Latin America-Asia trade accelerates

By Jane Bussey

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When it comes to Asia, "more of the same" is ruled out for Latin America as the countries scramble to find new markets and new investment, experts said Thursday.

Trade between a number of Latin American countries and China and India has been growing at double, triple or quadruple digits in the last decade, said Antonio de Aguiar Patriota, the Brazilian ambassador to the United States.

In the past five years, Brazil's total exports have jumped from $60 billion to $155 billion, the Brazilian diplomat told the attendees at the annual The Miami Herald Americas Conference, which this year focused on the theme "Latin America and the Caribbean: More Competitiveness or More of the Same?"

"This would not have been possible if we had kept all our bets in traditional markets," Patriota said at the Biltmore Hotel in Coral Gables. Not only does Brazil supply increasing amounts of iron ore and soybeans to China's growing market, but the two countries have also launched three satellites together.

"The trade with China does not present the same type of challenge as it does for Mexico," he said.

While economic relations between China and Latin America are characterized by exports of raw materials from countries like Chile, Argentina and Brazil to China, Central America and Mexico have experienced strong competition from cheap Chinese imports and have lost some of their assembly industry as corporations move their businesses to Asia -- especially China, which has become the favored factory floor for much of the United States and other countries.

Economic relations between Latin America and the Caribbean and India are much smaller, but in some cases represent less competition since India's economy is strongly based in the services sector.

Pramit Pal Chaudhuri, an Asia Society fellow, said that India's economic reforms started about 15 years after China began its push to attract investment and start exporting to the world as part of its globalization efforts. Now the economy is growing by at least 8 percent annually, with the high-tech, software, pharmaceutical and biotech sectors expanding by rates of 22 percent to 25 percent annually. Even the manufacturing sector has recovered from a decade of reversals and is growing at 10 percent yearly, said Chaudhuri, who is also the foreign editor of the Hindustan Times.
"Companies have become globally active," he said, noting that Indian acquisitions of companies around the world were doubling every year and expected to top $35 billion this year. India now has the largest number of billionaires in Asia, he said.

Trade with Latin America is very small but growing, Chaudhuri said, noting that because of an aggressive marketing campaign by Chile, wine from that South American country was more readily available in India than Italian wine.

The Indian information technology and services company Tata Consulting Services decided to open its Latin American headquarters in Montevideo, Uruguay, in 2001 after deciding against going into Argentina because of economic turmoil there, said Mario Tucci, who is Tata's vice president of Iberoamerica. Uruguay is also one of the software centers of the region and its government is small enough that a company can gain the attention of the government and business sector, Tucci said.

Tata, which has worldwide headquarters in Mumbai, India, now has call centers in Brazil, Chile and Mexico, serving customers in the United States, Latin America and Europe.

"We do believe that Latin America can help India enter into Europe," Tucci said, noting that the company can often find Latin Americans who speak European languages -- from Greek to Polish -- living in countries like Uruguay.