

## From New Delhi by Susan Maitra

### Model for 'South-South' cooperation?

*Indian-Ibero-American ties are spotlighted for a new push, as the financial crisis hits the developing sector especially hard.*

While a review of recent years shows some improvement in the volume of trade, attention was focused on the large gap between potential and performance at a one-day seminar on Latin American Trade and Cooperation here on April 24. The meeting was organized by the Indian Society for Latin America (ISLA), a group led by Member of Parliament Daulatsinhji P. Jadeja and dedicated to expansion of ties between India and the nations of Ibero-America.

Both the practical and political dimensions of Indian-Ibero-American economic relations were addressed in inaugural talks by Indian Trade Authority chief Mohammed Yunnus and former Foreign Secretary Romesh Bhandari. Bhandari, now Congress Party foreign-policy director, stressed the strategic importance of strengthening ties with Ibero-America, given the crisis of the world's financial system.

Total trade turnover between India and the Ibero-American countries rose in the last 10 years to nearly \$400 million, as of 1983-84. But this is only a small portion of Ibero-America's total trade, and, with the exception of edible oils, a similarly insignificant portion of India's total trade. Further, there is a very serious adverse balance of trade against India.

There are both business as well as political reasons for the snail-paced development of economic trade since the 1960s, when India signed "most favored nation agreements" with many Ibero-American nations. In the area of

traditional products, to which the trade has largely been confined, there is little scope for qualitative change in the trade pattern, even when current plans to set up direct transport links are taken into account.

As a number of speakers pointed out, it is actually joint ventures, consultancy, technical services, and project exports, etc.—technology transfer in the broadest sense—that offer the greatest promise. This point, echoed by several Ibero-American ambassadors during the day, was stressed by Minister of State for Science and Technology Shivraj Patil in his closing remarks.

The ambassador of Brazil referred pointedly to his country's unhappy experience in paying a high price to the multinationals for transfer of technology that was not always the most adequate, and cited India's parallel experience. Both countries attach great significance to the bilateral agreement for cooperation in science and technology signed several years ago.

India has a similar agreement with Mexico which, as Mexican Ambassador Prof. Garciela de la Lama pointed out, is already showing some exciting results in the frontier area of biotechnology. Just recently, India concluded a similar accord with Argentina.

For Brazil, at least, the impulse to Indian-Ibero-American economic cooperation is by no means simply defensive. The ambassador recalled that in 1927 Jawaharlal Nehru had projected the emergence of five superpowers

in the world: the United States, the U.S.S.R., China, India, and Brazil. This will become a reality by 2020, the ambassador predicted. Brazilian businessmen have become very active in India. Brazil's bid for steel pipe on India's giant HBJ gas pipeline, for instance, is credited with saving India \$70 million in foreign exchange. (The Mexican firm Condux had led the bidding, ahead of three advanced-sector consortia, for the overall HBJ project contract until the last round, when, according to Mrs. Garciela, they lost out because of financial services.)

The need to establish direct banking links was emphasized by Professor Garciela. She concluded with a plea to the politicians to transform words about "South-South" cooperation into concrete action to meet the crisis of "manipulation" that has set up barriers to development.

ISLA's mandate was underscored by Dr. V. K. Pande of the India Institute for Foreign Trade. Pande argued that the Indian-Ibero-American connection could be a showcase for South-South cooperation.

Pande pointed out that the Ibero-American nations' liquidity problem was by no means a problem of resources or inherent wealth. He cited the Andean region industrialization plan which has been projected to involve \$50 million in construction work by 1990, to illustrate the scope for project exports and technology transfer.

There is tremendous potential for trade, Pande reported. He offered two proposals: first, that India's Export-Import Bank establish credit lines with the national financial companies in Ibero-America; and, second, that India join the Inter-American Development Bank, which would qualify Indian companies to bid on the \$3 million worth of projects which the IADB funds annually.