit of delegations and participation in trade fairs.
- ◆ To carry out market surveys for the specified products in collaboration with the ITPO and concerned EPCs.
- ◆ To send processed/usable information in bulletins to the EPCs of focus products.

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