



Final Report

Seminar “Experiences and opportunities for internationalization of Latin American SMEs with India”

Extra-Regional Relations

*Curitiba, Brazil
23 and 24 January 2020
SP/SEOIPYMESLI/IF-20*

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I. RAPPORTEUR'S REPORT

The Permanent Secretariat of the Latin American and Caribbean Economic System (SELA), jointly with the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE), organized the [*Seminar: Experiences and opportunities for internationalization of Latin American SMEs with India*](#), in Curitiba, Brazil, on 23 and 24 January 2020.

The objectives set out at this event were as follows: i) Analyse the evolution and status of economic and cooperation relations between India and Latin America and the Caribbean; ii) showcase current opportunities to forge economic and cooperation agreements between India and Latin America and the Caribbean; iii) reflect on the development of SMEs as a key element to strengthen and take better advantage of economic and cooperation relations between India and Latin America and the Caribbean; and iv) create a roadmap of public policies that allows for deepening economic and cooperation relations between India and Latin America and the Caribbean.

The seminar was attended by technical representatives of the institutions of the following SELA Member States: Brazilian Service of Support for Micro and Small Enterprises (SEBRAE); Export Promotion Agency of the Ministry of Foreign Affairs of Chile (PROCHILE); Export and Investment Promotion of Ecuador (PROECUADOR); Colombia's Agency for Promotion of Tourism, Foreign Investment, Exports and Country Brand (PROCOLOMBIA); Exports and Tourism Promotion Board of Peru (PROMPERU); Brazilian Export and Investment Promotion Agency (APEX); Argentine Chamber of Commerce for Asia and the Pacific and Federation of Industries of the State of Paraná (FIEP); Inter-American Development Bank (IDB); Latin America-Asia Pacific Observatory at the Latin American Integration Association (ALADI); Mercosur Social Institute (ISM) and CAF-development bank of Latin America. Representatives of the companies Tata Consultancy Services (TCS) for Mexico and Brazil and Vistony S.A.C. and the Department of International Business and Integration of the Catholic University of Uruguay (UCU) also attended the event.

The following speakers took the floor at the opening session: Ambassador Javier Paulinich, Permanent Secretary of SELA; Mr. Vitor Tioqueta, Superintendent of the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE); Mr. Carlos Walter Martins, President of the Federation of Industries of the State of Paraná (FIEP); Mr. Rodolfo Zannin Feijo, International Affairs Advisor at Curitiba Municipal Prefecture; and Mr. Ercilio Santinini, Representative of the National Confederation of Small and Medium-sized Enterprises.

This report, as well as the final agenda, presentations, photographs, videos and list of seminar participants, is available at: <http://www.sela.org/es/eventos/e/42273/Pymes-latinoamericanas-con-la-india>

II. CONCLUSIONS

Based on the concepts discussed and the approaches made in the different presentations, as well as the debates and exchanges of ideas promoted by participants in general, some reflections arose and statements were made, with some of them being more action oriented, aimed at promoting, addressing and strengthening trade relations between India and Latin America and the Caribbean, with particular reference to SMEs. Some of these reflections are summarized below:

- 1) India represents an opportunity for the diversification of the Latin American market and the shift of the export model to one focused on value-added generation through the technification of our production processes. However, the trade relationship between the

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countries of the region and India is not preferential, with the exception of that materialized in India's international agreements with Chile and Mercosur.

- 2) Cooperation and associativity between companies have been successful. This is the case of Mahindra Comviva, a company that has its niches in the Latin American countries that are over the Pacific Ocean. Its success is mainly due to the partnership it developed with the Chilean group Gildemeister, one of the main car distributors in the region. In addition, India's large population represents a large potential market for the food and primary goods sectors of LAC.
- 3) Bilateral trade between India and LAC has increased twenty-fold over the past two decades, from US\$ 2 trillion to US\$ 39 trillion per year. There is also sustained growth in investment and a breakthrough in business associativity. It is necessary to deepen technical cooperation through the transfer of experiences and knowledge in order to deepen economic integration.
- 4) Participants recognized the need to promote free trade agreements (FTAs) that intensify trade between India and LAC. For that purpose, they noted that consideration should be given, among other things, to building a regulatory framework that promotes institutional convergence and the advantages of Information and Communication Technologies (ICTs), in the development of which, in particular software, India is particularly strong.
- 5) Accelerating digital transformation is a key step in closing the gap that separates LAC from advanced economies. Although the process of digitizing the region has progressed significantly, it still lags behind. In fact, 44% of people in Latin America do not use the internet; broadband access must still grow to universalize service. In addition, intra-regional connectivity is limited and results in high costs in accessing broadband services. Coverage of next-generation mobile networks is still limited and their penetration into the population is low, making the digital divide still significant. For LAC to universalize its broadband services, it requires an investment of 1% of its aggregated GDP.
- 6) Trade promotion and facilitation would contribute significantly to the development of SMEs in both India and LAC. Participants emphasized that both actions require capitalizing on the strength of institutions and that, effectively planned and carried out, they could generate a return of about US\$ 35 million to US\$ 45 million.
- 7) Participants stressed the importance of reducing logistical costs as a necessary complement to the opening of markets, accompanied by investments that are essential to achieve greater productivity and competitiveness, as well as to obtain positive externalities in several markets.
- 8) Emphasis was made on the need to create a critical mass of contacts, which would make it necessary to work at different levels: official, business and academic, among others. In addition, participants considered that the use of ICTs would keep the costs involved in this process low, as evidenced by the experience of Connectamericas.com.
- 9) The relationship between India and LAC would be greatly deepened by the intervention of multilateral organizations in trade integration processes, as it would provide wider regional visibility. In addition, it would enable the identification of economies of scale and shorten

learning processes by leveraging strategies and procedures, derived from effectively validated and consolidated best practices.

- 10) The Latin American and Caribbean region must forge a broad vision that is at the heart of its strategy to build a relationship with India, always paying attention to the details and subtleties that such relationship demands. The strategy should also consider the huge difference in population size, territory and economy with India; it must be ambitious, though pragmatic, focused on what is possible and recognizing the need to launch small initiatives with shocking effects that pave the way for a safe move towards the big. Thus, the creation of successful experiences and concrete examples for entrepreneurs could be a way forward, considering that integration is first promoted by people and that it takes humility and empathy to understand consumers in such remote places.
- 11) Among the challenges that Latin American SMEs usually face in their relationship with India, the following were highlighted: i) Difficulties in contacting suppliers in the Asian country; ii) tariff and logistical barriers; iii) protectionist character of the Indian market; and iv) little knowledge of India.
- 12) For SMEs to be truly competitive in markets such as India, these enterprises must be more efficient in their production; promote their internationalization and job creation, along with their staffing and better access to funding sources; all within the framework of innovation and its integration into regional production chains.
- 13) In addition to being very diverse and competitive, the Indian market is characterized by its large size. These circumstances force Latin American and Caribbean SMEs to adapt their business model and the way they sell to the realities of the large Asian country. Similarly, they should bear in mind that it is not appropriate to apply the same export model they use with the United States and European countries, and that price in India is a key point and depends on both product quality and economies of scale.
- 14) For a successful and sustained relationship with India, LAC should devise local strategic partnerships between important actors that contribute to galvanizing and strengthening regional unity. The goal is to maintain a permanent and mutually beneficial relationship with the Asian country, which would be strengthened by stronger support for SMEs by the governments of the Latin American region.
- 15) Among the actions aimed at strengthening the relationship and cooperation between India and LAC, the following were noted: i) Interaction of Indian and Latin American trade missions; ii) trade promotion, identification of new businesses and investment opportunities (India is positioned as a good partner for LAC); iii) timely generation and dissemination of relevant and up-to-date information on markets, tax structure, incentives and business opportunities; iv) industrial cooperation; v) trade rules and regulations; vi) promotion of interactions between entrepreneurs and government representatives; vii) design of training programmes for SMEs and young entrepreneurs; viii) organization of meetings between B2B and B2C representatives, as well as conferences, training programmes and seminars in India and LAC; ix) organization of exhibitions, trade fair catalogues and other promotional activities; x) disclosure of new high-tech products; xi) market research on products, services and commercial sectors; and xii) incentives and promotion of SMEs in government organizations.