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Vice President Visit to Paraguay and Costa Rica

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Recently, Vice President of India visited two countries Costa Rica and Paraguay.

Paraguay and Costa Rica are important partners of India in Latin American and Caribbean region respectively.



- **Political**

- **Diplomatic relations between India and Paraguay were established in 1961.**
- During the visit, it was decided to strengthen the relations even more.
- Paraguay has also condemned the terror attack on Indian security forces in Pulwama.

- **Economic**

- Bilateral trade between India and Paraguay has been growing.
- **It was \$40 million ten years ago and today it stands close to \$375 million.**
- During the visit, it was decided that efforts will be made to diversify and expand the trade basket.
- Discussion on **India's engagement in MERCOSUR also took place during the visit.**

- **Cooperation & People-2-People Contact**
 - **New areas for collaboration were identified** between the two countries like renewable energy, health, ICT, space, biotechnology, railways, and tourism-related infrastructure.
 - To build people to people contacts there was a **discussion on how to make travel easier** between two countries.

MERCOSUR

- The **Southern Common Market (MERCOSUR for its Spanish initials)** is a regional integration process, initially established by **Argentina, Brazil, Paraguay, and Uruguay, and subsequently joined by Venezuela and Bolivia.**
- India has a **preferential trade agreement** with MERCOSUR.



- India appointed an **Honorary Consul in San Jose, capital of Costa Rica in 1995.** Costa Rica reciprocated by opening an Honorary Consulate in New Delhi in 1996.
- India and Costa Rica enjoy long-standing relations of friendship and cooperation, which are being strengthened by the growing commercial engagement between the two countries.
- **Costa Rica is the 13th leading Trading Partner of India in the Latin American and Caribbean (LAC) region.** Bilateral trade between India and Costa Rica is around USD 200 mn.
- **Costa Rica has set a target to become a carbon-neutral country by 2021** and has decided to join the **International Solar Alliance.**

India- Latin American and Caribbean (LAC) Region

- **Importance of LAC**

- **Food Security:** India is importing pulses and from South American countries.
- **Mineral Import:** Latin America is also very rich in minerals such as copper, lithium, iron ore, gold, and silver. India has an opportunity to increase investments for its extraction as well as for its imports at cheaper rates.
- **Energy Security:** Latin America has huge reserves of crude oil (20% of global reserves). Currently, India sources 15% of its crude oil from LAC countries. India which has emerged as the second largest importer of crude oil from the region is also important for Latin American countries.

- **Challenges**

- **Political Challenges:** India has good relations with countries like Brazil, Mexico, Chile but other countries lag behind. Rivalries between countries like Brazil and Argentina for regional dominance is also affecting India's relations with the region.]
- **Economic Relations:** Though trade has reached \$46 billion in 2012-13, it is nothing compared to the Chinese trade of \$250 billion. Bilateral investments between India and LAC are also relatively low. It is only four percent of India's total outward investment.