

INSIDE THIS ISSUE

- **INDIAN INVESTMENTS IN LAC**
 - PHARMACEUTICALS
 - IT/SERVICES
 - WIND ENERGY
 - AEROSPACE
 - ENTERTAINMENT
- **BUSINESS NEWS**

FOREWORD



Ambassador (retired) R. Viswanathan
Former Ambassador to Argentina, Uruguay & Paraguay
and Consul General, Sao Paulo, Brazil.

There are over 100 Indian companies* which have invested around 12 billion dollars in a wide range of fields such as IT, energy, pharmaceuticals, chemicals, vehicles, auto parts, two wheelers, sugar, mining, cosmetics, metals, plastics, electrical products and resort hotels. The investors include big names such as Tatas, Aditya Birla group, Reliance, OVL, Essar, Renuka Sugar, Godrej, Suzlon, IFFCO, EID Parry, Punjab Chemicals, Videocon, Mahindra, Hero Motors, TVS, Bajaj, JK Tyres, Reddy Labs, Torrent, Ranbaxy, Glenmark, KEC, Havells, WIPRO and Infosys as well as a number of small and medium enterprises.

The most visible Indian investment in the region is the presence of two dozen Indian IT companies which operate with 25,000 Latin American staff in 14 out of the 20 Latin American countries.


Potential future investment opportunities in the region include: shale oil sector in Argentina, petroleum fields in Mexico, Brazil, Colombia, Venezuela and Ecuador; agribusiness in Argentina, Brazil and Uruguay for sourcing of soy and sunflower oil as well as pulses; mining in Peru, Colombia and Brazil; two wheelers, tractors and other vehicles in some countries; and new energy sources including wind and solar in many countries of the region.

Investment in the region opens the gate to the large market of 550 million consumers in Latin America as well as exports to North America with which some countries have FTAs.

The Latin American governments and business welcome Indian investment as part of their policy to reduce over dependence on FDI from China as well as US and Europe and diversify. The prices of assets in Argentina, Venezuela and Brazil are relatively low now due to their domestic economic problems and devaluation of currencies. This makes it an opportune time for acquisitions.

The Exim Bank of India could be more proactive and learn from the example of BNDES, the Brazilian development bank and the Chinese Development Bank which have aggressively promoted the investment of their national firms abroad with billions of dollars of credits.

* For more information on Indian Investments, please follow the link <http://www.businesswithlatinamerica.com/>





The World Population by 2050 will be 9 Billion

We at **UPL** are trying to help Farmers of the World keep pace with Food Supply

Committed to eliminate Hunger and Poverty with the cooperation of our customers and farmers across the world, UPL is protecting crops in over 100 countries, contributing to bumper crops and happy smiles on the faces of the farmers.

www.uplonline.com

UPL is working to ensure that agricultural growth meets the demand of growing World Population

INDIAN INVESTMENTS IN LAC

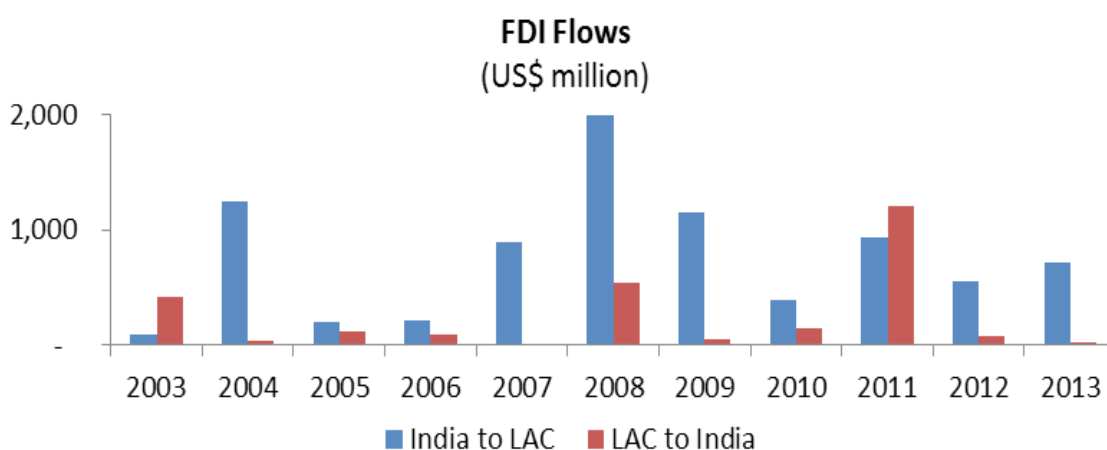
The Latin American region is emerging as one of the major growth engines of the world. Like India, Latin America has remained largely resilient to global economic turmoil and has stayed on the path of growth matching India's attractiveness for investment.

India's ties with Latin America, over the years, have expanded beyond trade and investment to cooperation in areas such as energy, knowledge sharing as well as in multilateral fora such as G-20, BRICS and IBSA. India having been given the 'Observer' status in the emerging grouping – The Pacific Alliance paves way for developing better economic relationship and throw up huge opportunities for the business communities in India and the LAC region, which need to be converted into comprehensive treaties covering trade, services and investments.

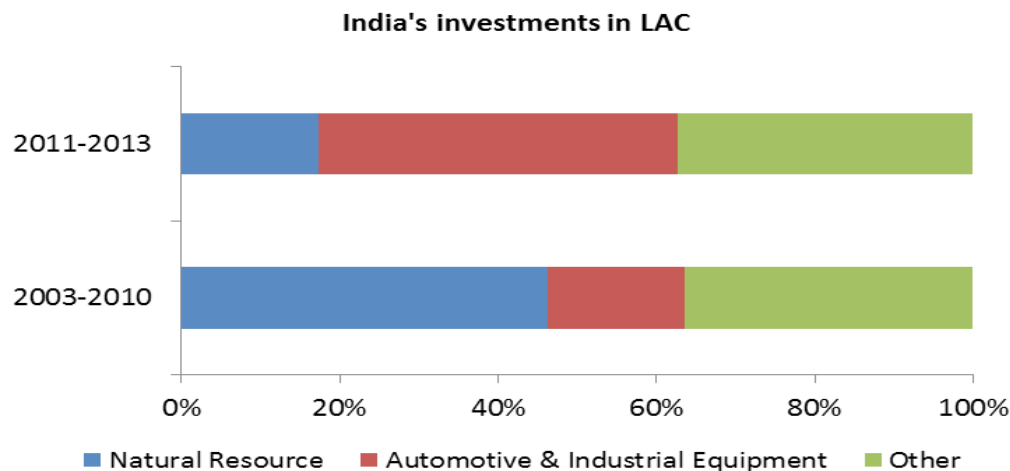
Even though India's trade with the LAC region has grown at 25 per cent annually over the last decade, touching US\$ 46 billion in 2012-13, bilateral investments remain at a relatively low level. While the region received only 4 per cent of India's outward FDI, investments from LAC region in India are still low. India, the world's third largest economy with a US\$ 5.5 trillion GDP on purchasing power parity basis, doing business with the US\$ 12 trillion LAC economy can make an economic impact, globally. For this, India and LAC countries must rethink their strategy for economic engagement.

The bilateral trade could easily go up to US\$ 100 billion if issues like enhancing connectivity and leveraging opportunities in areas, such as energy, agriculture, food processing, textiles, transport and IT are addressed proactively.

The average investment per project from India to LAC is estimated to have grown fourfold to reach US\$52 million in 2013. Of the estimated US\$2.7 billion in FDI flows from LAC countries to India in the past decade, close to 50 percent have come in the last three years alone.



Stereotypes about the strengths and weaknesses of India and LAC are dying out. The partnership between the two geographies has evolved in more ways than just growth in investment size. For decades, LAC countries attracted FDI from companies that wanted only to harness the region's wealth of natural resources. India, too, perceived LAC primarily as a source of natural resources such as oil, gas and metals. But this perception has been changing dramatically in the last three years. Today, India's investments in LAC reflect an interest in finding new markets and enhancing supply chain efficiency.



PHARMACEUTICAL

The Indian pharma industry has emerged as a leader in the supply of generic drugs to the world, and LAC is no exception. The sector represents about 15 per cent of India's exports to the LAC region, making it the second-largest export sector of the region, second only to refined petroleum products. Several Indian pharmaceutical companies are investors and employers in LAC. Indian companies have established manufacturing units in Brazil, Mexico and Argentina and have marketing offices in other countries.

From India, the pharmaceutical companies were the first to enter Latin America with exports long before IT and other firms. India is a major supplier of pharma raw materials (bulk drugs) to Latin American manufacturers of finished products, thus helping them to lower their production cost. India's entry put pressure on local and multinational companies to reduce the cost of their medicines and also to increase their own production of generic medicines. This is the reason why the Brazilian and Chilean Health Ministries were enthusiastically inviting Indian pharma companies. Latin American consumers and governments are happy that Indian generic medicines have helped them reduce their healthcare costs. This has opened the eyes of Latin Americans and raised the image of Indian companies.

INFORMATION TECHNOLOGY / SERVICES

Indians had considered distance, language and culture a tough barrier to business with Latin America. But now the three have been turned into advantages by the two dozen Indian IT companies which operate in Latin America, employing around 25,000 local staff. Also, Essar group firm Aegis acquired an Argentine BPO company Actionline, has a staff strength of 5000. This is the largest Indian BPO in Latin America.

Contd..../

Indian IT companies have established software development centres, BPOs, KPOs and Call Centres in fourteen countries (Argentina, Brazil, Chile, Uruguay, Mexico, Colombia, Peru, Venezuela, Ecuador, Panama, Costa Rica, Nicaragua, Dominican Republic and Guatemala) of the region employing 25,000 Latin Americans.

WIND ENERGY

In the wind energy sector, Suzlon Energy Ltd has completed installing and commissioning 350 MW of wind energy in Brazil over a period of 16 months ended November 2014 in the high wind states of Rio Grande do Norte and Ceara in Brazil. Suzlon entered the Brazilian market in 2008 and has since created a cumulative installed capacity of approximately 750 MW. The earlier projects of approximately 400 MW are also located in the state of Ceara.

Suzlon is investing over 20 million dollars to set up a unit in Brazil to focus on Latin America. Brazil is already the third largest market for the company, behind India and the US. Suzlon wants Latin America to generate 20% of its business by late 2016. Brazil responded for US\$ 800 million in sales in 2013, or 10% of all revenue. They have supplied 185 turbines to a dozen projects in Brazil. The company is prospecting 400 megawatts of new contracts in Chile, Uruguay and Mexico. In October 2013 Suzlon had got an EPC contract for a 65 MW wind power project in Colonia, Uruguay, jointly developed by Electrobras of Brazil and Uruguayan power utility RTE.

AEROSPACE

In the aerospace sector, the state-owned aerospace major Hindustan Aeronautics Limited (HAL) is now looking to make inroads into the lucrative market with its indigenously developed helicopter, 'Dhruv'. HAL is in contact with other potential customers in the region and business prospects are being pursued in countries such as Bolivia, Peru, Colombia, Brazil etc. Several countries in the region have also approached Indian companies, especially MSMEs, in the defence and aerospace sectors to set up manufacturing bases in their countries and are offering tax incentives.

Indian defence firm, MKU Private Limited, manufacturer of ballistic protection equipment for personnel and platforms, has been working with countries such as Brazil, Peru, Chile, Mexico, Colombia, Ecuador, and Paraguay. In fact, since the past seven years, the company has been the sole supplier of body armour to Brazil. It also has the contract to armour M-17 helicopters for the Mexican Navy and Police. Recently, it bagged a deal from Ecuador to supply 40,000 body armours to enhance protection for its police force. MKU had won a global tender in Ecuador for the contract and its body armour was chosen by the Ecuadorean Interior Ministry through extensive tests and field trials before being selected. Ecuador is also keen on setting up an arms manufacturing factory in India. It may be recalled that Ecuador was among the first countries to import India's indigenously developed seven "Dhruv" Advance Light Helicopters (ALH).

Samtel Avionics Ltd has signed an MoU with Avionics Services, Brazil for supplying MFDs for multiple helicopter programmes as well as fixed wing aircraft. The company has also won a trainer programme in South America, and is in talks for transfer of technology on displays.

Contd.../

ENTERTAINMENT

In the Entertainment Sector, Latin America offers exotic and attractive locations for Indian film shootings. Bollywood has started attracting Latin American stars. The Mexican actress Barbara Mori was the heroine of the Bollywood film Kites, released in 2010. Six Brazilian actresses (Bruna Abdullah, Izabelle Leite, Giselli Monteiro, Gabriela Bertante, Nathalia Pinheiro and Mariah Gomes) have acted in Indian films. The success of these stars has given rise to a new category of Latin American visa applicants at Indian embassies aspiring to Bollywood roles and modelling jobs in India. The Argentine musician Gustavo Santaolalla composed music for the Amir Khan film Dhobi Ghat, released in 2011. Rajnikant, the Tamil superstar, shot a dance scene with Aishwarya Rai in Machu Pichu in the film titled Robot. Dhoom II was shot in Rio and a scene for Robot was shot in Machu Pichu. Endemol India brought 28 TV stars from India to Buenos Aires for 40 days in December 2010 and shot a TV show "Wipe Out". In August 2010 Priyanka Chopra was in Rio for shooting of the show "Fear factor". Toonz Animation Ltd of Trivandrum, in cooperation with Illusion Studios of Buenos Aires, coproduced a cartoon film titled Gaturro, based on a character created by the Argentine Cartoonist Nik. The film was released in 2010 and was a box-office hit. Globo TV of Brazil telecast a soap opera titled Camino das Indias ('Passage to India') in 2009. It was a typical Indian love story but acted out by Brazilians in Indian costumes. It got the highest ratings during its eight-month run and has been dubbed into Spanish and telecast in other Latin American countries.

Kidzania edutainment centre in Mumbai, created by the Bollywood actor Shahrukh Khan and the Mexican entrepreneur Xavier López Ancona.

INDIAN JOINT VENTURES WITH LAC REGION

There are over 100 Indian companies that have invested around US\$12 billion in Latin America in sectors such as energy, IT, pharmaceuticals, sugar, agrochemicals, electrical products, mining, metals, vehicles, auto parts, cosmetics and plastics.

Almost all their clients are local. Renuka Sugars and Godrej were notable among the new Indian investors in the region in 2010. Renuka invested US\$350 million in Brazil in the acquisition of two sugar groups, which have come with sugar mills, ethanol plants, cogeneration power facilities and over 100,000 hectares of sugarcane land. Godrej has acquired two cosmetics companies in Argentina. Indian mining companies should focus on investment in the region which has rich reserves of minerals such as Lithium, iron, bauxite, gold and silver.

CONCLUSION

One of the main challenges for the relations between India and Latin America is the lack of direct air connectivity. Neither India's airlines nor those of Latin America have the plans or planes for direct connections. Shipping between India and Latin America is costly and takes at least 45 days.

Thus, both India and Latin America have undergone fundamental transformations and are moving forward in a stable and predictable trajectory of growth and prosperity. There is a positive change in the perceptions that India and Latin America are discovering complementarities and synergies between their respective markets and mindsets.

Energy investors heading to the Caribbean

An increasing number of investors are heading to the Caribbean as regional countries look for new sources of energy. The energy landscape in the United States has transformed radically in the last few years, and its neighbors have, too," noting that Caribbean countries import nearly 99 per cent of their energy, largely in the form of petroleum products.

[Read More>>](#)

Brazil auto segment to remain resilient - UBS

The Brazilian auto insurance segment is likely to continue to grow at a healthy pace over the next few years despite the country's weak economy, according to UBS. Latin America's largest economy likely contracted last year and forecasters expect more of the same for 2015. For next year they expect a moderate recovery – growth of around 1.5%.

[Read More>>](#)

Bahamas tourism figures up for January 2015

The Ministry of Tourism in The Bahamas says preliminary tourism statistics show double digit increases in air arrivals and hotel performance for the month of January.

[Read More>>](#)

Costa Rica has gotten all of its Energy from Renewables for 75 days straight

Costa Rica got 100 percent of its energy from renewables for 75 days straight this year, the state-run Costa Rican Electricity Institute (ICE) announced this week. The Latin American country hasn't had to use fossil fuels at all so far in 2015, due to heavy rains that have kept hydroelectric power plants going strong. Wind, solar, biomass, and geothermal energy have also helped power the country this year.

[Read More>>](#)

Cinepolis of Mexico acquires Indian multiplex company Fun Cinemas- January 2015

Cinepolis has acquired Fun Cinemas from Essel Group of India. With this acquisition Cinepolis has added 83 more screens of Fun Cinemas making its total 193 in 31 cities in India. Its target is 400 screens by 2017.

[Read More>>](#)

Pricol acquiring a Brazilian autoparts company

Pricol, based in Coimbatore is acquiring a Brazilian autoparts company in Sao Paulo, Melling do Brasil, which has a turnover of 50 million dollars. Melling do Brasil is located in Diadema Sao Paulo Brasil and is a manufacturer of pumps (water, oil, fuel, and power steering), cold start valves, and aluminum castings.

[Read More>>](#)

Skipper gets export orders of 66 m \$ to supply transmission equipments to Colombia- April 2015

Skipper Ltd from Kolkatta has got this order for supply of 500kv transmission towers. They have also exported to Chile and Peru earlier.

[Read More>>](#)

India's trade with Brazil increased by 20% in 2014 despite Brazilian economic stagnation

India's trade with Brazil reached a record 11.42 billion dollars in 2014 increasing by 20% from 9.49 bn in 2013. This is impressive considering the fact that Brazilian economy had slowed down in 2014 to a meagre 0.2% growth and the country's imports had declined by 4.46%. The average annual growth since 2010 has been 20%.

[Read More>>](#)

India's trade with Chile reached a record 3.8 billion dollars in 2014

India's trade with Chile increased by 32% in 2014 reaching 3.8 billion dollars. India's exports were 620 million and imports 3192 million dollars.

[Read More>>](#)

Latin America projected to grow by 1 % in 2015

Latin American GDP growth in 2015 has been revised down to 1% by ECLAC in its 7 April 2015 report. This is the lowest growth in the last six years. It is a marginal deterioration from the 2014 growth of 1.1%

[Read More>>](#)

UPL acquires SinAgro trading company in Brazil - March 2015

United Phosphorus Ltd has acquired 40% stake in the the Mato Grosso-based agrochemical company. SinAgro has 20 stores focused on the distribution of pesticides, seeds and fertilizers, and storage capacity of 408,000 tonnes.

[Read More>>](#)

Suzlon completes 350 MW wind energy project in Brazil - February 2015

Suzlon Suzlon Energy Ltd has completed installing and commissioning 350 MW of wind energy in Brazil over a period of 16 months ended November 2014 in the high wind states of Rio Grande do Norte and Ceara in Brazil.

[Read More>>](#)

For further queries, please write to:
Partha Ghosh, Senior Assistant Director, LAC Division
partha.ghosh@ficci.com