South Asia and Latin America: A Powerful Friendship to be Nurtured

Iromi Dharmawardhane (S. Rajaratnam School of International Studies, Nanyang Technological University)

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ABSTRACT

The present times have been called the ‘Asian Century’ and the ‘Decade of Latin America and the Caribbean’ at once. Indeed, world economic growth depend on the fast developing economies of the global South, as they have proved to be more resilient and have high growth in comparison to the sluggish or marginal recovery of the mature economies of the world. Continuous growth and interregional trade and investment have reduced poverty in both Asia and Latin America, although regional challenges persist. Ties have strengthened as South-South relations are meant to be non-exploitative, reciprocal, and based on respect for independence, sovereignty, and territorial integrity. In this setting, this paper explores, closer relations between the two regions of South Asia and Latin America considering potential trade complementarities and clear political, social, cultural, and historical affinities between the two regions. In this, South Asian countries can emulate their regional power, India, with its strong trade, investment, development, and strategic relationships with Latin American nations.
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1. Introduction: The Advancing South and South-South Cooperation

1.1 The Global Financial and Economic Crises and the South

World economic growth depends on Asia, Africa, and Latin America, as the fast developing and emerging economies of these regions have proved to be more resilient and have high growth in comparison to the slow or marginal recovery of the developed economies of the world, subsequent to the global financial and economic crises originating in the financial centres of the North. The present times have been called the ‘Asian Century’ and the ‘Decade of Latin America and the Caribbean’ at once, and the 21st century has also paved the way for strong economic relations between the two regions. It is noted however that the gross domestic products (GDPs) of Asia cannot be compared to Latin American ones, as for example Asia is predicted to account for more than 50 percent (or close to 65 percent by other estimates) of the world’s GDP by 2050, while the share by Latin America would be comparatively insignificant globally at about 10 percent.

This paper explores, in particular, establishing closer ties between the two regions of South Asia and Latin America, due to the current economic and trade relations and positive growth rates in the regions as well as the political, social, cultural, and historical affinities between them, which will help to forge a genuine and enduring friendship between the two regions. This partnership can also give rise to enhanced South-South cooperation between the two regions, which is meant to be constructive and non-exploitive. Enhanced trade, investment, and development cooperation and technology transfer programs, led by the emerging global powers of the two regions, India and Brazil, and through strengthened cross-regional relationships between other emerging and developing economies of Latin America and South Asia, can significantly contribute to the overall sustainable growth and development of the two regions, especially in the next decades.

It is understood that finance-led globalization, particularly over the past 30 years, have impeded and distorted growth in the real economy of the world as well as creating a series of boom-bust cycles that spurred great inequalities in income among people. The recovery process is painful following the recent global financial and economic crises with increased poverty and unemployment, especially in the heavily ‘financialized’ and indebted economies, spanning both the North and South. Presently, low income countries of the South also face food and energy insecurity as well as climate change vulnerabilities. However, the quick recovery and solid pace of growth of the big emerging economies (BEMs) of China and India have led other economies to regain their growth and reach pre-crisis levels in growth. The GDPs of Brazil, Russia, India and China (BRIC countries) are above $1 trillion, have accounted for more than 45% of global economic growth since 2007 as the financial crisis began. These BEMs of the South are able to drive global growth and restructure the patterns of global trade, investment, aid, and cooperation. Emerging market economies of the South are also experiencing increased private capital inflows due to the crisis (including net inflows to equity and bond funds), although the capital and financial markets of the West are leading again. Thus, the deepening financial crisis also led to the strengthening of South-South economic relations, with future implication on the global political economy. It can also be noted that from 2005-2009, exports from Latin America to China increased by 5% and decreased in the rest of Asia only by 5%, while decreasing by 26% with the US and by 25% with the EU. Between 2006 and 2010 Latin American
and Caribbean exports to China grew at a rate five times more than to any other country, and the LAC’s exports to Asia-Pacific countries grew more than three times than with the rest of the world.\textsuperscript{7}

The financial and economic crises initially shook the Latin American and Caribbean (LAC) region severely as commodity prices collapsed, as world, and particularly United States’, demand for them dropped. As the financial crisis grew, prices of energy, materials, and agricultural products decreased exponentially, and Latin America, which exports most of these products to the United States, suffered greatly. Mexico and (less resilient) Central American countries and the Dominican Republic were affected by a reduction in demand for manufactures and services.\textsuperscript{8} Several Caribbean nations were affected due to a sharp reduction in remittances from migrants to the US, especially in the construction sector\textsuperscript{9} as well as a severe downturn in tourism, as Caribbean economies are some of the most dependent on tourism and are now being driven back to aid\textsuperscript{10}.

It was very fortunate for Latin America that China recovered rapidly from the global financial crisis, as many South American countries benefited from the booming Chinese economy and increasing demand for oil, iron ore, copper, and other resources, and thus, the prices for these goods increased quickly in the midst of the crisis.\textsuperscript{11} In addition to high commodity prices due to demand from and international trade with Asia, the Latin American region was able to recover soundly from the crises due to improved external balance sheets and financial conditions (absorption of capital inflows between 2003-2007), effective credit and monetary policies, and strengthened institutions and well-regulated banks.\textsuperscript{12\textsuperscript{13}} It can be noted, however, that some of these Latin American countries met with competition in its (manufactured) exports to other Latin American countries due to increased Chinese imports into the Latin American region;\textsuperscript{14} other countries such as Chile enjoyed more complementary and profitable trade with China with its energy and materials exports (as well as agricultural exports).\textsuperscript{15} For example, in the first half of 2010, Brazil came to be China’s “top 10\textsuperscript{th}” trade partner for the first time with the total trade volume increasing by 60.3% to US $26.4 billion.\textsuperscript{16} In the same period, China’s exports to Brazil increased 100% to $10.3 billion, and imports from Brazil increased by 41.1% to $16.1 billion.\textsuperscript{17}

The global financial and economic crises also created difficulties for Asian countries as they were dependent on countries of the Organization for Economic Cooperation and Development (OECD) for export demand, and thus a liquidity shortage transpired, although they had not invested largely in the toxic assets which gave rise to the financial crisis.\textsuperscript{18} Prior to the recent financial crisis, even China believed the US market was crucial for its continued growth, however, the loss of millions of jobs in China resulted in a ‘re-think,’ and the rapid recovery from extensive stimulus programs led to continued and diversified international trade.\textsuperscript{19}

Asia is now the second largest trading partner of the countries of Latin America and Caribbean (LAC) following the United States, overtaking the European Union. Trade between Asia and LAC countries have grown at an annual average of more than 20% since 2000, reaching an estimated $442 billion in 2011.\textsuperscript{20} Interregional convergence between LAC and Asia has been mainly stimulated by China, Japan, and India, followed by other East Asian and Association of Southeast Asian Nations (ASEAN) countries. Today, China is the biggest trade and export partner of Brazil, Chile, and Peru, replacing the United States.\textsuperscript{21} China is the second largest export partner of Argentina, Colombia, Cuba, and Venezuela,\textsuperscript{22} and a top five trading partner to most countries in the region. Trade between India and Latin American nations continues to grow every year, and from 2000 to 2009 grew eight-fold to approximately $20 billion.\textsuperscript{23} Exports from Latin America to ASEAN countries has increased six-fold since 2000, and investment and tourism has also increased between Latin America and the Asia-Pacific.\textsuperscript{24} While China accounts for 50% of the trade with Latin American countries, the main Asian investors in greenfield investments in the LAC are Japan (39%), China and India (14% each),
and South Korea (11%), which together account for three-fourths of the total investments in the LAC region.²⁵

However, Asia’s percentage of total trade in the LAC is much higher (above 20%) than the LAC’s percentage of total trade in Asia (about 5%).²⁶ The robust economic ties between Asia and Latin America represent several developments in the emergence of Asia as an economic centre (of manufactured goods, services, investment, and technology), and as Latin America’s importance as a source of natural resources (commodities such as iron and copper ore and soybeans) as well as a growing consumer economy with a large middle class.²⁷

It can be observed that in the last decade, trade and investment ties, cultural exchanges, and political relations have been increasing rapidly between Latin American nations such as Brazil, Mexico, Argentina, Chile, Peru, Venezuela, Paraguay, Uruguay, Panama, Costa Rica, and others, and Asian countries such as China, India, Japan, South Korea, Pakistan, Iran, Malaysia, Indonesia, Singapore, Vietnam, Myanmar, Thailand, and Laos. The great volume of trade and investment between Latin America and Asia recently has resulted in an average growth of about 5% over the past ten years in Latin America and about 7% growth in Asia.²⁸ This growth has helped to reduce poverty in both regions, and increased trade and investment in the future will help to reduce poverty, inequality, and unemployment further in the two regions.

The rise in trade has naturally been accompanied by an increase in the number of free trade agreements (FTAs) between Asia and Latin America and the Caribbean, there being more than 18 FTAs between the two regions today, as well as more than 30 that are in negotiation.²⁹ Trade will continue to be the cornerstone for deeper cooperation between Asia and Latin America in the future, although challenges faced include imbalance of trade, trade structure, and investment.³⁰ Trade between Asia and Latin America has been between a small number of countries and the kinds of exports from LAC to Asia have been few, although there is great potential to expand its export basket.³¹ There are also trade imbalances between important countries which must be balanced in the future for a sustainable relationship between Asian and Latin American countries.³²

Although trade between Asia and Latin America has increased exponentially over the past decade, the two regions have traded extensively in the past starting in the 15th century with the lucrative trade between the East Indies and West Indies, as Spanish trading galleons sailed regularly across the Pacific Ocean from Asia to Latin America to trade spices from India and silk from China for silver from mines in Mexico and Peru.³³ This trade relationship also resulted in the transfer of people from Asia to Latin America, thus also creating deep social and economic connections between the two regions. Thousands of Chinese, Japanese, Indians (from eastern India), and other peoples from across Asia migrated to Latin America and the Caribbean, and mostly settled in and near large cities in Brazil, Cuba, Jamaica, Peru, and other New World nations.³⁴ Not to be forgotten, the first people to settle in the Americas also came from Asia along the Beringia between 30,000 and 10,000 years ago, making the relationship between Asia and the Latin American region with its large indigenous populations, a prehistoric one, which may be destined to endure.

1.2 South-South Cooperation for More Constructive and Sustainable Development

Increased South-South economic relations and trade linkages between states and firms have lighted the way for South-South cooperation. The big emerging market economies (BEMs) such as Brazil, Russia, India, and China (BRIC) have become non-traditional donors providing South-South cooperation to middle and low income developing countries (these countries now playing a dual role of providing aid and also receiving aid in the form of ‘strategic partnerships’).³⁵³⁶ South-South
cooperation, which is in most part without conditionalities, is a fortunate alternative in international development assistance for developing countries, whereas North-South cooperation has proved to be ultimately defined by securing market access for goods and services in growing markets in the South by developed economies. For example, the European Economic Community’s Economic Partnership Agreements in 2007 with African, Caribbean, and Pacific countries have been severely criticized in this regard. Primary global institutions for economic cooperation such as the International Monetary Fund (IMF) have also not provided satisfactory economic solutions for developing countries. South-South cooperation is not only economically driven, it is meant to be constructive, less bureaucratic, and innovative, and involves boosting national capacities. This is not to say that North-South cooperation and triangular cooperation are wholly substituted, but that South-South cooperation is complimentary to these forms of international cooperation. For example, China has cancelled sizeable portions of African debt and allocates a major part of its development assistance to Africa, as well as provides finance and capital investment especially in infrastructure. Africa is also investing in China in its capacity. Thus, the two Southern regions are becoming closer.

South-South foreign direct investment (FDI) accounted for one-third of the total $780 billion FDI entering developing countries in 2008. Strategic South-South partnerships and investing “Southern surpluses” in the South, not only help developing countries to remove financial and balance of payments constraints and build productive capacities in line with national development, but also stabilize the global economy and reinforce links between economies in the South. South-South cooperation has affected the global financial architecture, private capital flows, development assistance, as well as the transfer of skills, knowledge, and technology between emerging and developing countries.

The scope for South-South cooperation may be greatest and most vital in technology transfer, as it is increased technological capacity that plays a central role in economic development and spurs innovations. The use of information communication technologies (ICTs) is very limited in developing countries, although it “forms the basis of new management and organization systems, they are indispensable for access to markets, distribution channels, and global value chains, and also facilitate the provision of health, educational, and social services, directly improving the quality of life of the poor.” Thus, in addition to technology transfers from the advanced economies of the North, developing countries can gain from the more advanced countries in the South with robust ICT sectors and other developed technological capacities. Technological cooperation can occur in five crucial areas: information and communication technologies (ICTs), biotechnology, new materials, clean technologies, and (renewable) energy technology. Specific areas for South-South cooperation would include: agro-industry research and development, rural energy partnerships, partnerships for grassroots development (such as low-cost housing and sanitation), and sharing of poverty alleviation experience. Needless to say, some programs developed in the South are better suited for developing countries.

The IBSA (India-Brazil-South Africa) organization is a key interregional association which engages in discussions mainly for cooperation in the fields of agriculture, trade, culture, and defense. It promotes equitable trade and sustainable practices, including the stabilizing of the fluctuation of prices of commodity goods. Trade between IBSA countries grew exceptionally following its establishment through the Brasilia Declarations in 2003, for example with Brazilian exports to India growing by 105% and South Africa by 86% as a result. With a view to enhancing South-South socio-economic ties, IBSA has established fourteen trilateral working groups in the areas of agriculture, defence, climate change and global warming, social themes, health, tourism, energy, transportation, information society, science and technology, education, culture, commerce, and investment.
The creation of the IBSA Fund by its members in 2004 was considered a breakthrough in efforts to enhance South-South relations through multilateral cooperation to overcome development challenges. The primary objective of the IBSA Fund is to identify replicable and scalable projects that can be adapted and implemented in the developing countries of the world. Another purpose of the IBSA Fund is to support the achievement of Millennium Development Goals (MDGs) in developing countries of the regions by 2015. Successfully implemented projects include the Guinea-Bissau agricultural programs by training farmers, food security improvement projects, solar energy rural electricity provision projects, and infrastructure development projects to serve children and adolescents with special needs in Cambodia. The IBSA members have also discussed the need to democratize the United Nations Security Council by including emerging nations such as India, Brazil, and South Africa as permanent members. In global security issues, IBSA nations are increasing UN peacekeeping missions, Brazil’s military leadership in Haiti and South Africa’s support in the African Union (AU) mission in Darfur are examples. However, IBSA is viewed as only a modestly successful group presently with its limited focus as well as activities.

The BRIC (Brazil-Russia-India-China) organization, the ‘Big Four’, was formed in 2006. BRIC members unite to share opportunities and face common challenges encountered by its four members. After an invitation from China in 2011, South Africa became the fifth BRIC member and the acronym of the association changed to BRICS (Brazil-Russia-India-China-South Africa). BRICS is a symbol of the shift of global economic power away from the developed G7 economies. Goldman Sachs argues that by 2050, with the rapid development of the major emerging nations consisting of 40% of the world’s population and accounting for more than a quarter of the world’s land area, their combined economies could eclipse the combined economies of the richest countries of the world today. Over the years the BRICS agenda has expanded to address pressing global issues such as international terrorism, the UN MDGs, climate change, food and energy insecurity, and economic and financial stability issues. Two of the BRICS members belonging to Asia, BRICS is bound to be an influential regional body whose activities impact other developing nations in Asia. BRICS is more focused on calling for a more diversified trade approach among its members, and continues steady institutionalization and implementation of its policies.

In December 2007, seven Latin American countries, Brazil, Uruguay, Paraguay, Ecuador, Bolivia, Venezuela, and Argentina, signed a formal agreement to establish the Banco del Sur or the South Bank to secure financial autonomy for their countries and was established in 2009. The South Bank was proposed by Latin American countries as there is a shared view that the role played by the International Monetary Fund (IMF) and World Bank increases the indebtedness and dependency of developing countries in the long-term. The South Bank funds projects in infrastructure and social development projects for the development of member countries.

Similarly, although almost seven years after the Latin American initiative, in October 2014, the Asian Infrastructure Investment Bank (AIIB) was launched in Beijing with a US $50 billion commitment from China and backed by 20 other founding member countries. The founder members of the AIIB are China, India, Thailand, Malaysia, Singapore, the Philippines, Pakistan, Bangladesh, Brunei, Cambodia, Kazakhstan, Kuwait, Laos, Myanmar, Mongolia, Nepal, Oman, Qatar, Sri Lanka, Uzbekistan and Vietnam. The AIIB will begin operating in 2015. Like Latin American countries, Asian countries are also seeking to secure sovereign control over their nations, and the AIIB is expected to provide unconditional credit to developing economies of the region to finance infrastructure development projects, although it is suspected that AIIB loans will have higher interest rates than agencies like the IMF, World Bank, or Asian Development Bank (ADB). Thus, the
new multilateral development bank is also perceived as rivaling the IMF, the World Bank and the ADB, which are institutions that are dominated by United States and Japan.\textsuperscript{54

South-South relations and cooperation have also been revitalized in the last decade through the G20 (as the G7 of rich economies have given way for a forum which includes the emerging market economies of the world such as Brazil, China, India, and Mexico), Asia-Pacific Economic Cooperation (APEC), New Agenda Coalition (NAC), and other forums.

2. South Asia and Latin America: Present Trade and Economic Relations

Transfer of people for economic reasons also occurred between South Asia and Latin America in the 18\textsuperscript{th} century when slavery was abolished and labour was supplied by India in the form of indentured labourers (mainly from the north-central and northeastern parts of India, and also from the Tamil and Telugu-speaking regions of the south).\textsuperscript{55} They went to work mostly in the plantations in the Caribbean islands of Trinidad, Guyana, and Surinam. These economic immigrants came to be known for their skills and formed a large part of the labour force. These workers also built railroads and canals, including the Panama Canal.\textsuperscript{56} Thus, Indian immigrant labour was vital to the development of the Latin American region’s early economy and infrastructure. It can be noted also that there are Indian communities living in South American countries such as Chile, who migrated in the early 20\textsuperscript{th} century and have since obtained local nationality.

Today, India has a growing presence in Latin America with its strategic relationships, trade partners, and increasing investments in the region, while this relationship has much more room to grow. Trade and economic ties are very limited between other South Asian countries and Latin American countries. As South Asia and Latin America face similar global and development challenges, and share similar socialist values in development, interregional trade, investment, and cooperation should be pursued to bring these two affable regions closer together. To exploit the benefits of economic and strategic partnerships, the two regions must first focus on increasing interregional bilateral trade with renewed and expanded diplomatic relations. While there is enormous potential for trade and investment between South Asia and Latin America in the next decades, the two regions can also engage in mutually beneficial interregional cooperation to strengthen ties.

2.1 India and Latin America

In analyzing the present trade, economic development, or strategic ties between South Asia and Latin America, the focus is placed on India, the economic powerhouse of the South Asian region, and its connections with Latin America – strategies which can be emulated by the other countries of the region such as Pakistan, Bangladesh, and Sri Lanka, with consideration to each country’s own comparative advantages and specializations in trade and investment imperatives. Most Indian trade and investment with Latin America is undertaken by private Indian organizations. India is investing big and constructively in the IT sectors of Latin American countries, helping to develop those economies. Indian exports of raw materials, engineering products, and intermediate goods of general pharmaceuticals, yarn, fabrics, and parts for machinery and equipment are also not a threat to Latin America’s domestic industries.\textsuperscript{57} The investments and imports from India have helped Latin America reduce production costs and become more internationally competitive. Indian investment in the IT sectors also helps Latin America diversify its sources of economic growth, helping the region become less dependent on commodity exports. Trade between India and Latin American nations grows every year, and from 2000 to 2009 grew eightfold to approximately $20 billion.\textsuperscript{58} Latin America and India have identified the enormous opportunities in each region’s domestic markets,
and India has found that middle-income countries in Latin America offer better markets for trade than those of North America and Western Europe.\textsuperscript{39}

India has many strong trade, investment, development, technology transfer, and strategic relationships with Latin American nations. India and Brazil being at the centre of India-LAC relations, India enjoys a strategic partnership with Brazil as well as bilateral agreements from infrastructure to poverty alleviation as well as a Preferential Trade Agreement (PTA) with MERCOSUR\textsuperscript{60} (Mercado Común del Sur/ Common Market of the South), of which Brazil is a member. Former President Lula da Silva has also emphasized Brazil’s complementarities with India not only economically, but also in sharing a similar standing on multilateral issues as well as common global aspirations as two of the rising economies of the world.\textsuperscript{61} Economic complementarities are very visible in Brazil’s large mass of fertile land, with abundant water which India lacks and food production (soybean oil, legumes, sugar) which India will continue to demand in large quantities.\textsuperscript{62} India has also purchased airplanes from Brazil’s Embraer. Brazil is also a great future potential source of energy as expansive oil fields have been discovered off Brazil’s southern coast, important for India which imports 70 percent of its oil. By 2011, Indian companies had invested US $12 billion in six important LAC economic sectors, mainly in Brazil and Mexico: agrochemicals, energy, information technology (IT), manufacturing (including automobiles), mining, and pharmaceuticals.\textsuperscript{63} By 2011, Indian companies have invested more than US $1.5 billion in Brazil, and Brazil has invested more than US $600 million in India.\textsuperscript{64}

Leading Indian firms have come to Latin America including ONGC Videsh, Tata Consultancy Services, and United Phosphorus. In Colombia, India hopes to invest in infrastructure construction, as well as increase exports, while also setting up ventures so as to export to Mexico, Chile, Peru and Argentina from Colombia. India’s Jindal Steel and Power will invest $2.3 billion in Bolivia’s El Mutún iron ore mine – the largest FDI project in Bolivia’s history and largest of any Indian organization in Latin America. With India’s presence expanding in Latin America, so has its bilateral agreements for economic cooperation with Latin American countries, which are given in the table below.

**Bilateral Agreements between India and Latin American Countries**

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<th>Selected Bilateral Trade/ Cooperation Agreement(s)</th>
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<td><strong>India-Argentina</strong></td>
<td>MOU on Agriculture and Allied Sectors</td>
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<td>Agreement for Cooperation on Peaceful Uses of Nuclear Energy</td>
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<td><strong>India-Chile</strong></td>
<td>Preferential trade agreement (PTA)</td>
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<td>Protocols for Cooperation in the Agricultural Sector</td>
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<td><strong>India-Colombia</strong></td>
<td>Double Taxation Avoidance Agreement (DTAA)</td>
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<td>PTA proposed</td>
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<tr>
<td><strong>India-Mexico</strong></td>
<td>Double Taxation Avoidance Agreement (DTAA)</td>
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<td>Bilateral Investment Promotion and Protection Agreement</td>
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<td>MOU on Cooperation on Agriculture Research and Development</td>
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<td><strong>India-Paraguay</strong></td>
<td>PTA</td>
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<tr>
<td><strong>India-Peru</strong></td>
<td>Indo-Peru Trade Agreement, Agreement on Tourism Cooperation</td>
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<td>Protocol for Cooperation between National</td>
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India has a very significant import relationship with Argentina, notable as 80% of the soybean oil imported to India is from Argentina. The total trade between Argentina and India reached $3 billion in 2011. In Argentina, more 14 Indian companies employ about 10,000 people in IT or IT-related sectors or in manufacturing industries such as pharmaceuticals, cosmetics, and agrochemicals. India’s exports to Mexico are growing at over 40% since 2010, which include chemicals and petrochemicals, engineering goods, automobiles and auto parts, pharmaceuticals, diamonds, textiles and garments. The main Mexican export to India is crude oil, and other exports include fertilizers, iron and steel, and engineering goods. Indian companies have invested several hundred million dollars in Mexico at present. The two countries have identified potential growth sectors between them which include mining, tourism (projects in Mexico), food processing and infrastructure (projects in India), automobiles and auto parts, textiles and garments, software and IT, pharmaceuticals, engineering, renewable energy, and biotechnology.

Mexico was the first Latin American country to establish diplomatic relations with India since its independence from the British in 1947, and the two countries have been enjoying friendly relations since. Mexico has been searching for intensified relations with India, as well as with Asia in general, during the last decade. India and Mexico strongly collaborate in activities in the sphere of education through joint research projects and academic and educational exchange of students and researchers. There is also exchange of cultural and historical artifacts, and have included exhibition tours of pre-historic artifacts, creation of literary circles, and promotion of tourism between the two countries. The democratic form of government along with the dynamic, modern, and investor-friendly trade environment in both countries are also seen as positive factors in strengthening relations between the India and Mexico. Chile, an important player in the Latin American region, supports and shares many of India’s economic, political, and social interests too. Chile also shares India’s concerns over the threat of international terrorism, and has regularly condemned the acts of cross-border terrorism suffered by India.

2.2 Other South Asian Countries and Latin America

Other countries in the South Asian region have also begun to recognize the great potential in trade with Latin America. For example, Bangladesh has identified immense potential markets for its ready-made garment (RMG) exports in Latin American countries such as Brazil, Argentina, Panama, and Mexico, which would help Bangladesh diversify beyond the traditional markets of the USA, European Union (EU), and Canada for its products. Pakistan and Cuba have signed a Cooperation Agreement to commence bilateral economic and trade relations formally, and a Pakistan signed a a PTA with MERCOSUR. Recently, Paraguay identified great opportunities in trade in many sectors in Pakistan including cooperation in hydropower generation, IT, telecommunication, construction, automobile parts, food processing, fisheries, agriculture, and the hotel industry, and expressed its desire to strengthen economic and cultural relations with Pakistan.
In studying Sri Lanka’s trade links with Latin America, it can be noted that Mexico is the largest importer of Sri Lanka’s cinnamon, an important commodity export of the country, importing 60% of Sri Lanka’s total volume. In 2011, bilateral trade between Sri Lanka and Mexico was approximately US $63 million, US $61 million being exports to Mexico and US $2 million being imports from Mexico. There exists much potential for increased trade between the two countries, and Sri Lanka and Mexico have identified increased opportunities for bilateral trade and investment. Mexico has expressed interest in investing in food processing (food processing technology from Mexico will greatly benefit the development of Sri Lanka’s food processing sector), shopping complexes and multiplex cinemas (more entertainment venues can also attract more tourism to Sri Lanka), as well as construction in Sri Lanka. Sri Lanka has begun to diversify its exports to Mexico by adding garments, rubber and coconut-based products, processed vegetables and fruits, prefabricated building materials, tents, sails, activated carbon, gems and jewellery, leather products, ceramics, and porcelain, and also hopes to export tea in value-added form in the future. In February 2012, Sri Lanka signed an MOU with Chile to develop trade, investment, and tourism ties between the two nations. Under the MOU, both parties agreed to “promote joint ventures, initiate partnerships, provide technical expertise, introduce licensing possibilities and arrange visits of industrialists, businessmen and entrepreneurs in co-operation with the Board of Investments”. Sri Lanka’s exports to Chile (tea, rubber products, garments, fruits, and nuts) were US $31 million in 2011, and imports from Chile (canned fish, wine, and tobacco) to Sri Lanka was US $7 million in 2011. In May 2012, Sri Lanka entered into a MOU with Brazil to facilitate work between private investors from Brazil and Sri Lankan business conglomerates. Sri Lanka also signed an agreement to increase trade ties with BRICS (an organization representing Brazil, Russia, India, China and South Africa) in 2012. Sri Lanka may look mainly to export apparel, gems and jewellery, rubber and rubber products, spices, and tea, and benefit from tourism, while BRICS will mainly trade cosmetics, diamonds, emeralds, food and beverages, fresh oranges, medical equipment, pharmaceuticals, and invest in tourism. Sri Lanka and Cuba are working towards implementing an MOU for cooperation in the coconut industry, which is a sizeable industry in both countries.

3. South Asia-Latin America Interregional Economic Integration: Enhancing Trade and Investment and Overcoming Trade and Other Barriers

Technology transfer from the more advanced economies of Latin America such as Brazil and Argentina, will be most beneficial to the developing countries in South Asia, even to India. As investments have come mainly from India to Latin America, and to a lesser extent from Brazil and Mexico to South Asia, within the Latin American-South Asian context, other big Latin American countries can invest more in South Asia, especially in South Asia’s manufacturing market to take advantage of lower labour costs. In turn, South Asia can work to attract LAC investors in sectors of interest. South Asian and Latin American nations can mutually look to easing negative balances in trade with increased exports, which work to reduce dependency on Western markets, especially for South Asian countries.

For interregional economic integration, South Asia and Latin America should promote technology-driven manufactured goods and services as exports, create a better investment environment for more productive economic relations, conduct trade-related forums and conferences for discussion, and create supportive government policy. Business and trade cooperation can be enhanced by balancing trade volume and quality and strategic partnerships. Both regions should push for deeper relations in the transformed global economic and trade structure. Effective intraregional and interregional diplomatic relations will contribute towards sustainable social, economic, and environmental
development based on productive investments, renewable energy, and social protection policies between Latin America and South Asia.

Diplomatic relations foster cordial relations, cultural exchange, mutual understanding, and stronger trade and investment ties between nations. At the same time, missions to countries are usually viable only when there is enough trade between countries. Thus, increasing interregional bilateral trade will also allow for more missions between South Asian and Latin American countries, which would further boost cultural, political, and strategic ties. For example, with the increased economic exchanges, by 2012, India had 14 missions in the LAC region, up from seven in 2009, and the number of LAC missions grew to 18 diplomatic missions in New Delhi, up from twelve in 2002, which indicate as well as support the growing closeness between India and Latin American countries. There were also only twelve presidential visits from Latin America to India in the first 50 years after India’s Independence, but in the past decade between 2001 and 2011 there were ten. However, India’s diplomatic relations were established early in the 1950s, 60s, and 70s with many Latin America nations such as Cuba, Mexico, Venezuela, Peru, and Colombia. Presently, India enjoys strong economic, political, and social links supported by vibrant diplomatic relations with many Latin American countries. India has resident diplomatic missions in Brazil, Mexico, Argentina, Chile, Peru, Venezuela, Colombia (also the mission for Ecuador), Cuba, and Uruguay. Associations and societies are multiplying between India and Latin America, as well as cultural events such as exhibitions, seminars, and food festivals organized by diplomatic missions.

Sri Lanka was the first Asian country to recognize the triumph of the Cuban Revolution and establish diplomatic relations with Cuba, followed by Pakistan. Pakistan also established diplomatic relations with Mexico very early on. Presently, Pakistan has resident missions in Brazil, Argentina, Chile, Mexico, and Cuba. Sri Lanka has resident missions in Brazil and Cuba. Bangladesh and other South Asian nations have no resident missions in any of the Latin American countries at present, although Bangladesh did have missions in Brazil and Argentina in the past, and is now beginning to engage in bilateral cooperation in expanding trade and investment with Latin America and working to establish missions in Mexico, Brazil, Argentina, and Panama. Thus, unlike India, other countries in South Asia have not yet sufficiently expanded its relationship with many Latin American countries, and therefore must follow in India’s footsteps to develop deeper trade and cooperation ties and diplomatic relations in Latin America, in a cluster style, with as many Latin American countries as possible, beginning with countries of economic clout and regional and international influence such as Brazil, Mexico, Argentina, Chile, Venezuela, and Peru. South Asian nations must be receptive to the progressing economic, political, and social changes taking place in Latin America and the Caribbean, with increasing importance being given to South-South relations and cooperation based on respect for independence, sovereignty, reciprocity, and territorial integrity.

Although the economic growth rates for Latin American countries (with even Mexico and Brazil set to grow only at about 2.5 percent and 0.9 percent, respectively in the coming years), the large middle to upper-middle income households of Latin America, and the countries’ marginal propensity to consume increases, and their higher disposable incomes represent a larger consumer market for South Asia’s exports.

Brazil will remain one of the world’s largest economies even in 2050 (the eighth largest economy today), and other EMEs of Latin America have gained status and credibility based on sound economic and financial policies. These emerging economies such as Argentina, Chile, Peru, and Venezuela, are business hubs attracting foreign capital flow and FDI from multinationals of the world, while they also enjoy FTAs with the export markets of the USA, Canada, and European....
Union, in many cases zero-tariff access to these markets, which South Asian exporters will greatly benefit from.

In expanding greater trade relationships with Brazil, South Asia can benefit from its status as the world’s largest agricultural exporter, as well as from potential FDI from its multinationals or ‘multilatina’ in construction and manufacturing such as Odebrecht and Embraer. In fact, Brazil’s outward FDI often surpasses inward FDI, and Brazil’s stock of FDI is fourth highest among emerging economies, led by multinational corporations such as Vale and Petrobrás. Brazil’s approach to economic growth has resulted in extraordinary achievements as it combines social development to economic development always, a steadily growing middle class that is more than 50% of the population being evidence to these pro-poor policies. Social policies and social expenditures have gained predominance across the Latin American region during the past two decades as political systems became more open and pluralistic, although the impact of institutional reform has been varied.

Argentina and Chile are also ranked high in customs and port infrastructure facilities. The more advanced economies of Latin America are a source of technology transfer in agriculture, IT, pharmaceuticals, renewable energy (soy biodiesel, solar, geothermal and biomass, wind, and sugarcane bioethanol) for South Asia. Chile also actively engages in South-South cooperation. Cuba and Brazil are a source of technology and expertise in healthcare, and also a source of assistance and cooperation in health and medicine as Cuba has developed and specialized medical professionals and Cuba also engages in major South-South cooperation in this sector.

South Asia should also promote trade and commerce relations in Latin America with the aim of securing supplies in oil and gas resources for its expanding energy needs for development, the ongoing political unrest in the (petroleum exporting) countries of the Middle East and sanctions on Iran. As the Hanjin Shipping and Hyundai Merchant Marine are teaming up with Mexican companies in a new service connecting Asia with Mexico and the west coast of South America, a growing number of newly opened sea routes between Latin America and Asia, and the development of new ports and infrastructure in both regions, South Asia could explore feasibility of oil imports from Latin America as well as a source of renewable energy and renewable energy technology and cooperation, which will greatly benefit South Asia in developing sustainable energy sources for the future.

South Asia offers a cheap, educated labourforce with relatively high work ethic. Latin American multinational will continuously require cheap labour remain competitive. Due to the distance between the two regions, Latin American companies should seek to establish the finishing factories in South Asia for their manufacturing industries which will then have direct access to the big consumer markets of India, Bangladesh, and Pakistan, but also closer access to Russia and Australia. As labour costs increase in East Asia, some of the manufacturing sector will shift to South Asian countries, albeit this is projected to last a few decades, while most of China’s manufacturing is likely to shift to Africa. However, Bangladesh with its low per capita labour cost will remain the manufacturing hub for garments. FDI in the form of finishing plants from Latin America will also constitute a transfer of technology and skills to South Asia. At present South Asia is also the second-fastest growing region in the world after East Asia and the Pacific, the Indian economy is projected to grow at 6.4% in 2016, other South Asian countries are also experiencing high growth such as Sri Lanka and Bangladesh. India, and thereby South Asia, is set to benefit from the “Modi dividend” of the new Indian government led by Narendra Modi, as his coalition government has brought stability to India and his government’s foreign policy has brought stability and better relations between South
Asian countries. Modi seeks to improve India’s infrastructure and secure its energy needs and has also called for the development of the domestic defense industry.

3.1 More FTAs and FDI Needed

With the high growth experienced by South Asia and the vibrant economies of Latin America, barriers to trade must be overcome and opportunities for trade must be seized and explored without delay. Realizing the Latin America-South Asia trade and investment potential may lie mostly in overcoming institutional and policy hurdles. An increase in cross-regional and bilateral FTAs and investments between South Asian and LAC economies are needed to create strong interregional relationships which are currently lacking. To this end, governments and private sectors must intensify efforts to work together through new forums to promote trade and business, increase trade liberalization where appropriate, and develop a secure legal framework for trade and investment. As South Asia consists not only of India, and Latin America consists not only of Brazil and Mexico, initiatives to increase interregional integration are essential. The 2012 ADB-IDB joint report, *Shaping the Future of the Asia-Latin America and the Caribbean Relationship* suggests three key strategies to increase economic integration by reducing trade costs:

1. Increase the depth and scope of existing FTAs (trade facilitation, harmonization of customs, and logistics procedures and standards),
2. Expand the geographical coverage of these agreements and eventually aim at a broad interregional FTA and better align their global and regional rules (consolidate the plethora of bilateral and plurilateral agreements, and therefore, address the risk of ‘noodle bowl’ transaction costs arising from the proliferation of rules of origins), and
3. Ensure firm-level use of FTA preferences by increasing transparency of information on how to use FTAs through business associations and governments particularly for small and medium firms (SMEs), as for example, a growing body of evidence shows that the LAC began using FTAs as a trade policy instrument relatively early, but it is only recently that firms have begun to utilize the agreements.

A reduction in tariffs is important especially by the big regional economies for manufactures from developing countries. The liberalization of FDI regimes is also necessary in Latin American and South Asian countries, as FDIs between the two regions will help create a long-term economic relationship, as well as allow businesses to avoid any existing trade barriers between countries. FDIs also create new jobs in home economies, and thereby decrease unemployment. FDIs can be a key factor in creating a competitive manufacturing sector in the home country as well as increase its export capacity, which will contribute to increasing economic growth and employment. Joint ventures, such as between China and Brazil with cooperation in science and technology, can lead to innovations that create new opportunities for both countries, which is a genuine way of strengthening trade ties. Thus, economic development between the two regions must “maximise each region’s comparative advantage and promote equitable social development,” while also protecting the environment.

A major challenge to be overcome by the Latin American countries is the drug trafficking menace as well as high crime rates, especially in countries like Mexico and Colombia, although the countries have been working towards this through Mexico’s illicit-crop eradication program – the largest in the world, Brazil’s large-scale government eradication program to control cannabis, and Venezuela’s active illicit drug eradication program (which primarily targets opium). Although insurgent and terrorist activities which transpire under different political contexts demand that they are treated differently, threat groups in both regions have ideological similarities especially in relation terrorism under the Communist banner, and the regions can work together to mitigate the loss of life, ill social
impact, and political instability caused by them. In Latin America, Colombia and Peru are mainly affected, and almost all countries in South Asia are affected to an extent by transnational terrorism, while Afghanistan-Pakistan remains the hub. Needless to say, the social and humanitarian impact of continuing existence of insurgencies, paramilitaries, and terrorist organizations is enormous. In combating terrorism and insurgency, the two regions must also overcome the related drug and human trafficking industries, which are sources of revenue for terrorist or extremist groups. However, it is noted that terrorism and drug and human trafficking are transnational or global issues and only a worldwide concerted effort can fully eradicate these elements.

3.2 A Cross-regional Association to Promote Integration and Enhancing Domestic Regional Forums

To promote economic integration and cooperation between South Asian and Latin American economies, the formation of a cross-regional association for trade is key, such as the 32-member state Forum for East Asia and Latin America Cooperation (FEALAC) established in September 1999. Also, discussed earlier, non-market South-South cooperation, especially in science and technology, development experience, renewable energy, and environment management, should be increased between the regions through such a forum to foster trade and growth. The more developed countries of the two regions can be a source of technologies, processes, and management methods for the smaller developing countries in Latin America and South Asia. As compliance with internationally recognized standards requires a strong institutional support infrastructure, these large leading emerging market economies (EMEs) and their enterprises can share required skills and technology, as processes and systems such as payment and credit practices, foreign exchange and capital controls, and insurance fees should all conform to international practice in developing countries. Cross-regional SME clusters and export associations will also be fruitful and contribute to economic cooperation, while when catering to the growing consumer markets in Latin America and South Asia, exporters from each side should be sensitive to specificities of the respective region and tailor production accordingly for successful market penetration. The two regions can also share models for best practices in pushing for domestic reforms and policies that would strengthen institutions domestically and ease constraints in doing business through a cross-regional association.

Latin American regional blocs are multiplying, albeit with overlapping objectives. A focus on economy and trade is the norm of many of these new regional blocs. However, if the region is to achieve sustainable development with practical approaches to overcome the social realities faced by the region (such as economic inequality and issues related to the quality of education, skill-level of labour force, health, provision of efficient public services, human security issues, rapid urbanization, and social degradation), these issues must be consciously addressed through the regional groups without delay. The Latin American landscape on regional trade relations is dominated by two key associations: UNASUR (Union of South American Nations) and ALBA (the Bolivarian Alliance for the Peoples of America).

Much can be done within the South Asian region as well in terms of increasing regional economic integration, trade creation, and welfare among member states, in contrast to the Latin American region where there are many effective regional trading blocs and associations promoting economic and political integration of the Latin American region. Thus far, adequate regional cooperation through economic integration has not been achieved among the member countries of South Asian Association for Regional Cooperation (SAARC), mainly due to the political dispute between India and Pakistan as well as terrorism. However, with Narendra Modi’s leadership of India, South Asian relations have improved markedly, even between India and Pakistan. The following ten aspects have been identified by Khan and Larik (2007) for increased integration of South Asian countries: (1) a
conflict resolution mechanism, (2) relatively free and fair trade, (3) investment co-ordination and regional co-operation, (4) establishment of a South Asian Development Fund, (5) regional cooperation in preventing energy crisis, (6) harmonizing macroeconomic policies, (7) integrating labour markets, (8) social integration, (9) cultural integration, and (10) cooperation among civil society institutions.

The lack of an effectively integrated regional body also compels South Asian countries to rely on FTAs and bilateral relations with countries in the Latin American region, whereas APEC and ASEAN countries are placed in a better position to explore and expand economic relations with the Latin American region. SAARC, the only regional body for South Asia, has fallen short of providing the necessary dynamism in promoting trade and commerce within the South Asian region due to political mistrust between member nations. Other factors which impede South Asian regional integration and international integration include underdeveloped infrastructure facilities and restrictive trade policies. Also, as trade and economic liberalization is often the decisive initial step towards achieving broader political objectives in a region, the time may have arrived for South Asia to team-up and exploit the tactic of regional market integration. India, with the largest and most advanced economy in the South Asian region, must play a leading role in this. South Asian regional cooperation would of course involve many dimensions and sectors such as public policy, private sector, civil society, technology transfer, and collaboration between research and policy institutes.

4. Cross-Regional Concerns and Opportunities for South-South Cooperation

Today, South Asia and Latin America share similar world views and economic and development priorities, such as economic diversification and expansion, poverty reduction, and managing climate change. Latin America and South Asia are two regions of the world which are consumed by poverty, and Latin America is also plagued by high income inequality despite economic growth, exacerbated in some countries due to the global economic crisis. South Asia is home to the largest population of the world’s poor, while Latin America is the region with the most unequal distribution of income in the world, with high levels of poverty. Inequalities in the two regions persist not only in income but also in access to food, education, land, finance, and credit.

Although a number of countries decreased their rate of poverty amidst the global crisis such as Sri Lanka, India, Bangladesh, and Nepal in South Asia, and Uruguay, Brazil, Venezuela, Panama, Dominican Republic, Peru, Paraguay, Ecuador, Colombia, and Honduras, there are countries which have been adversely affected by the economic crisis and have increased poverty in their countries such as Chile, Costa Rica, and El Salvador. This situation has made it a greater challenge for these countries to reach the social and economic targets set by the Millennium Development Goals (MDGs) for 2015.

The poverty incidence is much higher in rural areas than in cities in both regions, although there is also increasing urban poverty due to rural-urban migration. In Latin America, some major rural poverty alleviation programmes have been put in effect, as well as non-income measures in education, nutrition, health, and access to utilities to reduce poverty, inequality, economic informality, and insufficient social protection, although these challenges still largely remain. Latin America has vast experience in social protection programs such as Conditional Cash Transfer (CCT) programs like Brazil’s Bolsa Familia, Mexico’s Oportunidades, Chile’s Puente, and Colombia’s Familias en Acción, which have received international commendation (as well as the model adopted by Mayor Bloomberg for New York). This experience can surely benefit South Asia by establishing closer ties of cooperation with Latin America.

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In turn, South Asian countries possess experience in poverty alleviation which can be shared with Latin American countries. India has developed poverty alleviation policies and program since its Independence from the British, which can be grouped into self-employment, wage employment, food security, and social security programs. These include the Rural Roads Program (which seeks to provide rural connectivity and market access) and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which reflects “rights-based” economic development which has been incorporated into poverty alleviation programs in India. India spends US $20 billion in poverty alleviation programs every year. South Asia also offers the model Grameen microfinance system of Bangladesh which was founded by the Nobel Peace Prize Laureate Dr. Muhammad Yunus (today Grameen Bank also provides microloans to low-income borrowers through two branches in the United States). Synergies and complementarities between the poverty alleviation programs in Latin America and South Asia can be explored for the mutual benefit of both regions, as poverty continues to persist in both regions despite sustained economic growth (while good governance, transparency, and accountability are key components towards effective implementation of poverty alleviation programs).

There also exists clear and great opportunities for cooperation between Latin American and South Asian countries in many other areas such as education, social empowerment, access to safe drinking water, food security management, climate change and environmental policy, pandemic and influenza vaccines, and especially in technology transfer in for example in agriculture and food processing, ICTs, transport infrastructure, and energy including renewable energy. The countries of the two regions can also learn from each other’s development experiences such as promoting of small and medium enterprises (SMEs), reducing urban air pollution, waste management including electronic waste disposal, and natural disaster management, especially relating to floods and droughts. South Asia will gain immensely from Latin America’s developed and innovative healthcare systems such as in Brazil and Mexico, which helped the those countries to develop national programs to manage (chronic) diseases.

Extending of assistance/ aid of course leads to goodwill among nations, especially aid to increase export capacities of developing economies. A great example of interregional assistance is Cuba giving away thousands of scholarships to South Asian medical students to study Medicine in Cuba. Thus, interregional South-South cooperation in technology transfer, research, assistance, and dialogue remains the way forward.

As a leader in the LAC region, Brazil, like other EMEs such as China, India, and South Africa, has risen to become a non-traditional donor and is engaging in technical cooperation programs and development assistance internationally, cooperation which South Asian countries can certainly benefit from. Currently, Brazil provides assistance to fifteen African countries (mostly Lusophone countries) in the agriculture, education, and health sectors, and also engages in development assistance in the areas of governance, culture, infrastructure, and post-conflict resolution. Mexico also provides cooperation to African countries. Brazil is a part of trilateral cooperation as well with other non-traditional donors like Cuba and Bolivia in HIV/AIDS programs in African countries, as well as with traditional donors such as Japan. Mexico, Chile, and Colombia are also active providers of international cooperation in social protection programs, mainly through internships, courses, seminars, and workshops. Chile provides assistance in the English-speaking Caribbean through the OAS program, “Puente en el Caribe”.

Brazil is the fifth-largest source of FDI from among the emerging markets in the world, after Hong Kong (China), Singapore, the Russian Federation, and the Taiwan Province of China. Brazil also
has world-class science-intensive sectors in nuclear power, satellite communications, defense, and software. FDI (as well as trade in imports and cooperation) can potentially bring social, economic, and business benefits to developing countries through the inflow of capital, knowledge, and increased employment (while the environment, human and labour rights, and job security should be protected in this). For the investing country or company, FDI represents access to resources, economies of scale and scope in production, as well as supply chains, distribution networks, and end customers. Thus, FDI is meant to be mutually fruitful.

India also functions as a donor for developing countries. Its most important program historically is the Indian Technical and Economic Cooperation (ITEC) program established in 1964, with a sister program called the Special Commonwealth Assistance for Africa Program (SCAAP). India is very strong in research and development, scientists and engineers, technology, and technical publications. India has several South-South technology cooperation agreements with the two big EMEs of Latin America, Brazil and Mexico, as well as other developing nations, such as the India-Venezuela MOU for Space Science and Technology Cooperation and India-Peru MOUs on the Establishment of a Centre of IT Excellence (2012), Protocol of Cooperation in Science and Technology (2010), and Agreement on Technical Cooperation (1997). Among South Asian countries, India has a Program for Cooperation in Science and Technology with Sri Lanka.

The strategic planning of South-South cooperation is vital beneficial for middle and low income countries, and policies and inter-ministerial groups must be developed beyond the Ministry of External Affairs for this purpose. The investment and development of institutional, infrastructural, and human resources capacities for research and development in technology and science may mitigate the ‘brain drain’ that the South is experiencing, while the only way to fully stop this is through increased per capita income and higher salaries for higher qualified people. South-South technology cooperation can also include distance learning (e-learning) to facilitate training and collaboration as well as access to more peer-reviewed scientific journals. In the present ICT or technological age, comparative advantage, economic growth, and income of a nation is dependent on the adoption of new technologies, and the long-term effects of constructive South-South cooperation in aid and technology will have a profound impact on the productive capacity and pace of development of developing countries in the two regions.

5. The Great Historical, Political, and Cultural Ties between Latin America and South Asia

Similarities between the Latin American and South Asian regions are plentiful and deep-seated. There are commonalities between South Asia and Latin America in terms of geographic conditions, political and social values, and cultural development. Merely to serve as examples, the spice, chilli (powder), which is now a characteristic and inseparable element of South Asian cuisine – commonly believed to have originated in India – entered the region in the 15th century as an import to India from South American countries such as Ecuador and Bolivia, and the now traditional Mexican style of colorful dress was inspired by the Indian girl of ‘noble birth’ who came to be known as La China Poblana who arrived in Mexico in the early 17th century after she was kidnapped from Agra, northern India and sold into slavery by Portuguese pirates. Latin culture has also intertwined intimately with South Asian culture due to colonial trade links and protracted colonialism by the Portuguese.

South Asia and Latin America also offer deep time-honoured traditions, value systems, and indigenous knowledge, which are the fruits of their ancient civilizations, and histories spanning millennia. The two regions thus also face the challenge of preserving their rich cultures and
‘civilizational knowledge’ as a result of increasing globalization (in addition to other challenges due to globalization such as threats to national sovereignty, food and energy insecurity, increasing poverty and inequality, and climate change vulnerabilities). The expansion of interregional diplomatic relations is a crucial step in preserving national indigenous knowledge and practices so that solutions to the negative impacts of cultural globalization can be explored together. China and India have initiated several programs to revive and exchange cultural knowledge among Asian and Latin American countries.

Latin American and South Asian regions also share similar social and cultural traditions. Some very visible common social and cultural elements include the common Latin last names of Perera, Fernando, Silva, Almeida etc. of Portuguese origin due to the Portuguese colonization of the South Asian region starting in the 16th century, and the sizeable Roman Catholic populations in South Asia also due to the Portuguese (as well as Spanish and Dutch) presence in the region. There is also similar physiognomy between the (indigenous) peoples of South Asia and those of indigenous descent in Latin America. Also, very intriguingly, there is also archaeological evidence and theories of the trans-pacific diffusion of culture between ancient India and the Mayans of the New World, pointing to a profound ancient relationship between the two regions. Thus, archeologists, linguists, historians, and other experts, along with the cultural ministries of Latin America and South Asian countries and private research institutions, can be brought together to further study and understand these great interregional historical and archeological discoveries through jointly funded research programs.

5.1 Interregional Convergence and Political Ties

The Non-Aligned Movement (NAM), formed in 1960, is one of the oldest interregional movements with founding members from South Asia in India and Sri Lanka and Latin America in Cuba. NAM has 120 members today with many Latin American countries as members including Chile, Argentina, Venezuela, Bolivia, Peru, Colombia, and Cuba, and all of the SAARC countries of South Asia. There are 17 observer countries which include many other Latin American countries. “The national independence, territorial integrity, sovereignty, and security of NAM nations in their struggle against imperialism, colonialism, neo-colonialism, racism and all forms of foreign aggression …” was described as the purpose of NAM by Fidel Castro. NAM represents the interests of mostly developing countries, interests which are sometimes trampled on by the major global powers. The movement covers (almost all of the) countries of Africa, the Middle East (excluding Israel), South Asia, Southeast Asia, and Latin America, comprising about two-thirds of the UN General Assembly. Members of the movement generally support each other’s interests within the United Nations forums. NAM nations continues to be supportive of issues facing developing nations such as human security, political instability, insurgencies, terrorism, governance issues (corruption and poverty). It seeks to be a strong voice which speaks for the principles of multilateralism, equality, and mutual non-aggression. NAM seeks to realize these goals by the democratization of the UN system and recognition of the new political economy of the world with the emerging economies of the South such as China, India, and Brazil.

5.2 The Arts and Culture of Latin America and South Asia

The arts and culture, which includes literature, painting, sculpture, music, dance, drama, and films, are often the vehicles through which human narratives, experiences, and feelings are expressed. In the Indian sub-continent, art, music, and dance are an integral part of social and religious life. Similarly, in Latin America dance is a social, religious, and artistic expression. Latin American and South Asian countries are also commonly known for their culture of festivals and celebrations full of
vibrant dresses, colourful food, and dazzling festive decorations. The Indian icons of Mahatma Gandhi, Pandit Nehru, and Gurudev Tagore also occupy a special place in Latin American countries particularly in Cuba, Venezuela, Brazil, Argentina, and Colombia. There has also been an increase in interest in elements of South Asian culture by Latin American countries such as Bollywood cinema and Indian spirituality such as yoga.

Numerous architectural parallels exist between the Latin American and South Asian regions derived from the two regions’ advanced civilizations in the ancient world. For example, delicate and symmetrical stone carvings such as the famous Anuradhapura Moonstone, Samadhi and Gal Vihara Buddha statues from Sri Lanka stand in comparison with numerous Aztec and Mayan carvings across (what is now) Mexico, Peru, Bolivia and Chile. Chichen Itzas temple ruins, Tikal and Teotihuacan of Mexico, Moai statues on Easter Island in Chile, and Machu Picchu in Peru astounds even the modern world of architecture with their innovations in symmetry and attention to detail in the creation of sculptures and murals, as do the architectural wonders of ancient India such as the Khajuraho Temples of Madhya Pradesh, Ajantha Caves, Ellora Caves, Meenakshi Temple of Madurai, Golden Temple of Amritsar, Jagannath and Sun Temples of Puri, the Taj Mahal in Agra, and Chand Baori in Rajasthan. The Mayans built multi-storied temples, pyramids and palaces; many of the temple rituals are aligned with the sun and stars and important ceremonies would take place at those times. In South Asia, the Lowamahapaya in Sri Lanka for example, which is believed to have been seven stories high, comprised of halls and meditation rooms and was a gathering place for religious recitals and meetings where Buddhists monks and pilgrims from all over the world gathered in reverence. A similar creation to the pyramids are the stupas from South Asia. The Sanchi stupa in India, Boudhanath stupa in Nepal, Ruwanweliseya and Abhayagiriya stupas in Sri Lanka are few examples that were built as commemorative monuments and religious shrines. The Pyramid of the Sun in Mexico is known as the largest pyramid in Latin America, while Sri Lanka had the tallest and largest (in volume) brick structure in the world from 300 B.C.E. to 1100 C.E. in the Jetavanaramaya stupa, which was also the third tallest in the world after two biggest pyramids in Egypt. Sri Lanka also had the most extensive irrigation system in the world at the time. Also, the Sigiriya frescos of Sri Lanka, Ajantha Cave paintings of India, the Mayan paintings from the Xultun ruins (the oldest paintings from the Mayan civilization), and Aztec paintings of gods, mythical birds, and animals, provide evidence of the rich, culturally and aesthetically developed ancient civilizations of the South American and South Asian regions.

In gastronomy, rotis and parathas of India and tortillas and gorditas of Mexico, popular ‘breads’, are essentially the same, although the main ingredient being wheat and rice flour in South Asia while it is corn flour in Latin America (and the stuffing being mainly vegetarian in South Asia and meat in Latin America). In terms of popular culture, Latin dancing is increasingly popular in South Asia including a variety of ballroom and folkdance styles such as the cha-cha-cha, rumba, tango, and salsa. Football as the world’s most popular game is widely played in both Latin America and South Asia, and Diego Maradona remains a sports icon in South Asia, popularized through television with Argentina’s victory in the World Cup of 1986. Also in sports, cricket and rugby are popular games played in the Caribbean islands as well as South Asian countries. Thus, cross-regional sports festivals in the future are sure to promote friendships between LAC countries and South Asian countries.

At the beginning of the 20th century, although commonalities between the Latin America and South Asia had little been discovered apart from the common colonial heritage, a close connection through literary dialogue of sorts existed between LAC and South Asian countries, particularly with India, the region’s cultural centre. For example, the Nobel Laureates Chilean poet Pablo Neruda and Bengali poet Rabindranath Tagore established friendships with each other decades even decades
before friendships began through NAM. The Chilean poet-diplomat Pablo Neruda wrote his earliest poems while serving as a diplomat in Sri Lanka in the 1920s. His personal memoirs of Ceylon at the beginning of the 20th century recalls his fascination for elephants, his pet mongoose that helped neighbours chase away cobras, and the village life of the communities in Welawatta, a coastal town in the suburbs of Sri Lanka’s capital Colombo.

The Nobel Laureate V.S. Naipaul born in Trinidad and Tobago (of Indo-Trinidadian heritage) is also revered in the South Asian region and is studied by literature students of South Asia. In the 1960s, celebrated Mexican writer Octavio Paz, as a young diplomat discovered the depth and breadth of Indian civilization which inspired him to turn a new page in historical relations between the two regions.\(^{127}\) His literary writings changed Latin American perceptions on the Indian subcontinent, which for a majority of Latin Americans resembled a land plagued by deprived social conditions and rampant internal conflicts.\(^{128}\) The writings of Octavio Paz depict the influence and importance of personal experiences and relations as a determinant in building bridges of friendship and shifting attitudes of peoples across lands which are separated geographically.\(^{129}\)

Sri Lanka was one of the first countries to recognize Cuba and the triumph of the Cuban Revolution in 1959. Cuba and Sri Lanka have enjoyed warm relations since. In 2009, the two countries celebrated fifty years of their bilateral ties. The two countries are pioneering members of the Non-Alignment Movement (NAM) as well. The ideology of Ernesto ‘Che’ Guevara, the iconic revolutionary leader, is symbolic of the class struggle and struggle for freedom and equality. The dire state of inequalities in the LAC region i.e. imperialistic exploitation of its people, that Che Guevara witnessed during his travels in Latin America urged him to fight against social inequalities and break free from capitalist manipulation. As a leader, Che extensively introduced nationalization policies of banks and businesses, while also ensuring affordable housing, healthcare, and reducing youth unemployment.\(^{130}\) Post-independence Sri Lanka widely adopted the political ideology of socialism during the 1948-1977 period. Political connectedness with Cuban ideology was cemented during this time in 1959 with Ernesto Che Guevara visiting Sri Lanka. Irrespective of any government that had been in power in Sri Lanka, free education and health policies have been viewed as crucial to socio-economic development and political stability. It was these policies that helped Sri Lanka achieve a relatively high human development index (HDI) and help it to become an early achiever of MDG health and education goals. It can be noted that many aspects of (Che’s) socialist policies have been retained in Latin American and South Asian countries, although the economic aspect has been discarded (what is practice now being free market reforms with socialist policies).

### 6. Conclusion

China and India are set to be two of the biggest economies of the world in the 21st century, i.e. dubbed the Asian century, with their burgeoning global economic activities while the economic growth in Latin America is led by Brazil and Mexico, followed by Chile, Argentina, and Peru. The emerging economies of the two regions have been able to maintain a high rate of economic growth during the past decades. For the Latin American region, the global crises had an effect on energy prices, materials, and agrarian products, with a decrease in exports to the United States and EU, as well as severe downturns in tourism and the hotel industry. Thus, the big emerging economies of Asia, China and India, gained an increased importance in the Latin American region with their increasing demand for energy, materials, and agricultural goods from Latin America. The increasing South-South cooperation and assistance between Asia and Latin America bilaterally, and through interregional organizations such as BRICS and IBSA, have brought the two regions closer together.
Technology transfer from the more advanced economies of Latin America will be most beneficial to the smaller economies of South Asia, as well as India, and this can be achieved through investment, collaborative projects with bilateral partnerships, as well as cooperation. Great investment opportunities exist in both South Asia and Latin America, and investment remains to be strengthened between the two regions. Latin American FDI may be best used to set-up finishing factories for Latin American manufactured goods in South Asia, which would allow Latin American countries to take advantage of the educated but cheap labor force in South Asia and its ICT services and access to markets, while also transferring technology to South Asia in exchange for a captive market that will be one of the biggest in the world in the coming decades. South Asian and Latin American nations can continue to look mutually in easing negative balances in trade with increased exports, which would work to reduce dependency on Western markets, especially for South Asian countries. The large middle and upper-middle income households of Latin America with increasing disposable income also present a large consumer market for South Asia’s exports. Latin American countries such as Brazil and Chile also actively engage in South-South cooperation, and developing South Asian countries have much to gain in establishing ties with these countries.

In the case of South Asia and Latin America, of course, closer relations are sought due to their great political, social, cultural commonalities as well as historical friendships. Deeper economic relations are a means to bring the two affable regions together, while genuine and significant trade and investment opportunities also exist between the two regions. It is hoped that vibrant economic relations as well as interregional cooperation will lead to renewed diplomatic relations, allowing the two regions to revive and preserve their sincere and strategic friendship in the times to come.

6 Ibid.
9 Ibid.


22 ADB-IDB calculation for 2010 figures


25 Ibid.


28 Ibid.

29 Ibid.


31 Strategic partnerships’ focusing on environmental issues, scientific and technological cooperation, and consolidation of future markets, or trilateral interventions with advanced countries of the North.


34 The Forum on China-Africa Cooperation (FOCAC) IV generated eight pledges that address the challenges that the partners are currently facing. They include: (1) climate change cooperation, (2) technology transfer, (3) a further US$ 10 billion in concessional loans and cancelling of debts from China, (4) zero-tariff treatment for 95 per cent of products from ‘poorer’ countries, (5) further development of agricultural cooperation, (6) increased focus on malaria prevention and treatment, (7) education through, amongst others, constructing fifty schools and training teachers, and (8) increased collaborative research: Kragelund, Peter (2011), “Back to BASICs? The Rejuvenation of Non-traditional Donors’ Development Cooperation with Africa”, *Development and Change*, Wiley-Blackwell


36 Ngozi Okonjo-Iweala, “Promoting South-South Cooperation - Framing a New Development Landscape” (paper presented at the High Level Event on South-South Cooperation and Capacity Development, Bogota, Colombia, March 24-25, 2010).

43 Ibid.
44 Ibid.
45 Ibid.
47 Ibid.
54 Ibid.
55 Suzanne McMahon, (2012), “Overview of the South Asian Diaspora”, University of California, Berkley (UC B.
59 Ibid.
60 MERCOSUR was created in 1991 by the Treaty of Asuncion and encompasses four South American countries: Argentina, Brazil, Paraguay, and Uruguay
62 Ibid.
63 Ibid.
64 Ibid.
65 Ibid.
66 Ibid.
68 Ibid.
72 Ibid.


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103 Okonjo-Iweala, Ngozi (2010), “Promoting South-South Cooperation - Framing a New Development Landscape”, High Level Event on South-South Cooperation and Capacity Development, Bogota, Colombia, 24-25 March, 2010

106 Okonjo-Iweala, Ngozi (2010), “Promoting South-South Cooperation - Framing a New Development Landscape”, High Level Event on South-South Cooperation and Capacity Development, Bogota, Colombia, 24-25 March, 2010
112 Ibid.
113 Salami, Reza and Soltanzadeh, Javad (2012), “Comparative Analysis for Science, Technology and Innovation Policy; Lessons Learned from Some Selected Countries (Brazil, India, China, South Korea and South Africa) for Other LDCs Like Iran”, Journal of Technology Management and Innovation, 7 (1), Universidad Alberto Hurtado, Facultad de Economía y Negocios, JOTMI Research Group
114 Ibid.
115 FRIDE (2009), “South-South cooperation: Regionalising the Development Agenda in Latin America and the Caribbean”, Activity Brief Bogota 6 March 2009, Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE), Spain
116 Ibid.
125 Ibid.
127 Ibid.
128 Ibid.
129 Ibid.