

Booming Latin America is a magnet for exporters



Mr Ajay Sahai, DG&CEO, FIEO (4th from left) addressing the meet. On his right are H.E Mr Javier Paulinich, Ambassador of Peru; H.E. Mr Juan Alfredo Pinto Saavedra, Ambassador of Colombia; and Mr T.S Ahluwalia, Managing Committee Member of FIEO. On his left are, Dr. Janki Raman, Deputy Secretary, Ministry of External Affairs; H.E Mr Julio De La Guardia, Ambassador of Panama; H.E. Mr Juan Fernando Cordero, Ambassador of Costa Rica, and Ms Carlise Nouel, Trade Counselor of Dominican Republic.

FIEO organized an interactive session on "Doing Business with Latin American Countries" on January 18, 2012 in New Delhi. The main objective of the session was to apprise the Indian entrepreneur about the opportunities available in these countries so as to further enhance trade and investment opportunities available in their country.

Mr Juan Fernando Cordero, Ambassador of Costa Rica; Mr Juan Alfredo Pinto Saavedra, Ambassador of Colombia; Mr Javier Paulinich, Ambassador of Peru; Mr Julio De La Guardia, Ambassador of Panama; Ms Carlise Nouel, Trade Counselor of the Dominican Republic; Ms Aarti R. Verma, Commercial Assistant, Embassy of Chile; and Ms Gunesha Dhatt, Trade officer of Trinidad & Tobago, made

presentations about their respective countries.

Dr Janki Raman, Deputy Secretary, Ministry of External Affairs; Mr T.S Ahluwalia, Managing Committee Member of FIEO; Mr Ajay Sahai, Director General & CEO, FIEO, and other senior diplomats from missions of Latin American countries were also present.

Initiating the session, Mr Sahai said India's exports to LAC have multiplied ten times, moving from \$1 billion in 2000-01 to \$10.2 billion in 2010-11. Imports in the same period jumped twenty times from \$0.7 billion to \$14.2 billion. He exuded confidence that bilateral trade will cross \$75 billion in the next 5 years. The Focus LAC programme and Focus Market Scheme have been huge successes in

facilitating and diversifying our exports. The Ministry of Commerce & Industry has commissioned a study to increase trade with LAC, and FIEO is an active member in this. There is scope for Indian companies for investment in the fields of energy, mining, agriculture and food processing etc.

Dr Janki Raman informed the audience that LAC is an important region for India's future trade growth. The Government of India launched the Focus LAC programme in the year 1997 with a view to significantly enhance trade with the region. Under this programme, the Government extends assistance to exporters. Some of the countries offer vast natural resources, which Indian companies may tap. It may also be noted that trade between India and LAC countries has



In the first from left, Mr Vineet Arora, FIEO; Mr Alejandro Pelaez, Trade Counselor of Colombia; Ms Guneshha Dhatt, Trade Officer of Trinidad & Tobago with other Indian participants.

grown from \$16.61 billion in 2009-10 to \$20.41 billion in 2010-11, registering a growth of 23%. The share of Latin American Countries in our exports grew from 2.4% to 4.8% in the last 10 years. It is expected that trade will further increase in the coming years.

He said relations between India and countries of the LAC have remained close and cordial. LAC countries are rich in natural resources like copper, timber, iron ore, nitrates, precious metals and hydropower. It is a clear fact that there exists vast untapped potential to be utilized by India. He also referred to huge potential of the region with a combined GDP of \$5.2 trillion and trade of over \$2.1 trillion. Dr Janki Raman said the current trade figures do not reflect the potential. India could look for massive exports of pharmaceutical, organic chemicals, vehicle, auto component, petroleum products, textiles etc. Also, large tracts of land are available in these countries which can be used for increasing food requirements of India.

India and Latin American countries share cordial relationships and

the political environment is conducive. The importance of the Latin American region in India's trade prospects can be gauged from the fact that the Indian Prime Minister has visited the region twice in the last seven years. The Presidents of Mexico, Colombia, Chile and the Prime Minister of Trinidad and Tobago have visited India in recent times. To smoothen the visit of Indian businessmen, Argentina now issues a 5 year multiple visa. No visa is required to visit Trinidad and Tobago for Indians.

Mr Cordero of Costa Rica in his informative presentation stated the dynamism of various sectors such as manufacturing, life sciences and services in Costa Rica. Talking about the strengths, he highlighted that Costa Rica is considered a country with the highest human development worldwide. "Being strategically located, companies will have exceptional access to the world's greatest market like the US, Peru, Mexico, Central America, Panama, Singapore, Korea etc," he said. The country also offers solid infrastructure in terms of telecommunication, improved road-

ways and ports. It is the safest country in Latin America and one of the top three environmental performers of the world, Mr Cordero added.

Mr Saavedra of Colombia spoke about the investment environment in Colombia. He stressed upon various sectors like ICT, cosmetics, toiletries and cleaning products, pharmaceutical, agro industry, oil product and services, hotel infrastructure etc where investors can invest upon. Talking about strengths, he told that Colombia is the 28th largest economy in the world adjusted by PPP and one of the largest non-OECD countries. "There is no import duties, no restrictions on sales to the local markets and different types of FTZs as per different parameters," he added.

Colombia has been the second largest buyer in LAC after Brazil of Indian exports in three of the last five years. Mr Saavedra further said bilateral trade with India will cross \$2 billion this year and he is bullish about future trade prospects.

Mr Paulinich of Peru talked about business opportunities in his country. He discussed Peru's strengths in terms of macroeconomic stability, favorable investment climate, easy market access and infrastructural development. To foreign investors, Peru offers a large number of services like freedom to acquire national stocks, freedom to deliver royalties, free capital transfers, non-discriminatory treatment and access to most of the economic sectors. He said Peru is the fastest growing economy in the last 10 years. It also has the lowest inflation in the LAC region.

He further informed that till date only 20% of the territory has been explored for mining, which indicates the huge opportunity in mining sector once more area are made available for mining. While talking about business opportunities with India, the exports for some of agri-commodities like pulses, fresh grapes, and processed

fruits and vegetables are increasing rapidly. Highlighting the importance of the proposed India-Peru FTA, he said it will create incentives to increase trade by opening markets. Mr Paulinch referred to the country's high ranking in Doing Business Report which speaks of an excellent investor friendly climate in Peru. He sought investments in non-conventional energy for which fiscal and tax concessions are available.

Mr La Guardia of Panama stated that the geographical location has made Panama one of the most important shipping passages of the world. The economy is service-based with revenues from the canal and offshore financial services. The country has abundant natural resources, minerals and forestry. Panama offers multiple possibilities for entertainment and shopping malls with world class boutiques and lounges. Services include logistics, banking, the Colon Free Zone, insurance, container ports, flag-ship registry and tourism.

Panama's booming transportation and logistics services sectors, along with aggressive infrastructure development projects, will lead the econ-

omy to continued growth in the upcoming years. Panama has plans to expand the services sector including IT and is keen to attract foreign investment. The activities of this rapidly developed city are centered on the Colon free zone. It is the largest free zone and the second most important in the world after Hong Kong. One can buy anything tax free. He referred to the strategic positioning of Panama and asked exporters to use it as a distribution hub for both North and South America by locating them in the Colon FTZ. He suggested more active participation of Indian companies in Expocomer, which generated a business of \$150 million in its last edition.

While talking about the export potential in Latin American countries, Mr Paulinich said Chile is ranked No. 2 after Brazil. In imports, it is ranked No. 6. While discussing various figures related to India's share in exports and imports with Chile, he said there is immense potential yet to be explored between the two countries. Talking about Chile's strengths, Mr Paulinich said the country is highly competitive and a globally integrated country, which offers great business environ-

ment and economic freedom. It is one of the main producers of quality food products. It also seeks to develop world class biotechnology sector and is positioned as an excellent location for manufacturers that wish to assemble product in Chile from imported components.

Ms Nouel of the Dominican Republic said her country is small but thinks big. The Republic has stable economic and political environment. It is totally exempted from all taxes. All raw materials, machinery, equipment, spare parts, and other items needed to operate within a free zone park or destined for re-export are allowed to be imported duty free. The Dominican Republic offers best business and logistic location, good potential for investment in the areas of leather products, auto parts, electronic and electric components, IT-BPO and software development. It is the top producer of fine cigars, organic bananas and the No. 1 exporter of organic cocoa. It has the fastest growing freight terminal in the world, ranked among the 100 best globally. She introduced her country as the land of opportunity for the companies engaged in business. ■

Innovative Service Tax Refund to facilitate exports: Former FIEO Chief

Mr Ramu S Deora, Former President, FIEO, has said that the proposal for working out an average all industry tax refund on exports was first mooted by FIEO to the High Level Transaction Cost Committee. The Ministry of Commerce and Finance supported the same in view of the simplicity of the proposal basically benefitting the MSME segment of exporters.

However, Mr Deora said he would like to

compliment CBEC for further adding value to it and providing refund through EDI which will save both transaction time and cost, as there will be no requirement of application. There will be reduced documentation as well as the facility to track status online.

He said if the Government continues to act in such a proactive manner, India will sail through smoothly in 2012 when our exports are likely to face numerous challenges.