

DEVELOPMENT COOPERATION REVIEW

Special Issue on Latin America

Editorial

Special Articles

Latin American Theoretical Approaches to Development

Gladys Lechini and María Noel Dussort

The Private Sector Engagement in South-South Cooperation: the case of the Brazilian National Service of Industrial Learning (SENAI) in Cape Verde

Aline Duarte da Graça Rizzo

(Continued on outside back cover)

Development Cooperation Review

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Vol. 4, No. 1, April-June 2021

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Editorial

South-South Cooperation (SSC) has emerged as a strong mode of development cooperation and has been contributing meaningfully to the cause of development of the Southern countries. Based on its non-negotiable guiding principles SSC has garnered an analytical framework that distinguishes it clearly from the other extant approaches. However, at the operational level, SSC has taken two distinct formats. They may be identified as the Afro-Asian model and the Latin American model. Bracho (2018)¹ provided a clear distinction between the two models of SSC in an article published in an earlier issue of DCR. According to Bracho, the Afro-Asian model takes a “holistic perspective in which all types of SS linkages (economic, financial and even cultural) are prone to count as SSC” whereas the Latin American model “focuses mainly on Technical Cooperation”. Keeping those distinctive features in mind, present issue of DCR, which is a special issue on Latin America, focuses on Latin American perspectives on SSC.

Academics and experts at global platforms have enumerated upon the need to shed light on the Southern perspectives of development and evolve a Southern approach to understanding international development cooperation. The first special article by *Gladys Lechini and María Noel Dussort* titled, “Latin American Theoretical Approaches to Development”, presents the evolution of Latin American School of Thought on Development since 1950s and discusses the first wave of Development Theory, the second wave of Dependency Theory and the third wave of Autonomy Theory under it.

The role of private sector in the development process of a country has also come under intense scrutiny for quite a few decades. The article by *Aline Duarte da Graça Rizzo*, titled “The Private Sector Engagement in South-South Cooperation: the case of the Brazilian National Service of Industrial Learning (SENAI) in Cape Verde” analyses the Private Sector Engagement (PSE) in International Cooperation to study the private flows that have surpassed the Official Development Assistance (ODA) over the last 20 years. It seeks to contribute to the PSE debate through the case of Brazil’s National Service of Industrial Learning (SENAI), set up under the Brazilian Cooperation Agency (ABC) and undertakes SSC projects in Latin America, Africa and Asia.

The implications of trade as a modality under the development compact have been discussed quite a number of times. Taking the argument forward, in the third special article “India and Latin America: Proposals to Boost Relations through Trade”, author *María Eugenia Pereira* underscores the importance of South-South trade for inclusive and equitable development. The article presents an analysis of India-Latin American trade relations, identifying the main characteristics of trade relations and highlighting areas that could be exploited for enhanced SSC and collectively meet the goals for sustainable development.

Strengthening of SSC is highly contingent on continuous academic support to its ideas and principles. This issue, therefore, presents an Academic Bibliography on South-South Cooperation from Latin America, compiled by *Bernabe Malacalza* in the section SSC Resources. It includes a collection of case studies on SSC from Latin American countries including Brazil, Cuba, Venezuela, Colombia, Mexico, etc.

The section on SSC in Statistics by *Sushil Kumar* explains the dynamics of intra-regional trade in Latin America and the Caribbean. It discusses the trends in LAC merchandise trade from 2000 to 2019, while highlighting that the opportunity of LAC regional integration hasn't yet been fully exploited.

DCR invites policymakers, officials, researchers, academics and development practitioners to contribute to the forthcoming issues to share their ideas, experiences and concerns vis-à-vis development cooperation.

Endnotes

- ¹ Bracho, G. (2018). Towards A Common Definition of South-South Cooperation: Bringing together the Spirit of Bandung and the Spirit of Buenos Aires. *Development Cooperation Review*, 1(6), 9-13.

Latin American Theoretical Approaches to Development



*Gladys Lechini**



*María Noel Dussort***

“Latin American theoretical thinking is the result of contextual domestic situations and systemic conditionings.”

Introduction

Latin American (LA) theoretical approaches have not always been recognised as such by the mainstream International Relations scholars and even in the LA region itself. Some of them just do not admit LA theories as a School of Thought, arguing that “it would be absurd to build a theory of international relations based in countries such as Malaysia and Costa Rica” (Waltz, 1979, p. 72 in Frasson-Quenoz, 2016). This statement supports the thinking that a general theory of international politics must necessarily be based on the great powers (Tickner *et al.*, 2012).

Nevertheless, most Latin American scholars, mainly from Argentina and Brazil, recognise that there is a Latin American theoretical approach, conceived to answer to regional issues from a local point of view. “It is not absurd to construct a theoretical, methodological or conceptual framework to support external policies whose purpose is not the struggle for world power, but to overcome underdevelopment and dependence” (Bernal Meza, 2016: 3). Therefore, it is possible to think that the South could face the challenges imposed by global powers and build theories accordingly.

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On the other extreme of the spectrum, Cervo (2008, p. 8) argues that epistemic communities in the North attempt to frame Southern voices through the mainstream theories to impose their own national and global interests. Hence, he proposes the use of interrelated concepts coined in and for the South to organise our own perspectives.

This could explain why Latin American theoretical thinking is the result of contextual domestic situations and systemic conditionings. They are very useful as valuable inputs for the analysis at present times, but they could only be fully understood taking into consideration the context in which they were created and the scholars involved, either from Argentina or Brazil, whose perspectives are followed here.

It is also worth mentioning that even though the ideas and approaches mentioned above could not be considered explicit theories of SSC, they constitute the basic assumptions of any theoretical approach on SSC, laying the ground for a Southern Latin American thinking.

Within this context, the authors consider that there have been three main waves in LA thought since the 1950s to date. The first one was the Development Theory coined by Raúl Prebisch (1949; 1976) during the 1950s, when he was the Secretary of the Economic Commission for Latin America (ECLA/CEPAL). His proposals were a starting point from which the second wave of theories appeared, contesting or complementing his assumptions, like the Dependency Theory, which being born also within ECLA, flourished during the sixties and seventies. The Autonomy Theory,

coined in the late seventies, is considered the third wave and was developed by Argentinean Juan Carlos Puig (1980; 1983; 1984a; 1984b) and Brazilian Helio Jaguaribe (1969; 1982).

The end of the Cold War in the nineties and with it, the spread of neoliberalism as the best economic model to follow, changed LA scholars' perspective about the role of the region in the international system. In this sense, other concepts and theoretical approaches came into light, as Peripheral Realism by Carlos Escudé (1992; 1995; 1997; 1998) and Relational Autonomy by Roberto Russell and Juan Tokatlian (2001; 2010). Furthermore, new adjectives were added to traditional concepts – either from the North or from the South – which came into fashion again with new contents and policy implications.

Finally, from 2000 onwards many Latin American scholars have “reused” various concepts coined in the LA theories aforementioned, with some *adjustments* to respond to new realities. They are called post autonomists or post developmentalists, even though the authors consider that both groups should be better called “autonomists and developmentalists refurbished” as they have tried to cope with a changing global order doing a fusion between the old and the new.

Consequently, some scholars have been renamed as “post-autonomist” because they continue to consider the issue of autonomy as the core of LA concerns (Bologna 1972; 1987; 2008; 2010; 2012, Colacrai, 2004a; 2004b; 2009; Lechini, 2006; 2007; 2008; 2009; 2010; Simonoff, 2007; 2012; 2013; 2015; Bernal

Meza, 2010; 2013; 2014; 2016; Rapoport, 2005; 2010; 2014; Vigevani, 2007, Cervo, 2008, amongst others).

Others are considered as “post-developmentalists” as they stress economic and sociological aspects. These authors have revisited development in light of the increasing LA dependence on raw materials, wondering whether this wave would help our countries to develop, to grow and to have distributive policies or would keep our people in a state of underdevelopment. These ideas are highlighted by various researchers who, looking at neoliberal or progressive LA governments have concluded that they have all based their state’s economic growth either on an export-led model (Bresser-Pereyra 2007; 2014; 2019; Bresser-Pereyra & Rugitsky, 2018; Ferrer; 1967; 1983; Ffrench-Davis, 1979; 2005; 2006; Frenkel & Rapetti, 2012; Frenkel, Damill & Rapetti, 2013) or an extractive model (Svampa; 2012; 2013; Gudynas; 2009; Giarraca & Teubal, 2010; Lander, 2000).

Finally, and although not specifically coming from IR theories, it is worth a short mention to the LA post-colonialist thought, a critical theory coming from intellectuals with a sociological or anthropological perspective (Lander, 2000; Mignolo, 1993; 1995; 2000; Dussel, 2000; Quijano, 2000). They focus on the cultural legacy of colonialism and imperialism and their effects on our societies.

Subsequently, our objective here is to briefly explain the evolution of LA School of Thought on Development since 1950s until the present days.

First Wave: Development Theory

With the end of the Second World War and the split of the world in two clearly separate camps, Latin American countries stayed under US Hegemony within the capitalist system. The North American model of development was spread in the West, promoting a certain pattern of industrialisation and international division of labour. The Latin American region was categorised as a raw material provider.

Being the ECLA Secretary, Raul Prebisch’s vision concerning trade and development laid the basis for the Development Theory, the first Latin American school of thought, and for the foundations of the Dependency theory, which was the result of a thorough debate on his ideas.

As an economist, his main argument was that an unfair international trade between countries producing raw materials and those producing manufactured goods was the cause of the deterioration in terms of trade, and therefore, LA underdevelopment.

The antithetic relationship between development and underdevelopment gave birth to three lines of concern in Latin American thinking, namely: the modelling of a systemic structure (core-periphery); the interpretation of development in line with Rostow (1970) -development as a linear process where underdevelopment was a previous stage to development -; and the proposals to overcome the condition of underdevelopment (Bologna, 1987).

Hence three solutions were proposed by Prebisch (CEPAL, 1987), these were: import substitution industrialisation, creation of free trade areas, and commodity producers' associations.

- Import substitution industrialisation (ISI). This process started to flourish during the first Perón's government in Argentina (1946-1955) through the promotion of light industry sectors (food and light metal industry, building materials, chemical and power products for the final consumer). Afterwards, from 1958 to 1962, two hundred foreign industries were established in the manufacturing sector, mainly the automotive industry and the petrochemical, deepening the import substitution process in Argentina (Katz and Kosacoff, 1989). It is also the case during Varga's presidency in Brazil when the import substitution process came into light.
- Creation of regional areas of free trade to broaden the national markets. Within the framework of a so called "Closed Regionalism", Argentina, Brazil, México and Chile established a free trade area in 1960, the Latin America Free Trade Association (LAFTA or ALAC in Spanish). The spirit of this economic integration process was to impose protectionist measures to protect national industries and stimulate intra-regional trade between LAFTA state members. During 1980, LAFTA became Latin America Integration Association (LAIA or ALADI in Spanish), adjusting its perspectives and objectives to the new times. The integration process

aimed at promoting the harmonious and balanced socio-economic development of the region, and its long-term objective was the gradual and progressive establishment of a Latin-American Common Market.

- Creation of associations of countries producing commodities to control raw material prices and avoid external influence on the fluctuation of those prices. The launching of the Organisation of the Petroleum Exporting Countries (OPEC) in 1960 and its relevant role in the 1973 oil shock was the most successful example. Having a much less international impact, some other organisations were created during the sixties and seventies, like the Union of Banana Exporting Countries, International Cocoa Organisation, International Rubber Organisation, among others.

Prebisch's ideas transcended LA frontiers when he was nominated Secretary General of United Nations Conference on Trade and Development (UNCTAD), from 1964 to 1969. During that period, he was the inspiration for the creation of the Group of 77 (G77) and therefore, his influence spread along all the Southern developing countries. Prebisch brought forth systemic-structural thinking and provided the basis for the world system theories, further developed by Wallerstein (1979; 1996), by applying his vision of political economy in the construction of a core-periphery model (Bernal-Meza, 2016).

Nevertheless, his innovative proposals received at that time some critics from his ECLA's colleagues. They

argued that his concept of development implied a linear process and that he equalised economic growth with development. Furthermore, they pointed out that he had only seen one dimension of the problem: the economic side, not considering the other dimension: the political one. This was an important aspect as it was clear that LA countries were under a process of domination exerted by the centre (Bologna, 1987).

Second Wave: Dependency Theory

As was mentioned, this new wave of thought was born from the very core of ECLA through strong discussions on the political and economic dimensions of underdevelopment in Latin America and the way to overcome it.

During the 1960s, the region was not getting out of underdevelopment. On the contrary, the economic and political dependence from the United States and other developed countries was considered the main obstacle to free the LA states from a situation of subordination and poverty.

The Development Theory was not enough to explain the peripheral situation of the LA countries and bring forward solutions. Something more complex was needed and thus the Dependency Theory was born. The main critiques to the Development Theory were that:

- Development and underdevelopment were not a linear process but the two faces of the same phenomenon, “the two sides of the same coin”.

- As a result of capitalism’s historical expansion there was an international division of labour between an industrialised and internationalised core and an underdeveloped periphery, which was reproduced at the same time into the underdeveloped countries themselves.

In a broad sense, dependence was a situation in which peripheral countries were dominated through the expansion of capital from an internationalised core. This occurred thanks to economic or military aid, direct investment, transfer of technology and cultural values. In other words, dependency was the political expression of the periphery in the international expansion of capitalist production and reproduction.

The Dependency Theory was coined to overcome underdevelopment in the periphery. Nevertheless, all Southern voices did not sing the same tune to the extent that two avenues of thought could be distinguished:

- The Marxist one, with Frank (1966; 1967; 1969) and Dos Santos (1986; 2003).
- The Structuralist one, with Cardoso (1970); Cardoso & Faletto (1975); Furtado (1964; 1977); Sunkel (1972; 1987; 2007); Sunkel & Paz (1973).

Making a broad generalisation it can be said that the main difference between the two aforementioned positions was how they imagine their way out of dependence. For the first group it was through a socialist revolution. For the second one, it was through a Gramscian approach, a strategy of penetration into the capitalist structure to begin the change and the fight from the inside.

The Marxist approach in the Dependence Theory gained a lot of support in Latin America as a revolutionary way out of domination from the centre, the United States. The Communist revolution in Cuba, led by Castro, was the main example for the Dependency theory with a Marxist approach. On the other side, the government of Salvador Allende in Chile (1970-1973) was considered the Gramscian option, so as to modify the State from the inside. Allende came to power democratically, due to the support of a coalition of left-wing political parties. The government's projects and proposals such as the copper's nationalisation or the deepening of the agrarian reform became a motive of concern to the United States, as the process was named "Chilean way to socialism". Allende's presidency was overthrown by a coup d'état backed by US interests.

Third Wave: Autonomy Theory

During the 1970s the international framework was prone to new discussions concerning LA participation in world affairs. At those times the international system was offering, through Détente, new possibilities to rethink the peripheral condition and look for alternatives.

But the domestic situation in most LA countries was far from peaceful as the Cold War moved to the region: various coup d'états occurred and military regimes backed by US were in power fighting against leftist revolutionary groups.¹

Despite these upheavals, LA scholars did not abandon the difficult enterprise

of contributing to find a solution for LA problems. Following the tradition of Argentine and Brazilian scholars to discuss on how LA could get out of a situation of periphery, Puig and Jaguaribe developed their own theories, in parallel time frames, irrespective of the fact that they did not know each other.²

Puig (1980; 1984a) coined the 'Autonomy Theory' trying to find a regional way to get out from dependency. Making a good use of the concept of dependency he added the idea of autonomy, a concept which from those times onwards would never abandon the LA thinking. He understood the autonomy of a State as the maximum capacity of decision that could be achieved, taking into account the objective constraints of the real world.

Dependence and autonomy were two terms to figure the most extreme situations a LA country could be embedded. Consequently, he created four ideal types inserted in this continuum: paracolonial dependency; national dependency; heterodox autonomy and secessionist autonomy. These four models had a correlation with concrete cases in Latin America and in the world. From our perspective the case of the heterodox autonomy, with adaptations to the changes in the current world order is the most useful ideal type to work with.

The **Paracolonial dependency** is a situation in which the State formally has a sovereign government but, actually, the elites in power are an "appendix" of another country's power, generally,

the ex-metropolis. South Africa, after becoming an independent nation in 1910, constituted the South African Union with Cabo, Natal, Transvaal and the free state of Orange. Nevertheless, it was not until 1934 when the South African Union's parliament promulgated the "Status of the Union Act" which finally declared South Africa as a sovereign country, removing the remaining Great Britain's dominance. Similar situations happened in LA countries during their early independence. The local elites kept a strong relation with the former "boss".

In the case of **National dependency**, the elites in power are aware of the state of domination but they try to get benefits from the situation by establishing their own "national project" linked to some global interest. As an example, in 1880 Argentina was governed by an elite called the "Eighties Generation" which promoted privileged relations with the hegemon of that time, Great Britain. Argentina's insertion into the economic international order was as a provider of raw materials. The aforementioned elite in power adhered to economic liberalism but political conservatism, just to maintain the special relation with London, sharing economic interests in Argentina.

As for the situation of **Heterodox autonomy**, the elites in power have a double standard, taking into consideration the situation of Détente within the global context of the Cold War. They agreed with the strategic dominance of the superpower as their country belonged to its area of influence. Nevertheless, the elites could disagree with three main issues: one, the internal development model; two, the external

relations, for they claim certain margins of maneuver with countries belonging to the eastern bloc; and three, the no acceptance of the superpower's national interest when it collided with the own nation's one.

Perón's "third position" in Argentina (1946-1955) is considered as an example of this level of autonomy. The Peronismo came to power with the objective of looking for more leeway in Argentina's foreign policy. As a consequence, during Perón's presidency, Argentina didn't sign the Bretton Woods Agreement in 1945 neither the General Agreement on Tariff and Trade (GATT) in 1947.

Secessionist autonomy lies in one of the extremes. Under this level of autonomy, the elites in power decide to leave the block or the alliances which meant a linkage with a dependent past and stopped taking into consideration the old master's global strategic interest. In 1959, Fidel Castro led the Communist revolution in Cuba, breaking up its historic bonds with Washington. Nevertheless, Cuba fell into the dominance of the other superpower, the Soviet Union, incapable of surviving by itself.

As it was noticed, for Puig, "all autonomist projects required mobilising resources of power", therefore, cooperation among the countries of the periphery would help them to accumulate power and increase their negotiating capacity. He also stressed the role of national elites who were also responsible for the decisions taken. Furthermore, he was also aware that for the countries to build alliances, cooperate among themselves and gain

leeway (margins of manoeuvre) it was necessary to have a 'flexible' and permissive international system.

Jaguaribe (1969; 1982), from the Brazilian side, also combined a systemic and a domestic condition. The international system should have certain levels of '*permissibility*' - like during the period of *Détente*- so that the periphery could mobilise its power resources taking into account the existence of elites with a strong *compromise* with an autonomous project. For him, those states should be politically and economically viable. At that time, he was possibly thinking on the "independentist wave" which arose in the Caribbean and the Pacific region giving birth to new insular states which were former European protectorates or colonies.³

Hence, these two strategies to foster the autonomy for LA states have both promoted the coalition of Southern countries to sum up their influence and negotiating power to have a say in changing the rules for their common benefit.

As was mentioned before, the potential for cooperation among raw materials-producing countries became clear in 1973, after the oil shock, and in 1974, when the UNGA adopted the Declaration for the Establishment of a New International Economic Order (NIEO) and the Charter of Economic Rights and Duties of States.

These efforts made the Third World's leaders believe there were and would be many opportunities to change their unfavourable and unfair situation, and that the Organisation of the Petroleum Exporting Countries

(OPEC) model might be replicated in other arenas. However, this type of cooperation failed because of its loose nature and broad scope: the fallacy of the argument was its basic assumption that all underdeveloped countries had more commonalities than they really had and that all solutions could be applied uniformly to each of them with equal success (Lechini, 2009).

During the 1980s, good and bad news affected Latin America countries. Democracy was recovered, creating lots of expectations. But the possibility of increasing regional cooperation was weakened by serious problems concerning external debt, which affected their development and democratic stability. Although the resulting debt crisis offered a good opportunity to advance cooperative actions, the policies implemented by developing countries together with private creditors undermined the attempts for multilateral cooperation. Nevertheless, Latin American governments still were able to agree around common policies directed to solve the different conflicts affecting the region, such as the Cartagena Consensus, the Contadora Group, the Contadora Support Group, and the Group of Eight (G8).

Latin American Thinking During the Globalisation and Neoliberalism Zenith

For LA countries the Post-Cold War was characterised mainly by the Washington Consensus formula and by an increasing optimistic vision about globalisation. The region was recovering from the "lost decade", the name which was

coined to refer to the eighties, due to the consequences of the debt crisis that Latin American had gone through. The US set up certain principles which every country was supposed to follow to “become part” of that new unipolar international system. Those principles were neoliberalism and democracy. LA governments elected during this decade became the “disciples” of such postulates, aligning their foreign policy toward the US. During this period LA scholars could not avoid mainstream’s influence, as can be shown by Escudé’s thinking near to realism, or Russell and Tokatlian’s near to liberalism.

Within this neoliberal framework Carlos Escudé carried out a Peripheral Realism approach as a way to propose a path for Argentina’s Foreign Policy during Menem’s administration. Under his postulates, Escudé reached the conclusion that weaker states, such as Argentina, could not seek high degrees of autonomy vis-à-vis the regional hegemonic power without damaging the well-being of their citizenries. Therefore, it was not advisable to confront Washington. In order to illustrate what he was bringing up, Escudé presented the following formula:

$$\text{Total foreign policy autonomy} = \text{Absolute domestic tyranny.}$$

In this regard, the concept of autonomy was identified as a “cost” (Schenoni & Escudé, 2016).

According to this assumption, autonomy should be re-conceptualised in terms of capacity and relative costs of confrontation with the hegemonic power. Autonomy was no longer the ability to decide by oneself – as Puig

interpreted it– but the relative cost of exercising the ability of confrontation.

Though Escudé was accused to have a neoconservative perspective, his thinking was put into practice by Argentina’s policy makers during the nineties. The close relationship with Washington could be seen as an alignment with the centre in parallel with an abandon of the Non-Aligned Movement during the Ministerial meeting in Accra in 1991. More recently, the author continues sustaining his Peripheral Realism theory, now accepting China as the new hegemon.

Following the 1990s’ spirit, one can also mention the concept of “relational autonomy” coined by Roberto Russell and Juan Gabriel Tokatlian. In an attempt to “re-conceptualise it”, recovering it but in a nonconfrontational sense, they consider autonomy as a “condition”: the ability to take decisions in an independent way, without following other states’ wishes, preferences or orders. In their analysis, they start from an allegedly strong point: that an increase in the autonomy level of our countries cannot today be the result of domestic or sub-regional policies of isolation, self-sufficiency or opposition (Colacrai, 2005, p 393).

The possibility of thinking of this kind of “relational autonomy” for Latin America must not be evaluated – as was considered in the 1970s – according to the capacity to confront or oppose the United States, because it does not rule out agreements with the hegemonic power. It entails coordinated work, negotiation in international systems and in the regional dimension, the first

circle for its practice being the South American region itself. Autonomy involving the political, economic and military areas is procured by means of internationalisation and regionalisation strategies rather than nationalisation ones, and at this historical moment, it is clearly facilitated by the democratisation of the region and the experimentation of regional integration processes.

It is also possible to pick up concepts aiming in the same direction in a variety of forums and political speeches. In this respect, if one reviews the conceptual and programmatic content expressed in the “Brasilia Communiqué”⁴, it is possible to find at least two axes that help in the construction of a new autonomy design, which it might be advantageous to think about for the region. First, a commitment to integration as a foreign policy objective, incorporated into the national identity of the countries of the area. Second, the possibility of facing the globalisation challenges, deepening integration, and acting in a coordinated way and with solidarity in relation to the treatment of the great issues on the international economic and social agenda.

Sharing the same spirit, there is a reassertion of integration objectives at the MERCOSUR Summit in Buenos Aires in July 2002, at the South American Summit of Guayaquil of July 27th of the same year, and in the document signed in 2003 by Presidents Lula da Silva (Brazil) and Néstor Kirchner (Argentina), which came to be known as the “Buenos Aires Consensus”.

Finally, relational autonomy means “the power of a country to participate

and effectively influence world affairs, especially in international organisations and regimes of all types” (Russell and Tokatlian, 2010, p. 136-137). This interpretation was in line with what was pointed out previously by Gerson Fonseca (1998) in Brazil about autonomy for participation or integration.

The so-called “autonomy for integration” has also appeared within official discourses, which according to the description of then Brazilian Minister of Foreign Affairs Lampreia⁵ responded to the new foreign policy design of Fernando Henrique Cardoso, the president at that time. It was observed that the old conception of “autonomy” emphasised self-sufficiency and the adoption of confrontational stances. On the contrary, an updated reformulation should not be isolationist, but a way of being articulated with the international environment. His words are eloquent in this sense: “The times of isolation and of self-sufficiency are over. National sovereignty has ceased to be an argument for behaviors that go against fundamental values”. “Autonomy for integration means support for international régimes”. (Colacrai, 2005, p 394)

Latin American Thinking Within the Framework of Changes and Challenges of the 21st Century

The 21st century brought a bigger room of manoeuvre to Latin American countries, taking into consideration that the US, as their most important partner, was involved in the global war on terrorism. Within this context, and

at the international level, the new LA governments started to diversify their foreign relations, intensifying contacts with all Southern partners. At the same time, most of these governments came to power with a common objective which was to contest the Washington Consensus results. As it is well-known, the neoliberal measures intensified poverty, unemployment and inequality in the region. To cope with this situation, in 2003, Brazilian President Lula Da Silva and Argentine President Néstor Kirchner launched the Buenos Aires Consensus, based on generating economic growth with social inclusion and social justice policies.

In order to deal with these new political realities, many Latin American scholars have reused concepts coined within the three LA theoretical waves mentioned above, adding adjustments to update them to the new circumstances. As mentioned before, they are called “post-autonomists”.

Just to mention some examples of this approach, Mario Rapoport (2010) went back to Puig’s concept of heterodox autonomy to explain Kirchner’s foreign policy in Argentina during 2003 to 2007. For Rapoport the concept of autonomy shows the will of submitted people to break down unjust social structures. Therefore, his position is considered a socio-historical inspiration of the concept of autonomy.

Simultaneously, Tullo Vigevani and Gabriel Cepaluni (2007) formulated the concept of “autonomy through diversification” to explain Lula Da Silva’s foreign policy (2003-2011). They proposed South-South cooperation to

seek a better balance with the North by making necessary adjustments, like having a greater international role, consolidating necessary changes in the foreign policy agenda and making the country adhere to international principles and standards. All this should be done through South-South and regional alliances and agreements with non-traditional partners from Asia-Pacific, Africa, Eastern Europe, the Middle East, to reduce asymmetries in foreign relations with powerful countries, and increase national bargaining power”.

Within this context Lechini (2009) stated that cooperation among developing countries, i.e., the “South-South Cooperation”, shows that it is possible to create cooperative awareness from the South, which may enable countries to jointly cope with their common dilemmas in the international arena. In front of situations seen as unfair by Southern countries, cooperation among peers, among those enduring the same dependency situations, would help them underpin their negotiating capacity vis-à-vis the North through cooperative efforts. The main areas of discussion are trade, development, and the new international economic order.

Consequently, the strengthening of SS relations and SSC within LA foreign policies since 2000 was accompanied by a new developmental economic approach at the domestic level. In this sense, the post-autonomist can be also called “autonomous developmentalists”.

Amado Cervo (2003) proposed and analysed five different states’ models in light of Brazilian history (liberal, conservative, developmentalist,

normal and logistical). The last model, which could be considered within the autonomous developmentalist group, is described as a state which supports and legitimates the initiatives of other economic and social actors. It involves a number of tasks enabling it to become an economic and political launch pad for public and private actors in the country (Cervo 2003 in Bernal Meza, 2016).

In the same line, in Brazil, Argentina and Chile, some scholars (Bresser-Pereyra 2007; 2014; 2019, Sunkel, Ferrer, 1983; French-Davis, 2005; 2006; Frenkel & Rapetti, 2012; Frenkel, Damill & Rapetti, 2013, among others) started to identify themselves with what was known as a “new-developmentalism”. Bresser-Pereyra (2007) was the first one to propose this new economic strategy.

To put it briefly, the new-developmental thinking affirms that there are two variables that arose in this new Century. On the one hand, new historical facts have changed world capitalism to a new phase called “globalisation”. On the other hand, medium development countries are no longer marked by infant industries. Within this context, growth rates are smaller and competition among nation-states is far fiercer.

Consequently, to answer to this reality, new developmentalism assumes that medium development countries have already overcome the infant industry stage, requiring firms to be competitive in all industries where they operate and to be particularly competitive in certain ones designed to export.

According to these assumptions, this strategy is not a protectionist one. It assumes that the export-led model is as important as industrial policies, recognising the leading role of the state. This state has to assure the proper operation of the market and provide general conditions for capital accumulation, - such as education, health and transportation, communications, power infrastructures - and promote investment in certain strategic industries (Bresser-Pereira, 2007).

Finally, it is worth mentioning that there are other perspectives which consider that new developmentalism has an extractivist side, pointing out that dependency remains as far as economic growth is the result of being providers of raw materials either to old and new buyers, dependency remains.

Maristella Svampa (2012) affirms that “a focus on extractivism gives us an important vantage point to analyse the multiple crisis, because it warns us about the global ecological emergency and the increasing risks of this form of appropriation of nature and the modalities of consumption. Secondly, it warns us about the decline of the United States and the emergence of new extractive powers such as China and India and the consolidation of regional sub-imperialist states such as Brazil. It also warns us about the global economic crisis, to the extent that the current extractive economic model arose from the neoliberal reforms in the 1990s, the normative and legislative framework of which remains in place; and lastly, it is associated with financial capitalism in as far as this defines the prices of commodities”.

One should remember that the scholars with this point of view also argue that in the 21st Century, both LA's progressive governments (Argentina during Kirchner; Brazil during Lula Da Silva; Ecuador during Correa) or conservative ones (Colombia, Chile and Peru) have based their development models on the extraction of natural resources.

Concluding remarks

After a brief overview of the evolution of LA thinking one can rescue some useful ideas to advance with a comprehensive southern perspective which could be a theoretical back up of the practice of SSC. Therefore, concepts like dependence, autonomy, bargaining power, room of manoeuvre could help to build a political narrative for future SSC.

This is why one should not abandon the idea that our world would be the house of whole humankind and not the paradise of a few.

Endnotes

- ¹ Long-term military governments, with changing leadership in most cases, controlled eleven Latin American nations for significant periods from 1964 to 1990: Ecuador, 1963–1966 and 1972–1978; Guatemala, 1963–1985 (with an interlude from 1966–1969); Brazil, 1964–1985; Bolivia, 1964–1970 and 1971–1982; Argentina, 1966–1973 and 1976–1983; Peru, 1968–1980; Panama, 1968–1989; Honduras, 1963–1966 and 1972–1982; Chile, 1973–1990; and Uruguay, 1973–1984 (Loveman, 2019).
- ² Personal interview with Prof. Helio Jaguaribe. July 2010, Rio de Janeiro.
- ³ Antigua and Barbuda, Barbados, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia in the Caribbean and Kiribati, Nauru, Tonga, Tuvalu, Vanuatu, among others, in the Pacific

- ⁴ It includes the results of the First Meeting of Presidents of South America, called by Fernando Henrique Cardoso, then President of Brazil, and held in Brasilia between August 31 and September 1 2000. The following were present: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay and Venezuela.
- ⁵ See Lampreia, Luiz Felipe (1998) "A Política externa do Governo FHC: continuidade e renovação, in *Revista Brasileira de Política Internacional*, (Brasilia), No. 2, page 11

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Private Sector Engagement in SSC: Case of the Brazilian National Service of Industrial Learning (SENAI) in Cape Verde



*Aline Duarte da Graça Rizzo**

“The private sector’s participation in global politics is rapidly growing, and studies about Private Sector Engagement (PSE) in international cooperation are one of the most important trends, especially the role of the private sector in achieving the United Nations Sustainable Development Goals (SDG).”

Introduction

The analysis of the Private Sector Engagement (PSE) in International Cooperation is a trend subject in current cooperation studies, considering that the private flows surpassed the Official Development Assistance (ODA) during the last 20 years. Therefore, to map the private participation and to understand the role of multiple actors in South-South Cooperation (SSC) are an urgent challenge. In the II High-level Conference on South-South Cooperation (BAPA+40 - Buenos Aires Plan Action), held in March 2019 in Buenos Aires, the PSE was one of the most debated themes. It was emphasised the importance of examining this specific engagement in South-South Cooperation and, at the same time, the role of PSE in achieving the SDG (Sustainable Development Goals), the UN 2030 agenda.

In this sense, this paper aims to contribute to PSE debate through the case study of the National Service of Industrial Learning (SENAI), a Brazilian private center of professional training that operates in SSC projects in Latin America, Africa and Asia, under the coordination of the Brazilian Cooperation Agency (ABC).

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Firstly, a theoretical debate on PSE will be presented. After that, the projects implemented by SENAI and ABC in the South countries will be briefly showed, especially the case of Institute of Employment and Professional Capacity of Praia (IEFP) in Cape Verde. Financial resources that support these projects will also be analysed.

For this purpose, data sources will be collected from the institutional channels of the SENAI, ABC and IEFP, and from an interview granted by the head of SENAI International Unit (UNINTER). From the triangulation of these sources, the SENAI role in Brazilian South-South cooperation will be mapped and examined. Three core issues will orient this paper: What is the recent theoretical debate of the PSE? What are the projects implemented by SENAI in the Global South partner countries? How is the financial investment operated, both private and state, in the SENAI case?

Private Sector Engagement in International Cooperation: the Current Debates.

In the contemporary international scene, multiple actors operating at different levels and complex arrangements have challenged global governance structures. In the governance dimension of contemporary international cooperation, since not only states, but also civil society, individual actors and the private sector are involved in the process. Nowadays, the private sector's participation in global politics is rapidly growing, and studies about Private Sector Engagement (PSE) in international cooperation are one of the most important trends,

especially the role of the private sector in achieving the United Nations Sustainable Development Goals (SDG).

Over the past twenty years, the private sector role in international cooperation has been increasing, and in the 1990's surpassed the ODA - Official Development Assistance. (Adelman & Spantchak, 2014). At the same time, scholars have produced several studies about the theme. The intention here is not to deepen the theoretical analyses, but to present the main issues addressed in the current debate.

In the literature, two main perspectives are observed. In the first one, the benefits of private sector participation in international cooperation are highlighted. This perspective not only considers the private sector's contributions to be positive, but also recommends to enlarge the participation of private actors in international development strategies:

Not only have private actors changed the architecture of aid, but new strategies are changing the way aid is being delivered. Traditional, grant-making foundations are embracing program-related investments; corporations have gone beyond traditional corporate social responsibility to promote a shared-value approach and corporate volunteerism; investment funds are taking on mission-related investing; businesses are working to reach a double bottom line; remittances are being pooled into development projects and used for securitisation; and diaspora bonds are being issued to raise capital. With the large contributions from the private sector, it is critical not only to

include private actors in development strategies, but to stay current on the continuing changes within the private aid delivery system and its best practices (Adelman & Spantchak, 2014, p. 3).

On the other hand, a critical perspective focus is on the transparency and accountabilities challenges specially, on the risks of global financial market's interests overcoming the local people's interests in development projects:

New instruments, like development impact bonds and weather index-based insurance, are deepening financial logics in development narratives, institutional functioning, programmatic interventions and stakeholder subjectivities. Not all of these claims can or should be lightly dismissed. But critical scholars are raising a host of concerns. Out of what is an increasingly rich and detailed literature, two are very briefly mentioned here. The first concerns complexity, accountability and transparency. [...] A second concern is that of risk. Over-indebted farmers committing suicide in India, housing bubbles in Argentina and the enduring (and inherent) volatility of the global financial market are all forms and scales of risk that are largely unacknowledged in the ebullient language of 'fintech' and financial sector deepening. (Mawdsley, 2018, p. 194).

The role of the private sector in achieving the SDG is also a relevant issue in both perspectives. For the first one, the private sector is a fundamental tool to reach the sustainable goals, especially environmental ones. The emergence of the green economy and its importance for the international development is positively highlighted (Adelman and

Spantchak, 2014). In contrast, the critical perspective considers that SDG's has lower emphasis in poverty reduction, if compared to the MDG. In this sense, the private sector's participation in SDG reveals an important risk of improving specific markets instead of the social well-being. (Mawdsley, 2018).

Moreover, there is no consensus about what kind of flow should be considered as private engagement in international cooperation. In the wide approaches, the private sector can involve transnational corporations, finance sector and non-profit institutions, as such as philanthropic and civil societies (Adelman & Spantchak, 2014; Mawdsley, 2018). In the restrict approach, the PSE includes only organisations that have a core strategy and mission to engage in profit-seeking activities through the production of goods, provision of services, and/or commercialisation; excluding philanthropy, organised civil society organisations and other non-profit institutes. (Di Bella *et. al*, 2013). The last one is the approach adopted by the Organisation for Economic Co-operation and Development (OECD):

Private Sector...the organisations that engage in profit-seeking activities and have a majority private ownership (i.e. not owned or operated by a government). This term includes financial institutions and intermediaries, multinational companies, micro, small and medium-sized enterprises, co-operatives, individual entrepreneurs, and farmers who operate in the formal and informal sectors. It excludes actors with a non-profit focus, such as private foundations and civil society organisations. (OECD, 2016, p.1).

The literature focuses on the North-South cooperation, especially on the private sector engagement in contrast of Official Development Assistance. However, it's urgent to see how the private sector operates in the South-South relations. The PSE was one of the most debated themes at the BAPA+40 (Buenos Aires Plan Action), the II High-level Conference on South-South Cooperation, and more studies about this specific kind of engagement in South-South Cooperation are imperative. How is it possible to equilibrate the private interests and the SSC principles? It is one of the core questions in PSE in SSC analysis. This paper adopts the approach where all private flows and actors (profit and non-profit) in South-South cooperation are considered as PSE.

In the next section, the case study of SENAI, a Brazilian private institution that has a large experience in South-South cooperation projects with focus on Capacity Building, will be presented. The overview of SENAI practices will be showed and then, the specific project in Cape Verde will be presented.

SENAI and Capacity Building Projects

The Brazilian Technical Cooperation for Development (CTPD) considers the emphasis on Structuring Projects (*Projetos Estruturantes*) as a strategic tool. The Brazilian Cooperation Agency (ABC) defines "Structuring Projects" as ones that promote institutional strengthening in partner countries. This international cooperation modality is based on the Capacity Building concept, one of the SSC principles,¹ which suggest

that cooperation projects should focus on the recipient country autonomy. In this sense, developing capacity is not only "to donate" or "to transfer" financial resources and technology, but also to create and to strength local institutions that offer quality public services.

The creation of hospitals, professional capacity centers, universities and other public policies institutions is framed in the Structuring Projects concept. The initial cases of Brazilian Structuring Projects were the Professional Capacity Centers in Paraguay and Angola, in 2003, which were implemented by ABC and SENAI.² Brazil developed 22 Structuring Projects in Latin America, Africa, and Asia. The projects are mostly focused on agriculture, health and education, but there are also projects in the urban development and social security sectors.

The National Service of Industrial Learning (SENAI) was founded in 1942 by a partnership between the Brazilian State and the industrial sector, and aims to prepare capacity workforce for industry through the Professional Capacity Centers. The service is maintained by entrepreneurs, and the Nation Industry Confederation (CNI) is responsible for administration. Although SENAI was created to support the national/state agenda, it is considered a private institution.

SENAI is a non-state institution, managed by industrial entrepreneurs to answer the Brazilian industry needs in terms of capacity workforce. Although the organisation serves the national interests, acting in collaboration with the government and performs professional education as a public function, we cannot

forget that, as a private institution, it serves mainly to meet the industrial sector's interests. (Gonçalves, 2011, p. 72).³

In the 1970s, SENAI engaged in international cooperation as a provider. Its successful model of professional education had aroused the interest of other South countries. Furthermore, the model was applied in Colombia, Venezuela, Peru, Chile, Costa Rica and Bolivia. In these cases, the cooperation was supported by the Brazilian Ministry of Foreign Affairs, but this was not part of government agenda. Instead, it was an inter-institutional cooperation directly operated by the partner institutions. (Gonçalves, 2011).

From the 2000s the Brazilian South-South cooperation strongly increased and was operationalised as a strategic foreign policy tool. In this period, SENAI was incorporated as a Brazilian Cooperation Agency partner to implement Structuring Projects in Southern countries. Through the partnership between ABC and SENAI, nine Professional Capacity Centers were implemented in Paraguay, Angola, Cape Verde, Sao Tome and Principe, Guinea Bissau, Guatemala, Jamaica, Peru and East-Timor. In some cases, the Center management was already transferred to local partners, and a new Center in Haiti is in initial implementation phase.⁴ In the following section, the case of Cape Verdean capacity center will be briefly presented. The historic process of ABC/SENAI in Cape Verde will be highlighted as well as the project's financial resources and some preliminary results.

Professional Capacity System in Cape Verde

The Professional Capacity Center in Angola, launched in 1999, was the first project of SENAI and ABC in Africa. The Center became a successful case and, because of its positive reputation, other African countries became interested in it. It is important to note that the Brazilian cooperation in the early 2000s had focus on African Portuguese - Speaking Countries (PALOP), offering several development projects as a foreign policy strategy. In other words, it is possible to observe both movements in Brazilian SSC: demand and supply.

In this context, the Cape Verdean government, through the DGCI/MNECC (General Direction of International Cooperation - Ministry of Foreign Affairs, Cooperation and Communities),⁵ requested ABC a proposal to restructure the national professional training system. The cooperation agreement was signed in 2004 by Cape Verde and Brazil representatives.⁶ The ABC requested SENAI to design and implement the project jointly with the Institute of Employment and Professional Capacity of Praia (IEFP), the local partner in the capital of Cape Verde.⁷ In 2006 the term of reference was elaborated and the project called "Strengthening and Technical Training of Human Resources for the Cape Verde Vocational Training System" was launched.

According to the interview granted by Gustavo Rosa, head of SENAI International Unity (UNINTER),⁸ this project was oriented by three main goals: renovation of the form building for training classes; provision of industrial

machinery; technical capacitation of Cabo Verdean team/staff/teachers to identify the local market needs in terms of workforce and to conduct the training center. The professional capacity courses focused on tourism and civil construction. In total, 12 courses were developed and offered to the population.

The project was financed by ABC⁹ (\$539.288 – corresponding 72 per cent) and the Cape Verdean government (\$208.000 – corresponding 28 per cent). In this sense, there was no financial investment from SENAI; its contribution was to coordinate the complete technical part and project’s execution.¹⁰ In 2008, the Center was launched offering the training courses to the population. The ABC/SENAI operation was concluded in 2010 and Cape Verdean institutions have become responsible for all instances of the capacity center.

The Professional Capacity Center of Praia is still considered one of the most successful cases of SENAI/ABC international cooperation. Some efforts of monitoring and evaluation, from both country partners, are available. Table 1, provided by Institute of Employment and Professional Capacity of Praia (IEFP), presents an evolution in number of attending students before, during and after the SENAI/ABC cooperation activities.

The SENAI Technical Report still highlighted IEFP high performance in work market, considering its high level of employability. In this concern, the IEFP is the number one in the whole country.¹¹ According to SENAI’s perspective, the Cape Verdean project

was successful. Observing the data source from Cape Verde’s side, the position is the same. It is important to say that a specific case was presented here, that has its own features and, at the same time, this case study contributes to generalise some of the process of SENAI engagement in Brazilian SSC. In the next section, some preliminary reflections will be pointed out.

SENAI engagement in South-South Cooperation: closing remarks.

The core issues addressed by this paper focused on the recent theoretical debate of the PSE; the projects implemented by SENAI in the Global South partner countries; and the financial investment operated, both private and state, in the SENAI case. The intention was not to completely answer all questions, but to point out some initial reflections.

SENAI’s operation is clearly a case of private sector engagement in South-South cooperation, with focus on SDG achieving. This case here was localised in the broader views of PSE, which includes all of the private engagement diversity (Adelman & Spantchak, 2014; Mawdsley, 2018). All projects implemented aim to improve the professional education systems in partner countries. In this sense, the activities coordinated by SENAI and ABC focus on the “Structuring Projects” concept which is based on capacity building and autonomy of partner countries, and Cape Verde’s case is a successful example. In addition, it is important to say that SENAI is signatory of the UN Global Compact, the UN

initiative to stimulate the private sector to act voluntarily in development promotion, environmental preservation and the human rights defense.¹² SENAI's intention to contribute with the SDG is expressly described in institutional documents:

Due to its international insertion, SENAI is currently considered as one of the three most important actors to the Brazilian international cooperation execution, contributing to meeting the Sustainable Development Goals, specifically goal 4 - Quality Education - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (SENAI, 2016, p. 4).¹³

However, considering SENAI as a private institution some specific features should be noted. Firstly, all SENAI and ABC South-South cooperation projects are financially supported by the Brazilian government, in other words, there is no SENAI financial investment in these projects, thereby, SENAI's participation involves exclusively the project's design and implementation. Furthermore, its participation can be considered a public-private partnership (PPP) for international cooperation, if it is comprehended in a general concept, due to the Brazilian law on PPP which restricts the public and private partnership to the domestic ambit.¹⁴

Table 1: Evolution in number of attending students before, during and after the SENAI/ABC cooperation activities

Period	Year	Beneficiaries
After	2015	490
	2014	435
	2013	262
	2012	615
	2011	218
	2010	202
During	2009	20
	2008	20
	2007	75
	2006	16
	2005	60
	2004	(N/A)
Before	2002/2003	190
	2001/2000	89
	1999/2000	196
	1998/1999	289

Source: Institute of Employment and Professional Capacity of Praia (IEFP). (2016). In SENAI - National Service of Industrial Learning - Technical Report. Cape Verde. Brasília.

Secondly, it is important to highlight SENAI's private interests in cooperation projects, considering that it is an institution supported, managed and funded by the Brazilian industry sector. These interests are present in SENAI's institutional discourse:

From SENAI's perspective, its experiences abroad – whether through technical cooperation projects or provision of services – increase the brand value, consolidate political capital for the interests of the Brazilian industry, enable its technical team to develop new specialties, and intercultural competences, so important and required in the current highly globalised scenario (SENAI, 2016, p. 4).¹⁵

In cases such as the Angolan capacity center, the focus was to prepare skilled labour for Brazilian companies that operated in the country, especially in the civil construction sector and oil industries. On the other hand, in the Cape Verdean Centre the workforce was prepared only for the local market, but it was observed a “tied aid” case considering that the purchase of machinery for training classes favored Brazilian companies.¹⁶

Finally, SENAI's engagement in South-South Cooperation is an exception in the entire Brazilian private sector context. Among multinational Brazilian companies, about 87.5 per cent have operations in Southern countries, but also only 17.2 per cent of these companies are engaged in cooperation for development projects.¹⁷ Consequently, the SENAI SSC activities should be comprehended as a specific case of Brazilian PSE in international cooperation.

Oriented by the core questions, this study described SENAI's activities in Southern countries, with special description of the Cape Verdean case; mapped the financial flows of its activities; and localised the SENAI case in the current PSE debate. Through a partnership with Brazilian government (ABC), SENAI has been an important actor in Brazilian SSC in Latin America, Africa and Asia countries. These projects are guided by the “Structuring Project” concept and presented successful results.

However, considering that the PSE in international cooperation involves several actors and so many different kinds of financial flows, that should be accurately analysed. It is not possible to use SENAI as an example to provide a generalised perception. Therefore, this paper aimed to contribute to debate, with an important case study that reveals some paths and possibilities of partnership between southern countries and a private institution to development promotion.

Endnotes

- ¹ SSC Principles (Nairobi Conference): Horizontality, Non-Conditionality, Demand-driven, Sovereignty, National Ownership, Capacity Building, Mutual Benefits, Multi-stakeholders, Knowledge-sharing.
- ² ABC - Brazilian Cooperation Agency -- Available: <http://www.abc.gov.br/gestao/projetosestruturantes> Access: August, 14th 2018.
- ³ In the original: “Conforme demonstrado nesta seção, o SENAI é uma instituição não estatal, gerida pelo empresariado industrial para responder à necessidade de formação de mão de obra para a indústria brasileira. Embora a organização atenda a interesses nacionais de modo geral, tenha como característica marcante a colaboração com

- o Governo e realize função pública na área do ensino profissionalizante, não podemos perder de vista que ao constituir-se como uma organização privada esta instituição atende primeiramente e sobretudo aos interesses de um setor específico da sociedade brasileira: o empresariado industrial”. (Gonçalves 2011, 72).
- ⁴ SENAI - National Service of Industrial Learning. Available: <http://www.portaldaindustria.com.br/senai/> Access: Jun 10th, 2019.
- ⁵ See: ABC - Brazilian Cooperation Agency - Project document of Professional Capacity System in Cape Verde - Aug, 2008.
- ⁶ The Basic Cooperation Agreement was signed in 1977 and promulgated in 1980. ABC - Brazilian Cooperation Agency - Project document of Professional Capacity System in Cape Verde - Aug, 2008.
- ⁷ SENAI - National Service of Industrial Learning - Technical Report - Cape Verde. Brasília. Jun 9th, 2016.
- ⁸ Interview granted by Gustavo Rosa to the author in Jun 13th, 2019, via Skype.
- ⁹ The Brazilian financial resources were managed by UNDP.
- ¹⁰ ABC - Brazilian Cooperation Agency - Project document of Professional Capacity System in Cape Verde - Aug, 2008.
- ¹¹ IIEFP Review. December, 2011. In: SENAI - National Service of Industrial Learning - Technical Report - Cape Verde. Brasília. Jun 9th, 2016.
- ¹² UN Brazil - Global Compact UNDP - Available : <https://nacoesunidas.org/onu-no-brasil/pacto-globalpnud/> Access: December 21st, 2018.
- ¹³ In the original: “Devido à sua inserção internacional, o SENAI é hoje considerado um dos três atores mais importantes para execução da cooperação internacional brasileira, contribuindo para o alcance dos Objetivos de Desenvolvimento Sustentável, especificamente no item número 4 - Educação de Qualidade - Assegurar a educação inclusiva e equitativa e de qualidade, e promover oportunidades de aprendizagem ao longo da vida para todos”. (SENAI 2016, 4)
- ¹⁴ Brazilian Government. Institutional Website. Available: <http://www.brasil.gov.br/> Access: March 1st, 2019.
- ¹⁵ In the original: “Da perspectiva do SENAI, suas experiências no exterior - seja por meio de projetos de cooperação técnica internacional ou prestação de serviços - aumentam o valor da marca, fortalecem o capital político para defesa de interesse da indústria brasileira, possibilitam a seu quadro técnico o desenvolvimento de novas expertises e competências interculturais, tão importantes e demandadas no cenário atual altamente globalizado.” (SENAI 2016, p. 4).
- ¹⁶ Interview granted by Gustavo Rosa to the author in Jun 13th, 2019, via Skype.
- ¹⁷ Author’s data survey from Brazilian Multinational Ranking of Dom Cabral Foundation.

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INDIA COMMITS RS. 4500 CRORE FOR DEVELOPMENT PROJECTS IN BHUTAN

The Third India-Bhutan Development Cooperation Talks were held virtually on June 28, 2021 where the Development partnership of India and Bhutan and overall progress of the ongoing Project Tied Assistance (PTA) projects were reviewed. According to the Ministry of External Affairs statement, India has committed assistance of ₹4500 crore for the implementation of development projects and ₹400 crore for the transitional trade support facility during Bhutan's 12th Five Year Plan. The 12th Five Year Plan has 77 large and intermediate projects and 524 Small Development Projects (SDPs)/High Impact Community Development Projects (HICDPs) which are at various stages of implementation.

The Indian delegation was led by Rahul Chhabra, Secretary (Economic Relations), MEA and the delegation from Bhutan was led by Kinga Singye, Foreign Secretary, Royal Government of Bhutan. Ruchira Kamboj, Ambassador of India to Bhutan, also attended the talks. Bhutan's foreign secretary appreciated India's role in the socio-economic transformation of Bhutan and also emphasized the importance of HICDPs at the grassroots level. India's effort to frontload the release of funds for various projects was also commended, in the light of COVID-19 pandemic. Both sides also agreed on implementation of some new PTA projects across sectors such as road infrastructure, water management, industrial parks and COVID-19 management.

Source: (2021, June 28). India, Bhutan review development cooperation, agree to implement new projects. Money Control. Retrieved from: <https://www.moneycontrol.com/news/india/india-bhutan-review-development-cooperation-agree-to-implement-new-projects-7099871.html>

India and Latin America: Proposals to Boost Relations through Trade



*María Eugenia Pereira**

“Different reports show that there are complementarities in trade between LAC and India, even though it is still very concentrated and far from reaching its maximum potential.”

Introduction

India, Latin America and the Caribbean (LAC) are still far apart. The barriers imposed by geographical distances, logistics connections, cultural differences are so big that the strategies of international insertion and the trade policies carried out by these countries have not helped these two regions to reach the optimum level in their relations. One of the biggest difficulties that must be understood is that LAC is a space made up of many different realities and where different visions of how to deal with relations with third countries can be found (Bhojwani, 2017). Within this continent with 33 countries, some already have interaction mechanisms that manage to bring India closer to Brazil. While others still find India distant from them, this is the case with many of the countries of Central America or the Caribbean.

The first of these initiatives occurred in 2003 when the Forum for Dialogue India, Brazil and South Africa (IBSA) was created. This forum seeks to create a space where these three countries can have political and sectoral cooperation and manage third party cooperation through IBSA Fund in which

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they assist countries with less relative development. In turn, within this forum, you can find group of works aimed at the incentive of trade.

On the other hand, because of the increase in diplomatic initiatives, a new forum has come up. The BRICS has organised high-level summits with the governments of Brazil, Russia, India, China, and South Africa since 2009. This initiative seeks to generate common positions on issues on the global agenda, which include economic-financial aspects, international policy, and international governance, among others. Within the economic and financial cooperation there is a need to highlight the development of the New Development Bank, an initiative that seeks to support infrastructure projects and development in emerging markets.

Although in these two initiatives Brazil is the only Latin American country that participates, this does not mean that the effects of this relationship cannot be appreciated beyond the proposed bilateralism. There are other areas in which it is also possible to detect common interests that become the driving force. Such is the case of the coalitions that are formed within the framework of the WTO. Under the Doha Round negotiations, in the formation of the negotiation groups, India is a member of the G20 with LAC countries (Argentina, Bolivia, Chile, Brazil, Ecuador, Cuba, Mexico, Paraguay, Peru, Uruguay, and Venezuela). In this group, the developing countries exert pressure to reform agriculture in developed countries, while maintaining flexibility for developing countries. On the other hand, India is also a

member of the G33 which has several countries mainly in the Caribbean; those members who have interests in “special” agricultural products are concentrated. In many cases, India has been concerned with representing the interests of the global south during the multilateral negotiations (Giaccaglia, 2008).

These initiatives show that there are interests in common, but even the relations between the parties are far below their potential, especially in the trade exchange. Different reports show that there are complementarities in trade between LAC and India, even though it is still very concentrated and far from reaching its maximum potential. On the other hand, the new scenario of international trade, where the United States has opted for a more protectionist policy (and the multilateral sphere is weakened) the developing countries of not only Asia, but also of LAC, are shown as the main drivers of the economic integration (Estevadeoral, et al, 2017).

Greater cooperation in trade can lead to the development of alliances between countries that share common challenges and, therefore, settle agreements. Fair trade can boost the entry of small and medium enterprises into international trade, as well as enhance the role of women, generate areas of exchange and start exploring areas of cooperation among participants. But for this, it is necessary to generate a clear strategy on both sides of how to deal with these two markets, which are so different from each other. There are still various obstacles in the road, such as long geographical distances, low internal interconnectivity, and tariff barriers and

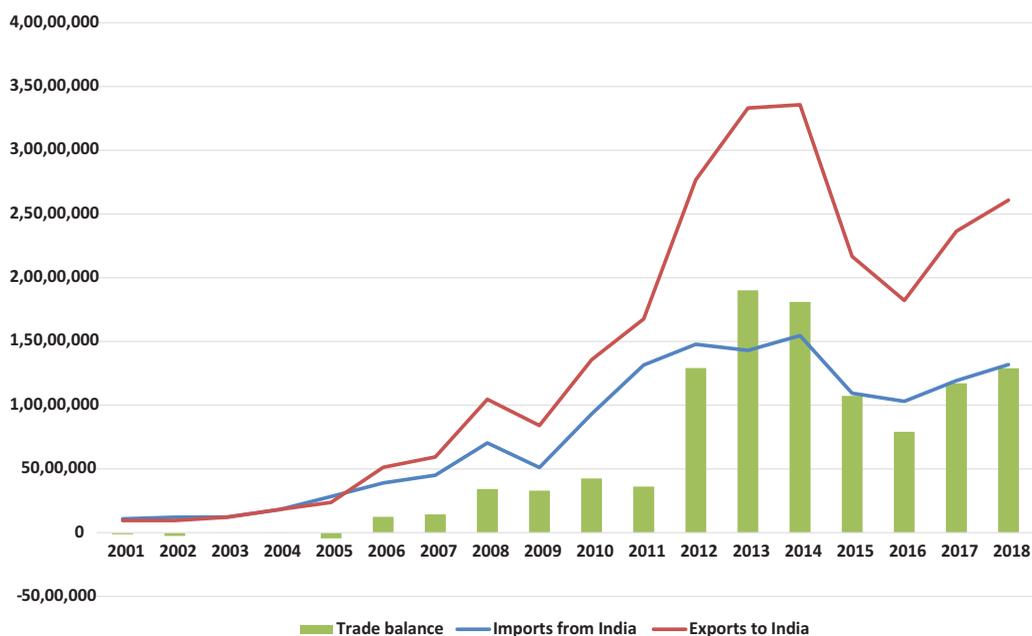
non-tariff which are significantly high compared to other regions.

Trade between Latin America & Caribbean Region and India

Trade between LAC and India grew sharply during the 2001-2018 period. During the mentioned period, LAC exports to India increased by 2663 per cent, while imports from the Asian country also showed a positive variation of 1130 per cent (Table 1 and 3). However, several authors agree that commercial exchange is still below potential (Bartesaghi, 2016, Estevadeoral, *et. al*, 2017). The balance of trade is favorable for LAC since 2006. In turn, it should be considered that the export products are

highly concentrated. In 2018, 52 per cent of the exported by LAC corresponded to mineral fuels, such as oil (chapter 27 of the harmonised system). This concentration is a phenomenon that begins to be observed in 2005 but will be from 2008 when this product begins to dominate sales from LAC to India. In the second place, chapter 71 of the HS which includes gold, has had a positive variation of 4556 per cent in the last ten years. This product represented 17 per cent of the exported in the year 2018. Finally, you can find the sales of soybean oil (chapter 15 of HS) made by Argentina and Brazil. In the past year, exports of this product represented 8 per cent of the total sold to India (Table 1).

Figure 1: Evolution of foreign trade in Latin America and the Caribbean with India



Unit: US Dollar thousand

Source: Author's compilation using data from TradeMap.org.

The main suppliers of LAC to India are Venezuela¹, Mexico and Brazil. These three countries represent 65 per cent of exports to the Asian country in 2018. The participation of Peru in total sales stands out, representing 9 per cent of exports in 2018 (Figure 2). For that country, India represented its third export destination in the reference year, being the country in which the Indian market has more importance. Although all countries have shown an increase in the exports to India, those that have shown to be less stable in export flows are the countries that have petroleum as their main export product.

In the case of imports from India, there is a trade with a greater variety of products than in comparison to exports. The main Indian products acquired by LAC are automobiles (chapter 87 of HS)

which in 2018 represented 26 per cent of the total. Secondly, organic chemicals (chapter 29 of the HS) represent 9 per cent of the total exported to LAC. The sale of pharmaceutical products, although they have lost influence, have had a positive variation of 891 per cent from 2001 to 2018 (Table 3).

The main destinations of Indian sales to Latin America and the Caribbean are Mexico and Brazil. In 2018, these two countries accounted for 56 per cent of the imports that came from India throughout LAC. Of these two countries, it should be considered that only Brazil has a limited trade agreement. Colombia representing eight per cent of imports and Chile with seven per cent are the two countries that follow (Figure 3).

Table 1: Main products exported by LAC to India

HS Code	Product Description	Value			Participation			Variation	
		2001	2008	2018	2001	2008	2018	2018/ 2001	2018/ 2008
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral..	1,190	52,25,374	1,35,44,458	0%	50%	52%	1138090%	159%
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad..	24,956	93,851	43,70,124	3%	1%	17%	17411%	4556%
'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	5,15,437	3,91,632	21,82,183	55%	4%	8%	323%	457%
'26	Ores, slag and ash	1,06,606	22,88,095	20,08,802	11%	22%	8%	1784%	-12%

Table 1 continued...

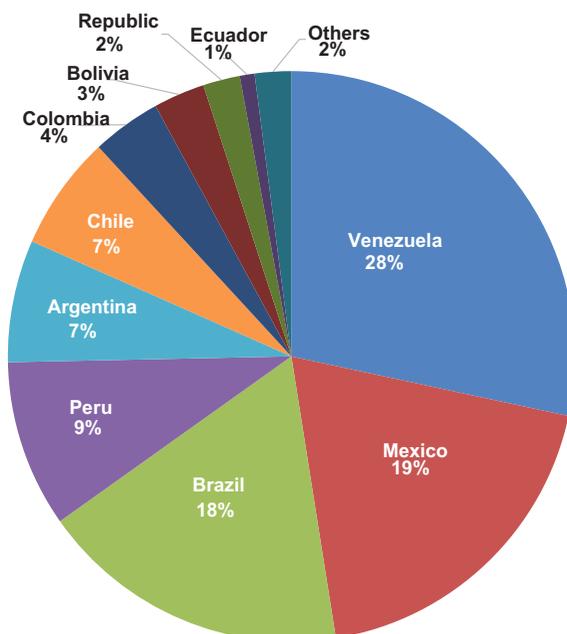
Table 1 continued...

'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	12,336	1,11,081	6,32,688	1%	1%	2%	5029%	470%
'17	Sugars and sugar confectionery	361	29,722	5,66,970	0%	0%	2%	156955%	1808%
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	42,893	2,20,909	3,57,588	5%	2%	1%	734%	62%
'44	Wood and articles of wood; wood charcoal	11,308	79,556	3,49,235	1%	1%	1%	2988%	339%
'29	Organic chemicals	21,183	96,804	2,29,461	2%	1%	1%	983%	137%
'72	Iron and steel	13,180	4,25,333	2,26,938	1%	4%	1%	1622%	-47%
	Other	1,94,405	14,99,481	16,14,153	21%	14%	6%	730%	8%
	Total	9,43,855	1,04,61,838	2,60,82,600	100%	100%	100%	2663%	149%

Unit: US Dollar thousand

Source: Author's compilation using data from TradeMap.org.

Figure 2: Main countries exporting LAC to India in 2018



Source: Author's compilation using data from TradeMap.org.

Table 2: Indicators of the main exporting countries to India

Country	Exports to India in 2001	Exports to India in 2018	Variation 2018/2001	Ranking of India in the total exports of the country 2018	Main products exported to India 2018
Venezuela	2,286	73,95,287	323503%	Not available	Mineral fuels, mineral oils, Aluminium and articles thereof, Wood and articles of wood
Mexico	61,509	49,90,644	8114%	18	Mineral fuels, mineral oils, Electrical machinery and equipment and parts thereof.
Brazil	2,70,996	46,17,881	1704%	10	Mineral fuels, mineral oils, Sugars, Animal or vegetable fats.
Peru	28,379	24,72,363	8712%	3	Gold, Ores, slag and ash, Salt; sulphur.
Argentina	4,46,571	18,09,094	405%	7	Animal or vegetable fats and oils, Mineral fuels, mineral oils, Raw hides and skins.

Unit: US Dollar thousand

Source: Author's compilation using data from TradeMap.org.

Table 3: Main products exported by India to LAC

HS Code	Product Description	Value			Participation			Variation	
		2001	2008	2018	2001	2008	2018	2018/2001	2018/2008
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	95,372	5,44,139	34,50,132	9%	8%	26%	3518%	534%
'29	Organic chemicals	1,50,309	4,90,524	11,87,993	14%	7%	9%	690%	142%
'30	Pharmaceutical products	88,416	3,42,642	8,76,547	8%	5%	7%	891%	156%
'38	Miscellaneous chemical products	37,999	2,39,153	8,41,744	4%	3%	6%	2115%	252%
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	26,326	2,49,080	6,94,470	2%	4%	5%	2538%	179%
'39	Plastics and articles thereof	18,252	1,36,588	5,59,335	2%	2%	4%	2965%	310%
'76	Aluminium and articles thereof	2,134	8,224	4,50,561	0%	0%	3%	21013%	5379%

Table 3 continued...

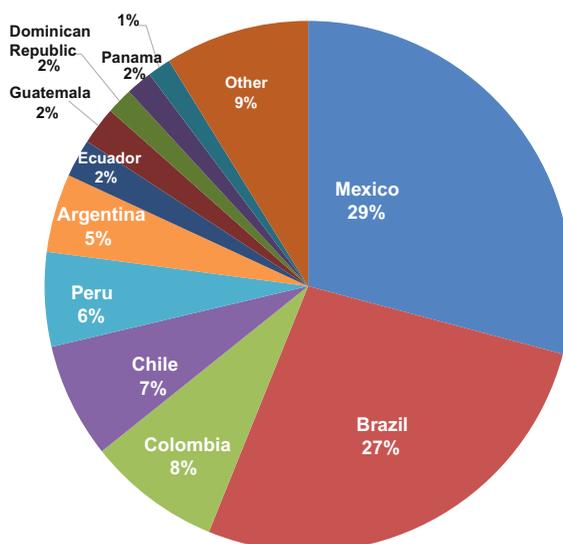
Table 3 continued...

'72	Iron and steel	30,593	2,73,530	4,42,734	3%	4%	3%	1347%	62%
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	32,916	3,20,226	4,22,018	3%	5%	3%	1182%	32%
'54	Man-made filaments; strip and the like of man-made textile materials	14,001	1,55,388	4,12,326	1%	2%	3%	2845%	165%
'52	Cotton	51,910	3,24,485	3,95,766	5%	5%	3%	662%	22%
'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	23,867	1,06,967	3,71,130	2%	2%	3%	1455%	247%
'73	Articles of iron or steel	38,001	2,80,745	3,32,320	4%	4%	3%	775%	18%
'62	Articles of apparel and clothing accessories, not knitted or crocheted	92,071	1,15,880	2,90,015	9%	2%	2%	215%	150%
'55	Man-made staple fibres	29,869	1,50,684	2,56,039	3%	2%	2%	757%	70%
'40	Rubber and articles thereof	35,777	1,30,789	2,47,025	3%	2%	2%	590%	89%
	Others	3,04,009	31,66,390	19,52,837	28%	45%	15%	542%	-38%
	Total	10,71,822	70,35,434	1,31,82,992	100%	100%	100%	1130%	87%

Unit: US Dollar thousand

Source: Author's compilation using data from TradeMap.org.

Figure 3: Main importing countries of India in LAC in 2018



Source: Author's compilation using data from TradeMap.org.

Table 4: Indicators of the main importing countries from India

Country	Imports from India in 2001	Imports from India in 2018	Variation 2018/2001	Ranking of India in the total imports of the country 2018	Main products imported from India 2018
Mexico	2,30,119	38,39,442	1568%	13	Vehicles, Organic chemicals, Aluminium and articles thereof
Brazil	2,30,498	35,61,877	1445%	11	Miscellaneous chemical products, Organic chemicals, Vehicles
Colombia	49,357	10,75,937	2080%	7	Vehicles, Cotton, Organic chemicals.
Chile	85,603	9,25,092	981%	16	Vehicles, Pharmaceutical products, Articles of iron or steel.
Peru	34,778	7,57,855	2079%	13	Vehicles, Cotton, Organic chemicals, Plastics and articles thereof

Unit: US Dollar thousand

Source: Author's compilation using data from TradeMap.org.

Among the challenges that must be faced by the governments of the countries are the diversification of the products, especially from the LAC side, where the exports are highly concentrated in mineral raw materials. Improvement of existing trade agreements could help other businesses in finding advantages and benefits when exploring these markets to the pursuit of a better international insertion of the respective countries.

Certainly, neither the countries of LAC nor India have had a clear policy of how to handle these respective markets. India, for its part, has been more focused on strengthening its relationship with the East (Upendra, *et. al*, 2017), with the signing of agreements with the countries of Asia Pacific (RCEP, for example), while LAC has carried

different strategies depending on the type of country. However, in recent years, Latin American countries have signed agreements with various Asian countries, so we should take advantage of this impulse to get closer to the regions.

Perceived Solutions to Increase Trade Exchange

According to data from the World Bank for the year 2017, these 33 countries from LAC represented a market that exceeded 644 million inhabitants. This is a double challenge. First, India must be aware of the differences that exist within this vast territory. Secondly, the LAC countries must generate areas of consensus with each other, before start to planning to increase the interactions with thirds parties.

Table 5: Main processes of integration of Latin America and the Caribbean

Initiative	Members	Year of creation	Goals
ALALC - Latin American Free Trade Association.	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, México, Paraguay, Perú, Uruguay and Venezuela.	1960	Conformation of a Free Trade Zone. It was replaced by ALADI in 1980
MCC - Central American Common Market	Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panamá	1960	Common Market
CAN - Andean Community	Bolivia, Ecuador, Colombia, Perú	1969	Common Market
CARICOM- Caribbean Community	Antigua and Barbuda, Bahamas, Barbados, Belice, Dominica, Granada, Guyana, Haití, Jamaica, Montserrat, San Cristobal and Nieves, Santa Lucía, San Vicente and las Granadinas, Surinam, Trinidad and Tobago.	1973	Establish a common market
ALADI - Latin American Integration Association	Argentina, Bolivia, Brasil, Chile, Colombia, Cuba, Ecuador, México, Nicaragua, Panamá, Perú, Uruguay and Venezuela.	1980	Conformation of a Common Market among its members. Without established deadlines.
MERCOSUR - Common Market of the South	Argentina, Brasil, Uruguay, Paraguay. Venezuela is suspended.	1991	To establish a Common Market. At present, it is considered an imperfect Customs Union due to the number of exceptions that make it up.
SICA - Central American Integration System.	Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panamá, Belice and República Dominicana.	1993	Achieve an integration of Central America, to constitute it as a Region of Peace, Freedom, Democracy and Development

Table 5 continued...

Table 5 continued...

ALBA -TCP Bolivarian Alliance for the countries	San Vicente and las Granadinas, Antigua and Barbuda, Bolivia, Cuba, Dominica, Nicaragua and Venezuela.	2004	Political, social and economic collaboration project led by Venezuela.
UNASUR - South American Union of Nations	Active members: Bolivia, Guyana, Surinam, Uruguay and Venezuela.	2008	Political and economic organisation. Currently weakened by the departure of several of its original members
CELAC - Community of Latin American and Caribbean States	Integrated by the 33 Latin American countries	2010	
Pacific Alliance	México, Colombia, Perú, and Chile.	2012	Common Market, but not at Custom Union.

Source: Author's compilation using data from Sice.org.

To achieve that, LAC countries have opted for regionalism. Since the 1960s, economic integration initiatives have thrived in this region. Many of them were seen as ways to achieve common positions on shared problems. The multiple agreements signed by the countries of this continent have made it a fragmented area in terms of economic integration. However, this may also represent an opportunity for the rest of the world since they can find different ways of relating to these countries according to the regional interest that they have.

As can be seen in Table 5, the architecture of agreements in Latin America is varied and full of initiatives. This is seen by various authors as the

inefficiency of regional integration since a number of forums mean that countries must duplicate their efforts and that many times, they become hostages to the political ups and downs of the region. Despite the variety of agreements involving various areas, there is a predominance of the deep economic integration with the formation of customs unions and common markets, which reflect the sharing of common problems that are to be overcome with shared initiatives. In this sense, the diversification of existing agreements can be an initial link to begin channeling South-South cooperation.

Of the agreements mentioned above, the Community of Latin American and Caribbean States (CELAC) is the

only forum that brings together the 33 countries of the region. This makes it the only interlocutor that can promote and project a concerted voice from Latin America and the Caribbean in the discussion on major global issues, to seek a better representation and projection of Latin America in the international arena. Thus, this block has established a working agenda with other partners at the international level, such as the forum it maintains with the European Union and with China. At the same time, it has dialogue mechanisms with Russia, Turkey, the Cooperation Council of the Arab States, Korea, and Japan.

The CELAC Forum-European Union institutionalise a natural relationship existing between European countries and LAC, through the meetings of Heads of State and Government every two years. Topics taken up relate to sustainable development, science, research, regional integration, migration, education, employment, gender, investment, among others (Foreign Ministry of Colombia, n/d). Although the summits between these regions have taken place since 1999, it was in 2011 when they began to be channeled through this mechanism.

On the other hand, the CELAC-China Forum was constituted in 2014, with the visit of Xi Jinping to a meeting of leaders of the countries of LAC in Brasilia. Since then, two ministerial meetings have been held, the first one in Beijing in 2015 and the second in Santiago de Chile in 2018. In the first meeting the so-called 'Plan of Chinese Cooperation - Latin American and Caribbean States (2015-2019), was launched. The topics covered include politics and security, international affairs, trade, investment and finance,

infrastructure and transport, energy and natural resources, agriculture, industry, science and technology, aerospace cooperation, education and training of human resources, culture and sports, press, media, publishing, tourism, environmental protection, disaster risk management and mitigation of natural calamities, elimination of poverty and health. This forum is the main mechanism in which the common issues are discussed (Ministry of Foreign Affairs of China, 2016). At the second CELAC - China Summit, a new Action Plan was adopted, which would cover the period 2019-2021 and where the emphasis is on cooperation in the areas of trade, infrastructure, innovation, science, and technology, among others (Ministry of Foreign Affairs of Uruguay, 2018). This progress represented a new stage in the bilateral relations between the region and this Asian country (Bartesaghi, 2016).

In recent years, this organisation (like many others in the region) has been affected by the various political events that are taking place in the region, especially the case of Venezuela. This has generated two well-divided positions among those that do not recognise the Nicolas Maduro regime (grouped under the so-called Lima Group²). On the other hand, ALBA-CPT³ members continue to support the regime that historically has helped them. To this group we should add Uruguay that keeps supporting the mentioned regime. This ideological division led to normal schedule of activities being altered, such as the holding of the VI ministerial summit. Despite this, in 2018 the XV Foreign Ministers meeting was held in which

five priority topics were established for CELAC for 2019, among which is the promotion of international cooperation and the deepening of relations with extra-regional partners (Duarte, 2019). This is presented as a good alternative for exploring the possibility of enabling an exchange mechanism between this group of countries and India.

Agreements to Promote Trade

Free trade agreements help to promote trade among trading partners by reducing tariff and non-tariff barriers between partners. However, in recent years the negotiation of tariffs has lost importance against the incorporation of new chapters such as environment, development, labor standards, cooperation, intellectual property, electronic commerce, telecommunications, among others.

The progress of the countries involved in the negotiation of these issues has not been equal, but we can distinguish some States that have managed to incorporate more advanced topics to the FTA classics than others. In Latin America, you can find countries that have made more progress in signing trade agreements, such as the member countries of the Pacific Alliance: Chile, Colombia, Peru, and Mexico. The members of this integration block have consecrated their intention to advance an agreement by signing the Trade Protocol, where they not only achieve the free trade zone among the members with the liberalisation of 92 per cent of the tariff universe, but also, they advance in other norms, such as, for example, the accumulation of origin, integrated single windows, negotiate trade in services,

investment, electronic commerce, among others (Estevadeoral, 2016). The depth of this agreement is understood if it is considered that three of the four members of the Pacific Alliance are participants of the comprehensive and progressive Agreement for Trans-Pacific Partnership (CPTPP or TPP11). At the same time, it should be considered that one of the countries that endorses the agreements is Chile, a country that has made the signing of free trade agreements a large part of its international strategy with the main markets of the world, such as the United States, the European Union, and several Asian countries, including China.

However, you can also find countries that have not made much progress in signing agreements and that are more traditional when it comes to making them. This is the case of the Mercosur countries. This block, which has encountered serious difficulties in consolidating itself as a customs union and is still far from being considered a common market, has led to a policy of negotiation with third countries that have been more successful when signing with countries in the region, but not with the main markets outside of LAC. One of the greatest difficulties in moving forward in the signing of more agreements is the divergence of interests among the member countries, often explained for the existing asymmetries in terms of size, markets, and existing industries.

But, in recent years, changes in regional governments (mainly in the largest countries of the bloc such as Argentina and Brazil) helped to revitalise the external agenda and new negotiating

tables were established, such as with Canada, Singapore, and Korea. This would show that Mercosur would be interested in, first, adapting to the new demands of trade, and, second, deepening its relations with Asian countries.

In this scenario, some countries have carried out a more active policy when it comes to expressing their relationship strategy with India which has signed two trade preference agreements: with Chile (entered force in 2007) and with the Mercosur countries (entered force in 2009). At the same time, an agreement with Peru has been negotiated since 2016, carrying out four rounds of negotiations, the last one in March 2019. Next, it will proceed to evaluate the agreements in force between Latin American countries.

Mercosur-India Agreement

The Mercosur, integrating Argentina, Brazil, Paraguay, and Uruguay, began talks with India to move towards a trade preference agreement in 2003. In 2004, the agreement was signed but it did not enter force until the year 2009.

In the same, the Mercosur grants a list of preferences of 450 products where tariff preferences of 10 per cent, 20 per cent, and 100 per cent are granted to India. Within these products, you can find leather, for example. For its part, India included in its list of preferences to provide 452 products, where preferences of 100 per cent, 20 per cent, and 10 per cent were provided (Bartesaghi, 2010) for the Mercosur countries. It should be mentioned that Venezuela (currently suspended from the bloc), did not adhere to the agreement.

Although the preferences offered could be considered as limited in comparison with the entire tariff universe, the agreement is a first step towards bringing the parties closer together. The signed text, in its article number two, mention: "The Parties agree to celebrate this Preferential Trade Agreement as a first step for the creation of a Free Trade Area between MERCOSUR and the Republic of India".

The need to expand the coverage of the agreement in terms of preferences granted is essential to strengthening business relationships. In this sense, in the Pro Tempore Presidency of Uruguay in 2016, the theme of deepening the agreement was promoted (Bartesaghi & Bhojwani, 2016). Likewise, during the last visit of the president of Argentina, Mauricio Macri in February 2019 to India, the need to extend the agreement to as many products as possible was mentioned shortly (Foreign Ministry of Argentina, 2019).

In this next expansion, in addition to continuous providing of tariff preferences, emphasis should be placed on the negotiation of non-tariff barriers, that in view of geography and cultural distance, make it difficult for doing business.

Chile- India Agreement

In 2003, Chile received the proposal to move towards a trade preferences agreement with India and after four rounds of negotiations, an agreement was concluded in 2006. It entered force in 2007. This agreement is the first agreement that India has signed with a Latin American country individually since the former had been with a block of

countries such as Mercosur, and in this way, the Chilean government showed a clear intention in its strategy of trade policy with Asia (Direcon, 2008).

The agreement, which as mentioned above, is limited in scope, does not intend to establish a free trade zone between the parties, but to provide timely tariff benefits, negotiate issues such as market access, rules of origin, customs procedures, safeguards and dispute settlement. Regarding tariff liberalisation, India submitted a list of products with a fixed margin of preferences over MFN for a total of 178 goods. Chile, for its part, granted a margin of preferences for 296 goods. Although the concessions were very limited, at the time of signing the agreement 98 per cent of Chilean exports and 91 per cent of Indian exports to this country is going to be benefited by some preference at the time it is in force (Direcon, 2008). This is explained by the concentration that exists in the trade between these countries. Of the preferences provided, India granted reductions in its tariffs of 10 per cent, 15 per cent, 20 per cent, 25 per cent and 50 per cent on the applied tariff. For its part, Chile granted reductions of 10 per cent, 15 per cent, 20 per cent, 50 per cent and 100 per cent on the MFN tariff.

In 2010, the countries agreed to advance their approach by deepening the trade agreement to achieve an improvement in the trade relations of the countries. With this objective, five negotiation rounds were carried out that increased 2,800 negotiated tariff lines (compared to 474 negotiated initially). With this new agreement, Chile managed to get Chilean products with preferential tariffs from 178 to

1031, while India managed to access 1,798 products with tariff benefits, far exceeding the 296 obtained in the first negotiation. This improvement in market accesses for Chile meant improving the competitiveness of food products such as onions, cherries, avocados, grapes, kiwis, tangerines, as well as grape and apple juice. Likewise, specific rules of origin were negotiated and chapters of technical obstacles were added to trade and sanitary and phytosanitary measures (Direcon, 2017).

Despite these efforts, bilateral trade between India and Chile continues to be very concentrated, especially for Chilean placements where raw materials, especially copper and its derivatives, dominate the sales. However, exports of other products are becoming more relevant, as in the case of fruits. The imports that this country makes from India are represented by vehicles, which in 2018 represented 28 per cent of the total import. On the other hand, we can see a considerable increase in imports of Indian medicines.

The agreements signed are limited to the classic issues of market access, without deepening other areas that could in some way encourage other actors to participate in the exchange between the parties, such as how small to medium enterprise (SME) can take vantage of this agreement or investment. The agreements India has signed with Latin America lack all these chapters. The director of the Confederation of Industry of India, Chandrajit Banerjee, agreed in an interview given at the Inter-American Development Bank that the agreements should be deepened so that the products are competitive in the LAC market (Banerjee, 2017).

Way Forward: Areas to Enhance South-South Cooperation Through Trade

From what has been studied above, there are still opportunities to take advantage of an increase in the interactions between LAC and India. To this end, two areas of immediate action are proposed in which the countries could start working together:

- Deepen the multilateral diplomacy that is carried out. It is currently concentrated in some countries of the region that shared areas such as BRICS or IBSA (in this case on time), or other countries within the framework of the negotiating groups in the WTO.
- At the regional and bilateral level, the signing of new agreements and the deepening of existing ones is proposed.

The architecture of integration processes created in Latin America should help create a counterpart for India where joint projects are articulated and generated. In this case, CELAC would be an excellent instrument to increase relations and to channel cooperation between the parties. In the first place, because it is the only process that involves all the countries of Latin America, and for this reason, it is the most representative. In turn, it is this organisation that first deals with a broader agenda (not only is it intended for trade, as is the case with other processes), but also already have experiences in the interrelation with other regions, as is the case with China and with the European Union.

On the other hand, to enhance trade between the parties, in the first place, existing agreements between the party should be deepened. This deepening should not only cover a greater number of products (especially in the case of the Mercosur - India agreement that is very limited) but should also include other more modern chapters to the agreement, such as SME, trade and gender and cooperation. In this way, treaties can become true inclusive platforms so other actors in society can benefit from the international trade that is promoted through this tool. In turn, the signing of new agreements should be a priority issue for countries such as Peru, Mexico, and Colombia where there is already some established trade flow.

Brazil must be the country that leads the rapprochement with this country. Its position as a regional power and its participation in areas of agreement such as BRICS or IBSA makes it the ideal delegate to lead this. Particularly in this stage in which the international commercial scene is so uncertain, the deepening of relations between countries that share levels of development, commitments and challenges become fundamental to face the consequences of protectionist measures carried out by other actors of the international system.

The key to this approach must be to consider the productive structures of the different countries in such a way that small actors can be strengthened within the States and that the increase in trade generates a spillover effect in the economy. Efforts should be focused on the search for the diversification of the trade, especially by incorporating products beyond minerals and venturing

into placements of products with greater added value. These terms of fair and equitable exchanges are those that can enhance the Global South.

Endnotes

- ¹ It should be considered that the data used on Venezuelan foreign trade correspond to data mirrors informed by its commercial partners.
- ² Argentina, Brasil, Canadá, Chile, Colombia, Costa Rica, Guatemala, Guayana, Honduras, México, Panamá, Paraguay, Perú, Santa Lucía, and the government of the Venezuela represented by Guaidó (opposition of Nicolás Maduro).
- ³ Antigua y Bermuda, Bolivia, Cuba, Dominica, Grenada, Nicaragua, Saint Kitts and Nevis, Sanit Lucía, Saint Vicent and the Grenadines and Venezuela.

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Academic Bibliography on South-South Cooperation from Latin America



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Strengthening of SSC is highly contingent on continuous academic support to its ideas and principles. The paper presents an Academic Bibliography on South-South Cooperation from Latin America. It includes a collection of case studies on SSC from Latin American countries -Brazil, Cuba, Mercosur, Venezuela, Colombia, Mexico, Chile, Uruguay and Argentina.

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Dynamics of Intra-Regional Trade in Latin America and the Caribbean



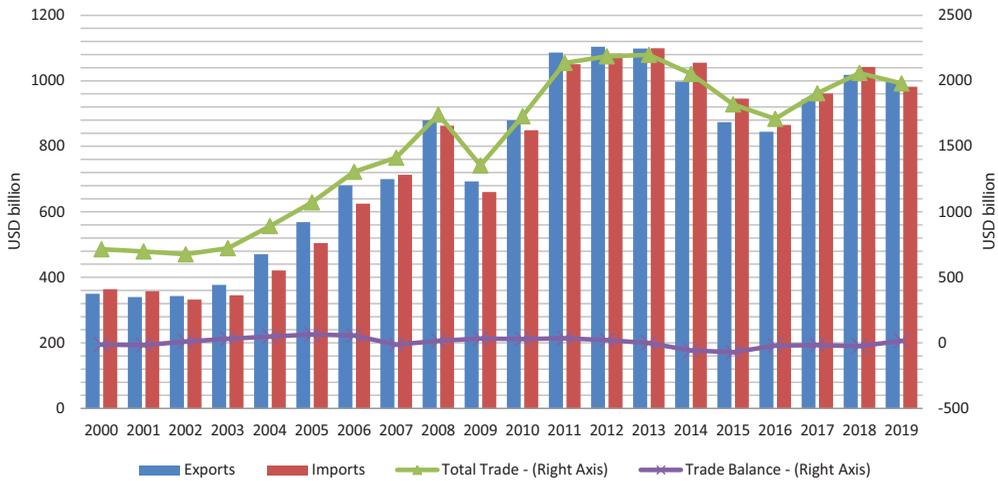
*Sushil Kumar**

The Latin American and Caribbean (LAC) is a large market of 52 countries¹ with a population of 646 million people and regional GDP of 5.73 trillion in 2019 and it is one of the most dynamic regions of the world, but is accidentally entangled with severe economic upheavals as the consequence of the prolongation of the global recession (Mohanty *et al.*, 2019). In context of trade, the volume of international trade of LAC region in goods has increased dramatically in last two decades (figure 1). It has been increased more than three times. In 2000, the LAC region exported USD 350 billion worth of merchandise goods, which increased to USD 1104 billion in 2012, and in 2019 it slightly declined to around USD 1000 billion. Similarly, the region's import was USD 364 billion in 2000, increased to around USD 1100 billion in 2013 and declined to USD 982 billion in 2019. It is also important to note that from 2000 to 2019, LAC's exports grew at an estimated 5.77 percent while its imports grew 5.69 during the same time period. LAC registered persistent growth in trade till 2012 but declined with the onset of second phase of recession. The region displayed resilience by performing well during the first phase of recession but suffered due to its continued pressure and the surging trend was reversed since 2012 (Mohanty *et al.*, 2019)

Intra-regional trade within LAC has a similar trend to the region's total trade with the world. The total volume of exports and imports has increased more than two times from USD 118.83 billion in 2000 to USD 290 billion in 2019, amounting more than 4.8 percent annual growth rate. It is important to note that intra-LAC trade ratio stood at 16.64 percent in

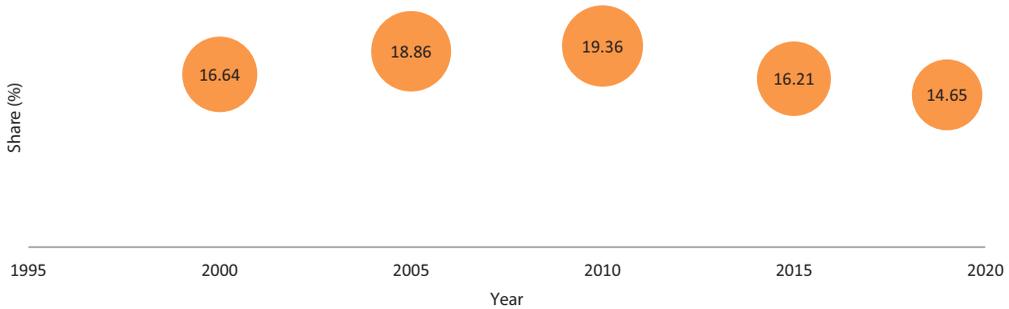
* Assistant Professor, RIS. Views expressed are personal.

Figure 1: Trends in LAC's Merchandise Trade between 2000-2019



Source: Estimated from UN Comtrade database

Figure 2: Intra -LAC Trade as Share of Total LAC's Trade (%)



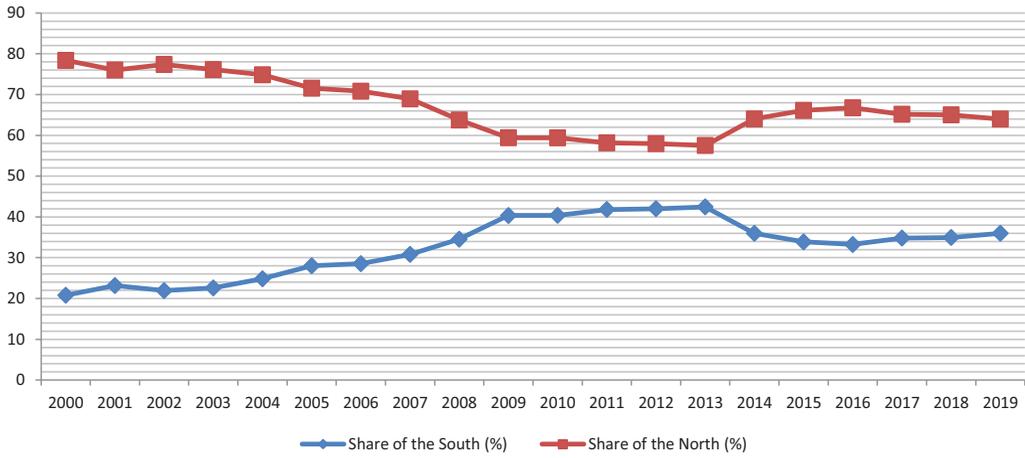
Source: Estimated from UN Comtrade database

2000. Twenty years later the ratio had declined slightly to 14.65 percent in 2019 (see figure 2). LAC regional integration remains an underexploited opportunity. Only 16 percent of total LAC exports were destined for the regional market in 2015. This is well below the intra-regional trade coefficients of EU, NAFTA

and ASEAN (OECD, 2019)

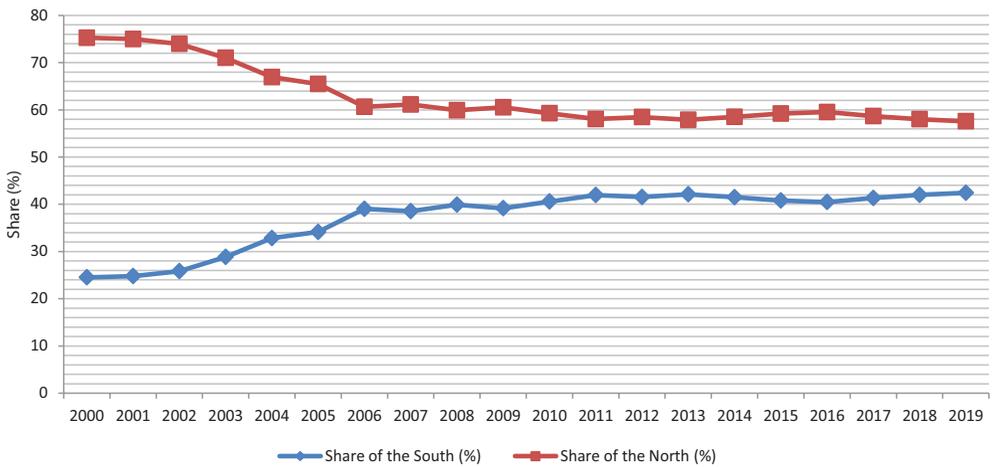
LAC's total exports as percentage of total exports of South (all countries who are not member of OECD) climbed from 20.80 percent in 2000 to 36 percent in 2019 while trade with North declined from 78.38 percent in 2000 to 64.00 percent in 2019 (fig. 3).

Figure 3: LAC's Exports to South and North as percentage of its Total Exports



Source: Estimated from UN Comtrade database

Figure 4: LAC's Imports from South and North as percentage of its Total Imports



Source: Estimated from UN Comtrade database

It is also important to note that share of LAC's import from South increased 24.53 percent in 2000 to 42.42 percent in 2019 while the share of North has been declined 75.24 percent in 2000 to 57.57 percent in 2019 (see figure 4).

Endnote

¹ <https://unstats.un.org/unsd/methodology/m49/>

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EFFORTS TO REACTIVATE SUSTAINABLE TOURISM; FUNDED BY THE REGIONAL FUND FOR TRIANGULAR COOPERATION IN LATIN AMERICA AND THE CARIBBEAN

The governments of Costa Rica, Paraguay, Ecuador and Germany have proposed a project to reactivate sustainable tourism in the region for the Post-Pandemic era. The initiative is financed by the German government via the Regional Fund for Triangular Cooperation in Latin America and the Caribbean and aims to contribute to the reactivation of the tourism sector, one of the sectors most affected by the Pandemic, in the light of green and sustainable future of the sector.

Andrea Meza, Tico Minister of Environment and Energy emphasised on the need to promote a sustainable global economic reactivation. The project focuses on the exchange of information and experiences from Costa Rica, the offering country, through the National System of Conservation Areas to the receiving countries in Latin America and the Caribbean.

Source: (2021, April 24). Costa Rica, Paraguay and Ecuador Launch a Project to Reactivate Post Covid-19 Sustainable Tourism. The Costa Rica News. Retrieved from <https://thecostaricanews.com/costa-rica-paraguay-and-ecuador-launch-a-project-to-reactivate-post-covid-19-sustainable-tourism/>

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2. Manuscripts should be prepared using double spacing. The text of manuscripts should not ordinarily exceed 1500 words. Manuscripts sent for peer review section may be limited to 5000 words. Such submissions should contain a 200-word abstract, and key words up to six.

3. Use 's' in '-ise' '-isation' words; e.g., 'civilise', 'organisation'. Use British spellings rather than American spellings. Thus, 'labour' not 'labor'. (2 per cent, 3 km, 36 years old, etc.). In general descriptions, numbers below 10 should be spelt out in words. Use thousands, millions, billions, not lakh and crore. Use fuller forms for numbers and dates— for example 1980-88, pp. 200-202 and pp. 178-84, for example, 'the eighties', 'the twentieth century', etc.

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Introduction of a Section on Peer Reviewed Articles/Essays

In keeping with suggestions, feedbacks and accumulated experience, we have decided to introduce a section, containing peer reviewed full length articles/essays. Interested scholars willing to contribute are requested to send in their manuscripts (preferably in not more than 5000 words) to the editorial office.

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Development Cooperation Review (DCR) aspires to capture holistic narrative around global development cooperation and fill an important knowledge gap towards theorisation, empirical verification and documentation of Southern-led development cooperation processes. Despite growing volumes of development partnerships around the Southern world, there remains an absence of detailed information, analysis and its contribution to global development processes. Even though there have been sporadic efforts in documenting some of the activities, a continuous effort in chronicling the diverse experiences in South-South Cooperation (SSC) is still absent. RIS, in joint publication with GDI, FIDC and NeST has endeavoured to launch DCR, a quarterly periodical, to fill this gap.

About Research and Information System for Developing Countries (RIS)

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Established at RIS, the Global Development Centre (GDC) aims to institutionalise knowledge on India's development initiatives and promote their replication as part of knowledge sharing in Asia and Africa with the help of its institutional partners, including civil society organisations. It attempts to explore and articulate global development processes within a micro framework and works as a unique platform to collate and assimilate learning processes of other countries towards promotion of equity, sustainability and inclusively based on multi-disciplinary and multi-functional approach.

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Sushil Kumar