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# In This Issue

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collected from various sources, which are considered to be reliable.  
Readers are however requested to verify the facts before making  
business decisions using the same.



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**Dear Readers,**

I take pleasure in presenting our anniversary issue of **Indo-LAC Business** magazine, which has this time three countries of the Latin American region as its focus: Argentina, Cuba and Suriname. After the near-collapse of their economies a few years ago, the Caribbean and the Latin American countries are on their way to fast recovery. Argentina, for example, is now showing a robust growth of 8.5 per cent and its external deficit, which was 5 per cent of GDP in 1998, has changed to a surplus of 8 per cent. Trade between India and Argentina registered a quantum jump in 2003-04, according to an Exim Bank study. There is still enormous scope for Indian companies to invest in



this burgeoning economy. As stated by the Indian Ambassador in Argentina, **His Excellency Rinzing Wangdi**, in his Message, the Preferential Trade Agreement signed recently between India and MERCUSOR should go a long way in boosting trade and economic relations between the two countries.

Though smaller in area, both Cuba and Suriname, have great potential for growth, and joint ventures by Indian companies should bring in ample rewards. The Cuban Ambassador, **His Excellency Juan Carretero Ibanez**, in an exclusive interview with **Indo-LAC Business** made a significant point that the Cuban Government welcomes private Indian investment. Suriname is rich in natural resources. The mining sector is the mainstay of its economy because of the exploration of bauxite and oil. **President Rulado Ronald**

**Venetiaan** has said in a speech made at a business session organised jointly by FICCI and CII that opportunities for Indian investments in his country are aplenty. With such favourable policies, Indian companies should be inspired to explore the existing business opportunities in these two emerging economies.

I thank my readers and practitioners of business for encouraging me with their excellent feedback. I would also like to express my thanks to the Presidents of Panama and Brazil and readers from countries like Chile, Cuba, Peru, and of course India, apart from those in other Latin American countries, who have liked the magazine and given their valuable suggestions. I believe that excellence has no parameters and each time one can do things better. Thanking you once again for your generous support.

Happy reading.

**Satya Swaroop,**  
Managing Editor.  
satya@newmediacomm.biz



**EMBASSY OF INDIA,  
Argentina**

March 25, 2004

It gives me great pleasure that the Magazine INDO-LAC Business is focussing on bilateral relations between India and Argentina in its forthcoming issue.



India and Argentina today stand at an interesting crossroad. Our relations have been friendly and cordial in spite of the geographical distance between us. Given the huge potential that exists between the two countries, there is a need to strengthen ties not only in the political but also in the economic and commercial fields. The recent Preferential Trade Agreement (PTA) signed between India and MERCOSUR is expected to give a great boost in comprehensively increasing our economic and commercial ties. Indian exporters are expected to get a bigger share in the Argentine market specially in pharmaceutical, textiles, handicrafts and gems and jewellery and other areas where India has comparative low cost and other advantages.

Both India and Argentina are continental size countries enjoying liberal democratic traditions. This is all the more reason why we can converge in making more progress in agro-business, development of sport ties, movie making, railways, information technology and other such projects.

I congratulate the publishers of this magazine on bringing out the special issue, which will undoubtedly serve as a useful reference material for students, specialists and business people alike.

***Rinzing Wangdi***

*Ambassador of India*

*Argentina, Paraguay and Uruguay*





सत्यमेव जयते

AMBASSADOR OF INDIA  
HAYANA (CUBA)

22 March 2004



I am glad that INDO-LAC BUSINESS has decided to focus on Cuba in this issue. Cuba has pursued its own distinct path towards economic and social development based on a one party socialist state controlled system. Over the past 45 years, despite the damaging effects of an economic blockade, Cuba has managed to achieve very impressive progress in many areas, especially biotechnology, healthcare, tourism, education, and sports.

Cuba has a large number of centers of higher education and scientific research, and a strong base of highly skilled manpower. It has developed a strong outward oriented biotechnology sector, with over 600 global patents filed, and major products in the pipeline, including vaccines, recombinant products, monoclonal antibodies, etc. In the tourism sector, starting from a low base in 1990, Cuba today receives nearly two million international visitors, at its world-class beach resorts, through 11 international airports. This sector is likely to enjoy further growth in the future.

Cuba's socialist state controlled economic system requires a special approach to business. State entities dominate all business activities, including joint ventures, manufacturing, services, marketing and retailing. There are good possibilities for working with Cuban entities in areas such as drugs and pharmaceutical products, tourism sector, and setting up of joint ventures in India using Cuban technology.

I hope this issue will help bring about more co-operation between Indian and Cuban business entities in the future.

**Dr. Bhaskar Balakrishnan**

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March 18, 2004



I am glad that this issue of 'Indo-LAC Business' is carrying a special focus on Suriname. Our links with Suriname go back to over 130 years, when first indentured labourers from India landed here and whose descendants now constitute nearly 37% of population of present-day Suriname. Despite these old historical and cultural links, till recently, Suriname had hardly figured on the radar screen of Indian businesses. Lack of information and geographic distance had been primary factors. In this era of globalization and internet connectivity, geographical distance can no longer be a major constraining factor in developing economic and commercial ties.

India-Suriname bilateral relations received a new impetus with the State Visit of the President of Suriname to India last year. A US\$10 million concessional Government of India Line of Credit was offered, which is being utilized for three important projects. A fresh US\$16 million concessional credit is being processed for financing a 161 KV transmission line project to be executed by a major Indian company. It is hoped that this list of Indian projects in Suriname would grow in future.

The domestic market of Suriname is limited because of its small population of a little less than half a million, but the country has a very large surface area endowed with rich natural resources and forest wealth. Moreover, owing to its close linkage with CARICOM, FTAA and other regional groupings, there are good possibilities for our private sector to use Suriname as a platform for boosting export of Indian goods and services to this region. This issue of 'Indo-LAC Business' should help in generating greater interest for Suriname among Indian businessmen and companies.

I would like to express my deep appreciation to the publishers for this initiative and convey my best wishes for its success.

**[Om Prakash]**  
**Ambassador**



# Resource-rich Suriname invites India Inc. OPPORTUNITIES APLENTY - *President Venetiaan*

The President of the Republic of Suriname, Dr. Rinaldo Ronald Venetiaan, who visited India last year, spoke to the captains of Indian industry at a business session organised jointly by the Federation of Indian Chambers of Commerce and industry (FICCI) and the Confederation of Indian Industries (CII) in New Delhi. Dr. Venetiaan, who was all praise for India's commendable economic growth, listed some of the areas where the Indian entrepreneurs can work with their counterparts in Suriname.

He said that today India is the 10th economic power, playing a major role in the industrial agricultural and technological developments and lauded both the FICCI the CII for their important they are play up in achieving these goals. Introducing Suriname as a country far from India, but at the same time so close to "Mother India" -- the name many in his country

like to refer to - "when they refer to the country where their cultural roots lay", Dr Venetiaan said 90 per cent of Suriname, with an area of 166,000 km., is covered with tropical rainforest. The basement shield of the country has the following natural resources in abundance:

- Bauxite: The alumina industry has exploited the bauxite reserves for more than 90 years. In this sub-sector there will be an investment expansion valued at US\$ 1 to 3 billion in the coming years.
- At this very moment US\$ 100 million are being invested in the gold sub sector.
- Staatsolie, the State oil company, a small company, manages an investment of more than US\$175 million.
- Kaolin and granite, although in abundance, are not yet developed.
- The coastal zone is very fertile and tropical crops thrive well, among which are rice and a variety of vegetables and fruits. There are vast offshore fishing-grounds, where Suriname's renowned shrimps are being caught and the onshore shrimp farming industry is expanding every year. Sufficient clean potable water is available for domestic and commercial use, but also for export,

He said, "The exploitation of these natural resources is the basis of the national industrial sector. National and international but also public and private capital plays significant roles in investments and economic developments. Most of our production is export oriented.

Suriname is fortunate in not having recurring natural disasters, In addition to this blessing, we have a pleasant tropical climate."

Dr. Venetiaan said Suriname's biggest asset, however, is its people, multicultural, multiethnic, and living in harmony. "We have little or almost no illiteracy, a highly skilled labour force, and our hospitality peaks for itself. This is Suriname in a nutshell. Suriname has just half a million of





inhabitants. It seems this number amounts to the total of people being born in a few days in India."

Stating that he had come with leaders of the Suriname business and state officials to invite Indian businessmen to come to Suriname and learn about his country, he said that because of the regional and hemispheric integration processes, Suriname's market potential and market access are exceeding the number of its local population of half a million. "Every day this political and economical integration is becoming a more important reality for Suriname. As a member of the Caricom, we are part of a regional market of 13 million people. Moreover, as a participant in the Free Trade Area of the America (FTAA), which is set to be realized by 2005, Suriname will be part of and have access to a market of more than 600 million people. De facto and de jure, this means that all manufacturers in Suriname including joint-venture partners and investors from India will have all the opportunities to serve these markets. As you can see, Suriname has a lot to offer."

He reminded the Indian business community that Suriname's political climate under all circumstances has been consistent in fair play towards foreign investors. "We know that India too has a lot to offer. The market of one billion people with a middle class of 300 million, which has a seemingly ever-increasing purchasing power, immediately strikes the eye," he added.

Dr. Venetiaan said India had caught the world's attention due to its outstanding performance, particularly in technological development. He was candid in admitting that he too was very impressed

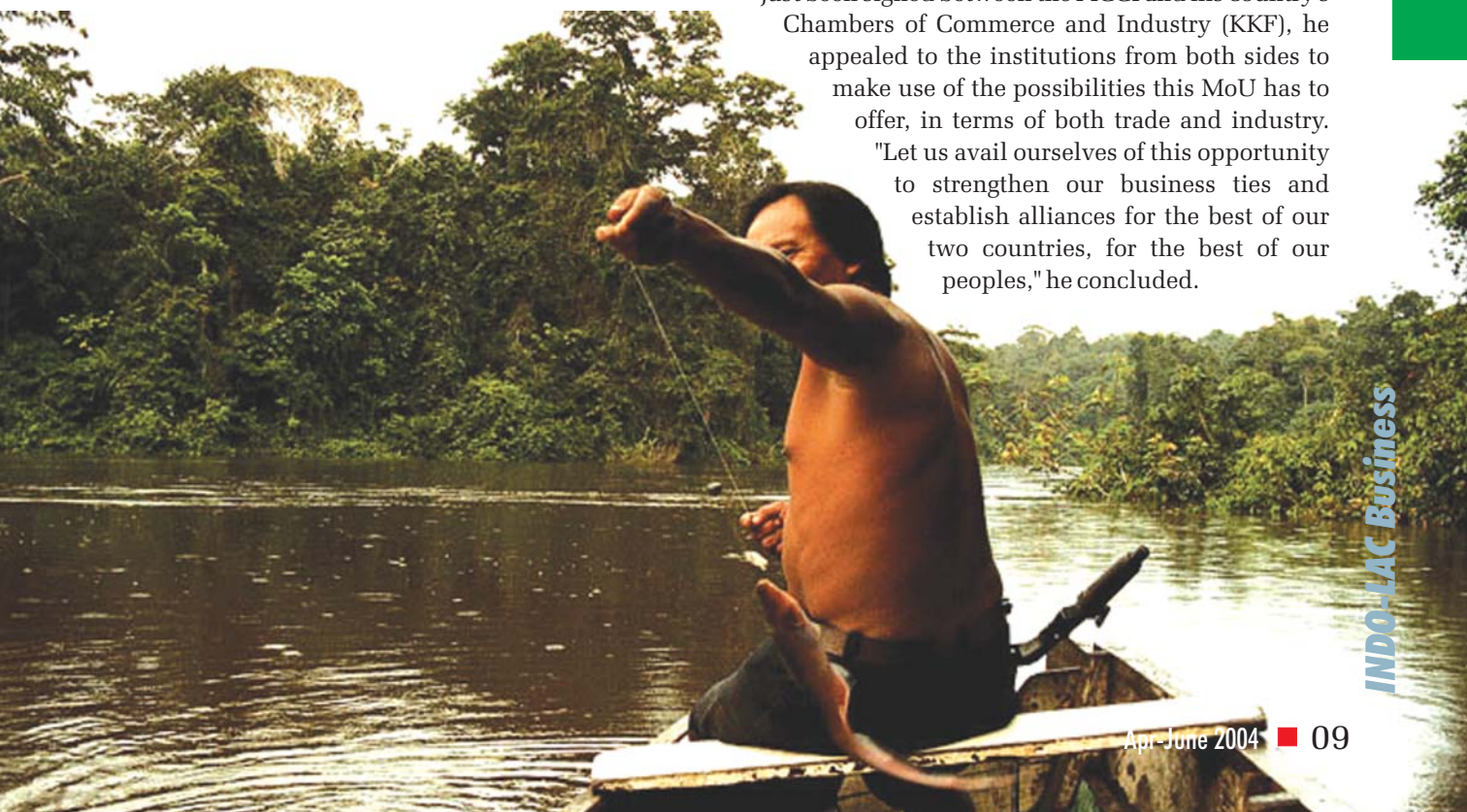
by India's economic growth of more than 5% per year. "This must be the result of the efforts of the people of India and their leaders over the past 25 years. We also understand that since the beginning of the nineties, the private sector has played an important and special role in the economic development of your country. Suriname's private sector has to go for its specific role in the economic development of my country. One way to realize this is through intensive co-operation. This consideration applies to trade and industry, as well as agriculture."

Dr. Venetiaan also explained the measures his government had taken so far to create a better entrepreneurial environment. "The measures my government is considering or has already implemented and the execution of important programmes in the public sector, including simplified procedures to obtain licences, the introduction of a new investment code and an institute for investments are all efforts aimed at creating a better entrepreneurial and investment climate. I believe that these efforts will open the way far the process of cooperation with entrepreneurs from abroad.

He invited the chambers and interested entrepreneurs to meet with representatives of the trade and industry organisations of Suriname and with the entrepreneurs in his delegation, who can give them more detailed information about the many investment and trade opportunities Suriname has to offer.

Noting that a Memorandum of Understanding has just been signed between the FICCI and his country's Chambers of Commerce and Industry (KKF), he appealed to the institutions from both sides to make use of the possibilities this MoU has to offer, in terms of both trade and industry.

"Let us avail ourselves of this opportunity to strengthen our business ties and establish alliances for the best of our two countries, for the best of our peoples," he concluded.





# Cuba: Land of Tremendous Opportunities

The Cuban Ambassador, His Excellency Juan Carretero Ibanez, spoke to Rajiv Tewari of Indo-LAC Business on a number of subjects that are of interest to both Cuba and India, such as business relations, tourism, economic and cultural collaboration and investment opportunities. He invited the Indian business community to invest in Cuba -- the land of tremendous opportunities.

A significant area where Cuba has scored over some other Caribbean countries, he said, is in the manufacture of biotech products, chief among them being vaccines of high quality that are of world standard.

He also visualized great scope for doing business between Cuba and India, especially in the IT and entertainment fields. At the same time, Cuba is strengthening the existing business relations with the private companies in India.

The following is the text of the interview:

**How did you perceive India from Cuba before coming here? And how do you perceive it now?**

My perception of India before coming was the same as that of the Cuban people in general. It was -- and it is -- a perception of historical, social and cultural magnitude, mainly inspired by their great paradigms -- Mahatma Gandhi and Rabindranath Tagore who are well known and are studied from the first year of the school age by our children.

José Martí, our national hero and the apostle of our Independence, had written beautiful histories about the India of the 19<sup>th</sup> century, in a book dedicated to the children of Our America: "The Golden Age". Years later, diplomatic relations were established between India and Cuba in 1960, one year after the Cuban Revolution in 1959, when our country became really free and sovereign.

The relationship between Cuba and India has developed on a solid foundation due to the common acceptance of the principles and values enshrined in the Charter of the United Nations and promoted by the countries of the Non-Alignment Movement, of which both countries are the founders.

We have also a common approach, in a changing world, to the economic and social development of our peoples and for the consolidation of the South-South co-operation. Cuba and India have a great variety of similarities, or likenesses, sympathies and friendship. Today I can assure



you that the perception that I have about India, after being here for several months, is confirmed and reinforced when seeing the big advances being made and the potential that exists among the industrious and generous people of India.

**What cultural similarities and unique differences do you see between the peoples of Cuba and India? How popular are Indian films there?**

Although culturally we are different due to historical reasons, the fundamental values we share are universal and, therefore, similar... Our spiritual values also are similar. The value we attach to truth and justice confirms this.

The Cuban film industry was born with the Revolution, while India has a longer tradition in the film industry. Important links exist among our filmmakers. However, there are still possibilities of reaching out further and, in that sense, we must work to link up our film industry further.

Recently movies like *Monsoon Wedding*, *Lagaan*, *Bombay* and others, have been presented to our public with wide acceptance.

Positive exchanges exist between Cuba and India in other areas of culture, such as plastic arts and literature, but we are far from reaching a satisfactory level. We must work to expand those exchanges.

**The Cuba- and US-based business organizations have signed some memoranda of agreements recently. This is a significant development in view of the ongoing tension between Cuba and the US. Are the days of suspicion and mistrust between the two countries over?**

After the hurricanes that whipped Cuba and caused enormous losses in agriculture and the foodgrain reserves of our country, foodgrain producers in the south of the United States were able to obtain permits to export some of their produce to Cuba under very strict conditions and that too after exerting a great deal of pressure on the US government.

Until today, Cuba has imported US\$863 million worth of products from the United States. Normally, these are not the conditions that should exist between the two countries. But it is an example that many sectors of the American society -- as the businessman for one -- are in favor of the normalization of relations and trade between the two countries. But the current policy of the Bush Administration is the most aggressive and dangerous one (and is) in tune with Bush's unipolar and war-oriented policy, which is extended to the rest of the world.

However, every day more voices are being heard in North America against the illegal and unilateral blockade imposed on Cuba. I am sure, that we shall be able to see the day in which the official relations between Cuba and the United States would be respectful and friendly.

### **How is Cuba integrating itself with the global economy, where money making is considered good?**

First of all, Cuba has developed its economy with its own effort, fundamentally, with the most important capital at its disposal -- that is, its well-educated and trained people who are capable of developing scientific and technological skills, which are applied to productive services.

Cuba has a modest space in the so-called global economy.. Today there are more than 300 international joint ventures in Cuba.

### **Cuba is famous for its cigars and sugarcane. Not much is known about the recent developments in Cuba in the areas of biotechnology and information technology? Please comment.**

Due to the vision of our Commander-in-Chief Fidel Castro and due to his dedication to the development of science and the technology in our country, Cuba has set up centers of genetic engineering and biotechnology as well as other centers of scientific research.

Thanks to the concerted efforts of thousands of young scientists, the centers of scientific research have created different biotech products, chief among them being vaccines of high quality that are recognized by many international institutions of health.

Some of our biotech products, like the Meningococcal vaccine, are unique. The others are aimed at preventing certain diseases. Exports of these products constitute an important source of revenue for our country.

In the IT sector we are developing computer products that have a bigger impact, though it is true we have to do a lot more to do in this field. We have had solid co-operation with leading Indian companies in biotechnology and in the IT sector we are opening the road that would be mutually beneficial.

### **What prospects do you see in terms of business alliances between the two countries in a changing world?**

At the level of both governments we have signed instruments of co-operation in scientific, technical and economic, commercial and cultural fields. Agreements have also been signed for the promotion and support of investments in the private sector.

There are tremendous opportunities for doing business between Cuba and India. At the same time, we are strengthening the existing business relations with the private companies in India.

I take this opportunity to greet, through **India-Lac Business**, the entrepreneurial sector in India and I invite them to take advantage of the business opportunities that can be beneficial to both the countries.

### **What tourist destinations would you recommend to Indians visiting Cuba?**

In Cuba we have options for different modalities of tourism, such as those that look for the sun and the beach, aquatic sports, mountains and forests, eco-tourism, historical places of our aboriginal ones, of the colonial past, of our fights for Independence, of the epic of the Revolution, of our culture and hundreds of museums and centers of dancing music. Also, there is the tourism connected with health with excellent hospitals. There are also some unique clinics in the world, like the one in the Center of Neuroscience for the rehabilitation of neuro-vegetatives.

Of no less importance is the internationally famous beach at Varadero and the tourist springs of the keys of the North and the South of the Island. There are also tourist centers of the highest quality, with four or five -star hotels. I have not mentioned the famous Cabaret Tropicana, with Cuba's most fantastic show of music and dance.

Another characteristic of my country is the hospitable character of the people.

There are many vegetarian restaurants. Cuban food is not spicy, nevertheless it is pleasant because Cuba has many recipes with rice and beans. Numerous sea products such as lobsters and shrimps are also available with the peculiar flavor of the waters of the Caribbean. Tropical fruits of great sweetness like the mango, pineapple, bananas, water melon, papaya and others would make an endless list.

In short, like the slogan of the Tropicana nightclub affirms, Cuba is "a paradise under the stars". Add to this a pleasant climate with an average temperature of 30 degrees Centigrade and a refreshing breeze all the year round.

### **We tasted the Cuban coffee with you last time. It tasted real good. Would you not wish to set up Cuban coffee houses in India?**

I thank you for the suggestion and I promise you will bear this in mind. Cuba produces a flavored coffee, which it exports -- almost all of it. I don't believe that we have enough quantities for sale in the Indian retail market.

Thank you.



# Latin American Markets Flexing Their Muscles Again

By R. Viswanathan

Indian exporters and businessmen, who had started venturing into the Latin American markets, were discouraged by the problems and crises in the region in recent years. But now there is encouraging news: 2004 promises to be a year with a 4 per cent GDP growth rate. This comes after a GDP contraction of 0.4 per cent in 2002 and growth of only 1.2 per cent in 2003. This is the best performance since 1998 -- the year when stagnation began to set in. The average rate of inflation in 2003 has been a single digit of 6.9 per cent. It is likely to be 6.5 per cent in 2004. Gone are the days of four-digit inflation. Foreign Direct Investment in 2004 is projected to increase to \$43 billion from \$24 billion in 2003, reflecting the return of optimism among global investors. Remittances from non-residents reached a record \$38 billion in 2003. Interest rates now are at the lowest during the last 40 years. The switch to floating exchange rates by the major Latin American countries has helped to bring about a dramatic turnaround in the balance of payments situation. In the process of adjustment in the last three years, the fundamentals of the Latin American economies have become stronger. The stock markets of the region also are booming.

Imports of Latin America in 2003 totaled \$366 billion and exports \$377 billion. Imports in 2003 had increased by 2.5 per cent, after having declined by 7 per cent in 2002. Imports of Mercosur increased by 10 per cent in 2003 after dropping by 26 per cent in 2002. For the first time in 50 years, the region's current account is showing a surplus. Fiscal deficit has been pushed down to the lowest level and it is likely to be around just 1.5 per cent.

Most of the Latin American currencies saw devaluation in recent years and this has helped to boost exports. For example, exports of Brazil jumped from \$58 billion in 2001 to \$73 billion in 2003 and are

projected to touch \$82 billion in 2004.

One of the significant recoveries is that of Argentina, which has come out of its financial collapse in December 2001 and is showing a comprehensive, healthy and vigorous growth in all sectors. The GDP growth in 2003 was 7 per cent. The external deficit, which was 5 per cent of GDP in 1998, dramatically turned to a surplus of 8 per cent in 2003. The other case of recovery is Venezuela. Owing to the political crisis, the GDP had contracted by a disastrous 8.9 per cent in 2002 and by 10 per cent in 2003. The economy has recovered now and is set to grow at the rate of 4 per cent. Brazil and Mexico, which barely managed to show some growth in the last two years, are also set to grow by 4 per cent in 2004.

Brazil's strict monetary and fiscal policies have gained international and domestic investor confidence despite the initial fears of a leftist President. Brazil's sovereign bond market provided the highest return of any emerging market in 2003.

The region's growth was helped by the favorable conditions of the world economy and the rise in the prices of commodities and minerals, which are at their highest since the 1980s. The Latin Americans are thanking the Chinese, whose voracious demand was the main reason for the high prices. The integration process as well as the movement towards FTAs (Free Trade Agreement), which reinforce the stability and prosperity of the region, is continuing. In 2003 the US concluded an FTA with Chile and another called CAFTA (Central American Free Trade Area) with five Central American countries. The US has also initiated moves towards FTA with Colombia, Peru, Dominican Republic, Panama and possibly with Bolivia and Ecuador. The US-initiated Free Trade Area of the Americas (FTAA) has reached its final stage of negotiations, to be concluded by January 2005. Canada is separately negotiating an



FTA with the Central American countries. Mexico, which has signed one of the largest number of FTAs in the world, has concluded one more agreement -- this time with Japan. Mercosur is negotiating a trade agreement with the European Union and another FTA with the Southern Africa Customs Union.

The emerging positive scenario of Latin America needs to be seen with some caution though. A slowdown in the growth of China could bring down the commodity prices. A rise in American interest rates could also add to the burden of external debt, which is already high in some major countries. Besides these external factors, there is an internal debate in many countries of Latin America, caused by the public discontent with the market-based reforms. There is a palpable disenchantment with privatization and the liberalization process, which have not helped in reducing poverty and unemployment. This was what triggered the rise of leftist leaders like Lula of Brazil, Chavez of Venezuela, Lagos of Chile and Kirchner of Argentina.

India's exports to Latin America were around \$1.8 billion in 2003. Brazil and Mexico are the main destinations of India's exports, accounting for \$ 485 million and \$ 530 million respectively. The Indian exporters need to target Mexico, whose imports in 2003 were \$179 billion. Apart from being the second largest market of the region, with 100 million people, Mexico is also the gateway to the US and Canada through NAFTA.

Pharmaceuticals and chemicals are the leading items of India's exports to Latin America, followed by engineering items and textiles. It is a good sign to see large Indian companies such as Reliance, Tatas, Ranbaxy and Bajaj have started showing an interest in establishing their presence in these new and emerging markets. This is the right time to acquire local businesses and assets in Latin America because of the devaluation of the local currencies.

Much of the credit for the opening of the Latin American markets to Indian business should go to the Commerce Ministry, whose successful FOCUS-LAC programme has been a valuable support and encouragement to Indian exporters.

Exim Bank has extended lines of credit to a number of countries in the region. These should be utilized by the exporters to promote their exports.

The signing of a Framework Agreement for a FTA by India with Mercosur (Brazil, Argentina, Uruguay and Paraguay) in January 2004 has given a decisive boost to trade. This is being supplemented by the formation of IBSA (India, Brazil and South Africa),

which will bring India and Brazil closer by making use of the logistical facilitation of South Africa for Indo-Brazilian trade. It should be recalled that it was the opening of Durban port for trans-shipment, which helped the Indo-Latin American trade to take off in the early nineties. The connectivity between India and Brazil is being made better through the IBSA initiative.

India has signed Framework Agreements for Economic and Political cooperation with Andean community (Venezuela, Columbia, Bolivia, Ecuador and Peru), CARICOM (15 Caribbean community members) and SICA (Central American Integration system comprising five countries) in the last one year.

Imports from Latin America have also been increasing. Mexico, Venezuela and Brazil have become regular sources of crude oil.

What is important from India's point of view is that there is a change in the mindset of Latin American business and political leaders in their approach to India. Now they have started looking at countries such as India (and China even more) more seriously for affordable imports and diversification of trade. The emergence of India as a global IT player and the introduction of Indian pharmaceuticals in almost every market of Latin America have changed their perceptions about India.

The large business delegations, which accompanied Brazilian Foreign Minister in December 2003 and President Lula in January 2004, are indications of their growing interest in India. Brazilian companies have even shown an interest in partnership with Indian companies for project contracts in Africa.

India's target is to get 1 per cent share of Latin America's imports, which stood at \$366 billion in 2003. The serious moves of the Government of India and the businessmen of India towards Latin America and the reciprocal interest from their counterparts in Latin America augur well for long-term economic and commercial partnership. The Indian Embassies in Latin America are proactive and attach great importance to export promotion as part of the new focus on Economic Diplomacy.

This is the right time for the Indian exporters and business to increase their market share in Latin America, when the markets are growing.

*The author is Joint Secretary in the Ministry of External Affairs dealing with Trade and Investment Promotion. The views expressed in the article are personal.*



Rinzing Wangdi

## Time ripe for boosting Indo-Argentine bilateral trade **ENORMOUS** scope for joint ventures in **FARM, FILM, IT, RAILWAY** and **ENERGY** sectors

**A**rgentina, with more than two-thirds area of India but with less than 4.0 per cent of its population, offers many opportunities in the economic and commercial fields. It is the second largest country and third largest market in the South America. Its mineral resources include oil, natural gas, lead, zinc etc. It figured among the top ten rich countries in the world before World War II. Argentina is a member of a number of regional and international organizations, having a dominant place in Mercosur.

Argentina has liberalized its economic policies for encouraging trade and investment. Brazil is its major trade partner in the region followed by the US and the EU in the outside world. As a whole, the trade balance has always been in its favour. Argentina has substantial investments from the US, Spain, Italy and France in the energy and service sectors.

As far as the bilateral economic and commercial relations between Argentina and India are concerned, they do not match their political and cultural ties. The total bilateral trade volume between the two countries is only about \$700 million with the trade balance being in favour of Argentina for the past few years. Given the size of the market available in both the countries, the present level of the volume of the bilateral trade is much below the potential.

Presently, exports from India account for a dismal 1.0 per cent of the total imports of Argentina. This is largely due to the Indian business community's ignorance and neglect of this market than because of any other reason. Chemicals are the major items of exports and represent about 75 per cent of India's total exports to this country. India's exports of handicrafts, textiles, automobiles especially two wheelers and their spare parts can go up steeply if we can plan a long-term policy for this country. New items, which can have a big demand in the local market, include gem and jewellery, household steel items and furniture. There exists a big scope for increasing our share in the local market by expanding and diversifying our exports. This has now become very much possible because of the PTA recently signed by India with Mercosur.

What is glaringly missing in our bilateral economic relations is the collaboration with this country in the areas in which India is strong. Having additional

advantage of skilled human resources on its side, India is in an enviable position to set up joint ventures in this country in the fields of agriculture, movie making, railways, Information Technology and energy sectors. Other areas worth exploring for partnership are sports and tourism.

Details of the above-mentioned prominent areas suitable for cooperation between the two countries are as follows:

### **AGRICULTURE**

Our agricultural know-how, especially in the production of fruits, vegetables and rice can have a



great demand in this country. Indian public and private sectors having experience in this sector should be encouraged to come forward for setting up joint ventures or purchase land on their own to produce these products. This will automatically result in the promotion of export of Indian agricultural know-how, including manpower with sectoral skills to this region. Demand for organic farming and Ayurvedic medicines will follow suit.

### **MOVIE MAKING**

Given the respect and liking a common Argentine has for Indian culture, Indian movies will be a big attraction for Argentine people and more so if the casting includes Argentine artists also and films are dubbed in Spanish. Hence, joint ventures for movie making have the potential of a great success.

Of course, the Argentine film industry is also reasonably developed and producing films, which are in demand locally and in the Spanish speaking countries in the region. But because of the economic crisis though not as severe as two years back, the film industry continues to be cash-strapped. Argentine producers will, therefore, be easily tempted for collaboration with their Indian counterparts. Once





entrenched in this country, India can make this country a base for production of movies not only for Argentina and the Spanish speaking countries but also for Arab and African markets. Such joint ventures would be an excellent vehicle for the promotion of Indian skills and talents as well as enhancing India's culture and philosophy thereby strengthening Indian presence further in the region.

#### INFORMATION TECHNOLOGY

Indian experience and know-how in the development of Information Technology, especially in distant learning, has the potential for adoption in this country too. But this could not happen so far perhaps because of Spanish being a major language for teaching in schools and colleges. Involving and training Argentine manpower selectively for this purpose could eliminate this impediment easily. From this country, India can enter the Spanish-speaking world and African markets by meeting their various sectoral demands. Beyond doubt investment in this sector could give India immense long-term advantage in terms of publicity as pioneer of Information Technology and economic gains.

#### RAILWAYS

Argentina's railway network is one of the largest and



most developed in South America. After years of decline, the privatization initiated in 1990 put the Argentina railways sector back on the track. However, paucity of funds again led to the deterioration in the upkeep of the sector. This sector is in the dire need of rehabilitation and maintenance. A lot of amount of infrastructure and rolling stock are required for this purpose. India can step in for partnering the Argentina companies for rehabilitating this sector through extending some credit line on soft terms. India has the possibility of collaborating with Argentine partners for rehabilitation of projects funded by the Word Bank.

#### ENERGY

Argentina is self-sufficient in the energy and has big oil reserves. It is the second largest producer of natural gas in the region. However, there are still some areas such as Patagonia, which have petrol reserves, where India can attempt some sort of a joint venture in oil exploration, etc.

In order to meet sectoral demands successfully, there is a need for making suitable investments in different regions as part of our strategic policy. These areas must



**COLLABORATION**

have cultural, political and ethnic linkages that India has developed over the years. Given the availability of huge manpower in India, it would also be useful for us to plan long-term economic development programmes, which create demand for it. In order to promote an effective policy for this purpose, special committees for promotion of strategic investments in this country and other neighbouring countries could be instituted with specific programmes and fixed timetable. To facilitate the achievement of this goal, in all these countries local chambers of commerce with India as the focus could be set up with the involvement of our missions and local pro India businessmen.

*(Author Rinzing Wangdi is Indian Ambassador to Argentina, Paraguay and Uruguay)*





# TRADE *with* SURINAME POISED *for take-off*

By Om Prakash,  
Indian Ambassador to Suriname

**T**he Indo-Suriname trade ties received a shot in the arm with India extending new lines of credit to Suriname to execute three major projects following the State Visit of the President of that country in March 2003. After his visit, the number of slots offered by India to Suriname has been doubled from 15 to 30. Though the bilateral trade with that country is still modest, expectations are that they will get a boost in the near future.

Until recently, India's trade and economic linkages with Suriname were somewhat modest. A significant milestone in bilateral economic relations was the signing of a Line of Credit Agreement for Rs.50 million in August 1992. During the visit of Mr. Eduardo Faleiro, Minister of State, (External Affairs), in September 1992, a decision to set up a Joint Commission was also taken. This was followed by a visit in April 1993 of Mr. J. Lachmon, the then Speaker of the Suriname National Assembly, when he repeatedly stressed the need to add trade and economic content to the bilateral relations. He suggested that Indian firms could provide technology and investment initially and could recover their investment through repatriation of export profits or through buy-back arrangements.

The first meeting of the Joint Commission was held in November 1994 in New Delhi. In October 1996, the Government of India presented home gardening and agriculture equipment as well as 10,000 bicycles to Suriname authorities. However, the decisions taken during the Joint Commission in 1994 could not be

properly followed up and implemented. Closer bilateral relations were facilitated after the visit of Ms Vasundhara Raje, Minister of State (External Affairs), and after the meeting of the second Joint Commission in April 1999.

During the State Visit of Suriname's President to India in March 2003, several initiatives were announced for strengthening economic/commercial co-operation between the two countries: waiver of outstanding loan / dues owed to India by Suriname under the First Credit Line of 1992; firming up arrangements for extending new (second) Credit Line of US\$10 million; and possibility of considering additional credit/concessional financing facilities for Indian companies exporting equipment, etc. to Suriname. Agreements in the field of agriculture and a MoU between the chambers of commerce and industry in both countries for establishing a joint business council and strengthening private sector participation were also signed. Further, doubling of ITEC scholarships (from 15 to 30 slots) given by India to Surinamese candidates as well as proposal to gift Indian medicines to the tune of US\$100,000/- were announced during the visit.

Pursuant to the visit, contracts for executing three major projects: water drainage project by Kirloskar Brothers Ltd. (total project cost approx. US\$ 5.1 million); steel rolling mill by Aar Ess Exim Pvt. Ltd. (total project cost approx. US\$ 2.6 million) and supply of 14 heavy duty excavators by BEML India (total project cost approx. US\$ 1.7 million) have been signed under the US\$10 million credit line being extended by India to Suriname.

Recently, a proposal to extend a second credit line of US\$ 16 million for providing 100% financing for a 161 KV, 55 Km long electrical transmission line has also been initiated and is currently being processed in the Government of India.

The Third Joint Commission meeting was required to



be held in New Delhi in 2001. However, due to various exigencies on both sides, the meeting could not be scheduled. Proposal to hold the next [third] Joint Commission meeting in New Delhi later this year is currently under examination by concerned GOI authorities.

During the Suriname President's visit, the Surinamese expressed an interest in initiating cooperation in the science and technology sector. Proposal for finalizing an agreement in this sector is currently under examination by the Government of India.

After the State Visit of Suriname President, the number of slots offered by India to Suriname has been doubled from 15 to 30. Suriname utilized the full quota of 15 slots during the year 2000-2001. A three-member ITEC team, led by Director, ITEC, visited Suriname in January 1996 to carry out a feasibility study for joint ventures and cooperation in diverse fields but nothing emerged out of the visit. A coconut expert visited Suriname on a four-week deputation under ITEC in August 98. India has also agreed to provide services of two experts in the field of health to Suriname under ITEC. A two-member delegation from Suriname consisting of Mr. S.F. Polanen, Chairman of Independent Electoral Council, and Mr. O. Jarbandhan, Member of the National Assembly, visited India in September 1999 under the study tour programme of ITEC to observe the elections in India.

Dr. Mohd. Abdul Salam, Associate Dean of Kerala Agriculture University, was on a deputation of three months (October 2002 January 2003) in Suriname under ITEC programme for assessing the technical and economic feasibility pertaining to the setting up of a small/medium integrated cashew processing plant. During his visit, Dr. Salam made a very good impact in the local official and business circles. A proposal for allocation of Indian expert in Ayurvedic medicine has also been approved by the Government of India.

Suriname's trade with India to-date has been modest. The trade statistics for the year **2002** are as under:

<b>Total exports</b> (as available)	US \$	4,79,254,572
Exports to India	US \$	2,434,590
<b>Total imports</b>	US \$	5,01,868,932
Imports from India	US \$	1,755,354



## A BIRDS' PARADISE



Suriname is blessed with rare birds of breath-taking beauty. The total number of bird species in this country is about 680. Described below are some birds from the coastal plains of Suriname. The different species that are chosen are all common in their habitat and can be easily spotted.

Along the coast Suriname are many muddy flatlands, which are visited by herons, ibises and many small waders. The most splendid bird is the scarlet ibise. Also present are egrets and in the right season some whimbrels.

The black mangrove and forests in the interior are important breeding places for ibises and herons. Birds that frequent these places are the yellow warbler and the pied water-tyrant.

More inland are the fresh water marshes, Vast areas of these have been converted into rice fields. A conspicuous bird here is the wattled jacana. Dry places in the marshes can be found on shell ridges. Outside the cultivated areas they are covered with high bush, a good place to search for tucans. Everywhere along watercourses you can hear the yellow-throated spinetail with its long trembling notes. Its nest is a conspicuous ball of dried grass. Along the waterside in dense vegetation you find the solitary striated heron, looking out for fish with a curved neck.



The easiest way to see birds is to look for them in the residential areas and the cultivated parts of Suriname. In the rice fields of Nickerie and Coronie you can find the snail kite. In trees near the fields he will use his curved bill to get large snails out of their shells and underneath a heap of shells will collect. On the road to Coronie you can see the yellow-headed caracara eating animals that were run over by traffic. In the trees along the road a tropical kingbird will sit still, till it flies away to catch an insect.



# Technology & human resources will boost India's **EXPORT GROWTH, GLOBALIZATION**

- Dr. Eduardo Aninat

Dr. Eduardo Aninat, reputed economist and former Deputy Managing Director of IMF and former Finance Minister of Chile, talks about the "Evolution of economic thinking in foreign trade and the experiences of less developed countries (LDCs) in the export business" in a highly enlightening and stimulating lecture at a function organized by the Exim Bank of India to mark its Annual Commencement Day.

## INTRODUCTION

My ideas and comments will be focused on the inter-relationships between trade and economic growth, trade and productivity changes across sectors, trade and employment challenges, and bilateral and multilateral trade agreements in the context of present global institutions.

My purpose is to share analysis on establishing a few strategic lessons that could be common to many policymakers throughout the developing world. It is fair to hint that my approach on the association between national economic growth and modernization of trade regimes is very positive.

When backed by solid economic foundations, a vision of strategy and pragmatism may be built as superior technique for the design of policymaking in the international arena.

## A BRIEF REVIEW

Just a few decades ago there was still a fierce debate around issues of protection, externalities, national sovereignty, traditions and ways of life potentially affected by open trade patterns, second-best type arguments linking defensive policies to various market failures, and, for a host of trade-related issues connected to labor markets and structural characteristics.

Even when the big change and dominance of "victory of trade openness" had become vocal and quite widespread in industrialized and developing countries as in more recent years, it is the case that many governments still tend to put aside and live in a different bloc or policy room, separate from their trade



liberalization moves, a few important sectors or set of activities.

When we walk into the area of factor mobility as connected to freer external trade, it is the case that many governments behave -in practice- with fear and much hesitation for their liberalizing actions. Two clear-cut examples are today found in the following areas:

- Fears from labor migration/emigration to and from neighboring countries; - Fears from the presence and the volatility of short-term financial capital. It is not simple to examine, dissect, understand and pass judgment on some of these fears.
- More broadly here, the understandable desires of politicians, national visionaries, business and labor leaders are many times read as getting real chances of evolving away from exports purely based in primary commodities and simple natural resources, in order to move towards trade in technology-based goods and in income-elastic services.
- Finally, the new conceptual waves of thought in business management, in international marketing, and specially in adapting to strong technological revolutions, are turning irrelevant (outmoded) several of the old ideas sustaining the "protectionism approach" in trade. In the context of fast-growing globalization, it is now clear that the challenges from the new waves and forces from it present a sizable opportunity to re-think many of the ways we all used for visualizing trade patterns in goods and in services.

## IMPERFECT LABOR MARKETS

In a poor society, one utmost fear is that of becoming unemployed. Unemployment carries with it lack of incomes, economic deprivation, uncertainty, disintegration to the network of economic forces, loss of status, and usually despair and great suffering. If that is the case for the person getting prolonged and involuntary unemployment in a poor society, the context for a policymaker and a political planner placed in the central communal echelons of formal power are usually not shiny either, when such conditions are massive, lasting, or rising.



After several months of discussion through the media and in Congress, we were able to pass the required legislation. And I am glad to say that our average tariff has converged to only 6.0 per cent in 2003, as originally planned.

In a country like India, or Chile, does it mean much to classify and categorize outputs as “manufactures”? Do we still assign the same old historical weights for prestige, or might, and other externalities to steel-mills and heavy-equipment factories as in our two countries as we did so heavily in the past?

Let us focus on the topic of services. When we visualize the host of complex very sophisticated *services niches* that new know-how and technologies have given birth to in the last years, we realize the faster and more powerful vectors of demand and of innovation are moving in that area. It is no longer interesting to focus on the old distinction for commodities versus non-commodities; it is more challenging and fruitful to place our attention where the future is going.

It is in this very profound and revealing sense, that I must salute the valorous efforts of both present and past governments of India, which have actively contributed to this change of world paradigm: allowing and promoting the formation and replication of skills in the information services areas. Your efforts and achievements in the software case and in related services, speak well and optimistically for exports growth prospects in India.

### MODERNIZATION OF TRADE POLICIES

It is clear, for example, and I need not emphasize it here in the great subcontinent of India, that the quality of general and specific infrastructure available to a cluster of exporters will in time-prove decisive for the cost comparisons and for the timing of opportunities

to service relevant international markets.

I have left for the end the layers named as: “technological development” and “management of human resources”. These two are of foremost interest for a country like India, given its large pool of human resources endowment. Given the acceleration of globalization forces that we have observed with no interruption for the last decade, it is my judgement that - with the right macro context- these two micro areas represent the potentially most dynamic factors for exports growth in the medium term.

It is the mature and sustained interactions between research & development, the identification and pursuit of state-of-the-art imported technologies, its re-adaptation and local innovation and creation, its dissemination in competitive conditions, and, the area of education, training and continuous re-training of labor forces, which will maintain, sustain, or make grow any positioning we have been acquiring for most products and services traded in international markets.

Let me continue describing key elements of the trade policy modernizations.

First the *clarification*. I do use a distinction between a process of modernization of trade policies, and, a simple tariff liberalization policy, because of three main issues.

One, a process of significant changes in tariffs must look, in my opinion, for the macro context underlying it; in particular for the exchange rate system being applied by the Central Bank. For example, it is the case that for many small and medium sized LDCs experiencing some form of macro distress, it would be ill - designed to recommend significant tariff reductions if the economy is also a fully dollarized one. The flaw arises from the obvious need to assess and design other added supplementary policies to combine with such “a change” if insisted upon, in order not to reduce national welfare.

The experience shows that, in general, the more the exchange rate system is flexible and the local currency can float, the more a reduction in external tariffs can be useful for the full economy.

Two, a process of tariff reform design has also to look to side conditions regarding other price restriction issues accompanying tariffs: i.e. examine explicit and implicit quotas, examine the roles played by marketing boards,

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government procurement policies; and any biases in the allocation of financial credit.

Three, the political economy procedures for trade modernization are more sophisticated and perhaps more balanced, than usually is a pure and simple trade liberalization act *per se*. Questions that are useful for discussing those issues are:

Is there a good chance that, without unduly delaying desired changes, we could extract some sizable advantages in neighboring or vicinity countries in better access for our own exports there, if we lower tariffs at home... as we were planning? Which actions of the lobbies (pressures) are to be experienced in Congress - even within our own political parties and constituents, in reactions to our policy reform package? Do we run a sizable risk in having custom duties reductions approved without also getting sufficient (or even any) compensatory fiscal financing when votes are cast in Congress?

Can we, in the government, veto unfinanced economic 'reform packages'? Is the government well staffed, willing, and prepared to fight cohesively, against an ill-induced process of undesired *differentiation* of the tariff structure?

To put it simply and - hopefully to an end- just like we have been taught by macro experts and sound theoreticians that a devaluation of the national currency to be useful (or macro contributive) has to be tailored with the right combination of remaining macro policies (for example fiscal and monetary conditions), the same is true for liberalizing moves as regards national trade policy. As much as we all aspire for a new world free of most (or all) tariffs on trade, ... there are safeguards and *consistency check points* that LDCs must observe in order to make these liberalizations meaningful and sustainable to the longer run.

Both the World Bank and the IMF have collected substantive and ample evidence in the direction of showing the contribution of trade openness and exports to GDP growth. The more time passes, the more ample and enthusiastic seems to become the fast wagon of countries willing to embark in freer trade so as to foster better and faster their citizens' welfare. Expansion of the set of options available to each member of the global community and further specialization along the lines of dynamic comparative advantages are features which go to the heart and bones of economic thinking, as classical economists such as Adam Smith and David Ricardo taught so long a time ago.

Why is it then that the present state of world affairs does not look favorable to a substantive progress in the Doha Round: the multilateral trade rounds for this century, the 21st century? That is the lead question for

discussion in my very brief finale.

### FINALE: WILL THE BELLS RING FOR JOY?

We have learned that globalization and trade growth are inseparable. We have listened to the most powerful and rich countries of the world preaching frequently and most actively for the free-trade doctrine, when they meet in G7 rounds.

We listen to an ample host of international trade and global finance experts saying that a concerted multilateral reduction of tariffs in WTO members, would stimulate the world recovery heavily. Serious economists tell us that LDCs in general have *more to gain* from the prospected benefits of a successful Doha round that achieves a substantial negotiated deal. Then the obvious and vociferous question that needs urgently an answer by now is:

Why is it simply not happening? I could go round and round providing you with explanations that would "conform" to diplomatic terms. I shall take the risk by expressing simply and very directly here what I deeply think on this as a global citizen. In seven very direct English words, the reasons are: bureaucratic conservatism and selfishness by the powerful.

Two institutions forming key pillars of the international financial architecture - the World Bank and International Monetary Fund- have recently joined forces with the World Trade Organization to denounce these ill-conceived road blocks to the trade negotiation progress as manifested in this trade Round. All that is to be supported and applauded. But is it enough for securing action? I beg you in ending to think the broad global citizen implications deriving from the following hypothetical (?) construct:

A potential global scenario built this time by strong and committed world leaders were to emerge, where distortions of agricultural trade subsidies and ill-conceived price support mechanisms in the rich countries were eliminated; quotas and prohibitive tariffs in the developing world were severely cut; cross migration of (at least) some categories of un-skilled workers were accepted across borders, and technology patent rights would carry a more rational and liberal approach in their time phasing while becoming more safeguarded in the stature of property rights; and where corruption and monopoly in trade access practices were eliminated... How would the resulting matrix of winners and losers look then? It is my opinion that if this dream, but feasible, scenario were to hold, the practical and positive results from it would certainly allow for a very rapid convergence between structuralists schools of thought and neoclassical applications to old problems of development and trade.



# ARGENTINA RIDING *on the* FAST LANE

By Arjit Saraswati

**F**ollowing a stretch of economic recession during the period 1998-2002, Argentina's economy recovered in 2003, registering an estimated

real GDP growth of 8.4 per cent. Though the previous year's low base may appear as a major reason for the sharp recovery, improvement in a host of economic indicators reaffirms that the recovery is most likely to continue. With the present momentum, Argentina's economy is projected to record decent growth rates in 2004-05. The revival of the Argentine economy is crucial, as it would contribute to an overall improvement in economic performance of Latin America, given the strong trade linkages between Argentina and other countries in the region.

Several factors have contributed to this economic upturn. Primary are the currency appreciation, expansionary monetary policy, abundant tax revenues and a reduction in political uncertainty. The peso appreciated by 14 per cent against the US dollar in 2003. This resulted in a revival in imports, which grew from US\$9 billion in 2002 to US\$14 billion in 2003. Exports benefited from a rising international demand in general, and a sharp increase in the prices of soybean, in particular, as it is one of the major exports of Argentina. A bumper production of an estimated 35 million tons of soybean in 2003 provided a further impetus to this. The appreciation of peso, together

with a corresponding decline in the prices of tradable goods and an increase in money demand, helped in the decline of average inflation from a high level of 26 per cent in 2002 to 13 per cent in 2003. Particularly, inflation has fallen from a high of 41 per cent by end-2002 to 3.7 per cent by end-2003.

The Central Bank of Argentina followed an expansionary monetary policy in 2003 in the backdrop of strengthening money demand and a firm exchange rate. The Central Bank has also been successful in accumulating US\$15 billion of foreign exchange reserves, which could provide sufficient support to the exchange rate in the face of any unprecedented crisis. On the fiscal front, tax revenue is estimated to have surged by 45 per cent in 2003 gaining from an overall increased output level. As a result, Argentina has been successful in exceeding the primary surplus target set by the IMF. The surplus would have increased further in the absence of an expansionary government spending towards the end of 2003. In the second half of 2003, the government considered a host of social expenditures to provide confidence of a reviving economy in the minds of the people of Argentina.

President **Nestor Kirchner** has been remarkably in transforming Argentina's economy since he took office in May 2003. Mr. Kirchner's policies have remained focused on the revival of domestic consumption and compliance with the IMF set targets. At the same time, the President has considered initiatives that are directed at strengthening regional cooperation. All

these efforts have considerably reduced political uncertainty in Argentina. This has also caused a sharp increase of 32 per cent in gross fixed investment in 2003.

As per the latest information, the manufacturing sector has recorded growth rates of 13 per cent and 17 per cent in Q2 and Q3 of 2003, while the same for agriculture has been 12 per cent and 4 per cent respectively. However, the major boost to the economy was provided by a dynamic growth in construction activities. The construction sector has performed significantly throughout 2003 with growth rates reaching as high as 40 per cent in Q3. A reason for the growth in the construction sector can be





identified to be the increase in housing prices. Public investment in construction is likely to continue with support from multilateral agencies like the World Bank and the Inter-American Development Bank, with a focus on road and housing construction. However, growth in the services sector was modest in 2003.

In the external sector, exports grew by an estimated 14 per cent in 2003, whereas imports surged by 54 per cent. Apart from an impetus from soybean exports, exports of other agricultural commodities also did well in 2003. There was also a rise in exports of petroleum-related products. However, the performance of industrial exports remained subdued in the face of a decline in demand from Brazil despite a rise in demand from China. China has emerged as an important export destination for Argentina, primarily for oilseeds. In 2003, exports also benefited from higher exports to North America. Imports gained from a reviving economy supported by favorable exchange rate.

Among other notable developments in 2003, the following can be cited:

First, the collapse of the currency board and the sharp devaluation of currency in the crisis period resulted in a situation of mortgage debtors arising out a mismatch in dollar-denominated liabilities and peso-denominated incomes. However, in November 2003 a piece of new legislation was passed, which created a Special Fund that will purchase the debt of mortgage holders who are struck with payment arrears since January 2001. Second, surveys have concluded a rise in employment level in 2003, both in the formal and informal markets. Third, there has been an increase in credit to the private sector, prompted by consumption-related loans.

As far as Argentina's trade with India is concerned, total bilateral trade has experienced a quantum jump in 2003-04. During April-November 2003, India's

exports to Argentina amounted to US \$ 54.54 million, up by 36 per cent from US \$ 40.13 million during the same period in 2002. Considering India's imports from Argentina, total imports

during April-November 2003 stood at US\$406.93 million, which is 60 per cent higher than US\$255.49 million recorded during the same period of 2002. This growing trade with Argentina is definitely a positive development in bilateral commercial relationship. The recent signing of the Preferential Trade Agreement with the MERCOSUR trade bloc of Latin America, of which Argentina is an important member, is expected to contribute towards enhancing Indo-Argentine trade relations. In the face of a recovering economy, the prospects of strengthening of bilateral trade and investment relation between India and Argentina appear optimistic.

In conclusion, it can be said that that Argentina is likely to continue to grow strongly until it reaches its pre-crisis level of output. From there onwards, the economy would ride on a high growth path, subject to a rebound in investments, restructuring of the public debt, and soundness in fiscal and monetary policies. IMF has applauded the recent economic recovery of Argentina, reiterating the need for structural reforms. As the government appears to be dedicated towards an IMF-guided support program, the economy can be expected to perform decently in the foreseeable future.

*(Arjit Saraswati is Manager, Export-Import Bank of India)*



## Doing Business with Argentines

# Have tact, take time, pay tips, DEVELOP RELATIONSHIPS

**A**rgentines combine a unique mixture of European efficiency and Latin American flexibility in their business style. Most industries are modernized or modernizing and in many—though not all—sectors, plant and equipment are up-to-date. Business is well within the range of international standards, and managers employ the latest techniques, operate using reliable accounting and reporting standards, and conduct sophisticated transactions. Many executives speak English or some other European language. **Despite a liking for leisure, Argentines have a reputation for hard work.**

Argentine business does not conform to the stereotypical Latin mafiana model. For the most part Argentines are savvy, resourceful, ambitious, and, in general, highly educated. They have time and again made the most of the contradictory economic policies of successive governments in order to build industry and create wealth, succeeding where mere survival would have been a major accomplishment. They embrace free markets and welcome the resulting competition. Enormously competitive in the marketplace, Argentines do not subscribe to the cut-throat, win-at-any-cost competition prevalent in North America and some other business venues. Competition in business is like competition in sports -- you play as best you can and the victor's spoils go to those who put forth the best effort. At the same time, Argentines have a generally healthy, relatively relaxed approach to their jobs.

Buenos Aires is a sprawling, international city, which every day welcomes numerous business visitors from all over the globe. Visitors are treated with courtesy, warmth, generosity, respect, and acceptance. No Latin backwater, Buenos Aires is an agreeable and easy place to do business. The familiarity of local businesspeople in some other parts of Argentina with cosmopolitan, international standards may not be as great, but they are little less sophisticated and no less shrewd than their portfolio counterparts.

### Business Style

"Nowhere does Argentina's heritage manifest itself so clearly as in its style of doing business. **Argentines adhere to the traditional Latin American tenet that one works to live rather than lives to work**, although they are at the same time intensely competitive and



profit-driven. Although it is changing in response to the internationalization of Argentine markets, the perception currently remains that someone who is too eager to spend long hours at work or is overly preoccupied with a career is a bit odd and outside the accepted norm. Although organizational structures are sophisticated and business dress formal, Argentines approach business with a relaxed and friendly attitude. Argentines tend to create alliances in order to get the job done; they work well together in pursuit of common goals and readily share credit for achievements. Although argumentative, they avoid open conflict and direct opposition to viewpoints, especially those of their superiors. Overly aggressive "upstarts", who take unfair advantage of competitors or push fellow workers aside in a quest for advancement, are frowned upon and are rarely rewarded for such behavior. However, foreign businesspeople should not underestimate their Argentine counterparts, who are quite competitive and committed to high returns and sustained growth. They are generally knowledgeable and very detail oriented, so it is best to be well prepared and ready to answer detailed questions about your business proposals.

Nevertheless, family and friends remain the top priorities for Argentine businesspeople, and a business associate must expect to wait if a relative or friend drops by or needs help unexpectedly. In any event, rarely will an Argentine adhere rigidly to a scheduled meeting time. Foreign businessmen should expect to wait and should be prepared for the eventual meeting to proceed informally and at a leisurely pace. Social matters must be thoroughly disposed of before business issues are raised. Foreign businesspeople should themselves be prompt, patient, and courteous no matter how unaccustomed they may be to such behavior: it is simply Argentine standard practice. Especially in family-owned companies, jobs were often filled by family and mends, or at the very least by an acquaintance referred through the employer's



network of contacts. Now, however, more arm's-length standards of professionalism generally prevail.

Unlike many other Latin Americans, **Argentines do not generally bargain.** Outside Buenos Aires, in the provinces, bargaining is still acceptable for many products and services, but within the international business community, it is simply not done. Deals are concluded after sophisticated and knowledgeable business negotiations.

### Getting Started

Relationships are important in Argentine business; the closer the relationship, the better your chances of concluding a deal. Outside of a family relationship, personal friendships with their accompanying feelings of trust provide the strongest possible base for business success. However, Argentines will carefully evaluate the different alternatives in a very objective and businesslike manner. If your business style is fast-paced, you will need to adjust, because there is no way to push people to go faster. This is just the way they do things.

Argentines feel that they cannot know how others will react in a business situation unless they know who they are as people first. **They will want to know your views on politics, culture, and the economy, both in your own country and in theirs.** Thus you should, at the bare minimum, have a passing knowledge of Argentine culture and politics so that you can participate in a conversation on these subjects.

Personal relationships can be difficult to establish, especially if your business style does not readily lend itself to such interaction, but it is important to try to do so if you expect to establish a long-term and successful business relationship in Argentina. Take the time to build lasting personal ties; your chances of success will increase. Remember, being accepted as part of a network also entails reciprocity; you will be expected to use your own contacts and relationships to help



others when called upon for assistance.

### Argentine Concept of Time

It is often said that North Americans and Latin Americans will never truly understand each other because they do not share a common place in time. Latin Americans look first to the past, while North Americans live almost completely in the future. As for the present, it becomes the scene of constant disappointment, and irritation. From the North American, Asian, or European point of view, Latins are always late. For Latin Americans, these others never take the time to develop relationships or understand situations fully. Whereas one culture is driven by time, the other sees it as a resource to be enjoyed and experienced. One culture sees time as a commodity-to spend, gain, lose, waste, and invest. The other sees it as something not quite so tangible-there is plenty of it today, and if that's not enough, there will be more tomorrow; in time, everything will get done.

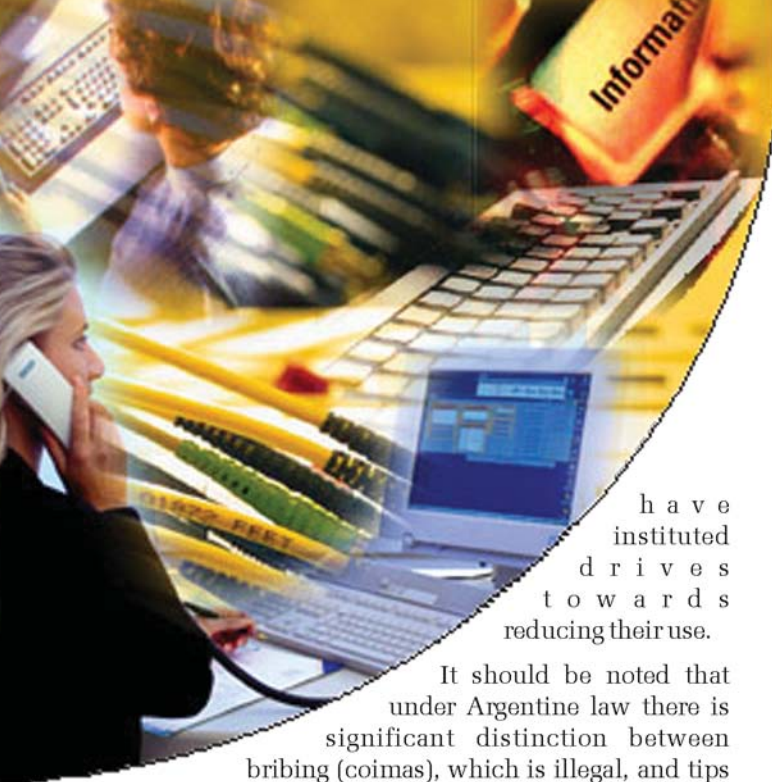
However, Argentina is not typically Latin American as far as time is concerned. Many Argentine businesspersons are very time-conscious and convinced that time is money. Nevertheless, in Argentina, there is always time for family and friends, for romance and politics, for a cup of coffee or a long lunch. A sense of urgency may be viewed with mistrust or as rudeness. In short, Argentines have adopted some European concepts of timeliness, although things tend to move more slowly than in North America or Europe, and a foreign businessperson must be tactful.

### Tips to expedite deals

The practice of paying propinas-tips-to "expedite" matters has long been a part of business life in Argentina. Observers note that with the deregulation, de-monopolization, and privatization of many state-run and large-scale firms, the conditions that provided the opportunity for these practices are being removed. These free market changes have already done a great deal to eliminate many of these problems. While the use of propinas is far from removed, public opinion is increasingly opposed to such practices. As a result, in recent years, the Executive Branch as well as Congress







have  
instituted  
drives  
towards  
reducing their use.

It should be noted that under Argentine law there is significant distinction between bribing (coimas), which is illegal, and tips or incentive payments (propinas), which are paid primarily for speeding up what would or should be done anyway, and whose only effect is to expedite the underlying transaction. If you are uncertain on how to proceed in a given situation you may consider seeking local advice. Domestic professionals will be more familiar with local business practices and may be able to save your company unnecessary problems.

### Negotiations

After you have located the necessary contacts, cultivated the necessary relationships, and reached the stage of agreeing to pursue a business relationship, you must be prepared to make your presentation. Argentines prefer to conduct business face-to-face rather than by telephone. Therefore, all negotiations should be scheduled accordingly.

Ideally, your team will include someone with a good working knowledge and understanding of Argentine, Spanish and customs. Local legal counsel may be able to help you interpret finer points. Nevertheless, at the very least your team members should have a working knowledge of Spanish and a solid understanding of the business culture in which they are operating, as well as of their own business and the specific project. Ideally, the people you choose to accompany you will be the ones possessing the best "people" skills and management acumen.

### Procedure

When arranging negotiations with Argentine businesspeople, it is customary to give them as much detail as possible about the issues to be discussed, as well as a list of the delegation members attending. Attendees' titles, positions, and responsibilities should be clearly stated so that the Argentines can evaluate the seriousness of the negotiations and include the appropriate personnel on their own team.

If there is any resistance from your negotiating counterparts, you may be able to come to an agreement on the structure and agenda even before you reach the table, thereby clearing more time for discussion of substantive issues.

It is important to be aware of the extent to which the persons across the negotiating table are authorized to exercise their own discretion in agreeing to terms. Because of the centralized nature of decision-making in Argentine firms, you will want to be absolutely sure that an agreed-upon contract draft can be immediately approved and signed. At the very least, you should be aware of which Argentine team member will be communicating with top management and how quickly approval can be obtained.

### Formulating an Approach

In Argentina, a positional bargaining approach usually does not provide the most effective method of negotiating. Because your Argentine counterparts will have carefully assessed your character and interests before deciding even to enter into negotiations, it will prove to be that much more difficult for you to take an unreasonably hard-nosed positional approach. **If you do pressure your Argentine counterparts into accepting an agreement on your terms because of your company's size, powerful financial position, or some other overwhelming advantage, you run the risk that the agreement will backfire.** If you notice weakness on the other side, taking undue advantage is likely to result in either the withdrawal of the Argentine team or the nonperformance of the contract, in which case you will have lost considerable time and other valuable resources. However, be aware that the other side may feel free to attempt to pressure you if it senses that it holds the advantage.

It is far more advisable to use a mutually beneficial, win-win approach that takes into account the satisfactory fulfillment of interests on both sides. Proving your goodwill during the negotiating process will go a long way toward ensuring a positive relationship with your Argentine colleagues. Remember, if you have come this far, you have already invested time and energy into developing a long-term relationship. Failure to keep in mind and cultivate the social aspects of the transaction will leave you unprotected. You need to be shrewd, but playing the game-fairly-is absolutely necessary in Argentina.

It is important to be appropriately friendly. Efforts to begin dealing immediately with substantive issues are likely to be construed as rude and suspicious behavior. Remember that Argentines consider impatience one of the main cultural failings of non-Latins. Easing into substantive talks gives you and your counterparts time to settle down and get comfortable with each other. Entering into substantive talks following initial courtesies, the head of the host delegation usually opens the meeting with formal, general welcoming

remarks and then turns the floor over to the head of the guest delegation. As noted, the structure of the session will usually have been decided earlier.

Negotiators should not allow negotiations to reach the stage of confrontation. It is important to keep lines of escape open. Thus, negotiations should be allowed to stay open-ended, and if it becomes apparent that agreement cannot be reached on key issues, it is important to allow the talks to fade away rather than reach a dramatic conclusion. This allows everyone to save face and leaves open the possibility of future talks.

### Argentine Negotiating Tactics

Despite their penchant for outspokenness and independence in other contexts, Argentine negotiating teams usually present a united front, generally making it impossible to exploit differences among the individual members, who defer to the principal negotiator. This person is usually the main spokesperson. The rest of the team members may not even be allowed to discuss issues; perhaps they will not even be allowed to address your team except on some very narrow technical subject in which they possess specific expertise. In turn, the senior person present defers to the president or executive vice president for periodic advice, by absenting himself during breaks or by phone if absolutely necessary.

As noted, it is crucial that you understand the chain of command and who is ultimately responsible for signing the deal. The Argentine emphasis on "people" skills means that most principal negotiators are very experienced, adept, and persuasive. They will often try to play on friendship to obtain concessions. It is up to your team to separate personalities from the economic issues.

Argentine negotiators may also use temper as a tool in an attempt to soften you up. Look for and recognize these age-old negotiating tricks, and prepare an appropriate counter-plan to get the negotiations back on a principled and fair footing should these detours occur. Argentine negotiators usually do not resort to such threats as suggesting that they have other interested competitors or breaking off talks abruptly over a point of contention. They will try to gauge how strongly your side wants the agreement and exert whatever pressure they feel is appropriate according to the situation.

Many outsiders are inclined to rush through an agreement so they can get on with their business; if you exhibit impatience or a sense of urgency, Argentines might exploit this weakness. It is more effective to take matters slowly and methodically.

### Argentine Approach to Contracts

Historically, Argentines have relied on somewhat simple and straightforward contracts that incorporate references to the specific Argentine laws covering the

various points in detail. However, following all the complex privatizations involving foreign capital and the flood of international trade in recent years, business relationships in Argentina are changing. Contracts are becoming more complex-both to cover the needs of multinational transactions not completely provided for by Argentine law and to please foreign investors accustomed to lengthy contracts with detailed provisions for all conceivable contingencies.

Although many Argentines consider lengthy, US-style contracts redundant and excessive in their length and level of detail, they are becoming far more accustomed to such documents and are even entering into the spirit. Legalistic foreigners largely have themselves to blame for this change.

Argentines are becoming detail oriented and will finalize an agreement only after it has been carefully scrutinized by legal and financial professionals at all levels. **Visiting businesspeople should have their own local Argentine attorneys (and perhaps accountants) similarly scrutinize the deal before a contract is signed.** It is important that all terms and conditions are set forth in detail and nothing is left open to interpretation or verbal agreement. There is the ever present difference between what may seem an honest verbal promise and the actual intention or ability of the contracting party to perform.

It is also important to keep in mind that you will not only be entering into a quantifiable, tangible, legally binding agreement, but will also become part of a larger, ongoing relationship that needs to be nurtured if you are to benefit from it. Therefore you should be comfortable before entering into something that is expected to be long-term and could well prove to be a very positive and beneficial relationship.





# ARGENTINA

## Surely, the Paradise

# REGAINED

Beaches, giant water falls in tropical rainforests, skiing in the Andes, horse-riding on the Pampas, or watching whales and penguins off the tip of Patagonia. Argentina is a diverse country with plenty to see and do. Surely, Argentina is the Paradise Regained

### PATAGONIA

The region of southern Argentina, east of the Andes and south of the Colorado River is Patagonia. It was formerly the name for the southernmost portion of the South American continent, including what is now the southern parts of both Argentina and Chile. Penguins are protected in Patagonia, and flourish on the cold ocean currents off the archipelago of Tierra del Fuego; at the southern tip of Patagonia.

Beginning in central Argentina and stretching from the Rio Colorado to the Straits of Magellan, the vast, desolate region of Patagonia is a haven for naturalists. Almost 30% of the nation's territory, it's filled with unique animals (including guanacos, penguins and elephant seals) and flora, windswept and barren land, lakes and unspoiled nature. It's also a popular destination for those who like to fish, especially November-May, when the trout, salmon and native species such as trahira can be hooked in the rivers and streams flowing through the Andean foothills.

There are three major sections: Rio Negro and Neuquen Provinces (access via Bariloche); Chubut Province (includes Puerto Madryn, Gaiman, Los Alerces National Park and Comodoro Rivadavia); and Santa Cruz Province (Rio Gallegos and Glaciers National Park). Because the area lacks accommodation and travel facilities, we suggest taking an escorted tour. Layered clothing is a must, including a windbreaker, as it can get cool, perhaps into the 40s F15-10 C as you travel south, even during the summer

months. Patagonia begins 725 km southwest of Buenos Aires.

### AUSTRAL, SOUTHERN CORRIDOR:

With abundant rivers, streams, islands, and abrupt cliffs, alternating with snow and ice massives, Patagonia Austral possesses the enchantment of life and survival in an indomitable hostile environment. Animals and plants will lead your way through unbelievable,

astonishing paths.

### IGUAZU FALLS

On the borders of Brazil, Argentina and Paraguay, these spectacular waterfalls are best seen March-June (there are fewer people then, and the humidity can get



oppressive November February). The falls can be visited from the Brazilian or Argentine side: Either is impressive. While the falls are seen more easily from Brazil, the paths, jungle and sunset views are better in Argentina.

**Iguazu should not be missed:** Made up of 275 cascades spanning a distance of 3 km and rising up to 90 m high, it's one of the most impressive sights in the world. Rainbows, roaring waters, red earth and jungle scenery make it worthy of a long stop enough time for real contemplation. Visitors on the Argentine side should see the falls from both access points: The lower trail, which twists through the rain forest to a boat that takes you on a five-minute ride to **Isla San Martin**, at the base of the southern end of the falls; and the upper trail, which ends at the edge of Devil's Throat, the most dramatic view of the cascades. You can also reach the two areas by bus, but in either case, be prepared for a lot of (fairly easy) walking and a good chance of getting wet. The area surrounding the falls is jungly and tropical, a showcase for a wide variety of colorful birds, butterflies and flowering plants. Good hotels (at the most reasonable prices in Argentina) are available on both the Argentine and Brazilian side. It's worth the extra expense to stay at a hotel that has a view of the falls. We also recommend staying at least one night to take advantage of changing light conditions. Sunset on the surrounding terrain is magnificent, and by





moonlight, it's simply magical.

Nearby are the town of **Posadas** and the **Missions Province**. If you're interested in duty-free shopping, you can visit the town of Puerto del Este, Paraguay, although it's rather seedy and crowded - a picture of South America in one of its least attractive poses. Also just across the border in Paraguay is Itaipu Dam, one of the world's largest dams.

### GLACIERS NATIONAL PARK

This park, a UNESCO World Heritage site, has some of the most spectacular sights in the country. One of the planet's few advancing glaciers, **Perito Moreno Glacier** periodically dams the Brazo Rico of La go Argentino, causing the water to rise. Eventually the melting ice below can no longer support the weight of the water behind it and the dam collapses in an explosion of ice and water. This spectacular event has been occurring, on average, every four years, but scientists believe that the water is flowing past the current dam via an under-the-surface tunnel. Therefore, it is uncertain when, if ever, another collapse will take place. The 35-km-long glacier is amazing in itself, and from a series of catwalks and vantage points on the Peninsula Magallanes you can watch and listen as tremendous chunks of ice crash into the Canal de los Tempanos. Those in good physical condition can hike on the iceberg itself. Buses run from Calafate to Moreno during tourist season (November-February). You can take a one-hour boat ride up near the glacier's walls.

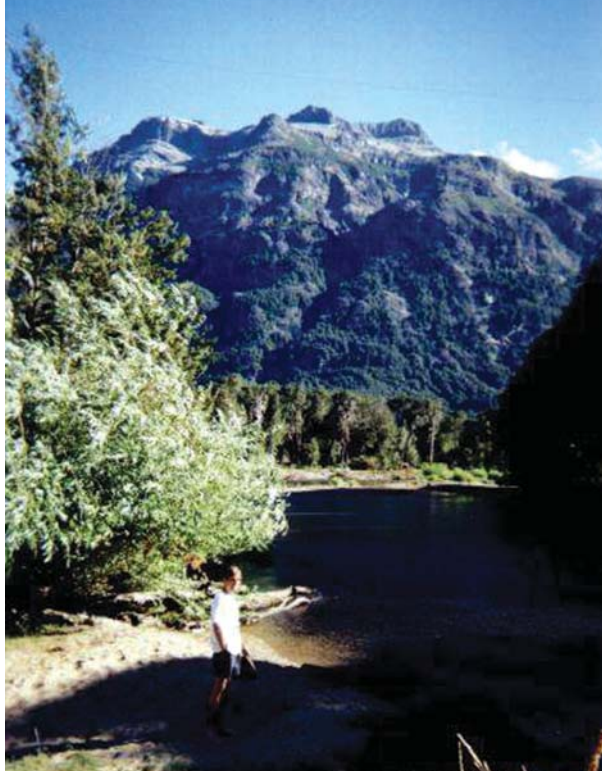
About three km outside Calafate are some caves with ancient paintings, though visitors need special permission to view them. The area teems with bird life. Even larger than Moreno is the Upsala Glacier, viewed by boats leaving from Punta Bandera, just west of Calafate. You'll see icebergs of all shapes and sizes and varying hues of blue and white. In the far north of the park are Mt. Fitzroy and Cerro Torre, popular with climbers and hikers. Chalten, the village closest to the mountains, may be reached by bus from Calafate. Calafate is also a good jumping-off point for tours to the Torres del Paine National Park, across the border in Chile. 1,300 mi 12,080 Ian southwest of Buenos Aires.

### BAHIA BLANCA

There really isn't anything special to see or do in Bahia Blanca (pop. 271,000). Most people visit this city not as a destination in itself, but rather as a convenient stopping point on the overland route between Buenos Aires and Bariloche, 800 km to the southwest. Northwest of Bahia Blanca is the Sierra de la Ventana, a resort village that offers golf, hiking, climbing, kayaking and horseback riding. 570 km southwest of Buenos Aires.

### BARILOCHE

One of the must-see sights in Argentina is the ski resort of Bariloche. This Andean village looks like it belongs in Switzerland - and like Swiss ski resorts, Bariloche can be quite crowded in high season (though it's a bit run-down in comparison with its European



counterparts). It's easy to see why so many people go - it's in an unbelievably beautiful area. Located on the shores of Lake Nahuel Huapi, in the midst of Nahuel Huapi National Park, Bariloche is surrounded by dense forests, alpine lakes and 3,660-metre mountains.

### BUENOS AIRES

Buenos Aires continues to be a wonderful combination of sleek skyscrapers, ornate mezes and turn-of-the-last-century grandeur - at once ultrachic and tumbledown, up-to-date and firmly planted in the past. Even before the recent financial troubles, there was always a spirit of malaise in B.A., as it is affectionately known locally, which may help explain the devotion to that bittersweet expression of Argentine popular culture, the tango. Performed in the streets, on stages, in cafes, the sorrowful and romantic nature of the dance is integral to the city.

### CAFAYATE

This whitewashed pueblo, popular with Argentine tourists, is set in the middle of a wine producing region. In Cafayate, visitors can tour the archaeological museum or the wine museum (though we developed a deeper appreciation of viniculture tasting wines at one of the local vineyards). There are a couple of attractions near town, and each merits an excursion of half a day. One is La Quebrada de Cafayate, a group of strange red sandstone formations eroded by wind and water. On the way to visit this natural wonder, note the giant cacti dotting the landscape. Also near Cafayate are the extensive ruins of a Quilmes Indian city (the Indians themselves, the last to resist the Spanish, were overcome in 1667). Plan two days in Cafayate, 1,165 km northwest of Buenos Aires.

### COMODORO RIVADAVIA

A center for petroleum exploration and refining, Comodoro Rivadavia is usually visited only by

passengers connecting to flights to other parts of Patagonia. That's a shame, really, because the city is near some natural wonders and has one of the nation's better museums. To the southwest is the Jose Ormachea Petrified Forest (Reserva Geologica Bosque Petrificado), and due south are the Cuevas de las Manos, a series of prehistoric caves with 10,000-year-old images of hands, camels, reptiles and other animals painted on the walls. At low tide, you can see sea lions on the beach at Rada Tilly (5 km south), though it's too cold for swimming. The museum is the Museo del Petroleo - which, in spite of its name, isn't dedicated solely to petroleum exhibits. Paid for with petroleum money, it has natural history and cultural exhibitions, as well as some displays related to Argentina's oil industry, 1,465 km southwest of Buenos Aires.

### CORDOBA

Argentina's second-largest city, colonial Cordoba (pop. 1,198,000) lies in the center of a region of many rivers. The area will appeal to anyone attracted to a relaxed, natural lifestyle amid rolling hills and valleys (the land is semiarid, despite the presence of the rivers). Don't miss the cathedral in the center of town, the university (founded in 1613) and the museum (regional history). Two popular resort towns are located nearby: Carlos Paz, a scenic half-day trip from Cordoba, and the resort area of Mina Clavero, which is a bit farther afield but has many natural swimming pools. Most people enjoy one night in Cordoba. 645 km northwest of Buenos Aires.

### CORRIENTES

Located on the Parana River, Corrientes and its sister city, Resistencia, provide an appealing stop on the overland trip to Iguazu Falls. Corrientes was founded in 1588 and has an interesting museum, a Renaissance-style cathedral and a modern university. The town is a natural departure point for trips to the Esteros de Ibera, an enormous area of marshlands that holds an incredible variety of flora and fauna. Stay on an estancia (ranch) and explore on horseback. To the north is Paso de la Patria, at the junction of the Parana

and Paraguay Rivers, where anglers enjoy some of Argentina's best sportfishing (try catching the dorado, a tasty fish known as the "tiger of the Parana"). Another excursion goes to the nearby town of San Luis del Palmar to see Spanish colonial architecture, some of which dates from the town's founding in 1596. 780 km north of Buenos Aires.

### ESQUEL

Rather than being an attraction on its own, the town of Esquel is a good base from which to see a number of area sights. There's good skiing (cheaper than



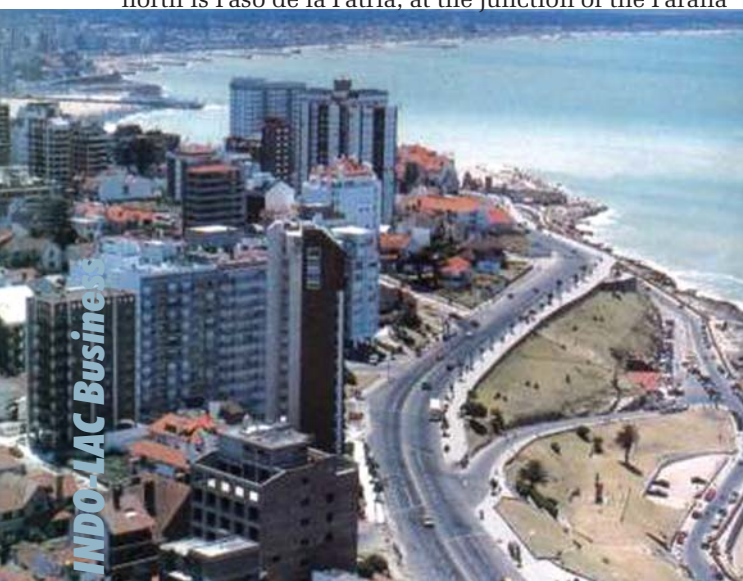
Bariloche) a short distance north of town, and Los Alerces National Park is about 60 km west. Rail enthusiasts will want to ride the narrow-gauge train, La Trochita (also called the "Old Patagonian Express"), that steams the 60 km between El Maiten and Esquel. South of Esquel is the Welsh-influenced town of Trevel, 450 km southwest of Buenos Aires.

### HUMAHUACA

This high-altitude town, in the beautiful Quebrada de Humahuaca Valley, is a popular tourist attraction that reminds the visitor that Argentina shares a border and an indigenous cultural heritage with Bolivia. Walk the narrow cobblestone streets and visit the folklore museum and the Church of the Candelaria (nice paintings from the Cuzco school). Visit the town square at noon, when the mechanized figure of St. Francis comes out of the town hall clock (to see the show, get there early - the old clock doesn't keep perfect time). In Uquia, just 10 km south, visit the Templo Santa Cruz y San Francisco, built in the 1690s (it has some excellent art). At Coctaca, 9 km to the northeast, there's a large archaeological site and a nearby Indian village. 415 km northwest of Buenos Aires.

### JUJUY

A Spanish colonial town with an Andean Indian flair, Jujuy (pronounced hoo-HOOEY) has a pleasant atmosphere. The city streets are lined with orange trees, and whitewashed European-style buildings mingle with adobe architecture. Jujuy hosts a colorful Indian market - Mercado del Sur - opposite the bus station. The nicely restored cathedral houses a gilded pulpit that was carved by Indians. Try to be in town during Easter - the celebration includes traditional





costumes and music.

In the area are Salta and a rock formation known as the Devil's Bridge. Also nearby, at Tilcara, is a pucara - an Incan fortress - that commands a scenic view from its hilltop position. Jujuy's environs are a good place to spot llamas in a desert landscape and take photos of the vividly colored rock strata. Northeast of Jujuy are the Parque Nacional Calilegua, a cloud forest and the Termas de Reyes (thermal baths located on the canyon slopes of the Rio Reyes). 320 km northwest of Buenos Aires.

### LA PLATA

La Plata, the capital of Buenos Aires Province, has one of the largest cathedrals in South America. While in town, visit the Museum of Natural Science, which many consider to be the best in Argentina (exhibits include mummies and human skulls). La Plata is easily reached by train or bus from downtown Buenos Aires. 35 mi/55 km southeast of Buenos Aires.

### LA RIOJA

Founded in 1591, La Rioja has beautiful colonial architecture (much of it rebuilt after an 1894 earthquake) and an awe-inspiring mountain in the



background (La Mexicana, which rises 20,250 ft/6,250 m). Notable examples of early Spanish buildings are the convents of Santo Domingo and San Francisco. The other side of La Rioja's heritage can be seen at the Museo Inca Huasi, which houses more than 12,000 Indian artifacts, ceramics and weavings. La Rioja is noted for its style of pottery - see or buy good examples at the Mercado Artesanal. Day trips can be taken to Santa Teresita Hot Springs and to Talampaya, a provincial park with a deep canyon and many rock formations. 980 km northwest of Buenos Aires.

### LOS ALERCES NATIONAL PARK

Set amid the Andes in remote Chubut Province, this park is less touristy than the areas near Bariloche. It includes a series of pristine lakes and streams, which offer excellent fishing, hiking and other types of outdoor recreation. The park is named after the alerces, a Patagonian cypress that resembles the giant sequoias of California's Sierra Nevada. Don't miss the boat excursion along Lago Menendez to El Alerzal, the largest stand of alerces. Other sites include El Abuelo, one of the oldest known specimens of alerce (at about

3,000 years old), and the groves of chusquea (a solid bamboo that grows in groups of 100 - when one stalk blooms the entire grove will die and fall), 465 km southwest of Buenos Aires.

### MAR DEL PLATA

The city of Mar del Plata graces the Atlantida Argentina - the Argentine Riviera. Beautiful beaches stretch 25 km along the Atlantic. The seafood is fabulous and the fishing excellent. Nightlife centers on the world's largest casino (it's mostly roulette - and black tie is de rigueur). The best time to visit is December-March, but be forewarned that the water is quite chilly even in the summer. Usually, two nights will do, unless you want to visit an estancia (ranch) in Ojo de Agua or Chapadmalal (if so, add at least a full day). Sweater factories in the area offer nice bargains. 400 km south of Buenos Aires.

### MENDOZA

The city's old colonial section was destroyed by fire and earthquake in 1861, so there's not much that's unique to see in Mendoza. It is, however, a bustling place with a wonderful climate, thanks to its location at the foot of the Andes. The main attraction is the Saturday morning artisans market on the Plaza Espana. However, the surrounding area is worth seeing - beautiful Andean scenery (including Aconcagua, at 6,960 metres the highest peak in the Americas), several vineyards and a number of excellent skiing facilities beckon. Nearby is the Christ the Redeemer Statue and the Puente del Inca, a natural stone bridge 45 metres long and about 25 metres high. Mendoza is also the wine capital of Argentina (there's a nice wine museum), and many winery and tasting tours are available. 980 km northwest of Buenos Aires.

### MISSIONS PROVINCE

Located in the far northeastern corner of Argentina, Missions Province was so named because of its 12 Jesuit missions, which are now in ruins. The most notable lie along the route between Iguazu Falls and the town of Posadas (there's a regional museum there, too). The mission of San Ignacio Mini, founded in 1631, is one of the oldest and best preserved. Built of red sandstone, it has barracks, priests' quarters and a baroque-style church. The ruins of Loreto and Santa Ana are a few miles away. (For a glimpse into the region's history, rent the movie *The Mission* before leaving for Argentina.) 965 km northeast of Buenos Aires.

### ROSARIO

There's not much to see in Rosario. It's basically an industrial and export center with a few art-deco buildings and the overblown Monumento Nacional a la Bandera - a monument to the country's flag that includes a 73 metres tower and the crypt of the flag's designer. The monastery of San Carlos, however, is close by and is worth a visit. The provincial capital, Santa Fe, located 160 km from Rosario, has an interesting history museum and the San Francisco Church. 290 km northwest of Buenos Aires.



# Cuba: Boom in exports



**C**uba's exports grew by 14.1 per cent last year, with nickel and tobacco being the main items in the list. Non-traditional exports also contributed in no small measure to this commendable performance.

Tourism made a remarkable recovery during the 2003, after the international recession in this sector. About 1.9 million people visited Cuba in 2003, recording an increase of 16 per cent in revenue. The room occupation in 2003 was more than 41,600. The number of tourists is likely to increase by 10.5 per cent this year to 2.1 million.

Among the most outstanding advances during the year 2003 were the biotechnology sector that continued to consolidate its position. This two-decade-old industry has generated more than 600 patents. Exports of biotech products grew by more than 13 per cent and they include vaccine for Hem6filus, aimed at preventing meningitis and the antibody Monoclonal R3 for the treatment of cancer.

New advances were made in the IT sector. Primary and secondary schools in Cuba work with more than 45,000 computers. The University of Computer Sciences already has 4,000 internal students and it begins to participate in the software production and computer services.

Sixty-thousand new phone lines were installed in the country, with this sector reaching 79 per cent of digitalization.

Cuba's GDP growth in 2003 was 1.5 per cent. Though it compares favourably with other countries of the region, it doesn't reflect the superior results the country has achieved in the social sphere.

In the energy sector, the production grew by 2.9 per cent and, together with gas, it reached an equivalent 4.3 million tonnes, which is higher than what was achieved in 2002. In the current year, the production of petroleum and gas is expected to grow by 6.3 per

cent, reaching 4.6 million tonnes.

Cuba occupies the fourth place in nickel production and its reserves place it among the first three nickel-rich countries of the world. The production this year is expected to increase by 7.4 per cent to 77,000 tonnes, yielding a much higher revenue than in the previous year.

In the sugar industry, Cuba has been working for obtaining better economic returns. More and more cane is being cultivated in the liberated lands. The sugarcane industry, however, is not expected to touch the 2.5 per cent growth rate.

The non-sugar sector grew by 2.1 per cent in 2003 influenced by the positive performance of 10 of the 21 sectors, including the beverage and tobacco industry which grew by 3.4 per cent.

The most significant expansion has been in the basic industry and pharmaceuticals. The pharmaceutical, engineering and the basic industry put together are expected to growth by 3.7 per cent (approx) this year.

The Cuban economy continued with the economically sustained substitution of imports, yielding significant results in the energy sector, and in the advance of a number of national products, including tourism, which grew remarkably well.



# A TASTE of CUBA!

Most people who have never experienced a Cuban meal assume that the taste is similar to Mexican food. Actually, Cuban recipes share spices and techniques in common with Spanish cooking, not Mexican, with a little Caribbean thrown in for flair and flavor.

In general, the ingredients in Cuban cooking are not exotic or difficult to find. Some specialty items may be found in Hispanic markets.

Cuban bread, unfortunately, is not to be found outside Tampa or Miami. Much like the San Francisco sour dough bread, Cuban bread is imitated elsewhere, but never perfected. Italian bread or French bread is an acceptable substitute, but they are not the same.

Fresh vegetables, meats, and herbs are a must. Spices may be dried, but everything else must be fresh. Instant rice should never be substituted for long grain white rice. The following two dishes, among many tasty Cuban viands, are worth tasting:

**Picadillo (Hash):** 1 lb. ground meat, 1 chopped bell pepper, 1 potato, chopped, 3 Tbsp. bacon, grease dash oregano, 1/4 C raisins, 1/4 lb. ground ham, 1 tsp. ground cumin, 1/4 C olives, 1 chopped onion, 2 Tbsp. tomato sauce, 4 sunny side up eggs 1 Tbsp. minced garlic, 1/2 tsp. Vinegar rice.

Cook meat, then drain. Add ham, onion, garlic, and bell pepper; cook till onions are done. Add spices, tomato sauce, and vinegar. Mix well.

In another pan, fry the potato chunks till brown. Add them to the meat. Add raisins and olives. Layer rice, meat mixture, and eggs. Serve hot.

**Arroz con Pollo (Chicken and yellow rice):** 1/4 C. olive oil, 2 onions, chopped, 1 green pepper, chopped, 2 cloves garlic, minced, 2 bay leaves, pinch of oregano, 2 tsp. Salt, 1/2 tsp. Pepper, 1 tomato, diced, 2 C. water, 1 C. rice, 4 chicken pieces, sated, 4-5 strands saffron peas and pimientos for garnish.

Heat oil in a large skillet. Add next 9 ingredients. Sauté until wilted. Add water. Bring to a boil. Add rice, chicken, and saffron. Bring to a boil again; stir and lower heat. Cook on low, covered, for 20 minutes. You can also bake it for 20 minutes at 375° if you prefer. Garnish.

# HOW TO INVEST IN CUBA -A PRIMER



The following step-by-step procedure is recommended for investment in Cuba:

1. Identify the Cuban companies who might be interested in an investment project (The Foreign Investment Ministry offers meetings with possible partners. The services of an advisory office in Cuba might also be contracted).
2. In the case of a company interested in developing an investment project, a Business Letter of Intent is signed.
3. Economic and legal documents required by the proposed association are then prepared.
4. Presentation of the documents to the Ministry of Foreign Investment and Economic Collaboration, who makes a preliminary assessment of the investment.
5. Approval (or denial) of the investment project.
6. Inscription of the Association in the Register of Societies of the Chamber of Commerce of the Republic of Cuba.

**Investor's option:** Foreign investors may sell or transfer their participation as long as they have government authorization. Investors have the right to directly export and import all necessary items.

**Tax-free dividend returns:** The Executive Committee of the Cabinet of Ministers or of a Commission appointed by the former is exclusively responsible for approval. Once the economic and legal documents regarding the business proposal are presented, a 60-day period is set for notification of the decision. .

**Taxation:** Two fundamental taxes are imposed for joint ventures. One concerns earnings (totaling 30 per cent); the other concerns Cuban personnel' salaries (25 per cent).



# Hemingway, Havana Cigars & Hard Rum

## - that's Cuba for you

Cuba evokes emotional responses. Images crowd the mind revolution and Fidel Castro with a flowing beard, Papa Hemingway and deepsea fishing, Gabriel Garcia Marquez and his magic realism, sugarcane rum and Havana cigars.

Visitors to Cuba have several modes of transport at their disposal. Several carriers serve the island's major airports at Havana, Varadero, Holguin and Santiago. Cubana, whose old Soviet planes have seen better days, operates all domestic flights, though many flights of interest for tourists (especially the ones going to Cayo Largo, Cayo Coco and Santiago) are actually operated by Cubana's affiliate AeroCaribbean, which uses modern Fokker aircraft.

Taxis, buses, rental cars and escorted tours are available on the island. (Every good hotel has a travel desk that will arrange tours for you.) The main highways (*autopistas*) can be quite good; the secondary roads can be quite bad, though often more scenic. Rental cars (Suzukis, Daihatsus, Nissans and Hyundais) are the best way to see Cuba, though they're not rented at bargain prices -- expect to pay a minimum of US\$50 a day, plus per-kilometer charges

and insurance. On long-distance trips, find out where the CUPET gas stations are beforehand. Only these stations sell gas suitable for modern rental cars. Expect to pay more than US\$1 per liter.

Cuba's train system was once the best in Latin America. No more. The seats are relatively comfortable, but the roofs may not always handle heavy rain.

Intercity buses run frequently, though tickets are almost impossible to get: Cubans wait for days to buy tickets,

and there are usually only a few seats available for "dollar-paying" customers. Astro buses run often and their tickets have to be paid for in dollars, which doesn't save them from breaking down in the middle of nowhere. Very modern and reliable are the comfortable Viazul Mercedes buses that connect major Cuban cities. They are absolutely punctual at least on departures -- and are rather expensive -- therefore used almost exclusively by tourists. The longest trip, from Havana to Santiago, costs about US\$50 one way. The buses also serve other tourist destinations such as Varadero, Vinales, Cienfuegos and Trinidad.

The regular city buses, called *guaguas*, run rarely and pack riders in like sardines -- recommended only for masochists. A newer (but just as uncomfortable) type of transport is the *cameo*, or camel, named for its humped shape. *Cameos* are huge truck-pulled containers, similar to semitrailers. There are two forms of taxi service -- "official" metered Panataxis (yellow Ladas) and Turistaxis (Nissans or Peugeotts) and "informal" taxis (unmetered vintage Buicks, Chevrolets, Packards and Studebakers). Informal doesn't necessarily mean illegal: The drivers pay a fee to the government to operate but but not all have a license to take tourists (and their dollars). We prefer using the old classics -- they're nostalgic, cheaper and support local entrepreneurs. Another form of taxi service in the cities are bicycle-drawn carriages. Usually for less than US\$5 you will have a pleasantly slow ride and a narrated tour by an enthusiastic peddler. Unfortunately, they face increasing hassle from the police because many don't hold a proper "dollar license." It is possible to hitchhike in Cuba, but the competition (with Cubans) can be plentiful. Waving a few dollars will get you a ride in no time.

As a visitor, it's unlikely that you will ever even see a peso -- the U.S. dollar is king. U.S. currency is accepted (and sometimes demanded) everywhere and many prices are marked in U.S. dollars.

There is a huge distinction between *peso* and *hard-currency* (dollar) shops. The former are empty; the latter have proliferated, many catering to Cubans whose relatives send money from overseas or who earn dollars either legitimately or on the black market. The hard-currency shops sell everything you'd expect in a small-scale supermarket: food, shampoo, liquor, clothes, hardware, electronics, crafts, toys, medicine, etc. Souvenirs can be found in the hard-currency shops that are located at tourist hotels and in the airport, as well as in Old Havana -- look for the Palacio de Artesania, open 24 hours. Remember that you need a special license to take art out of the country.

### HAVANA CIGARS AS SOUVENIRS

Cuban cigars are popular souvenirs, so tourists can expect to be approached on the street by people selling what appear to be top brands (such as Cohiba or Partagas) at rock-bottom prices. You'll hear stories that they've been smuggled out of factories; more often (if not always) they are poor-quality fakes. We recommend buying the real thing in the stores if you





care about quality. Expect a box of 25 aluminum-encased Romeo y Julietas to cost about US\$80, a box of Cohiba Esplendidos will set you back US\$385. The best deal in Cuba is on a handmade humidor -- all sizes are available. They are first rate and make great gifts or mementos. Rum is another big seller with visitors: We recommend the Havana Club and Ron Caney brands. For a great selection, try La Casa del Tabaco y Ron in Havana Vieja or the Fundacion Distileria Havana Club next to the Rum Museum in Havana. Or just get your bottle at the airport on the way home.

The best craft market takes place on the large expanse behind the Plaza de la Catedral in Old Havana. There, you'll find Cuban painters, sketchers and sculptors selling their work, as well as other vendors offering handmade clothing, dishes and trinkets.

Look for old books, stamps (including stamps of the former Soviet Union), original Cuban paintings or prints, CDs and tapes of Cuban music (Artex stores and Casa de la Musica, both in Havana, are good places to look), Che Guevara T-shirts, lacework and hand-embroidered clothing. Other possibilities include photos of Ernest Hemingway in Cuba and souvenirs featuring images of African-Cuban fetishes. Whatever you're buying, be aware that bargaining is common in Cuban markets.

Frankly, the food is not a highlight of today's Cuba: The Revolution sees cuisine as the end result of an industrial process, not an art. Those expecting lots of fresh tropical fruits and salads will be let down. Nor, surprisingly, is the fish consistently well prepared, despite the fact that Cuba is surrounded by the sea. Because of shortages, it's hard to find local restaurants serving high quality, authentic Cuban food. Think rice, beans, poor quality meat and boiled vegetables (mainly potatoes).

Even in the top hotels and restaurants, you can easily be disappointed (and pay way too much as well), though you'll still find that most of the best meals will be served there. At La Bodeguita del Medio, Hemingway's hangout in Old Havana, you can get good (if wildly overpriced) roast pork, plantains, rice and beans, as well as the house specialty, a *mojito* (rum with mint, sugar and lime). Another of Papa's haunts, La Floridita, was rated among the 10 best bars in the world by *Esquire* in 1953; today, it coasts on its reputation. Go only for its daiquiris: The food is terrible and even more expensive than at La Bodeguita del Medio.

#### A GABRIEL GARCIA MARQUEZ FAVOURITE

Even so, cuisine in Havana has improved a lot in the past decade. You can find decent Italian pizzas, tasty Middle Eastern dishes and good but expensive French food. And vegetarians no longer need eat only rice and beans -- it's possible to find restaurants that cater to a meat-free diet. Not vegetarian but consistently great is

Tocororo in Miramar, a favorite haunt of writer Gabriel Garcia Marquez and the place to go if you really want to splash out. You eat what the chef proposes and you pay what he sees fit.

In the 1990s Havana had hundreds of *paladares*, private family-run restaurants, which touts would lead you to. Some still exist, and you may luck into finding a gem, but most are illegal. Outrageous taxing and bizarre regulations forced most out of business. The good news is that the best remained, although many are no longer bargains. Some have become famous, such as La Guarida in Centro Habana, which appeared in the movie *Fresa y Chocolate* (Strawberry and Chocolate) and has served Spanish royalty. While the food is decent, you go for the atmosphere (not without a reservation, though). Outside of Havana excellent *paladares* have virtually disappeared; in Varadero, they were never allowed.

*Paradores* are ubiquitous roadside cafes that offer a combination of (mostly awful) food and drinks, live music and a crafts market.

Ice cream and homemade yogurt are popular -- among the few foods the Cubans still do well. The flavors may seem unusual (wheat ice cream!), but we liked the varieties made with such local fruits as *zapote*, *mamey* and *guanabana*. In Havana, the ice-cream store of choice -- for those with sufficient pesos -- is the historic Coppelia. Be prepared for very long lines if you go. You won't have to wait at the ice-cream booth set up for people with U.S. currency, but scoops there come with exorbitant prices. Two other Cuban desserts that we enjoyed are *pudin* (similar to flan or custard, but less gooey) and *los blues* (a piece of mild cheese topped with delicious guava marmalade).

Cuban coffee is also excellent and packs quite a jolt. It's taken strong and sweet from small cups, undiluted by milk. Cuban beers include the Hatuey, Mayabe, Crystal, Lagarto and Bucaneros brands. Most are tasty, though we don't recommend the Bucaneros "negro" variety. It's heavy and sickly sweet.



# Destination Jardines del Rey

The Cuba 2004 Tourism Convention (May 3-6) is being dedicated to Jardines del Rey as the tourist destination, according to Cuban Vice Minister of Tourism Marta Maíz. This 24th edition will be held at its regular venue in Varadero and will also be devoted to the United Kingdom.

The new offers and the facilities of the promising destination Jardines del Rey will be presented in the convention and it will also provide a space to the United Kingdom for issuing a significant number of tourists to the island; and to the culture for the impulse that has given to tourism in Cuba over the last few years.

Tour operators, travel agencies, airline companies, specialized press, professionals of the sector and tourism entities will take part in this important event with exhibits and product launchings.

Jardines del Rey is located in the northern part of Ciego de Avila and it is part of the Sabana-Camagüey archipelago, the widest surrounding Cuba. After ten years of operations, the destination has reached 3,600 rooms distributed in 11 hotels rated 4-5 stars.

Unknown spots like Cayo Coco and Cayo Guillermo have won worldwide recognition among those looking for sun and beach vacations. Its tourist value increases thanks to the high level of conservation of its wildlife.

## NEW PROMOTIONAL MULTIMEDIA ON VARADERO:

A new CD-ROM, co-produced by Genesis Multimedia Publishing Agency of Prensa Latina and the National Information Agency (AIN) was recently launched in Havana. The work includes details of the Hicacos Peninsula, geographic area where Varadero is located.

A large number of chronicles, reportages, comments by AIN correspondents in the provinces of Matanzas, Cienfuegos and Havana is mixed with 236 photos and a 14-minute video with local views.



Users can also pick up their sites of interest on an interactive map and get information in English and Spanish. They will also learn of traditions and stories on places near Varadero beach, such as the cities of Trinidad, Cardenas, Matanzas or the Bay of Pig, which was the scenario for the first big US defeat in Latin America.

AIN Director Esteban Ramirez said that this initiative is only the first one in a series of joint work by both Cuban news agencies, dedicated to promote the country's major tourist centers.

The CD-ROM also contains a list of hotels, restaurants, medical centers, night clubs, sports centers, marinas and species from Cuba's flora and fauna, among other information. The multimedia work on Varadero's history, environment, infrastructure, flora and fauna is expected to be of great help to tourists.

## YOU CAN NOW BERTH YOUR YACHT ON CUBA'S SOUTHERN COAST



Cienfuegos is now home to the only yacht basin on the Caribbean coast of Cuba with the opening of a joint venture between Cubanacan and Bluesail, subsidiary of the German ConImpex.

ConImpex, based in Berlin and with interests in Russia, Spain, Hungary and Bulgaria, was founded in 1990 and has been in business with Cuba since 1995, chiefly in finance and commerce, but also renting motorboats in Varadero and Jardines del Rey.



Klaus Apel, company president, told Prensa Latina that the 15 unit basin now at Cienfuegos, 155 miles southeast of Havana, will soon have 200 berths and is expected to become an international marina, as 90 percent of tourists desire a yacht basin on Cuba's southern coast, especially those from Canada, Germany, Italy, Spain and France.

In two weeks the Pearl of the South will also be host to one of the phases of the World Aqua bike Championship, for the second year in a row.



### A GREAT PLACE FOR SCUBA DIVING

Santa Lucía Beach is 110 km - just a little over an hour's drive-from the city of Camagüey, capital of the province of the same name.

Thousands of visitors from abroad come here each year to enjoy the sun, sand, salty air and clear water of this 21 km -long beach protected by the second longest coral reef in the world, a fantastic place for scuba diving and other water sports.

This beach and Sabinal, Romano, Cruz and Guajaba Cays, in the Sabana-Camagüey Archipelago, just offshore, are the home of the largest colony of Roseate Flamingos (*Phoenicopterus ruber*) in Cuba and of other species of Cuban coastal flora and fauna.

Ernest Hemingway used to frequent this coast while going hunting or fishing on board his yacht, Pilar-and also when hunting down German U-boats during World War II. His most autobiographical novel-Islands in the Stream, which was published in 1970-was based on these experiences.

When you choose Santa Lucía Beach-one of Cuba's All-Inclusive resorts-for your vacation, you have access to all the services offered in five Cubanacán hotels.

From Santa Lucía Beach, you can go on excursions to the Cubitas Mountains, where there are over 300

species of lush vegetation, and to the port of Nuevitas, the city closest to the resort.

The longest uninterrupted coral reef in Cuba comes as close as 200 m to the beach. You can see the top of this natural attraction easily from the beach, for waves coming in from the Atlantic break on it. Thus, the water at this 20 km (13-mile)-long beach is always calm and free of marine species that are dangerous to man. The temperature averages 80.6° F. (27° C.) during the hotter months of the year and 73.8° F. (23.3° C.) from December through March. There is little rain, and winds average 14 km per hour.

### TREKERS' PARADISE

Granma Province 730 km southeast of Havana has many natural tourist attractions.

In Turquino National Park, well-blazed trails lead hikers upward through the Sierra Maestra Mountains to the highest peaks in the country. Scuba divers love exploring the coastal waters just off Desembarco del Granma (Landing of the Granma) National Park and other areas.

The marine terraces at the base of the mountain are the best-defined and preserved in the world. This fact, plus the area's flora and fauna, its more than 40 archaeological sites containing artifacts of Indian culture, the fact that many historical events related to Cuba's wars of independence in the latter half of the 19th and middle of the 20th centuries took place here, and the more than 35 miles of caves and caverns in the area led UNESCO to declare the Desembarco del Granma (Landing of the Granma) National Park a part of World Cultural Heritage on December 3, 1999.

Granma Province, especially the city of Bayamo, has been the scene of many key events in Cuban history and culture -- from Cuba's wars of independence in the 19th century to the war of liberation waged in the late 1950s, which wound up with the triumph of the Revolution on January 1, 1959.

### PINAR DEL RIO GARDEN OF CUBA

Because of its near-perfect natural beauty, the province of Pinar del Rio in the westernmost part of the country, is also known as "the Garden of Cuba." It is 4221 square miles in size, has a population of around 718,000 and is famous for growing the best tobacco in the world. It was named Nueva Filipinas in 1774, but that name didn't stick. Ever since 1778, it has been Pinar del Río.

Ever since the 19th century, residents of Havana have



been drawn by the natural beauty of the Vueltabajo region, and they have flocked to Portales Cave; to San Diego de los Baños, to receive the benefits of its mineral-medicinal and thermal water; and to the Valley of Viñales, to gaze at its natural beauty.

UNESCO has declared the Valley of Viñales to be a part of world culture, and it is also a national monument. It is surrounded by pin-cushion hills which contain many caves and underground rivers. The Los Jazmines and La Ermita Hotels, the Palenque de los Cimarrones (Runaway Slave Settlement), the Mural of Prehistory, Indio (Indian's) Cave, the Los Acuáticos Community, San Diego de los Baños and the town of Viñales are nearby.

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### VALLEY OF VIÑALES

Unquestionably, this is one of the parts of Cuba that is best known internationally. In the late 1900s, UNESCO declared it to be a part of world cultural heritage.

The valley is also a national monument. Its beauty and size, 132 square km (51 square miles) make it the most outstanding example of karst valleys in Cuba. This fertile area is surrounded by hills with vertical sides and rounded tops, called mogotes (pin-cushion hills). With 140 to

400 m (between 460 and 1312 feet) high, they are the only hills of this kind in Cuba. They contain many caves, some of them created by underground rivers (which are navigable in part), which form one of the most extensive cave systems in Latin America

Two of the four areas in the Cuban archipelago which UNESCO has declared to be world preserves of the biosphere are nearby: the Rosario Mountains, which contain enchanting Soroa and Las Terrazas, and the Guanahacabibes Peninsula. The flora and fauna in both places are of a great variety, with many endemic species.

Quiet, comfortable hotels have been built in some of the most beautiful spots in Pinar del Río, to facilitate your enjoyment of Nature. Levisa Cay has a delightful, sunny beach, and the province also offer excellent opportunities for scuba diving, hunting and fishing.

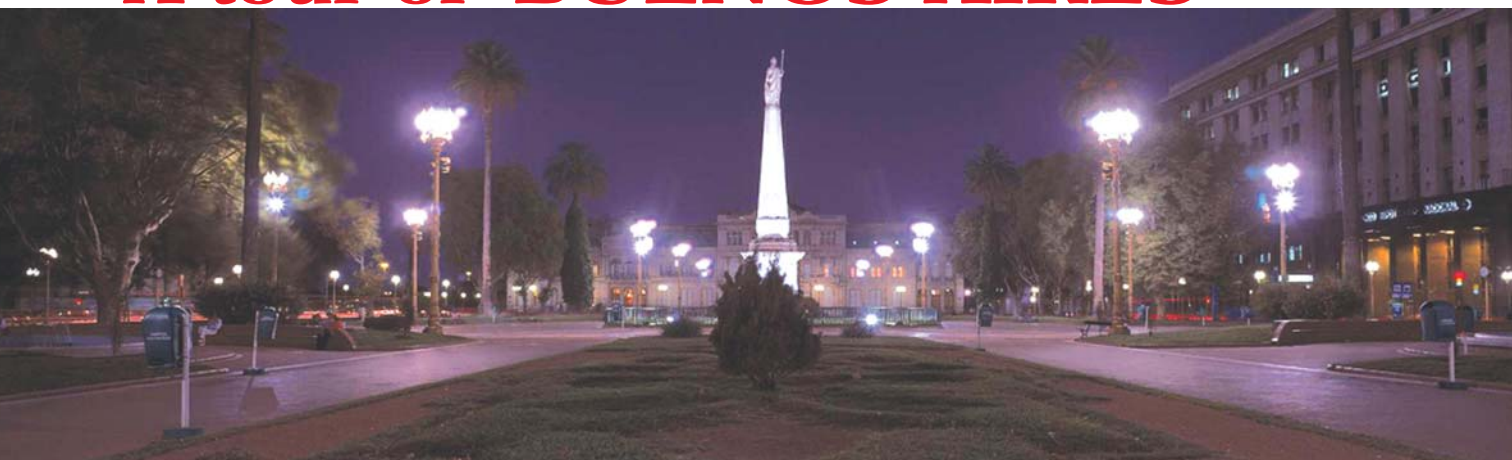
When visiting the capital of Pinar del Río Province, be sure to tour the Guayabita del Pinar Distillery, where the drink of the same name is still made by hand, following an age-old recipe; Guarch Palace, Milanés Theater and the Rumayor Cabaret. The local culture is quite an attraction.

Pinar del Río is just 174 km (108 miles) from Havana, and the two cities are linked by a good highway. The city of Pinar del Río was founded in 1774. The architecture in its historic center is eclectic, and its low houses in gentle colors, whose porches seem to form an endless gallery, have great charm. On the outskirts of the city, modern buildings break its horizontal lines.





# A tour of BUENOS AIRES



This is your opportunity to meet the Tango's home: **Buenos Aires**, the perfect scenery which takes you to the past to revive, little by little, the tango becoming one of the most elegant and sensual dances in the world.

## Day 1:

Arrival and reception at Buenos Aires International Airport. You will be provided with a folder by the assistant at the airport, which includes a city map where the tango circuits are indicated, a summary of the origin of tango and a CD with its music. Transfer to the hotel.

In the afternoon, enjoy the "MALEVOS CIRCUIT". This tour is an introduction to the city and the history of Tango, recreated in the background of the most elegant neighbourhoods of Buenos Aires, such as Recoleta, one of the most sophisticated areas of the city. In the old days, several celebrations used to take place in the park opposite 'Nuestra Señora del Pilar Church' and the cemetery, where polka and other traditional waltzes were danced. You will also visit the circular building of Palais de Glace, where tango was introduced into the high society ballrooms for the first time, leaving behind the slums and the brothels. Continue to the

Palermo Parks. In the XIX century "lo de Hansen" was one of the first tango places where the high class society used to hide while they learnt this dance, which was not appropriate at the time.

Palermo was an area of 'malevos' (small-time hoods) and 'cuchilleros' (knife-fighters). According to opening, you will enjoy a guided visit to the Evita Museum, where you will be able to appreciate the life and work of one of the most important women in Argentine history: Eva Perón. Finally continue to Belgrano district.

In the evening, enjoy your first TANGO LESSON. The tango is known for its vulgar lyrics and sensuous and provocative dance, which incites a unique encounter. Later, enjoy an unforgettable tango show at a typical 'tanguería' to discover the unique sensualism and magnetism of tango performed by the best dancers and singers, while enjoying a delicious meal. Return to the hotel.

## Day 2:

Breakfast at the hotel. Your second approach to the history of tango will start with the 'TANGO ORIGIN CIRCUIT', guided by professional experts with tango music playing in the background. Visit San Telmo, one of the oldest and most traditional neighbourhoods in the city. This, which used to be the area for 'candombe' and 'tango', was inhabited by black people and 'compadritos'. Also visit San Telmo Foundation, a typical colonial house, Pasaje de la Defensa and Dorrego Square, which offers a flea market with interesting antiques only on Sundays. Continue to Lezama Park, visit the National Historic Museum and a brief stop at the typical "Café Británico".

As an optional alternative and according to opening, visit the Zanjón de Granados, a multi-space full of history and myth which constitutes a true work of archaeology. This restored derelict mansion from the XVII century preserves the history of the different periods, all this within an austere and modern framework which develops into a work of art. Later, lunch at 'Los Inmortales' in Corrientes Avenue, which used to be frequented by Carlos Gardel, who also performed in some of its theatres. This restaurant is a real photographic museum which portrays well known local personalities. Continue the visit to La Boca neighbourhood, where tango was born, at the Riachuelo River bank, the place where Genoese immigrants settled at the end of last century, creating this picturesque Italian style neighborhood.

Walking along Caminito street will bring memories of this most characteristic music that seems to be everywhere in the city. Visit a typical 'conventillo', a house in which many families used to live together. Also visit the local museum where an interesting



selection of Quinquela Martin's paintings are on exhibition. Visit some of the well-known Italian canteens. As an optional alternative and according to opening, visit Tango del 900, which offers a theatrical play within a realistic setting, representing the stories, the dances and the singing in a characteristic atmosphere of a typical "conventillo". As another option enjoy a drink at one of the traditional 'confiterías' (typical coffee shop), that date back to the beginning of the XX century, known as 'Las Violetas'. Finally visit Boedo neighbourhood, reminder of the unforgettable tango: 'Sur', passing by Homero Manzi, officially declared a 'historical building' which portrays the very true Argentine tango spirit. Enjoy another sensual TANGO LESSON led by professionals. Enjoy a dinner show, and later, as an option, you will be able to dance at a typical 'tanguería'. Return to the hotel.

**Day 3:**

Breakfast at the hotel. Enjoy a Gaucho Party at a traditional 'estancia' (Pampean ranch) and do not miss the opportunity of tasting a delicious 'asado' (typical barbecue). As you finish your lunch enjoy a show with folk music and typical dances. Later enjoy the ring races in which gauchos show their skills as horsemen. As an optional alternative enjoy a dinner show at "El Viejo Almacén", a colonial style 'temple of tango', where the greatest artists perform an exceptional traditional show. Return to the hotel.

**Day 4:**

Breakfast at the hotel. The goal today is to approach Carlos Gardel's history, as he was the greatest tango singer in the world. 'CARLOS GARDEL CIRCUIT': visit Plaza de Mayo and continue along Avenida de Mayo, with its typical Spanish cafés and theaters, stopping at Café Tortoni, place where the artists and poets used to



meet in the old days. Later visit the 'Abasto' neighbourhood, a district most frequented by Carlos Gardel, where you will be able to see a monument built in his honour some years ago, just at the door of the old 'Chanta Cuatro', now known as Casa de Carlos Gardel, which was, at that time, a restaurant and hostel where he used to meet his friends. Nowadays it offers an excellent alternative in thematic tango restaurants. Continue to the Chacarita Cemetery to see another Carlos Gardel Monument. Return along the famous Corrientes Avenue, the street that never sleeps, and feel amazed by its spectacular theaters, cinemas, cafés, bars and restaurants.

In the afternoon, join some more TANGO LESSONS. Later in the evening, enjoy a great 'bife de chorizo' (steak) at a typical steakhouse. End your visit of Buenos Aires by enjoying the 'MILONGUERO CIRCUIT': visit the most popular 'milongas' in Buenos Aires, such as El Beso, La Viruta or La Ideal, guided by your tango teacher. This is the perfect opportunity to show what you have learnt. Return to the hotel.

**Day 5:**

Breakfast at the hotel. Transfer to the Airport.

**Breakfast at the hotel. Transfer to the Airport.**

**Cost per person,  
US \$**

Hotels	German / French    Italian guide		English / Spanish guide		Departs
	SGL pp	DBL pp	SGL pp	DBL pp	
Abasto Plaza Hotel	\$784	\$652	\$758	\$626	Daily all year

**Notes:** Guide: Spanish and bilingual (English - German - Italian - French)

**Includes**

Meals: according to itinerary.  
Air Fare: Not included.



# SURINAME

## a small COUNTRY

### with GREAT potential

*M.P. Jong Tjien Fa*  
*Minister of Trade and Industry (H.I.)*

**Suriname is a small Caribbean country with big ambitions. The government, under the leadership of President Dr. R.R. Venetiaan, has initiated reforms in a bid to modernize the country's economy and open its markets to the world. Suriname's Minister for Trade and Industry M.P. Jong Tjien Fa introduces his country, rich in natural resources and minerals, to potential foreign investors across the globe.**

I am very pleased and honored to introduce you into Suriname, a country of many business opportunities. Regionalization and globalization entail that national boundaries are fading away and markets are becoming more and more open. Being aware of these economic international trends, the Venetiaan administration in 2000 started a process of stabilization of which the main elements are:

- Stopping monetary financing of budget deficits;
- Adjustment of government debts and building a strong foreign exchange reserve;
- Abolishing subsidies and adhering to a stringent budget discipline;
- Strengthening of the Surinamese currency;
- Creating a conducive environment for private sector investments;
- Commercialization and privatization of state-owned companies;
- Public sector reform and streamlining the administration.

As a result of these efforts, substantial progress has been made. Inflation has been reduced from 59 per cent in 2000 to 38 per cent in 2001. At the same time, the

budget deficit decreased from 31 per cent of GDP in 2000 to less than 2.1 per cent of GDP at the end of 2001. In July 2002 a new investment code was enacted, which paved the way for local as well as foreign private investors to exploit investment possibilities in Suriname.

The government is committed to pursuing this course of action and presently several legal provisions are being put in place to reach economic growth target. In this respect mention must be made of the implementation of Protocol II, which entails free movement of persons, goods, services, financial liberalization, establishment of foreign companies and so on.

With the establishment of the Suriname Business Forum, a public sector-private sector partnership, greater emphasis will be placed on private sector development.

With this presentation we will give an overview of the opportunities that exist in Suriname for foreign private initiatives.

We, therefore, do hope to see you soon in Suriname.



## Potential sectors:

### Minerals, Metals & Oil

Suriname is a small country, yet the second largest in the Caribbean with a very small population. However, if the country's size is compared with that of its population, it is quite large, with significant natural resources and therefore great export potential. In order to reduce the effects of our small size and small economy, it is all the more important for us to cooperate with other countries. Suriname has a lot to offer when it comes to exporting goods. Our manufacturing potential for example is up and coming and most companies are either ISO certified or in the process of doing so.

All sectors of production are represented, nevertheless "the strong points" of Suriname's industry can clearly be distinguished. To name some: Chemicals, printing and publishing, the food industry, processing of metals, agro-industry, etc. This is just to give you an idea of some of the resources Suriname has to offer. **The mining sector is the anchor of the economy because of the exploration of bauxite and oil.** Suriname invites you to come and take a look around and decide for yourself which sector is the most promising for investment or exporting of goods and services.

Innovation, research and technological progress are the key areas of an economy driven by knowledge. As always, the main objectives are to generate economic growth, enhance competitiveness, create employment and ensure a fair judicial system. Hence, there must be opportunities for everyone.

To ensure economic growth and welfare, the entrepreneurial spirit and innovative spirit must be kept alive. This is also true for companies. Investing in a potential sector can mean a world of difference to a developing country. Although Suriname is known for its abundant natural resources and for eco-tourism, it has now developed into a country with various companies with substantial export capability in different sectors.



# SURINAME BASICS



**Independence:** November 25, 1975

**Area:** 163,820 km<sup>2</sup>

**Official language:** Dutch

**Climate/Temperature:** Tropical / 27.3°C

**Currency:** Surinamese Guilder

**Exchange rate per 1 US\$:** 2800

**GDP factor cost:** 1,599,970 mln. Sf.

**Capital City:** Paramaribo

**Economy:** Minerals (especially bauxite), agriculture

**Languages:** Dutch, English, Sranang Tongo, Hindi

**Passport/Visa U.S.:** Passports, visas and proof of onward passage needed by citizens of Australia, Canada, the U.K. and the U.S. Reconfirm travel document requirements with your carrier before departure.

**Religion:** Hinduism, Islam, Christianity, Animist.

**Telephone codes:** 597, country code. No city codes required

**Time Zone:** 3 hours behind Greenwich Mean Time (-3 GMT). Daylight saving time is not observed

**Tipping:** Don't tip taxi drivers, but do tip about 10% in restaurants, unless a service charge has already been added to the bill.



# SURINAME

## - the Beating HEART of the AMAZON

Suriname calls itself the beating heart of the Amazon. And quiet rightly so. Suriname is known for its topographical diversity from its serene flat northern coast and its outstretched savanna's to the vast density of the Amazon jungle. Suriname also has a diversity of ethnic groups, cultures, languages, and customs, and is known for its culinary diversity. But most of all we are known for our hospitality.

Suriname is located on the northeast coast of South America and is bordered by the Atlantic Ocean to the north, French Guyana to the East, Brazil to the south and Guyana to the west. Its land area is 163,265 sq km or 63,064 square miles. The capital is Paramaribo, which lies on the west bank of the Suriname River and has around 210,000 inhabitants. The second largest city is Nieuw Nickerie, with approximately 45,000 inhabitants, located on the east bank of the Corantijn River, Suriname's western border.

### CLIMATE

Suriname has a tropical humid climate, with dry and rainy seasons. The temperature varies between 21° and 34° C. The rainy seasons last from November to January and from May to July. The most pleasant times to visit Suriname are the dry seasons, i.e. the short dry season from February to April and the long dry season from August to October. Suriname lies outside the hurricane zone, and the most extreme weather condition is the 'sibibusi' (which means forest broom), a heavy rainshower.

### FLORA & FAUNA

Nearly 80 per cent of our country is covered with tropical rainforests, and these are among the most unspoiled in the world. Suriname's nature is protected by a system of 19 nature reserves and other protected areas, in which one can find countless species of plants, birds, mammals, and reptiles. Four kinds of sea turtles (the krape, the warana, the karet and the aïkanti) lay their eggs on some spots along Suriname's coast between February and July.

Behind the coastal plain, there are the so-called swamp forests, where parwa and mangrove grow. Behind these swampforests we find so-called lagoons or 'pannen,' which are filled with fish fit for consumption. In the swampforests, many birds, such as the red ibis and the flamingo, build nests and search for food. Behind the coastal plains and swamps, we find the small savanna belt, famous for the many creeks with brown water, which are in vogue as a recreational area.

Then we have the tropical rainforest, which is part of the enormous Amazon area. This forest covers around 80 per cent of Suriname's territory. Three hundred species of trees have been counted, of which 50 are commercially viable. Suriname's rainforest knows many species of animals and plants. Here we find cat-like creatures such as the jaguar, the puma and the ocelot. Among the many bird species, we find the cock-of-the-rock, the flamingo, and the harpy eagle, parrots, aras, macaws, hummingbirds and toucans. The many kinds of songbirds, which are found in the savanna and at the edge of the forest, also deserve mention. Some species are bred for competitions!

The armadillo, the anteater, the capybara (the world's largest rodent), the sloth, several species of deer, wild boars and monkeys, such as the howler monkey, are also part of Suriname's fauna. You can also find several caiman species, otters, manatees, turtles, and tropical fish, such as the piranha, in the rivers and swamps.

Snakes, frogs and reptiles are there in all kinds and sizes, both poisonous and non-poisonous. However, the harmless kinds are in the majority. A striking inhabitant of Suriname's rainforests is the protected blue poison frog. The black and blue morpho butterflies are also very beautiful.

Suriname also has many scorpion species, and these





are not always deadly. The most famous flower of Suriname is the 'fajalobi' (passionate love) or ixora, which is mainly grown in the coastal plains in gardens. Suriname's rainforests are home to several orchid species. As they mostly grow high in trees, their beauty can seldom be seen, however. However, other flowers, such as the heliconia and the passionflower, can be seen when they bloom.

## PEOPLE & HISTORY

Paleolithic hunters first undertook the journey to the Americas some 15,000 years ago. Based on archaeological finds in the Sipaliwini area, it is supposed that these indigenous travelers reached Suriname some 10,000 years ago. However, Arrawaks were the first to settle in Suriname's coastal area around 500 AD. Around 1100 AD, Caribs also settled in Suriname. Suriname was first seen by whites at the end of the 15th century, namely by the Spaniards, who were not interested in colonizing the area, however. Alonso de Ojeda, who accompanied Columbus, is generally considered Suriname's

'discoverer,' but it is not certain whether he set foot on land. Domingo de Vera took possession of the area for the Spanish crown only in 1593.

Suriname became a colony that changed hands between the Spanish, English and Dutch. Plantations were set up during the next centuries as the main economical activity. The labor force on the plantations consisted of African slaves, many of whom escaped to the interior and fought against the white colonists. These escaped slaves and their descendants have developed a unique culture with many African influences. Slavery was abolished in 1863, and contract laborers from China, India and Indonesia replaced the former slaves. However, the plantations had no future, and Suriname's economy soon acquired another base. Bauxite was discovered in the Marowijne area at the beginning of this century, and soon bauxite mining became the most important economic activity, particularly during World War II.

Suriname became an autonomous part of the Kingdom of the Netherlands in 1954. Full independence was only granted in 1975. Now, Suriname is a constitutional democracy seeking its own place in the world.



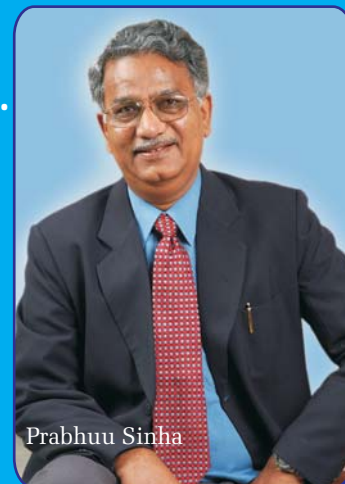
TOURISM

INDO-LAC Business



## A TOP INDIAN IT CORPORATE CITIZEN TELLS HOUSE OF COMMONS ...

# Don't say 'NO' to OUTSOURCING



Prabhuu Sinha

**F**or the first time, a top Indian IT corporate citizen has had the rare privilege of addressing the Parliamentary Information Technology Committee (PITCOM) of the House of Commons and receive accolades from that august body. The speech, delivered recently, was on "Business Offshore Policies", and the speaker was Prabhuu Sinha, Sr. Vice President and Global Head (Quality Consulting), Satyam Computer Services.

Prabhuu Sinha dispelled the fears of the MPs that outsourcing - the buzzword these days on both sides of the Atlantic and in South and South East Asia-- will take away jobs from the UK market, and thus fuel unemployment. He said, "Since the benefits of outsourcing are so powerful, it has probably been one of the few business strategies that have successfully stood the test of time. In a sense, outsourcing is as inevitable as water finding its own level."

He said a significant fact that highlights the economic benefits of offshoring, in addition to helping overcome the labour shortfall in the UK, is that for every GBP 100 of work offshored, up to GBP 141 is reinvested directly in the UK economy. "Therefore, this results in some very positive indicators," he added.

Prabhuu Sinha shared with the British MPs an interesting piece of information that except the UK, the other European countries had not been as open to the concept of outsourcing - owing to varied reasons. Labour inflexibility, the lack of English as a common language, cultural barriers, and immigration laws and finally the fragmentation of economies have all built walls - literally - as well as in the mind. And he disclosed that "a comparative analysis shows that development in economies closed to outsourcing has obviously been slower."

He saw three distinct "waves" of outsourcing: (1) Outsourced manufacturing, (2) IT outsourcing and (3) Business Process Outsourcing. Outsourced

manufacturing has been in existence for several centuries. The second wave was the invasion of IT that spawned the birth of the giants the IBMs, Intels, HPs and Microsofts.

He said, "Since IT called for specialized skills, and the business need to leverage IT was galloping, many organisations found it convenient to outsource to specialist software development organizations giving birth to the IT outsourcing industry."

The third wave of outsourcing, he said, is Business Process Outsourcing. This a direct result of rapid advances in the use of IT in businesses and the phenomenal increase in the global telecommunication bandwidth. While some BPO services are mature (payroll and call centres), most BPO services are still emerging and are estimated to have tremendous potential.

Prabhuu Sinha's cogent argument in favour of outsourcing to the Indian subcontinent and his lucid elucidation of some of the naughty problems underlying it are reported to have impressed the British Parliamentarians, who evinced a keen interest in India's rapid transformation into a BPO hub.

Members of Parliament, Peers from the House of Lords, industry professionals and media attended the meeting. This opportunity was arranged by **Mrs Margaret Ross**, a senior official of British Computer Society, UK

PITCOM is an "Associate Parliamentary Group" of the British Parliament, formed in 1981. It exists to foster a clearer understanding by Parliamentarians of the significant public policy issues, which arise from continued advance in the development and application of computing and telecommunications technologies. Parliamentary membership currently is 140.

Corporate membership exceeds 120, including major suppliers and advanced users in the computing and

telecommunications sectors. There are also over 100 Individual and Associate members by invitation of the Council.

**The following is the text of Prabhoo Sinha's speech:**

Good evening, distinguished members of the parliament, ladies and gentlemen. It is indeed an honour to be here amongst you today- and to have the opportunity to share my views on Business Outsourcing, a strategy, that is now having an increasing impact on the economies of developed as well as developing nations. At the outset, let me introduce myself. I am the Global head of the Quality Consulting Business unit of Satyam Computer Services, one of India's largest global IT Service providers. I have had the opportunities of having significant association with several top corporations of UK, US and other developed nations and therefore, have been exposed to varied scenarios and strategic implications of Outsourcing and its influence on the Business. The views expressed here do not necessarily reflect the views of Satyam Computer Services.

Let me begin with a little story from the prehistoric times. There lived two cavemen (Let's call them Alpha and Beta) - one by the river and one in the forest. Alpha -of the river- was an expert fisherman- seasoned by years of experience. He could tell what fish would bite by just looking at the river and how many he would catch by looking at the sky. On the other hand Beta-of the forest was an expert hunter and fruit picker. He could distinguish between the poisonous fruits from the nutritious ones - and knew how to trap an animal with lightning speed. One day, Beta fell sick. The witch doctor remedied that he would need to eat fish in order to recover from his illness. Beta tried unsuccessfully for a while - but realized that he really could not catch as many fish as he needed to recover. Coincidentally - Alpha fell sick too as a result of too much mercury in his blood from eating too much fish. He tried hunting for animals - and plucking fruit- but he too was not very successful.

That's the abrupt ending of the anecdote. As citizens in today's Technology world - I am sure we could identify the ideal solution to Alpha and Beta's problem. In fact, it is from time immemorial that this concept has stemmed as a result of need. Outsourcing, in a nutshell, is not new. It is just another manifestation of trading, especially for an increasingly "Service" dominated economy. So what are these needs that are satisfied by Outsourcing? What is it that it really enables us to do? The primary advantage is obvious-- the ability to focus on what one does best i.e. one's competitive advantage. This would enable one to derive cost and quality advantages from the activities that are outsourced to those who do those activities best. After all, Beta couldn't fish like Alpha- and Alpha

couldn't hunt like Beta. Since the benefits of outsourcing are so powerful, it has probably been one of the few business strategies that have successfully stood the test of time. In a sense, outsourcing is as inevitable as water finding its own level.

If outsourcing has this kind of fundamental value proposition, then why it is being brought into focus recently in several forums, by lawmakers, industry associations and by citizens, particularly in developed economies? Let us analyse outsourcing from an historical perspective. We can see three distinct waves. These are outsourced manufacturing, IT outsourcing and Business Process Outsourcing. Outsourced manufacturing has been in existence for several centuries now -through times of colonization, the Industrial revolution followed by the IT boom.

The second wave needs no introduction. The invasion of IT, which, in a way, has actually taken complete control of our lives - marked the beginning of several new industries. Software development and hardware manufacturing saw the birth of the giants of today's market - thus were born the IBMs, Intels, HPs and Microsofts. Since IT called for specialized skills, and the business need to leverage IT was galloping, many organizations found it convenient to outsource to specialist software development organizations giving birth to the IT outsourcing industry. The third wave of outsourcing is Business Process Outsourcing. This is a direct result of rapid advances in the use of IT in businesses and the phenomenal increase in the global telecommunication bandwidth in the past decade or so. While some BPO services are mature, e.g. payroll and call centres, most BPO services are still emerging and are estimated to have tremendous potential.

The concerns being raised at different levels with respect to the concept of outsourcing; call for some study into the root causes of the concerns - and the realities of the global economy. Trends in several influencing factors need to be understood in order to develop a balanced perspective on this subject of immense importance to all economies.

A look at the geopolitical trends shows the emergence of free markets, democratic governance and global integration. Today we look at a situation where over three billion new consumers have entered the economy - where only the best organisations will survive. Following the trends set by the advanced countries of the world, the rest of the world is actively investing in their own innovation, infrastructure and people. This should be self-explanatory -- in 1970 the United States had a share of 70% of worldwide investment in R&D, but by 2000 the share had gone down to 44% . By the year 2000, the number of engineering graduates touched 250,000 as compared to 650,000 in Asia Pacific.



A look at the Technological trends shows that between 1990 and 2001 volumes in IT were up by 2022% and costs down by 83%!

The 2003 Gartner BPO Market Forecast estimates the global IT enabled markets to grow from the current US\$ 250,000 million (approx) in 2003 to US\$350,000 million by 2007. In the US alone, more than 21 million new jobs would be created by 2012 - and an estimated 3.3 million service sector jobs would be outsourced by 2015. The reasons that cause the creation of these job opportunities in countries that are the "Outsourcers" include higher productivity, access to talent, customer proximity, market access, superior infrastructure, a trend towards innovation as well as high levels of entrepreneurship. At the same time, lower costs, financial incentives, 24 x 7 operations as well as commoditised products tempt these economies to offshore work to developing economies.

Let us examine outsourcing as a concept at two different levels - at the enterprise level as well as at the economy level.

At the enterprise level, the advantages of outsourcing are multifold. The organization is free to focus on its core business with lower overheads allowing redeployment of capital- The basic cost advantage

Excellent services received at prices that are much lower. Operations are available 24 x 7 - i.e., round the clock.

**The reach increases to new customers and forges new relationships and business opportunities.**

By leveraging global talent pool, organisations are stronger--and more competitive with reduced liabilities and increased support.

These advantages are exemplified by some of UK's best corporations:

British Airways, one of the leading airlines in Europe and one of the biggest in the world, was amongst the first companies to implement offshoring to enhance its competitiveness by cutting on operational costs. Standard Chartered saved 50% in salary costs by locating facilities to India.

HSBC's customer support services, bill processing, accounting, mortgage processing (over 20% of the processing work) are being channeled from operations in India. The total cost saving to HSBC by offshoring is estimated at around 75%.

However, there are several concerns voiced at the enterprise level, which have actually raised questions in developed countries that outsource their work.

Concern has been raised over the privacy and security of information that would flow between two geographical locations.

The perception of loss of control over one's own service has stemmed apprehensions regarding the ultimate quality of customer service rendered.

Managing people across shores and communicating requirements is a challenge.

Cultural difference between two geographies and its impact on customer service.

One major apprehension being the "safety" of one's job -  
- Could rapid outsourcing guarantee availability of employment to local people?

At the economic level again, there have been indicators -- some positive and some loaded with apprehension. A significant fact that highlights the economic benefits of offshoring, in addition to helping overcome the labour shortfall in the UK is that for every GBP 100 of work offshored, up to GBP 141 is reinvested directly in the UK economy. Therefore, this results in some very positive indicators, which include:

The buying power of the economy increases significantly as a result of outsourcing. The standard of living shows improvements as a result of more buying power.

The economy now gets access to the best talent across the globe. There is evidence of slower inflation as a result of outsourcing - and better growth in GDP.

Provides opportunities for development of new markets for UK firms. It is fascinating to note how the simple benefits related with lowering costs by offshoring can snowball into much significant benefits for the two nations involved in such transactions. It is a fact that the jobs created at the offshoring location leads to an increase in the disposable income of the workers there. Consequently, these locations are likely to become attractive markets for UK firms. India and the Philippines are living testimony of this macro-economic phenomenon. Marks and Spencer entered the Indian Market in December 2001, with the aim of targeting the burgeoning Indian middle class - and it has made a distinct mark in the Indian retail Industry.

Let me share with you an interesting observation, which shows that apart from the UK, the remaining Europe has not been as open to the concept of put sourcing - as a result of varied reasons. Labour inflexibility, the lack of English as a common language, cultural barriers, and immigration laws and finally the fragmentation of economies have all built walls - literally - as well as in the mind. A comparative analysis shows that development in economies closed to outsourcing has obviously been slower. A fact to ponder upon is the consequence of shortfall in supply of labour as a result of labour inflexibility. To put things in perspective, let us imagine a situation where the UK does not take steps to fulfil labour requirements during the period 2003 to 2010. A shortfall in domestic labour

supply can lead to a decrease in the GDP rate from the projected 2.49% to 2.08% - in GBP terms, this translates into a cumulative loss in output of GBP 113 billion during 2003-2010.

But the situation with Britain has been different from the outset. The relationship between Britain and countries such as India, dates back to times, when IT had not even taken birth. The cultural, economic as well as human influences of countries such as Britain and India exhibit huge impact on each other - and a continued relationship into this day and age is nothing surprising. A walk down Southhall would more than justify what I say - I really would not notice that I am actually not in New Delhi- save for the counterfoil of the ticket in my bag to prove that I have travelled this far. My personal involvement in projects outsourced across our nations stand to more than prove that outsourcing is the order of the day and the mandate of the future. The most successful economies in the world stand to prove it.

India has become synonymous with words such as offshoring and outsourcing. The vast pool of skilled manpower proficient in English, the superior levels of infrastructure combined with advanced technological set-ups, phenomenal progress in telephony and communication - have all added impetus to the outsourcing industry in India.

There have been questions raised with regard to the justification of India as a preferred market for outsourcing, questions raised on parameters that include disaster recovery, physical and cyber security, communication links, employee skill profiles topped with questions on loss of control on the actual quality of output.

Having come from India, a small set of facts that I would like to share with you could put the matter in right perspective on the "Quality" of India as a preferred country to outsource to.

Seventy-five per cent world's CMM Level-5 Software centers are in India. Out of 80 software centres on the planet that are certified at CMM Level 5, 60 are in India. Starting with the world's first People CMM Level-5 organization, and now graduating to all five of the world's PCMM Level 5 organizations, India has large IT corporations that have complete focus on the quality of their manpower. India has also achieved similar performance in the category of world's CMMI assessed organizations. India has the largest number of COPC - certified contact centres outside the US and Canada - in under three years of its launch. These are apart from the 200 plus software and BPO organizations that are ISO certified. The competence and qualification levels of the average senior management has given rise to more and more efforts towards quality consciousness - and now waves of six

Sigma initiatives are sweeping across the country.

We can safely conclude that apprehensions regarding quality of manpower and output may be set at rest with regard to India as a country to outsource to. The essence of a successful outsourcing strategy is RIGHT sourcing - an optimum mix of onsite, offsite as well as offshore sourcing. The ideal mix would take into consideration all risks, optimize profitability as well as ensure a comfortable level of control on one's business activities. This model has been tested and proved over a period of time and forms the foundation of many successful business today.

I am reminded of an excellent book titled "Seven Habits of Highly Successful People". The author, Stephen Covey, has anchored a very powerful concept of how a human being matures oneself from being dependent to becoming independent and finally drawing synergies from other independent persons by understanding the powerful value of being interdependent. In my mind this concept as much applies to organizations and economies. I should say that it is a sign of a matured organization (and matured economy) who decides in favour of outsourcing as one of its key business strategy.

Ladies and gentlemen - Honourable Members of Parliament, we stand on the threshold of a global economy - where success has been demonstrated in the largest corporations and the largest economies based on the concept of outsourcing. We would never come to know if Alpha the fisherman and Beta the Jungle boy did get better - but some others did trade and, therefore, survived and thrived. They have made the world, what it is today.

I would like to sincerely thank you for this excellent opportunity to share my thoughts with you - and for being such wonderful listeners. I wish you a very good evening and look forward to exchanging ideas during the Q & A session at the end. Thank you.

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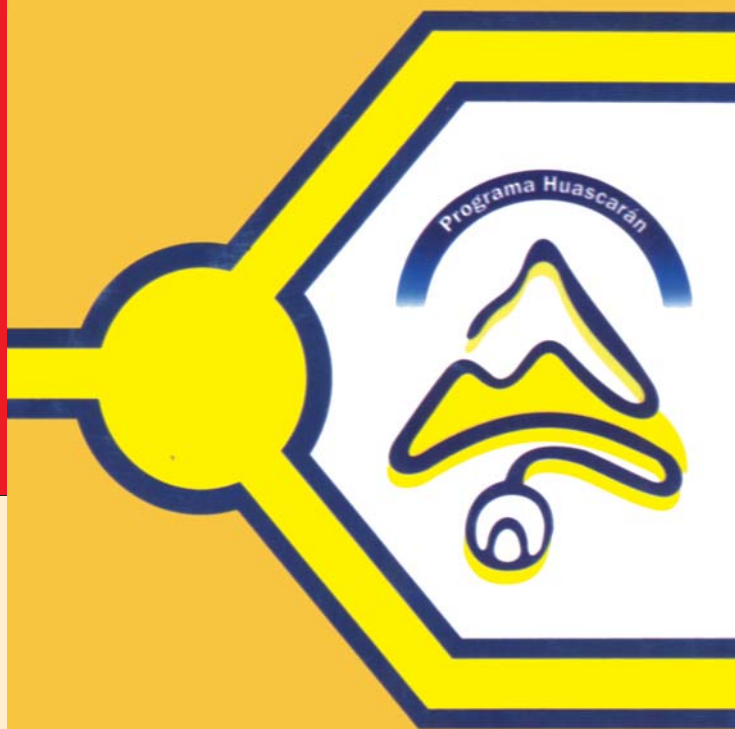
# Peru EMBARKS on AMBITIOUS EDUCATION PROJECT, Seeks India's COLLABORATION

*Eng. Cesar Espinoza, Executive Director, Huascarán Programme-Ministry of Education of Peru, has been recently in India. He has been looking after Peru's most ambitious education project and in this first visit to India he met people connected with computer education and Information Technology, both from the government and private sector. He took some time off his busy schedule to drop by at the office of New Media, publishers of Indo-LAC Business. Here is a brief interview.*

"Peru has embarked on an ambitious project to improve the quality of the country's education. The aim of the project is to raise the level of education much higher," he said. Named after Huascarán, the highest mountain peak of Peru, is self-explanatory.

"Our intention is to take the education that high," Mr. Soto raised his hand in a gesture to indicate the importance of the project. He was on a visit to Delhi and Mumbai to discuss modalities of India's IT industry involvement in the implementation of the programme, in accordance to the political will expressed by the two Foreign Ministers in a joint statement signed in Lima, in June 2003, during Mr. Yashwant Sinha's official visit to Peru. In that connection, he held meetings with some IT companies and with the officials of the Ministry of External Affairs and the Ministry of IT.

"We need to connect all public schools through the



## Programa Huascarán

Internet and provide content of quality, especially in areas, such as environment," Mr. Soto said. "Our challenge is to create the content first and train the teachers thereafter."

**According to Mr. Soto, the main features of the project are:**

1. Upgradation of technology.
2. Incorporation of technology into the curriculum.
3. Designing of learning activities by teachers using technology.
4. Making technology profitable.
5. Taking education into rural areas.

6. Making teachers use technology to produce own content to deliver to students.

Mr. Soto said India, as a leader in the Information Technology could help Peru in a big way in carrying out its IT-driven education programme. India, on the other hand, can project its image as a major IT power in LAC region, since this programme has also a regional projection.



# EXIM BANK & PPL SET TO LAUNCH BOLLYWOOD IN LATIN AMERICA

*'Kaho Naa Pyar Hai' is being launched as 'Reencuentro Con El Destino' across 20 Spanish speaking countries*

Hindi movies due to their unique element are globally generating interest. At present, apart from dubbing Hindi movies into English, not many attempts have been made to dub them into any other international language. The Pune-based PPL Entertainment Ltd., (PPL), after a lot of research, has identified Spanish speaking Latin American countries as a vibrant new market for Indian blockbuster Hindi movies. Currently, Hollywood movies are popular in the Latin American countries. However, Hollywood blockbusters are all shown in subtitled formats only as the popularity of English language is very limited. Dubbed movies enable the audience to enjoy both the audio and visual effects of the movie.

PPL has acquired the Spanish theatrical dubbing rights of the super hit movie *"Kaho Naa Pyar Hai"* from Filmkraft Productions (India) Pvt. Ltd., the producers and copyright owners of the movie, for a period of five years, to distribute and exhibit the dubbed version of the movie, titled as *'Reencuentro Con El Destino'*, in the Spanish language speaking countries. The dubbing of the movie was done in Mexico with local artistes, and the movie has been edited for launching it in a two-hour format. Only two songs have been retained *Ek Pal ka Jeena* and *Dil ne Dil ko Pukara*, both of which have been reworked in Spanish and recorded by local artistes. While the movie is proposed to be released across Spanish speaking countries including Mexico and Spain, PPL is initially releasing the movie in April in theatres in Peru and Colombia which has been identified as the best markets to launch the movie which have better scope for receptiveness of Indian movies. In Peru, PPL proposes to work with the leading exhibitor and



distributor *Cineplanet*, which has the highest number of multiplexes in Lima and Arequipa. In Colombia, PPL is working with *L.D. Films Ltd.* (LDF) a reputed company engaged in the business of movie distribution for over 15 years and which has been the sub-distributor for 20<sup>th</sup> Century Fox for the last 7 years. The first phase of the launch would also cover Ecuador, Bolivia and Venezuela.

**Exim Bank of India has facilitated PPL's initiative by way of finance and advisory services, including Export Product Development;** to cover costs of acquiring the film rights, dubbing into Spanish and recording, editing, post production costs and cost of prints, **and Export Marketing;** to cover costs related to promotion and marketing of the film in Latin America. Exim Bank of India, in association with Government of India, is promoting the 'Focus LAC Programme,' to enhance trade and investment from India to the Latin American and Caribbean (LAC) region. As part of this initiative, Exim Bank recently held a seminar in Mumbai on trade and investment potential with Ambassadors from select LAC countries. Exim Bank in association with New Media Communication, brings out a quarterly bi-lingual (English and Spanish) publication "INDO LAC BUSINESS," which carries articles and contributions from India and LAC countries.



# La ARGENTINA en ASCENSO

Por Arjit Saraswati



Luego de un alargamiento de la recesión económica durante el período de 1998 a 2002, la economía de la Argentina se recuperó en el 2003, registrando un crecimiento real del PIB de 8,4 por ciento. A

pesar de que el bajo presupuesto base del año anterior puede aparecer como la razón fundamental de la aguda recuperación, la mejora en los indicadores económicos internos confirma que la recuperación aparentemente continuará. De acuerdo al impulso presente, se calcula que la economía de la Argentina alcanzará índices aceptables de crecimiento en el año 2004-2005. El renacimiento de la economía de la Argentina es crucial, ya que podría contribuir a una mejora general del rendimiento económico de América Latina, pues existen fuertes lazos comerciales entre la Argentina y los otros países de la región.

Varios factores primordiales han contribuido a esta alza de la economía, tales como la recuperación de la moneda, la política monetaria expansionista, los abundantes ingresos fiscales, y la reducción de la incertidumbre en la política. El peso subió un 14 por ciento respecto al dólar en el 2003. Esto dio como resultado un renacimiento de las importaciones, las cuales crecieron de 9 billones de dólares americanos en el 2002 a 14 billones de dólares americanos en el 2003. En general, las exportaciones se beneficiaron por una demanda internacional creciente, y en particular, por un incremento agudo del precio de la soya, que es uno de los productos de mayor exportación de la Argentina. Una explosiva producción de aproximadamente 35 millones de toneladas de soya en el 2003 confirmó aún más fuerza a este proceso. La subida del peso, junto con la correspondiente baja de los precios de los productos

comerciables y el incremento en la demanda de moneda ayudaron a la baja de la inflación promedio de un nivel de 26 por ciento en el 2002 a 13 por ciento en el 2003. En particular, la inflación ha bajado desde un altísimo 41 por ciento a fines del 2002 a 3,7 por ciento a fines del 2003.

El Banco Central de la Argentina ha seguido una política monetaria expansionista en el 2003, teniendo como telón de fondo el fortalecimiento de la demanda de dinero y una firme tasa de cambio. El Banco Central también ha tenido éxito acumulando 15 billones de dólares americanos de la reserva de cambio internacional, lo cual podría proveer de suficiente soporte a la tasa de cambio para enfrentar cualquier tipo de crisis inesperada. En el frente fiscal, se estima que los ingresos fiscales han rebasado un 45 por ciento en el 2003, beneficiándose del nivel de producción total.

Como resultado de esto, la Argentina ha tenido éxito sobrepasando el objetivo de excedente primario establecido por el FMI. El excedente podría haberse incrementado posteriormente en la ausencia de un gobierno expansionista gastando al final del 2003. En la segunda mitad del 2003, el gobierno consideró invertir en gastos sociales para infundir confianza al pueblo argentino en el renacimiento de la economía.

El presidente Nestor Kirchner ha sido admirable transformando la economía argentina desde que asumió el mando en mayo del 2003. La política del señor Kirchner ha permanecido centrada en el renacimiento del consumo doméstico, en conformidad con los objetivos fijados por el FMI. Al mismo tiempo, el Presidente ha tomado iniciativas dedicadas al reforzamiento de la cooperación regional. Todos esos esfuerzos han reducido considerablemente la inseguridad política en la Argentina. Esto también causó un incremento agudo del 32 por ciento en inversiones fijas brutas en el 2003.

Según los últimos datos, el sector productivo ha registrado una tasa de crecimiento de 13 por ciento y de 17 por ciento en el Q2 y el Q3 del 2003, mientras que la tasa en la agricultura ha sido de 12 por ciento y de 4 por ciento respectivamente. Pero el mayor empuje dado a la economía provino de un crecimiento dinámico de las actividades de la construcción. El sector de la construcción ha tenido un excelente rendimiento durante el 2003, con tasas de crecimiento alcanzando el alto nivel de 40 por ciento en Q3. La razón del crecimiento en el sector de la construcción puede ser identificada como el incremento de los precios de la vivienda. Parece que las inversiones públicas en la construcción continuarán con el apoyo de agencias multilaterales tales como el Banco Mundial y el Banco Interamericano de Desarrollo, centrándose en la construcción de carreteras y de



vivienda. De todas maneras, el crecimiento en el sector de servicios fue modesto en el 2003.

En el sector externo, las exportaciones crecieron aproximadamente en un 14 por ciento, mientras que las importaciones han rebasado un 54 por ciento. Además de un ímpetu proveniente de la exportación de la soya, la exportación de otros productos de la agricultura fue también buena en el 2003. Hubo también un incremento de las exportaciones de productos derivados del petróleo. De todas maneras, el rendimiento de las exportaciones industriales se mantuvo restringido debido a la baja de la demanda en el Brasil, pese a un aumento de la demanda en China. China ha surgido como un destino de exportación importante para la Argentina, especialmente para semillas oleaginosas. En el 2003, las exportaciones también se beneficiaron de grandes exportaciones a Norteamérica. Las importaciones se beneficiaron gracias a la recuperación de la economía proveniente de una tasa de cambio favorable.

Entre otros desarrollos notables en el 2003, podemos mencionar los siguientes. En primer lugar, el colapso del cambio de la moneda y la aguda devaluación de la moneda en el periodo de crisis dieron como resultado una situación de deudas con hipotecas surgiendo de una desigualdad entre la deuda en dólares y los ingresos en pesos. Sin embargo, en noviembre del 2003, algunas nuevas leyes fueron aprobadas, tal como la que creó un Fondo Especial que compraría las deudas de aquellos que tuviesen hipotecas y permanecen atascados con pagos atrasados desde enero del 2001. En segundo lugar, las encuestas han determinado un alza en el nivel del empleo en el 2003, tanto en el sector formal como en el informal. En tercer lugar, ha habido un incremento del crédito en el sector privado, incitado por préstamos relacionados al consumo.

En relación con las relaciones comerciales entre la Argentina y la India, el comercio bilateral total ha experimentado un salto cuantitativo en el periodo 2003-2004. En los meses de abril a noviembre del 2003, las exportaciones de la India hacia la Argentina sumaron un total de 54,54 millones de dólares americanos, superiores por un 36 por ciento a los 40,13 millones de dólares americanos durante el

mismo periodo en el 2002. Considerando las importaciones de la India provenientes de la Argentina, el total de las importaciones durante los meses de abril a noviembre del 2003 fue de 406,93 millones

de dólares americanos, lo cual es 60 por ciento superior a los 255,49 millones de dólares americanos durante el mismo periodo en el 2002. Este crecimiento del comercio con la Argentina es definitivamente un desarrollo positivo en la relación comercial bilateral. Se espera que la firma reciente del Tratado de Comercio Preferencial con el bloque MERCOSUR de América Latina, del cual la Argentina es un miembro importante, contribuya al mejoramiento de las relaciones comerciales Indo-argentinas. Frente a una economía en recuperación, los intentos de reforzamiento del comercio bilateral y de la relación de inversión entre la India y la Argentina son optimistas.

En conclusión, puede decirse que la Argentina seguirá creciendo con fuerza hasta que alcance su nivel de pre-crisis de rendimiento. A partir de allí, la economía se ubicaría en una vía de rápido crecimiento sujeta a repercusiones en las inversiones, a la reestructuración de la deuda pública, y a solvencia en la política fiscal y monetaria. El FMI ha aplaudido el restablecimiento económico reciente de la Argentina, reiterando la necesidad de reformas estructurales. Como el gobierno parece dedicarse a un programa de apoyo dirigido por el FMI, se puede esperar que la economía se porte decentemente en un futuro previsible.

*(El Sr. Arjit Saraswati es el Director del Banco de Exportaciones e Importaciones de la India)*





# La tecnología y los recursos humanos estimularán el crecimiento de las EXPORTACIONES y la GLOBALIZACIÓN de la India

- Dr. Eduardo Aninat



Dr. Eduardo Aninat, el ex Vice Director Gerente, Fondo Monetario Internacional & ex Ministro de Finanzas de Chile y economista reputado, nos habla sobre la Evolución del Pensamiento Económico en el comercio exterior y las Experiencias de Países Menos Desarrollados (LDCs) en el Negocio de la Exportación en un discurso sumamente informativo y estimulante sobre el tema - **Los desafíos de la globalización en las áreas de Comercio y Finanzas:** Una perspectiva de países en desarrollo” - organizado por El Banco Exim de India para celebrar su Día Anual del Comienzo.

## INTRODUCCIÓN

Mis ideas y los comentarios estarán orientados hacia las intrínsecas entre el comercio y el crecimiento económico, los cambios del comercio y la productividad a través de sectores, los desafíos del comercio y el empleo, y los acuerdos comerciales bilaterales y multilaterales en el contexto de instituciones globales actuales.

Mi propósito es compartir el análisis sobre el establecimiento de unas pocas lecciones estratégicas que podrían ser comunes a muchas personas que son responsables de formular la política a través del mundo en desarrollo. Es justo insinuar que mi enfoque en la asociación entre crecimiento económico y modernización de regímenes de comercio nacionales es muy positivo.

Cuando uno se apoya en bases económicas sólidas, se puede construir una visión de la estrategia y el pragmatismo con técnicas superiores para el diseño de la política en el contexto internacional.

## UNA BREVE REVISION

Apenas hace algunas décadas había todavía un violento debate sobre los asuntos de la protección, la situación externa, la soberanía nacional, las tradiciones y el estilo de vida que estaban afectados potencialmente por pautas de comercio abierto, argumentos secundarios que ligaban las políticas defensivas con varios fracasos de mercado, y con una multitud de asuntos relacionados con el comercio que se relacionaban con el mercado laboral y las características estructurales.

Incluso cuando el gran cambio y la dominación de “la victoria de libre comercio” habían llegado a ser parte integral y tenido bastante difusión en países industrializados y en desarrollo en años anteriores, se daba el caso de que muchos gobiernos todavía tendían a hacerlo de lado y a vivir en un bloque o política aparte,

separado de los pasos hacia la liberalización comercial, de unos pocos sectores importantes o del conjunto de actividades.

Cuándo nos movemos en el área de la movilidad de factores conectados al comercio externo más libre, se da el caso de que muchos gobiernos se comportan -en la práctica- con temor y considerable vacilación en cuanto a sus acciones de liberalización. Dos ejemplos bien definidos se encuentran en las áreas siguientes:

- Temores relacionados con la migración / emigración de la mano de obra hacia y desde países vecinos;
- Temores relacionados con la presencia y la inestabilidad de la capital financiero a corto plazo. No es sencillo a examinar, analizar, entender y enjuiciar algunos de estos temores.

De forma más extensa en este punto, los lógicos deseos de los políticos, los visionarios nacionales, los líderes laborales y negociantes a menudo suelen interpretarse como que se están apartando de las exportaciones basadas exclusivamente en bienes primarios y recursos naturales sencillos, para dirigirse hacia el comercio en bienes basados en tecnología y en servicios de ingresos flexibles.

Finalmente, las nuevas ondas conceptuales de pensamiento sobre la administración de los negocios, sobre el marketing internacional, y especialmente sobre la adaptación a revoluciones tecnológicas importantes, se están volviendo irrelevantes (anticuados) a muchas de las viejas ideas que sostenían “el enfoque de proteccionismo” comercial. En un contexto de creciente globalización está claro que los retos de las nueva ondas y las fuerzas que conllevan, representan una gran oportunidad para repensar muchos de los estilos de pensamiento utilizados en visualizar las pautas comerciales respecto a bienes y a servicios.

## MERCADOS LABORALES IMPERFECTOS

En una sociedad necesitada, uno de los mayores temores es el del desempleo. El paro lleva consigo la falta de ingresos, la privación económica, la incertidumbre, la desintegración dentro de la red de fuerzas económicas, la pérdida de posición, y generalmente, gran desesperación y sufrimiento. Si éste fuera el caso para la persona que sufre un desempleo prolongado e involuntario en una sociedad pobre, el argumento para los responsables de la elaboración de normas y la planificación de la política no es muy radiante si los situamos en escalones

comunales centrales del poder formal, especialmente cuándo tales condiciones fuesen masivas, largas y crecientes.

Después de varios meses de discusión en los medios de comunicación y en el Congreso, fuimos capaces de pasar la legislación requerida. Y estoy contento de decir que nuestra tarifa media ha alcanzado sólo el 6.0 por ciento en 2003, como se planeó originalmente.

¿Es importante en un país como India o Chile, clasificar y categorizar a los productos como “manufactura”? ¿Asignamos todavía el mismo viejo valor histórico del prestigio, o del poder, y otros factores externos a fábricas de acero-molinos y de equipos pesados como nosotros hicimos tan trabajosamente en el pasado en nuestros dos países?.

Centrémonos en el tema de servicios. Cuándo nosotros visualizamos la multitud de complejos y sofisticados compartimentos de servicios que son resultado de los nuevos conocimientos y tecnologías de los últimos años, nos damos cuenta que los segmentos más rápidos y más poderosos de la demanda y la innovación se mueven en este sentido. Ya no es sugestivo el enfoque basado en la vieja distinción de bienes frente a productos que no son de consumo; es más desafiante y fructífero orientar nuestra atención hacia donde el futuro se desarrolla.

Es en este profundo y revelador sentido, que debo congratular los enormes esfuerzos de ambos gobiernos presentes y pasados de la India, que han contribuido activamente a este cambio del paradigma mundial: permitiendo y promoviendo la formación y la réplica en destrezas en las áreas de información y servicios. Sus esfuerzos y los logros en el caso de software y en servicios relacionados, hablan en su favor y de manera optimista para las perspectivas de crecimiento de las exportaciones en la India.

## LA MODERNIZACION DE POLITICAS DE COMERCIO

Está claro, por ejemplo, y no necesito acentuarlo aquí, que en el gran subcontinente de la India, la calidad de las infraestructuras disponibles, general e específica a una colectividad de exportadores en su momento- será

decisiva para comparar los costes y para acelerar las oportunidades de servir a los mercados internacionales.

He dejado para el final los temas denominados como: “el desarrollo tecnológico” y “la administración de recursos humanos”, los cuales son de interés primordial para un país como la India dada la enorme fuente de recursos humanos. Debido a la aceleración de las fuerzas globalizadoras que hemos observado actuar ininterrumpidamente durante la última década, mi juicio es que dentro de un correcto macro-contexto - éstas dos micro-áreas representan los factores potenciales más dinámicos responsables del crecimiento de las exportaciones a un plazo medio de tiempo.

Las maduras y sostenidas interacciones entre investigación y desarrollo, la identificación y el seguimiento de tecnologías importadas más modernas, su re-adaptación y la innovación y la creación locales, su diseminación en condiciones competitivas, y el área de la educación, entrenamiento y re-entrenamiento continuo de la mano de obra, será lo que mantendrá, sostendrá, o hará crecer cualquiera de las posiciones hemos estado adquiriendo en la mayoría de los productos y servicios comerciales en los mercados internacionales.

Permítanme continuar describiendo los elementos claves en la modernización de la política comercial.

Pero antes una *clarificación*. Hago distinción entre un proceso de modernización de políticas de comercio, y una política sencilla de liberalización de las tarifas, por tres razones principales.

Primera, un proceso de cambio significativo en las tarifas debe buscar, en mi opinión, el macro-contexto esencial que lo arroja; particularmente en el sistema de la tasa de cambio aplicado por el Banco Central. Por ejemplo, en el caso de muchos de los pequeños y medianos países menos desarrollados que experimentan alguna forma de macro aflicción, sería algo mal-planeado recomendar reducciones significativas en la tarifa si la economía estuviera completamente dolarizada. El error surge de la obvia

necesidad de valorar y planear otras políticas suplementarias adicionales que se combinen con dicho “cambio” si así se estimula, para no reducir el bienestar nacional.

La experiencia muestra que, en general, cuanto más flexible es el sistema de la tasa de cambio y el hecho de que la moneda local pueda flotar, más útil será la reducción de las tarifas externas para la economía.

Segundo, un proceso de diseño de la reforma de la tarifa tiene que ver también con condiciones secundarias respecto a otros asuntos sobre las restricciones del precio que acompañan a las tarifas: es decir, examinar las cuotas

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explícitas e implícitas, examinar los papeles desempeñados por los consejos de mercado, las políticas de adquisición del gobierno; y cualquier perjuicio en la asignación del crédito financiero.

Tercero, los procedimientos de la política económica para la modernización comercial son más sofisticados, y quizás más equilibrados, que el puro y sencillo acto de la liberalización del comercio que generalmente es *per se*. Las preguntas útiles para discutir esos asuntos son:

¿Existen posibilidades que, sin los cambios deseados que se demoran indebidamente, pudiéramos extraer algunas ventajas importantes de países vecinos para un mejor acceso para nuestras propias exportaciones allí, si bajamos las tarifas en nuestro propio país... tal y como lo planeábamos? ¿Qué tipo de acciones de *lobby* (presiones) se experimentan en el Congreso - incluso dentro de nuestros propios partidos y constituyentes políticos, como reacción a nuestro propio paquete de reformas políticas? ¿Corremos un riesgo grande en tener aprobadas las reducciones de derechos de aduana sin obtener también suficiente (o cualquier) financiación fiscal compensatoria cuándo se vota en el Congreso?

¿Podemos nosotros en el gobierno, vetar paquetes no financiados de reformas económicas? ¿Si el gobierno tiene personal adecuado, dispuesto, y preparado para luchar de manera cohesiva, contra un proceso mal-inducido de *diferenciación* no deseada de la estructura de la tarifa?

Para expresarlo de forma sencilla y espero que finalmente- tal como hemos aprendido de los macro-expertos y teóricos versados, que para que sea útil una devaluación de la moneda nacional (o macro contributiva) ésta debe hacerse teniendo en cuenta la combinación correcta del resto de las macro-políticas (por ejemplo las condiciones fiscales y monetarias), lo mismo es cierto para los pasos liberalizadores en cuanto a la política comercial nacional. Tanto que todos nosotros aspiramos a un nuevo mundo libre de la mayoría de las tarifas comerciales (o todas),... existen salvaguardias y puntos de inspección consistentes que los países menos desarrollados deben observar para hacer estas liberalizaciones significativas y sostenibles a largo plazo.

Tanto Banco Mundial como el FMI han reunido sustanciales y amplias evidencias con el objeto de mostrar la contribución a la liberalización comercial y a las exportaciones en el crecimiento del PIB. Cuanto más pasa el tiempo, tanto más amplio y entusiasmado parece llegar a estar el vertiginoso vagón de países dispuestos a embarcar en el libre comercio para promover mejor y más rápidamente el bienestar de sus ciudadanos. La expansión del conjunto de opciones disponibles a cada miembro de la comunidad global y una especialización adicional conforme a las ventajas relativas dinámicas son las características que van al corazón y núcleo del pensamiento económico, tal y como los economistas clásicos Adam Smith y David Ricardo nos enseñaron hace tanto tiempo.

¿Cuál es la razón para que el estado actual de los asuntos de mundo no parezcan favorables a un progreso sustantivo en las Rondas Doha: las sesiones del comercio multilateral para este siglo, el siglo XXI?

Esta es la pregunta que dejo en mi breve argumento final.

## EL FINAL: ¿LAS CAMPANAS SOÑARÁN DE ALEGRÍA?

Hemos aprendido que la globalización y el crecimiento comercial son inseparables. Hemos escuchado a los países más poderosos y ricos del mundo predicar con frecuencia y muy activamente por la doctrina del libre comercio cuando se reúnen en la Ronda de G7.

Escuchamos a una multitud de expertos de las finanzas y el comercio internacional globales decir que una reducción multilateral concertada de tarifas entre los miembros de WTO, estimularía enérgicamente la recuperación de mundo. Los especialistas en economía nos dicen que los países menos desarrollados en general tienen más que ganar de los beneficios esperados del éxito de una Ronda Doha que lograrse acuerdo negociado sustancial. Entonces la pregunta obvia y determinante que necesita una respuesta urgente es:

¿Por qué esto simplemente no sucede? Podría ir sucesivamente proporcionándoles las explicaciones que "satisfarían" los términos diplomáticos. Tomaré el riesgo de expresar aquí simple y muy directamente lo que profundamente pienso sobre esto como un ciudadano global. En siete palabras inglesas muy directas, las razones son: el conservadurismo y el egoísmo burocráticos por el poderoso.

Dos instituciones que forman los pilares claves de la arquitectura financiera internacional - el Banco Mundial y Fondo Monetario Internacional- han unido recientemente sus fuerzas con la Organización del Comercio Mundial para denunciar estos bloques mal-concebidos en el camino hacia el progreso de la negociación del comercio como se ha manifestado en esta Ronda comercial. Todo esto se deberá apoyar y aplaudir ¿Pero es esto suficiente para asegurar la acción? Yo les pido para concluir, que piensen en las amplias implicaciones globales al ciudadano que se derivan del siguiente constructo hipotético (?):

- Un escenario global potencial construido esta vez por líderes fuertes y comprometidos mundiales se supone que debían de surgir, y en el cual se eliminaran las deformaciones de subvenciones de comercio agrícola y los mecanismos mal-concebidos de apoyo al precio de los países ricos; en el que se cortaran severamente las prohibitivas cuotas y tarifas del mundo en desarrollo; en el que se aceptara la migración de (por lo menos) algunas categorías de trabajadores no especializados en las fronteras, y dónde los derechos patentados de la tecnología llevaran a un enfoque más racional y liberal en la sincronización de tiempo y a la vez a llegar a estar más protegidos en la estatura de derechos de propiedad; y donde la corrupción y el monopolio en prácticas de acceso de comercio se eliminaran.... ¿Cómo sería la matriz resultante de ganadores y perdedores entonces? Es mi opinión que si este escenario propio de los sueños, pero posible, pudiera suceder, los resultados prácticos y positivos de ello ciertamente permitirían una convergencia muy rápida entre la escuela estructuralista de pensamiento y las aplicaciones neoclásicas a problemas viejos del desarrollo y el comercio.



# Programa Huascarán

El Ing. Cesar Espinoza, Director Ejecutivo del Programa Huascarán-Ministerio de Educación del Perú, estuvo recientemente en India. El tiene a su cargo el proyecto educativo más ambicioso en Perú y en esta su primera visita a India se ha reunido con personas relacionadas con el uso de tecnologías de la información en la educación, tanto del sector público como privado. Pese a su recargada agenda, se dio tiempo para visitar las oficinas de New Media, editora de Indo-Lac Business. Aquí extractos de la entrevista.

“El Perú se ha embarcado en el desarrollo de un ambicioso proyecto para mejorar la calidad de la educación en el país. El objetivo del mismo es elevar el nivel educativo”, señala. El nombre Huascarán, que proviene del pico de montaña más elevado en el Perú, es un indicativo de dicho propósito.



## PERÚ desarrolla un AMBICIOSO PROYECTO EDUCATIVO. Busca la COLABORACIÓN de India

“Nuestra intención es llevar la educación así de alto”, señala el Ing. Soto mientras eleva su mano en un gesto ilustrativo de la importancia del proyecto. El estuvo visitando Nueva Delhi y Mumbai para auscultar modalidades de cooperación por parte de la industria del software india en la implementación del Programa Huascarán, en concordancia con la voluntad política expresada por los Cancilleres de India y Perú en la Declaración Conjunta firmada por ambos en Lima en junio de 2003, durante la visita oficial realizada por el señor Yashwant Sinha a Perú. En ese sentido, sostuvo reuniones de trabajo con algunas empresas indias y con funcionarios de la Cancillería y del Ministerio de Tecnologías de la Información de India.

“Debemos conectar las escuelas públicas a través del soporte tecnológico (internet) y proveer contenido de calidad, especialmente en áreas educativas como lenguaje y medio ambiente” indica el Ing. Soto. “Nuestro reto es crear el contenido y capacitar a los profesores después”.

De acuerdo al Ing. Soto, las principales áreas de desarrollo del proyecto son:

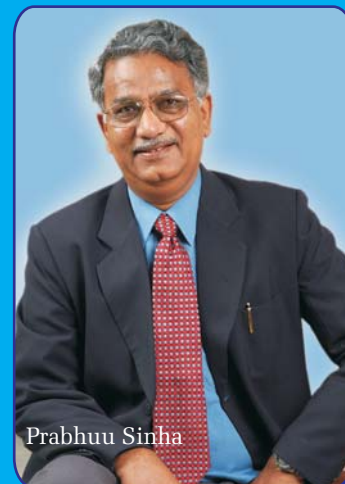
1. Nivelación de la tecnología.
2. Incorporación de la tecnología en la curricula.
3. Diseño de actividades de aprendizaje por los profesores usando la tecnología.
4. Hacer de la tecnología algo útil.
5. Llevar la educación a las áreas rurales.
6. Hacer que los profesores usen la tecnología para producir su propio contenido, el cual debe ser comunicado a los estudiantes.

El Ing. Soto señala que India, como líder en Tecnologías de la Información, puede colaborar en gran manera con el Perú, tomando parte en la implementación de este programa. Por otra parte, India puede proyectar de una manera decisiva su imagen en Latinoamérica como potencia en la industria del software, ya que el Programa Huascarán tiene también una proyección regional.



UN IMPORTANTE INTEGRANTE DE UN CORPORATIVO  
INDIO DICE A LA CAMARA DE LOS COMUNES

# No digan “No” a la CONTRATACIÓN DE SERVICIOS CON TERCEROS



Prabhu Sinha

Por la primera vez, un integrante indio de una corporación de tecnología informática, ha tenido el raro privilegio de dirigirse al Comité Parlamentario de Informática (PITCOM) de la Cámara de los Comunes y recibir elogios de esa augusta institución. El discurso, pronunciado hace dos semanas, era sobre "las Políticas Comerciales de *Offshoring*", y el ponente era Prabhu Sinha, Vicepresidente Mayor y Jefe Global (Consulta sobre Calidad), *Satyam Computer Services*.

Prabhu Sinha disipó los temores de los miembros del parlamento sobre la Contratación de servicios con terceros - la pegadiza palabra en estos días en ambos lados del atlántico y en Asia del Sur y Sudeste - quitará puestos en el mercado del Reino Unido (RU), y así estimulara desempleo. El dijo, "Ya que los beneficios de la contratación de servicios con terceros son tan poderosos, ha sido probablemente una de las pocas estrategias comerciales que ha pasado con éxito la prueba del tiempo. En un sentido, la Contratación de servicios con terceros es tan inevitable como que el agua encuentre su propio nivel."

El dijo que un hecho importante que enfatiza los beneficios económicos de *Offshoring*, es que además de ayudar a vencer la insuficiencia de la mano de obra en el RU, es que por cada GBP 100 de trabajo de *offshore*, se reinvierte hasta GBP 141 en la economía del RU. "Por lo tanto, esto resulta en algunos indicadores muy positivos," él agregó.

Prabhu Sinha compartió con los parlamentarios británicos una información interesante que excepto a RU, los otros países europeos no habían sido tan abiertos al concepto de la contratación de servicios con terceros- lo cual se debía a diferentes razones. La inflexibilidad de mano de obra, la falta de inglés como lenguaje habitual, las barreras culturales, y las leyes de la inmigración y finalmente la fragmentación de las economías, todo lo cual ha construido paredes -- literalmente -- así como en la mente. Y él reveló que "un análisis comparativo muestra que el desarrollo en economías que están cerradas a la contratación de servicios con terceros ha sido obviamente más lento".

Prabhu Sinha percibe tres "ondas" distintas en la contratación de servicios con terceros: (1) la contratación de servicios con terceros para Fabricación, (2) la contratación de servicios con terceros en Informática y (3) la contratación de servicios con terceros en proceso de negocio. La contratación de servicios con terceros para la

fabricación ya ha existido desde hace muchos siglos. La segunda onda era la invasión de la Informática, lo que frizó el nacimiento de los gigantes, los IBM, los Intels, los HP y los Microsoft.

El dijo, "Ya que la Informática exigía habilidades especializadas, y la necesidad comercial para controlar la Informática era galopante, muchas organizaciones consideraron conveniente la contratación de servicios con terceros es decir de las organizaciones especialistas de desarrollo de software, resultando en el nacimiento de la industria de la contratación de servicios con terceros de Informática."

La tercera onda de la contratación de servicios con terceros, él dijo, es de la contratación de servicios con terceros de procesos de negocio. Este resultado directo de avances rápidos en el uso de Informática en los negocios y el aumento fenomenal en el alcance de la banda global de telecomunicaciones. Mientras algunos servicios de BPO (Organizaciones de Procesos de la Oficina de Apoyo) ya son maduros (los centros de nómina y centros de atención al cliente), la mayoría de los servicios de BPO todavía están surgiendo y se estima que tienen un potencial tremendo.

Se reporta que el argumento convincente de Prabhu Sinha a favor de la contratación de servicios con terceros en el subcontinente indio y su lúcida aclaración de algunos de los problemas fundamentales han impresionado a los parlamentarios ingleses, que mostraron un gran interés en la transformación rápida de India a un centro para BPO.

Los miembros del parlamento, los pares de la Cámara de lores, profesionales de industria y medios de comunicación asistieron a la reunión. Esta oportunidad fue arreglada por la Sra. Margaret Ross, una alta funcionaria de la *British Computer Society* (sociedad inglesa de la Computadora), RU.

PITCOM es un "el Grupo Parlamentario Asociado" del Parlamento británico, establecido en 1981. Existe para fomentar una comprensión más clara por Parlamentarios de los asuntos significativos de políticas públicas, lo que surge del continuo avance en el desarrollo y la aplicación de las tecnologías de computación y telecomunicaciones. El número de miembros del parlamento actualmente es 140.

El número de miembros corporativos excede de 120, incluyendo suministradores mayores y usuarios avanzados

en los sectores de computadoras y telecomunicaciones. También hay más de 100 miembros individuales y asociados por la invitación del Consejo.

### El siguiente es el texto del discurso de Prabhoo Sinha:

“Buenas tardes, Miembros distinguidos del parlamento, damas y caballeros. Es verdaderamente un honor estar aquí entre ustedes hoy- y tener la oportunidad de compartir mis opiniones sobre la contratación de servicios de negocio con terceros, una estrategia, que ahora tiene un impacto creciente en las economías de países desarrollados así como los países en desarrollo. Al principio, permítame presentarme. Soy el Jefe Global de la unidad de negocio de Servicios de Consulta sobre Calidad *Satyam Computer Services*, uno de los proveedores más grandes globales de servicios informáticos de la India. He tenido oportunidades de tener asociación significativa con varias corporaciones principales del RU, EEUU y otros países en desarrollo y por lo tanto, he sido expuesto a diferentes escenarios e implicaciones estratégicas de la contratación de servicios con terceros y su influencia sobre el Negocio. Las opiniones expresadas aquí no reflejan necesariamente las opiniones de *Satyam Computer Services*.

Permítame empezar con una pequeña historia de los tiempos prehistóricos. Vivían dos cavernícolas (Vamos a llamarlos Alfa y Beta) - uno al lado del río y otro en el bosque. Alfa - del río- era un pescador experto- ejercitado por años de la experiencia. El podría decir qué pez picaría solamente mirando el río y cuántos pescaría mirando el cielo. Por otro lado Beta del bosque era un cazador experto y recolector de fruta. El podría distinguirse entre las frutas tóxicas y las nutritivas - y sabía cómo atrapar un animal con la velocidad de relámpago. Un día, Beta se enfermó. El hechicero le prescribió comer peces para recuperarse de su enfermedad. Beta lo intentó sin éxito durante un tiempo - pero se dio cuenta de que él realmente no podría pescar tantos peces como necesitaba para recuperarse. Casualmente - Alfa se enfermó también como resultado de demasiado mercurio en su sangre por comer demasiados peces. El trató de cazar animales - y recolectar fruta- pero tampoco tenía mucho éxito.

Esta es la abrupta conclusión de la anécdota. Como integrantes en el mundo actual de la Tecnología - estoy seguro que podríamos identificar la solución ideal para los problemas de Alfa y Beta. De hecho, es desde tiempos inmemoriales que este concepto ha derivado como resultado de la necesidad. La contratación de servicios con terceros, en resumidas cuentas, no es nuevo. Es solamente otra manifestación de comerciar, especialmente para una economía cada vez más dominada por los "Servicios". ¿Entonces cuáles son estas necesidades que la contratación de servicios con terceros satisface? ¿Qué es lo que exactamente nos permite hacer? La ventaja principal es obvia -- la habilidad de enfocarse en lo que uno hace mejor, es decir, una ventaja competitiva. Esto permitiría que se deriven las ventajas del costo y la calidad de las actividades que se contratan a aquellos terceros que las hacen mejor. A fin de cuentas, Beta no podría pescar como Alfa- y Alfa no podría cazar como Beta. Puesto que los beneficios de la contratación de servicios con terceros son tan poderosos, ha sido probablemente una de las pocas estrategias comerciales que han pasado con éxito la prueba del tiempo. En un sentido, la contratación de servicios con terceros es

tan inevitable como que el agua que encuentre su propio nivel.

¿Si la contratación de servicios con terceros tiene este tipo de proposición fundamental de valor, entonces por qué se está discutiendo en varios foros, por legisladores, asociaciones de la industria y por ciudadanos, especialmente en economías desarrolladas? Analicemos la contratación de servicios con terceros desde una perspectiva histórica. Podemos ver tres ondas claras. Estas son la contratación de servicios con terceros para fabricación, la contratación de servicios con terceros de Informática y la contratación de servicios con terceros de proceso de negocio. La contratación de servicios con terceros para Fabricación ha existido durante muchos siglos desde los tiempos de la colonización, la Revolución Industrial seguido por el boom informático.

La segunda onda no necesita introducción. La invasión de la informática, que, de una manera, verdaderamente ha tomado el control completo de nuestra vida y que marcó el comienzo de varias industrias nuevas. El desarrollo del software y la fabricación del hardware vieron el nacimiento de los gigantes del mercado actual - así nacieron los IBM, los Intel, los HP y los Microsoft. Ya que la informática exigía habilidades especializadas, y la necesidad comercial para controlar la informática era galopante, muchas organizaciones consideraron conveniente contratar de servicios con terceros, es decir con organizaciones especialistas de desarrollo de software, resultando en el nacimiento de la industria de la contratación de servicios con terceros de Informática. La tercera onda de la contratación de servicios con terceros es la contratación de servicios con terceros de Procesos de Negocios. Esto es resultado directo de los avances rápidos en el uso de la Informática en los negocios y el aumento fenomenal en la amplitud de banda global de telecomunicaciones en la década pasada más o menos. Mientras algunos servicios de BPO ya son maduros, por ejemplo los centros de nómina y los centros de atención al cliente, la mayoría de los servicios de BPO todavía están surgiendo y se estima que tienen un potencial tremendo.

Las preocupaciones están surgiendo a niveles diferentes con respecto al concepto de la contratación de servicios con terceros; exige algún estudio de las causas de raíz de las preocupaciones - y las realidades de la economía global. Las tendencias en varios factores influyentes necesitan ser entendidas para desarrollar una perspectiva equilibrada sobre este tema de la inmensa importancia para todas las economías.

Una mirada a las tendencias geopolíticas muestra la emergencia de mercados libres, el gobierno democrático y la integración global. Hoy tenemos una situación donde más de tres mil millones nuevos consumidores han entrado en la economía - donde solamente las mejores organizaciones sobrevivirán. Siguiendo las tendencias establecidas por los países avanzados del mundo, el resto del mundo está invirtiendo activamente en su propia innovación, infraestructura y gente. Esto debe ser auto-explicativo -- en 1970 los Estados Unidos alcanzó el 70% de la inversión mundial en I y D, pero para el 2000 este porcentaje había bajado al 44%. En el año 2000, el número de graduados en ingeniería alcanzó 250,000 en comparación con 650,000 en el Asia -Pacífico.



¡Un vistazo a las tendencias tecnológicas nos muestra que entre 1990 y 2001 los volúmenes en Informática subieron un 222% y los costos bajaron por 83%!

La previsión para 2003 de Gartner para el mercado de BPO de Gartner estima que los mercados globales equipados de informática crecerán del US\$ 250,000 millones actuales (aprox.) en 2003 a US\$350,000 millones por 2007. En EEUU solamente, más de 21 millones de trabajos nuevos serían creados hasta 2012 - y se estima que 3.3 millones de puestos del sector de servicios serían contratados de servicios con terceros para el 2015.

Las razones que causan la creación de estas oportunidades de puestos en los países que son "contratistas de servicios con terceros" incluyen una productividad más alta, el acceso al talento, proximidad al cliente, el acceso al mercado, una infraestructura superior, una tendencia hacia la innovación así como empresas de alto nivel. Al mismo tiempo, los costos más bajos, los estímulos financieros, operaciones 24 X 7 así como productos como comodidades tienen estas economías a hacer el trabajo offshore en economías en desarrollo.

Vamos a examinar la contratación de servicios con terceros como un concepto a dos niveles diferentes - al nivel de la empresa así como al nivel de la economía.

Al nivel de la empresa, las ventajas de la contratación de servicios con terceros son múltiples. La organización es libre para enfocarse en el núcleo de su negocio con un gasto general bajo permitiendo la nueva disposición del capital- la ventaja básica del costo.

Los excelentes servicios recibidos a precios que son mucho más bajos. Las operaciones están disponibles 24 X 7 - es decir, durante veinticuatro horas.

El alcance llega a clientes nuevos y fragua nuevas relaciones y oportunidades de negocio.

Por controlar la fuente global del talento, las organizaciones son más fuertes -- y más competitivas con obligaciones reducidas y mayor apoyo.

**Estas ventajas son ejemplificadas por algunas de las mejores corporaciones del RU:**

British Airways, una de las líneas aéreas dirigentes en Europa y una de las más grandes en el mundo, estaba entre las primeras compañías para efectuar *Offshoring* con objeto de aumentar su competitividad y recortar los costos operacionales. Standard Charter se ahorró 50% en los costos de salarios gracias a localizar las facilidades en la India.

Los servicios de la atención al cliente de HSBC, el procesamiento de facturas, la contabilidad, el procesamiento de la hipoteca (más del 20% del trabajo de procesamiento) se están canalizando por operaciones en la India. Se estima el ahorro total de coste para HSBC por *Offshoring* alrededor de 75%.

Sin embargo, hay varias preocupaciones expresadas al nivel empresarial, que verdaderamente ha dado lugar a las preguntas en los países desarrollados que contratan de servicios con terceros.

Se han expuesto preocupaciones sobre la privacidad y la seguridad de información que fluiría entre dos ubicaciones

geográficas.

La percepción de la pérdida del control sobre un servicio propio ha derivado en aprensiones con respecto a la calidad última del servicio rendido al cliente.

Manejar a personas a través de costas y comunicar los requisitos son un desafío.

La diferencia cultural entre dos geografías y su impacto en el servicio al cliente.

Una aprensión mayor es la "seguridad" del trabajo de informática--¿Si la contratación rápida de servicios con terceros puede garantizar la disponibilidad del empleo al pueblo local?

Al nivel económico otra vez, ha habido indicadores -- algunos positivos y algunos llenos de la aprensión. Un hecho significativo que destaca los beneficios económicos de *Offshoring*, además de ayudar a vencer la insuficiencia de la mano de obra en el RU es que para cada GBP 100 de trabajo de offshore, se reinvierte hasta GBP 141 en la economía del RU. Por lo tanto, esto resulta en algunos indicadores muy positivos, que incluyen:

El poder de compra de la economía aumenta significativamente como resultado de la contratación de servicios con terceros. El nivel de nivel de vida muestra mejoras como resultado del poder incrementado para comprar.

La economía ahora obtiene acceso al mejor talento en el mundo. Hay evidencia de una inflación más lenta como resultado de la contratación de servicios con terceros - y mejor crecimiento en el PIB.

Proporciona las oportunidades para el desarrollo de mercados nuevos para empresas del RU. Es fascinante añadir cómo sencillos beneficios relacionados con la baja de los costos por *Offshoring* pueden aumentarse a beneficios mucho más significativos para las dos naciones involucrados en tales transacciones. Es un hecho que los trabajos creados en la locación de *offshoring* conllevan un aumento en las rentas disponibles de los trabajadores allí. Consecuentemente, estas ubicaciones tienen probabilidad de volverse mercados atractivos para las empresas del RU. La India y las Filipinas son testimonios vivos de este fenómeno macroeconómico. Marks and Spencer entró el Mercado indio en diciembre del 2001, a fin de concentrarse en la clase media india que está creciendo cada vez más - y ha penetrado claramente en la industria india de la venta al por menor.

Permítanme compartir con ustedes una observación interesante, que muestra que aparte del RU, el resto de la Europa no ha sido tan abierto al concepto de la contratación de servicios con terceros - por diferentes razones. Inflexibilidad de mano de obra, la falta de inglés como un lenguaje común, las barreras culturales, y las leyes de la inmigración y finalmente la fragmentación de las economías todo esto ha construido paredes - literalmente -- así como en la mente. Un análisis comparativo muestra que el desarrollo en economías que están cerradas a la contratación de servicios con terceros obviamente ha sido más lento". Un hecho para reflexionar es la consecuencia de la insuficiencia en el suministro de la mano de obra como resultado de la inflexibilidad de trabajo. Para poner las cosas en perspectiva, imaginémonos una situación donde el

RU no tome medidas para cumplir los requisitos de la mano de obra durante el período 2003 a 2010. Una insuficiencia en el suministro doméstico de la mano de obra puede llevar a una disminución en la tasa del PIB del proyectado 2.49% a 2.08% - en términos de GBP, esto se traduce en una pérdida acumulativa en la producción de GBP 113 mil millones durante 2003-2010.

Pero la situación con Gran Bretaña ha sido diferente desde principio. La relación entre Gran Bretaña y países tales como India, se fecha de tiempos pasados, cuando la informática ni siquiera había nacido. Las influencias económicas, culturales así como humanas de países tales como Gran Bretaña y la India exhiben el inmenso impacto del uno sobre el otro - y una relación continua hasta hoy no es sorprendente para nada. Una paseo hacia Southhall más que justifica lo que digo - yo realmente no me doy cuenta que no estoy en Nueva Delhi- excepto por el billete que está en mi bolsa para demostrar que he viajado tan lejos. Mi participación personal en proyectos de la contratación de servicios con terceros a través de nuestras naciones más que demuestra que la contratación de servicios con terceros está a la orden del día y es el mandato para el futuro. Las economías más exitosas en el mundo lo apoyarán.

La India ha llegado a ser un sinónimo de palabras tales como *Offshoring* y la contratación de servicios con terceros. La enorme fuente de la mano de obra hábil y competente en inglés, los niveles superiores de la infraestructura combinada con los establecimientos avanzados tecnológicamente, el progreso fenomenal en la telefonía y la comunicación - todo ha agregado en el ímpetu de la industria de la contratación de servicios con terceros en la India.

Ha habido preguntas con respecto a la justificación de India como un mercado preferido para la contratación de servicios con terceros, las preguntas alzadas sobre parámetros que incluyen la recuperación del desastre, seguridad física y del ciber, los enlaces de comunicación, los perfiles de la habilidad del empleado, y sobre todo las preguntas sobre la pérdida del control en la calidad verdadera de la producción.

Siendo de la India, querría compartir con ustedes un pequeño acopio de hechos que pueden colocar el asunto en la perspectiva correcta en cuanto a "Calidad" de India como un país preferido para la contratación de servicios con terceros. El setenta y cinco por ciento de los centros de software del nivel CMM 5 del mundo están en la India. De los 80 centros de software que están certificados en el planeta con el Nivel de CMM-5, 60 están en la India. Empezando con la organización primera de personas de nivel CMM -5 del mundo, y ahora graduándose a en todas las cinco de las organizaciones de nivel PCMM 5 del mundo, la India tiene grandes corporaciones de informática que están enfocándose por completo en la calidad de su mano de obra. La India también ha logrado una actuación similar en la categoría de las organizaciones valoradas de CMMI del mundo. La India tiene el número máximo de COPC - los centros certificados del contacto fuera de los EEUU y Canadá - en menos de tres años desde su comienzo. Esto, aparte de 200 o más organizaciones de software y de BPO que son certificadas de ISO. Los niveles de mayor competencia y capacidades de la administración por

término medio ha resultado en un mayor esfuerzo hacia la concienciación de la calidad - y ahora las iniciativa de seis Sigma se ha extendido a través del país.

Podemos concluir con certeza diciendo que las aprensiones con respecto a la calidad de la mano de obra y la producción pueden eliminarse con respecto a la India como un país para la contratación de servicios con terceros. La esencia de una estrategia exitosa de contratación de servicios con terceros es tener la contratación correcta - una combinación óptima de contratación local, fuera de sitio así como de offshore. La combinación ideal tomaría en consideración todos riesgos, optimizaría capacidad de ganancia así como aseguraría un nivel cómodo del control de las actividades económicas de uno mismo. Este modelo se ha probado y demostrado sobre un espacio de tiempo y forma la base de muchos negocios exitosos hoy.

Recuerdo ahora un libro excelente titulado "*Seven Habits of Highly Successful People* (siete hábitos de personas sumamente exitosas)". El autor, Stephen Covey, ha anclado un concepto muy poderoso de cómo un ser humano evoluciona de ser dependiente a ser independiente y finalmente en obtener sinergias de otras personas independientes por entender el valor poderoso de ser interdependiente. En mi mente este concepto se aplica de la misma manera a organizaciones y economías. Debo decir que es un signo de una organización madura (y de economía madura) quien decide a favor de la contratación de servicios con terceros como una de sus estrategias comerciales clave.

Damas y caballeros - Honorables Miembros del Parlamento, estamos en el umbral de una economía global - donde el éxito se ha demostrado en las corporaciones más grandes y las economías mayores y que está basado en el concepto de la contratación de servicios con terceros. Nosotros nunca sabríamos si Alfa el pescador y Beta el chico de la Selva se mejoraron - pero otros sí comerciaron y, por lo tanto, sobrevivieron y prosperaron. Ellos han hecho el mundo, lo que lo es hoy.

Querría dar mis sinceras gracias por esta excelente oportunidad para compartir mis pensamientos con ustedes - y por ser unos oyentes tan maravillosos. Les deseo una tarde agradable y espero intercambiar ideas durante la sesión de preguntas y respuestas al final. Gracias.

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# El Exim Bank & PLL se unen para lanzar Bollywood en Latinoamérica

**“Kaho Naa Pyar Hai” será lanzada como “Reencuentro con el destino” en 20 países de habla hispana.**

Las películas “hindi” debido a sus elementos únicos u originales están produciendo un interés general. Actualmente, además de doblaje de las películas hindi al inglés, no se han hecho otros intentos para doblarlas a otras lenguas extranjeras. La empresa ubicada en Pune, PPL Entertainment Ltd, (PLL), después de una ardua investigación, ha identificado a los países latinoamericanos de habla hispana como un nuevo mercado vibrante para los éxitos indios de películas hindi. Hoy, las películas de Hollywood son populares en los países latinoamericanos. Sin embargo, los éxitos de Hollywood son mostrados sólo en formatos con subtítulos porque la popularidad del idioma inglés es muy limitada. Las películas dobladas permiten a la audiencia disfrutar tanto del audio como de los efectos visuales de la película.

PPL ha adquirido los derechos de doblaje al español de la super exitosa película “Kaho Naa Pyar Hai” de Filmkraft Productions (India) Pvt. Ltd., productores y dueños del copyright de la película, por un periodo de 5 años, para distribuir y mostrar la versión doblada del film, titulada como “Reencuentro con el Destino”, en los países de habla hispana. El doblaje de la película fue hecho en México con artistas locales, y la película ha sido editada para ser lanzada en un formato de dos horas. Se han dejado solamente dos canciones “Ek pal ka jeena” y “Dil ne dil ko pukara”, las cuales han sido reelaboradas en español y grabadas por artistas locales. Mientras la película es propuesta para ser mostrada en países de habla hispana incluyendo México y España, PLL inicialmente lanzará el film en abril en cines de Perú y Colombia, países que han sido identificados como los mejores mercados debido a la alta receptividad ante películas indias. En Perú, PLL se propone trabajar con el líder en distribución y exhibiciones Cineplanet, quien cuenta con el más alto número de multisalas en Lima y Arequipa. En Colombia, PPL está trabajando con L.D. Films Ltd. (LDF) una empresa con buena reputación, dedicada al



negocio de distribución de películas por más de 15 años y que ha sido el subdistribuidor de 20th Century Fox en los últimos 7 años. Esta primera fase de lanzamiento comprenderá también Ecuador, Bolivia y Venezuela.

El Exim Bank de India ha facilitado la iniciativa de PPL a través de financiamiento y servicios de consultoría, incluyendo el desarrollo de productos de exportación; cubriendo costos para adquirir los derechos de películas, doblaje al español y grabación, edición, costos de post producción y costos de imprenta, y Marketing de exportación, para cubrir costos relacionados a la promoción y marketing de la película en Latinoamérica.

El Exim Bank de India, en asociación con el Gobierno de la India, está promocionando el Programa “Focus LAC”, con el fin de contribuir al comercio e inversión de India en la región de Latinoamérica y el Caribe. Como parte de esta iniciativa, el Exim Bank llevó a cabo un seminario en Mumbai sobre negocios y potencial de inversión con embajadores procedentes de selectos países de la región de Latinoamérica y el Caribe. El Exim Bank en asociación con la empresa de comunicaciones New Media Communication, saca a la luz una publicación trimestral bilingüe (inglés y español), “INDO LAC BUSINESS” la cual cuenta con artículos y contribuciones desde India y desde países de la región de Latinoamérica y el Caribe.