



GS FOUNDATION BATCH FOR CSE 2024

International Relations- 19

(India-Latin America relations)

Latin America

Latin America is the portion of the Americas comprising countries and regions where Romance languages—languages that derived from Latin—such as Spanish, Portuguese, and French are predominantly spoken. The term was originally used to refer to places in the Americas that were ruled under the Spanish, Portuguese, and French empires.

Latin America has almost 13% of earth's land surface area, 652 million population and a GDP of around \$5.1 trillion.



India- Latin America Relations

Mexico was the first Latin American country to recognize India after its independence in 1947. When Fidel Castro ousted the Batista regime in Cuba in 1959, India was one of the first countries to recognize the new government, set-up an embassy in Havana and establish diplomatic relations.

Importance of Latin America:

1. The region is very important for India in order to achieve its global ambitions like membership of the UNSC, the NSG and at various other negotiations like climate change, terrorism, trade, etc
2. India is cooperating with Brazil at platforms like BRICS, IBSA which has provided an alternative platform for developing countries
3. Having energy rich nations like Brazil, Mexico, Venezuela; region is key to India's energy security.

4. Latin America has three G20 economies, i.e., Brazil, Mexico, and Argentina. Thus, making it a preferable market for Indian businesses.
5. Mineral rich region with strategic minerals like lithium, cobalt, copper etc.
6. Food security- large arable areas in Brazil, Argentina etc.

Economic Relations:

- The annual India-Latin America trade had reached \$50 billion in 2022-23, with a target to double it to \$100 billion by 2027. India's exports to Brazil stood at \$10 billion, almost double the exports to Japan.
- Latin America is a key market for Indian cars (28%), Motor cycles (22%), pharmaceuticals and IT services.
- India imports edible oils and sugar from Brazil and Argentina; copper and precious metals from Chile and Peru; wood from Ecuador, etc. In turn India exports diesel, textiles and manufactured products.
- Indian companies have a presence in LAC countries in areas such as agriculture, energy, IT, pharmaceutical products, manufacturing and automobiles with total investments in this region amount to \$15 billion.
- India is the fifth largest supplier of pharmaceuticals to Latin America. Over two dozen Indian IT companies have service and development centres there.
- Under India's development partnership initiative, New Delhi has extended 35 lines of credit to partners such as Bolivia, Cuba, Jamaica, Guyana, Honduras, Suriname, Nicaragua.
- India has promoted a strategic partnership with Brazil; a privileged partnership with Mexico. India has PTA with MERCOSUR. Mercosur is a South American Trade Bloc. Its full members are Argentina, Brazil, Paraguay, and Uruguay.
- India is looking at exploring the potential of region for defence exports.

Indian investment in Latin American hydrocarbons, pharma, automobiles, agro-processing, engineering, textiles, chemicals, electronics is estimated around \$20 billion.

India's top leaders have made 34 visits to the Latin America and the Caribbean region in the past nine years, including four by PM Modi.

Energy Security: India now imports 20% of its crude oil from Brazil, Columbia, Mexico and Venezuela. Latin America is also an important partner in the India led International Solar Alliance.

Food Security: Latin America can also contribute towards food security. The region is five times the size of India and has only half the population. India imports soy oil from Argentina and Brazil and more than 20% of its edible oil from the region. Surplus arable land with Latin America can be key to India's food security.

Cheaper imports: Latin America is also very rich in minerals such as copper, lithium, iron ore, gold and silver, and could give India an opportunity to increase investments for their extraction as well as for their import at cheaper rates.

India is trying to acquire cobalt and lithium mines in Argentina, Bolivia and Chile.

Challenges:

1. Geographical distance and lack of connectivity.
2. Language barrier: Spanish and Portuguese are the dominant languages in the region, while India's official language is Hindi and English.
3. India lacks membership of key institutions like Inter-American Development Bank. However, India has PTA with Mercosur.
4. India lacks diplomatic presence and engagement with whole nations. Its engagement is limited to key nations like Mexico, Brazil and Argentina.

Suggestions:

1. As suggested by Dr. Jaishankar, two sides should negotiate mobility agreements since legal mobility is becoming increasingly important and mutually beneficial in a knowledge economy
2. Ensuring diplomatic presence in all Latin American nations.
3. High level diplomatic engagements with all Latin American nations, apart from Mexico, Brazil and Argentina.
4. Government should complement the engagement by private sector in the region.
5. Going for joint development of lithium mines in lithium triangle nations. This can be key to domestic battery manufacturing and achieving green mobility targets.
6. Given India's status as the fifth largest economy and the country's rising demand for oil, gas, strategic minerals and food, the two sides should work on resource partnerships. Indian products and services can also meet the needs of the middle class of LAC countries.