



2009 Scores

Messi won the best football player award of the year

Del Potro won US Open tennis

Luciana Aymar was selected as world's best woman hockey player for the fifth time this year

Loreena Ochoa retained number one ranking in women's golf

Cambiasso, the world's best polo player won the Polo Open

Cabrera won the Masters Golf

And... Brazil won the Olympics venue, beating the heavyweights. "Sim Podemos" overtook "Yes we Can".

The Latin American market could not score that well in 2009, since it got hit by the global crisis. GDP of the region fell by 1.8% in 2009, after having had an annual average growth of 4.8% in the previous six years. In 2009, ten countries managed to grow between 0.2% and 3.5% (Bolivia) while ten countries suffered GDP contraction ranging from -0.4% to -6.7% (Mexico). Exports and imports decreased by about thirty percent.

The good news is that the region did not go under due to the external shock as badly as it would have done in the past. Here is what Pamela Cox, vice president of the World Bank Vice President Latin America & The Caribbean wrote on 28 December 2009 under the title "Latin America enters new decade with more clout",

"What a difference a decade can make. Ten years ago, Latin America and the Caribbean received the new century in the midst of tremendous uncertainty. ...Today, the picture looks very different. News of default jolts other regions - not Latin America. Thanks to sound fundamentals, such as improved financial regulation and supervision, budget surpluses, and high international reserves, the region has weathered the current crisis without massive currency devaluations, bank collapses, debt defaults, inflationary spikes or capital flights. In other words, the region has learned from its past and is on track toward a better future"

The OECD Latin American Economic Outlook 2010 says,
" Latin America has not escaped the global economic crisis, but it has stood up to it with a new resilience. However, it is already apparent that Latin America is rebounding from the shock more rapidly than the majority of developed economies. Most importantly, it is doing so without compromising its significant progress towards its long-term development goals."

Growth in domestic demand helped many countries to tide over the global crisis. For example, auto sales in Brazil increased to an impressive record of 3.01 million units in 2009 from 2.66 million in 2008. The sales are expected to increase by 10% in 2010. What is more... General Motors Volkswagen and Ford plan to invest a combined 14.2 billion reais (\$8.3 billion) in the coming years to increase production capacity. More .. in my article " ["Brazil: Short skirts and Big B arouse Global Interest"](#) published in Miami-based Latin Business Chronicle - 17 December.

Average inflation of the region is estimated to have declined to 4.5% in 2009 from 8.3% in 2008. The currencies and exchange rates remained stable. Some currencies such as Brazilian Real strengthened while Mexican peso maintained its rate and Argentine peso depreciated.

External debt was within manageable limits. The Brazilians rewrote the history of Latin America by becoming Creditors from Debtors. They lent US\$ 10 billion to IMF in 2009 !

Politics

The region continued its consolidation and strengthening of democracies with regular elections and peaceful transfer of power with the exception of Honduras. In the 2009 elections held in Ecuador, Bolivia Uruguay, and El Salvador Leftist presidents were reelected / elected. In Panamá a centre right candidate became the President and in Chile ´s first round a centre right candidate got more votes.

In 2010 Brazil, Costa Rica, Chile (second round) and Colombia will go for elections.

It does not matter whether the presidents are left or right. The general trend and consensus in the region is towards pragmatism with agenda for the poor and pro business policies. There are of course a few exceptions...

2010 is the year of bicentenary of independence from Spain for Venezuela (16 April), Argentina (25 May), Colombia (20 July), Chile (18 September) and Mexico (16 September)

The coup in Honduras in June 2009 was an unpleasant reminder of the past. President Zelaya was put in a plane at gun point and sent out of the country. But the Golpistas did not go all the way to install a classical dictatorship by military or by a Caudillo. They held elections in which a new President has been elected.

India's score in Latin America in 2009

India's exports to the region went down by about 30 percent in 2009 in comparison to 2008. This was expected, after the global crisis and local import restrictions by the governments which wanted to protect domestic industries and minimise outflow of foreign exchange.

Below are the trade figures in Million US dollars:

	India's exports		India's imports	
	2009	2008	2009	2008
Brazil Jan-Nov	1906	3337	2920	948
Mexico Jan-Sept	635	1210	850	1011
Argentina Jan-Dec	342	492	876	836
Colombia Jan-Oct	412	430	292	14
Chile Jan-Oct	233	404	826	1628
Peru Jan-Oct	242	447	71	280
Uruguay Jan-Dec	42	47	11	9
Paraguay Jan-Oct	38	40	45	31

Chemicals, engineering products and textiles were the major exports from India. Crude oil, edible oil and minerals were the main imports.

The India- Mercosur PTA, became effective from June 2009. This should give a boost to our trade with the four Mercosur countries.

Indian IT companies expanded operations in Latin America including in Brazil, Mexico, Argentina and Chile

These companies which set up operations in the region initially to service their North American and European clients, have now started focussing on local clients and have been getting local contracts

Renuka sugar mill made an investment of 240 million in the acquisition of two sugar factories and sugar cane estates in Brazil. This is the first agribusiness investment by an Indian company in the region.

Panama liberalised its business visa system for Indians. Indian business visitors holding US or Schengen visas do not need visa to visit Panama under a Presidential decree issued in July 2009. The decree is for all foreigners including Indians. The visitors can

stay for 30 days during each visit. Earlier Panama embassy in Delhi had to send every visa application to their immigration authorities which would take months for clearance. Ecuador, Costa Rica and Honduras are the other countries which have waived visa requirement for Indian business visitors.

During the visit of Argentine President to India in October 2009, we signed a visa agreement under which Argentina has agreed to give five year multientry visas free of cost with validity of 90 days during each visit.

Visa is no longer an obstacle for Indian business visitors to Latin America.....

Our trade promotion activities in 2009

The list is in the attachment. It is not just the quantity..but the quality which is heartening. In all our events and activities, we saw tremendous enthusiasm and interest by the businessmen of the region who have started taking India seriously as a long term bet. The global crisis has made them realise the limitations of their traditional partners US and Europe. They are attracted by the opportunities offered by the new longterm high-growth large markets such as India.

Despite the crisis, the number of Argentine visitors to India increased in 2009 from 2008. In 2009 the embassy issued 4879 visas as against 4351 in 2008.

Promises of 2010

Market

Latin America will grow by 4.3 % in 2010, according to ECLAC estimate in their report of 10 December. The growth of Latin America in 2010 is higher than the growth projected for developing countries (4%) except China and India.

Brazil will be the 2010 champion of the region with the highest growth of 6%. Oops... I do not recall Brazil topping the growth chart of the region in recent times. Uruguay and Peru will be runners-up with 5% each. Mexico will grow by 3.5%. Argentina, the third largest market will grow by 4%. It is no surprise that the least growth in 2010 in the region will be in Honduras, which is in a political crisis. While South America is expected to grow by 4.7% in 2010, the Caribbean and Central America are projected to grow by around 2%.

Opportunities for Indian companies

Projects

Petrobras, the state oil company of Brazil is investing 174 billion dollars in the period 2009-13 in exploration and production of the recently discovered offshore oil fields. This is the world's largest corporate investment plan at this moment.

The ongoing Panama Canal expansion project is over 5 billion dollars.

Venezuela , Argentina, Mexico, Colombia, Ecuador and Bolivia also have investment plans in their oil and gas sectors.

Projects related to Olympics and World Cup in Brazil

Exports

The manufacturing sector in the big and medium countries of the region are modernising to survive in this time of globalisation and against the competition from Chinese goods. This opens up opportunities for supply of equipments, machinery and spare parts.

Agricultural production in South America is steadily increasing thanks to the growing world demand and high prices. This means more scope for exports of inputs for agribusiness such as agrochemicals.

The new area opening up for Indian exports is Defence equipments and items. India has sold helicopters to Ecuador air force. Other countries have shown interest.

Imports

India will be importing more edible oil, crude oil and minerals from the region in 2010 and in the coming years.

Investment

Indian companies should consider buying/ leasing farmland in south america to grow oilseeds, grains, sugarcane and pulses, which are needed in India. Thousands of hectares of productive land are available in the private sector at prices less than in Punjab. There is no local government restriction.

Indian companies can also consider investment in commercial forestry in order to have direct access to wood and paper pulp whose imports are also growing in India

Mining sector is another area for Indian entry.

Investment in petroleum sector can be increased

Operations of Indian IT companies can be expanded

Entertainment Industry

Indian films were shot in Rio and Machu Pichu. There are other attractive shooting locations in the region. Latin Americans are keen to collaborate with Indians for coproduction of films and exchanges of soap operas and TV productions.

Third edition of the Guide for business with Argentina, Uruguay and Paraguay – January 2010

The hard copy is being sent to Export promotion Councils, Trade and Industry organisations and exporters in the second week of January. The soft version is already in the embassy website, which is being updated every week.

This is the tenth edition of country guides I have published during my ten year stay in the region. Four editions from Sao paulo and three from Caracas. I had also published Business with Andean Community and Business with Latin America (two editions).

Trade promotion activities planned for 2010

The attachment has the list. But we want to do more.... We want to invite the Export Promotion Councils and Trade and Industry organisations to bring delegations. We want to welcome the visits of exporters and their participation in international fairs here. The embassy will match the enthusiasm and efficiency of the private sector companies who want to do business here. Try us ...Challenge us...

Celebra la vida in 2010

Our theme song for 2010 isCelebra la Vida..... by the Argentine singer Axel, who joined our Xmas party at the embassy.

[Click here to listen to the song](#)

Here is our Celebra la Vida... New Year card



Celebra la vida...!

Segundo a segundo...
Nada se guarda...
Todo se brinda...

Celebrate life...!

Second to second...
Leave nothing...
Give out everything...

Argentine song by Axel Fernando

-Link to video of the song below-

नव वर्ष की हार्दिक शुभकामनाएँ

Merry Christmas & Happy New Year

Feliz Navidad y Feliz Año Nuevo

