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IBSA, as important if not more, than BRICS for India

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By R Vishwanathan

Prime Minister Narendra Modi is attending the Sixth BRICS summit in Brazil on 15-16 July. During his meeting with President Dilma Rousseff, Mr. Modi will review the bilateral relations with Brazil – with which India is committed to a strategic partnership.

The Indo-Brazil partnership soared to new heights during the term of visionary Brazilian president Lula in 2003-11. But his successor, Ms Rousseff, has given the least priority to foreign policy, focussing instead on domestic issues. Her approach in combination with the passive policy of former PM Manmohan Singh meant a loss of momentum in bilateral relations in the last three years. Mr. Modi, who has Lula-like vision, would have to take the initiative and reenergise the partnership.

Then there is the IBSA alliance, a fascinating combination of the leading democracies of the three continents which has come to be marginalized by BRICS in recent years. But IBSA is equally important, if not more, for India. IBSA's objectives are distinct from those of BRICS in which China and Russia represent the status quo in global power equations. Mr Modi should talk to the Brazilian and South African Presidents to rejuvenate IBSA and keep its identity and aspirations alive.

After the BRICS summit on 15 July in Fortaleza, the Brazilians have organized a meeting for the BRICS leaders with the Presidents of South America on 16 July in Brasilia. This is an imaginative idea by the Brazilians to bridge their regional leadership with their BRICS alliance.

It is perhaps the first time that an Indian Prime Minister will get an opportunity to meet South American leaders together. In the last two decades, South American leaders have started pursuing a more autonomous and assertive foreign policy with a strong belief in a multipolar world and multilateralism.



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They have freed themselves from the stigma of being called the “backyard of United States.” This is evident from their success in thwarting the US proposal to form a hemispheric Free Trade Area of the Americas. They have preferred to become collectively strong through UNASUR (South American Union). In this context, the South American leaders, will welcome Modi's proactive role in global affairs and will look forward to working with India.

South America is emerging as a contributor to India's energy and food security. Venezuela, Brazil, Ecuador and Colombia have started supplying crude oil regularly.

While there is growing gap between India's domestic production and demand, South America has the potential to increase its oil production and exports in the future.

... n importing more than a billion dollars' worth of soy and sunflower oil from Brazil and Argentina annually. It has also been ... r 2 billion dollars' worth minerals (copper is the main item) from South America which has rich mineral resources.

BACK TO TOP

On the other hand, the South American political and business leaders view India as a new, large and growing market for their exports. Conscious of the perils of overdependence on China, they are keen to diversify and cultivate India as a trade partner. Argentina learnt this lesson when China imposed a ban on imports of Argentine soy oil in 2010 to express their displeasure with Argentina on some other issue.

Argentina, the world's largest exporter of soy oil, was shocked since China was till then the largest importer of Argentine soy oil. Argentina was relieved and grateful when India came to its rescue by doubling its imports of soy oil in that difficult year. The South American governments and consumers are happy with Indian pharmaceutical companies which have helped them to reduce their cost of health care with low-cost generic medicines.

The South Americans also appreciate the fact that the Indian IT companies in the region provide jobs and training for their young people. As South America is emerging as a significant trade partner, India should deepen and widen the Preferential Trade Agreement with Chile and Mercosur and consider upgrading them to FTAs and also sign FTAs with Colombia and Peru, the second and third largest destinations of India's exports to South America.

India should increase Lines of Credit to South American countries and sign the Double Taxation Avoidance Agreements with major countries to facilitate investment and trade.

(R. Viswanathan fell in love with Latin America as an Indian diplomat to the region, and stays obsessed after retirement)

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