

# Latin America: South-South Cooperation, Trade, Business and Investments

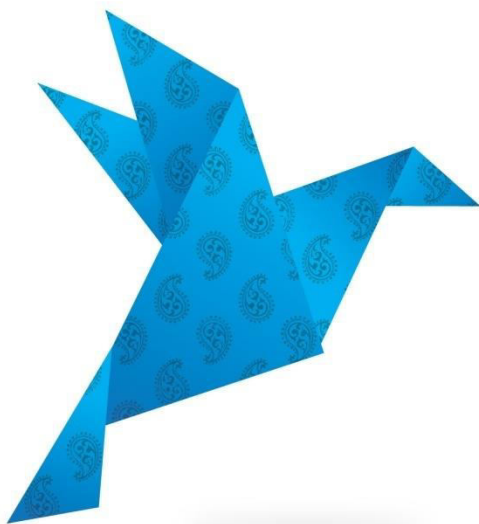
**Ms. Manjiri Bhalerao**  
**General Manager**  
**Lima, Peru**  
**June 01, 2018**



# Structure of Presentation

- 1** The LAC Economy: A Snapshot
- 2** The Indian Economy: A Snapshot
- 3** India-LAC Relations: Recent Trends
- 4** Doing Business with LAC: Potential for Indian Investments
- 5** India-LAC Cooperation
- 6** Export-Import Bank of India Initiatives in the LAC Region



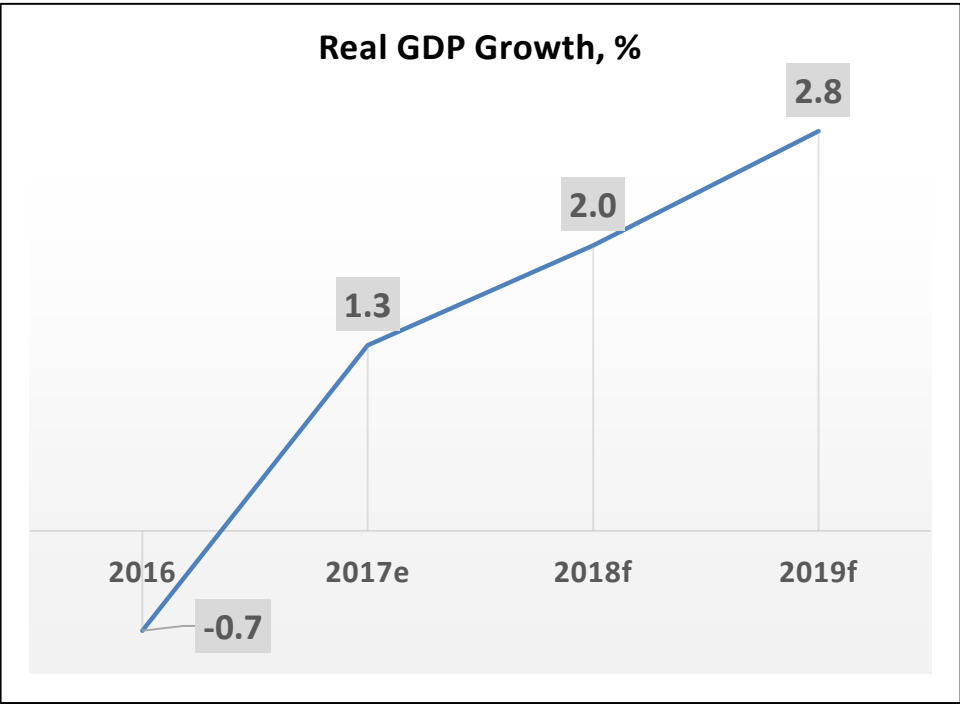


# The LAC Economy: A Snapshot



# The Latin America and Caribbean is Gaining Momentum

- The Latin American and Caribbean region's GDP, which grew at 1.3% in 2017, is forecasted to grow at 1.9% in 2018 and, further at 2.6% in 2019<sup>(1)</sup>.
- The economic recovery is broad based across the region.



Regions	Real GDP Growth, %			
	2016	2017	2018f	2019f
South America	-2.5	0.7	1.7	2.5
Central America	3.7	3.7	3.9	4.0
Caribbean	3.4	2.7	3.8	3.7
<b>Latin America and Caribbean</b>	<b>-0.7</b>	<b>1.3</b>	<b>2.0</b>	<b>2.8</b>

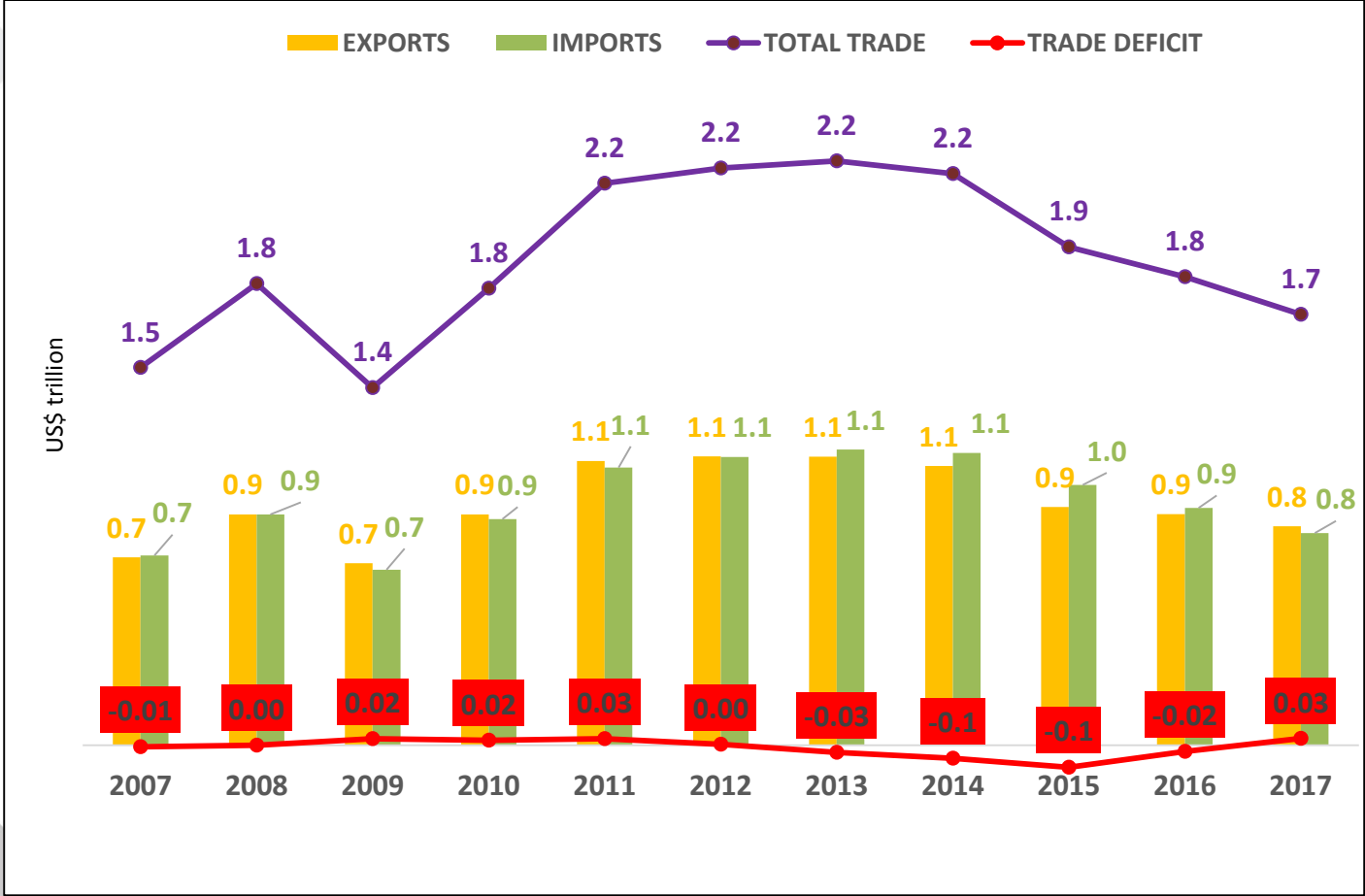


Source: (1) IMF World Economic Outlook April 2018



# LAC's International Trade

## LAC's International Trade

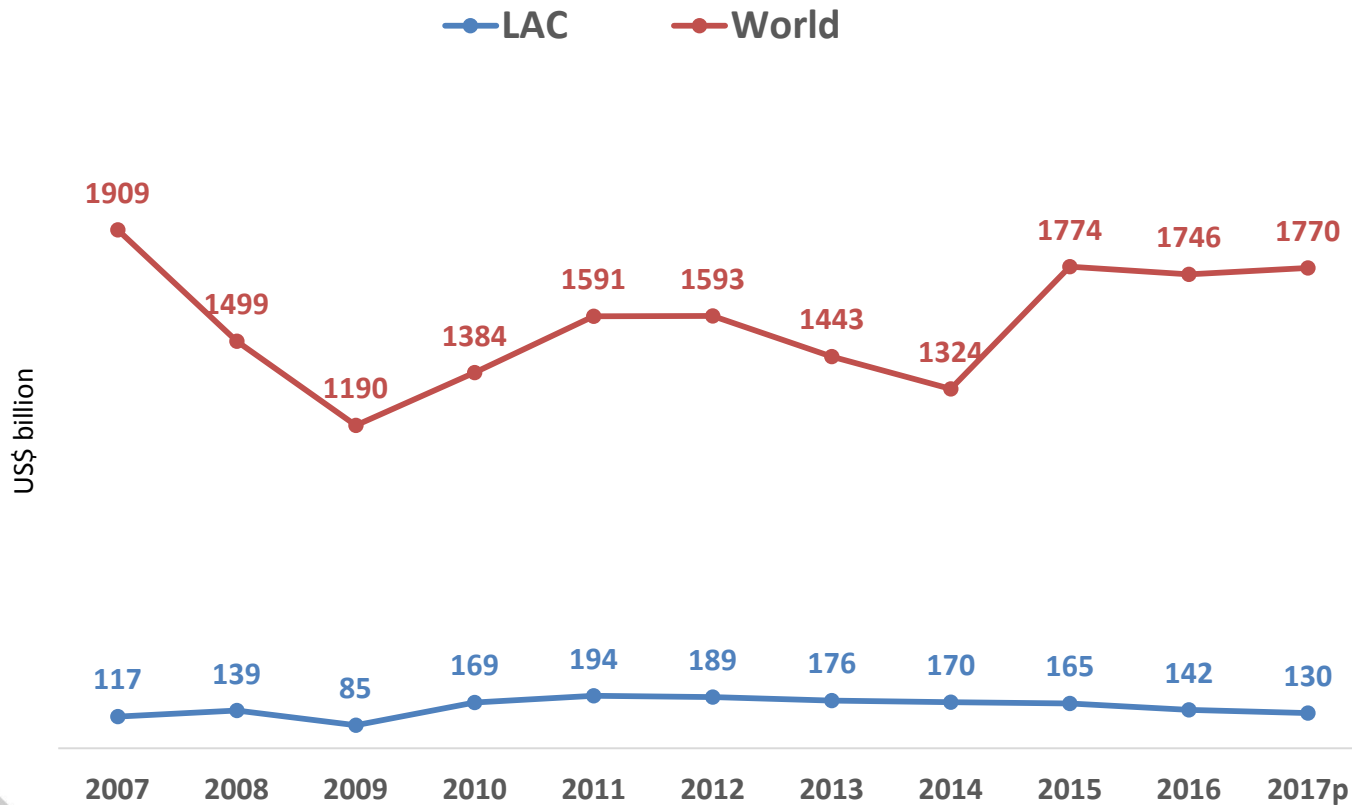


- LAC's total trade (exports plus imports) has witnessed an overall increasing trend from US\$ 1.5 trillion in 2007 to US\$ 1.7 trillion in 2017.
- Trade remained almost stable at US\$ 2.2 trillion during 2011-14, followed by relative slowdown from 2015 onwards, in line with moderating global trade.
- LAC's share in total world trade stood at 5.6% in 2016 with share in global exports being 5.6% and the share in global imports being 5.7%.

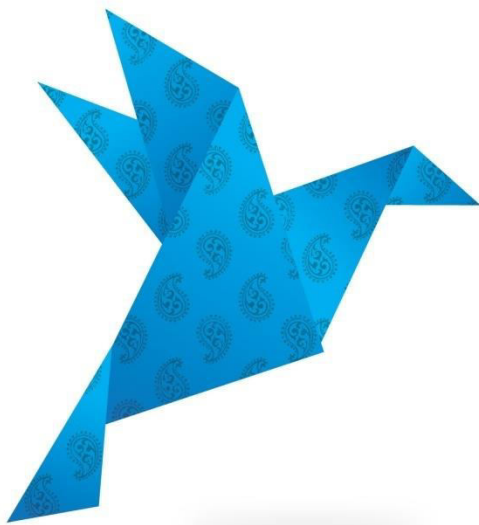


# LAC's Investment Scenario

## FDI's in LAC



- According to the UNCTAD World Investment Report of 2017, a modest increase is projected in global FDI inflows in 2017.
- This expected recovery reflects accelerating economic growth across all major regions, strong performance of stock markets and a rebound in world trade volume.
- However, the FDI inflows in LAC are expected to fall by 9.2% to reach US\$ 130 billion in 2017, even as the world investment prospects improve.



# The Indian Economy: A Snapshot



# India: An Emerging Economic Powerhouse

## Strong Economic Fundamentals

- World's 6<sup>th</sup> largest economy based on nominal GDP in 2017 <sup>(1)</sup>
  - Nominal GDP for 2017: ~US\$ 2.6 trillion<sup>(1)</sup>
- World's 3rd largest economy based on GDP measured in PPP terms in 2016<sup>(2)</sup>
  - GDP in PPP terms for 2016: ~US\$ 8.7 trillion<sup>(1)</sup>
- Favourable demographic profile: 66% of the population is in the age group of 15 to 64 years<sup>(2)</sup>
- Sovereign rating: Baa2/Stable (Moody's), BBB-/Stable (S&P), BBB-/Stable (Fitch).
- According to the IMF, India's economy is expected to grow at 7.4% in 2018 and 7.8% in 2019, owing to the implementation of critical structural reforms, favourable terms of trade, and lower external vulnerabilities.



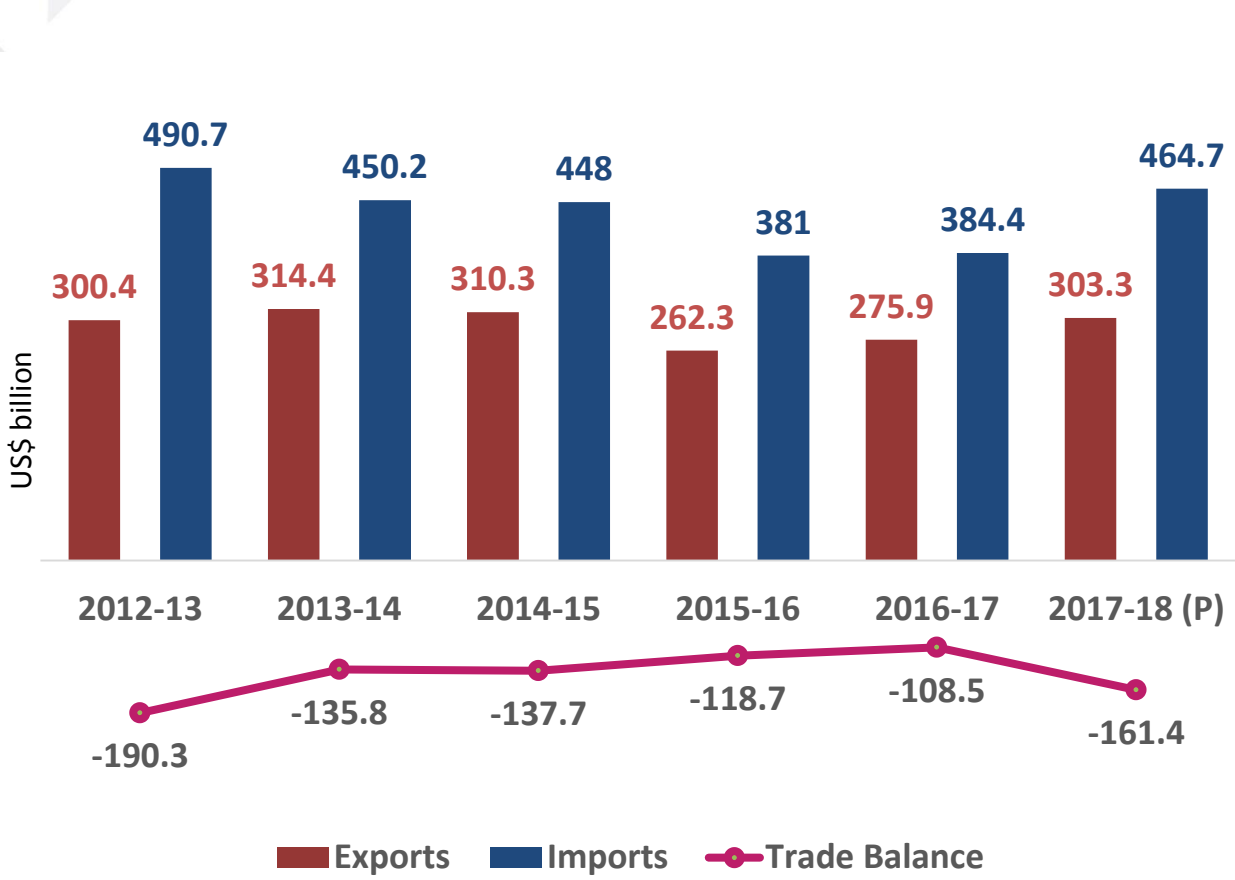
# Indian Economy - Snapshot

PARAMETER	2013-14	2014-15	2015-16	2016-17	2017-18
<b>GDP (current prices, US\$ billion)</b>	<b>1919.4</b>	<b>2039.6</b>	<b>2134.4</b>	<b>2260.6<sup>e</sup></b>	<b>2455.3<sup>f</sup></b>
<b>GDP Growth (constant prices, %)</b>	<b>6.4</b>	<b>7.5</b>	<b>8.0</b>	<b>7.1<sup>#</sup></b>	<b>6.6<sup>ae</sup></b>
<i>Agriculture &amp; allied activities (% change)</i>	5.6	-0.2	0.7	4.9 <sup>#</sup>	3.0 <sup>ae</sup>
<i>Industry (% change)</i>	3.8	7.5	8.8	5.6 <sup>#</sup>	4.8 <sup>ae</sup>
<i>Services (% change)</i>	7.7	9.7	9.7	7.7 <sup>#</sup>	8.3 <sup>ae</sup>
<b>Inflation rate (CPI, annual avg. %)</b>	<b>9.5</b>	<b>5.9</b>	<b>4.9</b>	<b>3.8</b>	<b>4.28 (March 18)</b>
<b>IIP (general, % change)</b>	<b>3.4</b>	<b>4.0</b>	<b>3.4</b>	<b>5.0</b>	<b>4.3</b>
<b>Merchandise Trade Balance (US\$ billion)</b>	<b>-135.8</b>	<b>-137.7</b>	<b>-118.7</b>	<b>-106.2</b>	<b>-145.5 (Apl- Feb 18)</b>
<b>Services Trade Balance (US\$ billion)</b>	<b>73.1</b>	<b>76.5</b>	<b>69.7</b>	<b>67.4</b>	<b>50.9 (Apl-Dec 17)</b>
<b>Current Account Balance (US\$ billion)</b>	<b>-32.4</b>	<b>-26.8</b>	<b>-22.1</b>	<b>-15.2</b>	<b>-22.2 (Apl-Sep 17)</b>
<i>CAB as percentage of GDP (%)</i>	-1.7	-1.3	-1.1	-0.7	-1.8 (Apl-Sep 17)
<b>External Debt (US\$ billion)</b>	<b>446.2</b>	<b>474.7</b>	<b>485.0</b>	<b>471.9</b>	<b>513.4 (Dec 17)</b>
<b>Forex Reserves (US\$ billion) (as on end-March)</b>	<b>304.2</b>	<b>341.6</b>	<b>360.2</b>	<b>370.0</b>	<b>424.4 (Mar 30, 18)</b>
<b>FDI Inflows (US\$ billion)</b>	<b>36.0</b>	<b>45.1</b>	<b>55.6</b>	<b>60.2</b>	<b>56.6 (Apl-Feb 18)</b>
<b>FDI Outflows* (US\$ billion)</b>	<b>36.9</b>	<b>30.9</b>	<b>22.0</b>	<b>24.9</b>	<b>18.7</b>
<b>Exchange Rate (annual avg., ₹/US\$)</b>	<b>60.5</b>	<b>61.1</b>	<b>65.5</b>	<b>67.1</b>	<b>67.32 (May 14, 18)</b>

Note: e- GOI's estimate, ae- advanced estimates, # - revised estimates; \* - FDI Outflows include Equity, Loan and Guarantee Issued; FYxx means financial year ended March 31, 20xx. Source: IIF, MOCI, CSO, RBI

# India's Merchandise Trade

## Increased Global Integration through Trade



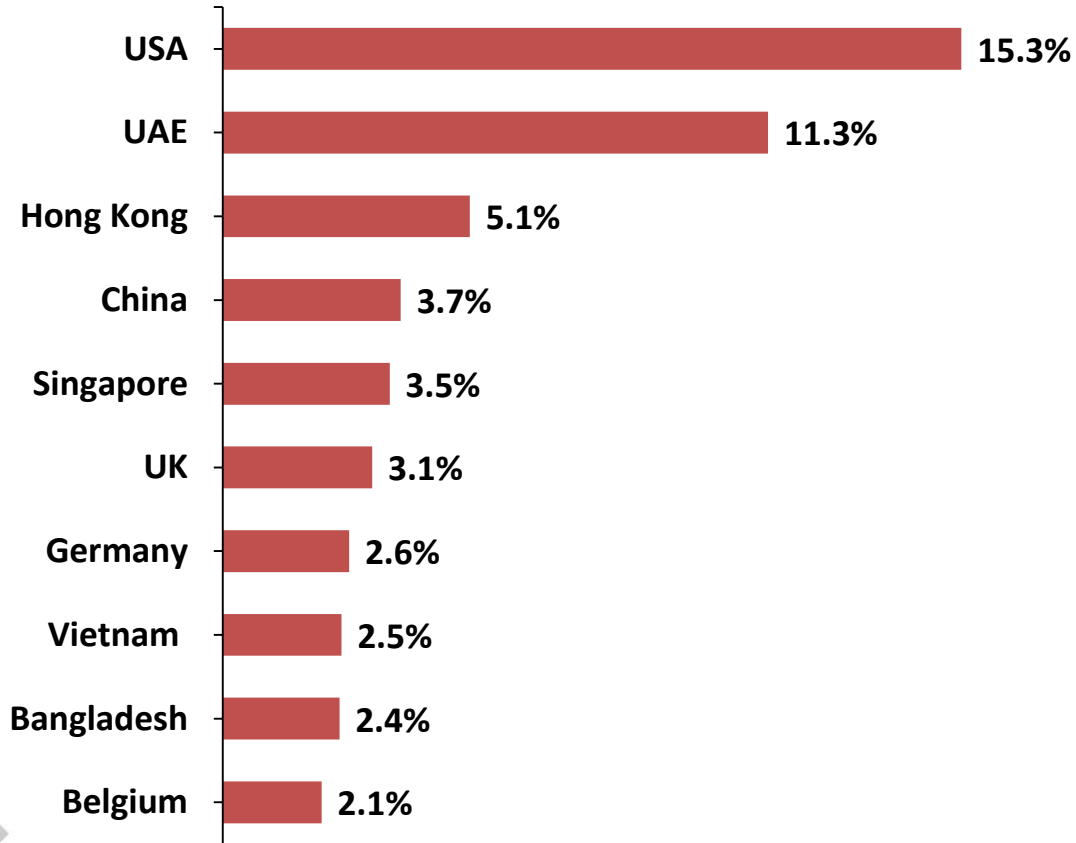
- Decline in global commodity prices and weak demand resulted in subdued global trade in the last couple of years, which is now showing signs of revival as the world economic growth picks up and the commodity prices also stiffens.
- India's share in global merchandise trade stood at 1.6% (2017).
- As per provisional estimates of FY2018 the exports of merchandise from India stood at US\$ 303.3 billion, registering a year-on-year growth rate of 10%. The imports recorded a growth rate of 21% and was valued at US\$ 464.7 billion respectively.
- Trade deficit is projected to decreased from US\$ 190 billion FY2013 to US\$ 161 billion in FY2018.

Source: (1) Ministry of Commerce and Industry; (2) World Trade Organization  
Note: (P)- Projections



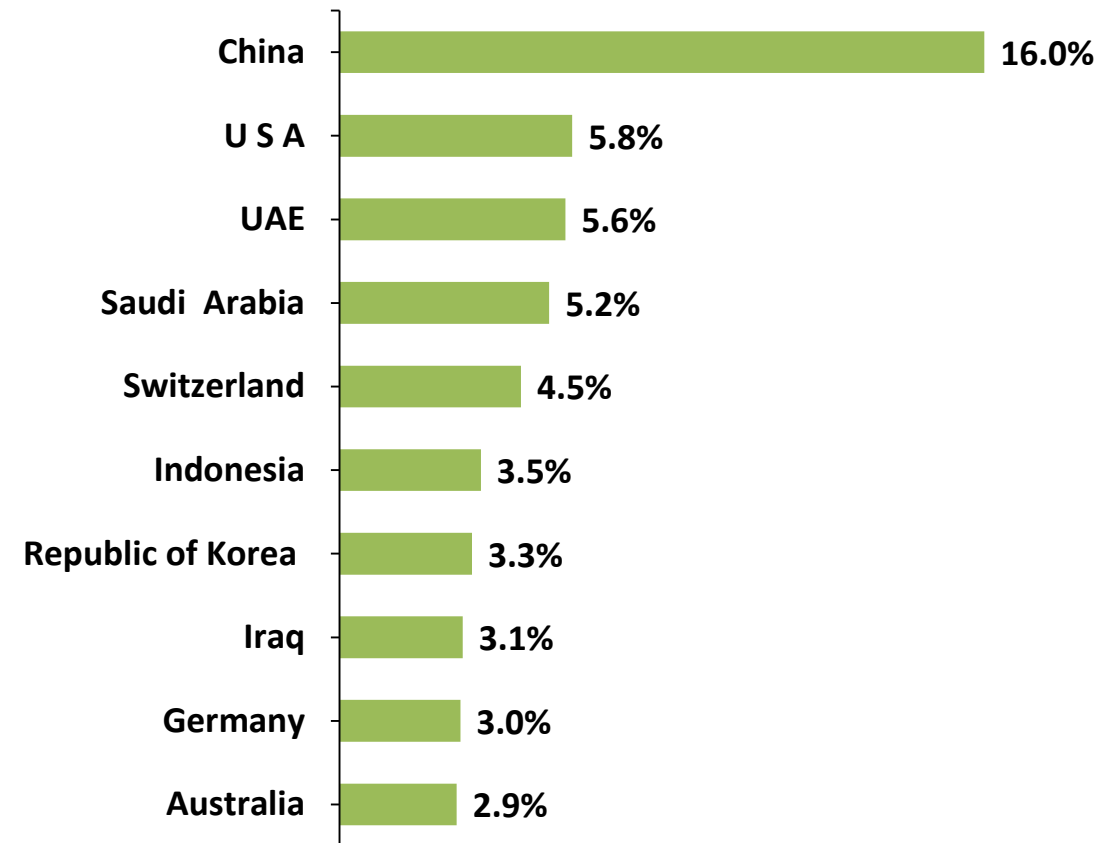
# India's Major Trading Partners

## Top Export Destinations (FY 2017)



Source: MOCI

## Top Import Sources (FY 2017)

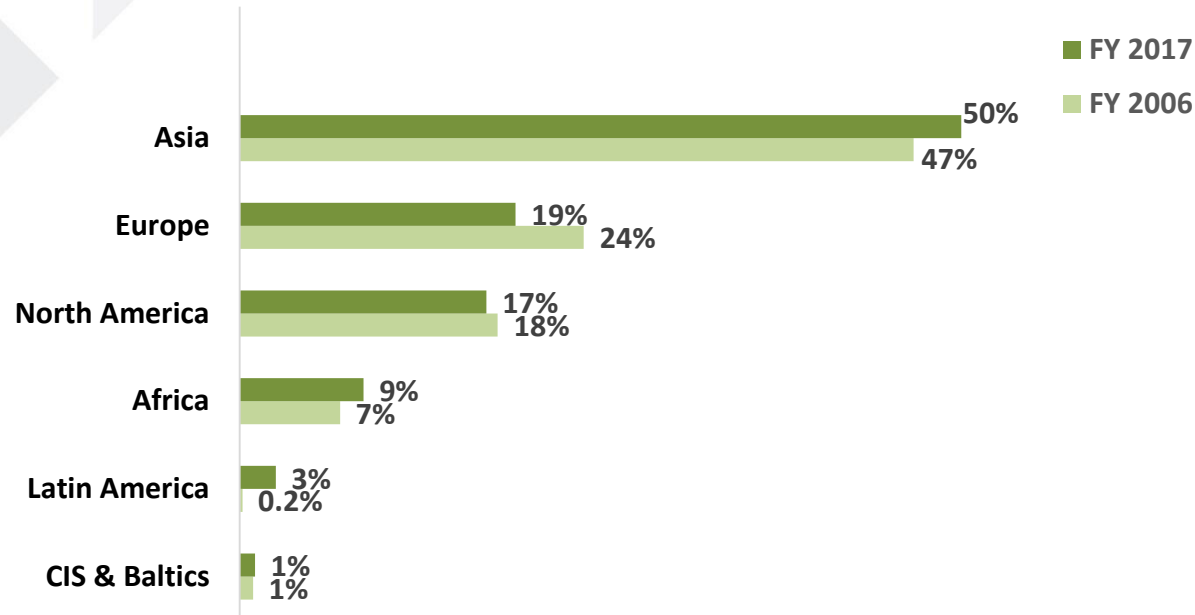


Source: MOCI

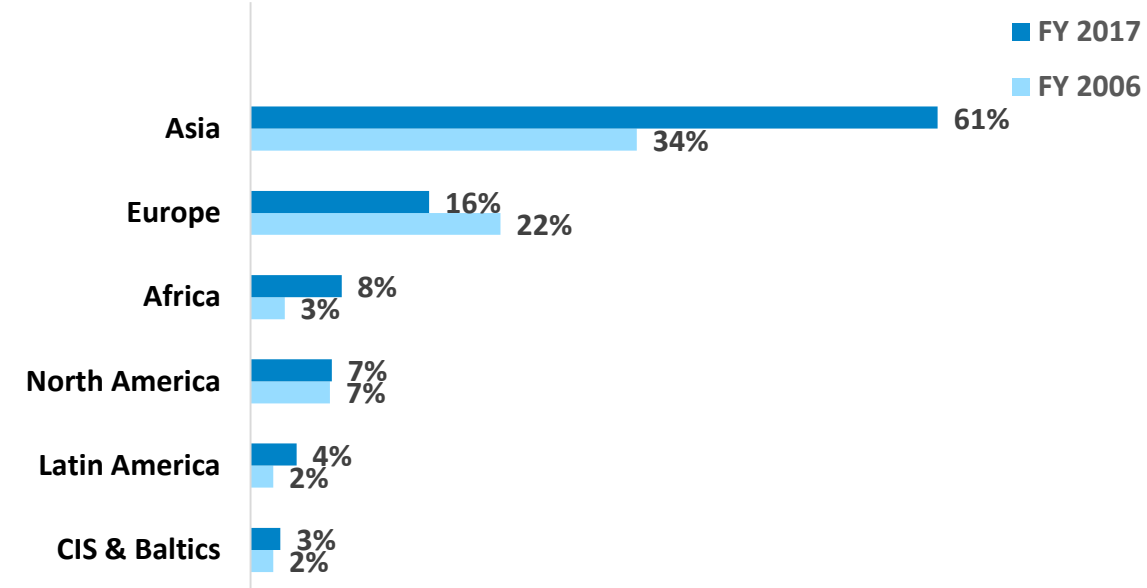


# India's Trade: Shifting Southwards

Region-wise Export Destinations FY2006 and FY2017



Region-wise Import Sources FY2006 and FY2017



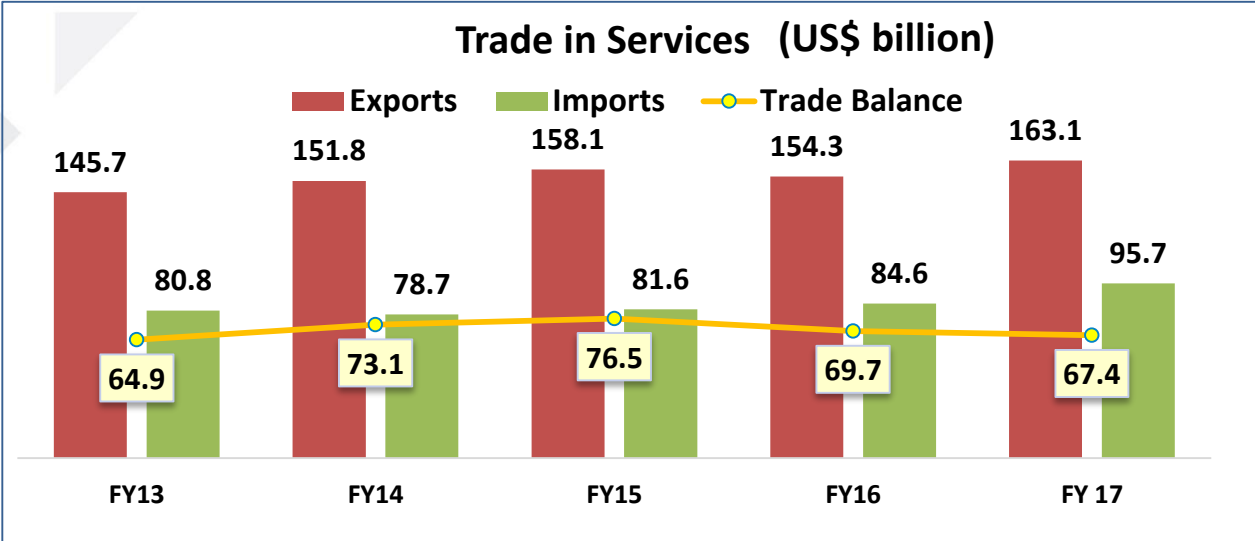
- Direction of trade moving towards developing countries, particularly Asia, Africa and LAC.
- Share of Asia, Africa and LAC regions in India's exports increased from 54% in FY2006 to 62% in FY2017.
- Share of Asia, Africa and LAC regions in India's imports increased sharply from 39% in FY2006 to 73% in FY2017; of this, share of Asia region rose from 34% to 61% during this period.
- Future trade flows to be geared towards the developing nations (buttressed by GOI policies).

Note: - Mexico is excluded in North America's regional classification and included in Latin America  
- Figures indicate percentage share to total export/import and may not add up to 100 as the data for unspecified countries are excluded.

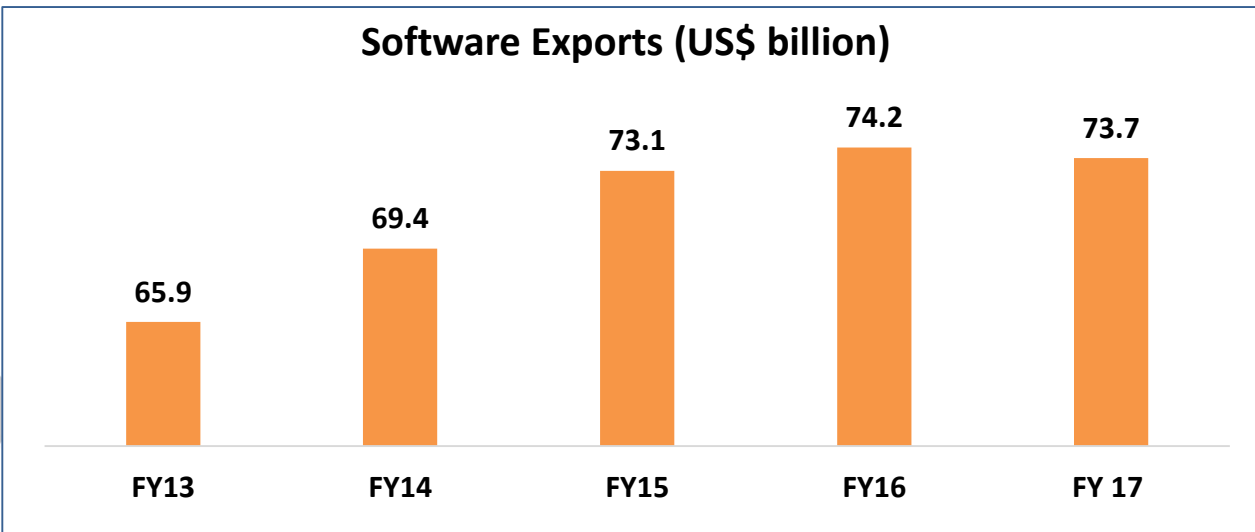
Source: Ministry of Commerce & Industry, Government of India

# India's Trade in Services

### Trade in Services (US\$ billion)



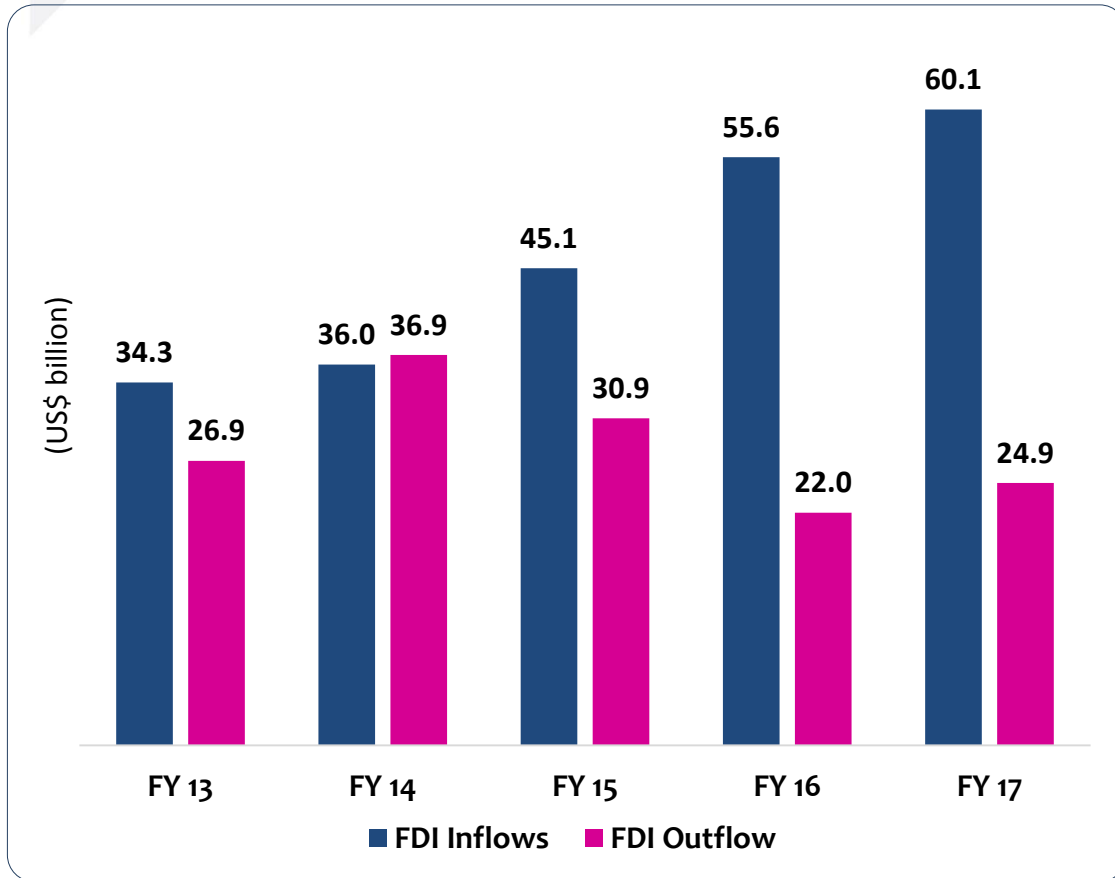
### Software Exports (US\$ billion)



### Global Ranking and Share in Services Exports

Ranking	Country	2005 (%)	Country	2010 (%)	Country	2016 (%)
1	USA	14.7	USA	14.3	USA	15.4
2	UK	8.1	UK	6.9	UK	6.7
3	Germany	6.4	Germany	6.4	Germany	5.6
4	France	4.8	France	5.0	France	4.9
5	Japan	4.3	China	4.2	China	4.3
6	Spain	3.7	Japan	3.6	Netherlands	3.7
7	Netherlands	3.6	Spain	3.2	Japan	3.6
8	Italy	3.5	Netherlands	3.0	<b>India</b>	<b>3.3</b>
9	China	2.9	<b>India</b>	<b>3.0</b>	Singapore	3.1
10	Hong Kong	2.5	Hong Kong	2.7	Ireland	3.0
11	Ireland	2.3	Ireland	2.5	Spain	2.6
12	Belgium	2.2	Italy	2.5	Switzerland	2.3
13	Canada	2.2	Singapore	2.4	Belgium	2.3
14	Singapore	2.2	Belgium	2.4	Italy	2.1
15	<b>India</b>	<b>2.0</b>	South Korea	2.2	Hong Kong	2.0
16	Switzerland	1.9	Switzerland	2.1	Luxembourg	1.9
17	South Korea	1.9	Canada	1.9	South Korea	1.9
18	Denmark	1.7	Luxembourg	1.6	Canada	1.7
19	Sweden	1.7	Denmark	1.6	Sweden	1.5
20	Austria	1.7	Sweden	1.6	Thailand	1.4

# India's Foreign Direct Investment Flows

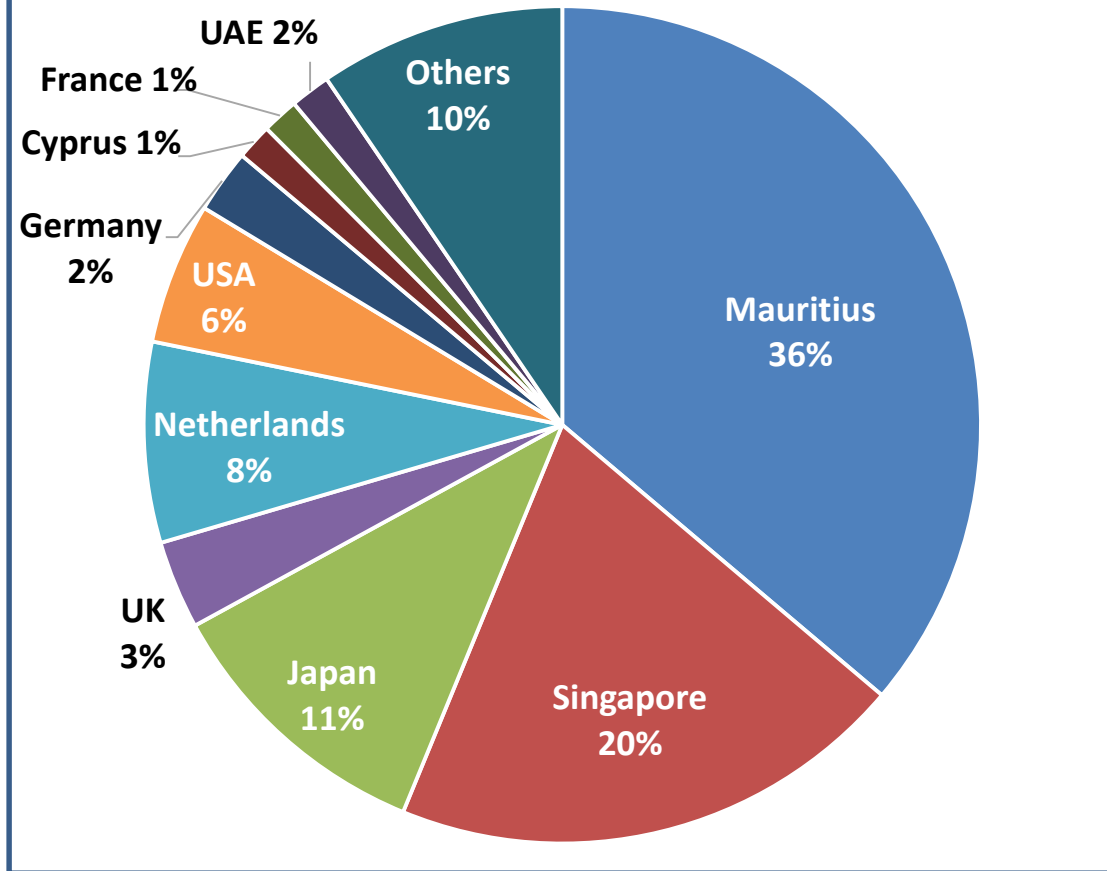


- Several FDI reform measures have been implemented, allowing India to become one of the world's largest recipients of FDI.
- FDI inflow into India increased to US\$ 60.1 billion in 2016-17, as compared to US\$ 34.3 billion in 2012-13, mainly due the two-fold rise in equity inflows during the period.
- FDI outflow from India, however, stood lower at US\$ 24.9 billion in FY2017, against US\$ 26.9 billion in FY2013.

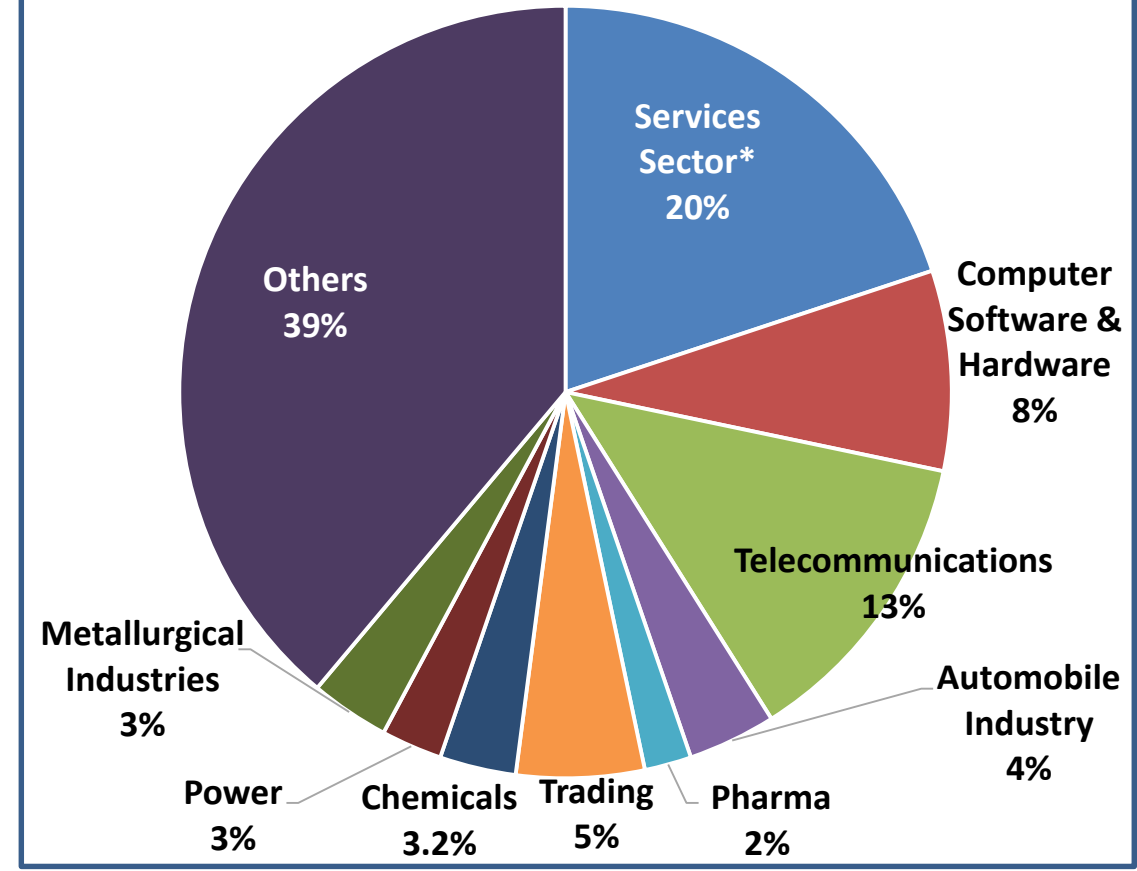
# India's Foreign Direct Investment Flows

India's FDI Inflows – 2016-17 stood at US\$ 43.5 billion#

Top FDI Investing Countries



Top Sectors for FDI Inflows



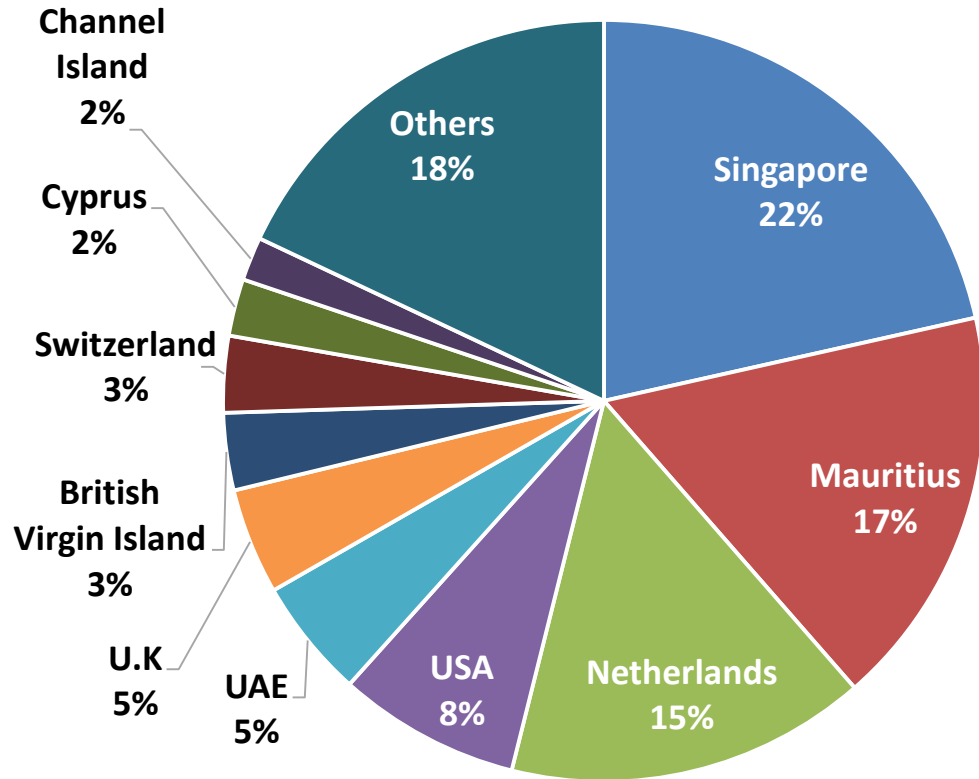
#- data is for FDI equity inflow; \* - Services sector includes Financial, Banking, Insurance, Non-Financial / Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis

Source: DIPP

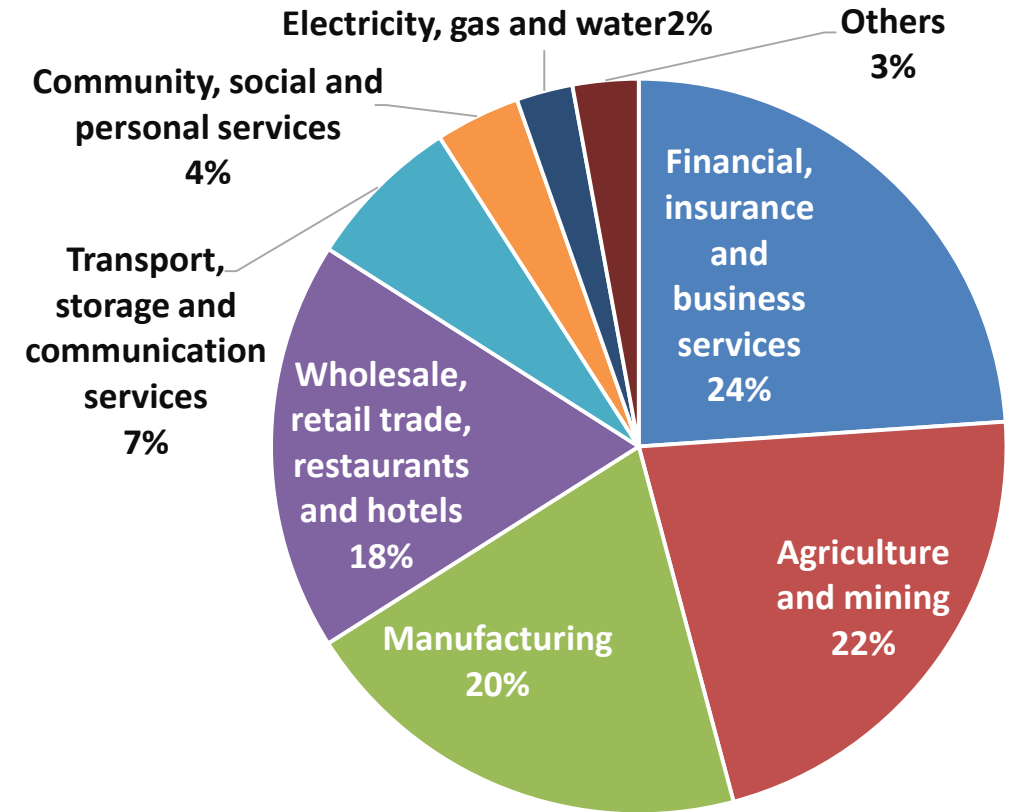
# India's Foreign Direct Investment Flows

## India's FDI Outflows – FY2017 (US\$ 24.9 bn)

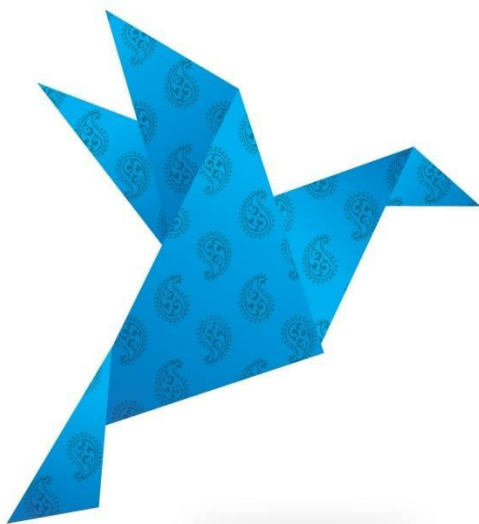
Destination-wise FDI Outflows



Sector-wise FDI Outflows





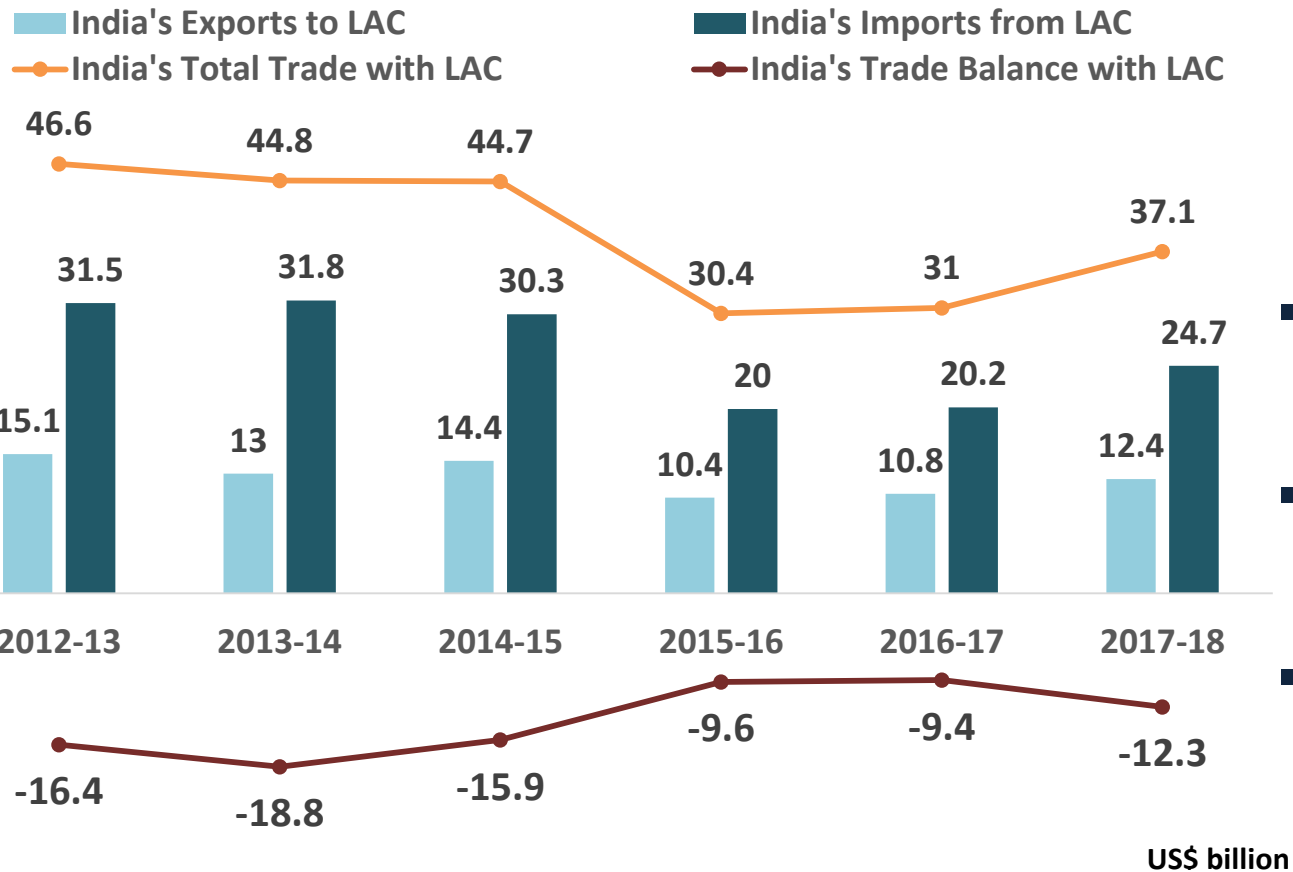


# India-LAC Relations: Recent Trends



# India's Trade Relations with LAC

## India-LAC Bilateral Trade (US\$ billion)



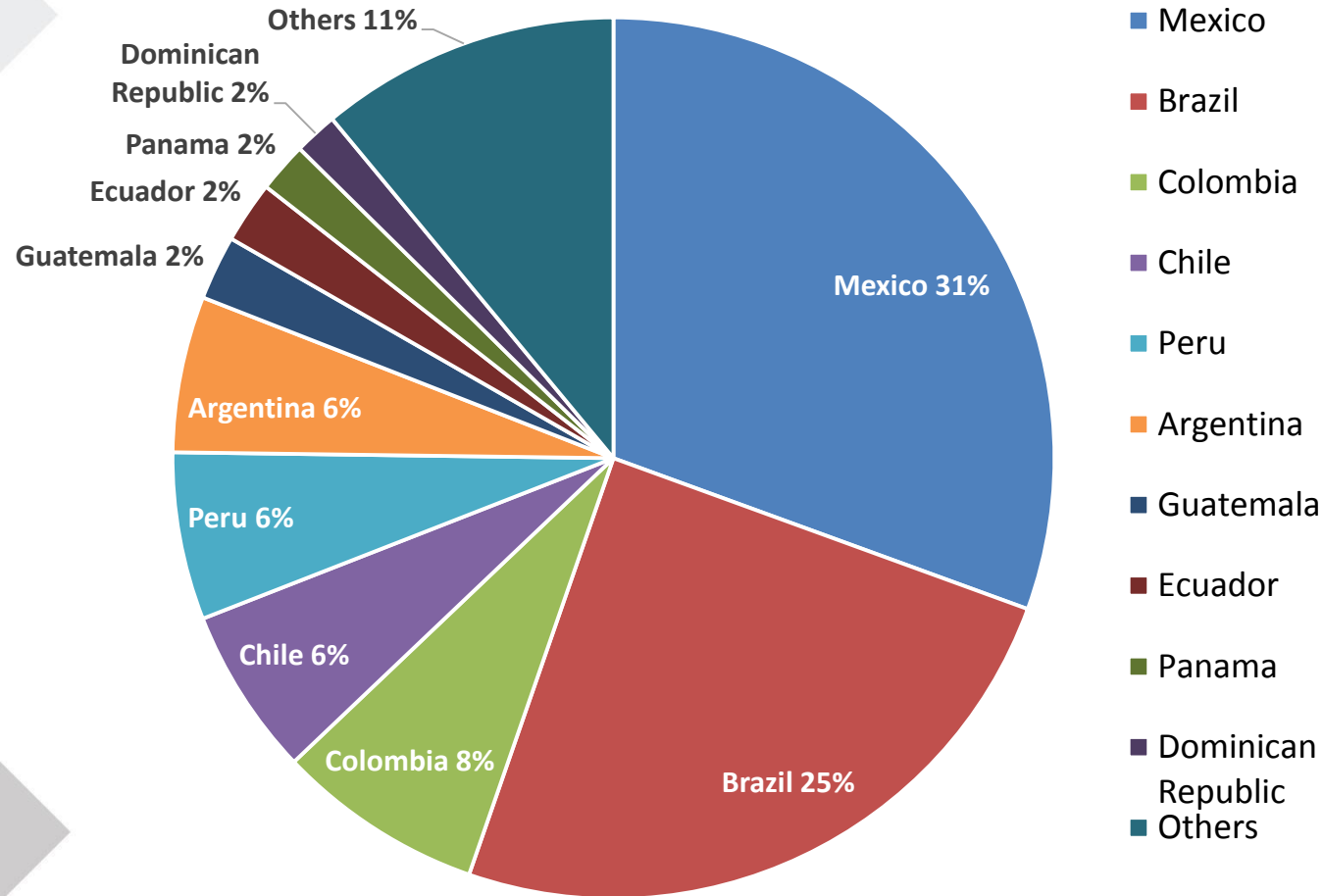
- India's total trade with LAC has moderated from US\$ 46.6 billion in FY13 to US\$ 37.1 billion in FY18, due to a fall in global commodity prices. Commodity prices are now picking up and improving prospects of global economic growth.
- India's exports to LAC region in FY18 increased by 15% (year on year) to reach US\$ 12.4 billion.
- India's imports in the FY18 increased by 22% (year on year) to reach US\$ 24.7 billion.
- India's trade deficit with the LAC region narrowed to US\$ 12.3 billion in FY18 from US\$ 16.4 billion in FY13.

Source: Ministry of Commerce and Industry, GOI

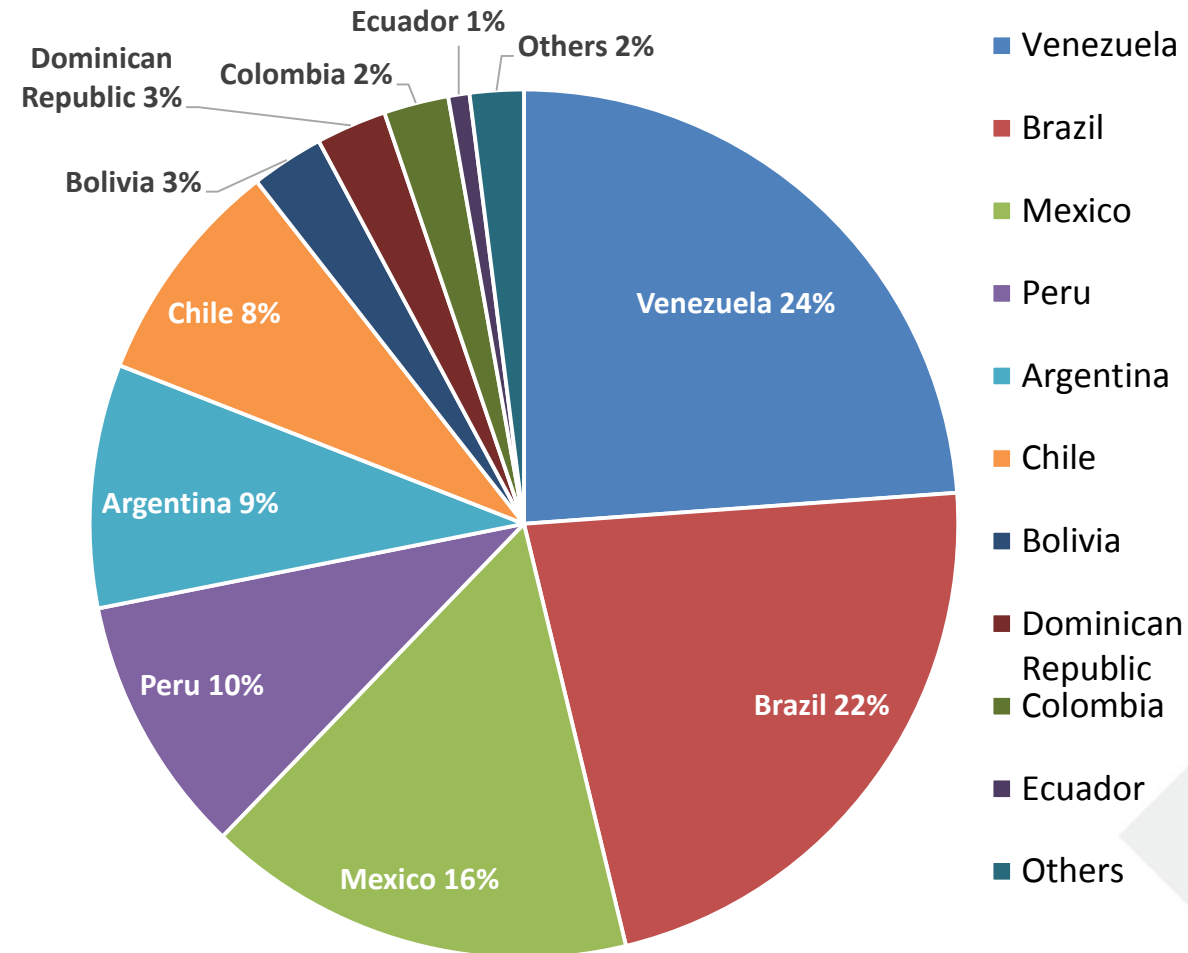
Note: - Mexico is excluded in North America's regional classification and included in Latin America

# India's Trade with LAC – Major Markets (2017-18)

Exports: USD 12.4 billion

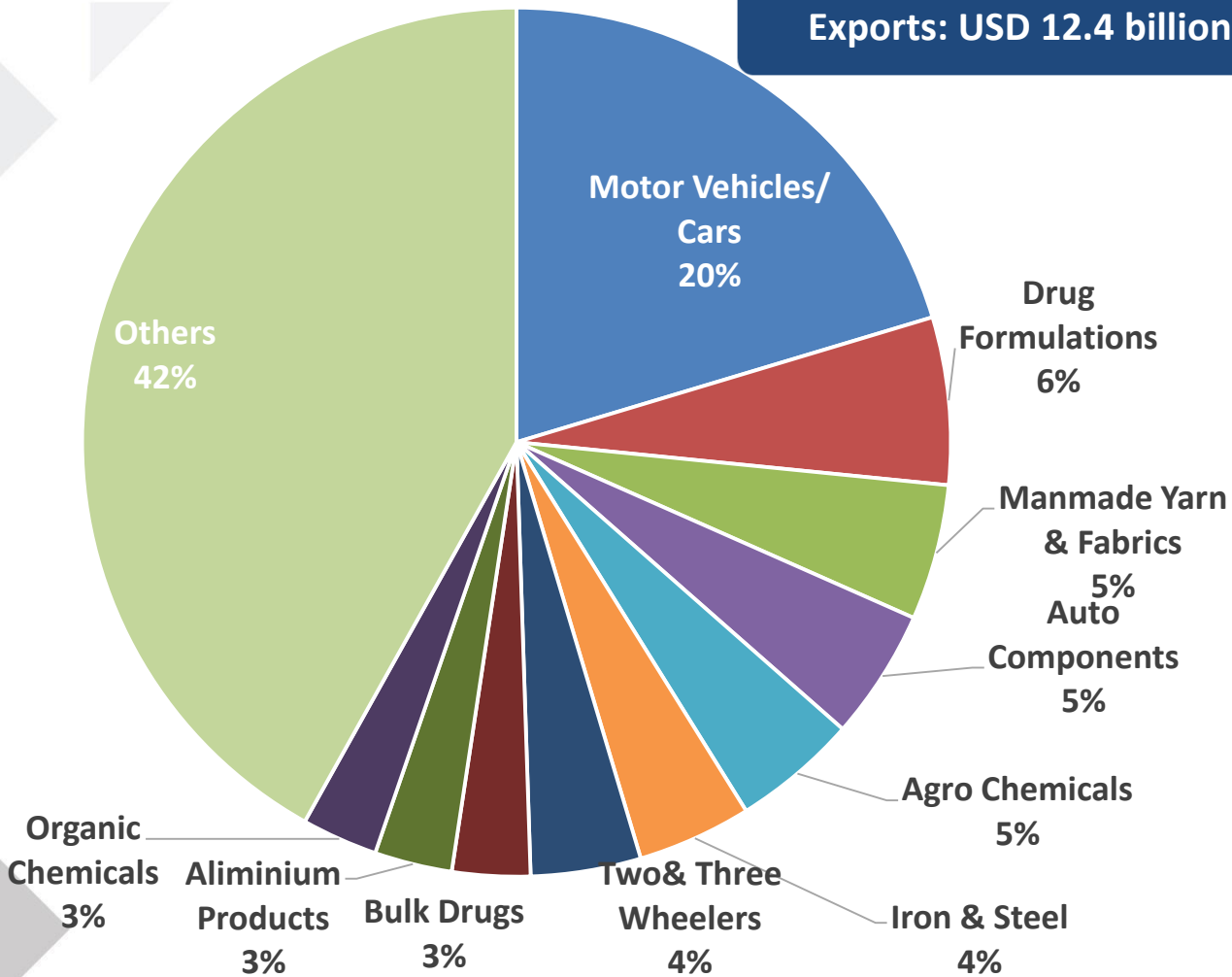


Imports: USD 24.7 billion

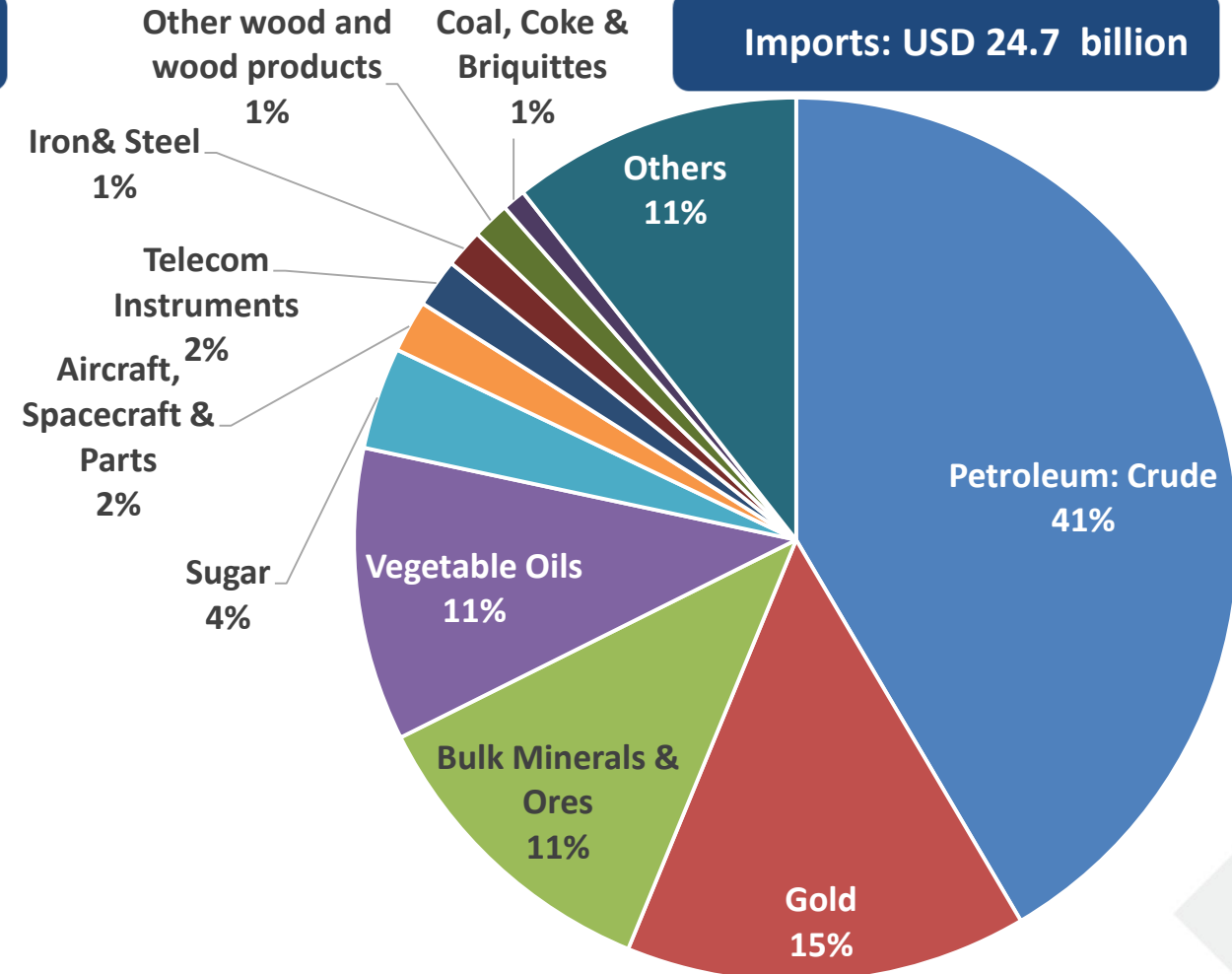


# India's Trade with LAC: Components (2017-18)

Exports: USD 12.4 billion



Imports: USD 24.7 billion



# India-LAC Investment Relations

## India's FDI Outflows – Country-wise approvals in LAC region (US\$ million)

Country	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 (April to November)	Apl. 2011 to November 2017
British Virgin Island	1582.7	1011.6	3791.9	231	81.5	25.5	133.0	6857.2
Cayman Island	218.9	1368.6	689.5	791.3	841.9	794.1	202.8	4907.1
Panama	1889.9	19.8	61.9	18.8	13.2	36.4	26.8	2066.8
Bermuda	61	340.1	10	-	62.2	-	28.2	501.5
Brazil	21.1	16	39.9	21.2	70.3	27.5	21.8	217.8
Bahamas	34.4	54.9	17.1	32.8	10.8	13	-	163.0
Chile	2.7	13.5	0.3	11.8	10.9	12.7	4.7	56.6
Mexico	4.1	6.4	8.7	8.3	3.7	11.7	5.6	48.5
Colombia	0.1	-	-	0.6	0.1	2	21.7	24.5
Guyana	0.2	-	7.8	3.1	2.9	3.2	0.4	17.6
Peru	1.9	2.2	1.9	6.7	1.4	0.5	2.1	16.7
Uruguay	-	0.2	-	-	15	-	0.01	15.2
Venezuela	2.2	0.3	0.3	5.9	2.6	0.8	0.1	12.2
Others	8.1	6.4	2.741	3.25	0.6	2.9	-	23.991
<b>LAC</b>	<b>3827.3</b>	<b>2840.1</b>	<b>4631.9</b>	<b>1134.8</b>	<b>1117.1</b>	<b>930.4</b>	<b>447.3</b>	<b>14928.9</b>
<b>% of total FDI outflows</b>	<b>12.4%</b>	<b>10.6%</b>	<b>12.6%</b>	<b>3.7%</b>	<b>5.1%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>6.6%</b>

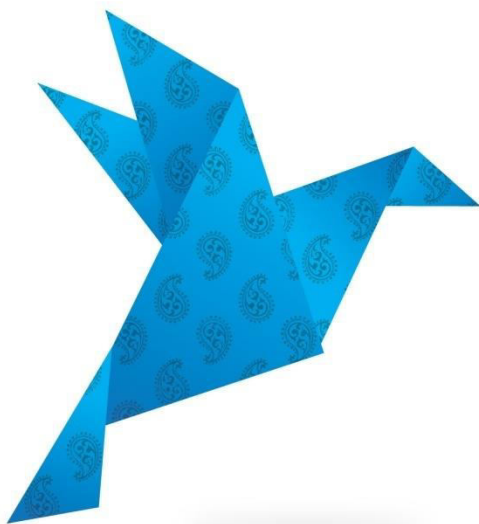
Source: Reserve Bank of India

# India-LAC Investment Relations

## FDI inflows into India – Country-wise from LAC region

Country	April 2000-Dec 2017 (US\$ million)	% of Total FDI Inflows
Cayman Islands	2,572.2	0.7
British Virginia	1,375.6	0.37
Bermuda	502.1	0.14
Chile	150.5	0.04
Virgin Islands(US)	123.2	0.03
Mexico	121.8	0.03
St. Vincent	55.8	0.02
Panama	45.0	0.01
Bahamas	40.6	0.01
Saint Kitts & Nevis	33.5	0.01
Brazil	24.8	0.01
Argentina	10.2	-
Belize	7.0	-
Uruguay	5.3	-
Trinidad & Tobago	2.6	-
Cuba	1.0	-
Guyana	1.0	-
Jamaica	0.5	-
Peru	0.2	-
St. Lucia	0.1	-
<b>LAC TOTAL</b>	<b>5,073.2</b>	<b>1.38</b>

- FDI inflows from the LAC region was 1.38% of India's overall FDI inflows during April 2000- December 2017.
- Cayman Islands, British Virgin Islands and the Bermudas were the major sources of India's FDI inflows from the LAC region.
- Some of the LAC companies invested in India include IMPSA (Argentina), Biosidus (Argentina), Bago (Argentina), Marcopolo (Brazil), CVRD (Brazil), Sunley Fashion (Brazil), Weg (Brazil), Perto (Brazil), Gerdau (Brazil), Magneti Marelli (Brazil), Cineopolis (Mexico), Homex (Mexico), FANALCA (Colombia), Aje Group (Peru), Pollo Campero (Guatemala).



# Doing Business in LAC: Potential for Indian Investments



# Doing Business in LAC

## Doing Business Ranking of LAC Economies in 2017

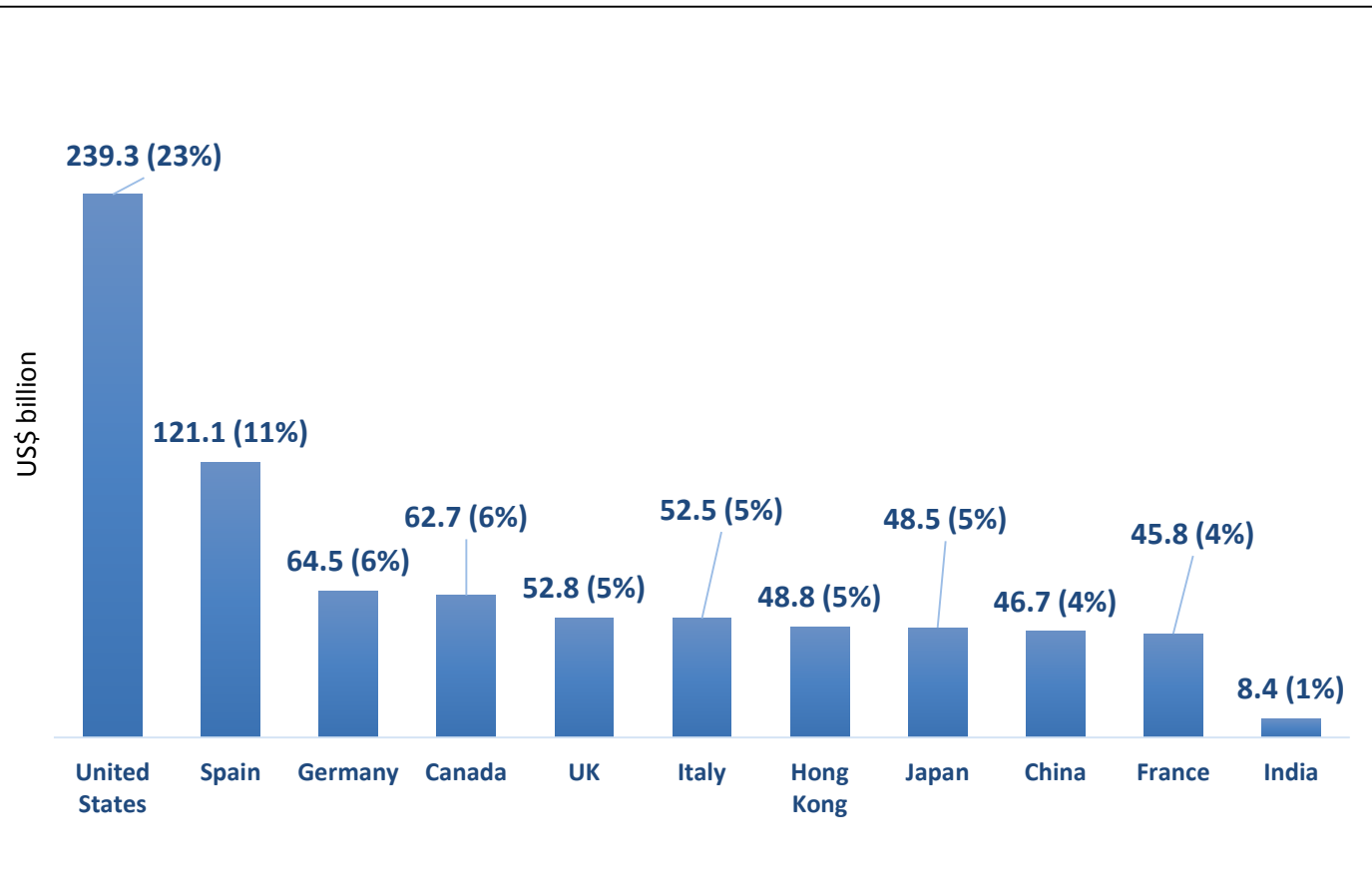
Economy	Ease of Doing Business Rank	Economy	Ease of Doing Business Rank
Mexico	49	Honduras	115
Peru	58	Argentina	117
Colombia	59	Ecuador	118
Costa Rica	61	Bahamas, The	119
Puerto Rico (U.S.)	64	Belize	121
Jamaica	70	Brazil	125
El Salvador	73	Guyana	126
Panama	79	St. Vincent and the Grenadines	129
St. Lucia	91	Nicaragua	131
Uruguay	94	Barbados	132
Guatemala	97	St. Kitts and Nevis	134
Dominica	98	Grenada	142
Dominican Republic	99	Bolivia	152
Trinidad and Tobago	102	Suriname	165
Antigua and Barbuda	107	Haiti	181
Paraguay	108	Venezuela, RB	188

- The region has carried out a total of 398 reforms in the last 15 years.
- Colombia implemented most reforms, and it was followed closely by Mexico and Jamaica.
- Starting a business in the LAC region takes 38 days, compared to 78 days 15 years ago.
- The global average for getting connected to electricity is 92 days for a new business, in LAC region the average is far lower at 66 days.



# Capital Investment Scenario in LAC

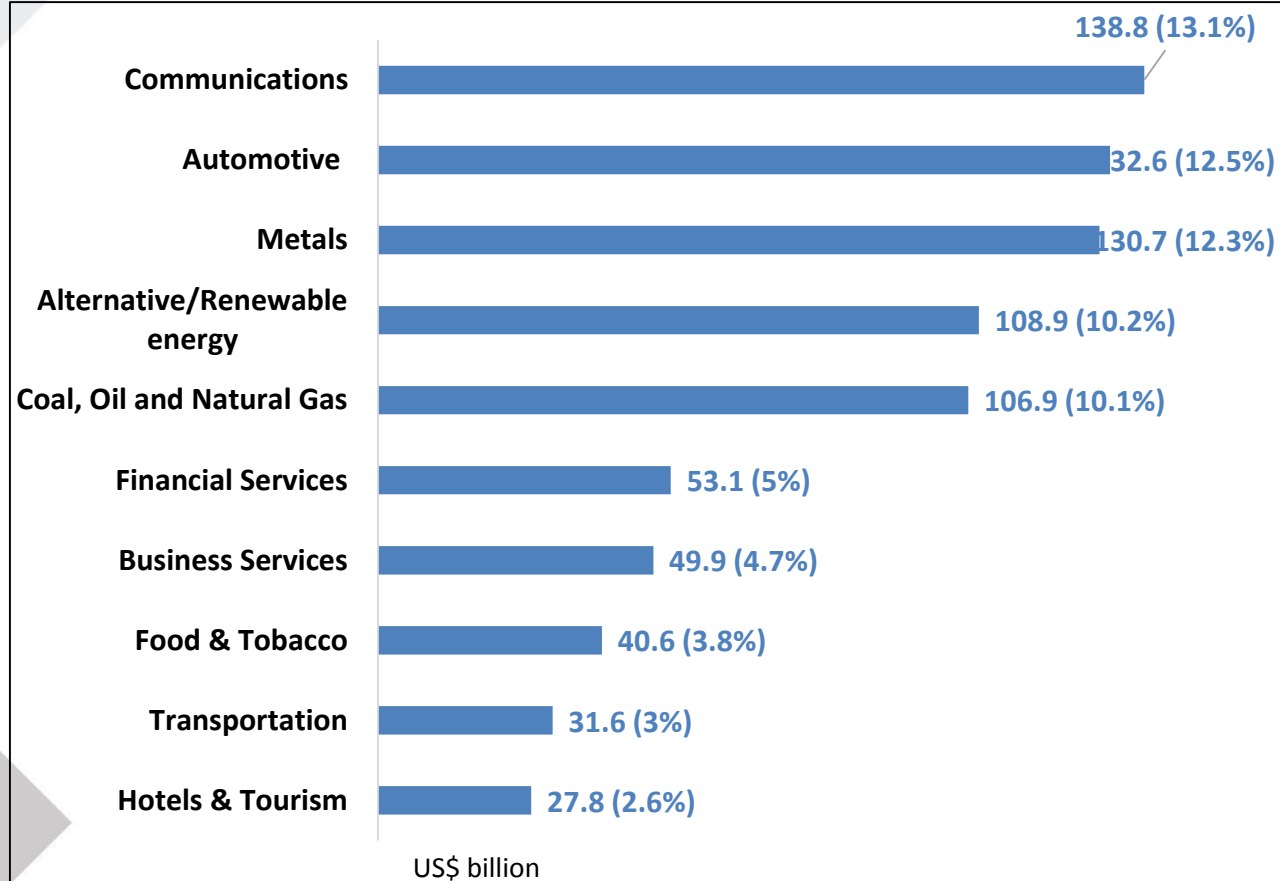
## Top 10 Capital Investing Countries in LAC vis-à-vis India's Capital Investment in LAC



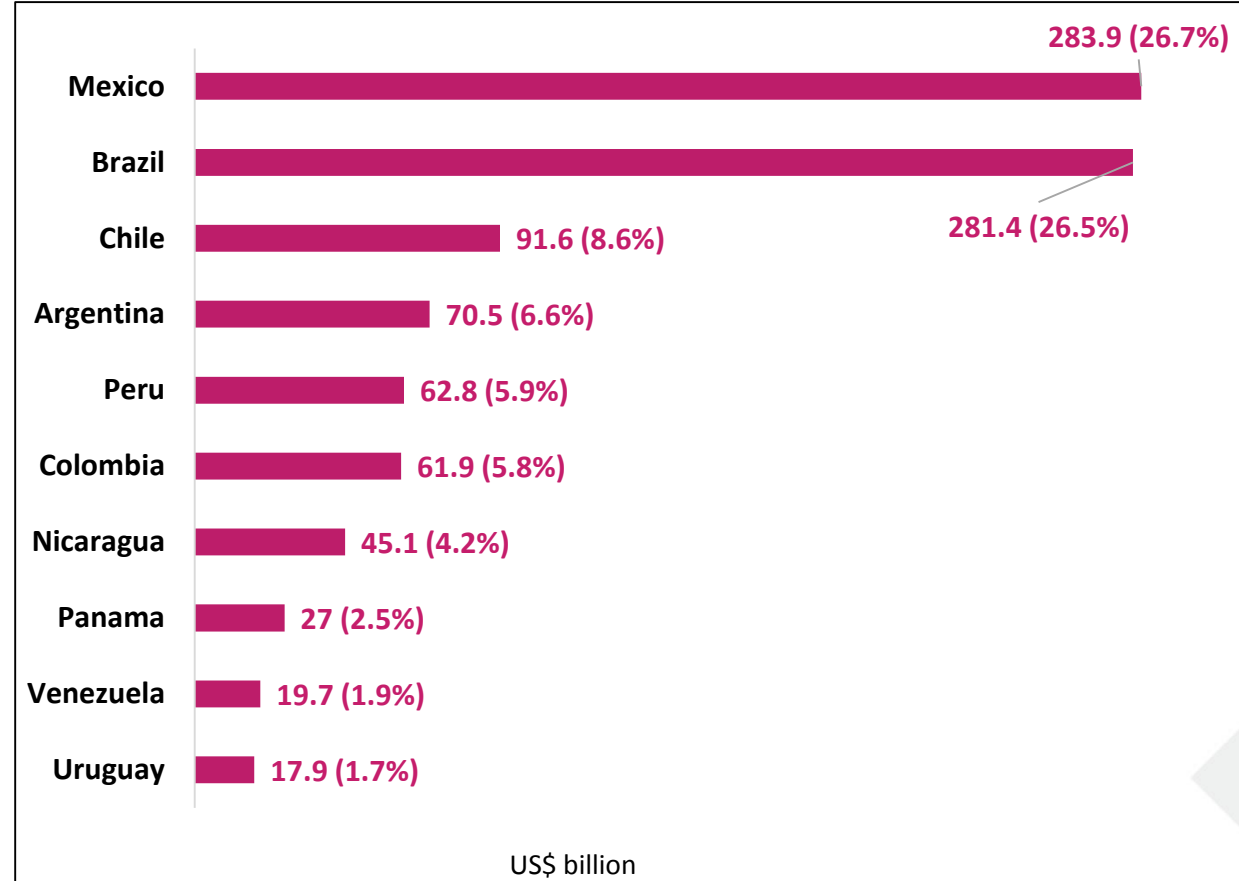
- Between January 2007 and December 2017, the United States of America alone contributed 23% of the total foreign capital investments in the LAC region. It was followed by Spain (11%), Germany (6%), Canada (6%), among others.
- India's investment contribution towards LAC is 1%, which is small considering India's global capital investment share, which is around 7%, in the same time period.

# Top Investment Attracting Countries & Sectors in LAC

## Top 10 Attractive Sectors in LAC for World Capital Investments



## Top 10 Attractive Destinations in LAC for World Capital Investments



# Indian Investments in LAC vis-à-vis Global Investments

## Indian Investments in LAC vs Overall Sectoral Share of Indian Global Investments

Sector	India's Share in Global Capital Investments in LAC (%)	Share of sector in India's Global Capital Investments (%)
Communications	-	4.1
Automotive	1.3	10.7
Alternative and Renewable Energy	-	8
Metals	0.8	6.1
Coal, Oil and Natural Gas	0.04	21.2
Business Services	0.3	3.1
Financial Services	2.2	3.1
Food and Tobacco	-	2.1

- Among the top FDI attracting sectors of LAC, clearly India has presence in Automotive, Coal, Oil and natural Gas, Metals, Business and Financial Services sectors.
- Opportunities in sectors such as Communications, Alternative and renewable energy and Coal, Oil and Natural Gas can be utilized by Indian businesses for sustained growth and geographic diversification.

Source: fDi Markets database. Data ranges from January 2011 to February 2017

Note: "-" signifies nil or negligible

# Priority Investment Sectors for Select LAC Countries

## Brazil

Oil and Gas, Automotive Industry, Renewable Energy, Infrastructure and Innovation and Technology, Agribusiness and Life Sciences

## Mexico

Aerospace, Processed Foods, Automotive Industry, Medical Devices and Pharmaceutical, Household Appliances and Electronics, Renewable Energy, ITeS and Software

## The Bahamas

Touristic Resorts, Information and Data Processing Services, High-technology services, Agro-industries, Food Processing, Banking and other financial services, Pharmaceutical Manufacturing, Offshore Medical Centers

## Guyana

Agriculture and Agro-processing, Light Manufacturing, Services, Energy, Tourism, Forestry, ICT, Mining

## Panama

Logistics, Agro-Industry, Financial Services, Tourism

## Peru

Agribusiness, Electricity, Textiles and Apparel, Mining, Hydrocarbons, Real Estate, Transport Infrastructure, Tourism

# Priority Investment Sectors for Select LAC Countries

## Chile

Food Industry, Global Services, Mining, Energy, Tourism, Business Opportunities

## Argentina

Transportation Infrastructure, Federal Infrastructure and Public Works, Power and Renewable Energy, Mining, Oil and Gas, Real Estate, Telecommunications and High-technology, Agribusiness, Tourism

## Trinidad and Tobago

Agriculture and agro-processing, Aviation Services, Financial Services, Fish and fish processing, Creative Industries, ICT, Manufacturing, Maritime Industry, Tourism

## Honduras

Agribusiness, Forestry, Textiles and Apparel, Light Manufacturing, Tourism, Business Services, Renewable Energy

## Barbados

ICT, Manufacturing, Financial Services, Renewable Energy, Pharmaceuticals, Digital Technology, Global Asset Management,

## St. Kitts and Nevis

Tourism, Agriculture, Financial Services, IT, Renewable Energy, International Education, Light Manufacturing, Ships' Registration

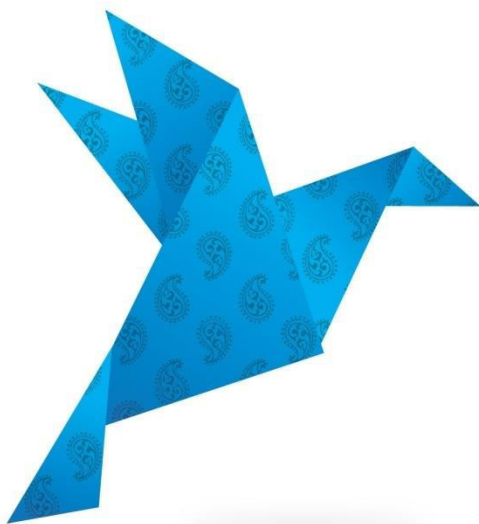
# Challenges to Increased India-LAC Engagement

- Challenges include tariff and non-tariff barriers, foreign investment restrictions, movement of professionals, taxation, regulatory compliance and permits, infrastructure, land acquisition, intellectual property protection, etc.
- **Transportation cost** remains a major constraints for trade between the two regions. Lack of direct shipping routes from India to LAC results in high transportation and allied costs such as insurance. As per estimates, Indian goods reach Latin American shores (east coast) with a minimum lag of 15-30 days as compared to other East Asian economies.
- **High Tariffs**- The trade of Latin American and Caribbean countries with India is primarily governed by the tariffs agreed to within the WTO, which are quite high for most of the traded products. India has Preferential Trade Agreement (PTA) with MERCOSUR and Chile, but no Free Trade Agreement (FTA) in LAC region.
- **Perceived Business Risks**- There is a general lack of information in India on Doing Business in LAC, due to geographical and cultural differences. Thus, business risk is perceived to be high which acts as a deterrent in exploring business opportunities. Greater attention needs to be paid by India to language proficiency in Spanish and Portuguese, which will help achieve better understanding of the Latin American reality, instead of relying on traditional English-speaking sources for information and analysis of that region



- **LAC- Gateway to World-** The Indian corporates needs to leverage on the LAC region as an investment destination and work towards investment-led trade and use the region as a production hub to not only leverage the domestic market but also use numerous trade agreements signed by Latin American countries and groups with other important markets.
- **Infrastructural Development-** Efforts should be made to reduce transaction and transport costs, streamline trade logistics, promote communication with trading partners and enhance the international competitiveness and innovation capabilities of countries in both region. Shipping companies, could be incentivised to rationalize and reduce transport costs between India and LAC. The Indian businesses have pointed out that the Indian government needs to build warehouses at strategic locations in Latin America so that goods can easily be available to customers readily.
- **Establishing Trade Agreements-** Negotiations over a FTA have started between India and Peru. Ecuador has also shown interest in negotiating a PTA with India. Colombia is also interested in collaborating with India in industries like food processing and agriculture. In 2016, the PTA between India and Chile was broadened. Going forward, more countries in the region could, perhaps, show an interest in negotiating comprehensive free trade agreements with India in the future, or at least partial preferential agreements, which could later be upgraded.
- **Movement of People-** A more liberalized visa regime, particularly for Indian businesspersons, software technicians and professionals who might need to service companies and projects in the region; would go a long way in ease of doing business.





# Indian-LAC Cooperation





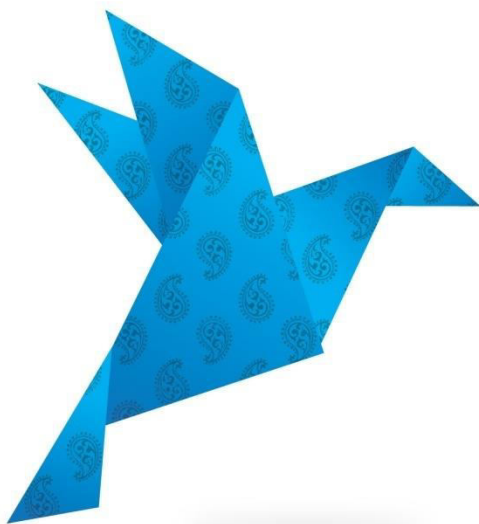
- 'Focus LAC' programme was launched in 1997. This programme enabled Indian industry to target LAC markets for project exports, and export of industrial goods and services.
- India has a Preferential Trade Agreement (PTA) with Mercosur trade bloc and Chile.
- India was granted Observer Status to the Pacific Alliance in 2014. The Pacific Alliance, a Latin American trade bloc, currently has four member states—Chile, Colombia, Mexico and Peru.
- India has an institutional mechanism for dialogue with Central American Integrated System (SICA). The Member States of SICA highlighted the importance of financial cooperation received from India through Lines of Credit (LOC) and welcomed India's offer to increase this further to US \$240 million. The region is already utilizing Line of Credit worth approximately US \$ 133 million.
- The First Meeting of the India-CARICOM Joint Commission was held in Georgetown, Guyana on 2nd June 2015. The entire gamut of bilateral relations between India and CARICOM, including cooperation in agriculture and food security, health and pharmaceuticals, small and medium enterprises, marine development and oceanography and disaster management were discussed during the Joint Commission Meeting.



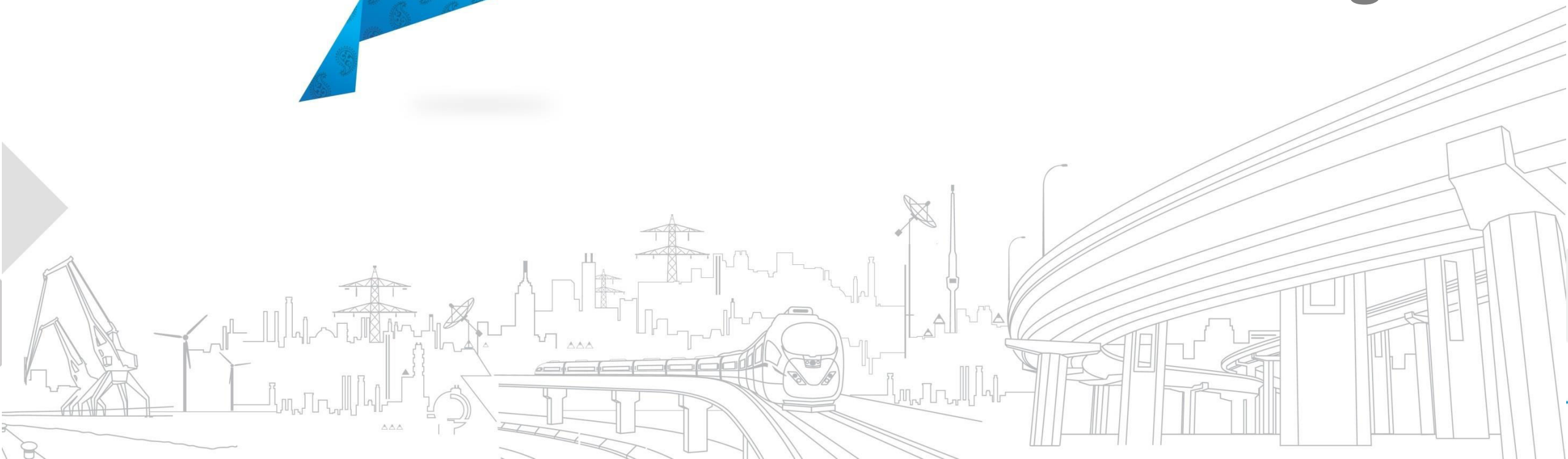
# India-LAC Cooperation

- **India-Latin America & Caribbean Conclave:** The Confederation of Indian Industries (CII) in partnership with Ministry of External Affairs (MEA), Government of India, the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC) has organised 7 editions of “India-Latin America & Caribbean (LAC) Conclave”;
- The event envisages to showcase **India’s PPP Experiences with Countries in LAC Region**, and expanding the mutually enriching partnership and an exclusive opportunity for Indian business to interact with stakeholders/financial institutions active in LAC Region’s infrastructure development.





# Export-Import Bank of India Initiatives in the LAC Region



# Export-Import Bank of India

- Set up in March 1981 under an Act of Parliament to finance, facilitate and promote India's international trade and investment
- Wholly owned by Government of India
- Commenced operations in March 1982
- Objectives:

“... for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade...”

“... shall act on business principles with due regard to public interest”

(Export-Import Bank of India Act, 1981)



# Range of Products & Services

At All Stages of Export Business Cycle

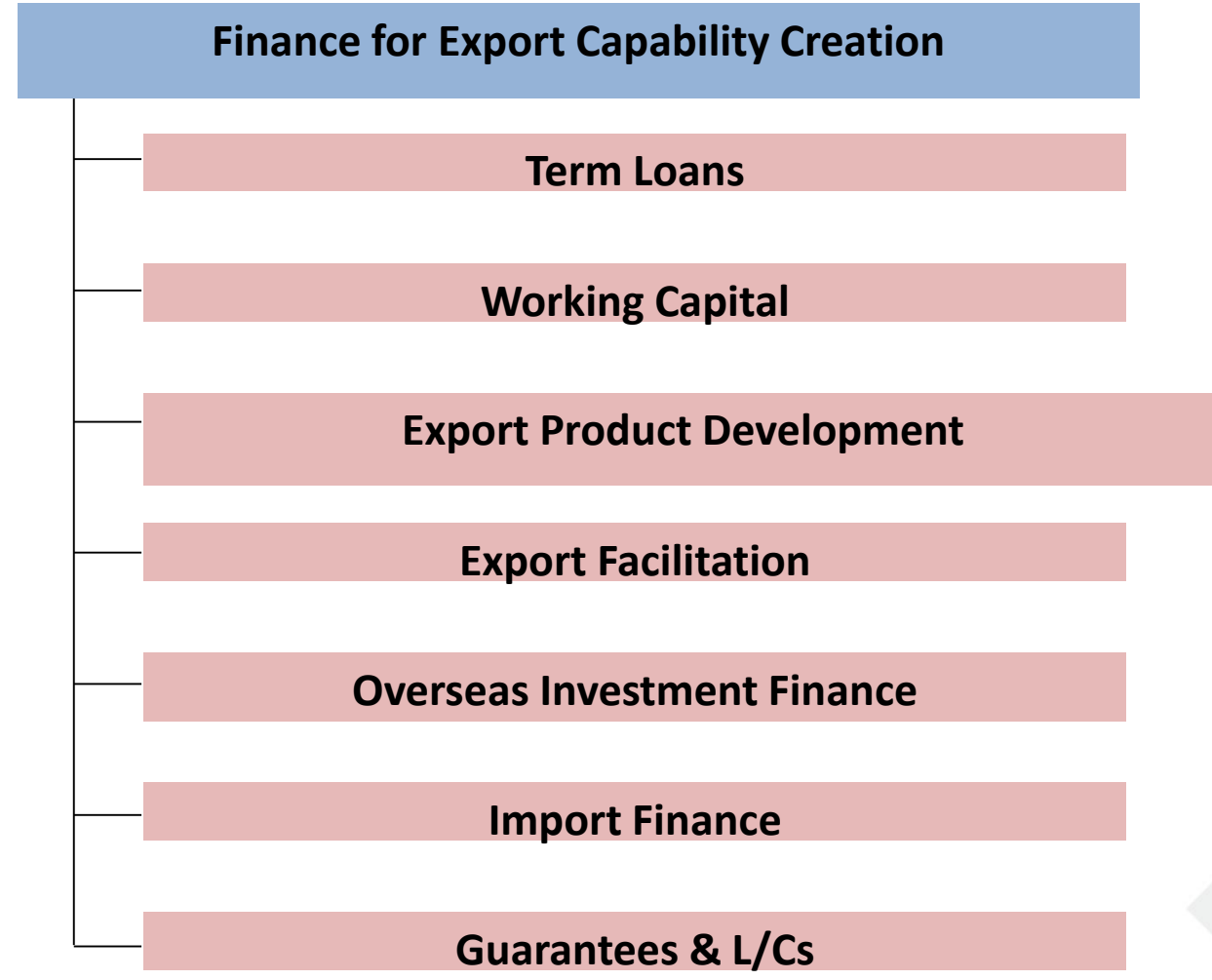
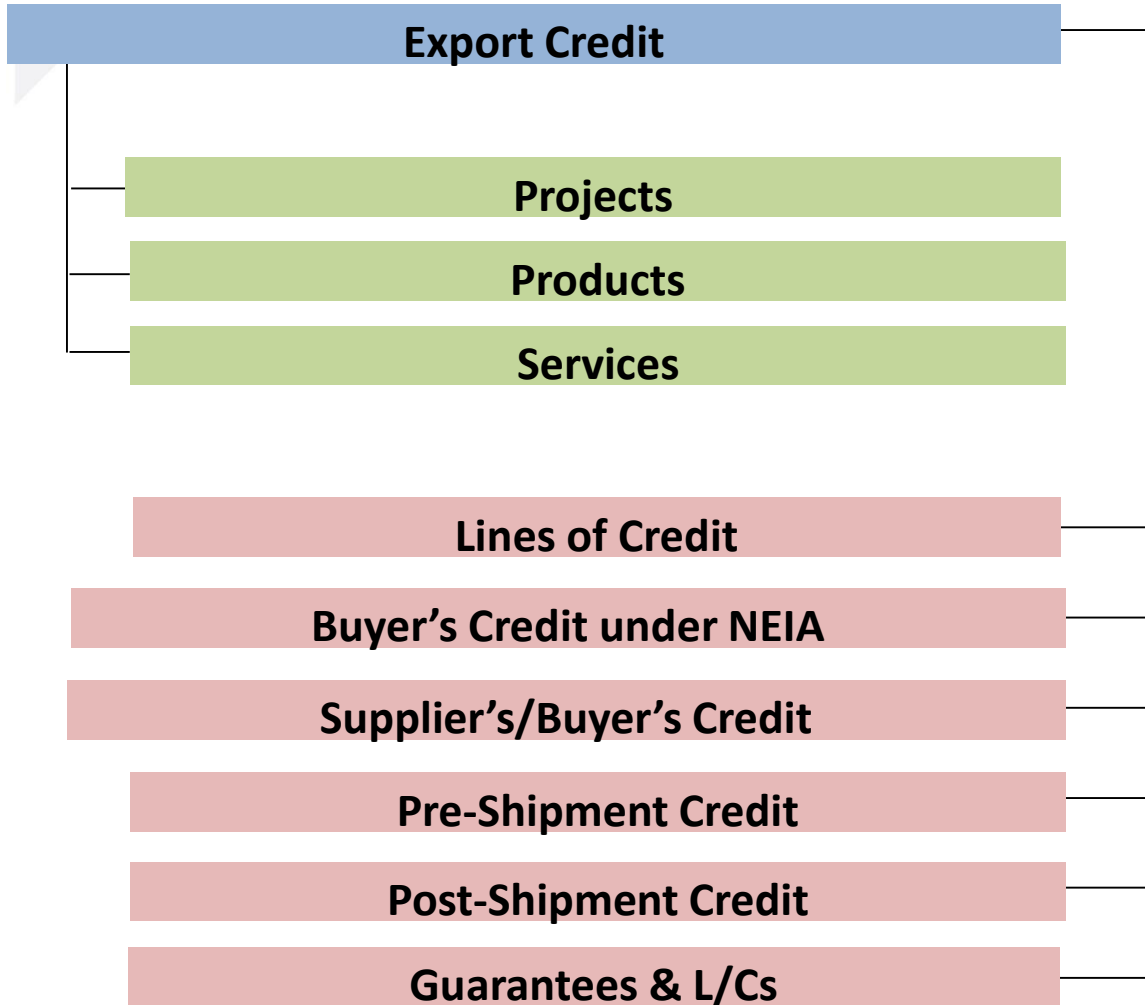


At All Stages of Export Business Cycle



FINANCING, FACILITATING INDIA'S TWO WAY TRADE & INVESTMENT

# Exim's Financing Programmes

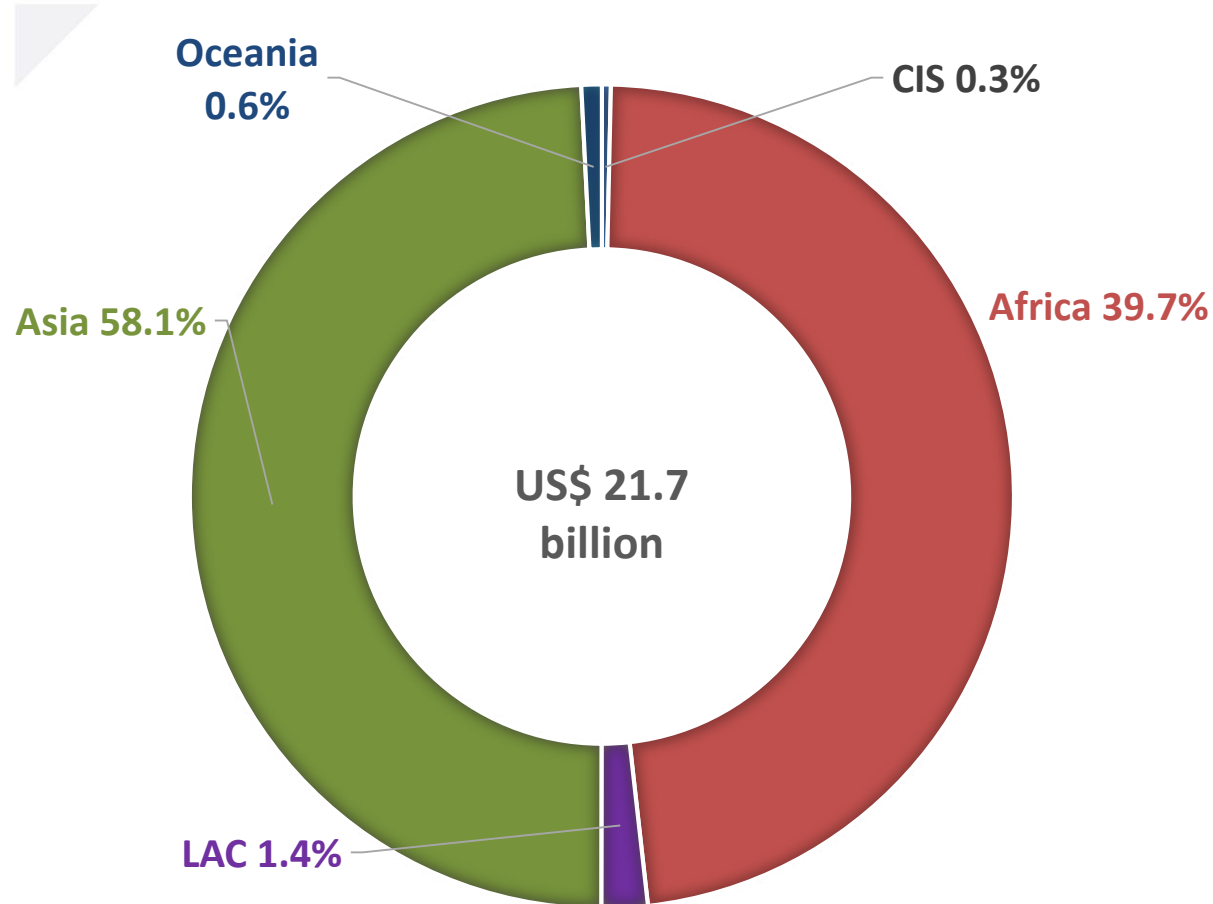


Note:(1) As on December 31, 2017

(2) Includes advances under Production Equipment Finance Program, Long Term Working Capital Loan and staff loans. etc



# Lines of Credit



- Exim Bank gives special emphasis on extension of Lines of Credit (LOCs) as an effective market entry mechanism.
- The Bank extends export LOC to overseas financial institutions, regional development banks and foreign governments and their agencies.
- Exim Bank has 219 LOCs, covering 58 countries in Africa, Asia, Oceania, LAC and CIS with credit commitments of over US\$ 21.65 billion.
- During FY 2017-18, 12 LOCs amounting to US\$ 6.1 billion were extended;
- LOCs extended during 2017-18 were to [Guyana](#), Cote d'Ivoire, Madagascar, Mauritius, Rwanda, Zambia, Bangladesh, Cambodia, Sri Lanka, and Ecowas Bank for Investment and Development(EBID).



# Lines of Credit in LAC Region

Country	No. of LOCs	Amount (US\$ million)	Purpose
Cuba	3	12.7	<ul style="list-style-type: none"> <li>- Milk Powder Processing Plant</li> <li>- Bulk blending fertilizer plant</li> <li>- Modernization of injectable products plant</li> </ul>
Guyana	8	109.9	<ul style="list-style-type: none"> <li>- Construction of cricket stadium</li> <li>- Traffic signaling system</li> <li>- Fixed &amp; movable irrigation pumps</li> <li>- Multi- Speciality hospital</li> <li>- East Bank-East Coast Road linkages project</li> <li>- Procurement of Ocean Passenger-Cargo Vessel</li> <li>- Supply of high capacity fixed &amp; mobile drainage pumps</li> <li>- Up-gradation of three Primary Health Centers</li> </ul>
Honduras	2	56.5	<ul style="list-style-type: none"> <li>- Communication/health/transport equipment</li> <li>- Development of Agriculture and Irrigation Infrastructure</li> </ul>





# Lines of Credit in LAC Region

...Cont.

Country	No. of LOCs	Amount (US\$ million)	Purpose
Jamaica	1	7.5	- Water pumps
Nicaragua	3	67.5	- Construction of electric sub-stations - Transmission lines expansion and building sub-stations
Suriname	5	47.1	- General Purpose (including power transmission line; supply of bulldozers, trucks, excavators; HF communication equipment, solar lanterns; and small arms training simulators, systems software and modification of weapons/devices) - Water supply project - Defense procurements - Supply of crash fire tenders - Purchase of helicopters
<b>TOTAL</b>	<b>22</b>	<b>301.22</b>	



# Lines of Credit – Select Cases in LAC Region



**Construction of Cricket Stadium at Georgetown under Exim Bank's GOI-supported Line of Credit to the Government of [Guyana](#).**



**Supply and installation of traffic signaling system under Exim Bank's GOI-supported Line of Credit to the Government of [Guyana](#).**



# Lines of Credit – Select Cases in LAC Region



Supply of equipment to ENATREL Nicaragua under Exim Bank's GOI-supported Line of Credit to the Government of **Nicaragua** for transmission lines and substation project.



Project Initiation Meeting with local beneficiaries at Jamastran Valley under Exim Bank's GOI-supported Line of Credit to the Government of **Honduras** for development of agriculture and irrigation infrastructure in the Jamastran valley in Honduras.



# Project Exports

- Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'.
- Project export contracts are generally of high value.
- During FY 2016-17, 28 contracts amounting to US\$ 1.5 billion covering 20 countries were secured by 13 Indian exporters
- **During FY 2016-17 Exim Bank supported a project export worth of US\$ 8.4 million in Suriname.**



# Buyer's Credit under NEIA

- Direct assistance by Exim Bank to overseas buyers of Indian goods & services;
- Provides non-recourse finance to Indian Exporter by converting the deferred credit contract into cash contract; Indian supplier do not carry any credit or country risk;
- Buyer's credit finance can be a transaction specific financing or it could be a renewable limit, thereby financing the working capital requirement of overseas company.
- Buyers Credit under NEIA – This credit facility is extended to overseas sovereign governments and government owned entities for import of goods and services from India on deferred credit terms.
- Exim Bank obtains cover under NEIA through ECGC; guarantee fee to be borne by the buyer/ seller, as may be agreed.
- Facility covers 85% of contract value
- Exim Bank has, as on March 31, 2018, sanctioned US\$ 2.8 billion for 24 projects valued US\$ 3.04 billion.



# Buyer's Credit under NEIA in LAC

- Exim Bank has sanctioned **US\$ 8.64 million** under the program to **Suriname**, for the purpose of supply of water pumps and its allied accessories and services for its Wageningen pumping station.
- Exim Bank has also sanctioned **US\$ 14.98 million** to **Suriname**, for the purpose of design, manufacture, supply and supervise for installation and commissioning of vertical axis pumps with allied accessories.
- Presently, a positive list of 88 countries have been identified by ECGC for which Indian exporters can avail Buyer's Credit under NEIA. Of these, **25 countries** are in the LAC region.

- |                     |                             |                                |
|---------------------|-----------------------------|--------------------------------|
| ■ <b>Argentina</b>  | ■ <b>Cuba</b>               | ■ <b>Peru</b>                  |
| ■ <b>Bahamas</b>    | ■ <b>Dominican Republic</b> | ■ <b>Suriname</b>              |
| ■ <b>Belize</b>     | ■ <b>Ecuador</b>            | ■ <b>Guyana</b>                |
| ■ <b>Bolivia</b>    | ■ <b>El Salvador</b>        | ■ <b>Haiti</b>                 |
| ■ <b>Barbados</b>   | ■ <b>Guatemala</b>          | ■ <b>Honduras</b>              |
| ■ <b>Brazil</b>     | ■ <b>Mexico</b>             | ■ <b>Trinidad &amp; Tobago</b> |
| ■ <b>Chile</b>      | ■ <b>Nicaragua</b>          | ■ <b>Uruguay</b>               |
| ■ <b>Colombia</b>   | ■ <b>Panama</b>             |                                |
| ■ <b>Costa Rica</b> | ■ <b>Paraguay</b>           |                                |



## Promoting Overseas Investments/ Acquisition from India – funding options available

- Equity investment: INR/ FC funding to Indian parent company for its equity/ capital investment in its overseas JV/ WOS;
- Indian parent/ promoter loan: INR/ FC loan extended to Indian parent/ promoter to overseas venture
- Funding to Overseas Indian Ventures: Foreign currency loans directly extended to the overseas venture of the Indian company for capex, working capital, acquisition etc.
- Direct Equity Investment: Direct equity participation in Indian ventures abroad.
- Structured finance: Funding Indian parent/ overseas JV/WOS/ SPV backed by cash-flow of third party.
- As on March 31, 2018, Bank has so far provided finance to 602 ventures set up by over 462 companies in 78 countries. Aggregate assistance for overseas investment: US\$ 8.1 billion.



# Overseas Investment Finance in LAC

## Exim Bank Supported Joint-Ventures and Wholly-Owned Subsidiaries in LAC

Industry	Country	Sanction Amount (in INR Crores)
Brazil	Pharmaceuticals	44.0
	Agro & Food Processing	42.2
	Engineering Goods	2.6
	Oil/Gas	380.0
	Power	21.9
British Virgin Islands	Oil/ Gas	6.7
Cayman Islands	Chemicals	32.4
	Shipping	32.1
	Miscellaneous	29.9
Chile	Metals and Metal Processing	59.7
Guatemala	Miscellaneous	1.1
Mexico	Automotive	45.4
	Pharmaceuticals	2.0
Panama	Oil and Gas	45.9

- As on March 31, 2018, Exim Bank through its OIF programme has supported **23 ventures**, set up by Indian companies in **7 countries** in LAC namely, **Brazil, British Virgin Islands, Cayman Islands, Mexico, Chile, Guatemala, and Panama** with an aggregate sanction amount of **US\$ 746 million**).



# Overseas Investment Finance in LAC: Select Cases



‘Health City **Cayman Islands**’, the overseas Hospital project of Narayana Hrudayalaya where in Exim Bank extended an OIF term loan of USD 25 million during the current FY 2017-18.



Exim Bank sanctioned a loan to Renuka Vale Do Ivai (VDI), a **Brazil** based sugar-ethanol company, wholly owned by Shree Renuka Sugars Ltd (SRSL), India for part financing VDI's capex requirement and refinancing its existing debt.



# Overseas Investment Finance in LAC: Select Cases



Exim Bank sanctioned non fund based facilities to Suzlon Wind Energy Uruguay S.A for execution of contract for supply, erection and commissioning of 65.1 MW Rosendo Mendoza Windfarm Project in **Uruguay**. The facility commissioned in 2015 is a first joint venture between Brazil and Uruguay.



Exim Bank has assisted Manipal Education Mauritius Private Limited, Mauritius (MEMPL) through its WOS, i.e. Manipal Education Americas, LLC, USA (MEA) for for establishing universities outside India including American University of Antigua Inc.. (AUA), **Antigua and Barbuda**, in the field of medical and allied education.



# Overseas Investment Finance in LAC: Select Cases



Exim Bank sanctioned a loan to Elgi Rubber Company Ltd, Coimbatore towards on-lending to its wholly owned subsidiary Borrachas e Equipamentos Elgi Ltda, **Brazil** towards part financing its capex and working capital requirements. The Brazilian Company is engaged in retreading of tyres.



Exim Bank sanctioned a term loan to CFSL Mexico (a wholly owned subsidiary of Camlin Fine Sciences Ltd. (CFSL), India) towards part financing the acquisition of 65% equity stake in Dresen Quimica, A.A. De C.V., **Mexico** along with its associated companies. Established in 1980, Dresen is uses knowledge and research to manufacture and distribute engineered speciality intermediate chemical solutions.



## Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

- Instrumental in creation of Global Network of Exim Banks and Development Financial Institutions (GNEXID) at Geneva, on March 13, 2006, under the auspices of UNCTAD to promote trade & development finance through cooperation and exchange of information.
- Currently has 23 members from Africa, LAC, Asia-Pacific, Middle East and Eastern Europe
- Member institutions from LAC include: **the Development Bank of Latin America (CAF) and Brazilian Development Bank (BNDES)**



## BRICS Interbank Cooperation Mechanism/ BRICS Summit

- Founded in 2010 with a vision to develop and strengthen economic and investment cooperation among member countries, the BRICS Inter-Bank Cooperation Mechanism serves as a platform for multi-faceted engagement among member development banks, aimed at mutual resurgence and empowerment
- In less than seven years of its existence, the Mechanism has concluded more than ten agreements, and formed five Working Groups in key cooperation areas.
- Bank has entered into the following two multilateral agreements with other member development banks of BRICS nations under the BRICS Interbank Cooperation Mechanism:
  - Interbank Local Currency Credit Line Agreement;
  - Cooperation Memorandum Relating to Credit Ratings



# Key Institutional Linkages

... Cont.

- Exim Bank organized a series of events, during India's Chairmanship for the 8th BRICS Summit, in October 2016, in Goa.
- The Bank has also instituted BRICS Economics Research Award, in the same year, to encourage advanced doctoral research on Economics and related topics of contemporary relevance to the member nations of BRICS.
- BRICS Award 2016 Winner: Dr. Joao Prates Romero (Brazilian National)**
- BRICS Award 2017 Winner: Dr. Raquel Admeida Ramos (Brazilian National)**



## Multilateral Agencies

- ◆ World Bank
- ◆ Asian Development Bank
- ◆ African Development Bank
- ◆ European Bank for Reconstruction & Development
- ◆ Multilateral Investment Guarantee Agency (MIGA)
- ◆ International Finance Corporation (IFC)
- ◆ United Nations Conference for Trade and development (UNCTAD)

## Trade and Investment Promotion Agencies

- ◆ Development Bank of Zambia
- ◆ China National Technical Import & Export Corporation

### Partners in LAC region

- BNDES, Brazil
- CABEL, Honduras
- Caribbean Association of Industry & Commerce, Trinidad & Tobago
- Andean Development Corporation (CAF)
- Banco Nacional de Comercio Exterior, Mexico (Bancomext)
- Banco de Inversion Y Comercio Exterior, Argentina
- Banco Mercantil, Venezuela

## Export Credit Agencies

- ◆ US Exim Bank
- ◆ EDC Canada
- ◆ Exim Bank of China
- ◆ Uzbekinvest – National Export-Import Insurance Company
- ◆ Exim Bank of Romania
- ◆ Export-Import Bank of the Russian Federation



# Research & Analysis Group

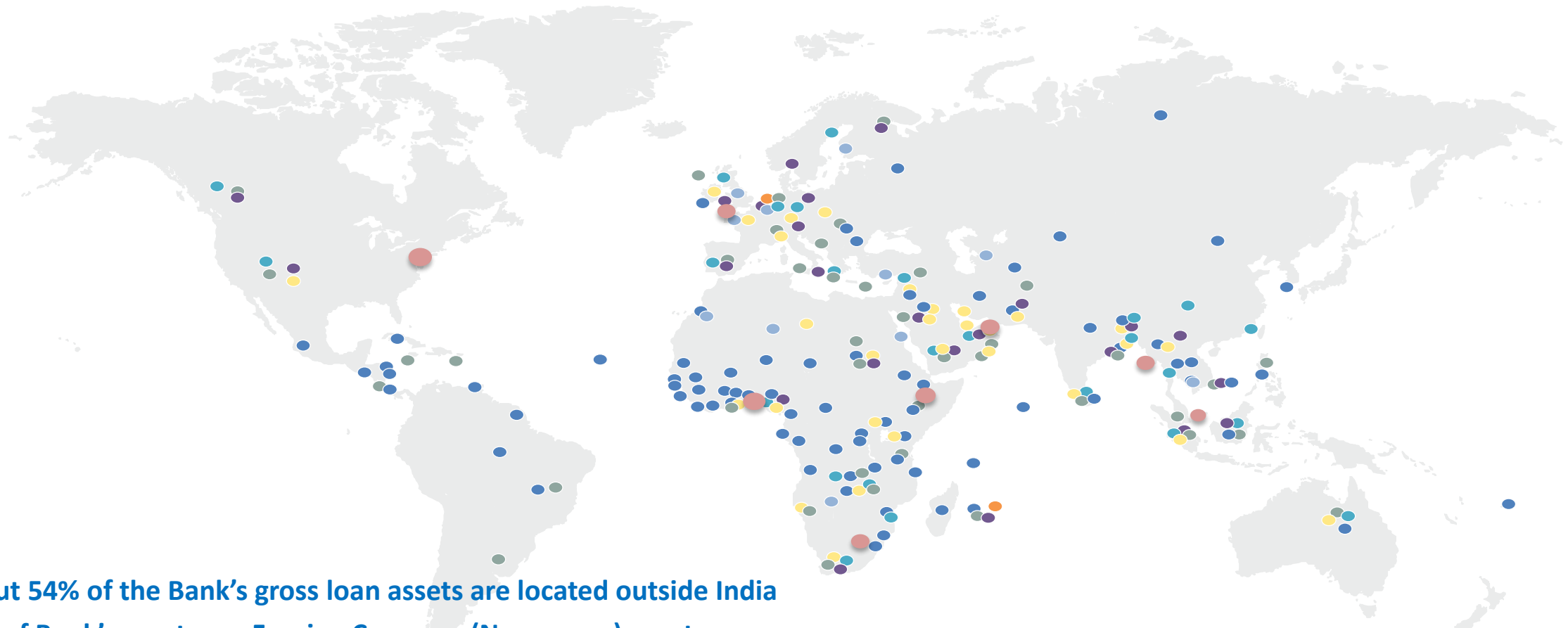
- Research studies are undertaken on products, sectors, countries, macro economic issues relevant to international trade and investment; a total of 20 studies brought out in 2017-18.
- Some recent publications of the Bank focusing on LAC include:
  - Indian Investments in Latin America and Caribbean: Trends and Prospects<sup>(1)</sup>
  - Enhancing India's trade relations with LAC: Focus on Select Countries
  - Mercosur: A Study of India's Trade and Investment Potential;
  - Caribbean Community (CARICOM): A Study of India's Trade and Investment Potential;
  - Research and Development in BRICS: An Insight; and
  - IBSA: Enhancing Economic Co-operation across Continents
  - Latin American Foreign Trade Challenges and Solutions for Building Sustainable Financial Architecture<sup>(2)</sup>

(1)- Released in the 48<sup>th</sup> Annual General Assembly of ALIDE

(2)- Publication compiled in the book "Solutions for Resilient Trade Finance Infrastructure", financed by Export-Import Bank of India



# Geographic Presence



- About 54% of the Bank's gross loan assets are located outside India
- 66% of Bank's assets are Foreign Currency (Non-rupee) assets
- Branch in London & Representative Offices in 9 countries



● Lines of Credit  
● Overseas Investment Finance

● Project Exports  
● Working Capital

● Buyer's Credit  
● Direct Equity Investment

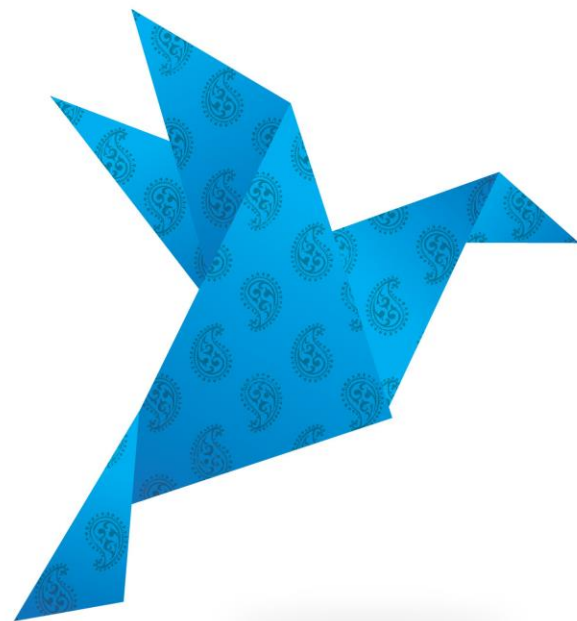
● Marketing Advisory Services  
● Overseas Office



# ALIDE Delegation Visit to India

- Delegation from ALIDE is scheduled to visit India during October 22-30, 2018.
- The 7 day programme will cover presentations by area experts from Exim Bank, meetings will be organised with government officials, top management of development financing and micro financing institutions of India, and an interaction session with Indian companies having presence in LAC region. The participants from ALIDE member banks are expected to make a presentation on their respective institutions. Exim Bank will also be making group travel arrangements for *One-day Excursion to The Taj Mahal, Agra*
- Brief programme schedule is as follows:
  - Day 1: Introductory session, overview of Exim Bank, Indian economy & trade relations with LAC Region
  - Day 2: Exim Bank's financing programmes
  - Day 3: Recovery, risk & treasury functions of Exim Bank as well as its research, advisory and trade facilitation services
  - Day 4: Interactive Session with Indian companies having presence in LAC region & LAC-based companies having presence in India
  - Day 5: Site visit to manufacturing facility / grassroots initiative supported by Exim Bank in Mumbai followed by visit to NABARD, SIDBI & MFIs based in Mumbai
  - Day 6: Meeting with NHB and a senior government official in New Delhi
  - Day 7: Visit to a grassroots initiative project / manufacturing facility supported by Exim Bank.





# PARTNERING GROWTH. GLOBALISING INDIA.

