

INDO - LAC BUSINESS

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Exciting Times Ahead

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Dear Reader,

Greetings. Latin America has in the last few years turned out to be a region of sustained economic growth. Political stability has been the key feature, which has made it possible for the region to post a GDP in the range of 4 - 5 percent since 2003. Bankers are quick to point out that Latin America, as a land of opportunities, will be a major global economic player in the near future. Merrill Lynch Investment Managers (MLIM) testifies this fact in a study. So does the World Economic Forum, which has convened a conference on Latin America in Sao Paulo, Brazil, on April 5 and 6 to identify the key priorities in order to make the region globally competitive. The current issue of Indo-LAC Business looks at Latin America from the banker's perspective, that economic growth is directly proportional to investment opportunities. Hence, the cover story deals with both exciting opportunities as well as the inevitable challenges that these may throw up in due course. The issue profiles Inter-American Development Bank (IDB) and its contribution in the areas of multilateral financing for economic, social and institutional development projects as well as trade and regional integration programmes in Latin America and the Caribbean. IDB's priorities are well defined and its aid to Small and Medium Enterprises had doubled in 2005. Bolivia, now headed by its new President, Evo Morales, is expected to push for a \$3.5 billion debt relief from the IDB. One of the challenges could be the outcome of elections in the Latin American region, which might ride on populist poll promises that could not be sustained by practical economics. But the Latin American governments have realized the importance of economic reforms and the gains that could accrue from them in terms of the larger issue of uplifting the poor. R. Viswanathan, a veteran Indian diplomat, who has spent many years serving Latin America, writes about how India could take advantage of that region's economic boom in boosting exports from this country. What should India do to step up its stakes in Latin America? The answer is provided by Samantha Peters, a Manager with Export-Import Bank of India (Exim Bank). Peters explains the significance of India's investments in oil and natural gas industries of Latin America and why these should be stepped up. An Information and Communication Technology (ICT) wave is sweeping Latin America and Bolivia is an example. We carry a report. There is also a write-up on how Bolivia is spearheading a drive in setting standards towards sustainable forestry. A striking feature of the world economy is the role played by the remittances of workers, which in the case of Latin America amounted to \$ 53 billion in 2005. The issue carries a report. Latin America is also hosting a conference on tourism LACIME 2006 in June at Sao Paulo, which will highlight the potential of this region as an emerging tourist destination. And finally, we take this opportunity to congratulate Exim Bank Chairman and Managing Director T.C. Venkat Subramanian on his being elected as President of the newly formed Global Network of Exim Banks and Development Finance Institutions.

Wish you happy reading

Satya Swaroop

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Crystal-gazing Latin America in 2006

Exciting Opportunities & Daunting Challenges

By Dev Varam

Latin America has been passing through an exciting phase, on both economic and political fronts. On the economic front, the region's growth has been very promising since 2003, thanks mainly to reforms undertaken by most of the countries. Latin America's GDP growth for 2005 has been projected above 4.25 percent. A similar trend has been forecast for 2006. The region's GDP has more than trebled from 1.4 percent averaged during the three-year period of 1999-2002. It is remarkable by any standard. On the political front, 2006 is expected to witness events of far-reaching consequences for the economies of the region because, many countries in the region will have elections during the year. These elections provide an important opportunity to secure mandates for renewed structural reforms and fiscal sustainability efforts. But polls could also throw up populist and unsound economic policies. Bankers and analysts see great opportunities for the region as a whole to become a major global economic player as well as challenges that it needs to surmount in order to sustain and surge forward.

"The macroeconomic policies undertaken in most countries of the region made the economic expansion more stable and less vulnerable. Many countries have reduced public debt ratios, their current accounts are in surplus, and external reserves have increased," says Enrique Iglesias, former President of the Inter-American Development Bank.

According to Iglesias, many Latin American governments have taken advantage of international financial conditions to finance external debt service and improve debt maturity profiles. As macroeconomic policies in most countries rest on the adoption of inflation targets and the commitment to exchange rate flexibility, external shocks are expected to be smoothly

absorbed, he adds.

Iglesias feels that in order to cope with unpredictable developments such as a slowdown of international trade and a tightening of financial conditions, Latin American governments should give special attention to three areas: 1) eliminating the obstacles to private investment and improving the business climate for local as well as foreign investors to increase the ratios of investment; 2) developing local financial markets to ensure that diversified and competitive financial services are available to the population; and 3) diversifying country and trade partners, taking advantage of regional strengths.

"The long-term agenda for prosperity demands the commitment of social and political players. The challenge of new authorities is to find mechanisms to

ensure that the benefits of prosperity reach all citizens without jeopardizing the fundamentals of macroeconomic stability," Iglesias said.

Freedom from Recession

The economic trends in the Latin American region more or less reflect the global developments. Also, in 2004 Argentina, Uruguay, and Venezuela wriggled themselves out of severe recessions. But the positive aspect of Latin American economic growth has been associated with



low and declining rates of Inflation, against the backdrop of solid macroeconomic performance. Besides, fiscal deficits have also been declining as a consequence of low interest rates and strong primary fiscal surpluses.

Monetary policy has been gaining credibility, while competitiveness has tended to improve, as measured by real exchange rates. In large part, this regional performance reflected a generally favorable external environment, characterized by strong external demand from North America, Asia, and Europe, also reflected in high prices for commodities, particularly but not solely oil. In addition, there has been a strong realization by regional policymakers that they could not pursue their growth objectives without the support of sound macroeconomic policies. All these factors have been paying off in terms of favorable growth results.

However, according to Claude Loser, Senior Fellow at the Inter-American Dialogue, and former Head of the Western Hemisphere Department at the IMF, significant challenges remain for 2006 and beyond.

"Under a continued favorable world environment and

without any further oil shocks, the region can be expected to grow well. The US, China, India, and Japan are expected to continue performing well, and with high world liquidity, foreign investment, and workers' remittances. Latin America can shore up the balance of payments, already registering healthy current account surpluses and foreign reserve accumulation," Loser says.

Also, serious risks exist, related to a possible deterioration in the energy situation or a decline in confidence in the ability of the US to sustain high public and external deficits, he says. "In these circumstances, Latin America and the Caribbean would suffer and GDP growth could decline because of corrections in world demand," Loser adds.

"Finally, there will be deviations with respect to the average growth rate of 4.1 percent for the region, with individual growth rates fluctuating between 3.0 percent and 5.0 percent. In the end, the result will depend both on domestic policies and world developments, but the prospects are good for the region in 2006," he said.

Inflation Control

Among the Latin American countries, Venezuela falls in a totally different class, because of its oil economy, which is passing through boom time. While one would expect a period of prosperity with thriving investment and solid fiscal indicators. However, inflation, in particular, remains high and shows no sign of abating. In contrast, in the remaining main economies of the region, price



controls are the exception and inflation is generally under control; in fact, it is improving given a combination of greater predictability with less volatility.

Brazil, Chile, Colombia, Mexico and Peru have targeted inflation. The positive outlook for inflation in these economies is a vindication of their policies. Chile has had the longest and most successful experience with inflation targeting (IT). It has the most solid and flexible fiscal regime, and the combination gives power and confidence to the country's Central Bank. The Bank's ability to meet its target has been proven. Peru is another example of a durable and well-tested IT regime. The regime in Colombia was more credible a couple of years ago than in recent months when, de facto, the Banco de la Republica was operating with a dual objective: to hit the inflation target and to slow down the rate of nominal appreciation of the peso

Creative liability management operations helped alleviate the pressure; and, in the event, it seems that the political concern with sustaining a 'competitive' peso is fading. The courts granted President Uribe the right to be re-elected and he remains well ahead in the polls. Mexico's IT regime is now fully operational and effective. The country's Central Bank operates with a straightforward interest rate instrument. It has also, for the first time, achieved a convergence of expectations with its ambitious target (a monthly rate of inflation of 3 percent per annum with a margin of +/- 1 percent).

Impact of polls on markets

The year 2006 is of great significance to Latin America in view of the elections, which will be 16 in all. Of these, elections in two countries - Brazil and Mexico - will be followed very closely. The two most populous countries represent the region's largest economies and democracies in which the results for the moment are very much up in the air. In Mexico's case, Vicente Fox's single term ends on November 30, with three main candidates competing to replace him. Current polls indicate a fairly close race among Felipe Calderon (PAN), Andrés Manuel Lopez Obrador (PRD) and Roberto Madrazo (PRI), but the campaign has not yet begun. Although the PRD has never won the presidency, there is a fair chance that next year it could.

From the market perspective, the Brazilian election is getting more attention. Markets already know President Lula, they understand his orthodox views with regard to economic policy. Brazil has remained stable despite the recent corruption scandal. Ultimately, either way the election goes, the market should not face turbulent, uncertain times. The possibility of his rival Serra getting elected does not interest markets.



On the other hand, close market attention to the presidential election in Mexico is drawing attention. Although Mexico is presently stable and there is little uncertainty with regard to economic policy or performance. But a victory for Andres Manuel Lopez Obrador could quickly change all of that. Perceptions that he is driven by populist tendencies raises fears about the politics and policies of a Lopez Obrador administration. With a shared border, the United States has the greatest concerns as it would be the first time the US would have a leftist government as a direct neighbor. And while the actual consequences of this are difficult to determine, investors may hold back until they fully understand

Lopez Obrador's economic policies. Political and electoral trends are far very dissimilar throughout Latin America. In the Andean region, ethnic-based and populist forces are obviously gaining momentum, with the exception of Colombia, where Uribe is geared to win his second term in office. The victory of Evo Morales in Bolivia might mean a boost to that trend. Added to Venezuela's Hugo Chavez' growing left-leaning influence, the election of Morales could have a significant impact in Ecuador's and Peru's coming elections.

The political picture, however, is much different in other countries of the region, with the exception of Chile, where Michelle Bachelet and Sebastian Piñera share, in spite of all, a consensus when it comes to the basics of the social and economic 'model' set up by the three Concertacion administrations. This also applies to Brazil. First, because in Brazil there is wide agreement among main social and political forces that there should be no relapse into populist policies. Second, because, with the current electoral trends, it looks like the next president would be more committed to an encompassing reform agenda than Lula has shown to be.

Venkat Subramanian elected President of G-NEXID



In a significant development that could boost international commerce, especially among developing countries, a "Global Network of Exim Banks and Development Finance Institutions (G-NEXID)" has been launched in Geneva recently. T.C. Venkat Subramanian, Chairman and Managing Director, Export-Import Bank of India (Exim Bank), has been unanimously elected President of the newly established network. It is as much an international acclaim for Exim Bank for the services it has been rendering in fostering world trade as it is for Venkat Subramanian for providing inspirational leadership for the organization.

The Global Network of Exim Banks and Development Finance Institutions (G-NEXID), has been launched recently at the United Nations Conference on Trade and development (UNCTAD) Headquarters, Geneva, in the presence of Dr. Supachai Panitchpakdi, Secretary General of UNCTAD,

The forum has been envisaged to promote trade and development finance through co-operation and exchange of information on best practices in trade and project finance among developing countries.

G-NEXID was initiated in June 2004 in Rio de Janeiro during meetings held in preparation for the UNCTAD XI conference. This was followed by the signing in March 2005 of a Memorandum of Understanding (MoU) by five Exim Banks and DFIs, including Export-Import Bank of India (Exim Bank). After the acceptance of the legal statutes, G-NEXID was formally launched at a meeting held at UNCTAD in Geneva on March 13, 2006.

Export-Import Bank of India and UNCTAD, with their shared objectives of promoting South-South trade and investment flows, have taken the initiatives in setting up the forum. Exim Bank Chairman and Managing Director T.C. Venkat Subramanian has been unanimously elected President of the newly established network.

G-NEXID is intended to boost bilateral and multilateral agreements among export-import (Exim) banks and development finance institutions (DFIs) based in developing countries, leading to reduction in costs of trade between developing countries, enhancing investment flows across borders and making more financing available to new and innovative businesses, thereby creating an enabling environment for developing countries.

Speaking at the occasion, Dr. Supachai Panitchpakdi remarked that 'finding ways to strengthen South-South financing can be a win-win-game, and that the newly established network would allow developing countries to learn from each other and share effective practices for entering new markets, financing non-traditional goods and services, and established risk-sharing methods of investments'.

With developing countries increasingly aiming to integrate with the global economy, a common alliance amongst institutions engaged in trade and investment financing can play a significant role in enhancing international competitiveness of local industry and in promoting south-south trade and investment. In this context, a common institutional mechanism covering Exim Banks and Development Finance Institutions to leverage their natural synergies to promote South-South trade and investment can contribute to an overall development of the southern countries. The Global Network of Exim Banks and DFIs (G-NEXID) is an initiative in this direction.

G-NEXID will complement rather than duplicate existing multilateral, regional, sub-regional and national institutions. Members at the CEO level will meet annually and engage in an active dialogue. The Annual Meetings will deliberate upon measures to foster long-term relationship amongst members, share experience and strengthen financial cooperation to promote trade and investment. Such cooperation is expected to reduce the costs of trade between developing nations, spurring investment across borders and making financing more readily available to new and innovative businesses and enabling the growth of "niche markets."



Brazil's President Lula

Political & economic stability adds zing to equity markets

After three years of good performance, 2006 looks set to be another strong year for Latin American equity markets, according to investment bankers.

Merrill Lynch Investment Managers (MLIM) has identified greater political and macroeconomic stability and strong commodity prices coupled with equity-market valuations below historic levels as the key factors in create a compelling investment climate for the region.

MLIM believes that the combination of political stability with a regional twin surplus (current account and trade) have caused risk parameters to fall, all of which has not been fully priced in by Latin American equities.

In the past, forthcoming elections such as those in Brazil and Mexico, would have driven investors away from Latin America. This has not been the case so far in 2006. Brazil's President Lula has steered the country's economy on track and the country is on course to achieve investment grade status as early as 2008. If the main opposition party is elected to power the economy is likely to be prioritized higher up the policy agenda, benefitting fiscal and economic conditions.

Despite some disappointments regarding President Fox's reform agenda in Mexico during the past five years, the Mexican economy has performed well. Strong oil revenues and effective fiscal and economic policies have driven this growth. Given Mexico's strong financial positions, the chances that any of the three candidates running for office on 2 July 2006 would significantly change Mexico's current political and economic policies are fairly low.

The year 2006 has seen a continued inflow of foreign money into Latin America amid the expectation that elections will not impact markets. Brazil in particular stands out with its attractive valuation and improving economy, with the added bonus that the Brazilian Central Bank is bringing domestic interest rates lower

given low inflation expectations.

In global terms Latin America's exposure to commodities markets is proving valuable with demand for raw materials from India and China continuing to increase. The combination of a weak dollar and high commodity prices bodes well for most economies in the region, particularly when allied with robust domestic economic management and improving control of inflation.

"Of the Emerging markets, Latin America is currently one of the most attractive," says Will Landers, Fund Manager of the MLIIF Latin American Fund. "We expect the region as a whole to post high economic growth rates this year, despite expectations of a slowing global economy. The region's investment fundamentals have rarely been this good. We expect Latin America to continue to re-rate relative to other emerging markets whilst also anticipating that emerging markets generally will gradually reduce their discount to their developed counterparts."

The MLIIF Latin American Fund invests in a diversified portfolio of Latin American companies. It has returned 382.2 percent during the last three years (to 28 February 2006). Since launch and over the past five years the fund also ranks first quartile (to 28 February 2006)

Background: Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 36 countries and territories and total client assets of approximately \$1.8 trillion. As an investment bank, it is a leading global trader and

underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions, and individuals worldwide. Through Merrill Lynch Investment Managers, the company is one of the world's largest managers of financial assets. Firmwide, assets under management total \$544 billion as on 31st December 2005.



Petroleum Product Exports to Latin America

Time for India to Step up Stakes

Oil and natural gas is emerging as one of fast developing industries in the Latin American region. Indian companies such as the ONGC and Reliance Industries Ltd have emerged as major players in the production of petroleum products through expansion of their refining facilities and acquisition of oil and gas fields across the world. In this analytical write-up, Samantha Peters, Manager, Export-Import Bank of India, comes up with the conclusion that oil and natural gas provides India an enormous opportunity to step up its stake in Latin America and its exports in the energy sector to that region.

Petroleum Scenario in Latin America

With the steadying of the economic growth in Latin America and the emerging currency stability across Latin American countries, the petroleum industry is emerging as an important industry. The supply trend of crude oil has been steadily increasing over the last five years and is slated to increase substantially in the next few years, given the economic stability in the region. Central and South America have an estimated 98.848 billion barrels of crude oil reserves, spread across the continent with Venezuela accounting for around 78 percent of the total crude oil reserves.

Table 1 - Petroleum Statistics in Latin America

ITEM	Crude Oil	LNG	Refinery Stock	Naphtha	LPG	Motor Gasoline	Aviation Fuel	Jet Kerosene	Gas / Diesel	Residual Fuel Oil
Production	312321	11180	0	8959	8351	44315	122	11326	68026	53294
Primary	0	0	2779	0	0	0	0	0	0	0
Secondary	0	0	0	0	0	0	0	0	0	0
Imports	57281	0	523	2294	4161	6555	84	1636	16040	11764
Exports	140439	280	0	1698	4986	12391	32	5097	11113	30598
Int Marine Bunkers	0	0	0	0	0	0	0	0	2028	7065
Stock Changes	380	24	0	106	41	702	08	215	410	953
Domestic Supply	228783	10876	3302	9661	7567	37777	166	7650	70515	26442

Source: IEA Statistics(2003)

According to IEA statistics (2003), 312 million tonnes of crude oil was produced in Latin America. The region exported 140 million tonnes of crude oil. Imports of crude oil for the year, however was around 57 million tonnes, leading to 228 million tonnes of domestic crude oil supply. In 2004, the total value of crude oil exported amounted to US \$ 65 billion an increase of around 40 percent over the previous year. The region produced 68 million tonnes of gas/diesel and 53 million tonnes of residual fuel oil.

A substantial proportion of the petroleum oil was used by the transport sector as motor gasoline and gas/diesel, and the rest was used by different industries for other purposes. Though the production of petroleum oil has risen over the years, the Latin American markets have still to be independent in terms of production of petroleum products. In the year 2003, imports of petroleum products amounted to an estimated 47 million tonnes.

Table 2 - Country-wise Imports by Latin American Countries (2004)

Country	Value	% Share
Total LAC	10238590	100.00
Mexico	3322171	32.44
Brazil	2200773	21.50
Guatemala	951364	9.30
Chile	776131	7.58
Peru	557648	5.44

Source: ITC / UNCTAD Product Code:
27100: Petroleum & Petroleum oils

Among the Latin American countries, Mexico accounts for the largest share of imports (32.44 percent), followed by

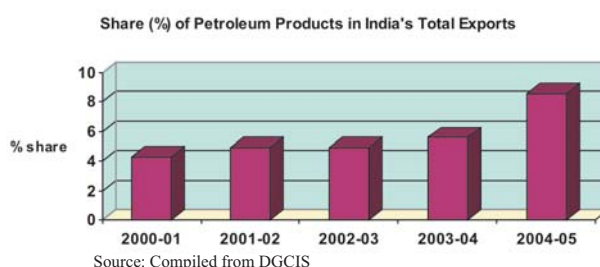
Brazil (21.50 percent). Together the two countries account for more than 50 percent of imports of petroleum products by Latin America.

Indian Petroleum Products Sector

India is emerging as a leading exporter of petroleum

(Unit-1000 tonnes)

products. Provisional data for production of petroleum products for the year 2004-05 was placed at 120.47 million tonnes, up from the previous year's 115.78 million tonnes. Middle distillates, such as kerosene, high-speed diesel, aviation turbine fuel, accounted for the largest chunk of total production followed by light distillates. Provisional figures of exports of petroleum products in 2004-05 stood at US \$ 6.8 billion. The exports of petroleum products have risen by more than 90 percent in 2004-05, over the previous year. As a result, petroleum products increased its ranking in India's exports from eighth position in 2000-01 to fifth position in 2004-05.



Major destinations of India's exports of petroleum products include Singapore (25.5 percent), Iran (9.8 percent), UAE (7.4 percent), The Netherlands (5.1 percent), Sri Lanka (4.5 percent), Indonesia (4.4 percent), Brazil (4.3 percent), Nepal (3.1 percent), South Africa (3.1 percent), and Togo (3.0 percent). These 10 countries together account for over 70 percent of India's total petroleum products exports. High-speed diesel (39.4 percent), light oils and preparations (19.5 percent), aviation turbine oil (13.8 percent) and fuel oil (8.0 percent) are the major petroleum products being exported from India.

Export Potential of Petroleum Products to the Latin American Countries

Latin America is emerging as one of the prominent destinations of exports for Indian petrochemicals products. Though the proximity to the US markets allows for US based petroleum products to flood the Latin American markets, India's contribution of exports has increased over the years.

Table 3- Export of Petroleum Products & Crude Oil to Latin America

Country	2004 -05		2003 -04	
	Qty	Value	Qty	Value
Total Imports to Latin America	1463459	533.23	153040	44.67
Brazil	860984	295.62	46460	22.84
Colombia	410547	161.98	40000	10.20
Argentina	110606	62.65	-	-
Venezuela	81054	12.83	22332	3.15

Source: Compiled from DGCIIS

India's largest export market, for petroleum products in Latin America is Brazil. The most important commodity exported in terms of value to the Brazilian market is petroleum oils and extracts of petroleum oils. Exports in 2004-05, to the Brazilian market, earned a whopping US \$ 295.62 million, compared to the US \$ 22.84 million earned in the previous year.

Table 3A - Imports of Petroleum Products to Selected Latin American Countries

Imports by Argentina (US \$ 1000)		
Country	2004	% Share
Total	344,260	100.00
Latvia	26,730	7.76
Brazil	23,498	6.82
USA	22,220	6.45
Chile	22,168	6.43
India	62.65	0.01

Imports by Brazil (US \$ 1000)		
Country	2004	% Share
Total	22,00,773	100.00
Argentina	651,825	29.61
Saudi Arabia	346,898	15.76
Algeria	251,898	11.44
India	168,420	7.65
Aruba	103,534	4.70

Imports by Chile (US \$ 1000)		
Country	2004	% Share
Total	776,131	100.00
Argentina	296,937	38.28
USA	282,793	36.43
Korea	61,084	7.87
Netherlands	47,559	6.12
Venezuela	34,786	4.48

Imports by Colombia (US \$ 1000)		
Country	2004	% Share
Total	194,939	100.00
Venezuela	74,110	38.01
USA	72,377	37.12
Italy	10,426	5.34
India	10,052	5.15
Chile	8,644	4.43

Imports by Guatemala (US \$ 1000)		
Country	2004	% Share
Total	951,364	100.00
USA	431,150	45.31
Barbados	246,602	25.92
Switz. Liechtenstein	143,521	15.08
British Virgin Islands	71,201	7.48
India	54	0.05

Imports by Mexico (US \$ 1000)		
Country	2004	% Share
Total	33,22,171	100.00
USA	21,40,510	64.43
Venezuela	221,293	6.66
Saudi Arabia	212,687	6.40
Colombia	146,512	4.41
Spain	109,080	3.28

Imports by Peru (US \$ 1000)		
Country	2004	% Share
Total	557,648	100.00
Venezuela	273,173	49.00
USA	164,775	29.54
Korea	30,357	5.44
Chile	19,061	3.41
India	20	0.003

Source: ITC / UNCTAD

By virtue of economies of scale, the United States is the leading exporter of petroleum products to the Latin American region. Free Trade Agreements (FTAs) and Regional Trade Agreements (RTAs) between the US and the Latin American countries have also contributed to this trend. Trade between the Latin American countries is also significant and has led to

certain prevalent oil economies like Venezuela finding export markets within the Latin American continent. Among Asian countries, India's closest competitor in the exports of petroleum products to Latin America is China. Though India is one of the leading Asian exporters of petroleum products, China's presence is widespread among the Latin countries. However, compared to the leading exporters like the US, India's presence is marginal even among the prominent export markets like Argentina and Brazil. India does not have a presence in Chile, Guatemala and Mexico, which are major importers in Latin America. India will need to consolidate its presence not only in countries that are already prevalent markets but also needs to explore other markets in Latin America.

Conclusion

The last three years witnessed India converting itself into a petroleum product surplus nation, thanks to additional refining capacities created in this sector. India is in the process of securing overseas energy resources, and is

waters off the Gulf of Mexico. In September 2004, the Venezuelan foreign minister with a high level delegation visited India to revive both political as well as trade relations. The highlight of the visit was Venezuela's offer to India of five oil fields, three for discovery and two for exploration. As a result of negotiations at the highest level of the Government, India has begun investments in Venezuela. The single largest Indian investment in Latin America is the US\$ 50 million project as a result of a Memorandum of Understanding (MOU) signed between Oil Videsh Ltd, a subsidiary of Oil and Natural Gas Corporation (ONGC) and Petroleos de Venezuela (PDVSA), a Venezuelan State oil firm. India has also signed a Preferential Trade Agreement (PTA) with Chile on 20 January 2005. According to the agreement, India has offered to provide fixed tariff preferences ranging from 10 percent to 50 percent on 178 tariff lines at the eight digit level. Similarly, Chile has offered tariff preferences on 296 lines at the eight-digit level. The products covered in the agreement account for more than 90 percent of the value of total bilateral trade



keen to secure more resources in order to meet its accelerating energy demands. As a result, Indian energy corporations have emerged as significant rivals to established multinational energy companies in the overseas oil and gas markets. ONGC has bought equity stakes in oil fields of Iraq, Sudan, Libya, Angola, Myanmar, Russia, Vietnam, Iran and Syria. With China seeking to establish petroleum trade ties with Venezuela, and investing largely in untapped markets of Bolivia and Colombia, India can also now focus on establishing ties with the potential of exporting petroleum products to these markets. According to the trade journal Latin Petroleum, Reliance Industries Ltd (RIL) is in advanced negotiations with Mexican oil giant Petroleos Mexicanos (Pemex) for co-operation in exploration and development of oil and gas fields in shallow and deep

amounting to US \$447.54 million during 2004-05. Though the products covered under this PTA, is not specifically linked to petroleum products, the possibility of extending this PTA to cover petroleum products, will facilitate Indian petroleum products exports to Chile.

One of the most important PTA that India has is with MERCOSUR. MERCOSUR is a trading bloc in Latin America comprising Brazil, Argentina, Uruguay and Paraguay. It has Chile and Bolivia as its associate members. A framework agreement was signed with MERCOSUR on 17 June 2003. As a follow up, a PTA was signed on 25 January 2004. The region holds significant potential for Indian exports of petroleum products, as our share is just 0.83 percent of the global imports of MERCOSUR. ■



Jorge Gerdau Johannpeter

World Economic Forum Convenes Meet In Sao Paulo on April 5&6, 2006

Towards Making **LatAm** Globally competitive

The World Economic Forum on Latin America will bring together a select group of 250 leaders from business, government and civil society in Sao Paulo, Brazil, on April 5 and 6, 2006, to identify the key regional priorities and to generate the insights necessary to develop pertinent strategic responses.

The last two years marked a vigorous economic recovery for Latin America following the long period of stagnation that began in 1998. However, a number of vulnerabilities remain despite the recent strong growth performance.

Especially worrisome is a potential deterioration in the international scenario over the short term causing a variety of difficulties for the region. Thus, the business community and the policy-makers have to take the necessary steps to make sure that the current positive trend continues.

Under the general theme of Building a Stronger Latin America in the Global Economy, the programme will focus on four core themes: Managing the Impact of Global and Regional Risks, Improving Competitiveness, Continuing the Integration Agenda and Re-evaluating the Investment Framework. The exclusive roundtable will be structured mainly around workshops and group discussions to reinforce interaction, ensuring the emergence of concrete proposals.

The World Economic Forum on Latin America will provide a unique platform to assess the current economic outlook and influence the policy and regulatory environment, which will allow the region to become more competitive on a global scale.

Co-Chairs: Jorge Gerdau Johannpeter, President & CEO, Gerdau, Brazil, Luis A. Moreno, President, Inter-American Development Bank, Washington DC

Wanted: More economic reforms

In an interview ahead of the World Economic Forum on Latin America, Ricardo Salinas Pliego, President of Grupo Salinas, has urged policymakers to recognize their own personal interest in initiating measures that aid the whole of society. Equally important, said, Pliego, is the role that Latin American companies themselves must play in the drive to breakdown domestic monopolies and compete globally to ensure domestic wealth creation. Pliego talked about the changing business climate in Mexico and the wider Latin American region. "There is a need for Latin American policymakers to reform their economies," Pliego said.

On domestic monopolies

Companies have to look for opportunities to break down domestic monopolies, and create market players that operate efficiently and sell at competitive prices, while creating a satisfied customer base.

Successful players in competitive industries will be able to attract domestic and foreign investment, hire, train and engage their own people and keep apace technologically. Once this is fulfilled, companies must

think in terms of customer bases that transcend all boundaries, because every product sold overseas can expand the company's scale, which in turn will enhance wealth domestically.

We contribute to this process in several Latin American countries, by effectively competing in the markets in which we operate, and also through microfinancing programs from our financial division. We help make it possible for small entrepreneurs to flourish by obtaining the seed capital they need to purchase and utilize



betterment of Mexican society, as the improved economy will translate into more opportunities for all Mexicans, including their own families.

There are a number of measures however such as leaner government structures, a simple tax code, simplification of business dealings with the government and deregulation that don't need congressional approval, and that have to be immediately enhanced to reduce costs and management distraction within corporations.

On large family-owned Latin American firms known as *grupos*

technologies that will ultimately help them produce more for less, creating employment and giving consumers a bargain in the process.

On a broader basis, Latin American companies have the responsibility to set authorities in motion to reduce government regulation and bureaucracy and to strongly encourage deregulation, as well as to develop structural reforms that promote investment and enhance labor productivity.

Structural change must allow for competition wherever it is possible, expanding efficiencies to all economic sectors; build tax systems that promote investment and allow for modern public infrastructure; develop more flexible labor laws, and improve educational standards. With these conditions, more entrepreneurs will be willing to take risks, create companies that compete in Latin America and globally, and bring working opportunities and wealth to our countries.

On promoting competitiveness in Mexico

The set of reforms that will work for Latin America will also naturally work for Mexico and for any other country. But the relevant subject is how we are going to get our policymakers to even begin to take these steps.

Since the mid 1990's, our young democracy has had a pendulum effect on congressional decision-making, swinging from automatic approval of presidential initiatives to prolonged debate and lack of agreement, which has impeded Mexico to proceed with much needed changes.

The solution begins, I believe, by helping policymakers recognize that it is in their own personal interest to agree on measures that boost economic activity, for the

With time, family members will be selling on the stock markets and more "public" money will be in the "grupos," but it is unrealistic to expect the grupos to disappear altogether. They are a well-established and fundamental component of Latin American business and culture.

I am particularly proud that Grupo Salinas has an extraordinarily capable team of professionals running the business and participating on its Board of Directors. Like us, other grupos are now bringing in professional managers and, at both a strategic and operational level, they now steer the ship in many instances.

On maximizing technological opportunities in Mexican society

First, we need to identify technology systems that are cost-efficient for our environments, including connectivity to the Internet.

Second, we need to nurse a domestic software industry in order to ensure the kind of applications that are directly responsive to our domestic needs.

Third, we need to encourage more risk and venture capital to push development along, and promote tax incentives for software and connectivity.

Fourth, we need to set up real working relationships between our educational system and our businesses.

Finally, we need to emphasize technology as a top-priority deliverable for microfinance. Not just loans for business start-ups or basic automation to run those businesses, but lending institutions need to provide a broader array of technologies and know how for both business and personal use.



President Evo Morales

Bolivia to push for \$3.5 billion debt relief

Bolivia will push the Inter-American Development Bank for a debt-relief package that would forgive US\$3.5 billion (euro2.9 billion) owed by the Andean nation and four other poor

Latin American countries, Bolivia's finance minister Luiz Alberto Arce has said.

He said newly elected leftist President Evo Morales would lobby for the debt relief when he arrives Sunday for the annual IDB meeting on funding for regional development programs in this southeastern Brazilian city.

The proposal to eliminate IDB debt for Bolivia, Haiti, Honduras, Guyana and Nicaragua is sure to be a major theme at the meeting and could become contentious.

Brazil and Mexico support the debt relief idea but don't want to pay for it through their IDB ownership stakes. The two countries, home to Latin America's first and second largest economies, instead want the United States and Canada, and possibly European countries that hold IDB membership, to shoulder the burden, Mexican Finance Minister Francisco Gil said.

"The position of Brazil and Mexico is that this relief can't come at our cost," Gil told reporters in Belo Horizonte, where delegates met behind closed doors before the event officially began.

The money for debt relief "has to be put up by the developed countries," Gil said. Bolivia owes the IDB US\$1.6 billion (euro1.3 billion) of the total amount of debt relief sought. The 47-nation bank is owned by its member countries, mainly from the Western Hemisphere, but also including some from Europe, as well as Japan and South Korea.

Recently, the World Bank relieved Bolivia of US\$1.5 billion (euro1.2 billion) in debt.

Delegates at the IDB meeting, one of Latin America's most important annual economic forums, discussed ways and means of improving the region's crumbling

infrastructure, boost economies and promote regional integration.

Luis Alberto Moreno, a longtime Colombian ambassador to Washington elected last year to a five-year-term as head of the bank, oversaw the meeting for the first time.

Moreno wants to maintain the Washington, D.C.-based bank's role as a key source of funding for government projects while expanding loans to the private sector. He also wants to advocate small-scale Latin American development projects for the region's poor masses that can serve as examples for more expensive efforts.

New projects that could come up at the meeting are Venezuelan President Hugo Chavez' multibillion-dollar idea to create a vast natural gas pipeline spanning South America, and a US\$810 million (euro669.2 million) highway project to connect Brazil's Atlantic coast to Peru's Pacific ports before the end of the decade.

The meeting will bring together leaders in a region that has seen a tilt to the left in recent years. Morales, a strident leftist and the country's first Indian leader, will rub shoulders with Honduran President Manuel Zelaya, a wealthy agricultural landowner. Both took office in January.

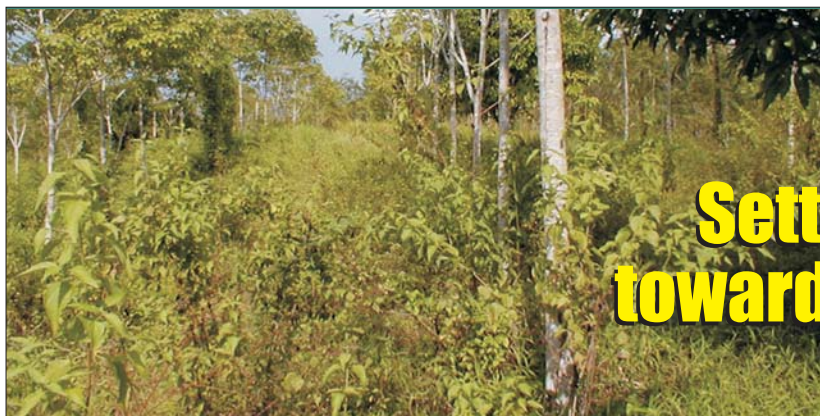
The IDB also wants to put greater emphasis on helping poor Latin Americans and Caribbean citizens to open savings accounts, pave neighborhood roads and receive electricity in the communities where they struggle to eke out a living.

On Saturday, about 1,500 protesters opposed to privatization projects funded by the bank marched peacefully in downtown Belo Horizonte. They said water-supply privatization projects funded by the bank haven't helped poor Brazilians who still lack basic sanitation services.

Other groups oppose the bank's funding of a gas pipeline project in Peru's southern Amazon that has suffered five leaks since it began operations in mid-2004.

The IDB has so far approved US\$135 million (euro111.5 million) for the project. Groups opposed to it are attending the meeting in a bid to prevent the bank from supplying more funding.

"We're here to demand that the IDB take a hard look at the megainfrastructure projects it is financing," said Attosa Soltani of Amazon Watch.



Bolivia
spearheads a drive

Setting standards towards sustainable forestry

With over two million hectares of forests certified under Forest Stewardship Council rules, Bolivia has emerged as Latin America's leading sustainable timber producer. Its regional neighbours should look and learn

Asked to name a South American country with joined-up government, commercial innovation and conservation, few would come up with Bolivia. But the beleaguered land-locked nation is spearheading the region's drive towards sustainable forestry.

For once, both environmentalists and business representatives agree why: certification. Working closely with the US Agency for International Development, Bolivia's forestry administration began introducing basic certification techniques to both private and public sector operators in the mid-1990s.

Now more than five million acres - over a quarter of the country's forest coverage - is certified according to basic environmental and social standards.

"One of the key successes of Bolivia was the willingness of the government, private sector and non-profit groups to work together to establish a system-wide arrangement that would in turn create the preconditions for sustainable forest management," says Daniel Arancibia, Latin American representative of the Forest Stewardship Council, a business-backed group specializing in sustainable forest certification

The approach was helped by a new forestry law in Bolivia in 1996, which contained incentives for responsible forest management. Timber companies that meet the FSC's standards, for example, are exempt from otherwise costly monitoring requirements by government officials.

Under the revised legislation, private timber companies are granted concessions to develop national forests commercially, but only under strict social and environmental conditions.

The groundwork for Bolivia's certification programme was laid by Bolfor, a joint project between Bolivia's environment ministry and the US Agency for international Development. The project is now entering

a second stage, focusing on the consolidation of forest regulations, the promotion of local capacities and the conservation of forest biodiversity.

Timber companies are increasingly looking to the FSC for a benchmark standard. Today, 16 forest operations in Bolivia are certified according to the FSC's rules, which cover issues such as the protection of water and other natural resources, respect for indigenous rights and the economic well-being of forest workers and local communities.

Supply and demand

Yet, supply is only one side of the equation of Bolivia's success. Equally important is promoting demand. Under the guise of the Bolfor project, Bolivia's forestry sector is trying to promote the "Bolivia certified" label in its overseas markets. The Tropical Forest Trust, a UK-based membership organisation, is working to promote Bolivia's FSC timber with European importers. Bolfor's partners are doing the same in the US.

Bolivian FSC-certified forest products are now sold everywhere from France and Spain to Hong Kong and Singapore. Being a tropical hardwood, most ends up being sold as doors, furniture, floorboards, chairs, and sawn timber. Exports hit £9.1 million last year.

One of the main importers is the UK retailer B&Q. The home-improvement specialist has a commitment to ensuring all its wood and paper products come either from proven, well-managed forests or recycled material. In 2004, B&Q sourced 1,700 cubic metres of roundwood, mostly for use in its garden furniture range.

"We want to offer our customers a choice of sustainable products at affordable prices and our timber buying policy is aimed at achieving this," explains George Padelopoulos, B&Q's social responsibility adviser.

Natural forests cover almost half (47percent) of Latin America. That proportion is dropping. Every year, an estimated 58 million hectares of forest are lost to unsustainable and, all too often, illegal logging. If the trend is to turn around, more countries need to follow Bolivia's lead. ■



ICT – Enabled Social Change Sweeps Bolivia

A great social change is sweeping Bolivia. It is mainly related to get access to Information and Communication Technology (ICT) and connect the cities, villages and valleys across the vast landlocked Andean country through the Internet. Many Non-Government Organizations (NGOs), ushering in social movements use ICTs daily to email, phone and work to advance social change. In the heart of Bolivia's commercial capital, Santa Cruz de la Sierra, as many as 18 organizations and institutions representing civil society, the private sector and the government got together in February, 2006 and unrolled their workshop on ICTs for development (ICTD) and chalk out proposals and action strategies for ICT policies.

The Red TICBolivia network (Bolivian ICT multistake holder coalition), in cooperation with the Association for Progressive Communications (APC), the ICT Policy Monitor for Latin America and the Caribbean, the Redes Foundation and the International Institute for Communication and Development (IICD), kept

the agenda rolling between February 20 and 23 with a compact training session using a multi sector interaction methodology, also known as 'open space technology'. The goal of the four-day capacity building workshop was to foster TICBolivia's members' participation in ICT for development public policy processes. Most of the participants brought with them the lessons learned during their involvement in the Estrategia Boliviana de Tecnologías de Información y Comunicación para el Desarrollo (Bolivian ICTD strategy - ETIC) process.

Red TICBolivia was created in 2002 by different players wanting to adapt and adopt ICTs to their objectives of poverty reduction and struggle against social, economic and political inequalities.

The discussions varied from understanding the basics of public policy processes to identifying concrete ICTD policies developed at the national level in Bolivia. The participants were visibly enticed by the fact that the training in the formulation of policy and impact assessment were useful not only for ICT policy but also beyond, in other sectors in



which they are also active.

The workshop “has served me well, I've learned plenty, it has helped me share experiences. I'm from the public sector, and therefore have a particular way to see things and here, there were people from the private sector, NGOs and grassroots organisations who have enabled me to see the problem [of ICTD] from a different angle” said Isabel Cajías, a member of the Bolivian regional development fund and candidate elected to become the coordinator of the TICBolivia network.

In one of the sessions, Giory Osinaga, another member of Red TICBolivia focused on civil society participation around the formulation of the ETIC, while Marcelo Saravia from the Ministry of education exposed where Bolivia is at in terms of ICT for educational purposes.

Ex-guerrilla member and Che Guevara biographer Carlos Soria talked about ICTs at the local level. Together with the Federation of municipal associations (FAM-Enlared) and the Municipal Democracy Support Programme (PADEM) of which Soria is a member, he carried out a number of ICT and internet implementation projects. In front of an audience that included many government delegates, Soria voiced his vision: “I hope that the new authorities [referring to the new government in power in Bolivia] will adopt an attitude of openness that they will recognize the work accomplished earlier and give the ETIC a new encouragement.”

Expanding the Bolivian experience to the international level, Sergio Toro from the Agency for the development of the information society in Bolivia discussed the role of the country in Latin American and the Caribbean privacy forums. He discussed the eLAC2007 plan of action and the Forum on Internet Governance, which is the main outcome of the World Summit on the Information Society (WSIS).

Eduardo Trigo from CATELBO [Chamber of telecommunication enterprises of Bolivia] and Sergio Toro demonstrated the main parameters involved in the crafting of laws and regulations. Among many other



factors, they elaborated what the state's role is in balancing the technological and commercial focus of the internet with the question of the rights of users.

Belén Albornóz and Diana Andrade of Quito based Infodesarrollo.ec shared their practical experiences in identifying and working towards the advancement of ICTD policies at the national level, as well as exploring what similarities exist between Ecuador and Bolivia in this regard. Saúl Chávez, president of the Confederation of indigenous peoples of Bolivia, who participated in the workshop, drew parallels between both countries' low connectivity levels in indigenous communities.

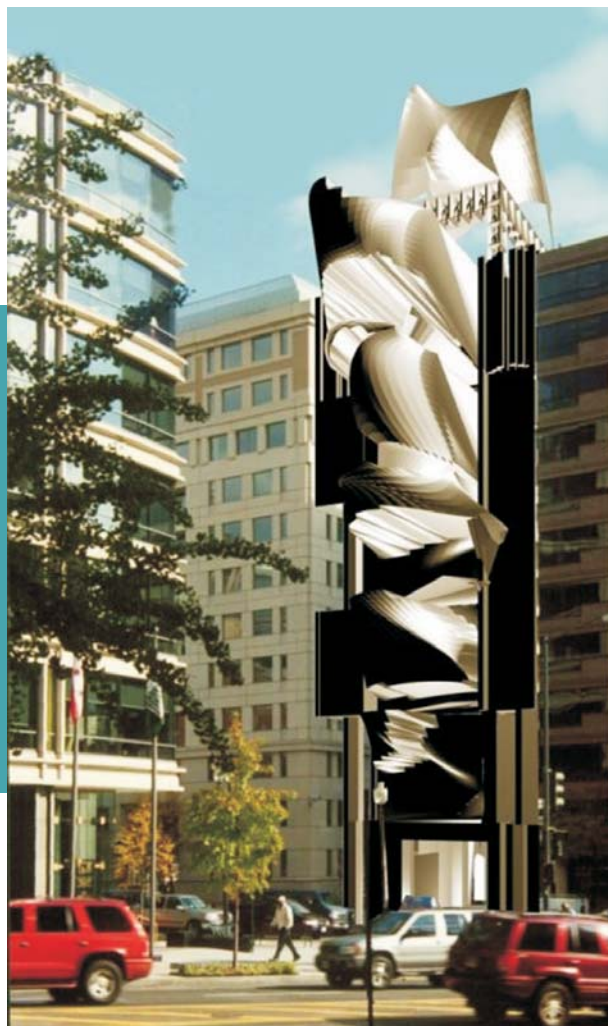
After facilitating several workshops, APC staff member Valeria Betancourt and GSD's director Romel Jurado, had a go at initiating an agenda, which recoups priority themes for social participation and impact. This is where the 'open space technology' method kicked in and participants split up in small groups, where they then formulated public policy proposals and corresponding lobby tactics.

On the last day, proposals emerging from the smaller groups were discussed and evaluated in the larger group of participants. The first steps towards the establishment of a collective policy lobby platform under the umbrella of TICBolivia were the end result of the marathon of workshops.

“The perspectives of development are more favorable in these times, due to the political changes that have occurred in this country,” said Miriam Suárez, director of the Casa de la mujer (women's centre), ending the workshop on a positive note. ■

Latin American and Caribbean workers living abroad sent a record \$53.6 billion in remittances to their homelands during 2005, up 17 percent from the previous year, the Inter-American Development Bank's Multilateral Investment Fund has reported.

The new estimates were presented at the seminar A Global Revolution in Banking: Remittances and Microfinance held ahead of the annual meeting of the Board of Governors of the IDB, which will take place in Belo Horizonte, Brazil, from April 3 to 5, 2006.



In his speech at the opening of the seminar, IDB President Luis Alberto Moreno said that while remittances have great potential to promote investment, job creation and capital accumulation in the region, they are not a panacea.

"Given the opportunities and risks that remittances generate, as well as the expected persistence of these flows due to demographic and economic trends of host and source countries, development institutions such as the IDB and the international community as a whole have the responsibility of trying to maximize the positive

aspects of migrations and contain their costs."

The IDB and the MIF believe that one of the most effective ways to achieve such goals is to expand access to the formal financial system, particularly in Latin America, so migrants and their families may have more options available to multiply the economic impact of their money.

"If remittances contribute to building a broad-based culture of thrift, creating opportunities of growth and employment for all, they will also succeed in reducing the costs that migrations entail for countries in our region," Moreno added.

Remittances to the region

Some 25 million Latin American and Caribbean-born adults reside outside their countries of origin. About two-thirds of them send money home on a regular basis, usually wiring between \$100 and \$300 at a time.

Remittances from LatAm workers touch record \$53 billion in 2005

Over the past decade these transactions have snowballed to the point where they far exceed the overseas development assistance provided by donor nations and international organizations to Latin America and the Caribbean. In several countries of this region remittances are the primary source of hard currency.

Mexico continued to be the leading recipient of remittances in Latin America, as its expatriates sent more than \$20 billion home last year, around 20 percent more than in 2004. Brazilians living in Japan, Europe and the United States sent some \$6.4 billion to their country in 2005, around 14 percent more than in the previous year.

Countries participating in the Central America Free Trade Agreement with the United States received more than \$11 billion in remittances last year, while the Andean countries seeking a similar pact with

Washington received more than \$9 billion.

Average transaction costs of sending money to Latin America and the Caribbean have dropped by half since the MIF started studying these flows in the year 2000, largely due to stronger competition and the adoption of new technologies among service providers.

Cheaper remittances have allowed migrants and their families to keep more of their money but so far have not succeeded in bringing greater numbers of people in this group into the formal financial system. Fewer than 10 percent of LAC recipients of money transfers have access to bank accounts, microcredit or home loans.

The IDB and the MIF believe remittances should be a key to "financial democracy," the opening of Latin America's financial systems for millions of low-income people, offering them access to asset-building services already available to their better-off compatriots.

While remittances are no substitute for sound policies and programs to promote broad-based and sustainable growth, their economic impact could be leveraged through the financial system, mobilizing savings and investments in education, health, small businesses and housing.

MIF and remittances

The MIF started studying remittances in the year 2000, when they were a largely overlooked issue in international finance. The initial goal was to gauge their volume and their economic impact in Latin America and the Caribbean, but attention soon focused on the high fees most migrants were paying to send money home.



Through its surveys, conferences and activities with various stakeholders the MIF raised the profile of remittances, helping to spur competition among service providers and attracting new participants to the market, including microfinance institutions and credit unions committed to serving low-income clients.

The MIF has also backed projects seeking to leverage remittances to expand access to housing, small business loans and rural financial services in Latin America. Other projects promote entrepreneurship among migrants who plan to return to their homelands.

In Brazil the IDB will work on a financial inclusion project with the SEBRAE small business development agency and the Caixa Econômica Federal, a state-owned financial institution, linking Brazilians residing in the United States and their families back home. ■

\$60 mln WB loan for Mexico

The World Bank's Board of Directors has approved a \$45 million loan for Mexico, as well as a \$15 million grant from the Global Environment Facility (GEF), to improve the provision of environmental services.

"The project will benefit members of the mostly poor rural communities that will be paid to provide environmental services, and users who will be protected from degradation of those environmental services," said Mark Austin, World Bank task manager for the project. "In addition, the global community will benefit through the conservation of biodiversity and increased carbon sequestration."

The Environmental Services Project seeks to facilitate decentralization of environment management and increased public participation, promote payment for environmental services programs, decrease loss of temperate and tropical forests, conserve biodiversity,

and increase sustainable water resource management.

The project will do so by strengthening and expanding the national Payments for Hydrological Environmental Services Program (PSAH) and the Program to Develop Environmental Services Markets for Carbon Capture and Biodiversity and to Establish and Improve Agroforestry Systems (CABSA).

The PSAH and CABSA were designed by the Government of Mexico to provide economic incentives to avoid deforestation in areas where water problems are severe, but where in the short- or medium-term commercial forestry could not cover the opportunity cost of switching to agriculture or cattle ranching. Direct payments are made to landowners for watershed conservation, management, and restoration aimed at preserving temperate and tropical forest lands associated with the supply of water to communities. ■

IDB: LatAm's Most Bankable Institution

A long-standing initiative of the Latin American countries, the Inter-American Development Bank (IDB) was established in 1959 as a development institution with novel mandates and tools. Its lending and technical cooperation programs for economic and social development projects went far beyond the mere financing of economic projects that was customary at the time.

The IDB's programs and tools proved so effective that soon the IDB became the model on which all other regional and sub-regional multilateral development banks were created. Today, the IDB is the oldest and largest regional development bank. It is the main source of multilateral financing for economic, social and institutional development projects as well as trade and regional integration programs in Latin America and the

Caribbean.

Member-Countries

Initially, IDB started off with 19 Latin American countries and the United States. The original member countries were Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela and the United States.

Over the next several decades, the Bank expanded its membership, initially through the Western Hemisphere.



April 20 & 21, IDB Headquarters, Washington, DC

Theme: Financing Private and Public Infrastructure Projects & Breakout Sessions: Topics include:

The speakers will focus on energy generation,

financing of small and medium-sized privately owned projects in all development-related sectors through the loans and guarantee programs of the Inter-American Investment Corporation (IIC); equity funds, private-sector support activities and related business opportunities supported by the Multilateral Investment Fund (MIF); development of financial, regulatory and other institutions that govern and support private-



The Calendar of IDB's Business Seminars '06

transmission, and distribution projects financed by public and private sector lending. Public highways and secondary road systems; concessions and toll roads; rural and urban transport; other modes of transport (ports, railroads, airports); regulatory issues in energy efficiency distribution; and energy conservation.

Speakers will also describe project financing options for large infrastructure projects via the IDB Private Sector Department (IDB loans and guarantees for privately owned projects in the energy, transportation, telecommunications, and water & sanitation sectors);

sector development; and related procurement opportunities.

Break-out sessions: Case studies will be presented on the second day by IDB Staff.

June 8, IDB Headquarters, Washington, DC

Theme: Capital Markets and Business Climate
Topics include: Detailed look at the financial products of the Private Sector Department and the Inter-

Trinidad and Tobago became a member in 1967, to be soon joined by Barbados (1969), Jamaica (1969), Canada (1972), Guyana (1976), The Bahamas (1977) and Suriname (1980). The 18 non-regional or non-



Western Hemisphere member countries, consisting of 16 European states plus Israel and Japan, joined between 1976 and 1986. Belize became a member in 1992 and Croatia and Slovenia joined as successor states of Yugoslavia in 1993. The remaining successor states of Yugoslavia decided not to succeed to Bank membership, with the exception of Serbia-Montenegro,

which still has the option for admission as a member of the IDB. The Republic of Korea became a member country in 2005. Cuba signed but did not ratify the Articles of Agreement, the institution's charter, so it has not become a member.

Today, the IDB is owned by 47 member countries, of which 26 are borrowing members in Latin America and the Caribbean. Each member country's voting power is based on its subscription to the institution's Ordinary Capital (OC) resources.

Financial Resources

The IDB obtains its own financial resources from its members, borrowing on the financial markets, trust funds that it administers, and through co-financing ventures.

The Bank's financial resources comprise the Ordinary Capital (OC), the Fund for Special Operations, the Intermediary Financing Facility and around 50 trust funds established by individual countries or groups of countries.

Most of the IDB's lending is made from its Ordinary Capital, but only a small fraction of the OC has been

American Investment Corporation, including loans and the Financial Guarantee Program, aimed at helping to expand local capital markets. Discussion of the Regional Trade Finance Facilitation Program. Background on the Latin American debt market. Risk assessment and mitigation. Discussion of rating agencies and the current evaluation of credit enhancements by Multilateral Agencies, with comments by rating agencies and other parties related to the local capital markets (such as institutional investors and investment banks). Discussion of mortgage backed securities, both local and international placement. Case studies with examples of various financial instruments, with presentation by consultants of their experience working with the Bank.

July 13, IDB Headquarters, Washington, DC

Theme: Social Sectors: Education and Health: Topics include: Education system reform; promotion of quality education; pupil assessment; financial and economic analysis and reform; education and technology; vocational education and training; public/private partnerships; administration of the education system and the role of the public sector; preschool and early childhood, and alternative delivery modes to reach excluded populations; health conditions in LAC, epidemiological changes, risk

factors and their social determinants; health and the Millennium Development Goals (MDGs); health sector structure and performance; lessons learned from Bank projects; IDB priority interventions in health and monitoring and evaluation issues.

September 21, IDB Headquarters, Washington, DC

Energy and Transportation

Topics include: The IDB finances energy and transportation projects both through its public and private sector projects. Speakers from the three regional departments as well as the Private Sector Department and the Inter-American Investment Corporation will explain their lending instruments as well as present projects in implementation and the pipeline. Speakers will focus on energy generation, transmission, and distribution projects; regulatory issues in energy efficiency distribution; and energy conservation; as well as transportation projects associated with public highways and secondary road systems; concessions and toll roads; rural and urban transport; other modes of transport including ports, railroads, airports. Integration movements affecting these sectors, such as the Puebla Panama plan (PPP) and the Integration in South America Initiative (IIRSA) will be discussed.



paid in by the Bank's member countries. Most of the OC has been subscribed by the member countries but not paid in. This is called the callable capital, and it serves as backing for the IDB to borrow resources through bond issues in international capital markets.

Ordinary

Capital (OC)

The Bank has an Ordinary Capital of \$101 billion. The OC resources include callable capital, and paid-in capital from IDB member countries, as well as reserves and funds borrowed in international markets.

• Capital from member countries

Only 4.3 percent of the \$101 billion OC is paid-in. The remaining 95.7 percent is callable capital. That, along with the preferred creditor status given the IDB by its borrowing member countries, serves as backing for bonds issued in the world financial markets.

• Borrowings

The IDB's bond issuance program recently has ranged from US\$4.7 billion to US\$4.9 billion per year and finances about 90 percent of OC disbursements. The Bank's debt rating is AAA, the highest available.

Although the IDB's resources are conservatively administered and there have never been write-off on sovereign-guaranteed loans, the ultimate backing for Bank debt securities is its callable capital. To date, the Bank has never needed to use its callable capital to pay off its debt.

• Reserves

The IDB also has its own reserves, which come primarily from income from loans and investments net of borrowings expenses (net interest income). In 2005, net

November 2 & 3, IDB Headquarters, Washington, DC

Theme: Procurement Workshop Topics include: In-depth look at procurement and consulting procedures, how to bid on IDB-financed contracts for goods, equipment, works and consulting services (both for public and private sector projects); the roles



of the IDB Country Offices and executing agencies in the procurement process; tips from firms that have participated in IDB procurement (finding local partners, tracking projects, recourse options, etc.); case studies (taking projects from early development through final execution stages and explaining how firms can stay informed at each stage); and opportunities to network with project team leaders.

Case studies will be presented on the second day by IDB Staff.

What participants say:

"Attending the Procurement Workshop was the best investment my company made to increase its business opportunities. This seminar was very useful for a medium-size company like ours."

Pedro de Santiago Laguillo, Director, Cotecno, Spain

"Rich with information. The seminar on Environment, Agriculture, and Water Supply & Sanitation provided excellent examples on how to further enhance our Latin America business. A prerequisite for anyone wishing to understand and master doing business with the IDB."

Carol V. Bell, Director, International Programs Development, EA Engineering, Science & Technology, USA

"The briefing on Modernization of the State not only presented useful information regarding the structure of the IDB and strategies for pursuing business relationships, but also outlined tips and strategies when addressing issues in that sector. The handouts were immensely helpful because they provided a source at my fingertips."

Macarena R. Tamayo-Calabrese,

interest income amounted to \$1.04 billion.

Fund for Special Operations (FSO)

The Fund for Special Operations has \$9.8 billion in paid-in contributions from all Bank member states. The use of the FSO's concessional resources is limited to the region's weakest economies-- Bolivia, Guyana, Haiti, Honduras and Nicaragua. FSO resources can also be approved for the Caribbean Development Bank for use in some of its eligible member countries that are not members of the IDB.

The IDB has the capacity to approve on average over \$400 million per year from the FSO in 2003-2008. Virtually all FSO loans are made in U.S. dollars. For FSO loans with 40-year maturity and a 10-year grace period, the average annual rate of interest is just below 2.0 percent.

Intermediate Financing Facility

The Bank's Intermediate Financing Facility (IFF) is used to reduce interest rates on certain loans from the OC to a group of low-income countries: the Dominican Republic, Ecuador, El Salvador, Guatemala, Jamaica,

Paraguay and Suriname. The total IFF annual program has a ceiling of \$250 million through 2008.

The largest contributors to these funds are Japan, Spain, Italy, Norway, the Republic of Korea, France, Canada, the United Kingdom, and Denmark. Trust funds finance national or regional technical cooperation operations; five funds support the Bank's Social Entrepreneurship Program. All legally constituted public and private organizations are eligible to receive trust funds resources, although some funds limit their support to specific geographic areas and sectors. The funds have varying limits on the size of individual operations they can finance.

Japan Special Fund

The largest technical cooperation fund, the Japan Special Fund (JSF) was established in 1988 to finance untied, non-reimbursable technical cooperation in all IDB borrowing member countries. It supports the preparation of projects in the IDB pipeline, including feasibility studies and other studies. Stand-alone projects are also eligible.

Director, American Bar Association, Latin America Legal Initiative Council, USA

"The Procurement Workshop was an excellent opportunity not only to learn how to do business in Latin America through the IDB, but also the best way to start building the networking between all the parties involved in such projects."

Salvador Vilchis-Mackay, North LATAAM Project Manager, Philips, Medical Systems- Mexico

"The IDB Briefing on Financing Private Sector Projects is extremely valuable for companies interested in doing business in Latin America. It is a unique opportunity to obtain the most up-to-date information on financing projects with the IDB staff, and network with other participants."

Julianne Altieri, Senior Advisor, Siemens Financial Services, USA

"In two days, the Procurement Workshop rendered the IDB, the greatest resource for business opportunities in Latin America, user friendly--complete with human contact!"

Priscilla Rabb Ayres, Executive Consultant, IBM Global Services, USA

"The Financing of Private Sector Projects briefing was a significant and remarkable performance mediating such complex topics in this clarity and optimally compressed. Particularly recommendable briefing for all those interested in a serious collaboration with the IDB."

Dr. Karl Netzel, Sr. Executive Advisor, Energy Consulting Group, Vienna, Austria.

"I have attended several IDB seminars each of which was extremely useful. Unlike many seminars, IDB's provide practical information that significantly enhanced the Port Authority's ability to do business with the IDB."

Eliza Patterson, Washington Liaison, Port Authority of NY & NJ."

"It is apparent that substantial opportunities are here for a small specialty consulting firm such as Air Sciences."

Rodger G. Steen, Principal, Air Sciences Inc. USA

"The Procurement Workshop is the best way to learn in-depth how projects are developed and how we can maximize the business opportunities in the region."

IDB

Lending up 17 pc in 2005, aid to SMEs doubles

Lending by the Inter-American Development Bank (IDB) to its 26 borrowing country-members totaled \$7 billion during 2005, an increase of 17 percent compared with the previous year, while financing operations by the Inter-American Investment Corporation, a member of the IDB group that specializes in loans and investments to small and medium-sized business, more than doubled to reach \$341.7 million.

The Bank also approved more than \$89 million for technical cooperation projects in 2005 compared with \$56.7 million in 2004.

The Bank's latest annual report said the IDB will emphasize flexibility, response capacity, and new approaches and financial tools to assist the economic and social development of Latin America and the Caribbean in a period of important political and economic changes.

Commitment to Financial Democracy

IDB President Luis Alberto Moreno, who assumed office on October 1, 2005, said the Bank will "redouble its commitment to financial democracy" and its efforts to improve the quality of life in the region. He said the IDB will promote "innovative operations in the financing of education and small and medium-sized companies," an increased flexibility and response capacity in operations with the private sector, new approaches to the financing of infrastructure and "fair and easier access to credit" for national and sub-national governments.

Moreno praised the

continued application of sound macroeconomic policies in the region that have resulted in stability and the second consecutive year of significant economic growth and poverty reduction. He also recognized the challenges of adapting the Bank's agenda to meet the needs of newly elected heads of state that will be chosen democratically in 12 elections during 2006.

For the 12th year in a row the IDB remained the main source of multilateral development lending to the region, while more than 50 percent of the Bank's lending was targeted toward poverty reduction and social investments, exceeding the guidelines of the Board of Governors.

Notable among the poverty reduction programs during 2005 were financing for conditional cash transfer projects in Mexico, Argentina and El Salvador for a total of nearly \$2.5 billion. From 2000 to 2005 the IDB loaned \$4.5 billion for these kinds of projects in several countries, providing incentives to increase school enrollment and the use of health services by the poor.

New financial instruments

Among the new financial instruments adopted by the Bank during 2005 were deployment of a local currency facility, applied for the first time in a disbursement for a \$300 million loan to Mexico to strengthen administration in its state governments. The ceiling on direct lending to the private sector was

increased to \$200 million from \$75 million. In extraordinary operations the Bank under the new policy may lend up to \$400 million for a private sector



Inter-American Development Bank

operation without government guarantees.

The Inter-American Investment Corporation, in the first operation of its kind by a multilateral financial institution, issued a bond in Colombian currency that was in turn on-lent to leasing companies and small and medium-sized businesses.

The Bank's Board of Governors adopted a new lending framework during 2005 that ends many restrictions on lending and makes financing more flexible and country-responsive while simultaneously enhancing accountability.

The governors also authorized a \$502 million increase in the resources of the Multilateral Investment Fund, an autonomous fund administered by the IDB that is the largest source of technical assistance for the private sector in Latin America and the Caribbean. The MIF approved 133 projects totaling \$113 million during 2005, mostly grants. France, Haiti, Sweden, Switzerland and United Kingdom became new MIF members, bringing total membership to 38 nations.

In the area of reform of the state, the Bank approved 22 projects for a total of \$1 billion to finance fiscal and government reform, decentralization, administration of justice, modernization of legislatures and financial sector reform, among other projects. It approved 48 loans totaling \$2.7 billion to enhance competitiveness, supporting operations such as air transportation in Ecuador, roads in El Salvador, information and communications in Trinidad and Tobago and tourism in Honduras.

The Bank's direct lending and guarantees to the private sector without government guarantees rose to \$683



million in 2005 compared with \$456 million in 2004. These operations, managed by the Private Sector Department, included a record 11 guarantee operations under the umbrella of the \$400 million IDB trade facilitation program, which increases the availability of short-to-medium term funding for exporters and importers.

The Bank continued its Business Climate Initiative in which it helps governments, in consultation with the private sector, identify the main obstacles to private investment and promote modernization of the regulatory framework. A Private Sector Advisory Council, made up of 40 prominent world business leaders with the support of the Bank's Private Sector Coordinator, was established to offer guidance in promoting private sector development in the region.

The Bank approved eight loans totaling \$205 million and 39 grants for a total of \$10 million to support integration initiatives at the regional, sub-regional, hemispheric and multi-regional levels, including strengthening the capacity of borrowing member countries to participate in the Doha Development Round trade negotiations. ■



EU to strengthen ICT tie-ups with Latin America

The economic competitiveness and social inclusiveness of the Information Society in Europe and in Mercosur countries will be on the agenda of European Commission talks with key ministers in Brazil and Argentina.

Viviane Reding, EU Commissioner for Information Society and Media, is looking for ways to build on EU cooperation with Brazil and Argentina in research spheres such as mobile broadcasting, software, and satellite communications, and by developing practical applications of these technologies for Latin America.

She will also discuss with the Brazilian and Argentine authorities the development of digital TV and the economic and social importance of choosing the right standard.

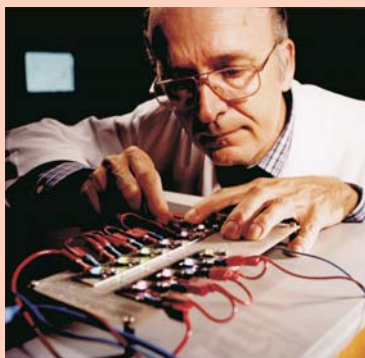
"Information and communication technologies have huge potential to foster economic competitiveness and social cohesion throughout Europe and Latin America", said Commissioner Reding at the beginning of her visit recently.

"I am looking for an Information Society crossing continental borders, and I see a strong potential in the relationship between the EU and Mercosur. The EU is the Mercosur countries' most important trade partner and is already supporting the partnership with Mercosur in Information Society technologies under our research and cooperation programmes. This partnership could be further strengthened with financing from the European Investment Bank, as well as by stepping up bilateral dialogue on policy and regulatory practice in this field."

Background on EU-Mercosur relations as regards the Information Society

Research

Research organisations in Brazil, Argentina and other Mercosur countries (Paraguay and Uruguay)



participate in various projects under Europe's Information and Society Technologies (IST) research programme, including mobile broadcasting, open source

software, power line communications, and satellite communications. These research projects can also benefit European companies, by helping them gain access to Latin American markets through common test beds and by exchanging best practices. The EU's IST programme has a budget of €3.6 billion for 2002-2006, and co-operation should be stepped up in the next IST programme, which runs from 2007 to 2013.

The @LIS programme

The Alliance for the Information Society (@LIS) programme is an EU-Latin America co-operation programme that aims to harness information society technologies to boost economic competitiveness and social inclusion. This programme has a €77.5 million budget, €63.5 of which is financed by the European Commission. @LIS aims to build a long-term partnership between the two regions in the information society field, and provides for: a dialogue on policy and regulatory aspects, the development of standards, the implementation of demonstration projects in favour of civil society, a network of regulators and the interconnection of research and education networks.

Digital TV

Mercosur and other Latin American countries are currently reflecting on the modalities for introducing



digital terrestrial TV. In this week's talks, Commissioner Reding will reiterate the EU's willingness to work together with these countries to exploit the potential of this key technology for social cohesion and economic and industrial development.

Commissioner Reding will be accompanied during her visit to Brazil and Argentina by a high-level delegation of representatives of major European companies, which wish to confirm their commitment to invest and to support the development of the Information Society in Mercosur countries. ■

LogicaCMG to help Brazil combat money laundering

British IT and wireless telecoms solutions provider LogicaCMG is targeting the finance sector in Brazil with the launch of a solution to combat money laundering, LogicaCMG's director of new business for Latin America, Carlos Castilho has said. To boost business in this sector LogicaCMG will offer low and high-end solutions against money laundering - known as anti-money laundering (AML) - to help banks check for high-risk customers locally or internationally, or monitor transactions.

"We aim to get one or two [banking] customers for the system in six months," said Castilho, although he admitted that it is early days and the company is still researching the sector.

To help sell and integrate the solution, LogicaCMG Brasil has shortlisted two integrators in the financial sector. "We hope to select one of these companies in a month," said Castilho.

The sale will be tough as most global banks already have global systems to combat fraud and money laundering. Smaller banks often also have three or four in-house systems. "We may be able to complement these," said Castilho.

LogicaCMG will roll out its AML solutions in Brazil first and then look at options elsewhere. Chile is a likely second candidate due to the company's existing relationship with the country's central bank, according to Castilho.

In Asia, working alongside Hewlett-Packard (HP) (NYSE: HPQ), LogicaCMG recently closed a deal to implement AML and a payment processing system for Bank of Baroda in India.



New Sectors

LogicaCMG's offering for Brazil's financial sector also includes solutions for payments, IT outsourcing

(with a data center in Brazil), as well as incorporation of the Swift international payment system and implementation of SAP corporate software, said Castilho.

Whereas LogicaCMG's global revenues are split more or less equally across telecoms, industry, utilities, energy and financial sectors, the Brazilian unit has just started to target the utilities, energy and finance segments, said Castilho.

"Ninety percent of our business in Brazil is in telecoms and industry, and it is likely to take around three years to reach a [four-way] split," added Castilho. ■

Siemens to focus on LatAm's SME segment



German equipment supplier Siemens plans to focus this year on the SME segment in Latin America with the launch of its new product called Integrated Branch-in-a-Box, according to Carlos Henrique Oliveira, Siemens enterprise line manager for Latin America.

Siemens believes this range allows clients to reduce the costs of investments and maintenance by up to 30 percent, as well as its ease of use and support for multiple environments. The product also offers full integration with Siemens' IP product line HiPath.

To help introduce the benefits of VoIP telephony to the SOHO segment, Siemens also launched the HiPath BizIP line, which offers IP telephony for a maximum of 16 positions. And for a maximum of 50 positions Siemens launched the HiPath 2000, though exclusively in Chile, which will be the only country in the region where it will be sold commercially.

This is because in Chile "the carriers have enough infrastructure to implement this type of solution over NGNs [next-generation networks]," Oliveira said.

Along with its focus in the SOHO and SME segments, Siemens also plans to consolidate in the region its presence in vertical markets, such as the health sector. ■

Approval likely for Brazil's Angra III N-plant

Brazil's national energy council CNPE is expected to approve the Angra III nuclear reactor project at its next meeting scheduled in the coming weeks, Rio de Janeiro state energy and naval industry secretary Wagner Vicer has said.

Vicer was elected a CNPE member on March 15 to represent the energy departments of Brazil's 27 states. He replaced São Paulo energy secretary Mauro Arce, who stepped down at the end of his two-year term.

Despite resistance in the CNPE, Vicer is "confident" the council will okay the 1,350MW project, which would be the country's third nuclear reactor. "I think I have support for my position in the council," he said.

Ten members make up the CNPE, including seven federal government cabinet members, a representative of state governments - Vicer's role - an energy specialist and a representative of universities.

The council has to pre-approve energy policy proposals before they are submitted to the president for final review.

"Angra III has to be built. If not, it will give the government a headache as the project has been included in its 10-year power expansion plan," he said. The government recently announced a \$40-50 billion program to boost the country's installed capacity to 134,000MW from 90,000MW in 10 years.

Federal power holding company Eletrobrás owns Angra III through its nuclear power unit Eletronuclear. The company already operates 657MW Angra I and 1,350MW Angra II, both like Angra III in Angra dos Reis municipality in the southern region of Rio de Janeiro state.



Although Angra III was contracted in the late 1980s and Brazil went as far as buying the equipment and starting civil construction, the project was all but abandoned because of the lack of a clear policy and funds.

Some \$2 billion is needed to complete the project, which could be completed by end-2011 if construction starts in 2007.

Eletronuclear spends some \$20 million store and maintain Angra III equipment and that is easy to install for clients," Oliveira said. ■

Mexico's Imsa restructuring business



Mexico's Grupo Imsa's decision to sell its Chilean subsidiary to Chilean steelmaker CAP is part of the steel and industrial conglomerate's strategy to restructure its business profile, the company said in a statement recently. .

Grupo Imsa's main restructuring task involves splitting its aluminum and plastic products subsidiaries, collectively called Imsatec, from its steel unit Imsa Acero.

CAP announced earlier this week that it had inked a preliminary agreement with Imsa Acero to buy Imsa Chile for \$39 million. CAP will perform due diligence before committing to the deal.

Chilean financial services firm Celfin Capital was upbeat about the potential acquisition. "We believe the transaction will be positive for CAP, as it can add value to its steel production through vertical growth of the business," it said..

Moreover, Celfin believes that Imsa Chile will benefit through the future supply of steel "with a high possibility of expansion if CAP increases its production in the near term."

Imsa's Chilean unit Instapanel produces 60,000t/y of steel for the construction, infrastructure and mining industries in its plants in Chile's Region VIII and Metropolitan Region.

CAP (Santiago: CAP) also produces steel in Region VIII and operates iron ore mines in northern Chile through its mining unit Minera del Pacífico. ■

Brazil's federal government plans to invest 6.3 billion reais (US\$2.99 billion) to expand sanitation services across Brazil this year, a cities ministry spokesperson said.

Brazil's federal unemployment insurance fund (FGTS) allotted 3.3 billion reais for sanitation investments, and the federal government allocated 1.5 billion reais in its 2006 budget," the spokesperson said.

As Brazil's 2006 budget has yet to be approved by congress the 1.5bn is still only a forecast figure. The remaining 1.5bn reais will be contributed by congressional acts, the spokesperson said.

President Luiz Inácio Lula da Silva's administration has invested 7.9bn reais in the sanitation sector since 2003, according to a cities ministry statement.

The federal government is investing in sanitation programs in order to meet its UN millennium development goals, which establishes 2015 as the year which developing nations must reduce by half the population without access to drinking water. ■

Brazil to spend \$3 billion on sanitation



Korea seeks to expand FTA with more LatAM nations



South Korea hopes to establish free trade agreements (FTAs) with other Latin American and Caribbean countries following one with Chile, Vice Finance and Economy Minister Kwon Tae-shin has said.

"Korea intends to support economic cooperation with Latin and Caribbean countries by building on its FTA with Chile and entering FTA negotiations with other countries in the region as well," Kwon said in a speech at the Latin America Regional Briefing hosted by the Institute of International Finance (IIF) in Brazil. The ministry distributed a copy of Kwon's speech in Seoul.

Korea signed its first FTA with Chile in 2004, overcoming strong opposition by farmers. The nation is also scheduled to open talks with the United States for the establishment of an FTA. A Korea-U.S. FTA is expected to take about one year to complete.

"After the FTA went into effect, trading volume between the two nations increased by 55 percent in the first year," Kwon said. "This clearly demonstrates the great benefit of free trade to both countries," Kwon said.

Kwon was in Brazil to attend a three-day annual meeting of the Inter-American Development Bank (IDB).

South Korea became the 47th member of the IDB last year and its second Asian member after Japan. The IDB, since its founding in 1959, is the main source of multilateral financing for Latin America and the Caribbean.

"With our accession to the IDB, we expect further progress in our cooperation and exchange programs with Latin America," he said, adding that South Korea created a \$140 million fund with the IDB and Inter-American Investment.

Kwon said South Korea contributed \$67 million in economic development and cooperation funds to the region over the last three years and is expected to increase that amount to \$200 million by 2009. ■

Venezuela to step up crude output

Venezuelan heavy crude upgrade project Sincor could be producing some 210,000 barrels a day (b/d) by year-end compared to the current 195,000b/d, company president Donis Ysaac has said. at the Latin Upstream conference in Rio de Janeiro.

After completing a 21-day scheduled maintenance stoppage in March, there are no plans for further maintenance stoppages through the rest of the year, Ysaac said.

Sincor, which operates in the Orinoco oil belt, is authorized to produce 114,000b/d, and has to pay a 16.7 percent royalty and a 34 percent tax on that amount.

On the difference between the authorized production and what it is currently producing, the company has agreed to pay the 30 percent royalty that new projects

pay. New projects in the Orinoco belt also are required to pay a 50 percent tax, and Ysaac said. Sincor is currently paying the 34 percent charged on existing projects.

French energy major Total controls Sincor, whose other shareholders are Norway's state oil firm Statoil and Venezuela's state oil company PDVSA.

The Orinoco belt covers 55,314 sq km, of which only 11,593 sq km are under development and in which there are only four upgrade projects. Proven reserves are 37 billion barrels while estimated oil in place is 1.36 trillion barrels.

PDVSA and seven other companies - Brazil's federal energy company Petrobras India's state oil company ONGC, China's CNPC, Russia's Lukoil, Spain's Repsol YPF, Iran's Petropars and the UK's BP are working on certifying the reserves and could wrap up the certification within three years, PDVSA exploration executive director Rodolfo Colmenares told the conference.

Once Orinoco reserves are certified, Venezuela would have the largest oil reserves in the world, higher even Saudi Arabia, albeit of heavy crude and not the high-quality light crude of the Middle East. ■



Chile emerges as regional IT leader



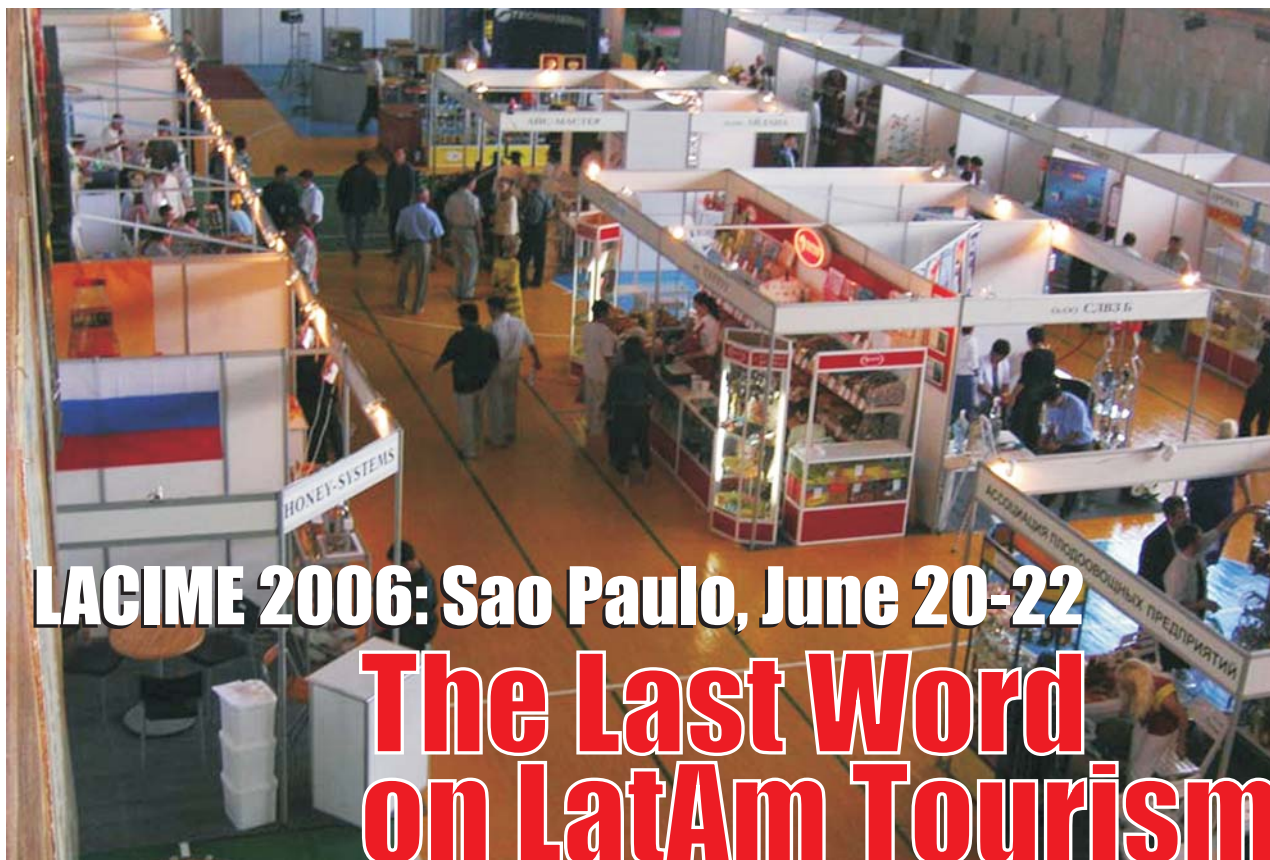
Chile leads Latin America in information technology, the World Economic Forum, a Geneva-based private institution, has said in a report.

"Today, IT represents one of the most important motors of boosting the efficiency and productivity of the world economy," said the Forum, which rates Chile the 29th in the world.

Chile has overtaken Spain, which was the 29th in the 2004 report, and the United States tops the ranking, followed by Singapore, according to the Forum.

Economist and the Forum's director Augusto Lopez Claros said Chile led the region in taking advantage of new technology, adding the country was known for its sound economic management, a regulatory regime that promoted business, and a public sector whose quality was above the average of the European Union.

Among countries in the region, Brazil slipped to the 52nd place, six ranks lower than that in the previous report, with Mexico at the 55th, El Salvador at the 59th, Colombia at the 62nd, Uruguay at the 65th, Panama at the 66th, Costa Rica at the 69th and Argentina at the 71st. ■



Organized by Reed Exhibitions Brazil, in partnership with ABAV Brazilian Association of Travel Agencies, LACIME 2006. Latin America and Caribbean Incentive & Meetings Exhibition, the most important event for tourism, congresses, incentives and business fairs in Latin America enters its third edition in Brazil. The event, which takes place between 20 and 22 of June, 2006 at the Transamerica Expo Center, in the city of Sao Paulo, confirms Latin America (LA) and the Caribbean in the international business tourism.

LACIME 2006 bases itself on the same concept as the most important fairs in the segment, such as EIBTM (Barcelona-Spain) and AIME (Melbourne-Australia). Organized by Reed Travel Exhibitions (RTE), globally responsible for the organization of several tourism industry events for professionals in the sector, for travel, corporate and incentive events.

"Holding these events in the Latin American and Caribbean markets reflects the alignment LACIME 2006 has with the other state-of-the-art events in the group, references to carry out business deals among the diverse players in incentive tourism, events and business", says the show-manager for Reed Exhibitions Brazil, Daisy De Marco.

During LACIME, over 300 exhibitors are expected to put up their stalls in an area of 8,000 sq m. These are companies and organizations from a great diversity of

branches of activity, linked to incentive tourism, events and business, such as: corporate travel agencies, land agents, trade associations, incentive bureaus; hotels and hotel chains; convention and exhibition centers; air travel companies; convention and visitors bureaus; sea cruises; incentive destinations; DMC agencies specializing in receptive tourism; specialists in event management; technology providers for tourism; event venues; transport operators; tourism operators; tourist organizations; professional conference planners and organizers; fair promoters and organizers; specialized publications; resorts and spas.

LACIME 2006 also counts on the support of agencies and associations such as Embratur (Brazilian Tourism Institute), the Ministry of Tourism, ICCA (International Congress & Convention Association) and COCAL (Confederation of Entities Organizing Congresses & Similar Events in Latin America). A total industry audience of over 3,000 professionals linked to the sectors under question is expected.

"One of the main differentials is the focus of the event. Differently from other tourism fairs, LACIME is specially geared to professionals who come from Latin America and the Caribbean, who organize, plan, recommend, survey, have influence over or the final decision in the holding of events, annual meetings, incentive and corporate trips, conferences and special events".

One of LACIME's main attractions will be the exclusive Hosted Buyer Programme through which key buyers in tourism, congress, incentive and business events are identified and invited, after going through a stringent process of screening and qualification, to participate and attend 15 meetings with exhibitors of their interest

Furthermore, another differential at LACIME will be the space devoted to the lecture program, with educational interest for buyers and professionals in the sector, presented by national and international experts on themes and trends in the tourism industry of the MICE segment (Meetings, Incentive, Congresses and Events).

"The proposal is to offer the visitor an environment to circulate knowledge, by means of quality educational material, and always attentive to the needs of professionals in this market", explains Daisy.

Reed Exhibitions Brazil estimates that this event should move at least R\$ 5 million. According to Daisy, the event promises to heat up the market already under expansion in Latin America and the Caribbean, backed by the good results achieved in the second edition of LACIME 2005. A survey carried out among buyers invited to last year's edition showed that the average amount of business generated (as a result of

participation) was that 75 percent of them during the fair had a turnover of US\$ 206 million. Through a joint diagnosis with Abay, Reed was able to raise the following characteristics of present day visitors to LACIME: they organize more than 10 events a year; the annual budget is of approximately \$150 million; the main sectors of interest are airlines, incentive destinations, tourist organizations, hotels in general and specialized services.



during the three-day fair. The organization of the event hopes to host approximately 450 buyers, of which 250 are Hosted Buyers and 200 Trade Buyers buyers invited coming from the Greater Sao Paulo. In this edition, LACIME 2006 has designed a specific program for the Trade Buyer, in which the buyer will be attracted by the possibility of setting up five meetings with suppliers of his/her interest in a single day, whilst broadening his/her knowledge by participating in the educational program.

Towards better use of energy

Latin American countries have made significant progress in energy use, the visiting executive secretary of the Latin American Energy Organization (Olade), Alvaro Rios has said.

Rios said that he has come to learn about the great strides Cuba has made in energy use, given that Cuba has few hydrocarbon resources.

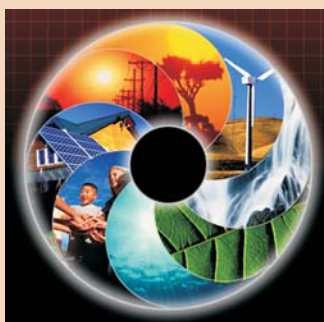
Rios also praised Venezuela's cooperation with several countries in the region, adding that they represent a step forward in regional integration.

In 2005, Venezuela signed the

PetroCaribe deal with 12 of the 15 members of Caricom to sell oil with 25-year credit lines at very low interest rates.

However, Rios also added that although energy resources are abundant in Latin America, they are being used inappropriately. Rios planned to pay a visit to Cuba's Foreign Investment and Economic Cooperation Ministry.

His visit is aimed at boosting cooperation in the energy field in order to help the region's social and economic development.





Con la mirada en América Latina en el 2006

Interesantes Oportunidades & Desalentadores Desafíos

Por Dev Varam

América Latina está pasando por una fase interesante, tanto en el frente económico como en el político. En el frente económico, el crecimiento regional ha sido prometedor desde 2003, debido principalmente a las reformas llevadas a cabo por la mayoría de los países. El crecimiento GDP de América Latina en 2005 ha sido calculado por encima del 4,25 por ciento. Un crecimiento similar se predice para 2006. El GDP de la región ha superado el triple desde el 1,4 por ciento de media durante el periodo 1999-2002. Es extraordinario en todos los sentidos. En el frente político, en el 2006 se esperan eventos de consecuencias duraderas para las economías de la región, debido a que muchos países celebrarán elecciones durante el año. Estas elecciones supondrán importantes oportunidades para asegurar los gobiernos respecto a importantes reformas estructurales y esfuerzos fiscales sostenibles. Pero las elecciones pueden también proporcionar políticas económicas populistas desfavorables. Los banqueros y analistas predicen grandes oportunidades en toda la región lo cual jugará un rol importante en la economía global así como presagian cambios que necesitarán ser superados para poder sostenerse e incrementarse.

"Las políticas macroeconómicas llevadas a cabo en la mayoría de los países de la región hacen posible una expansión económica más estable y menos vulnerable. Muchos países han reducido la deuda, sus cuentas son positivas, y las reservas externas han aumentado", dice Enrique Iglesias, anterior Presidente del Banco Interamericano para el Desarrollo.

Según Iglesias, muchos gobiernos de países de América Latina se han beneficiado de las condiciones bancarias internacionales para financiar el servicio de la deuda externa y para mejorar los perfiles de vencimiento de la deuda. También dice que debido a que las políticas macroeconómicas en la mayoría de los países se basan en la adopción de objetivos de inflación y el compromiso de flexibilidad en el tipo de cambio, se

espera que los problemas externos sean fácilmente absorbidos.

Iglesias siente que para poder manejar con los acontecimientos impredecibles como la ralentización del comercio internacional y con el endurecimiento de las condiciones bancarias, los gobiernos de América Latina deben poner atención especialmente en tres áreas: 1) eliminar los obstáculos a la inversión privada y mejorar las condiciones para el negocio local así como a los inversores extranjeros con el objetivo de incrementar los porcentajes de inversión; 2) desarrollar mercados financieros que aseguren que los diversos y competitivos servicios bancarios están disponibles a la población; y 3) diversificar los socios comerciales por países aprovechando las ventajas de las

potencialidades regionales.

"La agenda a largo plazo para el progreso exige el compromiso de los representantes sociales y políticos. El desafío para las nuevas autoridades es encontrar mecanismos que aseguren que los beneficios del progreso llega a los ciudadanos sin poner en peligro la estabilidad de los fundamentos macroeconómicos", dice Iglesias.

Libertad desde la Recesión

Las tendencias económicas en la región de América Latina se reflejan en mayor o menor medida en los



acontecimientos globales. Además, en 2004 Argentina, Uruguay y Venezuela se deslizaron hacia duras recesiones. Pero el aspecto positivo del crecimiento económico de América Latina ha sido asociado con una disminución de las tasas de inflación sobre la base de la reducción de la sólida actuación macroeconómica. Además, el déficit fiscal también ha disminuido como consecuencia del bajo interés en los porcentajes y los altos beneficios fiscales primarios.

La política económica ha ganado credibilidad, mientras que la competitividad tiende a mejorar, tal y como ha sido calculada por el tipo de cambio real. En gran medida, esta actuación regional refleja una favorable situación externa, caracterizada por una gran demanda desde Norteamérica, Asia y Europa; también está reflejado en el alto precio de los productos, especialmente pero no exclusivamente el petróleo. Además, ha habido una fuerte mentalización de los responsables en la creación de leyes por la que aceptan que los objetivos no pueden alcanzarse sin el apoyo de normas macroeconómicas aceptables. Todos estos factores están dando resultados favorables en el crecimiento.

Sin embargo, según Claude Loser, Oficial Asociado del Diálogo Interamericano, y antiguo Presidente del Departamento del Hemisferio Occidental en el IMF, aún

quedan cambios significativos para el 2006 en adelante.

"Con una favorable y continuada situación mundial y sin contar los acontecimientos relacionados con el petróleo, se espera que la región crezca bien. EEUU, China, India y Japón se espera que continúen haciendo bien y con una alta liquidación mundial, inversión extranjera y giros de los trabajadores. América Latina puede manipular el balance de pagos ya que actualmente tiene altos beneficios y una buena acumulación de reservas extranjeras", dice Loser.

Todavía existen serios riesgos relacionados con una posible debilitación en la situación energética o una disminución en la habilidad de EEUU de sostener un alto déficit público y externo, dice. "En estas circunstancias, América Latina y el Caribe sufrirán un revés en el crecimiento GDP debido a cambios en la demanda mundial", añade Loser.

"Finalmente, habrá desviaciones respecto al porcentaje de crecimiento medio en la región de 4,1 por ciento, con un porcentaje de crecimiento individual fluctuante entre 3,0 por ciento y 5,0 por ciento. Al final, el resultado dependerá de las políticas locales y los acontecimientos mundiales, pero los prospectos son buenos para la región en el 2006", dice.

Control de la inflación

Entre los países latinoamericanos, Venezuela pertenece a un caso totalmente diferente debido al petróleo que está pasando por un buen momento. Se espera que haya un periodo de prosperidad con una inversión creciente y unos indicadores fiscales sólidos. Sin



embargo, la inflación en particular, se mantiene alta y no muestra signos de reducción. Al contrario, en el resto de las economías de la región, los controles de precio son la excepción y la inflación está generalmente bajo control; de hecho, está mejorando gracias a la combinación de una mejor previsibilidad y una menor volatilidad.

Brasil, Chile, Colombia, México y Perú se han orientado a atacar la inflación. El resultado positivo de la inflación en esas economías es prueba de su plan. Chile ha tenido una experiencia exitosa en controlar la inflación (IT). Tiene el régimen fiscal más sólido y flexible, y la combinación de ambos ofrece poder y confianza al Banco Central del país. La habilidad del Banco para alcanzar sus objetivos ha sido probada. Perú es otro ejemplo de un régimen duradero y bien probado (IT). El régimen de Colombia era más plausible hace un par de años que en los meses recientes, en los que, de hecho, el Banco de la República estaba operando con un objetivo dual: atacar la inflación y reducir la tasa de la apreciación nominal del peso.

La responsabilidad legal para el manejo de operaciones ayuda a aliviar la presión, y en ese caso, parece que la preocupación política para mantener el peso competitivamente esta cayendo. Los tribunales le ofrecieron al Presidente Uribe el derecho a ser reelegido y éste se mantiene en las urnas. El régimen IT de México es ahora completamente operativo y efectivo. El Banco Central del país opera con un instrumento directo para la tasa de interés. También ha alcanzado, por primera vez, una convergencia de expectativas con sus ambiguos objetivos (un porcentaje mensual de inflación de 3 por ciento por año con un margen de +/- 1 por ciento).

Impacto de las urnas en los mercados

El año 2006 tiene gran importancia en América Latina debido a las elecciones que serán 16 en total. De ellas, las elecciones en dos países - Brasil y México - serán seguidas muy de cerca. Los dos países más poblados representan las economías y democracias más grandes en los que los resultados por el momento están en el aire. En el caso de México, la primera legislatura de Vicente Fox acaba el 30 de noviembre, con tres candidatos principales que compiten para reemplazarle. Las encuestas actuales indican un acercamiento sustancial entre Felipe Calderón (PAN), Andrés Manuel López Obrador (PRD) y Roberto Madrazo (PRI), pero la campaña aún no ha empezado. Aunque el PRD nunca ha ganado la presidencia, hay una gran posibilidad de que el próximo año la obtenga.

Desde la perspectiva de los actividades comerciales, las elecciones en Brasil causan más expectativas. Los mercados conocen ya al Presidente Lula, entienden sus puntos de vista ortodoxos respecto a las normativas económicas. Brasil se ha mantenido estable a pesar del



reciente escándalo de corrupción. Por último, según se vayan desarrollando las elecciones, el mercado no debe sentirse atravesando tiempos turbulentos e inciertos. La posibilidad de que su rival Serra salga elegido no interesa al comercio.

Por otro lado, existe gran atención de los mercados a las elecciones presidenciales en México. Aunque México es estable en la actualidad existe cierta incertidumbre respecto a la normativa económica o su realización. Pero una victoria para Andrés Manuel López Obrador puede producir rápidos cambios. Las percepciones respecto a sus tendencias populistas causan recelos respecto a la política y las normativas de la administración de López Obrador. Con una frontera compartida, Estados Unidos se siente preocupado ya que sería la primera vez que EEUU tendría un gobierno de izquierdas como vecino. Y mientras las consecuencias de esto serían difíciles de determinar, los inversores pueden retraerse hasta que comprendan la política económica de López Obrador.

Las tendencias políticas y electorales son muy distintas en toda América Latina. En la región Andina, las fuerzas populistas y de naturaleza étnica están lógicamente ganando puestos, con la excepción de Colombia, donde Uribe parece que va a ganar por segunda vez. La victoria de Evo Morales en Bolivia puede suponer un avance en esta tendencia. Añadir que la creciente influencia izquierdista de Hugo Chavez en Venezuela y la elección de Morales podría tener un impacto significativo en las próximas elecciones en Ecuador y Perú.

La imagen política, sin embargo, es muy diferente en otros países de la región, con la excepción de Chile, donde Michelle Bachelet y Sebastián Piñera comparten, a pesar de todo, consenso en relación al modelo social y económico establecido por las tres administraciones concertadas. Esto también se aplica en Brasil. Primero, debido a que en Brasil hay gran acuerdo entre las principales fuerzas sociales y políticas en que no se debe volver hacia las políticas populistas. Segundo, porque con las tendencias electorales actuales, parece que el próximo presidente estará más comprometido en la agenda reformista que lo estuvo Lula. ■



Impulsar el Comercio Global al modo Exim

Venkat Subramanian elegido Presidente de G-NEXID

En un significativo avance que puede fomentar el comercio internacional, especialmente entre los países en desarrollo, se ha lanzado recientemente en Ginebra una "red global de Bancos Exim e instituciones de Desarrollo Financiero (G-NEXID). T.C. Venkat Subramanian, Presidente y Director Ejecutivo, Banco de Exportaciones-Importaciones de la India (Banco Exim), ha sido elegido Presidente por unanimidad en la nueva red. En realidad Venkat Subramanian ha sido aclamado internacionalmente por el Banco Exim por sus servicios en el fomento del comercio mundial y por inspirar liderazgo en la organización.

La Red Global de Bancos Exim e Instituciones de Desarrollo Financiero (G-NEXID) ha sido lanzada recientemente en la Conferencia de las Naciones Unidas para el Comercio y el Desarrollo (UNCTAD) en su sede en Ginebra, en presencia del Dr. Supachai Panitchpakdi, Secretario General de UNCTAD.

El forum ha sido pensado para promocionar el comercio y el desarrollo financiero mediante la cooperación y el intercambio de información sobre las mejores prácticas comerciales y sobre proyectos financieros en los países en desarrollo.

G-NEXID fue iniciado en junio de 2004 en Rio de Janeiro durante las reuniones celebradas en preparación para la conferencia UNCTAD XI. Esto fue seguido de la firma de un Memorando de Entendimiento en marzo de 2005 por los cinco Bancos Exim y DFI, incluyendo el Banco de Exportaciones-Importaciones de la India (Banco Exim). Después de aceptar los estatutos legales, G-NEXID fue formalmente lanzado en una reunión que tuvo lugar en UNCTAD en Ginebra el 13 de marzo de 2006.

El Banco de Exportaciones-Importaciones de la India y Unctad, con su objetivo común de promocionar el comercio Sur-Sur y las inversiones, ha tomado la iniciativa en establecer el forum. El Presidente del Banco Exim y Director Ejecutivo T.C. Venkat Subramaniam ha sido unánimemente elegido Presidente de la recientemente establecida red.

G-NIXED intenta impulsar acuerdos bilaterales y multilaterales entre los bancos de exportaciones-importaciones (Exim) e instituciones de desarrollo financiero (DFI) basados en países en desarrollo para intentar reducir costes comerciales en estos países, fomentar la inversión entre países fronterizos y procurar mayor financiación a los nuevos e innovadores negocios, y de esta manera crear un marco adecuado

para los países en desarrollo.

Para esta ocasión, el Dr. Supachai Panitchpakdi enfatizó diciendo que "encontrar maneras para fortalecer la financiación Sur-Sur puede ser un juego donde ambas partes ganan, y que la recientemente establecida red permitirá a los países en desarrollo aprender entre ellos así como compartir sus experiencias exitosas en el acceso a nuevos mercados y permitirá la financiación de mercancías no-tradicionales y servicios y también establecer métodos de inversión sin riesgo".

Los países en desarrollo cada vez más intentan integrarse en la economía global, para ello la alianza entre instituciones dedicadas al comercio y la inversión financiera puede jugar un papel significativo en potenciar la competitividad internacional de la industria local y en promocionar el comercio Sur-Sur y la inversión. En este contexto, establecer un mecanismo común institucional que incluya los Bancos Exim y las Instituciones de Desarrollo Financiero que intervengan en sus sinergias naturales para promocionar el comercio Sur-Sur y la inversión puede contribuir a un desarrollo general de los países del sur. La red global de Bancos Exim y DFI (G-NEXID) es una iniciativa orientada en esta dirección. G-NEXID complementará en vez de duplicar las instituciones existentes multilaterales, regionales, sub-regionales y naturales. Los miembros a nivel CEO se reunirán anualmente para establecer un dialogo activo. Las reuniones anuales deliberarán sobre las medidas que fomenten las relaciones a largo plazo entre los miembros, compartirán las experiencias y reforzarán la cooperación financiera para promocionar el comercio y la inversión. Esta cooperación se espera que reduzca los costes del comercio entre los países en desarrollo, incentive la inversión entre países fronterizos y permitirá que la financiación sea mas disponible a los negocios nuevos e innovadores permitiendo el crecimiento de "mercados-nicho". ■

Exportaciones de productos del petróleo a Latinoamérica

Momento para India de elevar su apuesta

La industria del petróleo y del gas natural está surgiendo entre las de desarrollo rápido en el área latinoamericana. Las empresas indias, como ONGC y Reliance Industries Ltd. se han revelado como elementos importantes en la producción de productos del petróleo gracias a la expansión de sus instalaciones de refino y a la adquisición de explotaciones de petróleo y gas en todo el mundo. En este artículo analítico, Samantha Peters, gerente del Export-Import Bank of India, nos lleva a la conclusión de que el petróleo y el gas natural proporcionan una gran oportunidad para India de elevar su apuesta en América Latina y sus exportaciones en esta forma de energía a esa región.

El petróleo en América Latina

Con la firmeza del crecimiento económico en América Latina y la llegada de la estabilidad monetaria a los países latinoamericanos, la industria del petróleo está surgiendo como una industria de importancia. La tendencia en el abastecimiento de crudo ha sido de constante aumento durante los últimos cinco años y está previsto que aumente sustancialmente durante los próximos años, dada la estabilidad económica de la

Tabla 1 - Estadísticas del petróleo en Latinoamérica

De acuerdo con las estadísticas del IEA (2003), se produjeron 312 millones de toneladas de crudo en Latinoamérica. La región exportó 140 millones de toneladas de crudo. Las importaciones de crudo durante el año estuvieron alrededor de los 57 millones de toneladas, lo que lleva a 228 millones de toneladas de abastecimiento interno de crudo. En 2004, el valor total del crudo exportado supuso 65 miles de millones

Concepto	Crudo	GNL	Stock para refinarias	Nafta	GLP	Gasolina	Fuel Aviación	Keroseno de Jet	Gas / Diesel	Fuel residual
Producción	312321	11180	0	8959	8351	44315	122	11326	68026	53294
Primaio	0	0	2779	0	0	0	0	0	0	0
Secundario	0	0	0	0	0	0	0	0	0	0
Importaciones	57281	0	523	2294	4161	6555	84	1636	16040	11764
Exportaciones	140439	280	0	1698	4986	12391	32	5097	11113	30598
Interior búnker marinos	0	0	0	0	0	0	0	0	2028	7065
Variaciones del stock	380	24	0	106	41	702	08	215	410	953
Abastecimiento Interno	228783	10876	3302	9661	7567	37777	166	7650	70515	26442

Fuente: IEA Statistics(2003)

región. América Central y Sudamérica tienen unas reservas estimadas de 98.848 billones de barriles de crudo, repartidas a lo largo del continente, donde un 78 % del total de las reservas de crudo pertenecen a Venezuela.

de dólares americanos, un incremento de alrededor del 40 por ciento sobre el año anterior. La región produjo 68 millones de toneladas de gas/diesel y 53 millones de toneladas de fuel residual.

Una parte importante del petróleo fue consumido por el sector de transportes como gasolina y gas/diesel, y el resto fue utilizado por diversas industrias para otros fines. A pesar de que la producción de petróleo ha aumentado a lo largo de los años, los mercados Latinoamericanos aún necesitan ganar independencia respecto a la producción de derivados del petróleo. Durante el año 2003, las importaciones de productos del petróleo se estimaron en 47 millones de toneladas.

Tabla 2 - Importaciones de países latinoamericanos según país (2004)

(Unidad 1000\$ USA)

País	Cantidad	Porcentaje
Total América Latina	10238590	100,00
México	3322171	3,44
Brasil	2200773	21,50
Guatemala	951364	9,30
Chile	776131	7,58
Perú	557648	5,44

Fuente: ITC / UNCTAD

Código de producto: 27100:

Petróleo y combustibles líquidos del petróleo

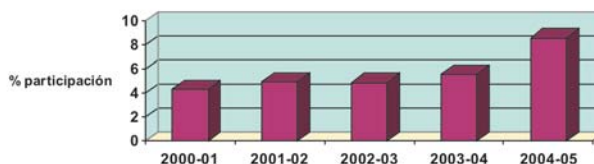
Entre los países de América Latina, México obtiene el mayor porcentaje de las importaciones (32,44 %), seguido por Brasil (21,50 %). Juntos, los dos países suman más del 50 por ciento de las importaciones de productos del petróleo en Latinoamérica. El sector de productos del petróleo indio

India está surgiendo como uno de los principales exportadores de productos del petróleo. Los datos provisionales de producción de derivados del petróleo durante el año 2004-05 fueron 120,47 millones de toneladas, por encima de los 115,78 millones de toneladas del año anterior. Los destilados medios, como el keroseno, el diesel de alto rendimiento y el combustible de motores de aviación, sumaron la mayor proporción de la producción total seguidos por los destilados ligeros. Las cifras provisionales de exportación de derivados del petróleo en 2004-05 alcanzaban los 6,8 miles de millones de dólares USA. Las exportaciones de derivados del petróleo han aumentado en más del 90 por ciento en 2004-05, respecto al año anterior. Como resultado, los derivados del petróleo elevaron su posición en la lista de exportaciones indias, desde un octavo lugar en 2000-01 al quinto lugar en 2004-05.

Los principales destinos de las exportaciones indias de los derivados del petróleo incluyen Singapur (25,5%), Irán (9,8%), EAU (7,4%), Holanda (5,1%), Sri Lanka (4,5%), Indonesia (4,4%), Brasil (4,3%), Nepal (3,1%), Sudáfrica (3,1) y Togo (3,0 %). Juntos, estos 10 países suman cerca del 70 por ciento de las exportaciones totales de derivados del petróleo de India.

Exportaciones potenciales de los derivados del petróleo a los países latinoamericanos

Participación (%) de los derivados del petróleo en el total de las exportaciones indias



Fuente: Compilado del DGCIS

América Latina está surgiendo como uno de los destinos destacados de las exportaciones de productos petroquímicos indios. A pesar de que la proximidad del mercado americano permite que los productos del petróleo de USA invadan los mercados latinoamericanos, la contribución de las exportaciones indias se ha incrementado a lo largo de los años.

Tabla 3- Exportaciones de crudo y derivados del petróleo a Latinoamérica

El mayor mercado de India en Latinoamérica para los derivados del petróleo es Brasil. Las mercancías más

(Cantidad: toneladas, valor: millones de \$ USA)

País	2004 -05		2003 -04	
	Cantidad	Val or	Cantidad	Val or
Importaciones totales a Latinoamérica	1463459	533,23	153040	44,67
Brasil	860984	295,62	46460	22,84
Colombia	410547	161,98	40000	10,20
Argentina	110606	62,65	-	-
Venezuela	81054	12,83	22332	3,15

Fuente: Compilado del DGCIS

importantes, respecto al valor, que se exporta al mercado brasileño son las fracciones líquidas del petróleo y los extractos de dichas fracciones. Las exportaciones al mercado brasileño en 2004-05 alcanzaron la importante cifra de 295,62 millones de dólares americanos, comparados con los 22,84 millones de \$ USA alcanzados en el año anterior.

Tabla 3 - Importaciones de derivados del petróleo de determinados países latinoamericanos

En virtud de las economías de escala, los Estados Unidos son el primer exportador de derivados del petróleo a la región latinoamericana. Los acuerdos de libre comercio (FTAs) y los acuerdos regionales de comercio (RTAs) entre los EE.UU. y los países latinoamericanos también han contribuido a esta tendencia. El comercio entre los países de América Latina también es significativo y ha llevado a ciertas economías destacadas en petróleo, como Venezuela, a encontrar mercados de exportación dentro del continente latinoamericano. Entre los países asiáticos, el competidor más próximo a India en la exportación de derivados del petróleo es China. A pesar de que India es uno de los principales exportadores de derivados del petróleo asiáticos, la presencia china está muy extendida entre los países latinos. Sin embargo, comparado con los principales exportadores como los EE.UU., la presencia de India es marginal incluso entre los principales mercados de exportación como

Importaciones de Argentina

País	2004	% Participación
Total	344.260	100,00
Latvia	26.730	7,76
Brasil	23.498	6,82
USA	22.220	6,45
Chile	22.168	6,43
India	62.65	0,01

Importaciones de Brasil

País	2004	% Participación
Total	2.200.773	100,00
Argentina	651.825	29,61
Arabia Saudita	346.898	15,76
Algeria	251.898	11,44
India	168.420	7,65
Aruba	103.534	4,70

Importaciones de Chile

(en miles de \$ USA)

País	2004	% Participación
Total	776.131	100,00
Argentina	296.937	38,28
USA	282.793	36,43
Corea	61.084	7,87
Holanda	47.559	6,12
Venezuela	34.786	4,48

Importaciones de Colombia

(en miles de \$ USA)

País	2004	% Participación
Total	194.939	100,00
Venezuela	74.110	38,01
USA	72.377	37,12
Italia	10.426	5,34
India	10.052	5,15
Chile	8.644	4,43

Importaciones de México

(en miles de \$ USA)

País	2004	% Participación
Total	3.322.171	100,00
USA	2.140.510	64,43
Venezuela	221.293	6,66
Arabia Saudita	212.687	6,40
Colombia	146.12	4,41
España	109.080	3,28

Importaciones de Guatemala

(en miles de \$ USA)

País	2004	% Participación
Total	951.364	100,00
USA	431.150	45,31
Barbados	246.602	25,92
Suiza	143.521	15,08
Liechtenstein	71.201	7,48
Islas Virgenes Británicas	54	0,05

Importaciones de Perú

(en miles de \$ USA)

País	2004	% Participación
Total	557.648	100,00
Venezuela	273.173	49,00
USA	164.775	29,54
Corea	30.357	5,44
Chile	19.061	3,41
India	20	0,003

Fuente: ITC / UNCTAD

Argentina y Brasil. India no tiene presencia en Chile, Guatemala y México, que son los mayores importadores en Latino América. India necesita consolidar su presencia, no sólo en los países que ya son mercados importantes, sino que también necesita explorar otros mercados en América Latina.

Conclusión

En los últimos tres años India se ha convertido en una nación con excedentes de petróleo, gracias a la mejora en la capacidad de refino creada en este sector.

India está en proceso de afianzar los recursos energéticos en el exterior, y está interesada en afianzar más recursos para poder cubrir sus progresivas demandas de energía. Como resultado, las corporaciones de energía indias han emergido como rivales importantes de las compañías multinacionales de energía ya establecidas en los mercados exteriores de petróleo y gas. ONGC ha comprado acciones en campos petrolíferos de Irak, Sudan, Libia, Angola, Myanmar, Rusia, Vietnam, Irán y Siria.

Con la China buscando establecer lazos en comercio petrolero con Venezuela, e invirtiendo fuertemente en los inexplorados mercados de Bolivia y Colombia, la India también puede concentrarse en establecer lazos con el potencial de exportar derivados del petróleo a esos mercados. De acuerdo con la revista de comercio Latin Petroleum, Reliance Industries Ltd (RIL) se encuentra en negociaciones avanzadas con el gigante mexicano Petróleos Mexicanos (Pemex) para cooperación en exploración y desarrollo de campos petrolíferos y de gas en las aguas someras y profundas del Golfo de México.

En Septiembre del 2004, el ministro de exteriores venezolano, acompañado de una importante delegación, visitó India para avivar las relaciones tanto políticas como comerciales. El punto fuerte fue la oferta de Venezuela a India de cinco campos petrolíferos, tres por descubrir y dos para exploración. Como resultados de negociaciones al más alto nivel de gobierno, India ha comenzado sus inversiones en Venezuela. La única gran inversión india en América Latina es el proyecto de 50 millones de \$ USA como resultado de un Memorando de Entendimiento (MOU) firmado entre Oil Videsh Ltd, una subsidiaria de Oil and Natural Gas Corporation (ONGC) y Petróleos de Venezuela (PDVSA), una compañía petrolera del estado venezolano.

India también ha firmado un Tratado Preferente de Comercio (PTA) con Chile el 20 de Enero de 2005. De acuerdo con el tratado, India ha ofrecido dar preferencias de tarifas fijas que van del 10 al 50 por ciento sobre 178 líneas tarifarias de ocho dígitos. Los productos que cubre el acuerdo suman más del 90 por ciento del valor del comercio bilateral total que ascendió a 447,54 millones de \$ USA durante el 2004-05.

A pesar de los productos que cubre este PTA, no se refiere especialmente a los productos petrolíferos; la posibilidad de extender este PTA para que cubra los productos del petróleo facilitará las exportaciones de derivados del petróleo indios a Chile.

Uno de los más importantes PTA que tiene India es con MERCOSUR. MERCOSUR es un bloque de comercio en América Latina que incluye Brasil, Argentina, Uruguay y Paraguay. Tiene a Chile y Bolivia como miembros asociados. Se firmó un acuerdo marco con MERCOSUR el 17 de Junio de 2003. En consecuencia, se firmó un PTA el 25 de Junio de 2004. La región tiene un potencial importante para las exportaciones indias de derivados del petróleo, ya que nuestra participación es sólo el 0,83 por ciento de las importaciones globales de MERCOSUR. ■

La India compró 100 empresas extranjeras en 2005

Las empresas indias adquirieron 100 compañías en el extranjero durante el año pasado y pagaron por ellas 2.400 millones de dólares, según informa hoy la agencia local IANS.

El 'boom' económico de la India, con un crecimiento previsto para el próximo año fiscal del 8,1%, y la boyante bolsa de Bombay han estimulado el afán comprador de las empresas indias, que en 2005 se han gastado 700 millones de dólares más que el año anterior en comprar empresas extranjeras.



La progresión de la presencia india en compañías de otros países ha aumentado espectacularmente en los últimos años.

Si en 2002 las corporaciones de este gigante asiático compraron 28 empresas extranjeras y en 2003 adquirieron 49, el ritmo no decayó los siguientes dos

años, ya que en 2004 las compañías locales compraron 60 empresas en otros países y el año pasado alcanzaron el centenar.



Aunque el Grupo Tata fue el comprador mas agresivo, con diez compañías del grupo haciéndose con empresas por valor de 653 millones de dólares en mercados extranjeros, la mayor compra la realizó el fabricante de productos electrónicos Videocon.

Esta empresa invirtió 290 millones de dólares en la compra del negocio de tubos de imágenes en color de la estadounidense Thomson.

De cerca le sigue la empresa farmacéutica Laboratorios Matrix, que compró la belga DocPharma por 263 millones de dólares. ■

Dr Reddy's compra Betapharm de Alemania por US\$570 Millones



Los Laboratorios Dr. Reddy's, en la compra más significativa de una firma líder extranjera, compró el Grupo alemán Betapharm por US\$570 millones. Una vez concretada la transacción, Dr. Reddy's, con base en Hyderabad, asumirá el control de los 145 productos de terapia a largo plazo pertenecientes al portafolio de Betapharm.

Esta nueva e histórica inversión generará excelentes oportunidades comerciales a largo plazo, permitiendo que Dr. Reddy's alcance una facturación de UD\$ mil millones en el 2008. Por el momento, esta adquisición añadiría US\$ \$200 millones a la facturación de la compañía india. ■

Manufactura en India

El sector de manufactura en India registró un crecimiento de 11.4% en el 2005. La India exporta cerca de US\$50 billones al año en productos manufacturados y esto se esta incrementando a una tasa de 20% al año.

Un estudio realizado por la Confederación de Industrias de la India (CII) y McKinsey & Co. Sobre el sector manufactura estima que las exportaciones de manufactura de la India tienen el potencial de llegar a los US\$ 300 billones par el 2015. ■

INDIA Y VENEZUELA "REVOLUCIONAN" LAZOS

Plantean conceder becas estudiantiles y apoyo ferroviario

Como una revolución de las relaciones binacionales calificó el Embajador de la India, Deepak Bhojwani, el



aumento del intercambio comercial experimentado entre su país y Venezuela, luego de la visita del presidente Hugo Chávez a Nueva Delhi durante el año 2006.

El diplomático explicó que durante el 2004 las exportaciones de Venezuela hacia India alcanzaron 9,7 millones de Dólares, mientras que para el 2005, aún sin tener las cifras de octubre, noviembre y diciembre, el monto se ubicó por encima de los 29 millones de Dólares.

Durante el 2004, el flujo comercial de la India a Venezuela fue de 50 millones de Dólares, pero en el

2005, sin tener en mano las cifras del segundo semestre, los indicadores se dispararon a 50 millones de Dólares. "Lo que quiere decir que podríamos estar hablando de más de 100 millones de Dólares", dijo Bhojwani.



El diplomático también hizo referencia al proyecto de explotación de la faja del Orinoco firmado entre la empresa OVL y PDVSA.

Además, adelantó que la India está poniendo a disposición del Gobierno venezolano su amplia experiencia en el área ferroviaria. Este punto de la relación bilateral sería muy beneficioso para nuestro país, pues, por ejemplo, en los Flores de Catia aún se aprecian fragmentos de la línea de ferrocarril Caracas La Guaira.

Bhojwani agregó que con la Universidad de los Andes ya se establecieron convenios para intercambio estudiantil, y el próximo 30 de enero, en la Universidad Bolivariana, se llevará a cabo una jornada con motivo del día en que se conmemora el asesinato de Mahatma Gandhi. ■

Ericson invertirá US\$100 millones cada año en India.

La gigante sueca Ericson se ha comprometido a invertir US\$100 millones anualmente en India mientras ésta siga recibiendo ingresos a cambio.

Maxis planea invertir US\$ 1 billón en India.

La más grande compañía en telecomunicaciones en Malasia, Maxis Communications Berhard, planea invertir US\$1 billón en el mercado India, como paso a seguir después de haber adquirido la compañía de servicios celulares Aircel Ltd. con base en Tamil Nadu.

India gastará US\$ 451 millones en una red de satélites.

La India se ha propuesto construir su propia

constelación de 8 satélites náuticos que abastezcan sus requerimientos con una inversión estimada de hasta US\$ 451 millones, así lo declaró el presidente de la ISRO G. Madhavan.

India pasará volando a Japón en el 2006. India se convertirá en la tercera más grande economía mundial igualando o pasando a Japón en el 2006 mucho antes de lo que fuera previsto- según William Wilson, economista en jefe de Keystone India.

Empresa de India compra participación en Exxon en Brasil.

Oil and Natural Gas Corp. de India acordó comprarle a Exxon mobil Corp. su participación en Brasil por US\$ 1.400 millones. ONGC adquiere bienes energéticos en el exterior para alimentar el crecimiento económico en India. Sería su segunda adquisición en América Latina en un año.