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Indian and Chinese Engagement in Latin America and the Caribbean: A Comparative Assessment

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INDIAN AND CHINESE ENGAGEMENT IN LATIN AMERICA AND THE CARIBBEAN: A COMPARATIVE ASSESSMENT

R. Evan Ellis

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FOREWORD

Latin America's expanding political, economic, and military relationships with actors outside the Western Hemisphere have been an important part of the dynamics of globalization in the post-Cold War world. For the U.S. military and U.S. political leaders, understanding those dynamics and the challenges, opportunities, and vulnerabilities they imply is an important part of managing U.S. security in a complex and increasingly interdependent world.

While Chinese, Russian, and Iranian activities in the region have received substantial scrutiny by the U.S. security community and independent scholars, much less attention has been given to the role of India, and its implications. In the present monograph, Dr. Evan Ellis of the U.S. Army War College (USAWC) Strategic Studies Institute (SSI) makes a broad, yet detailed, comparison of the activities of India and the People's Republic of China (PRC) in Latin America and the Caribbean.

Across the broad range of sectors that he examines, Dr. Ellis finds that Indian activities in the region are more modest than those of the PRC, and are generally concentrated on a more limited set of countries and sectors. Yet, in analyzing the details of those interactions, he comes to the provocative conclusion that India has the potential to build a very positive relationship with the region, in some areas surpassing and potentially even serving as a counterweight to the activities of China. For U.S. policymakers, such thinking about the interplay between multiple extra-hemispheric actors in Latin America in economic and political as well as military dimensions is part of the multidimensional strategic thinking that is important to bring to bear in facing the challenges of the 21st-century security environment.

DOUGLAS C. LOVELACE, JR.
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DR. EVAN ELLIS is a research professor of Latin American Studies at the U.S. Army War College (USAWC) Strategic Studies Institute (SSI), with a focus on the region's relationships with China and other non-Western Hemisphere actors, as well as transnational organized crime and populism in the region. Dr. Ellis has published more than 170 works, including: *China in Latin America: The Whats and Wherefores* (Lynne Rienner Publishers, 2009); *The Strategic Dimension of Chinese Engagement with Latin America* (William J. Perry Center for Hemispheric Defense Studies, 2013); and, *China on the Ground in Latin America* (Palgrave-Macmillan, 2014). Dr. Ellis has presented his work in a broad range of business and government forums in 26 countries throughout four continents, and has given testimony on Chinese activities in Latin America to the U.S. Congress. Dr. Ellis has discussed his work regarding China and other external actors in Latin America on a broad range of radio and television programs; he is cited regularly in print media in both the United States and Latin America for his work in this area. Dr. Ellis holds a Ph.D. in political science with a specialization in comparative politics.

SUMMARY

This monograph is a comparative assessment of the activities of the governments and companies of the Republic of India and of the People's Republic of China (PRC) in Latin America and the Caribbean covering a 15-year period, from the beginning of the 21st century through 2016.

That engagement is examined with respect to the high-level diplomacy of each of the two actors, as well as the volume and patterns of trade, the activities of Indian and Chinese companies in the region, and their relationships to their respective governments in eight sectors. These sectors are: (1) petroleum and mining; (2) agriculture; (3) construction; (4) manufacturing and retail; (5) banking and finance; (6) logistics and port operations; (7) technology, such as telecommunications, space, and high technology; and, (8) military sales and activities.

Across the areas examined, Indian engagement is significantly less than that of the PRC, and concentrated in a more limited subset of countries and sectors. Within selected sectors, Indian engagement generally features a greater number of smaller actors, more independent from the state, and often more entrepreneurial. The efforts by the Indian Government to support Indian companies in the region are more modest, and often less coordinated, than those of the PRC.

With respect to diplomatic engagement, the PRC has generally made a broader and more concerted effort to engage with the states of Latin America and the Caribbean than has India, including three state visits to the region by Chinese President Xi Jinping by the end of 2016. These featured trips to multiple countries, as compared with a single visit to the region by India's

leadership—the July 2014 trip to Brazil by Prime Minister Modi in conjunction with the BRICS summit.

With respect to commerce, India's bilateral trade with Latin America and the Caribbean of $46.53 billion in 2014 was only about one-sixth of the PRC's $285.66 billion in trade with the region. Yet, the rate of growth of India's trade with the region is comparable to that of the PRC, and India's balance of trade is more beneficial to the region.

Both Chinese and Indian companies are significant investors in Latin America's petroleum and mining sectors. Chinese companies have generally been larger purchasers of that sector's products and have an ownership share in a greater number of countries in those sectors; yet, Indian companies are generally positioned in higher-value-added activities.

In agriculture, although China and India are competing purchasers of Latin American foodstuffs, Indian companies have invested in niche areas such as sugar refining. On balance, however, Chinese efforts have surpassed those of India, with attempts to establish agro-industrial complexes and to acquire major companies such as H.K. Noble and Nidera, with important holdings in Argentina and Brazil.

In construction, significant activities by Chinese companies, concentrated in loan-based infrastructure construction projects in the ALBA (Bolivarian Alliance for the Americas) countries and the Caribbean, are in contrast to an almost complete absence of Indian firms from the sector. India's absence is due to a combination of Indian construction firms working at near capacity in India itself, a lack of experience in doing business in Latin America, and the difficulty for Indian companies to obtain major loans to support projects abroad from India's development bank.

In manufacturing and retail, both China and India have a significant presence in the region, although with different areas of emphasis. While a small number of Indian companies, such as Bajaj and Mahindra, have sold products to Latin America since the 1990s, Chinese manufacturers have moved more aggressively to establish final assembly facilities in major markets, such as Brazil and Mexico, on a greater scale than their Indian counterparts. Yet, Indian companies have often demonstrated a greater skill in acting as local players (employing local managers and workers) and at becoming perceived as members of the local community than have their Chinese counterparts.

In the banking and finance sectors, Chinese banks have made significant advances in Latin America, including not only more than $125 billion lent to the region in the past decade, but also the expansion into branch banking in the Southern Cone, as well as currency swaps in support of conducting transactions in Chinese *yuan* or (RMB). By contrast, Indian banks have been almost entirely absent from Latin America in all three of these areas.

In logistics and port operations, Chinese companies have a modest but growing presence built around the Hong Kong-based firm Hutchison Whampoa, and the shipping companies, China Shipping and China Overseas Shipping Company (COSCO). As in banking, Indian firms have been almost entirely absent from this sector.

Both Chinese and Indian companies have made important advances in Latin American technology sectors, yet the types of technologies and the principal markets for each are different. Chinese companies have built a significant presence in telecommunications from the ground up through the firm Huawei and, to a lesser extent, ZTE. China has also developed and launched satellites for, and built space infrastructure in, Latin America. Indian companies, by contrast, have established a significant presence in the biotechnology and software development sectors of Latin America, in which China is almost completely absent. India has also become a major local employer through call centers and other technology services companies.

With respect to military engagement, Chinese companies have sold an increasing quantity of arms to the ALBA countries and Peru, including aircraft, radars, and military vehicles, while Indian arms sales have been limited to the sale of Mahindra military trucks and an ill-fated contract to supply light helicopters to Ecuador.

The Chinese military has participated in a variety of bilateral and multilateral military activities in the region, including the sending of its hospital ship, the "Peace Arc," to the region in 2011 and 2015, as well as combat exercises with Chile in 2013. Virtually all of the Latin American states that recognize the PRC have sent military officers to education and training programs in China; People's Liberation Army (PLA) soldiers have attended Latin American training programs such as those in Tolemaida, Colombia, and Manaus, Brazil. By contrast, Indian military contact with counterparts in Latin America has been limited to occasional institutional visits and participation in the naval exercise, Rim of the Pacific (RIMPAC) in 2014.

While Chinese activities in Latin America have thus generally eclipsed those of India, the nature of Indian companies and their engagement with the region creates opportunities for significant advances in the future, in a manner that is viewed positively by Latin American governments and societies.

On one hand, the type of engagement by Indian firms in Latin America and the sectors in which they are concentrated make them appear less "threatening" to the governments and people of the region than their Chinese counterparts, with less competition from Indian (versus Chinese) products in low-end manufactured products and greater concentration of Indian investments on high-value-added technology and services. In addition, Latin America (as well as the United States) generally perceives that the PRC, rather than India, is the principal challenger to the Western-led global order, if such a challenger exists.

At the corporate level, the tendency for Indian firms to be seen more positively than their Chinese counterparts is supported by their employment of relatively more local labor and management, and their experience in managing risks in complex democracies. This allows them to relate more effectively than their Chinese counterparts with local communities, labor forces, and interest groups.

INDIAN AND CHINESE ENGAGEMENT IN LATIN AMERICA AND THE CARIBBEAN: A COMPARATIVE ASSESSMENT

INTRODUCTION

Since the acceptance of the People's Republic of China (PRC) into the World Trade Organization (WTO) in 2001, China's expanding economic, political, and military engagement with Latin America and the Caribbean has received significant attention, both in the region and in the United States.[1] During the same period, India has also expanded its engagement, with India-Latin America bilateral trade growing at a rate similar to that of the PRC with the countries of the region, albeit from a much lower base. Cumulative Indian investment in Latin America is approximately $16 billion,[2] a non-trivial sum, yet only slightly more than the PRC invests in Latin America in a single year.[3]

The motives for Indian and Chinese engagement with Latin America are arguably similar: the demand for petroleum, metals, and minerals to supply domestic industry, and the need to import agricultural goods to help feed the Chinese and Indian peoples. Other motives are the search for new markets for the goods and services offered by Chinese and Indian companies, as well as technology partnerships to help those companies move up the value-added ladder.

In addition, largely outside the public eye, both countries have worked to sell military goods to the region, although PRC-based companies have been far more successful than their Indian counterparts in this regard.

The dynamics and trajectory of both China and India's engagement with Latin America and the Caribbean is changing. This change is a product of the deceleration of the growth of the Chinese economy as well as the improving performance of the Indian economy, on top of important shifts in the world economy, such as depressed commodity prices and the increasingly global posture of Latin America and the Caribbean. This includes the region's construction of trade and, more broadly, its financial ties with Asia.

Although much has been written about Chinese activities in Latin America and the Caribbean,[4] very little has been published regarding Indian engagement with the region. The few important works on the topic in the Western press include the Inter-American Development Bank (IDB) report *India: Latin America's Next Big Thing?*[5] and *India and Latin America and the Caribbean: opportunities and challenges in trade and investment relations,* by the Economic Commission for Latin America and the Caribbean (ECLAC).[6] In addition, Deepak Bhojwani's *Latin America, the Caribbean and India: Promise and Challenge,*[7] although mostly oriented toward presenting Latin America to an Indian audience, provides some useful insights about the relationship between the two. Lastly, a number of journalistic accounts detail the India-Latin America relationship, including an article in *Americas Quarterly* by Indian scholar Hari Seshasayee,[8] among others.[9]

By contrast, the literature on Chinese engagement with Latin America and the Caribbean is vast and growing.[10]

Nonetheless, apart from a recently compiled work on Chinese and Indian engagement in Latin America edited by Riordan Roett and Guadalupe Paz,[11] there is no major comparative study of Indian and Chinese engagement with the region. The present work helps to fill that gap.

This monograph is a comparative assessment of the contemporary activities of the governments and companies of the Republic of India and the PRC in Latin America and the Caribbean, with an emphasis on engagement during the most recent decade, ending in 2016. This work examines the high-level diplomacy employed by each of the two actors, as well as the volume and patterns of trade, the activities of Indian and Chinese companies in the region, and their relationship to their respective governments there in eight sectors. These sectors are: (1) petroleum and mining; (2) agriculture; (3) construction; (4) manufacturing and retail; (5) banking and finance; (6) logistics and port operations; (7) technology, such as telecommunications, space, and high technology; and, (8) military sales and activities.

This monograph finds that, in general, diplomatic and economic engagement with Latin America and the Caribbean by India is less than that of the PRC. It is concentrated in a more limited subset of countries and sectors, yet the experience and approach of Indian companies, and the structure of Indian engagement with Latin America, positions India to have a more harmonious and successful engagement than the PRC in certain areas.

DIPLOMATIC ENGAGEMENT WITH LATIN AMERICA AND THE CARIBBEAN

During the period of this study, the PRC has generally made a broader and more concerted diplomatic effort to engage with the states of Latin America and the Caribbean than has India, although India has developed strong relationships with some countries in the region. Most recently, under the government of Prime Minister Modi, India has promised to increase attention to Latin America and other parts of the world.[12]

China.

The PRC, for its part, has actively engaged the states of Latin America and the Caribbean in both bilateral and multilateral forums—focusing diplomacy principally on economic engagement, with a style that has varied by country but that has generally refrained from taking positions on the internal governance of the countries of the region.[13]

By the turn of the century, the PRC had established diplomatic relations with all but 12 states of the region. Prior to 2008, the fight with Taiwan to win or preserve diplomatic recognition of the countries in the region was a prominent feature of PRC diplomacy, particularly in the Caribbean and Central America, where the states recognizing Taiwan were concentrated.[14] With the informal "truce" between then-Chinese President Hu Jintao and his Taiwanese predecessor Ma Ying-jeou, elected to power in January 2008,[15] PRC policy toward the region shifted to focus more fully on expanding economic and other forms of engagement, including with countries that did not recognize the PRC.

In November 2008, in conjunction with the visit of Hu Jintao to the region, the PRC published its first-ever policy white paper toward Latin America and the Caribbean, outlining its desire to build stronger relationships with the region in a broad array of areas, primarily economic, but also in political, military, and technology relationships.[16]

The assumption of the Chinese Presidency by Xi Jinping in March 2013 arguably ushered in an era of greater PRC confidence in engaging with Latin America, less sensitive to the geographical proximity of the region to the United States and the reaction of the latter. By the end of 2016, President Xi had made three trips to the region, each with stops in multiple countries, and associated with important new economic and political initiatives.

Indeed, within 2 months of arriving in office, Xi made a major trip to the region, including three stops all north of Panama, with 11 bilateral leader-to-leader discussions, before meeting with then-U.S. President Obama in California. In July of the following year, President Xi returned to the region with four stops, all focused on countries with which the United States had difficult political relations: Brazil, Cuba, Venezuela, and Argentina.

In addition, the trip featured President Xi's attendance at the Brazil, Russia, India, China, and South Africa (BRICS) summit in Fortaleza, Brazil, and the first-ever summit between China and the states of Latin America and the Caribbean. Moreover, his choice to engage with the region through the Community of Latin American and Caribbean States (CELAC), an organization that excludes the United States and Canada, rather than through the Organization of American States (OAS), at which China had been an observer since 2004, illustrated the growing Chinese confidence in engaging the region, commensurate with the nation's growing economic might.

In general, the focus of PRC diplomacy within the region has been economic, supporting the efforts of its companies to win access to the resources, technology, and markets of the region. Indeed, this posture was highlighted by China's "1+3+6" engagement concept, promulgated by President Xi during his July 2014 trip to the region: one plan, three axes (trade, finance, and investment), and six principal engagement areas (energy and resources, infrastructure construction, agriculture, manufacturing, scientific and technological innovation, and information technologies).[17] These engagement areas were consistent with those areas in which the Chinese Government has sought to help its companies engage in the region to date.[18]

In November 2016, President Xi made his third and arguably most significant trip to the region. The Chinese leader traveled to Ecuador, Peru, and Chile, and participated in the Leaders' Summit of the Asia Pacific Economic Cooperation (APEC) forum. The latter was particularly important, as it was the first major meeting of world leaders following the surprise election of Donald Trump as President of the United States. The meeting provided President Xi with the opportunity to advance not only his nation's agenda among the world's top leaders in that moment of significant uncertainty, but also the Chinese proposal for the Free Trade Area of the Asia-Pacific (FTAAP), as an alternative to the U.S.-backed Trans-Pacific Partnership. The latter's future had been cast into doubt by the election of Donald Trump in the United States.

As noted previously, the PRC has continuously emphasized its policy of non-intervention with respect to the internal affairs of other states, such as those in the region.[19] Yet, as Chinese power and its economic role in the region have expanded, China has periodically used its influence to shape the policies of Latin American and Caribbean governments with respect to the treatment of Chinese companies and nationals,[20] as well as the ethnic Chinese living in

Latin America and the Caribbean. In August 2013, for example, during a state visit to the PRC seeking greater Chinese investment in Jamaica, then-Prime Minister Portia Simpson-Miller was asked by her counterpart, Chinese Premier Li Keqiang, to do more to secure the protection of Chinese Jamaicans in Kingston, who were being reportedly targeted by criminals. Prime Minister Simpson-Miller was obliged to commit the Jamaica Constabulary Force to look into the matter, to give better protection to Chinese businessmen.[21]

India.

In contrast to Chinese engagement with Latin America and the Caribbean, India's diplomatic activities in the region and its posture toward the region have been relatively low key.

Prior to the election of Indian Prime Minister Narendra Modi in May 2014, Indian leaders and their Latin American counterparts had exchanged occasional visits, principally involving Brazil, and centered on summits of the trans-regional groupings of the BRICS and India, Brazil, and South Africa (IBSA). Indeed, as a testament to the paucity of contact between India and Latin America, diplomat Deepak Bhojwani, writing in 2014, characterized the 1968 trip to Latin America by then-Indian Prime Minister Indira Gandhi as "the **high point** of Indian diplomacy with the region [emphasis added]."[22]

Although Prime Minister Modi, prior to assuming power, was expected to expand India's international engagement,[23] since taking office, high-level Indian-Latin American diplomacy has actually been more limited than it had been previously. As of mid-2016, Prime Minister Modi's only visit to Latin America was his July 2014 trip to Brazil for the 6th BRICS summit.[24] Moreover, while in Brazil, Modi notably did not take advantage of his visit to make side trips to other countries in the region, as his predecessors had done.

Outside of state visits, Prime Minister Modi met with Mexican President Enrique Pena Nieto, Guyana's President David Granger, Prime Minister Kenny Davis Anthony of St. Lucia, and Prime Minister Ralph Everard Gonsalves of St. Vincent and the Grenadines on the sidelines of the October 2015, United Nations (UN) General Assembly session in New York.[25] During his encounter with President Peña Nieto of Mexico, Prime Minister Modi also reportedly discussed the possibility of an Indian state visit to Mexico, but was not able to identify a time in 2016 that worked for both leaders.

Indeed, the only significant trip to the region by a senior Indian diplomat was a visit by the Indian Minister of External Affairs to Guatemala in May 2015.[26]

Reciprocally, the only significant visits by Latin American officials to India since Prime Minister Modi assumed office have been by Guyana's former President Donald Ramotar, in January 2015,[27] and by the Foreign Ministers of Mexico (March 2016), Brazil (November 2015), and Suriname (January 2015).[28] Ecuador's President Rafael Correa canceled a planned trip to India in November 2015, citing a political crisis in his country.[29]

Nor was the diplomacy of Prime Minister Modi's predecessor toward Latin America much more active than his own. During the decade from March 2006 through March 2016, there were only four visits by Indian heads of state to the region, covering only four states: Brazil, Mexico, Cuba, and Trinidad and Tobago. Even when trips by Indian External Affairs ministers and the Vice President are counted, the

Indian Government has traveled to the region only for 11 major visits since the beginning of 2006.

The record of Latin American official visits to India is not much better, with a total of 20 such visits to India from the entire region during the decade, including a total of seven visits by heads of state from Brazil, Mexico, Guyana, Paraguay, and Trinidad and Tobago.[30]

Reflecting the relative paucity of economic and historic ties between India and Latin America, India's diplomatic representation in Latin America and the Caribbean has been limited, with embassies in only 14 of the 33 countries in the region, including only three countries in the Caribbean: Trinidad and Tobago, Cuba, and Jamaica.[31]

As noted previously, at the political level, the special relationship India has with Brazil, among other actors in the region, is highlighted by the presence of the two countries in three trans-regional blocks of countries: the BRICS, IBSA, and Brazil, South Africa, India and China (BASIC);[32] although the IBSA forum did not realize a scheduled annual summit and has become inactive in recent years.[33]

As suggested by the previously presented pattern of embassies and visits within the Caribbean, India also arguably has a special relationship with the English-speaking states of the Caribbean through their shared history within the British Commonwealth and associated substantial Indian immigration and large Indian communities in Trinidad and Tobago, Guyana, and Suriname, as well as those in Brazil and Mexico. Indeed, for a decade, India has realized an important annual event celebrating its overseas diaspora in countries such as these, the *Pravasi Bharatiya Divas*.

Beyond the Caribbean basin, a relatively large Indian community of approximately 20,000 is found in

Panama, while other communities, including many Sikhs, are found in Argentina, Brazil (particularly Sao Paolo), and Bolivia (Santa Cruz).[34] Nonetheless, while India honors its diaspora, the mere location of large ethnic Indian communities in other countries has not been sufficient to make those countries a focus of Indian foreign policy.[35]

India's limited diplomatic engagement with Latin America arguably reflects a de-prioritization of Latin America within the Indian foreign policy establishment in general. The position of "Joint Secretary for Latin America and the Caribbean" within India's Ministry of External Affairs is a post of less prestige than an ambassadorial appointment, and has typically not attracted the most talented and ambitious members of the Indian bureaucracy. Within the Ministry of External Affairs, Latin America is part of what is known as "Secretary East," where it competes for attention with Asia and other high-priority areas. Although engagement with Latin America is part of India's engagement with fellow nations of the less developed world, within such "South-South" diplomacy, India has typically placed more attention on Africa, with which it has more commonalities. These include a shared colonial past under the English and 20th-century movements for national liberation.

As with the PRC, India has traditionally sought to avoid pronouncements on the politics and internal affairs of other states in the region, concentrating instead on the promotion of economic and other ties.

Nonetheless, as in diplomacy—as will be noted later—support from the Indian Government for the activities of its businesses in Latin America and elsewhere is limited at best, and not always well coordinated.

TRADE RELATIONSHIP

India's bilateral trade with the countries of Latin America and the Caribbean in 2014, according to the International Monetary Fund, was $46.53 billion, only about one-sixth of the $285.66 billion in bilateral trade between the region and the PRC during the same period.[36] Yet, India's balance of trade with Latin America is more beneficial to the region than that of the PRC, even if the absolute volume of trade between India and the region is smaller. In 2014, for example, India bought $29 billion in goods from the region during the period and sold $17.53 billion in goods, a relationship of 1.7:1 in the region's favor. By comparison, the region sold China $95.38 billion in goods during the period, but bought $190.38 billion in goods from it, a balance of 2:1 in China's favor.[37]

In addition, the rate of Indian trade growth with Latin America is comparable to that of the PRC, albeit from a lower base. India's $46.53 billion in bilateral trade with Latin America and the Caribbean in 2014 was 22 times its $2.12 billion in trade with the region in 2000, versus a 24-fold increase in China-Latin America and the Caribbean trade during the same period.[38]

Within the region, India's major export partners as of 2014 were Brazil ($6.973 billion), Mexico ($2.920 billion), and Colombia ($1.129 billion), which collectively accounted for 72% of the region's purchases from the country.

By comparison, the distribution of India's imports from the region among Latin American countries was somewhat more diversified. Its top partners were Venezuela ($13,199 billion), Brazil ($5.535 billion), Colombia ($3.554 billion), Mexico ($3.449), Chile ($3.182 billion), and Argentina ($2.015 billion), which collectively accounted for 92% of Indian purchases from the region.[39] Two of India's most important imports from the region were petroleum and soy products, with India importing approximately $20 billion in petroleum during 2014 (mostly from Venezuela and Brazil), and $2 billion of soy products during the period (mostly from Brazil and Argentina).[40]

India's relationship with Venezuela is unusually significant, in light of the ongoing political and economic collapse of the Bolivarian Socialist regime there. As of 2015, 11.4% of India's oil imports came from Venezuela, second only to its oil imports from Saudi Arabia.[41]

With respect to products, India, like China, sells a range of manufactured goods to Latin America and the Caribbean, but in contrast to the PRC, these goods are relatively more concentrated on high-value-added products. Examples include Indian motorcycles by producers such as Hero and Bajaj; tractors by Mahindra; some cars, such as the Tata Nano in Mexico; and light trucks, including sales by Daimler India Commercial Vehicles in Trinidad and Tobago.[42]

Perhaps one of India's most successful commercial product offerings in Latin America is that of Indian pharmaceutical companies, which are well established in the region.[43] Leading Indian pharma firms in the Latin American market include Dr. Reddy's Laboratories, Cipla, Natco Pharma, Lupin, and Glenmark—with Brazil and Mexico being the two principal markets for Indian companies there.[44]

With respect to agreements facilitating trade, the PRC is relatively more advanced than India. During the past decade, China has signed free trade agreements (FTAs) with Costa Rica, Peru, and Chile, the latter of which includes a supplementary agreement in services.[45] The PRC is also reportedly interested in negotiating other FTAs with partners such as Colombia.[46]

For its part, India has a preferential trade agreement with Mercosur, which entered into force in 2009,[47] and a partial trade agreement with Chile that India is considering expanding.[48] To date, India has no bilateral FTAs with countries in the region,[49] although it is reportedly considering limited agreements with Chile, Peru, and Mexico.[50]

Petroleum and Mining.

Both Chinese and Indian companies are significant investors in the petroleum and mining sectors of Latin America and the Caribbean, and are major purchasers of the region's exports in those sectors. Nonetheless, Chinese companies have generally been larger buyers of goods in those areas, and have an ownership share in petroleum and mining companies in a greater number of Latin American countries. Yet, Indian companies are generally positioned in higher-value-added activities there.

China.

In the petroleum sector, Chinese companies maintained a limited presence in Venezuela, Peru, and Ecuador during the first decade of the century. However, they began significantly expanding their presence after 2010, with acquisitions focused on acquiring ownership of, or minority shares in, companies with proven reserves requiring an injection of capital to develop.[51]

The most significant cases beginning during this period include the Chinese firm Sinochem's $3.1 billion purchase of the Brazilian operations of Statoil,[52] Sinopec's $7.1 billion investment in the Brazilian operation of the Spanish firm Repsol,[53] Sinopec's purchase of Occidental Petroleum for $2.4 billion,[54] and China National Offshore Oil Corporation's (CNOOC's) acquisition of Bridas.[55] Other major deals that followed include Sinopec's $3.1 billion purchase of the Ecuadoran operations of Repsol[56] and CNOOC's $15.1 billion purchase of Nexxen in 2013, giving the new owner significant petroleum assets in Colombia and other Latin American companies.[57]

Chinese companies have also spent billions of dollars to acquire minority stakes in companies in the region, including Sinopec's purchase of 30% of Galp energy for $4.8 billion[58] and Sinochem's acquisition of a 10% stake in Perenco, with important holdings in Brazil.[59]

As Chinese companies have advanced in their technical capabilities and knowledge of the region, they have also entered into competitive public procurements. These include petroleum projects that are more exploratory in character, such as the winning bids by China National Petroleum Corporation (CNPC) and CNOOC, to participate in development of the Libra oil field offshore from Brazil.[60]

In the mining industry, as in the petroleum sector, Chinese companies have focused on purchasing small companies to acquire rights to existing mineral deposits, then injecting capital to exploit the mine. The focus of such efforts had been in Peru, including the Toromocho, Galleno, Pampa de Pongo, Don Javier, and Rio Blanco mines,[61] although they have also acquired rights to important mineral reserves in Brazil through the acquisition of Itaminas; in Ecuador, by buying Corriente; and in Argentina, with Sierra Grande.[62] In parallel to the petroleum sector, they have also acquired large minority stakes in important projects, such as a Chinese consortium's $1.95 billion purchase of a 10% share in Brazilian Metallurgy and Mining Company (Companhia Brasileira de Metalurgia e Mineração [CBMM]), which controls mines with valuable rare earth elements.[63]

India.

In contrast to Chinese companies, Indian petroleum and mining companies have been active in the region in a smaller number of countries, on a smaller scale. The majority of Indian investments in the sector have been realized by India's state oil company Oil and Natural Gas Corporation Ltd. (ONGC) Videsh, although other Indian companies such as Reliance buy oil from Latin America for processing in the nation's refineries and frequently export products such as diesel. India purchases approximately 400,000 barrels of oil per day from Venezuela, 100,000 barrels per day each from Brazil and Mexico, and 50,000 barrels per day each from Colombia and Ecuador.[64]

Although India's presence in Latin America's petroleum sector is less than that of the PRC, it is nonetheless significant. As of the end of 2013, eight Indian oil companies had presence on the ground through a total of 12 joint ventures in six countries in the region: Venezuela, Brazil, Colombia, Ecuador, Cuba, and Peru. The companies included ONGC, Reliance Industries, Essar Oil, Bharat Petroleum Corporation Ltd. (BPCL), Oil India, Videocon Industries, Assam Company, and Indian Oil Corporation.[65]

ONGC has established a significant presence in Venezuela and a lesser presence in Colombia and Brazil. The firm has invested an estimated $3 billion in the oil sectors of Venezuela, Colombia, and Brazil,[66] and has demonstrated an intention to participate in the newly opened Mexican petroleum sector.[67]

In Venezuela, ONGC has been present since 2008, when it forged a partnership with the Venezuelan state petroleum company Petroindovenezolana (PDVSA) to develop the San Cristobal block in the Venezuelan tar sands.[68] The joint venture was followed in 2010 by a second one, Petrocarabobo (also involving India Oil), focusing on the Carabobo-1 block, ceded by the Malaysian firm Petronas as it withdrew from the country. Both are currently producing oil, with the output of San Cristobal estimated at 30,000 barrels per day, and Petrocarabobo expected to produce 400,000 barrels per day eventually.[69] Nonetheless, ONGC is reportedly owed approximately $500 million by PDVSA, and has had a less than positive experience in the country.[70]

Beyond ONGC and India Oil, the Indian companies Reliance and Essar, operating in Venezuela, together purchase up to 600,000 barrels per day of relatively heavy, high-impurity oil from the Venezuela tar sands and process it in large specially tooled refineries in India.[71]

A major milestone in India's advance in Venezuela's oil sector was the September 2013 summit between Indian Energy and Mines Minister Veerapa Moily and head of PDVSA Rafael Ramirez,[72] which was followed by a visit to Caracas the following month by an Indian delegation and produced new commitments by India to invest in the sector, including an agreement with Reliance to evaluate the Ayacucho-3 block.[73] The

Indian companies Essar and Oil India have also signed agreements with PDVSA for infrastructure and services to transport Venezuelan oil.[74]

In addition, Indian companies at the time were reportedly also interested in other Venezuelan oil blocks, including Ayacucho 3 and Boyaca-4.[75] In the end, however, with the deepening difficulties in the Venezuelan economy, few of the contemplated Indian investments in Venezuela went forward.

Beyond Venezuela, in 2006, ONGC made a modest but important advance in the Latin American petroleum sector in Colombia when it joined with its Chinese counterpart, CNPC, to collectively purchase a controlling interest in the oil company Omimex, renaming the newly acquired firm Mansroavar.[76]

The other focus of Indian companies in the Latin America petroleum sector has been Brazil, where ONGC has reportedly invested 700 million dollars to acquire offshore oil blocs near Rio de Janeiro. ONGC, in combination with the Indian company Gail, entered a joint venture with Petrobras through which the Brazilian firm obtained a 30% stake in an oilfield in the Krishna-Godavari basin in India, but Petrobras pulled out of the joint venture in 2010 to concentrate on the development of oil at home.[77]

Beyond ONGC and Gail, smaller Indian companies have also been engaged in exploratory activities in Brazil. Examples include Bharat Petroleum Resources, which, during the expansive phase of Brazil's oil development, acquired ten blocks, including offshore holdings, from the Canadian company EnCana for $165 million.[78]

In addition, the Indian company Reliance has a small bitumen refinery in Trinidad and Tobago.[79]

Finally, ONGC has established an office in Mexico, where it participated unsuccessfully in the first round of Mexican oil-sector auctions,[80] and is expected to participate in future bids as the country opens up its oil sector.[81]

With respect to the mining sector, the activities by Indian companies are generally concentrated in exploratory and engineering services activities, and are generally smaller than those of their Chinese counterparts in the region.

The major Indian mining investments in the region, to date, have occurred in Peru, Brazil, and Bolivia, although Indian companies also have a mining presence in Chile and Mexico.

In Peru, the Indian company Indian Farmers Fertiliser Cooperative Ltd. (IFFCO) has a significant mining operation extracting phosphates and potash for export to India. Indeed, because of the IFFCO investment, approximately one quarter of all Peruvian phosphate production is reportedly exported to India.[82]

In Brazil, India's most significant presence in the sector is the Aditya Birla group, whose subsidiary Novelis operates aluminum rolling and casting facilities in the country[83] at Pinda and San André,[84] accounting for $2.5 billion of the group's $40 billion in global revenues.[85]

Another example of Indian participation in the Latin American mining sector is the firm Minenergy Resources, which has acquired mines in the Brazilian state of Tocantins in a joint venture with fellow Indian mining firm Neepaz Mineral Resources.[86] Minenergy also has rights to territory and is exploring for diamonds in Brazil's Parana state.[87]

In Bolivia, the Indian firm Jindal made a $2 billion commitment to develop the Mutún iron deposit in eastern Bolivia, but the company became enmeshed in a series of conflicts with the Bolivian government, which ultimately terminated in the company withdrawing from the country and initiating a lawsuit.[88]

At the same time, in comparison to the PRC, India also has a relatively larger concentration of firms higher up the value-added chain in the metals sector. Examples include Essar Steel, which has a plant in Guyana,[89] and Tega Industries, which operates an abrasives plant in Chile.[90]

Nonetheless, such Indian ventures are relatively modest and, in contrast to Chinese companies, are generally oriented toward supplying local needs rather than serving the Indian domestic market, since consumers in India can obtain needed quantities of metals more cheaply in India itself, or from closer suppliers, such as in Australia. Indeed, multiple Indian experts consulted for this study emphasized that Indian companies are generally not competitive in the region against the larger multinational firms, such as those of Australia.

Agriculture.

Although China and India are competing purchasers of Latin American foodstuffs, particularly in Argentina and Brazil, Chinese companies have tried to invest and build a presence in the region in ways that Indian companies have not.

China.

To acquire needed agricultural goods for the Chinese people, PRC-based firms have purchased food and animal fodder, such as soybeans, through international agricultural conglomerates such as Archer Daniels Midland Company (ADM), Dreyfuss, Bunge, and Cargill.[91] They have also tried, with limited success, to build their own agro-industrial complexes in the region to acquire, store, and transport foodstuffs to the PRC. Prominent examples include the firm Beidahuang, which attempted to grow and store soybeans on leased land in Rio Negro, Argentina, and launched similar projects in Brazil by Sanhe Hopeful and Chongqing Grain, none of which have made substantial progress.[92]

On a more modest, but still significant, scale, the Chinese wholesale purchaser China National Cereals, Oils and Foodstuffs Corporation (COFCO) has begun to build agro-industrial facilities in the region and to obtain agricultural technologies by buying companies with existing capabilities. The two principal cases, both in 2014, are COFCO's acquisition of Nidera for $1.2 billion[93] and its purchase of H.K. Noble for $1.5 billion.[94]

In addition to animal fodder, reflecting both political exigencies and China's demand for food, the PRC has also increasingly imported meat and other products for human consumption from the region.[95]

India.

In contrast to China, Indian firms have not invested in agriculture in Latin America as much as in food processing.

Since 2009, the Indian firm Shree Renuka Sugars has operated four sugar refineries in Latin America and the Caribbean under the brand Renuka, including buying two companies in Brazil for $600 million, in order to produce ethanol (as well as sugar).[96] The company's bottom line, however, was prejudiced by low international sugar prices and, in September 2015, it filed for bankruptcy.[97] Similarly, the Indian company Praj Industries has built ethanol production plants in Brazil and Colombia,[98] while Olam, operating out of Singapore, has leased land in Argentina to produce peanut oil for export to India.[99]

Construction.

Construction in Latin America and the Caribbean is one of the sectors in which the difference in profile between Chinese and Indian companies is most dramatic. Backed by well-resourced partner financial institutions, as well as by their government, Chinese construction firms have won an increasing number of significant projects, particularly in the Bolivarian Alliance for the Americas (ALBA) countries and in the smaller nations of the Caribbean. Additionally, these projects have attracted Chinese loan-based financing, even when the financing of these projects requires the use of Chinese companies and workers. By contrast, Indian construction firms, which lack significant experience outside their own region and are generally at capacity building in India itself and also cannot leverage ample financing from Indian financial partners, have almost no presence in Latin America and the Caribbean.

China.

PRC-based companies such as China Railway Road, Sinohydro, China Harbour, and China Water and Electric have won considerable business in Latin America and the Caribbean through projects negotiated partly at the government-to-government level and financed by Chinese banking partners. Chinese companies have been particularly successful with infrastructure projects in countries that have turned away from Western institutions for financing, or whose policies or economic situation has restricted access to such capital, including Argentina, the ALBA regimes, and the small island nations of the Caribbean. In recent years, however, they have begun to successfully participate in competitive public procurements in countries such as Colombia as well.

In the cases of Venezuela and Ecuador, Chinese loans for construction projects have been secured by parallel contracts for repaying the debt through the delivery of oil; although in other cases, such as the $7.5 billion line of credit extended to Bolivia to fund Chinese construction projects and other activities in the country, the vehicle for securing repayment has been less clear.[100] Projects built with such funds include hydroelectric facilities in Ecuador, Honduras, Belize, Argentina, and Bolivia; thermoelectric facilities in Venezuela and Guatemala; a possible nuclear plant and railway infrastructure in Argentina; and road projects in Bolivia, Suriname, Jamaica, and the Bahamas, among other countries.[101] In Brazil, the Chinese electricity company State Grid has invested in the country and won important contracts for power transmission infrastructure, including one to connect the Belo Monte hydroelectric facility to the national power grid.[102]

Chinese companies have also publicly discussed a number of infrastructure "megaprojects" with governments of the region, such as Atlantic-Pacific "dry canal" railroad links across the south of Mexico, Guatemala, Honduras, and Colombia, as well as an interoceanic railroad corridor from Bayovar, Peru, to Açu, Brazil.[103] Yet to date, none of these megaprojects has gone forward. In addition, although the Chinese Government has not publicly associated itself with the announced transoceanic canal across Nicaragua spearheaded by Chinese businessman Wang Jing, Chinese companies are likely to finance substantial portions of the project and participate in its construction if the canal is indeed built.[104]

While most Chinese activity in the construction sector has been paid for by governments in the region through loans from Chinese banks, a small amount, particularly in the Caribbean, has been paid for by Chinese investors or the Chinese construction companies themselves. Prominent examples include the failed $3.5 billion Baha Mar resort project in the Bahamas, financed in part by China State Construction and Engineering Corporation,[105] and the North-South toll highway in Jamaica.[106]

India.

With few exceptions, Indian companies are almost completely absent from the construction sector in Latin America and the Caribbean. The few exceptions include the Deli Metro Rail Corporation (DMRC), which reportedly discussed, but ultimately did not participate in, construction of a proposed metro rail project in Bogota, Colombia. Previously, the Indian company Rites had a 5% stake in a railroad line across Colombia, but the project was never completed.

In the energy generation sector, the Indian firm D. S. Construction has acquired a 50% interest in Globeleq America for $542 million, giving it access to 2.2 megawatts of natural gas and hydroelectric power plants in Nicaragua and Bolivia, as well as smaller electricity generation assets in various other states.[107] Yet, it is not clear whether the firm intends to use its presence to win contracts for the construction of other electricity generation assets, as the Chinese company State Grid has done.

Indian experts consulted for this report provided various explanations for the lack of an Indian presence in the sector, including the argument that Indian companies have sufficient work within India itself and often do not see benefit in pursuing projects abroad. These Indian companies do not see the benefit as sufficient to overcome the difficulties of pursuing work abroad.

In addition, reportedly, few Indian companies have experience operating in Latin America.

In contrast to large Chinese construction companies, whose pursuit of work in Latin America is supported by the Chinese Government and banking partners, Indian experts felt that the Indian embassies in Latin America generally had few resources and were not well positioned to support the efforts of individual Indian companies to win work projects in the region. In addition, the Export-Import Bank of India, a logical source of financing, is seen as too encumbered by bureaucratic procedures to support such initiatives in an agile fashion.

Manufacturing and Retail.

Both China and India have a significant presence in the manufacturing and retail sectors of Latin America and the Caribbean, although with different areas of emphasis. While a small number of Indian companies such as Bajaj and Mahindra have sold products to the region for a longer time than their Chinese counterparts, more Chinese manufacturers have moved more aggressively to establish final assembly facilities in major markets such as Brazil and Mexico than have their Indian counterparts. Chinese manufacturers have also established a more significant presence in the white goods sector across the region than have their Indian counterparts. Yet, although the advances in their commercial presence in manufacturing and retail have been more limited, Indian companies have often demonstrated greater skill in acting as local players than have their Chinese counterparts.

China.

China's presence in the Latin American manufacturing sector is characterized by a relatively diverse array of companies, working in coordination with local partners in sectors from consumer appliances to motorcycles, and from cars to heavy equipment, as well as other goods.[108]

Relatively low-technology Chinese manufactured goods such as toys, shoes, clothing, and consumer electronics were initially sold to the region through Western manufacturers or importers, although the Chinese goods manufacturers Gree and Haier established manufacturing facilities in Manaus, Brazil, under their own names, in 2000 and 2005, respectively.

Like white goods, Chinese motorcycles began appearing in the region in the late-1990s, with importers, such as the brands Jialing[109] and Jincheng,[110] establishing manufacturing facilities in Colombia at a relatively early date. Yet, other than these pioneers, the expansion of Chinese motorcycle sales to the region began to take off in the early-2000s.

The sale of Chinese cars, trucks, and commercial vehicles, such as the brands Shanghai Automotive Industry Corporation (SAIC), Anhui Jianghuai Automobile Corporation (JAC),[111] Foton,[112] Chery,[113] and Great Wall began to take off in the region a few years later, in the late-2000s, eventually leading those companies and their local partners to establish final assembly facilities in countries with large markets, such as Brazil and Mexico, although a smaller number of Chinese car companies, such as Foton, also began to consider establishing plants in smaller economies with mature markets, such as Colombia.

The trajectory of Chinese heavy equipment producers paralleled that of the automotive sector. Chinese products were initially introduced through local dealers, eventually leading Chinese firms, in conjunction with their local partners, to build final assembly facilities in large market countries. Examples include the Chinese private firm Sany Heavy Industries, which built a factory in São Paulo,[114] as well as the Chinese state-owned enterprise Xuzhou Construction Machinery Group (XCMG), which built a tractor factory in Minas Gerais in 2012.[115]

India.

Manufacturing and retail is one of a small number of sectors in which Indian companies have had a longstanding, albeit modest, presence in Latin America and the Caribbean. A number of Indian manufactured goods companies have sold their products in the region for a decade or more. In the motorized vehicle sector, including autos, motorcycles, and other vehicles, Indian companies sold $1.82 billion in products to the region in 2014, accounting for 24% of India's exports in the sector globally.[116]

Nonetheless, few Indian manufacturers have established production facilities in the country.

One of the principal examples is the well-known Indian firm Mahindra, which has sold agricultural and farm equipment in the region since the 1990s. Its facilities in the region include a joint venture to produce 4-wheel drive vehicles in Manaus,[117] as well as plans for a tractor factory in Venezuela and a possible assembly facility for its motorcycles in Guatemala.[118]

The company Bajaj has sold motorcycles in Latin America, including the popular Pulsar line, as well as three-wheeled vehicles. The company has an established retail network throughout the region, and its motorcycles are considered a market leader in Colombia and Central America.[119] The company also set up production facilities in Mexico,[120] Brazil,[121] and Nicaragua.[122]

Beyond Mahindra and Bajaj, the Indian Company Hero Motorcorp built a motorcycle production facility in Villa Rica, Colombia, which was inaugurated in September 2015, with a capacity to produce 150,000 units per year.[123] The Indian company, TVS Motor Company Ltd., is also an important seller of Indian motorcycles in the region, but has yet to build a production facility there.[124]

In the automotive sector, the Indian conglomerate Tata is building a $750 million production facility for Land Rover automobiles,[125] and has reportedly considered building a production facility in the region for its inexpensive Nano automobile. However, Tata has reportedly not yet decided whether to construct the facility in Mexico or Brazil.[126]

Also in Brazil, the Indian heavy equipment producer BEML (formerly known as Bharat Earth Movers Ltd.) has built a plant for manufacturing earthmoving and mining machinery, as well as railway cars.[127]

The Indian firm Wipro maintains facilities in five cities in Mexico, Brazil, and Argentina,[128] including a facility that was set up in October 2008 for its subsidiary AmBev, the largest brewery in Latin America.

Beyond the motorized vehicle industry, the Indian wind turbine producer Suzlon, in August 2010, invested $10 million to set up a plant in Brazil to produce 2MW wind turbines.[129] It has installed an estimated 750MW of wind generation capacity in Brazil alone, focused on the states of Ceará and Rio Grande do Norte. Suzlon is also reportedly investing $20 million to set up a new Latin American headquarters in Brazil, and is pursuing projects to install up to an additional 400MW in Chile, Uruguay, and Mexico.[130]

Further examples of Indian manufacturing investments in the region include Elgi Equipments, which invested in a facility in Sao Paolo to market and distribute its compressors with the intention of manufacturing the units there.[131]

In the chemicals manufacturing sector, the Indian company UPL Ltd. (formerly known as United Phosphorus Ltd.) operates in Brazil, Colombia, and Argentina.[132]

In addition, in 2006, the Indian company Pidilite acquired the Brazilian firm Pulvitec do Brazil to produce consumer adhesives, maintenance products, and other construction products in that country, although Pidilite is reportedly in the process of divesting itself of the company, which has been incurring losses.[133]

Banking and Finance.

In the financial sector, Chinese banks have made significant advances in the region, including loans, branch banking, currency swaps, and other financial and legal arrangements to facilitate the conduct of business by their commercial partners. By contrast, Indian banks have been almost entirely absent from Latin America in supporting Indian firms and commerce in such areas.

China.

For more than a decade, China's principal policy banks, led by China Development Bank and China Export Import Bank, have lent more than $124 billion to the region,[134] including participation in multilateral funds that the PRC has proposed to advance its projects in the region.[135] In addition, more commercially oriented Chinese banks, such as the Industrial Commerce Bank of China (ICBC) and China Construction Bank (CCB), have followed their Chinese commercial partners into the region, setting up representation offices to provide legal and other services for them. More recently, these banks have entered into branch banking in the Southern Cone, purchasing Standard Bank to obtain a branch banking presence in Argentina;[136] and, in 2013, BicBanco's acquisition of CCB, which helped the Chinese acquire a branch banking presence in Brazil.[137] In addition, Chinese banks have participated in multiple debt-swap agreements with countries in the region to create clearing mechanisms and facilitate transactions directly between Chinese and Latin American firms, including a $30 billion debt-swap agreement with Brazil,[138] an $11 billion agreement with Argentina,[139] and a $3.5 billion agreement with Chile.[140]

India.

Indian banks have not followed their corporate partners into Latin America, nor into other parts of the world, the way that Chinese firms have. Indeed, Indian firms reportedly complain over their inability to obtain capital at competitive rates when they go abroad.[141] In contrast to Chinese companies, Indian financial firms have not yet ventured into branch banking in the region, and there are currently no large "currency swap" agreements between Indian and Latin American governments or banks to facilitate the conduct of transactions.

While India, like China, has a government-backed export-import bank, that institution has lent a relatively miniscule $200 million to the region. The procedures required by the bank to obtain loans are reportedly cumbersome and time consuming, and its terms are reportedly not significantly better than funds from other development banks active in the region, such as the IDB or the Corporación Andina de Fomento (CAF). Nonetheless, India may be interested in expanding its financial cooperation with the region. In March 2016, Bolivian Minister of Planning and Development Rene Orellana visited India, where he met with the Export-Import Bank of India, and where his Indian counterparts expressed interest in strengthening India-Bolivia financial ties.[142]

Logistics and Port Operations.

In the logistics and port operations sectors, Chinese companies have a modest but growing presence, built principally around the Hong Kong-based firm Hutchison Whampoa, and the shipping companies

China Shipping and China Overseas Shipping Company (COSCO). Conversely, Indian firms are almost entirely absent from the sector.

China.

The visible expansion of PRC-based companies in the logistics sector in Latin America and the Caribbean began in 1999, when the Panamanian Government awarded concessions for the operation of the ports of Cristobal and Balboa, on either side of the Panama Canal, as the Canal was returned to Panamanian control by the U.S. Government. In the years that followed, Hutchison also won important port concessions in the Bahamas, Mexico, Argentina, and Ecuador. Yet, despite concern in the United States regarding the new Chinese presence represented by Hutchison in the region, the firm has generally administered each of the ports in its control in a fashion comparable to that of other multinational logistics companies.

Since 1999, Hutchison has gradually acquired logistics sector assets, such as warehouses and other consolidation facilities, that complement the ports it operates in the region. Yet, the company has not established presence at a major new port since 2009, when it withdrew from the port of Manta, Ecuador, due to a dispute with the national government.[143]

In parallel to Hutchison, both China Shipping and COSCO have expanded their commercial cargo service from Asia to Latin America in recent years. The two companies are now merging and are poised for further expansion in the region.[144]

Beyond maritime logistics, the company China Airport Holdings currently operates six airports in Colombia, but otherwise has no presence in Latin America.[145]

India.

In contrast to Chinese companies in the logistics sector, there are no Indian port or airport management companies active in Latin America or the Caribbean. Nor, with the exception of the small company TCI Global Brazil Logistica in the energy sector,[146] are there any Indian shipping companies comparable to the Chinese companies COSCO and China Shipping. As one Indian expert put it, "India simply isn't known globally for such things."[147]

Technology Sectors.

Both Chinese and Indian companies have made important advances in the technology sectors in Latin America and the Caribbean, yet the types of technologies, and the countries that serve as the principal markets and partners for each, are very different. China's most significant advances in the area have been in the construction of telecommunications infrastructure, the sale of telecommunications products, and other electronic goods, as well as in satellites, space infrastructure, and space launch services. Indian companies, by contrast, have played a significant role in biotechnology, software development, call centers, and other technology services.

China.

In South America, and increasingly in Central America and the Caribbean, the Chinese companies Huawei and ZTE have built a significant business selling telephones and telecommunications devices, as well as constructing telecommunications infrastructure for governments and private service providers. In contrast to the presence of Chinese companies in other sectors, Huawei and ZTE have had to integrate their own managerial and technical personnel with local staff, necessary for the sales and customer service "public face" of the company in the countries in which they operate.

In space services, China's National Space Administration and its space services provider, Great Wall Industries, have developed and launched four satellites for Brazil, two for Venezuela, and one for Bolivia,[148] as well as the launch of the Pegasus microsatellite for Ecuador. Such projects have included Chinese construction of space-ground-control infrastructure for both Venezuela and Bolivia, and the training of personnel for both newly created space programs in the PRC. The PRC has also built a deep space radar tracking facility in a remote part of Neuquén, Argentina,[149] as a laser range-finding capability at Argentina's San Juan Observatory,[150] and has tried unsuccessfully to win contracts to develop and launch satellites for Chile and Argentina.[151]

India.

Indian companies have a presence in the Latin American technology sectors that is comparable to that of their Chinese counterparts, but in a different mixture of specific industries. Whereas Chinese companies are concentrated principally in telecommunications, consumer electronics, and space launch services, Indian companies play a significant role in pharmaceuticals, consulting, and technical services, and only secondarily, in telecommunications.

Pharmaceutical companies were among the first Indian companies to set up shop in Latin America, entering the region in the 1990s at the invitation of local governments seeking to bring down health costs associated with name-brand pharmaceuticals. Initially, Indian companies sold their products into established distribution infrastructures in the region. Later, they began acquiring companies with a retail pharmaceutical presence in the region to realize the profits from this more lucrative portion of the pharmaceutical supply chain.[152] In 2014, Indian pharmaceutical companies sold more than $1 billion in goods to the region, of which Brazil purchased $374 million; followed by Venezuela, which bought $146 million; and Mexico, which bought $126 million in Indian pharmaceutical products.[153]

Currently, Indian pharmaceutical companies in Latin America are concentrated in Mexico and Brazil. Major Indian companies include Dr. Reddy's, Sun Pharma, Glenmark, and Claris, as well as Stride Arco Labs, Aurobindo, and Zydus Cadilla and the former Ranbaxy before its 2015 acquisition by Sun.[154] Nonetheless, Indian pharmaceutical companies operate throughout the region, with pharmaceuticals being India's principal export to Venezuela.[155]

Of the aforementioned companies, Strides Arcolabs, Glenmark, and Ranbaxy-Sun Pharma have manufacturing facilities in Brazil, and Aurobindo has a warehouse there.[156] Similarly, in 2007, the Indian firm Zydus Cadilla acquired the pharmaceutical company Nikkho for $26 million, with a production facility in Rio de Janeiro.[157]

Although, as noted previously, the Indian companies Dr. Reddy's, Glenmark, and Claris Injectables operate in Venezuela, the progressive collapse of the

Venezuelan economy has prevented them from repatriating their profits for almost 2 years.[158]

Beyond pharmaceuticals, Indian companies also employ a significant number of people in call centers in Latin America, leveraging the region's combination of relatively low labor costs and alignment with U.S. and Canadian time zones to serve those two markets. Along with pharmaceutical firms, Indian call centers and related technology service companies entered the Latin American market approximately 15 years ago. Indian call centers and technology services companies employ an estimated 25,000 persons in the sector.[159] Key players include Tata Consultancy Services (TCS), Wipro, Infosys, and Aegis, although there are also multiple "second tier" players operating in the region.

In Mexico alone, Indian technology companies employ 6,000-7,000 people, including TCS, Infosys, Wipro, NIIT Technologies, BirlaSoft, HCL Technologies, Aptech, Hexaware Technologies, and Patni Computer Systems.[160]

Beyond call center activities such as Information Technology (IT) support, other activities of Indian technology services companies in the region include software development. The Indian firm TCS, for example, has become a relatively important player in Brazil, employing an estimated 1,500 persons in software development centers in Brasilia, São Paulo, and Campinas.

The Indian firm Infosys Technologies opened a software development and an accounting and technology services center in Brazil in 2009. It currently employs a total of 1,700 people in Brazil, Mexico, Argentina, and Colombia.[161]

Similarly, the Indian firm Wipro has operations in three Latin American countries in five cities: Curitiba and São Paulo (Brazil), Buenos Aires (Argentina), and Mexico City and Monterrey (Mexico).[162]

Other examples include: Aptech, which in 2009, opened an IT training center in Brazil with the Brazilian partner Falgo, as well as Manthan Systems, which opened an office in São Paulo to provide consulting services for the retail and consumer goods sectors. Still more Indian IT companies operating in the region include Mann-India, Tech Mahindra, HCL Technologies, Genpact, Patni Computer Systems, Cognizant, Crisil/Irevna, Copal Partners, E-Valueserve, Cellent AG, Amba Research, WNS Global Services, Idhasoft Ltd., CSS Corp, i-flex Solutions India Ltd. (now Oracle Financial Services Software Ltd.), Sasken Communications, Geodesic Ltd., Hexaware Technologies, Polaris Software, Sutherland Global Services, and UST Global.[163]

As suggested by the numbers provided in the preceding paragraphs, in contrast to Chinese companies, Indian companies have been obligated from a relatively early point in time to hire almost exclusively from the local population. But these companies have reportedly had sufficient flexibility from their Indian headquarters companies to adapt to local labor laws and other regulations.

In contrast to the significant presence of the Chinese firm Huawei, and to a lesser extent ZTE, in the Latin American and Caribbean telecommunications sector, there are few Indian telecommunications companies in the region. Examples include the firm Vihaan Networks Limited (VNL), with a relatively small presence in Bolivia and other parts of the Andean region.

Other examples include Tata Communication Services, which entered the region by acquiring the Brazil-U.S. undersea cable link.[164]

In addition, Comviva, the telecommunication electronics arm of the Indian company Mahindra, has a small presence in the sector, with Latin American sales accounting for 15% of the firm's revenues in 2015.[165]

Military Sales.

To compare Chinese and Indian military engagement with the region, it is important to consider both the sales of military goods and associated support as well as other activities, such as training and professional military education programs in the region.

With respect to arms sales, as in commercial sectors, both Chinese and Indian companies are seeking to sell their goods to the region. Chinese companies, however, have sold a far larger quantity, and a broader array of arms, to a far greater number of countries in the region than has India.

China.

Over the past decade, Chinese defense companies have expanded their client base from the politically sympathetic regime in Venezuela, to allied regimes in Bolivia and Ecuador,[166] then further to others, such as the Republic of Trinidad and Tobago, and Peru.[167] In the process, they are continuing to broaden the array of military goods and services that they offer to the region, and are offering weapon systems of increasing quality and capability.[168]

In Venezuela, for example, PRC military companies such as Norinco and the Aviation Industry Corporation of China (AVIC) have advanced from selling modest capability K-8 trainer aircraft, to more capable L-15 fighters[169] and VN-1 armored vehicles.[170] They have also moved beyond Venezuela to sell Z-9/H-425 helicopters, military trucks, and busses to Bolivia;[171] trucks and T-90B self-propelled artillery vehicles to Peru,[172] and offshore patrol vessels to Trinidad and Tobago, and possibly to Argentina.[173]

India.

Sales to Latin America by Indian arms companies are very modest in comparison with their Chinese counterparts. They include military helicopter sales by the state company Hindustan Aeronautics Limited (HAL) to Ecuador, Suriname, and Peru; the sale of Mahindra military trucks to Argentina, Belize, Honduras, and Uruguay;[174] and collaboration with the Brazilian company Embraer on an airborne radar system.[175]

With respect to helicopters, HAL's advance in the Latin American arms market has been impeded by crashes of four of the seven helicopters it sold to Ecuador, prompting the Ecuadoran military unilaterally to cancel its contract with the company in October 2015.[176]

Beyond HAL, the Indian company MKU Ltd., also sells defense goods in Latin America, including body armor and ammunition. In addition, the Indian commercial company Mahindra sells a limited quantity of defense goods, such as military trucks, to the region.[177]

The airborne radar platform built by the Brazilian company Embraer, with contributions from India's Defense Research and Development Organization, has been relatively successful, with at least three aircraft developed through this collaboration delivered to India.[178]

Beyond these projects, India and Russia have jointly developed a supersonic missile, BrahMos, which they have been trying to sell to Chile and other partners in Latin America. In February 2014, the Indian Ministry of Defense approved the sale of the missile to foreign partners,[179] but to date, no such sales have occurred.

MILITARY-TO-MILITARY RELATIONSHIPS

With respect to military interactions with Latin America and the Caribbean, the PRC has been far more active than India in recent years. Whereas the PRC regularly trains Latin American military personnel, hosts Latin American officers in its defense institutions, and conducts regular visits to (and multilateral and bilateral exercises with) the region, the Indian military is almost absent from the region, with the exception of educational and other exchanges with Brazil.

China.

As the PRC has expanded its commercial and diplomatic engagement with Latin America and the Caribbean, it has also increased its professional military education (PME) and training activities there, and has conducted an expanding array of military exchanges and exercises with the region.

In the PME arena, the People's Liberation Army (PLA) hosts Latin American and Caribbean officers from virtually all of the states that diplomatically recognize it, in Chinese institutions such as the Defense Studies Institute in the Changping district of Beijing, the PLA Army and Navy command schools in the Nanjing area, and a Special Forces program in Shijiazhuang.[180]

Within Latin America, PLA personnel attend training programs at select Latin American military facilities, such as Tolemaida in Colombia[181] and Manaus in Brazil.

The PRC military presence in the region has progressed from multilateral humanitarian assistance, such as contributing military police to the UN's Stabilization Mission in Haiti (MINUSTAH) from 2004 through 2012, to bilateral humanitarian engagement, such as realizing the "Peace Angel" humanitarian exercise with the Peruvian Army in November 2010. The PRC has also sent its hospital ship, "Peace Arc," to the region, on a trip to four countries in the Caribbean in December 2011;[182] and in December 2015, to both the Pacific and Atlantic coasts of Latin America. In October 2013, it conducted its first bilateral combat exercise in the region, through a PLA Naval flotilla, which first engaged with counterparts in Chile[183] before making stops in Argentina and Brazil.[184]

India.

Although India sends some officers to other parts of the world for professional exchanges and technical visits, beyond a modest level of activity with Brazil,[185] the Indian military has had almost no regular interactions with the states of Latin America and the Caribbean. Reflecting such limited ties, India has only a modest number of defense attachés assigned to the region, including those assigned to Brazil and Chile.

Indeed, one of the first important engagements with the region occurred in July 2014, when an Indian frigate participated alongside Mexico, Chile, Colombia, and Peru in the multinational naval exercise Rim of the Pacific (RIMPAC).[186]

CONCLUSIONS

As this monograph has shown, the magnitude of Chinese engagement with Latin America and the Caribbean is consistently greater than Indian engagement with the region across each of the 10 sectors examined. Yet, the character of India's engagement in many of those areas suggests that its relationship with the region could prove more harmonious and more resilient than that of China. Indeed, with the evolution of the Indian economy, Indian Government policies, and the global environment, India could eventually surpass China with respect to the level and quality of its relations in key sectors, and could become both an important partner with—and a competitor of—other actors within and external to Latin America.

In general, in comparison to the PRC, Indian engagement with the region appears hampered by a lack of government diplomatic attention to the region, and by the absence of coordinated government support to the efforts of its companies pursuing ventures there. Either factor could change with a modest adjustment of government policy, the reform of bureaucracy, or the infusion of resources. Indeed, India's Prime Minister Modi promised a new Indian emphasis on foreign relations; but, he has arguably not yet fully applied the concept to Latin America.

In petroleum, mining, and agriculture, Indian companies are often positioned at a higher point on the value-added chain and are more sophisticated in managing complex local conditions than are their Chinese counterparts. However, these companies are much smaller, and benefit less, than the Chinese from the demand to supply home markets.

In manufacturing and retail, Indian companies often have more experience with the Latin American markets, supplying products regarded as being of higher quality and of having better technological content. Yet, Chinese products have leveraged low-cost access to financial resources and coordinated support from the Chinese Government to advance more rapidly than their Indian counterparts.

In technology sectors, Indian companies are the key leaders in select subsectors such as pharma and technology services, although they are relatively absent in others, such as telecommunications.

India's relative absence from the Latin American finance sector, by comparison to the PRC, is notable, including the lack of policy for bank lending, branch banking, and swap agreements. Its similar absence from the Latin American ports and construction sector is partly related not only to the lack of developmental financing, but also to the domestic orientation of Indian construction companies, reinforced by demand outpacing supply within India itself.

India's similar absence from the Latin American military market compared with China's notwithstanding the unsuccessful experience of HAL's Dhruv helicopter in Ecuador, may be partially a product of greater resource and policy support from the Chinese Government than its Indian counterpart for overseas sales from national defense companies.

With the slowing of high commodity prices and the related deceleration of PRC economic growth, coupled with China's increasingly aggressive diplomatic and military actions in Asia, the tide may be shifting in India's favor. India's trade balance with Latin America has always been more favorable to the region than that of China, with India not competing directly against low-value-added manufacturing the way Chinese companies do. If the slowing Chinese economy and non-performing loans at home push China to pursue Latin American construction projects more aggressively, India's relative absence from Latin American construction and finance will become an advantage in its relationship with the region. Reciprocally, lower commodity prices are reducing the perceived benefit of China's substantial imports of petroleum and metals from the region. With respect to agriculture, the growing Indian population and Gross Domestic Product (GDP) could cause India to become a more important export market for Latin American companies than China. In sectors such as automotive, technology services, and pharmaceuticals, the disposition of Indian companies to invest in Latin American economies and employ local laborers, combined with their experience in managing the challenges of complex democracies, may position them to succeed, particularly if the Indian Government provides more coordinated support to its companies pursuing such ventures.

In the long term, the advances of both India and China in Latin America and the Caribbean will transform the region in both positive and negative ways, even as the Caribbean transforms the Chinese and Indian companies involved, as well as their Latin American partners. In the process, Indian and Chinese companies will be, at times, partners—and at times, competitors—in a complex and changing environment. For policymakers and businesspersons both in Latin America and the Caribbean and outside the region, negotiating the new environment will require an understanding of the interplay among multiple actors and a strategy with sufficient clarity of objectives and flexibility of implementation.

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