CHAPTER XI

SUGGESTIVE MEASURES
This is a dominant economic feature in Latin America that presently most of the countries in Latin America are in such a stage that they cannot avoid importing latest technologically developed techniques, particularly the countries from Brazil, Argentina and Mexico. These countries preferred technology from advanced countries especially the U.S.A., Japan and Canada which are countries having higher degrees of sophistication and automation and in some cases India is far below the industrial standards that are prevalent in these advanced countries. The Latin American countries in some sectors afford second priority to Indian technology.
Moreover, the stage of economic development in some of the Latin American countries are just similar. In some fields, India and Latin American countries are competitors of products of each other in the international markets and as such, these goods are left at minus list from our exports to Latin American countries.

As is discussed earlier, language in Latin American countries is a great barrier. The Indian exporters as well as the importers in Latin American countries do not have up-to-date market information in every case. Indian exporters are completely ignorant of the latest development and requirements of the importers in Latin America. The exporters do not possess with them the economic and statistical information on international trade, consumer behaviour and stages of competition in Latin American market. The foreign trade regulations and practices are also not known fully to our exporters, so too the particulars regarding standards and specifications, investment regulations, treatment of foreign capital, shipping services, delivery schedules, detailed information regarding importers and exporters in Latin American region, import policy and liberalisation attitude of the buyers affect our bargaining position.
It is a general complaint about the staffing pattern of the Indian missions in the foreign countries that they are not equipped with adequate capabilities to deal with foreign trade operations. Most of the officers are inefficient and at times, lack business experience. They are not in touch with the export promotion councils and the different agencies of foreign trade in the Latin American countries. As such, they do not take care of the various opportunities that occur timely in the foreign markets and as such they are not in a position to supply up-to-date information to the Indian traders. They are not given the necessary on-the-spot training to deal with such affairs in a most befitting manner. These officers should be well-versed in knowledge about the country's industry and commerce, different government departments, research institutions, export promotion institutions, recent trends in the India's foreign trade. Above all, he should have a close knowledge of the consumer behaviour in the Latin American countries so that he could feed timely and proper information to the Indian exporters from time to time.

It is also suggested by the Indian experts on international economic relations that India should participate very actively by providing both type of assistance, either cash or kind in the various economic development programmes of the Latin American Region.
This will on one hand promote joint ventures in this prospective region and on the other hand open new opportunities for our exporters to grow at a faster rate. The Industrial Development Bank of India (IDBI) may entertain such proposals with individual countries, after studying the economic development plans of these countries. It may enter into long-term contracts with regional development banks in Latin America. It is also suggested that the UN Economic Commission on Latin America may help a great way ahead to promote such cooperative ventures, through their technical experts and right type of advice for long-term investment. The specific areas that are pointed out generally, include railways, consultancy heavy industries development and the like. The Indian Investment centre may suggest better ways and means in this respect. The Indian Institute of Foreign Trade suggests that the Andean Development Corporation may provide necessary assistance needed to take up such projects. The Industrial Development Bank of India should collaborate with the Andean Development Corporation so that such efforts could be undertaken in their right earnest. The Andean Development Corporation on guarantee extends buyers' credit which should be utilised fully by the Indian exports through the Industrial Development Bank of India. The Indian Government should not lag behind to have very close and thick contacts
with the Inter-American Development Bank, which is a very successful financier of economic development programmes in Latin America. We may reap the benefits of its varied experience and undertake major turn-key projects in the Latin American region. India should join this Bank as a member and provide an umbrella treatment to its exporters, consultancy organisations, contracting agencies and the Indian exporters at large. It may provide a very favourable atmosphere for our link deal projects, joint ventures and also strengthen our bargaining capacity in this potential market. Through link deals and barter and rupee payments agreements, we may save a lot of foreign exchange on our imports from Latin American countries.

The various trade promotion councils, commodity boards, chambers of commerce and industry, trade promotion organisations and similar other such institutions should take active steps to ensure continuous flow of information on trade industry and economic development of both the regions. These agencies should also make efforts to promote contacts between policy making authorities, businessmen, entrepreneurs and the reputed exporters. These bodies should come forward to suggest the Government to facilitate transport and communications, and largely to exploit the export potential of this region.
It is also suggested that the Indian Federation of Chambers of Commerce and Industry should also consider the formation of joint chambers such as Indo-Mexican Chamber, Indo-Brazilian Chamber, Indo-Argentine Chamber, Indo-Andean Chamber and Indo-Caribbean Chamber so that individual relationships with these countries could be developed. The federation should also bring forth an International journal on a regular basis highlighting trade opportunities and avenues of economic co-operation, so that trade and economic information on latest economic trends could be disseminated among the importers and exporters. The Indian Institute of Foreign Trade suggests that in order to strengthen our relations with Latin American countries a Joint High-Powered Business Commission should be developed between India and a few selected countries of the Latin American region. The trade development Authority, the Indian Institute of Foreign Trade and the various export promotion councils should devise ways and means to promote such commission and provide technical expertise to constitute it on right path. These bodies may invite private entrepreneurs for exchange of information, discussion on related issues and may act in the right direction to function as our effective instrument.

In June 1979, some efforts in this direction were made and useful discussions took place between the
representatives of the Latin American Governments and the Indian Government. It was decided that joint studies on Indo-Latin American trade could be undertaken and in the beginning experimental joint-marketing of selected products could be promoted. This will necessarily develop harmonious trade and economic relations and bring the two partners nearer and nearer.

The newly established export-import Bank has an added role and responsibility in the field of giving adequate financial support to our export houses, so that they could provide long term credit to our businessmen for meeting obligations abroad. The Export Credit and Guarantee Corporation may also provide up-to-date information to our exporters in this context. The corporation may have permanent trade connections with the technical corporations in Latin American countries.

The Indian Institute of Foreign Trade has provided several useful suggestions which should be adhered to seriously by the Government of India and the various technical agencies in the country. The Indian Standards Institution and the export Inspection Agency should and must rigidly prescribe qualitative standards for our export-items especially such items which earn fabulous foreign exchange and which are very competitive when compared with the International standards. The Indian
Standard Institution should provide for fixation of these standards on the basis of prevalent consumer behaviour and market technology in the international field. While prescribing these procedures and methods the provisions of the multilateral trade negotiations (MTN), the GATT and the various bilateral trade agreements should be followed rigidly. Efforts on every stage should be made to evolve mutually acceptable standards and specifications in respect of various categories of products. The Trade Development Authority in collaboration with the Export Inspection Agency and the Indian Standard Institution may provide adequate atmosphere for evolving suitable norms for such export items. The International Standards should also be kept into consideration while prescribing such norms.

It is also pointed out by the various export agencies that till now, only a few trade delegations have visited Latin American regions. And the delegations did not have representatives from practical fields, like industrial - entrepreneurs, shipping officials, major public sector undertakings, renowned export houses, industry and foreign trade etc. The technical experts who could study market behaviour and consumer patterns, changing international atmosphere, should also be included in these trade delegations.
In order to establish a sound network of technical agencies abroad and gather useful informations on recent trends in international trading behaviour, efforts should be made to open branches of reputed concerns in the foreign countries, especially of various export promotion councils, commodity-Boards, Trade Development Authority of India, the Indian Institute of Foreign Trade, the State Trading Corporation and its subsidiary bodies, major public sector undertakings, the Minerals and Metals Trading Corporation of India, the projects and equipments corporation of India, Hindustan Machine Tools, Bharat Heavy Electronics, the Rail India Technical and Economic Services Ltd., and the various state supported agencies having marvellous export operations. This will naturally provide us vast opportunities to explore new possibilities and expand our export potential in the field of international commerce, together with giving a suitable favourable atmosphere for foreign private investment and promote joint industrial ventures abroad. The Indian Investment centre may further take up detailed projects on the basis of economic development plans of the Latin American Development Corporations and identify and locate opportunities in the potential areas. It should deeply investigate and examine the technological capabilities for Indian investment in the Latin American region on a phased schedule for a long term development programme.
The various international bodies may provide stimulus for such programmes which should be utilised upto a maximum possible extent.

The experts on international trade are of the opinion that the Indian trade commissioners have not been posted in all the Latin American countries and whatever trade Commissions are at present functioning, they are quite under-staffed and most of the Commissions are not posted with technically qualified or experienced personnel. Most of the officers in the trade Commission are non-technical persons.

The Trade Fair Authority of India has suggested that regular visits to fairs in Latin American countries will definitely increase possibilities of exchange of ideas and the Indian trader will come to know the latest trends and tendencies of the Latin American market. Some major exporting and manufacturing firms should be given permanent permission to participate in such fairs and they should be encouraged at all levels to arrange stalls and exhibitions in such fairs, particularly, Lima International Fair, Valencia International Trade Fair in Venezuela and International Trade Fair in Argentina. This will necessarily bridge the gap between the Indian exporters and also the prospective buyers in the Latin American countries.
One more important point, which should be given due weight by the Indian government, is facilities of translation to be provided to the exporters. It is generally seen that our all the exporters do not know the languages of the Latin American region. This has adversely affected the trade in several ways. Generally Spanish and Portuguese languages are spoken in most parts of the Latin American countries. If the Indian traders go for arranging private translation work, it becomes a costly affair. Moreover, at times such translators are not easily available and as such the exporters have to face a number of problems. It is suggested that such centres should be set up in the country and the needed translation work may be done on charging a nominal fee. This thought should be given due consideration by the Government. The Government should also run a language centre for the benefit of those who urgently require it. Centres all over India should also be opened which may specifically take up work relating with translation of foreign languages and also teaching of foreign languages in the country. At least the officials of the various export promotion bodies in the country need to be given a compulsory coaching in this field. The literature so received in Spanish and Portuguese languages may be translated in English or Hindi at these centres and the queries may be easily
attended to by the Translation Centre. It may also provide facilities for a two way prompt translation to both the importers as well as exporters. The Indian Institute of Foreign Trade is of the opinion that such type of centres may be of great help to the trade missions and delegations visiting the foreign countries. Its services may be utilised by other communities as well. Efforts should also be made to popularise such Indian publications which are written for depicting the image of Indian economy basically in all the economic fields. Such publications if brought in the language of Latin American countries will be liked much by the people there. This will also create a feeling of brotherhood among the Latin American and Indian population. Feature films and documentaries may also be prepared revealing Indian economic development and Indian exports and potentialities of joint ventures in the Latin American countries. The Indian Motion Pictures Export Corporation should come forward to help in this respect. The government should also take active interest in such efforts to promote Indian exports and provide maximum facilities to the above proposed ventures.

One more important point on which India and Latin America have to bother relates with direct Air service. At present, there is no such facility. This may be done
in consultation with the Indian Air Lines and National Air Lines in South America. This service may be developed through Middle-East and Africa so that both the countries may benefit in promoting exports in the long run. It may open up prospects for air cargo between Indian and Latin American regions. This will also help to promote tourism and thus earn a lot of foreign exchange. Thus, it will fetch to a very great extent passenger and cargo traffic and exploit great trade potential. The present air lines should provide maximum concessions to exporters for sending their goods to such distant markets. This will have to be done for the present to promote a free and regular flow of our goods to these countries. A rational approach will have to be decided otherwise the traffic cargo will remain very insignificant for the years to come. Such perishables which are demanded more in these countries should be given all-possible priorities while deciding freight rates for the exporters.

During the last few years, it has become a general tendency that exporters and importers from Latin American countries visit foreign countries in such regions where Free Trade Zones are established. Such free trade zones are located at Miami (USA), Panama (Colon Free Zone), Curacao (Netherlands Antilles) and Isla Margarita (Venezuela). Commodities like readymade garments, woollen
carpets, handicrafts, and packaged tea, jute manufacturers etc. are purchased by the importers in bulk and then they are marketed in Latin American countries. These importers are now supplying various quantities to Latin American countries in bulk and thus these zones have become centres of great business. Some of the free trade zones have proved to be very successful, e.g. Colon Free Trade Zone in Panama where every year about dollar 2.3 billion trading operations are done which is just second after the international free trade zone in Hong Kong. At this zone various concessions and facilities in tax are provided and since this zone is geographically situated in such a place where air and sea services are most convenient it has become a most important trading centre in the world. It is quite convenient for frequent connections and as such gradually it is becoming important distributional centre for most of the famous articles produced all over the world. Indian exporters should also keep a close contact with the authorities in this trading zone and utilise maximum benefits out of the facilities pooled up here. The advanced countries like Japan, the U.S.A., Taiwan, Hong Kong, the U.K., Federal Republic of Germany and France and many European countries derive maximum benefits from this centre in their import and export trading operations. India should take active part in dumping her textiles goods, ready made
garments, sports goods, pharmaceuticals, leather products, cosmetics and perfumery products, light engineering products, jute manufactures, electronic products and handicrafts which are mostly traded in plenty at this international trading centre. The Indian Government should make adequate arrangements for pooling her products at the bonded government warehouses on a nominal charge so that our exporters may not feel difficulty of warehousing their products at these centres. The Government should take active interest in this important venture.

It is our sheer misfortune that we could not establish a direct shipping service till now from India to the Latin American countries. This has been stressed for a number of times by various committees and commissions but it has not brought any fruits till now. The shipping companies in India have not yet bothered to contribute any substantial achievement in this respect. This is a long felt need and requires to be attended to on a long priority basis. The Indian exporters have to pay high charges both for the foreign as well as Indian lines since the lines are not direct and they travel in a round about way. Most of the goods sent through these shipping lines reach their destination after a very long time. This discourages the foreign buyers as well and at
times we lose potential customers. Generally, the Indian shipowners complain that we may not get sufficient cargo from India to Latin American countries but this is not a problem at all. Presently, an English shipping company is running direct shipping from Bangladesh to Latin America twice a month and it is getting adequate business. The problem should be seriously examined from all points of view and the question of starting a direct shipping line from Indian shipping companies should be examined on merits. The Government of India should come forward to provide all possible help in this respect. As far as possible, efforts should be made to convince the Shipping Corporation of India to take up this important venture. This will definitely solve a number of problems in the field of Indian exports to Latin American countries. This will open new horizons in the field of international trade. This will promote our jute products trade up to a maximum possible extent and on the other hand will provide stimulus to export a number of new items of exports. We may also get several new customers especially from Bangladesh and the middle-east countries who may like to use this facility for their exports to Latin American countries. Till a direct shipping line-service is established, we should enter into a permanent agreement with some leading companies in Latin American countries which may provide us facility on concessional rates and
timely schedule. The Indian Institute of Foreign Trade has entered into detailed negotiations with a renowned shipping company of Chile. The Compania Sud America de Vapores Santiago (Chile) is very much interested to provide shipping service facilities on a long-term and concessional basis to the Indian exporters. This and similar proposals from such leading shipping lines should be examined and long-term agreements should be entered into till some permanent arrangement is not made. The Chilean shipping company has agreed to lift our cargo from a transhipment point at New Orleans U.S.A. and thus provide us the best facilities of warehousing to our cargo left by the Indian and other shipping companies. This may also be done at suitable and convenient places at transhipment points. Till we do not have a direct shipping line of our own, this arrangement will definitely have the same benefits. This will save time and our exporters will reap the benefits to a greater extent. This arrangement will meet our requirements in respect of countries like Colombia, Ecuador, Peru, and Chile. Such type of arrangements may also be entered with shipping companies of Mexico which are generally short of regular cargo at middle-east ports. Similar problems are faced by Argentinian and Brazilian shipping companies as well, which do not have sufficient cargo for their return trips. A delegation should be sent to these
countries to study the problem in detail and devise ways and measures to utilise their idle capacity. Such tie-up arrangements may solve our problems to a very great extent. Secondly, the rates that will be decided on the basis of mutual agreements will suit both the shipping companies and to our exporters in the long term period. Seeing our grave problems in this respect, some of the leading companies of the Latin American countries are very eager to enter into the above proposed tie-up arrangements. They are also thinking to start a direct service to India from Latin American region which is an encouraging venture. This will, no doubt, promote our trade ties with the Latin American region greatly. The Indian shipping companies should come forward and help the Indian exporters by entering into the above tie-up arrangements with foreign shipping companies. Recently, a Chilean shipping company, INTEROCENICA S.A., has declared a new shipping service from Chile to South East countries including Indian continent.

In order to cultivate the Latin American Market extensively, India should plan for regular participation in the International Trade Fair of Santiago (Chile), The International Trade Fair in Ecuador and the Pacific International Trade Fair at Lima (Peru). This will undoubtedly provide immense opportunities to our exporters
to have a detailed idea of these markets and they will be in know of the latest trends and tendencies of the buyers in the entire Latin American region.

There are immense possibilities of trade expansion in the Andean region. The Indian entrepreneurs, consultancy organisations, public sector undertakings, large industrial and export houses should make every effort to explore possibilities of export expansion and develop thick long-term trade relationships with these buyers.

Organisations like Engineering Export Promotion Councils and other such commodity Boards should be set up in the Andean Region. The Handicrafts and Handlooms Export Promotion Councils should take a lead to cultivate these markets to a greater extent. Some of the important items should be placed in Indian chancery in these countries and also in some important stores in Argentina, Chile and Venezuela.

The languages of the Latin American region should be learned by the Indian Exporters. Sufficient literature on export prospects in these countries should be made available to the Indian exporters. The Government of India should plan for an intensive export and marketing efforts in Latin America. It should be a specific derive to promote Indian goods in this area with the help of
technical experts, exporters and regional approaches so that new traditions could be built in this prospective market. A detailed programme of industrial development under the scheme of Acuerdo de Cartagena be prepared. There is a vast programme of overall industrial development which covers Venezuela, Colombia, Ecuador and Bolivia. This plan in general covers additional sectors e.g. automobiles, chemicals, petro-chemicals, fertilisers, paper and pulp, basic metals and non-metallic mineral sectors. It provides a diversified range of items for Indian exporters. The non-traditional items that can be very successfully sold in the Andean Common Market include machinery, capital goods, technology - consultancy turn-key jobs etc. It is better to study here the various opportunities for export expansion in Argentina, Chile and Peru.

As has been studied by the various teams visiting these countries, Argentina offers tremendous prospects for promotion of our export items like handicrafts, woollen carpets, transistors and diodes, certain important chemicals like Sodium bichromate, Caustic soda, aluminium phosphate and zinc phosphate, sports goods like hockey sticks and balls, tennis rackets and balls, mining machinery such as pneumatic drills, compressors, stone-crushers and power generation, distribution equipment and
various types of tools used in engineering industries.

The study teams have recommended that though Chile has a very meagre export performance in the last decade, yet there is a specific choice for Indian goods. There is sufficiently adequate potential for our goods like bicycle parts, diesel engines, machine tools, printing machinery, trucks and buses, power generation and distribution equipment, sewing-machines including parts thereof, kerosene stoves and burners, petromaxes, vaccum flasks, mica-products, handicrafts and woolen carpets.

Similarly, Peru also provides huge export potential for Indian goods. Our bicycle parts, machine tools, printing-machinery, cine-projectors, thermopac fluid, heaters, water treatment plants, carpentry and garden tools, textile machinery, asbestos products and several other engineering products can be supplied to Peru with profit.

In order to establish a sound trade relationship between Indian and Latin American countries, a number of trade delegations and senior Government officials visited the Latin American countries. This has been summarily concluded by the experts visiting these countries that India can meet a substantial portion of capital goods and intermediateries and also help to create production
capacities by offering consultancy services or entering into joint venture programmes.

It is very interesting to note that countries like Argentina, Venezuela and Chile have an open-door-policy for import of garments and other textile products. Indian goods of this sort can be very easily marketed in these countries, as these countries do not have any quota limits for such goods. Our cotton handlooms and natural silk have become very popular in these countries and are demanded in great quantity by the consumers there. Since the supplies of such goods from India to Latin American Countries is not very regular, such Indian commodities are being imported from the U.S.A. and Western Europe.

Indian tea is excessively becoming popular in Chile and Venezuela. As is the practice in the case of Indian handlooms and natural silk, Indian tea is first imported into the U.S.A., the U.K., West Germany, France, U.S.S.R. and other West European countries and then Indian tea is exported to Chile and Venezuela from these countries, which is still costlier for the Chile and Venezuela market. The Indian exporters have, thus, a vast field for exporting sizeable quantity of tea to these Latin American countries.

Our jute products are also very popular in Latin
American countries. Efforts should be made to strengthen export of jute products from India. Major importers of jute products include Argentina, Mexico, Chile, Uruguay, Paraguay, Dominican Republic and Puerto-Rica. This Government should see that efforts are made to establish enduring relations with these countries and competition from synthetic fibres in these reputed markets, is reduced to the minimum.

The need for importing capital and basic intermediate goods in the region is increased gradually in the Latin-American region. Most of the advanced countries are trying to establish permanent and sustained relationship with these countries, as they provide a very good ground for sale of such items. The Indian exporters should also not lag behind to formulate a strategy on this approach. In order to have a permanent affiliation with the Latin-American countries, the Indian exporters should enter into joint ventures.

Argentina, Brazil and Mexico are the three major countries which are relatively more industrialised and technologically advanced. It is already concluded that India's trade prospects with Argentina are very bright in the fields of exports of machine tools, railway equipment, power generation and distribution equipment,
cement and sugar plants, electronic items, jeeps, bicycles, scooters, motor-cycles, industrial-fasteners, scientific instruments, garments, woollen carpets, handicrafts, chemicals and mica-products, jute products, etc. The ten year (1980-89) Infrastructure Development Programme of Argentina involves an investment of $120 billion which have tremendous opportunities for Indian exports. This should be specifically attended to and studied on the basis of practical approach.

During the recent years, the imports in these countries have been liberalised looking towards the programmes of industrialisation and economic development. Latin America is endowed with rich natural resources and the plans of economic development are in such a stage that there are immense possibilities for the Indian exporters to sell their goods and thus strengthen export trade and economic relations. India has sufficient technical competence to meet a significant portion of the import requirements both in terms of capital goods and technology and India stands a very good opportunity of being acceptable to these countries. Every year roughly 55% of the imports in the Latin American countries relate to manufactured goods, mainly machinery, railway equipment and engineering goods. It is expected that during the ensuing decade prospects for products such as textile-
machinery, power generation machinery, machine tools, pumps, compressors and centrifuges, sugar-mill-machinery, automobile-parts, electronic components, raw-materials for pharmaceutical industry are such products which are bright and are largely being demanded in Latin American countries.

The other important products that may be greatly demanded in the region include: synchronous motors, DC motors and power transformers, air break-type interruptors in the range of 34.5 KV to 115 KV, marine diesel engines mainly for use in transport equipment, pumps in the higher power range of 300 HP to 500 HP and special type of pumps for use in chemical and petro-chemical industries, castings for volves, pumps and compressors, grey iron castings for use in petroleum mining, railways and sugar industries, fargings for automobiles, engineering products, etc.

The Carribean Common Market (shortly known as CARICOM) provides good opportunities for Indian products. The countries of CARICOM, e.g. Trinidad, Tobago and Guyana, account for a predominant share. India's economic relations with these countries are still strengthened on account of being a commonwealth member and as such Indian goods are sold in these countries with profit. The Indian commodities that are very popular in this region
include tea, basmati-rice, jute products, coir products, chemicals, pharmaceuticals, textiles, air conditioning and refrigeration equipment, house service metres, automobile components, telephone equipment, cotton textile machinery, power distribution equipment, builder's hardware and other important engineering products.

India does not have much trade relations with countries of the Central American Common Market. During 1977-78, these countries imported sizeable quantity of cotton. The Government of India and the export promotion bodies should conduct field studies to assess the export needs of these countries and should identify specific products.

Republic of Panama and Surinam are the most important buyers of Indian products. There are immense potential for export of several new items like ready made garments, textiles, household articles, glassware and crockery, sports goods, chemicals and pharmaceuticals, agricultural implements and a variety of light engineering items, buses, trucks, tractors, etc.

The performance of Indian exporters in Paraguay and Uruguay is also not very encouraging. Jute products
are also exported to these countries. At times these countries import cotton from India. Detailed area investigations should be made for promoting trade relationships with these countries. It is concluded by a few study teams and the Indian Institute of foreign trade that the following products may be made popular in these countries viz., handicrafts, readymade-garments, woollen carpets, sports goods, jute manufactures, tea and coffee, precision and scientific instruments, agricultural machinery, bicycles, mopeds, motor cycles, hand tools and small tools and telecommunication equipments.

Prospects of Indian goods exist immensely in Cuban market for rice, wheat-products, long staple cotton, hand tools, pumps, textile machinery, sugar mill machinery and pharmaceutical machinery.