

India's Economic Footprint in LAC: Trade and Investment Patterns and Opportunities



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India's Economic Footprint in LAC: Trade and Investment Patterns and Opportunities

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Project Team: Research and Analysis Group

Ms. Sara Joy, Chief Manager

Mr. Kanishk Choudhary, Officer

Mr. Ashutosh Kushwaha, Officer

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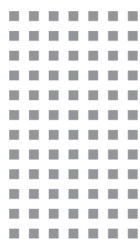
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Executive Summary

The Latin America and Caribbean (LAC) region, spanning 33 sovereign countries and numerous territories from Mexico in the north to Tierra del Fuego in the south, has long served as a dynamic economic bloc shaped by its colonial legacies, resource endowments, and turbulent 20th century transitions from import-substitution industrialization to market-oriented reforms of the 1990s. The region is home to over 660 million people and has a collective gross domestic product (GDP) of around US\$ 6.5 trillion, which is equivalent to about 7.3% of the global output in 2024.

The study focuses on six key economies in the region: Argentina, Brazil, Chile, Colombia, Mexico, and Peru, which represent over 83% of LAC's nominal GDP and 75% of LAC's total trade in 2024. Mexico and Brazil alone account for 65% of exports and 60% of imports of the region. These six countries are considered as the main drivers of the LAC regional economy and span manufacturing powerhouses, mining giants, and agricultural leaders, capturing the region's core trade dynamics.

Argentina, one of the largest economies in Latin America, recorded a nominal GDP of US\$ 637.2 billion in 2024. It has the world's 2nd largest shale gas & 4th largest shale oil reserves, world's 3rd largest lithium reserves and is the world's 4th largest lithium producer. Brazil is the largest country in Latin America and Caribbean with a GDP per capita of US\$ 10,252 in 2024. Chile, with a GDP of US\$ 330.2 billion and a population of 20.1 million, is the world's largest copper producer and 2nd largest lithium producer, with 27% share in global lithium production. Colombia is the 4th largest economy in the region, with a GDP exceeding US\$ 418 billion in 2024. The country is widely recognized as the world's leading producer of high-quality emeralds and has rich reserves of petroleum, coal, gold, and nickel. Mexico, the 2nd largest economy in Latin America, had a GDP of US\$ 1.86 trillion in 2024 and serves as a key global manufacturing hub, particularly for the automotive and aerospace industries. Peru is the world's 2nd largest copper producer, holding major reserves of zinc, lead, and silver, and is emerging as a source of rare earth elements.

International Merchandise Trade of LAC Region

Latin America is a diverse region, accounting for nearly US\$ 2.9 trillion in merchandise trade as of 2024, having grown at a compound annual growth rate (CAGR) of 4.8% between 2015 to 2024. LAC's trade balance over the period 2015–2024 has exhibited cyclical fluctuations rather than a consistent trend. The region recorded trade deficits in most years, with the exception of surpluses recorded in 2017 (US\$ 1 billion), 2020 (US\$ 40.5 billion), and 2024 (US\$ 15.6 billion). The trade deficit recorded in 2023 was US\$ 7.3 billion.

Exports from LAC have shown a steady upward trend despite short-term volatility, reaching US\$ 1,463.7 billion in 2024. Mexico is the largest exporter among the LAC countries, accounting for 42.3% of the region's total exports in 2024. Other major exporters from the LAC region include Brazil (23% share), Chile (7.1%), Argentina (5.4%), Peru (5.1%), and Colombia (3.4%). Mexico accounted for 2.6% of the total global exports, followed by Brazil (1.4%) in 2024.

Vehicles other than railway were the largest category of products exported from LAC, accounting for 12.5% share in LAC's global exports in 2024, followed by mineral fuels and oils. The US remains the largest market for LAC's exports, with a share of 44.3%, followed by China (12.7%) in 2024. India is currently the 6th largest export destination for LAC, with a share of 1.6% in the same year.

Imports of the LAC region rose from US\$ 989.7 billion in 2015 to US\$ 1,448.2 billion in 2024. LAC countries' share in global imports stood at 6.0% in 2024. Mexico dominates imports within the LAC region, accounting for 43.2% of the region's total imports in 2024. Other major importers from the region in the same year include Brazil, Chile, Colombia, Argentina, and Peru.

LAC's Import basket is well diversified, dominated by machinery and mechanical appliances, and electrical machinery and equipment, followed by mineral fuels and oils, vehicles, plastics and article, and pharmaceutical products. The US is the largest supplier to the LAC region, having a share of 29.6% in LAC's overall imports in 2024, followed by China (21.4%), and Brazil (3.9%). India is the 10th largest import source for the LAC region, with a share of 1.8% in 2024.

The region has low levels of regional integration as demonstrated by low intra-regional trade at 14.6% compared to 63.7% in Europe, and 60.3% in Asia in 2024. This underperformance persists, despite numerous trade agreements, resulting in LAC not being able to fully reap the potential benefits of regional value chains, which could help diversify production and reduce vulnerability to global economic fluctuations.

India's Merchandise Trade Relations with LAC Region

India has had long-standing diplomatic engagement and evolving trade relations with the LAC region, which significantly expanded after India's economic liberalization in the 1990s and the establishment of the Focus LAC Program in 1997. India's trade with the LAC region has steadily deepened over the past two decades, driven largely by India's demand for crude oil, minerals, and agriculture products, and LAC's growing demand for pharmaceuticals, automobiles, and engineering goods from India.

Total trade between India and LAC grew by a CAGR of 4.2% during 2015-2024, rising from US\$ 32.6 billion in 2015 to over US\$ 47 billion in 2024. Supported by increased and diversified exports, India's trade deficit of US\$ 10.7 billion with LAC in 2015 narrowed to US\$ 6 billion in 2024.

India's exports to the LAC region are relatively diversified. Motor vehicles and parts dominate India's export basket to LAC, accounting for 22.7% of India's total exports to the region in 2024. Indian automobiles are seeing strong demand in LAC markets, with a focus on affordable and durable vehicles. Other major exports from India in 2024 include machinery and mechanical appliances (with a share of 8.8% in total exports), pharmaceutical products (8.5%), organic chemicals (7.2%), miscellaneous chemical products (7.1%), and mineral fuels, oil and products of distillation (6.1%).

Brazil is India's largest export destination in the LAC region, accounting for 31.9% of India's total export to the region in 2024. Other major export markets in the region include Mexico (27.9% of the total exports), Colombia (6.7%), Chile (5.5%), Argentina (4.9%), and Peru (4.6%).

India's imports from LAC were largely dominated by pearls, precious metals and stones (particularly gold) majorly from Peru, Colombia, Dominican Republic, and Argentina, followed by mineral fuels, oil and products (crude oil in particular) majorly from Venezuela, Colombia, Mexico, and Brazil, together accounting for more than half of India's imports from the region in 2024. India accounted for 16% of LAC region's global exports of pearls, precious stones and metals in 2024. Chile is a primary source of copper ores and refined copper.

Brazil is India's major import partner in the LAC region, accounting for 19.8% of India's total imports from the region in 2024, followed by Peru (17.9%), Argentina (13.0%), Colombia (11.7%), Mexico (11.0%), and Chile (9.3%).

Services Trade of LAC Region

The services sector is central to LAC, contributing over 60% of regional GDP, and majority of formal employment, yet the region remains a marginal player in global services trade with only 3% of world services exports, against 6.1% in merchandise in 2024. Over 2015-2024, LAC's services trade expanded at a CAGR of 3.6% to reach US\$ 581.8 billion, with exports rising from US\$ 185.0 billion to US\$ 267.5 billion, and imports increasing from US\$ 239.8 billion to US\$ 314.4 billion, resulting in a persistent deficit of US\$ 46.9 billion in 2024, driven by structural dependence on imported transport, ICT, financial, and other specialised services despite having strong tourism and knowledge-based exports.

Brazil and Mexico are the principal services hubs, jointly accounting for over 47% of LAC's services trade, while a group of six economies (Argentina, Brazil, Chile, Colombia, Mexico, and Peru) together generate about 60% of services exports and 79% of services imports, increasingly shifting toward high-value, digitally delivered services alongside traditional strengths in travel and transport.

India's Bilateral Services Trade with LAC Region

India's bilateral services engagement with LAC has deepened steadily, underpinned by complementarities between India's strengths in IT, software, telecommunications, and business process outsourcing, and LAC's capabilities in transport, logistics, and tourism. Between 2015 and 2024, India's services exports to LAC more than doubled from US\$ 4.8 billion to US\$ 9.9 billion (CAGR of 7.4%), while imports rose from US\$ 3.3 billion to US\$ 7.0 billion (CAGR of 7.7%), taking two-way trade to US\$ 16.8 billion in 2024 and widening India's services trade surplus from US\$ 1.4 billion to US\$ 2.9 billion.

Brazil, Mexico, Colombia, Chile, Peru and Argentina together accounted for 71.5% of India's services exports to LAC and 53.7% of its imports in 2024, with India's export basket dominated by telecommunication, computer, and information services, professional and management consulting services, and other business services, while imports are concentrated in travel, transport, and other commercial services.

Foreign Direct Investment in LAC and Bilateral Investment with India

Foreign Direct Investment (FDI) inflows into LAC have been resilient, with total inflows rising from US\$ 156.5 billion in 2015 to US\$ 164.3 billion in 2024, and the six focus economies (Argentina, Brazil, Chile,

Colombia, Mexico, and Peru) consistently absorbing over 80% of these inflows. Over 2015–2024, cumulative envisaged greenfield FDI into LAC reached about US\$ 1.0 trillion across 14,345 projects. Major recipients of the envisaged FDI inflows into LAC were Mexico and Brazil, which together attracted roughly US\$ 560 billion during 2015-2024, with coal, oil, and gas (18% of total capex), renewable energy (15.8%), communications (9.8%), metals (6.7%), and automotive OEM (5.3%) emerging as priority investment sectors, reflecting both traditional resource strengths and a gradual shift toward diversified, higher value activities. Major investors included the US, Spain, UK, China, France, and Germany.

Bilateral FDI links between India and LAC have strengthened but remain modest relative to the region’s overall FDI flows. According to fDi Markets, Indian companies committed US\$ 3.8 billion in envisaged investments to LAC over 2015-2024 in 163 projects, potentially creating around 32,456 jobs, with Brazil and Mexico together accounting for over 80% of this capex and project count. Primary sectors of Indian investments in LAC during 2015-2024 were software and IT services (US\$ 814.0 million, 72 projects), followed by metals, automotive components, chemicals, and plastics. Over the same period, LAC companies announced investments of US\$ 2.2 billion in India through 42 projects, generating 21,042 jobs in India, led by financial services (US\$ 928.0 million), business services (US\$ 306.0 million), and software & IT services (US\$ 248.0 million).

Looking ahead, LAC’s open FDI regimes and its six key markets’ strengths in critical minerals, nearshoring manufacturing, renewable energy, technology ecosystems, and infrastructure present opportunities for India to scale and diversify its investments beyond Brazil and Mexico, deepen participation in strategic value chains, and position Indo-LAC investment corridors as pillars of clean energy, digital, and industrial cooperation.

Constraints Limiting India-LAC Trade

India–LAC commercial engagement has strong strategic promise, but its realization is constrained by a dense web of structural frictions that keep trade well below potential. The most binding obstacles are the logistical issues, created by transshipment dependence, weak direct air and maritime connectivity, and persistent port and inland infrastructure gaps on both sides, all of which raise logistics costs and erode price competitiveness for Indian exporters. These physical constraints are reinforced by linguistic, cultural, and information asymmetries, especially the dominance of Spanish and Portuguese language in LAC and the limited market intelligence available to Indian firms, particularly MSMEs.

A second layer of constraints comes from fragmented trade architecture, regulatory divergence, and weak financial intermediation, with India still relying largely on narrow PTAs rather than deeper, modern trade frameworks that cover goods, services, investment, and digital trade. Tariff peaks, SPS/TBT measures, repeated certification requirements, and cumbersome compliance procedures increase landed costs and delay market entry, while the lack of direct banking presence forces traders to depend on costly third-party confirmation chains. These difficulties are further sharpened by China’s overwhelming economic footprint in the region, which anchors infrastructure, commodity, and manufacturing links that crowd out alternative partners, including India.



LAC: Economic Background

The Latin America and Caribbean (LAC) region, spanning 33 sovereign countries and numerous territories from Mexico in the north to Tierra del Fuego in the south, has long served as a dynamic economic bloc shaped by its colonial legacies, resource endowments, and turbulent 20th century transitions from import-substitution industrialization to market-oriented reforms in the 1990s. The region is home to over 660 million people and boasting a collective gross domestic product (GDP) of around US\$ 6.5 trillion, which is equivalent to about 7.3% of the global output in 2024. LAC is the most urbanized region in the developing world, with over 80% of its population living in cities. The economies of the LAC region range from highly developed, such as Brazil and Mexico, to less developed, such as Haiti and Nicaragua. The region has historically grappled with boom-bust cycles tied to commodity prices, political instability, and external debt crises, such as the 1980s "Lost Decade" that prompted structural adjustments under the International Monetary Fund (IMF) programs.

Economically, the LAC region has demonstrated resilience amid global turbulence, as evinced from the 2003-2014 commodity supercycle boom (averaging 4%+ growth) to post-pandemic recovery. Despite the resilient nature, structural rigidities such as low productivity growth, high public debt averaging 65% of GDP, and large fiscal deficits have constrained potential, with regional real GDP growth estimated at 2.4% for 2025 by the IMF. The slowdown in 2025 can be linked to the US protectionist tariffs disrupting exports (e.g., steel, autos), policy uncertainty curbing foreign direct investment (FDI) and nearshoring, and monetary tightening cycles that peaked in mid-2025 to combat sticky inflation, now easing toward central bank targets through services disinflation and currency stabilization.

Subregional dynamics in the LAC region highlight the disparity between commodity-dependent resource-heavy anchors of South America and service/tourism-driven economies in Central America and the Caribbean. While commodity price-sensitive South American economies often witness lag in growth due to heavy dependence on volatile resource prices, the Caribbean countries remain vulnerable to natural disasters and migration pressures.

Over the medium term, the growth is expected to average 2.5% in 2026-29, supported by monetary easing cycles, US growth spillovers, and MERCOSUR's landmark EU free-trade agreement, which eliminates tariffs on over 90% of goods while harmonizing standards on labor, IP, and environment to favor technologically advanced EU investments.

Key Sectors in LAC Region

Agriculture Sector

Agriculture remains a foundational pillar of the LAC economy, contributing approximately 6% to the region's GDP and employing over 15% of the workforce across countries like Brazil, Argentina, Mexico, and Paraguay. Brazil stands as the global leader in soybean, maize, sugar, and coffee production, while Argentina dominates beef, and wheat markets with vast pampas farmlands supporting high-yield monocultures. Mexico leads in horticulture, avocado, and tomato exports to North America, bolstered by irrigation advancements, and proximity to major markets, making LAC a net food exporter amid rising global demand for commodities.

Sustainable innovations drive the sector's evolution, including precision agriculture, drip irrigation, and agroforestry that enhance soil health, reduce deforestation in the Amazon, and promote carbon sequestration. Challenges such as climate variability, water scarcity in arid zones, and land-use conflicts persist, yet initiatives like Brazil's low-carbon agriculture program have cut emissions by 30% while boosting farmer incomes through resilient crop varieties. These efforts position LAC agriculture as a model for food security and green growth in developing regions.

Mining Sector

The mining sector underpins LAC's resource-driven economy, accounting for 10-15% of GDP in key nations, and holding 40% of global copper reserves alongside vast iron ore, gold, and lithium deposits in Peru, Brazil, and the Lithium Triangle (Argentina, Bolivia, and Chile). Brazil produces over 400 million tons of iron ore yearly, while Peru's polymetallic mines yield silver and zinc. Surface operations at Chile's Escondida, the world's largest copper mine, exemplify cost-efficient extraction supporting global electrification needs.

Environmental and social tensions, including community protests and permitting delays in Peru and Argentina challenge expansion, but regulatory reforms and sustainable practices like tailings management foster resilience. Colombia advances coal and gold formalization with biodiversity offsets, while Bolivia's Uyuni salt flats promise scaled lithium output. Mining's role in funding infrastructure underscores LAC's strategic mineral wealth for economic diversification.

Rare earth elements (REEs) represent an emerging frontier in LAC mining, with Brazil holding the world's second-largest reserves at 21 million tons, followed by untapped deposits in Chile, Peru, Argentina, and Bolivia. REEs remain critical for magnets in EVs, wind turbines, and electronics. Projects like Serra Verde's Pela Ema mine in Goiás, Brazil, produce neodymium, praseodymium, dysprosium, and terbium, while Aclara Resources develops ionic clay sites in Chile's Atacama and Carina Project in Goiás, Brazil, for sustainable, low-radioactivity extraction of heavy rare earths (HREEs). Ionic clay deposits are rare outside of China, and high in HREEs like dysprosium and terbium, which are valued for high-performance magnets, defense systems, and green technologies.

The US based Energy Fuels Inc is actively developing the Bahia Project in Brazil as part of its strategy to establish a non-Chinese rare earth element supply chain, leveraging co-products like uranium for added value. Brazil's Serra Verde mine in Minaçu, Goiás, is further pioneering large-scale rare earth production outside Asia, producing high-grade oxides with government-backed, magnet manufacturing ambitions. LAC's REE potential could generate upto US\$ 50 billion in revenues by 2030, enhancing geopolitical leverage in the energy transition.

Energy Sector - Oil & Gas

The LAC region is strengthening its position as a major global oil and gas provider, with production expected to continue rising into 2026, driven largely by Brazil, Guyana, and Argentina. Key natural gas producer countries in the LAC region include Trinidad and Tobago, Mexico, Argentina, Bolivia, Brazil, Peru, and Venezuela.

As per RystadEnergy estimates, LAC's energy sector produces 8.9 million barrels of oil daily (bpd), led by Brazil's Petrobras with 2.4 million bpd production mostly from pre-salt fields, Venezuela's vast reserves, Argentina's Vaca Muerta shale revolutionizing costs via pipeline expansions, and Guyana's offshore oil discoveries. Guyana, the world's newest petrostate, has emerged as a major oil producer with over 11 billion barrels of recoverable oil reserves, primarily located in the offshore Stabroek Block. National oil companies like Mexico's Pemex and Colombia's Ecopetrol generate billions in revenues, fueling petrochemicals, transport, and LNG exports from Trinidad and Peru amid global demand for reliable hydrocarbons. Renewables integration, including Chile's green hydrogen pilots, complements output while creating 500,000 jobs regionally.

Shifts toward decarbonization balance exploration with solar, wind, and biofuels, as Brazil's ethanol mandates power flex-fuel vehicles and cut imports. Infrastructure bottlenecks, and under-explored offshore basins offer scope for growth, with national oil companies prioritizing efficient technology like digital twins for productivity gains.

Automotive Sector

The LAC region, particularly with strong manufacturing bases in Brazil and Mexico, serves as a critical hub in the global automotive landscape, functioning as both a significant production base and a growing market. Latin America's automotive industry has shifted from a produce-and-sell model to a dynamic hub focused on innovation and sustainable manufacturing, moving beyond assembly. In 2023, the region accounted for 7.6% of the world's production and 5.9% of global sales.¹ The automotive sector in Latin America is heavily concentrated in Mexico and Brazil, which dominate production, with Mexico acting as the primary hub for North American exports and Brazil serving the domestic market, followed by Argentina, Colombia, Chile, and Ecuador. Mexico is the 3rd largest exporter of vehicles (HS-87) globally, largely dependent on the US market. Mexico's automotive sector is preparing for potential adjustments to rules of origin, currently set at 75%, and labor standards in the 2026 review of the United States-Mexico-Canada Agreement (USMCA). Brazil commands a substantial regional share, excelling in flex-fuel vehicles from Volkswagen, Stellantis, Ford, and Toyota, which are capable of running on ethanol-gasoline blends.

Automotive sector in LAC is transforming with the gradual adoption of electric and hybrid vehicles, rising by government incentives and environmental awareness. EV fleet size in LAC has increased from around 17,800 units in 2020 to 250,000 units in 2024, with Brazil leading the EV sector. New players in the region, such as Chile and Colombia, have emerged as global leaders in zero-emission public transport (buses). Bolivia is emerging as a player in lithium battery production. Electrification gains traction toward notable hybrid uptake by 2030, fuelled by MERCOSUR-EU pact and battery incentives despite semiconductor hurdles. Connected vehicles and nearshoring enhance resilience by reducing reliance on distant, single-source suppliers and improving real-time visibility across the supply chain.

¹ Latin America Automotive Sector Report 2025-2026, EMIS, May 2025

Pharmaceutical Sector

The LAC pharmaceutical sector is a rapidly growing market, driven by an aging population, increased chronic disease prevalence, expanding health insurance coverage, and increased reliance on imported medicines, particularly specialty pharmaceuticals, diagnostics, and generic medicines. The region has a population of over 660 million, with the 65+ demographic expected to double in the next 30 years. The region is also witnessing an expansion in local manufacturing, and increasing investments in vaccines and generics. Government policies supporting affordable medicines, growing clinical research activities, and collaborations between domestic and international pharma companies are contributing to the region's steady pharmaceutical market growth.

Brazil's protectionist policies in the sector prioritize local production of generics, biosimilars, and advanced infrastructure for complex injectables to serve its vast consumer base. Mexico draws significant FDI in biotechnology, capitalizing on its economic stability and deep ties to North American trade frameworks like the USMCA. Meanwhile, Colombia leverages digital platforms to expedite regulatory approvals, and boost exports, enabling the region to outpace global averages in growth momentum.

Central American hubs such as Costa Rica and Panama excel in medical devices, and research & development, fueled by favorable demographics that amplify healthcare demands. Regulatory alignment between agencies like Brazil's ANVISA, and Mexico's COFEPRIS (public regulatory authorities) enhances access to cutting-edge therapies, complemented by Brazil's substantial investments in domestic manufacturing to curb import dependence. Widespread biosimilar adoption lowers treatment costs for chronic conditions, cementing pharma's status as a premium export engine amid aging population, and hardened post-pandemic supply chains, with digital logistics and public-private collaborations accelerating overall sector maturity.

Focus Countries in the Current Study

Latin America is a diverse region, driving nearly US\$ 2.9 trillion in merchandise trade as of 2024, with exports and imports growing at a compound annual growth rate (CAGR) of 4.8% since 2015. The study focuses on six key economies in the region: Argentina, Brazil, Chile, Colombia, Mexico, and Peru, which represent over 83% of LAC's nominal GDP and 75% of LAC's total trade in 2024. Mexico and Brazil alone account for 65% of exports and 60% of imports of the region. These six countries are considered as the main drivers of the LAC regional economy and span manufacturing powerhouses, mining giants, and agricultural leaders, capturing the region's core trade dynamics.

India's trade with LAC exceeds US\$ 47 billion in 2024, with these six countries absorbing 80% of India's exports to the region. Brazil and Mexico take nearly 60%, followed by Colombia, Chile, Argentina, and Peru at over 20% combined. Key Indian exports to these countries include vehicles, pharmaceuticals, chemicals, and machinery, aligning with LAC's import needs, boosting complementarity. These markets also supply 75-80% of India's imports from the LAC region, including crude oil, minerals, and ores. Rising Indian FDI in energy, auto sector, and pharma sector in these countries underscores strategic ties.

Macroeconomic Outlook of LAC Focus Countries

Argentina

Argentina, one of the largest economies in Latin America, recorded a nominal GDP of US\$ 637.2 billion in 2024 (**Table 1.1**). Argentina possesses immense natural resources in energy and agriculture, including fertile

lands. Argentina has the world's 2nd largest shale gas and 4th largest shale oil reserves, with significant output from the Vaca Muerta field. Located in the Lithium Triangle, the country holds the world's 3rd largest lithium reserves and is the world's 4th largest lithium producer. It also has the 6th largest copper reserves globally, and has significant deposits of lead, zinc, iron ore, uranium, manganese, and silver. Known for highly fertile land, the country is a leading global producer of food, agricultural products, and livestock. Despite a rich natural resource endowment, a diversified industrial base and a skilled labour force, economic growth is hindered by a legacy of high inflation and debt defaults.

Table 1.1: Macroeconomic Indicators of Argentina

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-9.9	10.4	6.0	-1.9	-1.3	4.5	4.0
GDP, current prices (US\$ bn)	385.2	486.0	633.5	648.9	637.2	683.4	667.9
GDP per capita, current prices (US\$)	8,489.3	10,610.2	13,702.2	13,908.5	13,523.3	14,358.8	13,895.3
Inflation (avg, % change)	42.0	48.4	72.4	133.5	219.9	41.3	16.4
Population (mn)	45.4	45.8	46.2	46.7	47.1	47.6	48.1
General government gross debt (% of GDP)	103.8	81.0	84.3	154.6	84.7	78.8	73.6
Current account balance (US\$ bn)	2.7	6.6	-4.0	-20.8	5.7	-8.1	-2.6
Current account balance (% of GDP)	0.7	1.4	-0.6	-3.2	0.9	-1.2	-0.4
Total international reserves (US\$ bn)	35.7	36.4	41.2	19.0	24.4	35.8	45.0
Exchange rate (avg; ARS:US\$)	70.54	94.99	130.62	296.26	914.69	1,256.99	1,689.75

Note: e- Estimates; f-Projections

Source: World Economic Outlook (WEO), IMF, October 2025 and Economist Intelligence Unit (EIU)

Argentina remains caught up in chronic inflation, recurring debt crises, and policy uncertainty, despite a strong base of natural resources and skilled labour. After a sharp contraction of -9.9% in 2020 and a strong rebound of 10.4% in 2021, economic growth slowed to 6% in 2022 and slipped to -1.9% and -1.3% in 2023 and 2024, respectively, as tight financing conditions, a severe drought, and political turbulence eroded domestic demand. The economy is estimated to have recovered to 4.5% in 2025 as disinflation supports real wages and investment rebounds under a more market-oriented policy mix. Capital-intensive sectors, particularly energy and mining, are expected to drive the medium-term upswing, aided by large-scale projects approved under the new RIGI (Régimen de Incentivo para Grandes Inversiones) investment incentive program, and deregulation efforts that improve the business climate and attract foreign capital.

Inflation remains the central challenge. Average consumer price growth reached 133.5% in 2023 and surged further to 219.9% in 2024, reflecting the removal of price controls, exchange-rate pass-through, and subsidy cuts. However, decisive fiscal tightening and tight monetary policy are expected to break the cycle, with inflation estimated to fall to 41.3% in 2025 and continue easing thereafter. The disinflation process is expected to be uneven, given widespread wage and pension indexation and the Peso's volatility, but a credible

policy framework and gradual monetary normalization should help restore confidence and reduce inflation expectations over the medium term.

External balances have improved temporarily but remain vulnerable. After swinging to a current-account deficit of -3.2% of GDP in 2023, Argentina recorded an estimated surplus of about 0.9% of GDP in 2024 as energy exports surge, and imports stay weak. Due to stronger domestic demand and rising imports, current account balance is estimated to have turned into a deficit of -1.2% of GDP in 2025. Energy, agriculture, and lithium mining are expected to remain key export drivers, with the Vaca Muerta shale formation boosting oil and gas output, and new lithium projects attracting global investment. Nevertheless, external risks persist from volatile commodity prices, US trade protectionism, and potential weather disruptions to agriculture.

The exchange rate underscores Argentina's structural fragility. The peso weakened sharply from an average of US\$ 1: ARS 296.3 in 2023 to US\$ 1: ARS 914.7 in 2024 as the government shifted to a more flexible regime and allowed the currency to adjust to market forces. Continued depreciation to an average of US\$ 1: ARS 1,257 is estimated in 2025 despite high domestic interest rates, as import liberalization and capital account normalization expose the currency to market pressures.

Brazil

Home to 212.6 million people and having a GDP per capita of US\$ 10,252 in 2024, Brazil is the largest country in Latin America and Caribbean (**Table 1.2**). Despite being the largest economy in the region, Brazil is burdened by a high and rising public debt to GDP ratio and modest potential growth rate. Following robust economic growth in recent years, the expansion is now slowing as the lagged effects of sharp interest-rate rises in 2024-25, become apparent.

Brazil's economy expanded by an estimated 3.4% in 2024 before moderating to 2.4% in 2025, as high interest rates slowed consumption and investment. Inflation, while easing from earlier peaks, is estimated to average 5.2% in 2025, keeping it near the upper end of the Central Bank's target range and sustaining a tight monetary stance.

Table 1.2: Macroeconomic Indicators of Brazil

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-3.3	4.8	3.0	3.2	3.4	2.4	1.9
GDP, current prices (US\$ bn)	1,476.1	1,670.7	1,951.8	2,191.1	2,179.4	2,256.9	2,292.7
GDP per capita, current prices (US\$)	7,057.1	7,951.6	9,256.5	10,350.4	10,252.0	10,577.9	10,709.4
Inflation (avg, % change)	3.2	8.3	9.3	4.6	4.4	5.2	4.0
Population (mn)	209.2	210.1	210.9	211.7	212.6	213.4	214.1
General government gross debt (% of GDP)	96.0	88.9	83.9	84.0	87.3	91.4	95.0
Current account balance (US\$ bn)	-24.9	-40.4	-42.2	-27.9	-57.9	-56.6	-51.9
Current account balance (% of GDP)	-1.7	-2.4	-2.2	-1.3	-2.7	-2.5	-2.3

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Total international reserves (US\$ bn)	351.5	354.6	317.1	346.4	318.9	331.2	333.1
Exchange rate (avg; R\$:US\$)	5.16	5.40	5.16	5.00	5.39	5.58	5.39

Note: e- Estimates; f-Projections

Source: WEO, IMF, October 2025 and EIU

Brazil's economic growth has shown a clear rebound since the pandemic-induced contraction of -3.3% in 2020 to 4.8% in 2021. The economy is estimated to have grown by 3.4% in 2024 and is expected to moderate to 2.4% in 2025 and 1.9% in 2026, reflecting strong early momentum in 2024, partly fueled by a record grains harvest, but high domestic interest rates weighed on consumption and investment. Expansionary fiscal measures, such as a new payroll-related credit programme and structural reforms, including Brazil's tax simplification agenda, are expected to support productivity and investment.

Inflation dynamics underscore the importance of Brazil's tight monetary stance. After averaging a modest 3.2% in 2020, inflation spiked to 8.3% in 2021 and 9.3% in 2022, before cooling to 4.6% in 2023. The IMF estimated 4.4% average inflation rate for 2024, with estimates of 5.2% in 2025 and 4.0% in 2026. High domestic rates, easing global oil prices, and a relatively stable currency are expected to keep inflation within the central bank's 1.5–4.5% tolerance band over the medium term, albeit near the upper limit.

The Brazilian Real has been broadly stable despite global volatility, averaging US\$ 1: R\$ 5.4 in 2024, with a mild depreciation to R\$ 5.6 estimated for 2025. This stability reflects Brazil's high interest-rate differential relative to the US and a healthy reserve buffer at US\$ 318.9 billion in 2024. Brazil's current account has remained in manageable deficit despite shifting global conditions. The IMF estimates a current account deficit of -2.7% of GDP in 2024, with projections of -2.5% in 2025 and -2.3% in 2026. Strong agricultural exports and rising oil output from pre-salt reserves are expected to help maintain a robust trade surplus, but softer commodity prices and slower Chinese demand could gradually weigh on the balance.

Chile

With a population of 20.1 million and GDP of US\$ 330.2 billion in 2024, Chile is one of South America's most prosperous and stable economies (**Table 1.3**). Chile is an open economy with strong macroeconomic fundamentals and independent institutions. It is the world's largest producer of copper, with 24% share in global copper production, and the 2nd largest producer of lithium, with 27% share in global lithium production.

Table 1.3: Macroeconomic Indicators of Chile

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-6.1	11.3	2.2	0.5	2.6	2.5	2.0
GDP, current prices (US\$ bn)	254.1	315.4	301.3	335.6	330.2	347.2	363.3
GDP per capita, current prices (US\$)	13,056.6	16,028.3	15,193.7	16,814.2	16,439.5	17,180.9	17,876.4
Inflation (avg, % change)	3.0	4.5	11.6	7.6	3.9	4.3	3.1
Population (mn)	19.5	19.7	19.8	20.0	20.1	20.2	20.3

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
General government gross debt (% of GDP)	32.4	36.4	37.9	39.4	41.7	42.7	43.7
Current account balance (US\$ bn)	-5.0	-23.0	-26.7	-10.5	-4.9	-8.7	-8.1
Current account balance (% of GDP)	-1.9	-7.3	-8.8	-3.1	-1.5	-2.5	-2.2
Total international reserves (US\$ bn)	39.2	51.3	39.1	46.3	44.4	48.7	54.5
Exchange rate (avg; CLP:US\$)	792.17	759.07	873.19	839.80	943.74	958.03	951.60

Note: e- Estimates; f-Projections

Source: WEO, IMF, October 2025 and EIU

Driven by strong exports, GDP growth in Chile stood at 2.6% in 2024 and an estimated 2.5% in 2025. Growth moderation in 2025 is partly due to the interruption of copper production at the massive El Teniente copper mine following a partial mine collapse in late July 2025. Real GDP growth is expected to further moderate in 2026, owing to weaker exports amid slower global growth, and the “payback” from front-loading of exports, mostly to the US.

Annual inflation, which was 3.9% in 2024 is expected to accelerate to 4.3% in 2025, which is close to the Central Bank’s 2-4% target range. Inflation is projected to fall to 3.1% in 2026. Chile’s exchange rate has experienced noticeable volatility over 2020–25, shaped by global and domestic developments. The peso appreciated modestly in 2021, averaging US\$ 1: CLP 759.1, before weakening sharply to US\$ 1: CLP 873.2 in 2022 amid global inflationary pressures and tightening US monetary policy. It continued to fluctuate in 2023 and 2024 as risk sentiment toward emerging markets shifted. However, by 2025, the peso showed signs of stabilizing, helped by strong copper prices and a weaker US dollar. The peso is forecast to strengthen in 2026 to average US\$ 1: CLP 951.6 as political risks recede and steady FDI and portfolio investment inflows resume, backed by Chile’s continued prominence in critical minerals such as copper and lithium.

Chile’s external sector data reflects this broader macroeconomic adjustment. The current account deficit widened sharply in 2021–2022 (7.3% and 8.8% of GDP, respectively) due to strong domestic demand and high import bills but narrowed thereafter to 3.1% in 2023 and is projected to stabilize around 2.5% through 2025 as export earnings recover. Firm copper and rising lithium production underpin this recovery, with significant investment by Codelco and foreign firms expanding capacity. International reserves, which dropped to US\$ 39.1 billion in 2022 from a peak of US\$ 51.3 billion in 2021, have since rebounded moderately to US\$ 46.3 billion in 2023 and are expected to climb to US\$ 54.5 billion by 2026, reflecting improved trade surpluses and more stable capital inflows. Overall, Chile’s external position remains sound, supported by its role as a top global supplier of key commodities, though prolonged trade tensions or weaker mineral demand could test this resilience.

Colombia

Colombia is a resource-rich and strategically located economic hub in Latin America, serving as a crucial commercial bridge between North and South America with dual-ocean access (Atlantic and Pacific Oceans). With a GDP exceeding US\$ 418 billion in 2024, Colombia is the 4th largest economy in the region, boasting

a rapidly growing technology sector and a shift towards sustainable, diversified industries like agriculture and energy transition (**Table 1.4**). Widely recognized as the world's leading producer of high-quality emeralds and rich reserves of petroleum, coal, gold, and nickel, Colombia remains a key player in global mineral exports.

Table 1.4: Macroeconomic Indicators of Colombia

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-7.2	10.8	7.3	0.7	1.6	2.5	2.3
GDP, current prices (US\$ bn)	270.3	318.5	345.6	366.3	418.8	438.1	462.3
GDP per capita, current prices (US\$)	5,363.2	6,231.2	6,687.6	7,015.0	7,947.8	8,249.2	8,644.3
Inflation (avg, % change)	2.5	3.5	10.2	11.7	6.6	4.9	3.5
Population (mn)	50.4	51.1	51.7	52.2	52.7	53.1	53.5
General government gross debt (% of GDP)	65.3	64.4	61.3	55.5	61.2	58.9	61.9
Current account balance (US\$ bn)	-9.3	-17.9	-20.9	-8.3	-7.3	-10.1	-11.9
Current account balance (% of GDP)	-3.4	-5.6	-6.0	-2.3	-1.7	-2.3	-2.6
Total international reserves (US\$ bn)	58.2	57.7	56.4	58.7	61.5	66.2	71.0
Exchange rate (avg; COP:US\$)	3,693.28	3,744.24	4,256.19	4,325.96	4,074.43	4,073.41	4,103.00

Note: e- Estimates; f-Projections

Source: WEO, IMF, October 2025 and EIU

After a sharp rebound of 10.8% in 2021 and 7.3% in 2022, real GDP growth in Colombia slowed to 0.7% in 2023 and 1.6% in 2024 as tighter financial conditions and weaker external demand weighed on economic activity. The economy is expected to expand by 2.5% in 2025. This modest pickup will be supported by disinflation and lower interest rates, which are gradually restoring household purchasing power and supporting credit growth, although high uncertainty surrounding government policy and global headwinds including tariffs on Colombian exports to the US, its main trade partner, will constrain the pace of recovery.

Following the surge to double digits in 2022 and 2023, inflation is decelerating, with average inflation at 6.6% in 2024. Inflation is expected to be easing further to 4.9% in 2025, supported by tighter monetary policy and weaker household demand, though it will still be above the Central Bank's 3% target. Colombia's current account deficit narrowed significantly from -6.0% of GDP in 2022 to -1.7% in 2024, reflecting weaker imports amid subdued domestic demand. It is set to remain structurally negative, with the deficit expected at -2.3% of GDP in 2025 and widening slightly to -2.6% in 2026. Export performance is expected to remain constrained by restrictions on new oil and gas exploration, lower international oil prices, and softening demand from the US, alongside weaker coffee receipts. Tourism receipts have been a bright spot rising to record levels in 2024, but global uncertainty and slower US growth in 2025 are expected to temper momentum.

Exchange rate dynamics reflect both external pressures and domestic policy uncertainty. The Colombian peso has experienced large swings in recent years, averaging US\$ 1: COP 4,326 in 2023, before appreciating to an estimated US\$ 1: COP 4,074 in 2024, supported by high-interest rate differentials and strong reserves, which

rose from US\$ 58.7 billion in 2023 to US\$ 61.5 billion in 2024. However, the peso is expected to further weaken in 2025, averaging US\$ 1: COP 4,073, as easing oil prices, US tariffs, and global risk aversion weigh on economic sentiment.

Mexico

With a population of 132.3 million, and a favourable geography with abundant natural resources, Mexico ranks among the fifteen largest economies in the world and is the second largest in Latin America. The country has strong macroeconomic institutions, an open trade policy, and a diversified manufacturing base integrated into global value chains. Mexico serves as a critical manufacturing base, particularly for the automotive and aerospace industries, due to its proximity to the US, nearshoring trends, and the USMCA trade agreement. It is highly integrated with the US, which has exposed it to the current shifts in the US policy and economic conditions.

Table 1.5: Macroeconomic Indicators of Mexico

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-8.4	6.0	3.7	3.4	1.4	1.0	1.5
GDP, current prices (US\$ bn)	1,121.1	1,316.6	1,466.9	1,798.3	1,856.4	1,862.7	2,031.0
GDP per capita, current prices (US\$)	8,744.0	10,207.3	11,287.5	13,713.4	14,034.2	13,967.0	15,110.8
Inflation (avg, % change)	3.4	5.7	7.9	5.5	4.7	3.9	3.3
Population (mn)	128.2	129.0	130.0	131.1	132.3	133.4	134.4
General government gross debt (% of GDP)	58.5	56.7	53.8	52.6	58.3	58.9	59.9
Current account balance (US\$ bn)	26.9	-4.6	-18.9	-12.6	-16.7	-4.6	-7.0
Current account balance (% of GDP)	2.4	-0.3	-1.3	-0.7	-0.9	-0.2	-0.3
Total international reserves (US\$ bn)	191.8	200.8	194.1	206.4	205.0	210.0	217.1
Exchange rate (avg; MXN:US\$)	21.49	20.27	20.13	17.76	18.30	19.28	19.71

Note: e- Estimates; f-Projections

Source: WEO, IMF, October 2025 and EIU

Mexico's economy faces a marked slowdown after the post-pandemic rebound. The real GDP growth decreased from 3.4% in 2023 to 1.4% in 2024 and to an estimated 1% in 2025 (**Table 1.5**). The economy has been signalling uneven performance; economic activity strengthened in early 2025 as firms front-loaded exports ahead of potential US tariffs, but weaker household consumption, falling private investment, and stabilising exports from the earlier export surges resulted in a slowdown in later 2025. By 2026, growth is expected to recover modestly to 1.5% as interest-rate cuts and expected continuation from USMCA benefits support demand. However, Mexico's large manufacturing base, proximity to the US, and ongoing nearshoring trends in sectors such as automotive, and electronics, are expected to underpin medium-term growth once the US trade tensions ease.

Average consumer-price inflation has risen from 3.4% in 2020 to 7.9% in 2022 before slowing to 5.5% in 2023. The IMF estimated 4.7% inflationary growth for 2024 and 3.9% for 2025, with a further decline to 3.3% in 2026, consistent with the Central Bank’s 2–4% target range. The Mexican Peso has displayed notable strength despite global uncertainties. The average exchange rate appreciated from US\$ 1: MXN 21.5 in 2020 to US\$ 1: MXN 18.3 in 2024, however expected to depreciate to US\$ 1: MXN 19.3 in 2025, and US\$ 1: MXN 19.7 in 2026. Total international reserves remain sufficient, at an estimated US\$ 205 billion in 2024 and a projected US\$ 210 billion in 2025, providing a significant cushion against external shocks. Risks to the Mexican Peso include unpredictable US trade actions, potential delays in USMCA renewal, and Mexico’s domestic political uncertainties, though the expected continuation of the trade pact in 2026 is anticipated to stabilize market confidence.

Mexico’s external accounts have shifted from surplus to deficit as domestic demand recovered after the pandemic and global conditions evolved. The current account moved from a surplus of 2.4% of GDP in 2020 to a deficit of -0.9% of GDP in 2024. It is expected to narrow to -0.2% of GDP in 2025 and -0.3% of GDP in 2026, reflecting strong but uneven export performance, i.e., manufacturing exports remain strong, aided by nearshoring and favourable cost structures, yet face headwinds from US protectionism, and a slowing US economy.

Peru

Peru is a global mining powerhouse, a rising agricultural export leader, and a key logistics hub in the Pacific, increasingly bridging Asian and South American markets. Known for its macroeconomic stability and open investment regime, Peru is a top five global producer of several critical minerals and is expanding its role in the global energy transition. Peru is the world's second-largest copper producer, holds major reserves of zinc, lead, and silver, and is emerging as a source of rare earth elements. The development of the Chancay megaport, which became operational in 2024 establishes Peru as a premier South America-Asia logistics hub, cutting maritime transport times. Peru remains an upper-middle-income economy, with a population of approximately 34 million and a nominal GDP of US\$ 294.7 billion in 2024 (Table 1.6).

Table 1.6: Macroeconomic Indicators of Peru

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Real GDP growth (% change)	-10.9	13.4	2.8	-0.4	3.3	2.9	2.7
GDP, current prices (US\$ bn)	210.0	229.8	248.2	271.8	294.7	318.5	326.6
GDP per capita, current prices (US\$)	6,436.1	6,957.2	7,431.9	8,057.3	8,649.5	9,255.7	9,398.0
Inflation (avg, % change)	1.8	4.0	7.9	6.3	2.4	1.7	1.9
Population (mn)	32.6	33.0	33.4	33.7	34.1	34.4	34.8
General government gross debt (% of GDP)	34.3	35.5	33.5	32.4	32.2	32.1	33.6
Current account balance (US\$ bn)	1.6	-5.1	-10.0	0.9	6.4	5.6	3.8
Current account balance (% of GDP)	0.8	-2.2	-4.0	0.3	2.2	1.8	1.2

Indicator	2020	2021	2022	2023	2024	2025 ^e	2026 ^f
Total international reserves (US\$ bn)	72.8	76.5	70.2	69.0	76.3	80.0	81.1
Exchange rate (avg; S/:US\$)	3.49	3.88	3.84	3.74	3.75	3.57	3.45

Note: e- Estimates; f-Projections

Source: WEO, IMF, October 2025 and EIU

Peru's real GDP growth slowed sharply from 2.8% in 2022 to -0.4% in 2023, reflecting weaker external demand, social unrest, and weather-related disruptions. Growth recovered to 3.3% in 2024 and is estimated at 2.9% in 2025 and 2.7% in 2026. The overall growth scenario for Peru remains one of steady but modest growth. Supportive factors include business-friendly policies, stronger private investment, and gradual monetary easing, but political uncertainty ahead of the 2026 general election, and continued dependence on commodity exports limit the upside. Medium-term growth is expected to average around the mid-2% range, constrained by structural challenges such as a large informal economy and persistent political instability.

Price pressures have eased sharply from recent highs and remain low by regional standards. Average inflation, which spiked to 7.9% in 2022, declined to 6.3% in 2023 and 2.4% in 2024. It is expected to soften further to 1.7% in 2025 before inching up to 1.9% in 2026, well within the Central Bank's 1–3% target range. The Peruvian Sol has been relatively stable, with the exchange rate averaging US\$ 1: S/3.75 in 2024 and is estimated to appreciate slightly to US\$ 1: S/3.57 in 2025. This stability is underpinned by strong foreign-currency inflows from mining exports and prudent central bank management. Strong foreign-exchange reserve position provides an additional cushion, rising from US\$ 69.0 billion in 2023 to US\$ 76.3 billion in 2024 and projected to reach US\$ 81.1 billion in 2026.

The external accounts highlight Peru's resilience in commodity trade. After a deficit of -4% of GDP in 2022, the current account swung to a surplus of 2.2% of GDP in 2024. High global prices for copper and gold, along with recovering tourism receipts, are expected to help maintain these positive balances, although weaker US and Chinese growth, and softer copper export volumes could curb agricultural and mineral exports. Climate-related shocks also pose a risk to agriculture and fisheries, but new projects such as the Tía María copper mine and improved port capacity at Chancay could bolster export performance over time.

While the LAC region continues to grapple with structural constraints that leave its economies vulnerable and dependent on a limited export base, its rich natural resources, favourable demographics and growing innovation ecosystems position it well to evolve into a competitive global manufacturing hub.

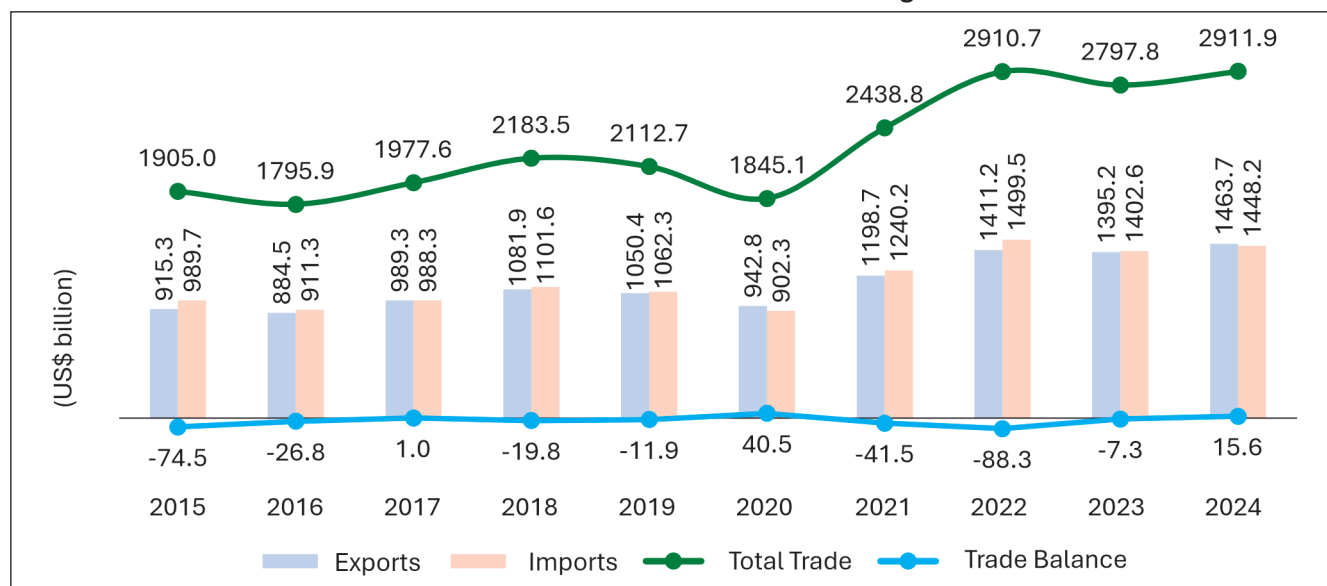


International Merchandise Trade of LAC

The Latin America and Caribbean (LAC) region occupies a significant and specialized position in global trade, acting mainly as a key supplier of primary commodities (minerals and agricultural products) and emerging as a critical, integrated manufacturing hub, focusing on specialized products (medical devices, automotive and aerospace, electronics and technology, and critical minerals) by leveraging its strategic proximity to North America, abundant natural resources, and growing industrial capabilities. The region, particularly Mexico, is a major beneficiary of nearshoring trends, aiming to shorten supply chains for the US market.

The merchandise trade performance of the LAC region over the period 2015 to 2024 reveals both cyclical fluctuations and a resilient pattern, shaped mostly by commodity price cycles. Total trade expanded markedly over the decade, rising from US\$ 1.9 trillion in 2015 to US\$ 2.9 trillion in 2024, growing at a compound annual growth rate (CAGR) of 4.8% (**Chart 2.1**). This growth underscores the region's rising significance in global trade despite the persistence of structural vulnerabilities. LAC's trade balance over the period 2015–2024 has exhibited cyclical fluctuations rather than a consistent trend. The region recorded trade deficits in most years, with the exception of surpluses recorded in 2017 (US\$ 1 billion), 2020 (US\$ 40.5 billion), and 2024 (US\$ 15.6 billion). The trade deficit recorded in 2023 was US\$ 7.3 billion.

Chart 2.1: Merchandise Trade of LAC Region



Source: ITC Trade Map and Exim Bank Research

LAC - Exports

Exports from LAC have shown a steady upward trend despite short-term volatility. After contracting to US\$ 884.5 billion in 2016, exports rebounded strongly, reaching US\$ 1,463.7 billion in 2024, driven by a rebound in commodity prices and stronger external demand. Mexico continued to dominate export growth in the LAC region in 2024, on the back of higher prices and increased exports to the US. Based on initial estimates by the Inter-American Development Bank (IDB), the value of goods exported from LAC grew an estimated 6.4% in 2025, driven by higher exports of metals, especially gold, copper, and silver, and robust growth in the agro-industrial sector, including coffee, cocoa, fruit, and meat.

Major Exporters in LAC Region

The share of LAC countries in global exports stood at 6.1% in 2024 (**Table 2.1**). Mexico is the largest exporter among the LAC countries, accounting for 42.3% of the region's total exports in 2024. Other major exporters from the LAC region include Brazil (23.0% share), Chile (7.1%), Argentina (5.4%), Peru (5.1%), and Colombia (3.4%). Mexico accounted for 2.6% of the total global exports, followed by Brazil (1.4%) in 2024.

Table 2.1: Major Exporters in LAC Region (US\$ billion)

Country	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	% Share in LAC's Global Exports, 2024	% Share in Global Exports, 2024
Global Exports of LAC	915.3	884.5	989.3	1,081.9	1,050.4	942.8	1,198.7	1,411.2	1,395.2	1,463.7	100.0	6.1
Mexico	380.8	373.9	409.5	450.9	460.6	417.0	494.5	577.7	593.0	619.0	42.3	2.6
Brazil	191.1	185.2	217.7	239.9	224.0	209.2	280.8	334.5	339.7	337.0	23.0	1.4
Chile	63.2	58.7	66.6	75.8	72.8	70.0	92.9	102.6	100.3	103.3	7.1	0.4
Argentina	56.8	57.7	58.6	61.8	65.1	54.9	77.8	88.3	66.7	79.7	5.4	0.3
Peru	33.2	36.0	44.2	47.2	45.1	38.8	56.3	63.6	64.6	74.7	5.1	0.3
Colombia	35.7	31.1	37.8	41.8	39.5	31.0	40.5	57.3	49.5	49.6	3.4	0.2
Ecuador	18.3	16.8	19.1	21.6	22.3	20.2	26.3	35.4	31.1	34.4	2.4	0.1
Guyana	1.3	1.4	1.8	1.5	3.8	2.8	4.2	7.9	10.8	22.4	1.5	0.1
Costa Rica	9.6	9.9	10.6	11.3	11.5	11.6	14.3	15.3	18.1	19.9	1.4	0.1
Guatemala	10.8	10.5	11.0	10.9	11.2	11.4	13.6	15.7	14.2	14.6	1.0	0.1

Source: ITC Trade Map and Exim Bank Research

Major Exported Commodities and Export Destinations of LAC Region

Vehicles other than railway (particularly automobiles with reciprocating piston engines) were the largest category of products exported from the LAC region in 2024, driven heavily by manufacturing in Mexico and Brazil (**Table 2.2**). Major products exported under this category include motor cars (HS-8703), motor vehicles for the transport of good (HS-8704), and parts and accessories (HS-8708). Mexico accounted for 88.1% of LAC's export of vehicles, followed by Brazil (6.5%). The region accounted for 9.9% of the world exports of vehicles in 2024.

The second largest exported commodities from LAC were mineral fuels and oils, mainly composed of petroleum oils and oils obtained from bituminous minerals (HS-2709), and coal, briquettes, ovoids and similar solid fuels (HS-2701). Within the region Brazil was the major exporter with a share of 34.5%, followed by Mexico (16.6%). The region's share in global export of mineral fuels and oils stood at 5.6% in 2024. Though overall export volumes of LAC have increased in 2024, the prices of LAC's extractive commodities, including, copper, iron ore, oil, and agricultural commodities like soybean and sugar, recorded downward trends in 2024, while prices of arabica and robusta coffee surged by an average of 57.7% during 2024.

Table 2.2: Major Exported Commodities of LAC Region

HS Code	Products	2015		2023		2024	
		Value (US\$ bn)	% Share in LAC's Global Exports	Value (US\$ bn)	% Share in LAC's Global Exports	Value (US\$ bn)	% Share in LAC's Global Exports
	Global Exports of LAC	915.3	100.0	1,395.2	100.0	1,463.7	100.0
87	Vehicles other than railway	107.4	11.7	178.8	12.8	182.3	12.5
27	Mineral fuels, oil and products	113.1	12.4	153.6	11.0	166.0	11.3
84	Machinery and mechanical appliances	74.4	8.1	114.3	8.2	125.8	8.6
85	Electrical machinery and equipment	89.8	9.8	116.5	8.4	121.8	8.3
26	Ores, slag and ash	50.1	5.5	107.2	7.7	115.3	7.9
12	Oil seeds and oleaginous fruits	29.9	3.3	62.0	4.4	53.0	3.6
71	Pearls, Stones and Metals	27.5	3.0	38.9	2.8	44.5	3.0
90	Optical, photographic, cinematographic and surgical equipments	19.9	2.2	38.3	2.7	42.6	2.9
08	Edible fruit and nuts	21.0	2.3	33.6	2.4	38.1	2.6
02	Meat and edible meat offal	20.4	2.2	34.5	2.5	37.7	2.6
74	Copper and its articles	23.2	2.5	27.9	2.0	27.9	1.9

Source: ITC Trade Map and Exim Bank Research

The US remains the largest market for LAC's exports and largest supplier of its imports. In 2024, LAC's exports to the US remained on a modest upward trend, with the country's share in LAC's global exports increasing from 43.3% in 2023 to 44.3% in 2024. On the other hand, LAC's exports to China slowed in 2024, with its share in overall LAC exports also moderating from 13.9% in 2023 to 12.7% of LAC's global exports in 2024. India is currently the 6th largest export destination for LAC, with a share of 1.6% (Table 2.3).

Table 2.3: Major Export Destinations of LAC Region

Export Destinations	2015		2023		2024	
	Value (US\$ bn)	% Share in LAC's Global Exports	Value (US\$ bn)	% Share in LAC's Global Exports	Value (US\$ bn)	% Share in LAC's Global Exports
Global Exports of LAC	915.3	100.0	1,395.2	100.0	1,463.7	100.0
USA	413.1	45.1	604.3	43.3	648.0	44.3
China	82.8	9.0	194.1	13.9	185.6	12.7
Brazil	26.9	2.9	32.3	2.3	36.6	2.5
Canada	20.7	2.3	31.9	2.3	34.5	2.4
Netherlands	19.9	2.2	27.6	2.0	32.5	2.2
India	18.6	2.0	17.7	1.3	24.1	1.6
Japan	17.0	1.9	23.2	1.7	24.0	1.6
Spain	14.6	1.6	19.8	1.4	22.9	1.6
Argentina	19.2	2.1	25.2	1.8	21.0	1.4
Chile	12.8	1.4	20.4	1.5	20.5	1.4
South Korea	13.0	1.4	21.6	1.5	20.2	1.4
Germany	14.8	1.6	19.9	1.4	19.0	1.3

Source: ITC Trade Map and Exim Bank Research

LAC- Imports

Imports of the LAC region fell from US\$ 989.7 billion in 2015 to US\$ 902.3 billion in 2020, before rebounding sharply to reach US\$ 1,499.5 billion by 2022. Imports from LAC recorded US\$ 1,448.2 billion in 2024, and as per IDB estimates imports of LAC in 2025 increased by 6.1% in 2025, in line with the rebound in domestic demand and the evolution of world trade. This import dynamism highlights both the dependence of LAC economies on external sources of capital goods, intermediate inputs, and energy products, as well as the region's growing consumer demand base.

Major Importers in LAC Region

LAC countries share in global imports stood at 6.0% in 2024 (**Table 2.4**). Mexico dominates imports within the LAC region, accounting for 43.2% of the region's total imports in 2024. Other major importers from the region in the same year include Brazil (18.2% share), Chile (5.5%), Colombia (4.4%), Argentina (4.2%), and Peru (3.8%). Mexico accounted for 2.6% of the total global imports, followed by Brazil (1.1%) in 2024. The Caribbean countries rely heavily on imports for food, clothing, machinery, and tourism-related supplies.

Table 2.4: Major Importers in LAC Region (US\$ billion)

Country	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	% Share in LAC's Global Imports, 2024	% Share in Global Imports, 2024
Global Imports of LAC	989.7	911.3	988.3	1,101.6	1,062.3	902.3	1,240.2	1,499.5	1,402.6	1,448.2	100.0	6.0
Mexico	395.2	387.1	420.4	464.3	455.2	383.0	505.7	604.6	598.5	625.9	43.2	2.6
Brazil	171.4	137.6	150.7	181.2	177.3	158.8	219.4	272.7	240.8	262.9	18.2	1.1
Chile	57.3	53.8	59.9	69.2	72.8	61.4	95.2	109.3	80.5	79.7	5.5	0.3
Colombia	54.1	44.9	46.1	51.2	50.4	43.5	61.1	77.4	62.8	64.1	4.4	0.3
Argentina	59.8	55.6	66.9	65.5	49.1	42.4	63.2	76.2	73.7	60.8	4.2	0.3
Peru	38.1	36.1	39.8	43.1	42.4	36.1	51.2	60.3	52.3	55.0	3.8	0.2
Dominican Republic	19.0	19.3	19.6	22.2	22.2	18.5	26.9	30.0	31.4	32.7	2.3	0.1
Guatemala	19.3	17.0	18.4	19.7	19.9	18.2	26.6	32.1	30.3	32.5	2.2	0.1
Ecuador	21.4	16.2	19.8	23.0	22.4	17.8	25.7	33.0	30.9	29.5	2.0	0.1
Panama	22.5	20.9	21.9	23.0	21.5	14.7	20.6	29.2	34.3	26.7	1.8	0.1

Source: ITC Trade Map and Exim Bank Research

Major Imported Commodities and Import Sources of LAC Region

The LAC region is a major importer of manufactured goods to support domestic industries and consumer demand. LAC's import basket is well diversified and majorly dominated by machinery and mechanical appliances and electrical machinery and equipment, followed mineral fuels and oils, vehicles other than railway, plastics and article, and pharmaceutical products (**Table 2.5**).

LAC's imports of machinery and mechanical appliances were dominated by automatic data-processing machines (HS-8471), parts and accessories for office machines (HS-8473), and turbojets, turbo propellers and other gas turbines (HS-8411). The imports of machinery were majorly sourced from the US, China, and Germany. Imports of electrical machinery and equipment was mainly dominated by telephone sets (HS-8517) and electronic integrated circuits (HS-8542), and were majorly sourced from China, the US, Vietnam, and Taiwan. India was the 5th largest source for pharmaceutical products imported by the LAC region and third largest import source for medicaments consisting of mixed or unmixed products for therapeutic uses (HS-3004).

Table 2.5: Major Imported Commodities of LAC Region

HS Code	Products	2015		2023		2024	
		Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports
	Global Imports of LAC	989.7	100.0	1,402.6	100.0	1,448.2	100.0
84	Machinery and mechanical appliances	144.8	14.6	190.5	13.6	212.9	14.7
85	Electrical machinery and equipment	148.6	15.0	200.0	14.3	211.7	14.6
27	Mineral fuels, oil and products of distillation	105.0	10.6	169.1	12.1	144.6	10.0
87	Vehicles other than railway	88.4	8.9	128.4	9.2	139.2	9.6
39	Plastics and articles	48.1	4.9	63.3	4.5	67.7	4.7
30	Pharmaceutical products	27.1	2.7	39.2	2.8	42.3	2.9
90	Optical, photographic, cinematographic, and surgical equipments	29.7	3.0	35.4	2.5	38.6	2.7
72	Iron and steel	22.1	2.2	40.3	2.9	38.5	2.7
29	Organic chemicals	28.5	2.9	43.9	3.1	36.3	2.5
73	Articles of iron or steel	22.3	2.2	28.3	2.0	26.7	1.8
38	Miscellaneous chemical products	16.9	1.7	27.5	2.0	25.8	1.8

Source: ITC Trade Map and Exim Bank Research

As regards to LAC's global imports, the US is the largest supplier to the LAC region, having a share of 29.6% in LAC's overall imports in 2024, followed by China (21.4%), and Brazil (3.9%) (Table 2.6). India is the 10th largest import source for the LAC region, with a share of 1.8% in 2024. The growth of LAC's trade with Asia has been primarily driven by the expansion of China both as an export destination (mainly for LAC's commodities) and a source of imports (of manufactures). China emerged as a dominant source of capital goods and manufactured products, particularly for South American countries.

Table 2.6: Major Import Sources of LAC Region

Import Sources	2015		2023		2024	
	Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports
Global Imports of LAC	989.7	100	1,402.6	100.0	1,448.2	100.0
USA	320.9	32.4	432.0	30.8	429.2	29.6
China	176.0	17.8	280.1	20.0	309.6	21.4

Import Sources	2015		2023		2024	
	Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports	Value (US\$ bn)	% Share in LAC's Global Imports
Brazil	40.5	4.1	64.1	4.6	56.9	3.9
Germany	38.2	3.9	48.5	3.5	50.5	3.5
South Korea	30.9	3.1	31.5	2.2	35.7	2.5
Japan	31.7	3.2	36.8	2.6	35.6	2.5
Argentina	22.5	2.3	30.8	2.2	34.4	2.4
Mexico	24.4	2.5	26.5	1.9	26.9	1.9
Italy	17.3	1.7	24.2	1.7	26.5	1.8
India	14.5	1.5	24.8	1.8	25.6	1.8
Vietnam	8.0	0.8	20.6	1.5	24.3	1.7
Taiwan	11.7	1.2	19.5	1.4	22.7	1.6

Source: ITC Trade Map and Exim Bank Research

As per the World Bank, LAC's trade-to-GDP ratio has increased from 45% in 2015 to 49.5% by 2024. However, as per the UNCTAD, despite shared economic interests, intra-regional trade of the LAC region remains low at 14.6% in 2024, behind other developing regions, having less diversified exports, which remain concentrated in a relatively small number of low value-added commodities and natural resource-based products. Intra-regional trade in LAC is heavily oriented towards final goods, whereas intra-regional trade in other developing regions is concentrated in intermediate goods.²

According to the IMF, the LAC region's average backward participation (i.e., the use of imported inputs in LAC's exports) and forward participation (i.e., the use of LAC's exports as inputs in other countries' exports) remain below other Asian and European emerging markets and developing economies (EMDEs). Nevertheless, there is notable heterogeneity within LAC:

- (i) South America, where several countries are major commodity exporters, exhibits forward participation levels comparable to other EMDEs, but relatively low backward participation;
- (ii) Mexico has high backward participation in manufacturing, reflecting the substantial import content of its exports, alongside low forward participation, as a large share of its manufactured goods are exported to the US as final products;
- (iii) Central America and the Caribbean are regions with low global value chain (GVC) integration on both dimensions.

² The Dynamics of Trade Integration and Fragmentation in LAC, IMF, December 2024

Merchandise Trade of Focus Countries

Argentina

Exports from Argentina recovered in 2024, with its global exports increasing from US\$ 66.7 billion in 2023 to US\$ 79.7 billion in 2024, primarily underpinned by increased exports of soybeans, wheat, and oil exports. On the other hand, Argentina's imports decreased from US\$ 73.7 billion in 2023 to US\$ 60.8 billion in 2024, due to economic recession as part of the "shock therapy" economic plan to combat high inflation and debt and the sharp devaluation of the peso. As a result, Argentina's trade deficit narrowed from US\$ 7 billion in 2023 and turned into a trade surplus of US\$ 18.9 billion in 2024.

Argentina's exports are heavily based on agriculture and natural resources. Major exported commodities by Argentina in 2024 included cereals (12.7% of total exports), prepared animal fodder (10.5%), vehicles other than railway (9.8%), mineral fuels and oils (9.4%), animal, vegetable or microbial fats (9.1%), meat and edible meat offal (4.3%), and oils seed and oleaginous fruits (3.9%). Argentina's major export destinations in 2024 were Brazil (17.1%), the US (8.1%), Chile (7.9%), China (7.5%), India (4.9%), Vietnam (4.1%), and Peru (3.1%).

Machinery and mechanical appliances accounted for 15.9% of Argentina's imports in 2024. Other major imports in 2024 included vehicles other than railway (14.7%), electrical machinery and equipment (10.1%), mineral fuels and oil (6.2%), oils seeds and oleaginous fruits (5.5%), and organic chemicals (4.9%). Brazil was Argentina's major import source, accounting for 23.6% of total imports in 2024. Other sources of imports included China (19.2%), the US (10.2%), Paraguay (5.4%), Germany (4.4%), Thailand (2.8%), and Mexico (2.3%).

Brazil

Brazil is a major global commodity exporter with a strong trade surplus, driven by exports of soybeans, crude petroleum, iron ore, and raw sugar. Brazil's exports contracted from US\$ 339.7 billion in 2023 to US\$ 337.1 billion in 2024, driven by falling prices of soybean and maize. Brazil's imports, on the other hand, increased to US\$ 262.9 billion in 2024 from US\$ 240.8 billion in the previous year. As a result, Brazil's trade surplus reduced from US\$ 98.9 billion in 2023 to US\$ 74.2 billion in 2024.

Brazil's major exported commodities in 2024 included mineral fuels and oil (crude oil) (17% of total exports), followed by oils seeds and oleaginous fruits (soybean) (13%), ores, slag and ash (10.4%), meat and edible meat offal (7.3%), sugars and sugar confectionary (5.6%), and machinery and mechanical appliances (3.9%). China was the major export destination of Brazil, accounting for 28% of the total exports from the country in 2024. Other primary export destinations included the US (12.1%), Argentina (4.1%), Netherlands (3.5%), Spain (3.0%), Singapore (2.3%), and Mexico (2.3%).

Machinery and mechanical appliances were the major imports of Brazil, accounting for 15.6% of total imports in 2024. Other principal imports included mineral fuels and oils (13.1%), electrical machinery and equipment (11.8%), vehicles other than railway (8.8%), organic chemicals (5.3%), fertilisers (5.2%), and pharmaceutical products (4.7%). Brazil's main import sources were China (24.2% of total imports), the US (15.7%), Germany (5.2%), Argentina (5.2%), Russia (4.2%), and India (2.6%) in 2024.

Chile

Chile is a heavily trade-dependent, export-driven economy, dominated by copper exports and a growing lithium sector. Chile's exports increased from US\$ 100.3 billion in 2023 to US\$ 103.3 billion in 2024, driven

by strong growth in copper exports. Chile's imports, on the other hand, decreased from US\$ 80.5 billion in 2023 to US\$ 79.7 billion in 2024. Consequently, Chile's trade surplus increased to US\$ 23.6 billion in 2024 from US\$ 19.8 billion in the previous year.

Major exported products of Chile included, ores, slag and ash (33.3% of total exports), copper and articles (19.4%), edible fruits and nuts (8.0%), fish and crustaceans (7.1%), inorganic chemicals (5.2%), pulp of wood or of other fibrous cellulosic material (3.2%), and wood and articles (2.2%) in 2024. China was Chile's major export destination, accounting for 36.1% of the total exports in 2024. Other major export destinations included the US (16.8%), Japan (7.9%), Brazil (5.2%), South Korea (4.8%), India (2.5%), and Peru (2.1%).

Mineral fuels and oil accounted for 18.1% of total imports by Chile in 2024, followed by machinery and mechanical appliances (12.9%), vehicles other than railway (9.8%), electrical machinery and equipment (9.5%), plastics and articles (3.3%), pharmaceuticals products (3.0%), and meat and edible meat offal (2.6%). China was the major import source, accounting for 24.3% of total imports by Chile in 2024. Other major sources of imports included the US (19.1%), Brazil (9.5%), Argentina (8.7%), Germany (3.4%), Mexico (2.5%), and Peru (2.5%).

Colombia

Colombia's exports marginally increased to US\$ 49.6 billion in 2024 from US\$ 49.5 billion in 2023, due to uptick in the agriculture and food exports. Colombia's imports increased to US\$ 64.1 billion in 2024 as compared to US\$ 62.8 billion in 2023. Consequently, Colombia's trade deficit increased to US\$ 14.6 billion in 2024 from US\$ 13.3 billion in 2023.

Colombia is a major commodity exporter, with mineral fuels and oil (crude oil and bituminous coal) being the major exported commodity, constituting 45.3% of the total exports by Colombia in 2024. Other exported commodities consisted of precious or semi-precious stones (gold) (8.7%), coffee, tea, mate and spice (7.2%), live trees and other plants (4.8%), edible fruit and nuts (3.7%), plastics and articles (3.4%), and electrical machinery and equipment (2.0%). Colombia's major export destinations in 2024 included the US (30.2%), Panama (8.7%), India (5.4%), China (4.8%), Mexico (3.9%), and Ecuador (3.9%).

Major imported products by Colombia in 2024 were, machinery and mechanical appliances (11% of total imports), electrical machinery and equipment (9.7%), mineral fuels and oil (9.6%), vehicles other than railway (7.9%), pharmaceutical products (6.0%), cereals (3.8%), and organic chemicals (3.7%). The major import sources for Colombia in 2024 were the US (26%), China (24.9%), Brazil (5.2%), Mexico (5.1%), Germany (3.4%), and India (2.4%).

Mexico

Mexico's exports grew from US\$ 593 billion in 2023 to US\$ 619 billion in 2024, driven by higher export prices. Mechanical appliances and land vehicles and parts were the key drivers for the growth in 2024. Imports from Mexico also increased from US\$ 598.5 billion in 2023 to US\$ 625.9 billion in 2024. Accordingly, trade deficit increased from US\$ 5.5 billion in 2023 to US\$ 6.9 billion in 2024.

Major exported commodities of Mexico in 2024 included vehicles other than railway (25.9% of total exports), electrical machinery and equipment (17.4%), machinery and mechanical appliances (17.1%), optical, photographic, cinematographic or surgical instruments (4.8%), mineral fuels and oil (4.4%), furniture and

bedding mattresses (2.1%), and beverages, spirits and vinegar (2.0%). Major export destinations for Mexico in 2024 included the US (81.3%), Canada (3.0%), China (1.5%), Germany (1.2%), and Taiwan (0.8%).

In 2024, the major imported items of Mexico consisted of electrical machinery and equipment (21.1% of the total imports), followed by machinery and mechanical appliances (17.5%), vehicles other than railway (10.5%), plastics and article (5.1%), mineral fuels and mineral oil (4.7%), and iron and steel (3.2%). The US remained the largest import source, accounting for 40.3% of imports in 2024, followed by China (20.7%), South Korea (3.7%), Japan (3.1%), Taiwan (2.8%), and Vietnam (2.4%).

Peru

Exports of Peru increased to US\$ 74.7 billion in 2024 from US\$ 64.6 billion in 2023, supported by increased exports of gold, fishmeal, silver and copper ores, and cocoa. Imports from Peru increased to US\$ 55 billion in 2024 from US\$ 52.3 billion in the previous year. As a result, trade surplus also increased from US\$ 12.3 billion in 2023 to US\$ 19.6 billion in 2024.

Peru is a top exporter of critical minerals and fishmeal. Ores, slag and ash was the major exported product of Peru in 2024, constituting 39.3% of the total exports. Other major exported items included precious and semi-precious stones (17.7%), edible fruit and nuts (8.7%), mineral fuels and oil (5.9%), copper and articles (4.8%), prepared animal fodder, particularly fishmeal (2.5%), and coffee, tea, mate, and spices (1.9%). Major export destinations of Peru in 2024 included China (33.8%), the US (12.8%), India (6.3%), Canada (5.1%), Japan (4.5%), and Switzerland (3.5%).

Major products imported by Peru in 2024 were mineral fuels and oil (16.4% of total imports), machinery and mechanical appliances (12.9%), vehicles other than railway (8.7%), electrical machinery and equipment (8.4%), plastics and articles (4.6%), and iron and steel (3.6%). Major import sources of Peru were China (28.6%), the US (18.2%), Brazil (6.3%), Argentina (5.2%), Mexico (3.1%), and Ecuador (2.9%).

Thus, international trade of the LAC region is driven by natural resource exports (minerals and agriculture) and is increasingly shifting towards partners beyond the US and China. The region has low levels of regional integration as demonstrated by low intra-regional trade at 14.6% compared to 63.7% in Europe, 60.3% in Asia, and 15.1% in Africa in 2024. The shifting global dynamics have created opportunities for LAC to attract increased trade and investment flows and integrate into global value chains.



India-LAC Merchandise Trade Relations

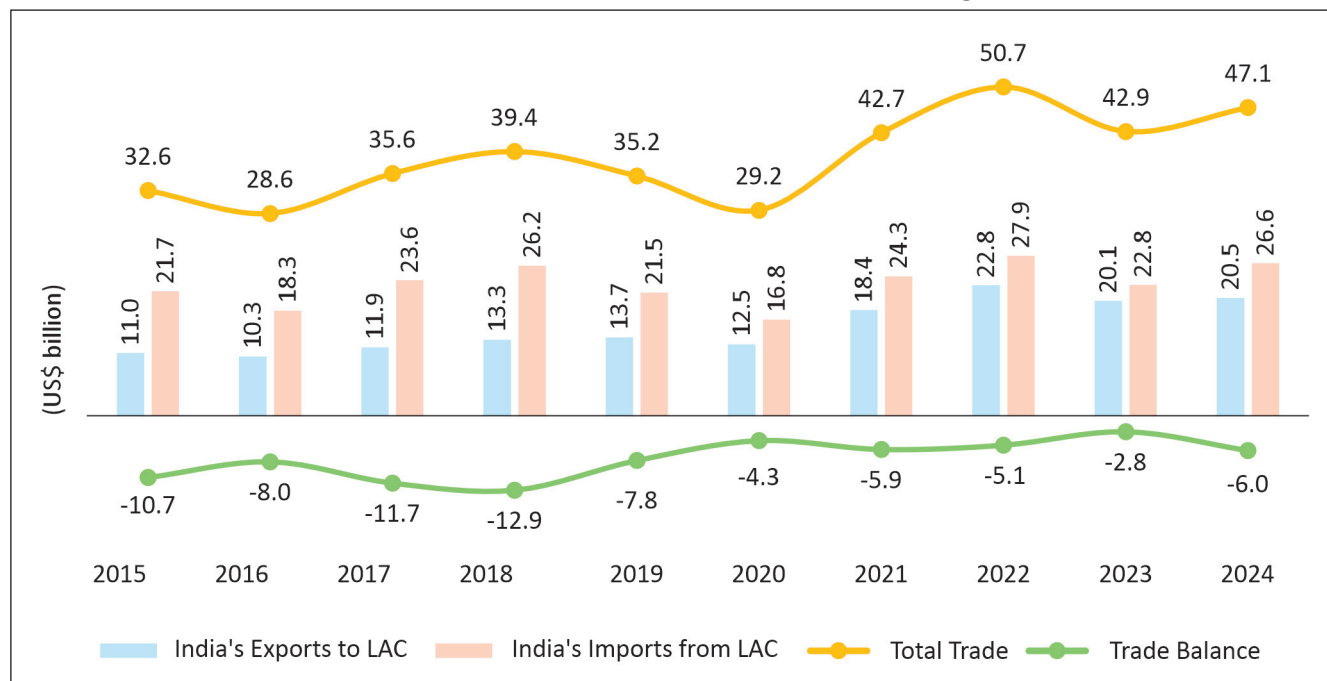
India has had long-standing diplomatic engagement and evolving trade relations with the Latin America and Caribbean (LAC) region, which significantly expanded after India's economic liberalization in the 1990s and the establishment of the Focus LAC Program in 1997. This relationship has undergone a notable transformation, shifting from modest engagement to an increasingly promising partnership anchored in trade, investment, and mutual economic complementarities.

India's trade with the LAC region have steadily deepened over the past two decades, driven largely by India's demand for crude oil, minerals, and agriculture products, and LAC's growing demand for pharmaceuticals, automobiles, and engineering goods from India. This relation has evolved further from primarily commodity-based trade and hydrocarbon linkages to a deeper strategic alignment focussing on sustainability and technology-driven economic collaboration.

While geographical distance, limited trade agreements, inadequate infrastructure facilities, logistics issues, and language barriers remain challenging, India is increasingly engaging with the LAC region through diversification of supply chain, investments in energy and infrastructure, and participation in regional forums, signalling strong potential for expanding economic cooperation. The rapidly evolving global trade landscape, particularly trade policy shifts and geographic realignment strategies are presenting new opportunities as well as important challenges for India and LAC.

Total trade between India and LAC shows an upward trajectory, growing by a CAGR of 4.2% during 2015-2024, rising from US\$ 32.6 billion in 2015 to US\$ 47.1 billion in 2024 (**Chart 3.1**). The growth in 2021–2022 stands out, coinciding with the global recovery after the pandemic when both demand and commodity prices surged, with countries like Brazil, Mexico, and Chile emerging as key partners. The trade balance consistently remains in negative, highlighting structural imbalances in the bilateral trade composition. India's trade deficit of US\$ 10.7 billion with LAC in 2015 narrowed to US\$ 6 billion in 2024. India's exports to LAC, though increasing in absolute terms, show fluctuations. Exports increased from US\$ 11 billion in 2015 to a peak of US\$ 22.8 billion in 2022, before moderating to US\$ 20.5 billion in 2024. As a rapidly growing market, the LAC region, offers massive opportunities for Indian exports. Imports, on the other hand, have been substantially higher, rising from US\$ 21.7 billion in 2015 to US\$ 26.6 billion in 2024, after hitting a high of US\$ 27.9 billion in 2022. The region holds massive reserves of lithium, copper, nickel, and cobalt, which are vital for India's critical minerals security.

Chart 3.1: India's Merchandise Trade with LAC Region



Source: ITC Trade Map and Exim Bank Research

India's Exports to LAC Region

India's exports to the LAC region are relatively diversified. Motor vehicles and parts (motor cars, two-wheelers, and auto components) dominate India's export basket to LAC, accounting for 22.7% of India's total exports to the region in 2024. Indian automobiles are seeing strong demand in LAC markets, with focus on affordable and durable vehicles.

Other major exports in 2024 include machinery and mechanical appliances with a share of 8.8% in total exports, pharmaceutical products (8.5%), organic chemicals (7.2%), miscellaneous chemical products (7.1%), mineral fuels, oil and products of distillation (6.1%), electrical machinery and equipments (5.4%), aluminium and articles (3.0%), and cotton (2.4%). Mineral fuels and oil exports have shown a declining trend, with its share declining from 20.7% in 2022 to 6.1% in 2024 (**Table 3.1**).

Cotton plays a crucial role in India's exports to LAC, despite being the 9th largest exported commodity as it contributes to 14.4% of LAC's global imports of cotton. Cotton yarn other than sewing thread having more than 85% cotton (HS-5205) is the major product in India's export basket of cotton to LAC.

Table 3.1: India's Exports to LAC Region - Major Commodities (US\$ million)

HS Code	Products	2015	2023	2024	% Share in India's Exports to LAC, 2024	% Share in LAC's Global Imports, 2024	% Share of LAC in India's Global Exports, 2024
	India's Exports to LAC	10,954.8	20,073.7	20,519.4	100.0	1.4	4.6
87	Vehicles other than railway	2,647.8	4,058.3	4,665.4	22.7	3.4	21.1
84	Machinery and mechanical appliances	572.0	1,714.1	1,813.5	8.8	0.9	5.6
30	Pharmaceutical products	726.0	1,581.1	1,749.3	8.5	4.1	7.5
29	Organic chemicals	841.5	1,371.5	1,480.7	7.2	4.1	7.1
38	Miscellaneous chemical products	450.4	1,468.3	1,463.4	7.1	5.7	21.4
27	Mineral fuels, oil and products of distillation	807.3	2,144.1	1,255.5	6.1	0.9	1.7
85	Electrical machinery and equipments	293.0	992.9	1,099.2	5.4	0.5	2.7
76	Aluminium and articles	429.3	577.4	623.4	3.0	3.8	8.5
52	Cotton	331.6	412.4	497.0	2.4	14.4	7.6
39	Plastics and articles	308.0	422.5	486.5	2.4	0.7	6.0
73	Articles of iron or steel	388.4	519.9	471.7	2.3	1.8	4.7

Source: ITC Trade Map and Exim Bank Research

India's Major Export Destinations in LAC Region

Brazil is India's largest export destination in the LAC region, accounting for 31.9% of India's total exports to the region in 2024. Other major export markets in the region include Mexico (27.9% of the total exports), Colombia (6.7%), Chile (5.5%), Argentina (4.9%), and Peru (4.6%) (Table 3.2).

Table 3.2: India's Major Export Destinations in LAC Region (US\$ million)

Importers	2015	2019	2022	2023	2024	% Share in 2024
India's Exports to LAC	10,954.8	13,698.5	22,779.2	20,073.7	20,519.4	100.0
Brazil	3,098.6	4,114.0	9,724.3	6,663.6	6,542.0	31.9
Mexico	2,767.6	3,735.4	4,938.8	5,283.0	5,724.7	27.9
Colombia	963.2	1,037.5	1,511.2	1,198.2	1,385.0	6.7
Chile	663.8	875.4	1,200.4	1,169.6	1,137.6	5.5
Argentina	516.3	633.9	1,189.2	996.1	1,003.7	4.9
Peru	754.7	751.0	865.3	916.3	947.7	4.6
Guatemala	255.4	290.8	498.0	522.4	616.9	3.0

Importers	2015	2019	2022	2023	2024	% Share in 2024
Dominican Republic	162.8	223.0	333.4	328.1	376.3	1.8
Ecuador	173.3	259.3	391.4	471.3	299.4	1.5
Honduras	170.6	186.4	294.1	251.3	283.4	1.4

Source: ITC Trade Map and Exim Bank Research

With total exports of US\$ 6.5 billion to Brazil in 2024, India mostly exports miscellaneous chemical products (16.6% of India's exports to Brazil), mineral fuels and oil, mostly refined (12.3%), and organic chemicals (11.1%) to Brazil. Mexico is the second largest export destination for India in the region with exports of US\$ 5.7 billion. Major export products to Mexico include vehicle other than railway (33%), electrical machinery and equipment (10.9%), and machinery and mechanical appliances (9.9%). With exports of US\$ 1.4 billion in 2024, India's major exported products to Colombia include vehicles other than railway (33.7%), pharmaceutical products (9.8%), and cotton (9%) (Table 3.3).

Table 3.3: Mapping India's Major Export Destinations in LAC with Share in Major Export Products, 2024

Country	Exports (US\$ billion)	HS Code	Product	% Share in Exports to Respective LAC Country
Brazil	6.5		All Products	100.0
		38	Miscellaneous chemical products	16.6
		27	Mineral fuels, mineral oils and products of distillation	12.3
		29	Organic chemicals	11.1
		84	Machinery and mechanical appliances	10.5
		87	Vehicles other than railway or tramway	10.1
Mexico	5.7		All Products	100.0
		87	Vehicles other than railway or tramway	33.0
		85	Electrical machinery and equipment	10.9
		84	Machinery and mechanical appliances	9.9
		29	Organic chemicals	6.9
		76	Aluminium and articles	6.8
Colombia	1.4		All Products	100.0
		87	Vehicles other than railway or tramway	33.7
		30	Pharmaceutical products	9.8
		52	Cotton	9.0
		29	Organic chemicals	7.3
		84	Machinery and mechanical appliances	5.0

Country	Exports (US\$ billion)	HS Code	Product	% Share in Exports to Respective LAC Country
Chile	1.1		All Products	100.0
		87	Vehicles other than railway or tramway	29.1
		30	Pharmaceutical products	17.9
		73	Articles of iron or steel	8.8
		84	Machinery and mechanical appliances	4.2
		85	Electrical machinery and equipment	3.8
Argentina	1.0		All Products	100.0
		27	Mineral fuels, mineral oils and products of distillation	22.0
		84	Machinery and mechanical appliances	16.9
		38	Miscellaneous chemical products	11.4
		87	Vehicles other than railway or tramway	10.4
		29	Organic chemicals	9.8
Peru	0.9		All Products	100.0
		87	Vehicles other than railway or tramway	24.7
		52	Cotton	17.5
		30	Pharmaceutical products	10.8
		84	Machinery and mechanical appliances	6.9
		85	Electrical machinery and equipment	3.4

Source: ITC Trade Map and Exim Bank Research

India's Imports from LAC Region

India's imports from LAC were largely dominated by pearls, precious metals and stones (particularly gold), followed by mineral fuels, oil and products (crude oil in particular), together accounting for more than half of India's imports from the region in 2024 (**Table 3.4**). Animal, vegetable or microbial fats and oil (mostly soybean) was the third-largest product in India's import basket from the region, with a share of 13.1% in the overall imports, followed by ores, slag and ash (6.9%), sugars and sugar confectionary (6.7%), copper and article (2.3%), and wood and article (2.0%).

India accounted for 16% of LAC region's global exports of pearls, precious stones, and metals in 2024. LAC remains a major source for India's import of gold, including gold plated with platinum and unwrought (HS-7108), with Peru and Colombia being the main suppliers. India also accounts for 21.4% of animal, vegetable or microbial fats and oil exports from the LAC region in 2024. India sourced 90.8% of its import of sugars and sugar confectionary from the LAC region, with cane or beet sugar and chemically pure sucrose (HS-1701) being the major imported item.

Table 3.4: India's Imports from LAC Region - Major Commodities (US\$ million)

HS Code	Products	2015	2023	2024	% Share in India's Imports from LAC, 2024	% Share in LAC's Global Exports, 2024	% Share of LAC in India's Global Imports, 2024
	India's Imports from LAC	21,691.2	22,846.0	26,564.8	100.0	1.8	3.8
71	Pearls, precious metals, and stones	1,961.1	5,781.2	7,127.5	26.8	16.0	8.5
27	Mineral fuels, oil, and products	10,885.8	6,233.6	7,099.4	26.7	4.3	3.2
15	Animal, vegetable or microbial fats and oil	2,643.3	3,597.6	3,469.4	13.1	21.4	20.4
26	Ores, slag and ash	2,466.3	1,652.3	1,841.8	6.9	1.6	26.7
17	Sugars and sugar confectionery	499.0	1,347.6	1,779.3	6.7	7.3	90.8
74	Copper and articles	84.9	246.5	620.1	2.3	2.2	5.9
44	Wood and articles	302.3	535.6	537.7	2.0	5.5	21.6
85	Electrical machinery and equipment	426.7	494.4	518.5	2.0	0.4	0.6
72	Iron and steel	362.8	555.0	512.4	1.9	2.6	2.9
84	Machinery and mechanical appliances	205.1	396.2	444.3	1.7	0.4	0.7

Source: ITC Trade Map and Exim Bank Research

India's Major Import Sources in LAC Region

Brazil is India's major import partner in the LAC region, accounting for 19.8% of India's total imports from the region in 2024, followed by Peru (17.9%), Argentina (13.0%), Colombia (11.7%), Mexico (11.0%), and Chile (9.3%) (Table 3.5).

Table 3.5: India's Major Import Sources in LAC Region (US\$ million)

Exporters	2015	2019	2022	2023	2024	% Share in 2024
India's Imports from LAC	21,691.2	21,472.2	27,884.2	22,846.0	26,564.8	100.0
Brazil	4,110.3	3,042.3	7,116.2	6,128.7	5,250.7	19.8
Peru	746.7	1,757.7	2,499.7	2,771.4	4,745.7	17.9
Argentina	2,229.5	2,167.7	4,074.9	2,658.1	3,452.7	13.0
Colombia	870.5	720.2	2,954.3	2,879.9	3,107.4	11.7
Mexico	2,729.0	4,875.6	4,377.0	3,030.0	2,920.7	11.0
Chile	2,159.4	1,139.5	1,445.0	1,376.3	2,462.7	9.3
Venezuela	6,644.7	5,687.7	227.9	178.4	2,063.5	7.8
Dominican Republic	601.2	460.0	411.6	422.4	731.0	2.8

Exporters	2015	2019	2022	2023	2024	% Share in 2024
Bolivia	190.9	798.2	2,799.5	1,311.1	410.0	1.5
Ecuador	641.5	310.3	1,154.4	870.9	362.2	1.4

Source: ITC Trade Map and Exim Bank Research

LAC countries are major agricultural suppliers to India. India is heavily dependent on LAC for its sugar imports, with Brazil serving as the dominant supplier of sugars and sugar confectionery (**Table 3.6**). India imported raw cane sugar almost exclusively from Brazil. India's major imports from LAC countries include crude oil (Venezuela, Colombia, Mexico, and Brazil), soybean/vegetable oil (Brazil, Chile, Costa Rica, and Argentina), and gold/precious metals (Peru, Colombia, Dominican Republic, and Argentina). Chile is a primary source of copper ores and refined copper.

Table 3.6: Mapping India's Import Sources in LAC with Share in Major Import Products, 2024

Country	Imports (US\$ billion)	HS Code	Products	% Share in Imports from Respective LAC Country
Brazil	5.3		All Products	100.0
		17	Sugars and sugar confectionery	33.9
		27	Mineral fuels, oil and products of distillation	20.1
		15	Animal, vegetable or microbial fats and oils	14.3
		72	Iron and steel	4.8
		07	Edible vegetables, roots and tubers	2.7
Mexico	2.9		All Products	100.0
		27	Mineral fuels, oil and products of distillation	56.0
		85	Electrical machinery and equipment	14.7
		84	Machinery and mechanical appliances	7.9
		71	Pearls, precious stones and metals	5.8
		32	Tanning or dyeing extracts	2.7
Peru	4.7		All Products	100.0
		71	Pearls, precious stones and metals	92.9
		26	Ores, slag and ash	5.4
		72	Iron and steel	0.6
		18	Cocoa and cocoa preparations	0.3
		08	Edible fruit and nuts	0.1

Country	Imports (US\$ billion)	HS Code	Products	% Share in Imports from Respective LAC Country
Colombia	3.1		All Products	100.0
		27	Mineral fuels, oil and products of distillation	64.7
		71	Pearls, precious stones and metals	28.5
		74	Copper and articles	2.6
		26	Ores, slag and ash	2.5
		76	Aluminium and articles	0.5
Argentina	3.5		All Products	100.0
		15	Animal, vegetable or microbial fats and oil	78.7
		71	Pearls, precious stones and metals	13.9
		44	Wood and articles of wood	2.1
		41	Raw hides, skin and leather	1.1
		27	Mineral fuels, oil and products of distillation	1.1
Chile	2.5		All Products	100.0
		26	Ores, slag and ash	59.8
		74	Copper and articles	17.5
		28	Inorganic chemicals	8.0
		08	Edible fruit and nuts	4.9
		47	Pulp of wood or of other fibrous cellulosic material	4.1

Source: ITC Trade Map and Exim Bank Research

India's Trade Balance with LAC Region

India had a trade deficit of US\$ 6 billion in 2024 with the LAC region, which increased from a deficit of US\$ 2.8 billion in 2023. The trade deficit was driven mainly by commodities including precious or semi-precious stones; mineral fuels, oil, and products of distillation; animal, vegetable or microbial fats and oils; ores, slag and ash, and sugar and sugar confectionary (**Table 3.7**). Among the focus countries, India had trade deficit with Peru (US\$ 3.8 billion), Argentina (US\$ 2.5 billion), Colombia (US\$ 1.7 billion), and Chile (US\$ 1.3 billion) in 2024. India had a positive trade balance in vehicles and parts, pharmaceuticals, miscellaneous chemical products, machinery, and organic chemicals, among others in 2024.

Table 3.7: India's Trade Balance with LAC Region (US\$ million)

HS Code	Products	2015	2019	2023	2024
	All Products	-10,736.4	-7,773.8	-2,772.4	-6,045.4
71	Natural or cultured pearls, precious or semi-precious stones	-1,946.3	-3,914.0	-5,756.5	-7,103.5
27	Mineral fuels, oil and products of distillation	-10,078.5	-10,159.5	-4,089.5	-5,843.9
15	Animal, vegetable or microbial fats and oils	-2,623.3	-1,998.7	-3,544.0	-3,433.6
26	Ores, slag and ash	-2,464.9	-1,081.7	-1,646.0	-1,841.6
17	Sugars and sugar confectionery	-497.2	-253.0	-1,284.5	-1,771.3
74	Copper and articles	-38.8	-7.0	-188.5	-565.9
44	Wood and articles of wood	-297.5	-349.0	-527.1	-528.4
47	Pulp of wood or of other fibrous cellulosic material	-78.5	-57.4	-85.6	-151.2
88	Aircraft, spacecraft, and its parts	-30.1	12.2	-45.7	-127.2
08	Edible fruit and nuts	-22.2	-77.6	-127.9	-125.3
39	Plastics and articles	234.3	230.9	331.1	422.2
40	Rubber and articles	182.3	251.2	391.6	427.2
73	Articles of iron or steel	358.5	296.0	501.5	438.1
76	Aluminium and articles	403.7	303.6	482.1	470.0
85	Electrical machinery, equipment and parts	-133.7	60.4	498.6	580.7
29	Organic chemicals	656.0	952.0	1,159.3	1,291.3
84	Machinery and mechanical appliances	366.9	460.5	1,317.9	1,369.2
38	Miscellaneous chemical products	395.9	937.7	1,400.7	1,404.1
30	Pharmaceutical products	656.7	881.3	1,502.6	1,681.0
87	Vehicles other than railway or tramway rolling stock, and parts	2,564.0	3,118.4	3,989.0	4,603.0

Source: ITC Trade Map and Exim Bank Research

Thus, India's trade with the LAC region has grown significantly, with total trade reaching over US\$ 47 billion in recent years. Currently, trade is concentrated in a few countries and products. India's key trade partners in the region include Brazil, Mexico, Colombia, Chile, Argentina, and Peru. While India mostly exports automobiles, machinery, and pharmaceuticals to LAC, India's imports are concentrated on gold, crude oil, crude soybean oil, raw cane sugar, and unrefined copper and copper ores. The trade balance is skewed towards imports of gold, mineral fuels and oil, edible oils, and ores from the LAC.



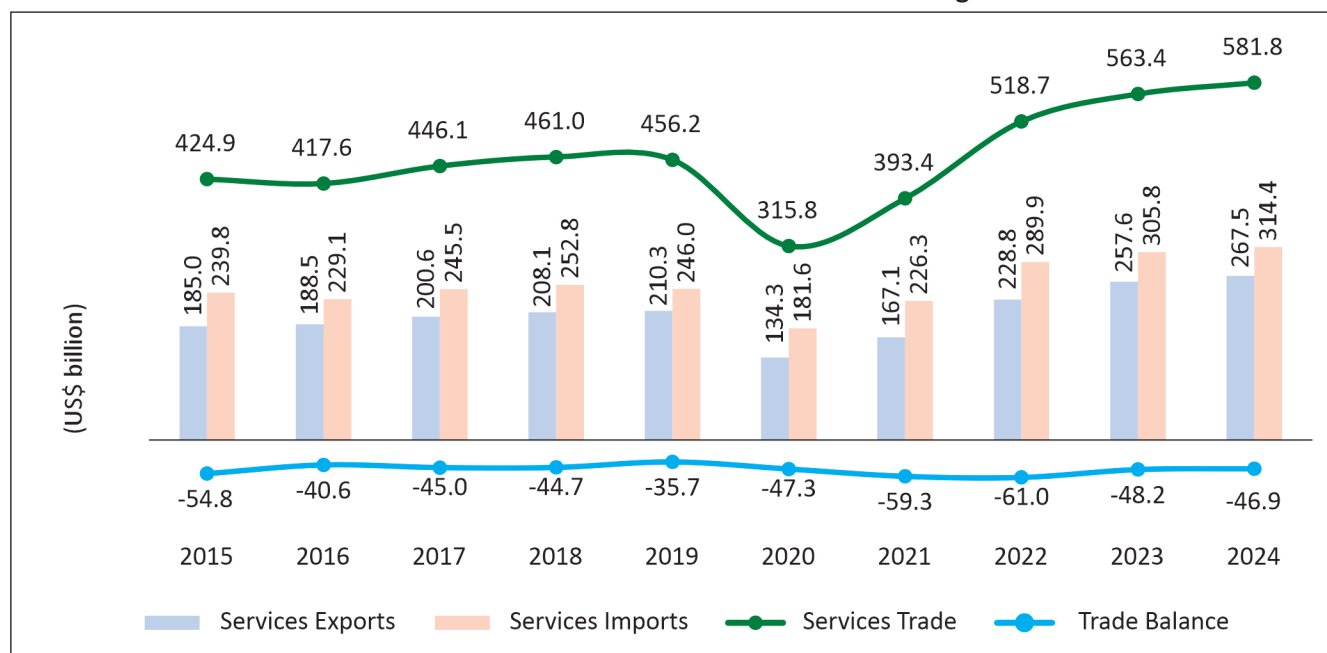
India-LAC Services Trade Relations

The services sector play a pivotal role in Latin America and Caribbean (LAC), accounting for over 60% of regional GDP and the majority of formal employment across urban and rural economies. According to the IDB, LAC countries have mainly relied on traditional services relating to tourism or trade in goods, such as travel and transportation. Services trade has expanded steadily, driven by tourism recovery, digital services exports, business process outsourcing, and growing regional integration through agreements like the Pacific Alliance and MERCOSUR, though services trade deficits persist due to high reliance on imported transport, financial, and information and communication technology (ICT) services. However, LAC remains a marginal player in global services trade. In 2024, the region's share in total global services exports was 3% compared to a share of 6.1% in global merchandise exports.

Services trade of the LAC region has increased by a CAGR of 3.6% over 2015-2024, to reach US\$ 581.8 billion in 2024, with travel services rebounding strongly post-pandemic, though transport and other business services also contribute significantly. The region has a strong tourism sector, which accounted for almost half of its services exports. The region is also a leading, cost-competitive, and culturally compatible hub for US-based business process outsourcing.

Services exports from the LAC region grew from US\$ 185 billion in 2015 to US\$ 267.5 billion in 2024, while imports rose from US\$ 239.8 billion to US\$ 314.4 billion, resulting in a persistent trade deficit of US\$ 46.9 billion in 2024 (**Chart 4.1**). According to the World Trade Organisation (WTO), within the LAC services export portfolio, travel holds the largest share, followed closely by knowledge-based services, and transport. Services trade deficit of the region reflects structural dependence on imported logistics, technology, and specialised inputs, offset partially by competitive strengths in tourism, and professional services.

Chart 4.1: International Services Trade of LAC Region



Source: WTO and Exim Bank Research

Brazil and Mexico dominate both services exports and imports of the LAC region, together accounting for over 47% of total services trade of LAC (**Table 4.1**). According to the IMF, most of the services exports from LAC are destined to North America, and intra-LAC trade in services is lower than in relevant peers' groups, with only about 11% of services exports directed to other LAC countries, compared to about half in European or in East Asian peer regions.³

Table 4.1: Services Trade of LAC Countries (US\$ billion)

Countries	Services Exports				Services Imports				Trade Balance			
	2015	2019	2023	2024	2015	2019	2023	2024	2015	2019	2023	2024
Total LAC	185.0	210.3	257.6	267.5	239.8	246.0	305.8	314.4	-54.8	-35.7	-48.2	-46.9
Mexico	32.8	41.5	51.5	57.2	44.0	51.8	70.4	67.9	-11.2	-10.3	-18.8	-10.6
Brazil	33.7	33.0	45.4	48.5	79.3	71.5	88.7	103.0	-45.7	-38.5	-43.3	-54.6
Panama	11.9	13.8	17.8	18.3	4.8	5.1	5.9	5.7	7.0	8.7	11.9	12.5
Colombia	8.4	10.7	15.6	17.8	14.0	15.0	16.9	18.4	-5.5	-4.3	-1.3	-0.6
Argentina	13.2	14.8	16.1	17.1	19.0	19.6	22.5	22.6	-5.8	-4.8	-6.4	-5.5
Costa Rica	7.7	10.9	14.8	16.1	3.1	4.6	6.4	7.3	4.6	6.3	8.4	8.8
Dominican Republic	7.5	9.3	12.8	14.7	3.2	4.3	5.6	6.3	4.4	5.1	7.2	8.4
Chile	8.6	8.5	10.1	11.7	14.1	16.5	20.3	20.5	-5.6	-8.1	-10.2	-8.7
Peru	5.8	6.7	5.9	7.2	8.5	10.9	13.8	15.1	-2.8	-4.2	-8.0	-7.9
Uruguay	5.2	5.4	6.9	6.9	4.3	4.8	6.4	6.2	0.9	0.6	0.5	0.7

Source: WTO and Exim Bank Research

³ The Dynamics of Trade Integration and Fragmentation in LAC, IMF, December 2024

Services Exports of Focus LAC Countries: Sectoral Analysis

Argentina, Brazil, Chile, Colombia, Mexico, and Peru are critical to LAC's services trade, driving digital transformation, tourism, and financial services in the region. These countries accounted for around 60% of services exports and 79% of services imports of the region in 2024. These countries are shifting toward high-value, digitally enabled services to increase resilience against trade shocks and to reduce dependence on traditional commodity exports.

Argentina's total services exports rose from US\$ 13.2 billion in 2015 to US\$ 17.1 billion in 2024, with other business services emerging as the largest component at 34.6% share in 2024, followed by travel (29%), and telecommunications, computer, and information services (16.4%) (**Table 4.2**). Key services export destinations of Argentina in 2024 include the US (24.2% share in overall services exports), followed by Brazil (7.8%), Chile (4.8%), Uruguay (4.6%), and UK (4%), with a focus on high-value, knowledge-based services.

Table 4.2: Services Exports of Argentina (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Argentina	13,214	14,802	16,111	17,122	100.0
Government goods and services	208	192	191	245	1.4
Commercial services	13,006	14,611	15,920	16,878	98.6
Goods related services	104	117	71	91	0.5
Transport	2,330	1,921	1,979	2,197	12.8
Travel	4,927	5,241	5,486	4,959	29.0
Other commercial services	5,644	7,332	8,384	9,630	56.2
Construction	9	-	18	14	0.1
Insurance and pension services	25	45	44	54	0.3
Financial services	57	198	183	185	1.1
Charges for the use of intellectual property	162	284	251	280	1.6
Telecommunications, computer, and information services	1,473	2,090	2,449	2,810	16.4
Other business services	3,688	4,261	5,083	5,917	34.6
Research and development services	328	471	721	764	4.5
Professional and management consulting services	2,197	2,242	2,545	2,811	16.4
Technical, trade related, and other business services	1,163	1,548	1,817	2,341	13.7
Personal, cultural, and recreational services	229	453	356	370	2.2

Note: '-' implies nil/negligible

Source: WTO database and Exim Bank Research

Brazil's services exports expanded from US\$ 33.7 billion to US\$ 48.5 billion over 2015-2024, led by other business services having 41% share in total services exports of Brazil in 2024, followed by transport (15.6%), and travel services (15.1%) (**Table 4.3**). The major services export destinations of Brazil in 2024 include the US (19.9% share in overall services exports), followed by China (4.5%), UK (4.3%), India (3.9%), and Argentina (3.2%).

Table 4.3: Services Exports of Brazil (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Brazil	33,675	33,033	45,373	48,477	100.0
Government goods and services	789	680	923	769	1.6
Commercial services	32,886	32,353	44,449	47,708	98.4
Goods related services	916	496	1,020	1,884	3.9
Transport	3,977	4,283	6,761	7,552	15.6
Travel	5,844	5,995	6,907	7,341	15.1
Other commercial services	22,149	21,580	29,762	30,931	63.8
Construction	53	30	14	21	0.04
Insurance and pension services	988	970	1,140	1,113	2.3
Financial services	742	1,011	1,075	1,685	3.5
Charges for the use of intellectual property	581	641	921	1,093	2.3
Telecommunications, computer, and information services	1,571	2,574	5,783	6,173	12.7
Other business services	17,900	15,835	19,972	19,888	41.0
Research and development services	613	621	1,009	1,016	2.1
Professional and management consulting services	3,746	4,385	5,833	7,096	14.6
Technical, trade related, and other business services	13,541	10,829	13,129	11,776	24.3
Personal, cultural, and recreational services	314	518	858	957	2.0

Source: WTO database and Exim Bank Research

Chile's services exports increased from US\$ 8.6 billion to US\$ 11.7 billion over 2015-2024, dominated by transport (34.9% in 2024) and travel services (25.5%), underscoring its logistics and tourism strengths (**Table 4.4**). According to the WTO, Chile was the 6th largest exporter of digitally delivered services (DDS) in LAC in 2024. Chile's time zone closely aligns with that of the US East Coast, which serves as its primary market for DDS exports. Key service export destinations of Chile in 2024 include the US (25.2% of total exports), China (10.4%), Brazil (10.1%), Japan (5.6%), and Germany (4.9%).

Table 4.4: Services Exports of Chile (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Chile	8,557	8,462	10,136	11,744	100.0
Commercial services	8,557	8,462	10,136	11,744	100.0
Transport	3,245	3,312	3,899	4,096	34.9
Travel	2,497	2,303	2,246	2,996	25.5
Other commercial services	2,815	2,848	3,992	4,652	39.6
Insurance and pension services	290	317	-	-	-
Financial services	185	225	-	-	-
Charges for the use of intellectual property	42	45	-	-	-

Product/Sector	2015	2019	2023	2024	% Share in 2024
Telecommunications, computer, and information services	317	383	595	670	5.7
Other business services	1,567	1,497	2,107	2,688	22.9
Personal, cultural, and recreational services	34	50	-	-	-

Note: '-' implies nil/negligible

Source: WTO database and Exim Bank Research

Colombia's services exports increased from US\$ 8.4 billion in 2015 to US\$ 17.8 billion in 2024, with travel services accounting for a share of 48.3% in 2024, followed by other business services (18.4%) and transport (16.4%) (**Table 4.5**). Driven by a highly qualified workforce, the country is emerging as a regional leader in IT and specialized BPO, aiming to diversify beyond traditional commodity exports. Key services export destinations of Colombia in 2024 include the US (38.5% share in total exports), China (5.2%), Spain (4.1%), Netherlands (3.4%), and UK (2.8%).

Table 4.5: Services Exports of Colombia (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Colombia	8,434	10,668	16,032	17,780	100.0
Government goods and services	92	183	236	238	1.3
Commercial services	8,342	10,485	15,795	17,542	98.7
Goods related services	75	127	119	117	0.7
Transport	1,781	2,053	2,761	2,917	16.4
Travel	4,245	5,682	7,557	8,587	48.3
Other commercial services	2,241	2,623	5,358	5,921	33.3
Construction	1	3	3	3	-
Insurance and pension services	19	14	24	31	0.2
Financial services	57	90	165	201	1.1
Charges for the use of intellectual property	101	127	227	228	1.3
Telecommunications, computer, and information services	517	527	1,758	1,995	11.2
Other business services	1,445	1,717	3,034	3,272	18.4
Professional and management consulting services	473	591	947	1,030	5.8
Technical, trade related, and other business services	972	1,126	2,087	2,241	12.6
Personal, cultural, and recreational services	102	145	148	192	1.1

Note: '-' implies nil/negligible

Source: WTO database and Exim Bank Research

Mexico is the largest services exporting country in the LAC region. Mexico's service exports are a growing component of its economy, with exports increasing from US\$ 32.8 billion to US\$ 57.2 billion over 2015-2024, driven by travel (57.6% of services exports in 2024), transport (13.2%), and other business services (11.4%) (**Table 4.6**). Key services export destinations of Mexico in 2024 include the US (67.5% share in total exports), Switzerland (3.2%), Germany (3.1%), Canada (2.7%), and China (1.8%).

Table 4.6: Services Exports of Mexico (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Mexico	32,810	41,524	51,539	57,232	100.0
Government goods and services	239	244	255	246	0.4
Commercial services	32,571	41,281	51,283	56,986	99.6
Goods related services	341	418	528	650	1.1
Transport	5,414	5,883	6,236	7,557	13.2
Travel	17,734	24,573	30,694	32,956	57.6
Other commercial services	9,082	10,407	13,825	15,823	27.6
Insurance and pension services	3,171	3,120	4,561	5,336	9.3
Financial services	377	530	717	960	1.7
Charges for the use of intellectual property	383	758	1,264	1,150	2.0
Telecommunications, computer, and information services	1,001	1,066	1,065	1,575	2.8
Other business services	3,670	4,361	5,953	6,496	11.4
Research and development services	1,698	202	1,164	1,147	2.0
Professional and management consulting services	778	3,773	4,354	5,227	9.1
Technical, trade related, and other business services	1,194	386	436	123	0.2
Personal, cultural, and recreational services	481	573	265	306	0.5

Source: WTO database and Exim Bank Research

Peru's services exports grew from US\$ 5.8 billion in 2015 to US\$ 7.2 billion in 2024, with sectors including travel (51.4% of total services exports in 2024) and transport (28.5%) driving the exports (**Table 4.7**). Major export destinations of Peru in 2024 include the US (22.7% of total exports), UK (11.7%), China (9.9%), Japan (4.7%), and Brazil (4.5%).

Table 4.7: Services Exports of Peru (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Exports of Peru	5,762	6,696	5,862	7,153	100.0
Government goods and services	156	169	183	188	2.6
Commercial services	5,606	6,527	5,680	6,965	97.4
Transport	1,416	1,707	1,789	2,041	28.5
Travel	3,309	3,738	2,765	3,676	51.4
Other commercial services	881	1,082	1,126	1,248	17.4
Insurance and pension services	74	54	135	150	2.1
Financial services	80	99	138	163	2.3
Charges for the use of intellectual property	14	30	41	43	0.6
Telecommunications, computer, and information services	122	113	131	154	2.2
Other business services	587	774	667	723	10.1

Product/Sector	2015	2019	2023	2024	% Share in 2024
Professional and management consulting services	587	774	667	723	10.1
Personal, cultural, and recreational services	4	12	14	14	0.2

Source: WTO database and Exim Bank Research

Services Imports of Focus LAC Countries: Sectoral Analysis

LAC's services imports are dominated by transportation and tourism-related travel. Services imports across the six focus LAC countries showed steady expansion, reflecting demand for transport, travel, and business services to support merchandise trade and domestic consumption.

Argentina's imports rose from US\$ 19 billion in 2015 to US\$ 22.6 billion in 2024, led by travel, services (34.5% of imports in 2024), transport (20.9%), and other business services (15.2%) (**Table 4.8**). Major sources of Argentina's services imports in 2024 include the US (29.3% of total services imports), Spain (6.4%), Brazil (6.1%), Germany (4%), and Uruguay (3.7%).

Table 4.8: Services Imports of Argentina (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Argentina	19,029	19,646	22,526	22,598	100.0
Government goods and services	328	198	250	209	0.9
Commercial services	18,701	19,447	22,277	22,389	99.1
Goods related services	195	379	337	395	1.7
Transport	4,485	3,890	5,401	4,718	20.9
Travel	6,982	7,850	7,306	7,805	34.5
Other commercial services	7,040	7,328	9,232	9,472	41.9
Construction	15	2	10	23	0.1
Insurance and pension services	428	320	541	605	2.7
Financial services	335	268	288	212	0.9
Charges for the use of intellectual property	2,178	1,689	1,749	2,004	8.9
Telecommunications, computer, and information services	1,089	1,423	2,342	2,227	9.9
Other business services	2,612	2,821	3,366	3,441	15.2
Research and development services	25	63	101	47	0.2
Professional and management consulting services	1,158	1,047	1,556	1,431	6.3
Technical, trade related, and other business services	1,429	1,711	1,709	1,963	8.7
Personal, cultural, and recreational services	383	804	935	960	4.2

Source: WTO database and Exim Bank Research

Brazil's services imports surged from US\$ 79.3 billion to US\$ 103.0 billion over 2015-2024, with other business services (24.2%), transport (21.9%), and travel (19.1%) services being the prominent imports in 2024 (**Table 4.9**). Major sources of Brazil's services imports in 2024 include the US (37.3% of total services imports), Netherlands (5%), India (3.8%), UK (3.7%), and France (3.6%).

Table 4.9: Services Imports of Brazil (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Brazil	79,345	71,514	88,651	1,03,036	100.0
Government goods and services	1,834	2,017	2,256	1,680	1.6
Commercial services	77,511	69,497	86,394	1,01,356	98.4
Goods related services	196	341	362	560	0.5
Transport	12,901	13,612	19,436	22,616	21.9
Travel	17,357	17,593	17,948	19,671	19.1
Other commercial services	47,057	37,952	48,649	58,509	56.8
Construction	6	2	2	17	0.02
Insurance and pension services	1,597	1,592	3,176	3,189	3.1
Financial services	1,024	661	695	1,530	1.5
Charges for the use of intellectual property	5,517	5,246	6,376	9,776	9.5
Telecommunications, computer, and information services	3,716	5,401	11,486	13,331	12.9
Other business services	34,223	24,499	21,916	24,917	24.2
Research and development services	74	74	335	1,056	1.0
Professional and management consulting services	1,397	3,167	4,316	4,732	4.6
Technical, trade related, and other business services	32,752	21,259	17,265	19,128	18.6
Personal, cultural, and recreational services	973	549	4,997	5,749	5.6

Source: WTO database and Exim Bank Research

Chile's imports of services increased from US\$ 14.1 billion in 2015 to US\$ 20.5 billion in 2024, dominated by transport (35.8%) and travel services (16.2%) in 2024 (**Table 4.10**). Major sources of Chile's services imports in 2024 include the US (32.8% of total services imports), Ireland (5.8%), Spain (5.6%), China (5.1%), and Germany (4.8%).

Table 4.10: Services Imports of Chile (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Chile	14,128	16,547	20,288	20,456	100.0
Commercial services	14,128	16,547	20,288	20,456	100.0
Transport	4,601	4,939	7,188	7,323	35.8
Travel	1,987	2,459	3,063	3,318	16.2
Other commercial services	7,541	9,149	10,038	9,816	48.0
Insurance and pension services	453	400	-	-	-
Financial services	1,183	1,380	-	-	-
Charges for the use of intellectual property	1,635	1,879	-	-	-
Telecommunications, computer, and information services	1,620	2,113	2,794	3,079	15.1

Product/Sector	2015	2019	2023	2024	% Share in 2024
Other business services	2,312	2,925	2,848	2,527	12.4
Personal, cultural, and recreational services	38	40	-	-	-

Note: '-' implies nil/negligible

Source: WTO database and Exim Bank Research

Colombia's services imports increased from US\$ 14 billion in 2015 to US\$ 18.4 billion in 2024, with travel (31.7%), transport (24.9%), and charges for intellectual property (10.6%) playing a key role in 2024 (**Table 4.11**). Major sources of Colombia's services imports in 2024 include the US (38.5% of total services imports), Spain (6.9%), China (4.5%), Ireland (4.2%), and Germany (3.0%).

Table 4.11: Services Imports of Colombia (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Colombia	13,960	14,954	16,999	18,386	100.0
Government goods and services	125	114	137	162	0.9
Commercial services	13,836	14,840	16,862	18,224	99.1
Goods related services	80	163	302	316	1.7
Transport	2,927	3,088	4,179	4,576	24.9
Travel	4,318	4,935	4,950	5,828	31.7
Other commercial services	6,511	6,654	7,431	7,504	40.8
Construction	1	-	1	2	0.01
Insurance and pension services	882	1,051	1,291	1,380	7.5
Financial services	764	1,322	454	534	2.9
Charges for the use of intellectual property	1,346	1,335	1,982	1,958	10.6
Telecommunications, computer, and information services	936	1,018	1,721	1,731	9.4
Other business services	2,456	1,828	1,865	1,785	9.7
Professional and management consulting services	780	726	917	825	4.5
Technical, trade related, and other business services	1,676	1,102	948	959	5.2
Personal, cultural, and recreational services	128	100	118	116	0.6

Note: '-' implies nil/negligible

Source: WTO database and Exim Bank Research

Mexico's services imports grew from US\$ 44 billion to US\$ 67.9 billion over 2015-2024, led by transport (36.4%), travel (16.7%), and insurance and pension services (13.7%) in 2024 (**Table 4.12**). Major sources of Mexico's services imports in 2024 include the US (50.6% of total services imports), Germany (5.3%), Spain (4.7%), France (3.4%), and Ireland (3.3%).

Table 4.12: Services Imports of Mexico (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Mexico	44,021	51,820	70,387	67,855	100.0
Government goods and services	713	780	962	992	1.5
Commercial services	43,308	51,041	69,425	66,862	98.5
Goods related services	661	787	574	635	0.9
Transport	12,817	15,362	28,654	24,728	36.4
Travel	10,098	9,881	9,254	11,324	16.7
Other commercial services	19,733	25,012	30,944	30,175	44.5
Insurance and pension services	4,339	6,273	8,812	9,305	13.7
Financial services	2,938	3,359	3,595	3,204	4.7
Charges for the use of intellectual property	3,948	4,629	5,484	5,690	8.4
Telecommunications, computer, and information services	2,268	3,715	6,041	6,290	9.3
Other business services	5,715	6,435	5,785	4,223	6.2
Research and development services	321	1,431	934	691	1.0
Professional and management consulting services	2,604	2,422	2,226	1,818	2.7
Technical, trade related, and other business services	2,790	2,583	2,625	1,714	2.5
Personal, cultural, and recreational services	525	600	1,227	1,463	2.2

Source: WTO database and Exim Bank Research

Peru's services imports increased from US\$ 8.5 billion in 2015 to US\$ 15.1 billion in 2024, with transport (32.6%) and travel services (23.3%) being main import categories in 2024 (**Table 4.13**). Major sources of Peru's services imports in 2024 include the US (30.4% of total services imports), Spain (6.8%), China (5.7%), UK (5.5%), and Brazil (3.5%).

Table 4.13: Services Imports of Peru (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
Total Services Imports of Peru	8,519	10,858	13,818	15,069	100.0
Government goods and services	169	182	197	205	1.4
Commercial services	8,351	10,676	13,621	14,864	98.6
Goods related services	4	4	4	4	0.03
Transport	2,841	3,231	4,370	4,918	32.6
Travel	1,879	2,765	3,304	3,512	23.3
Other commercial services	3,626	4,676	5,943	6,430	42.7
Insurance and pension services	473	534	1,113	1,117	7.4
Financial services	275	400	288	435	2.9
Charges for the use of intellectual property	421	419	591	615	4.1
Telecommunications, computer, and information services	846	1,102	2,036	2,267	15.0

Product/Sector	2015	2019	2023	2024	% Share in 2024
Other business services	1,575	2,186	1,883	1,963	13.0
Professional and management consulting services	1,575	2,186	1,883	1,963	13.0
Personal, cultural, and recreational services	36	34	31	32	0.2

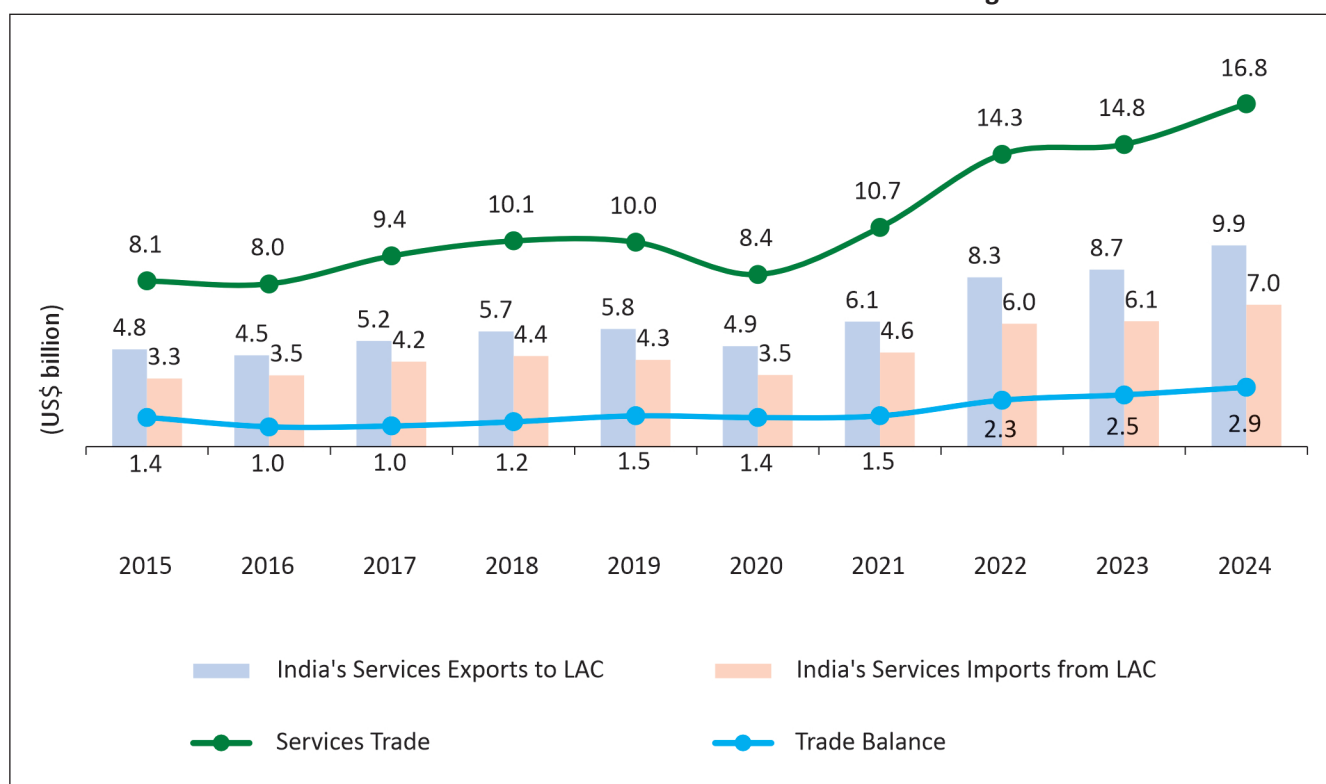
Source: WTO database and Exim Bank Research

India-LAC Bilateral Trade in Services

India's bilateral services trade with LAC has evolved into a strong partnership, characterized by complementarity and growing interdependence. India's strengths in IT, software, telecommunications, and business process outsourcing have positioned it as a key exporter, while LAC's capabilities in transport and logistics meet India's import needs effectively. This exchange fosters economic diversification for both sides, with collaborative opportunities in digital innovation, capacity building, and sustainable development initiatives.

Bilateral services trade between India and LAC countries has shown steady growth over 2015-2024, with India's exports increasing from US\$ 4.8 billion in 2015 to US\$ 9.9 billion in 2024, growing at a CAGR of 7.4%. India's services imports from LAC also increased from US\$ 3.3 billion to US\$ 7.0 billion over 2015-2024, growing at a CAGR of 7.7%, driving total trade to US\$ 16.8 billion in 2024 (**Chart 4.2**). Despite a dip in 2020 due to global disruptions, exports rebounded strongly with CAGR of about 17.5% post-2020, particularly accelerating in 2022 and maintaining momentum through 2024, while the trade surplus widened progressively from US\$ 1.4 billion in 2015 to US\$ 2.9 billion in 2024.

Chart 4.2: India's Bilateral Services Trade with LAC Region



Source: WTO-OECD Balanced Trade in Services (BaTiS) dataset and Exim Bank Research

Brazil, Mexico, Colombia, Chile, Peru, and Argentina together accounted for 71.5% of India's services exports to the LAC region, while these 6 countries accounted for 53.7% of India's imports from the LAC region in 2024.

Argentina

India's bilateral services exports to Argentina reached US\$ 374 million in 2024, increasing from US\$ 175 million in 2015, with travel (43.9% of India's services exports to Argentina), telecommunications, computer, and information services (26.7%), and transport services (11.8%), being the major contributors in 2024 (Table 4.14).

Table 4.14: India's Services Exports to Argentina (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Argentina	175	212	325	374	100.0
Government goods and services	5	3	4	4	1.1
Commercial services	170	210	321	370	98.9
Goods related services	2	1	-	2	0.5
Transport	13	25	48	44	11.8
Travel	71	84	127	164	43.9
Other commercial services	84	100	145	161	43.0
Construction	-	1	1	2	0.5
Insurance and pension services	8	6	11	11	2.9
Financial services	4	6	7	6	1.6
Charges for the use of intellectual property	-	-	-	1	0.3
Telecommunications, computer, and information services	55	58	90	100	26.7
Other business services	16	28	34	40	10.7
Research and development services	-	1	1	1	0.3
Professional and management consulting services	8	13	24	27	7.2
Technical, trade related, and other business services	8	14	10	12	3.2
Personal, cultural, and recreational services	-	1	2	2	0.5

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Argentina rose from US\$ 140 million in 2015 to US\$ 276 million in 2024, (Table 4.15). Transport (36.6% of India's services imports from Argentina), travel (27.2%), and other commercial services (29.3%) emerged as the key components in India's services imports from Argentina.

Table 4.15: India's Services Imports from Argentina (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Argentina	140	162	243	276	100.0
Government goods and services	10	7	12	19	6.9
Commercial services	130	155	231	258	93.5
Goods related services	-	1	1	1	0.4
Transport	23	34	90	101	36.6
Travel	46	51	60	75	27.2
Other commercial services	60	69	80	81	29.3
Construction	-	1	1	1	0.4
Insurance and pension services	1	1	1	2	0.7
Financial services	-	-	1	1	0.4
Charges for the use of intellectual property	1	1	1	1	0.4
Telecommunications, computer, and information services	2	7	20	26	9.4
Other business services	47	53	46	38	13.8
Professional and management consulting services	21	22	18	17	6.2
Technical, trade related, and other business services	26	31	27	21	7.6
Personal, cultural, and recreational services	9	6	11	12	4.3

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

Brazil

India's services exports to Brazil expanded from US\$ 1,825 million in 2015 to US\$ 3,734 million in 2024 (**Table 4.16**). Telecommunications, computer, and information services (45.2% of India's services exports to Brazil), professional and management consulting services (14.5%), and technical, trade related, and other business services (14.2%) were the principal export categories, underscoring India's strength in knowledge intensive and ICT enabled services in the Brazilian market.

Table 4.16: India's Services Exports to Brazil (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Brazil	1,825	2,118	3,298	3,734	100.0
Government goods and services	6	7	7	5	0.1
Commercial services	1,820	2,112	3,291	3,729	99.9
Goods related services	2	3	6	7	0.2
Transport	182	237	348	407	10.9
Travel	267	314	278	321	8.6
Other commercial services	1,369	1,557	2,659	2,994	80.2
Construction	6	12	16	22	0.6

Product/Sector	2015	2019	2023	2024	% Share in 2024
Insurance and pension services	11	14	24	25	0.7
Financial services	37	34	56	55	1.5
Charges for the use of intellectual property	9	13	23	33	0.9
Telecommunications, computer, and information services	626	747	1,508	1,688	45.2
Other business services	663	716	969	1,100	29.5
Research and development services	3	8	16	28	0.7
Professional and management consulting services	125	256	477	543	14.5
Technical, trade related, and other business services	536	452	475	529	14.2
Personal, cultural, and recreational services	16	21	62	70	1.9

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Brazil increased from US\$ 938 million in 2015 to US\$ 1,770 million in 2024 (**Table 4.17**). Transport (35.9% of India's services imports from Brazil), travel services (18.0%), and technical, trade related, and other business services (17.9%) dominated India's services import profile from Brazil in 2024.

Table 4.17: India's Services Imports from Brazil (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Brazil	938	954	1,571	1,770	100.0
Government goods and services	11	10	15	13	0.7
Commercial services	927	944	1,556	1,758	99.3
Goods related services	17	14	28	42	2.4
Transport	347	329	551	635	35.9
Travel	185	202	290	319	18.0
Other commercial services	379	399	686	761	43.0
Construction	2	4	5	6	0.3
Insurance and pension services	19	18	30	32	1.8
Financial services	12	11	18	24	1.4
Charges for the use of intellectual property	11	12	21	26	1.5
Telecommunications, computer, and information services	39	71	182	202	11.4
Other business services	288	271	403	440	24.9
Research and development services	2	2	6	7	0.4
Professional and management consulting services	51	52	83	117	6.6
Technical, trade related, and other business services	235	217	314	317	17.9
Personal, cultural, and recreational services	7	12	28	31	1.8

Source: WTO-OECD BaTiS dataset and Exim Bank Research

Chile

India's services exports to Chile rose from US\$ 268 million in 2015 to US\$ 562 million in 2024 (**Table 4.18**). Telecommunications, computer, and information services (50.7% of India's services exports to Chile), professional and management consulting services (14.9%), and transport services (12.1%) led India's export basket to Chile in 2024.

Table 4.18: India's Services Exports to Chile (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Chile	268	364	516	562	100.0
Government goods and services	-	1	-	-	-
Commercial services	268	363	516	562	100.0
Goods related services	-	1	1	1	0.2
Transport	32	41	58	68	12.1
Travel	26	38	40	46	8.2
Other commercial services	209	284	418	448	79.7
Construction	2	5	5	7	1.2
Insurance and pension services	3	4	5	6	1.1
Financial services	9	10	19	18	3.2
Charges for the use of intellectual property	3	4	3	3	0.5
Telecommunications, computer, and information services	129	171	260	285	50.7
Other business services	61	88	122	125	22.2
Research and development services	1	2	2	1	0.2
Professional and management consulting services	27	41	78	84	14.9
Technical, trade related, and other business services	33	45	42	40	7.1
Personal, cultural, and recreational services	1	2	3	3	0.5

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Chile increased modestly from US\$ 251 million in 2015 to US\$ 343 million in 2024 (**Table 4.19**). Travel (32.9% of India's services imports from Chile), technical, trade related, and other business service (22.7%), and transport (21.9%) were the main import categories from Chile in 2024.

Table 4.19: India's Services Imports from Chile (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Chile	251	241	307	343	100.0
Commercial services	251	241	307	343	100.0
Goods related services	-	1	1	1	0.3
Transport	59	49	64	75	21.9
Travel	113	105	96	113	32.9

Product/Sector	2015	2019	2023	2024	% Share in 2024
Other commercial services	78	86	145	154	44.9
Construction	1	1	1	1	0.3
Insurance and pension services	6	6	9	8	2.3
Financial services	2	3	5	4	1.2
Charges for the use of intellectual property	1	1	2	2	0.6
Telecommunications, computer, and information services	11	16	35	32	9.3
Other business services	56	56	88	102	29.7
Research and development services	1	1	2	2	0.6
Professional and management consulting services	12	11	17	21	6.1
Technical, trade related, and other business services	44	44	69	78	22.7
Personal, cultural, and recreational services	1	2	5	4	1.2

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

Colombia

India's services exports to Colombia expanded from US\$ 319 million in 2015 to US\$ 618 million in 2024 (**Table 4.20**). The export structure was led by travel services (37.1% of India's services exports to Colombia), telecommunications, computer, and information services (31.9%), and professional and management consulting services (5.3%).

Table 4.20: India's Services Exports to Colombia (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Colombia	319	397	553	618	100.0
Government goods and services	3	3	3	3	0.5
Commercial services	317	395	550	615	99.5
Goods related services	1	1	1	1	0.2
Transport	20	29	37	49	7.9
Travel	133	170	191	229	37.1
Other commercial services	164	195	321	336	54.4
Construction	7	14	16	22	3.6
Insurance and pension services	13	17	25	27	4.4
Financial services	15	28	14	15	2.4
Charges for the use of intellectual property	9	13	22	14	2.3
Telecommunications, computer, and information services	90	92	190	197	31.9
Other business services	29	30	53	59	9.5
Research and development services	-	-	1	1	0.2
Professional and management consulting services	9	10	29	33	5.3

Product/Sector	2015	2019	2023	2024	% Share in 2024
Technical, trade related, and other business services	20	20	23	26	4.2
Personal, cultural, and recreational services	1	1	2	2	0.3

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Colombia rose from US\$ 149 million in 2015 to US\$ 425 million in 2024 (**Table 4.21**). Travel services dominated imports in 2024 with a 63.1% share in India's services imports from Colombia, followed by transport (21.9%), and telecommunications, computer, and information services (6.8%).

Table 4.21: India's Services Imports from Colombia (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Colombia	149	168	370	425	100.0
Government goods and services	1	2	5	4	0.9
Commercial services	147	166	365	420	98.8
Goods related services	1	1	1	1	0.2
Transport	40	41	83	93	21.9
Travel	95	102	229	268	63.1
Other commercial services	11	22	52	58	13.6
Construction	1	3	3	6	1.4
Financial services	1	1	1	1	0.2
Charges for the use of intellectual property	1	1	3	3	0.7
Telecommunications, computer, and information services	1	11	28	29	6.8
Other business services	4	4	8	9	2.1
Professional and management consulting services	1	1	2	2	0.5
Technical, trade related, and other business services	3	3	6	7	1.6
Personal, cultural, and recreational services	4	3	9	10	2.4

Source: WTO-OECD BaTiS dataset and Exim Bank Research

Mexico

India's services exports to Mexico increased from US\$ 474 million in 2015 to US\$ 1,064 million in 2024 (**Table 4.22**). Travel (19.8% of India's services exports to Mexico), telecommunications, computer, and information services (19.4%), and transport (17.7%) were the key export segments in 2024, followed by professional and management consulting services (13.5%) and insurance and pension services (9.9%).

Table 4.22: India's Services Exports to Mexico (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Mexico	474	527	795	1,064	100.0
Government goods and services	7	6	10	10	0.9
Commercial services	468	521	785	1,054	99.1
Goods related services	1	7	5	6	0.6
Transport	48	36	115	188	17.7
Travel	140	158	155	211	19.8
Other commercial services	279	321	511	649	61.0
Construction	3	5	6	9	0.8
Insurance and pension services	39	55	81	105	9.9
Financial services	43	59	55	57	5.4
Charges for the use of intellectual property	3	4	9	8	0.8
Telecommunications, computer, and information services	87	83	147	206	19.4
Other business services	93	91	145	208	19.5
Research and development services	1	2	4	6	0.6
Professional and management consulting services	47	51	102	144	13.5
Technical, trade related, and other business services	45	37	40	58	5.5
Personal, cultural, and recreational services	10	23	68	56	5.3

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Mexico rose from US\$ 283 million in 2015 to US\$ 621 million in 2024 (**Table 4.23**). Travel dominated with a 64.1% share in services imports from Mexico in 2024, followed by transport services (14.2%), and technical, trade related, and other business services (7.2%).

Table 4.23: India's Services Imports from Mexico (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Mexico	283	392	461	621	100.0
Government goods and services	3	2	2	2	0.3
Commercial services	280	390	459	619	99.7
Goods related services	4	12	13	15	2.4
Transport	39	40	61	88	14.2
Travel	188	276	311	398	64.1
Other commercial services	48	62	75	117	18.8
Construction	1	4	3	4	0.6
Insurance and pension services	7	6	8	11	1.8
Financial services	2	2	3	5	0.8
Charges for the use of intellectual property	4	7	7	10	1.6

Product/Sector	2015	2019	2023	2024	% Share in 2024
Telecommunications, computer, and information services	9	15	9	21	3.4
Other business services	20	23	34	51	8.2
Professional and management consulting services	3	3	4	6	1.0
Technical, trade related, and other business services	17	20	30	45	7.2
Personal, cultural, and recreational services	5	6	10	15	2.4

Source: WTO-OECD BaTiS dataset and Exim Bank Research

Peru

India's services exports to Peru increased from US\$ 219 million in 2015 to US\$ 425 million in 2024 (**Table 4.24**). Telecommunications, computer, and information services (44.5% share in services exports) were India's principal services export categories to Peru in 2024, followed by transport (17.6%) and professional and management consulting services (12.9%).

Table 4.24: India's Services Exports to Peru (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Exports to Peru	219	272	387	425	100.0
Government goods and services	1	1	1	1	0.2
Commercial services	218	271	386	424	99.8
Goods related services	1	1	1	1	0.2
Transport	43	51	67	75	17.6
Travel	28	37	37	38	8.9
Other commercial services	146	182	282	310	72.9
Construction	7	13	16	22	5.2
Insurance and pension services	3	3	5	5	1.2
Financial services	6	6	9	9	2.1
Charges for the use of intellectual property	1	1	2	2	0.5
Telecommunications, computer, and information services	83	97	172	189	44.5
Other business services	45	61	77	83	19.5
Research and development services	-	-	1	1	0.2
Professional and management consulting services	28	40	51	55	12.9
Technical, trade related, and other business services	16	20	25	28	6.6
Personal, cultural, and recreational services	1	1	1	2	0.5

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

India's services imports from Peru grew from US\$ 120 million in 2015 to US\$ 301 million in 2024 (**Table 4.25**). Transport (54.5% of India's services imports from Peru) and travel (16.6%) were the leading services imports in 2024.

Table 4.25: India's Services Imports from Peru (US\$ million)

Product/Sector	2015	2019	2023	2024	% Share in 2024
India's Total Services Imports from Peru	120	209	269	301	100.0
Government goods and services	5	7	11	11	3.7
Commercial services	115	202	258	290	96.3
Goods related services	-	1	1	1	0.3
Transport	58	98	142	164	54.5
Travel	33	59	51	50	16.6
Other commercial services	24	44	65	75	24.9
Construction	1	2	2	3	1.0
Insurance and pension services	1	1	3	4	1.3
Financial services	1	1	2	3	1.0
Charges for the use of intellectual property	-	1	2	2	0.7
Telecommunications, computer, and information services	4	6	11	13	4.3
Other business services	16	30	38	45	15.0
Professional and management consulting services	3	5	5	6	2.0
Technical, trade related, and other business services	13	25	34	38	12.6
Personal, cultural, and recreational services	1	3	5	5	1.7

Note: '-' implies nil/negligible

Source: WTO-OECD BaTiS dataset and Exim Bank Research

LAC services sector contributes over 60% of GDP yet holds a marginal 3% global services export share versus 6.1% in merchandise in 2024. Total services trade reached US\$ 581.8 billion, with tourism leading services exports, but having a US\$ 46.9 billion deficit from imported transport, ICT, and financial services. Brazil and Mexico dominate the LAC region, accounting for 47.5% of services trade of the region. India's services trade with key LAC countries has grown steadily, led by telecom/ICT and business exports. Services imports focus on transport and travel imports from LAC.



India-LAC Investment Relations and Opportunities for India in LAC

LAC economies aim at positioning the region as an industrial, investment, manufacturing, and innovation hub for the wider global economy, supported by deepening regional value chains and closer integration with major partners. The LAC countries have adopted regional industrial development as an overarching objective that underpins efforts to diversify production, promote structural transformation, and enhance resilience to external shocks. Strategic policy frameworks in several LAC countries for the period 2022–2027 emphasise practical measures to promote industrialization, exports and investment, facilitate trade and logistics, diversify export markets, and strengthen trade relations with third parties, including emerging partners in Asia.

According to the UNCTAD, FDI inflows into the LAC region amounted to US\$ 164.3 billion in 2024, increasing from US\$ 156.5 billion in 2015. FDI inflows into the six focus LAC economies (Argentina, Brazil, Chile, Colombia, Mexico, and Peru) have been substantial over the last decade, although marked by cyclical fluctuations linked to global conditions. Aggregate inflows to these six economies rose from around US\$ 137.3 billion in 2015 to a peak of US\$ 171.4 billion in 2022, before moderating to US\$ 139 billion in 2024, while their share in total FDI inflows into LAC has generally remained above 80%, underscoring their central role as major investment destinations in the LAC region (**Table 5.1**). There has been a shift in the composition of investment, with capital increasingly concentrated in sectors aligned with structural demand, strategic assets and long-term resilience, rather than broad-based expansion.

Table 5.1: Foreign Direct Investment Inflows into LAC Focus Countries (US\$ billion)

Country	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Argentina	11.8	3.3	11.5	11.7	6.6	4.9	6.7	15.2	23.9	11.4
Brazil	50.0	53.7	66.6	59.8	65.4	28.3	50.7	73.4	64.0	59.2
Chile	19.8	10.5	6.7	13.0	14.4	11.3	12.6	17.5	17.8	11.4
Colombia	11.6	13.9	13.7	11.3	14.0	7.5	9.6	17.2	16.8	14.2
Mexico	35.9	31.2	34.0	34.1	34.6	28.2	33.5	36.3	36.5	36.9
Peru	8.2	6.5	6.5	6.8	6.4	-0.8	6.3	11.8	3.6	5.9
Total	137.3	119.0	139.0	136.7	141.4	79.4	119.3	171.4	162.5	139.0
Total FDI Inflows to LAC	156.5	133.7	155.8	153.6	160.7	93.4	143.1	196.2	186.7	164.3
% Share of Focus Countries in LAC	87.7	89.0	89.2	89.0	88.0	85.0	83.4	87.4	87.0	84.6

Source: UNCTADStat and Exim Bank Research

While Brazil and Mexico have consistently accounted for the largest volumes of inflows in the LAC region, other economies such as Chile, Colombia, and Peru also recorded sizeable investments, reflecting their importance in mining, energy, and services value chains. The pattern of inflows remains sensitive to terms-of-trade movements, global interest rates, and corporate strategies, which helps explain the decline in 2024 after the strong post-pandemic surge.

The region possesses numerous appealing attributes for investors, including a large and relatively young population, diversified and increasingly sophisticated production structures, abundant natural resources, and generally stable macroeconomic frameworks in several major markets. Many LAC governments offer sector-specific incentives to attract foreign capital, such as tax benefits for manufacturing and export-oriented industries, special regimes for renewable energy and infrastructure, and promotion agencies to facilitate project implementation. At the same time, investors remain concerned about governance challenges, policy and regulatory uncertainty, infrastructure gaps, and social tensions in parts of the region, which underline the importance of credible reforms to sustain investment momentum.

Table 5.2: Foreign Direct Investment Outflows from LAC Focus Countries (US\$ billion)

Country	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Argentina	0.9	1.8	1.2	1.7	1.5	1.2	1.5	2.1	3.0	2.7
Brazil	-11.6	-5.9	19.0	-16.3	19.0	-13.4	20.5	32.1	26.7	12.4
Chile	17.8	7.0	4.0	6.9	11.2	6.2	12.0	12.8	8.1	2.4
Colombia	4.2	4.5	3.7	5.1	3.2	1.7	3.2	3.4	1.3	4.6
Mexico	10.7	0.2	3.9	8.5	10.8	1.7	-2.1	14.5	6.6	5.7
Peru	0.2	1.2	0.5	0.1	1.1	0.4	1.1	0.1	0.7	0.3
Total	22.2	8.8	32.3	6.0	46.8	-2.2	36.2	65.0	46.4	28.1
Total FDI Outflows from LAC	24.6	11.4	37.1	9.6	48.3	-0.6	41.5	70.0	49.8	33.3
% Share of Focus Countries in LAC	90.2	77.2	87.1	62.5	96.9	-	87.2	92.9	93.2	84.4

Note: ‘-’ implies nil/negligible

Source: UNCTADStat and Exim Bank Research

Total FDI outflows from the LAC region amounted to US\$ 33.3 billion in 2024, increasing from US\$ 24.6 billion in 2015. FDI outflows from the six focus LAC economies fluctuated markedly, increasing from US\$ 22.2 billion in 2015 to a high of US\$ 65 billion in 2022, before easing to US\$ 28.1 billion in 2024, with their share in total LAC outflows generally exceeding 80% (**Table 5.2**). The sharp year-to-year variations in Brazil’s outward investment, in particular, point to the role of large cross-border corporate transactions, and financial flows routed through regional hubs.

FDI Inflows into LAC Region

To get a meaningful understanding on the trends in investments to and from LAC, this study has drawn upon the data collated by the Financial Times through its online database, fDi Markets, which tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. According to fDi Markets, total envisaged capital investment in the LAC region during 2015–2024 amounted to about US\$ 1 trillion, generating an estimated 2.92 million jobs from 14,345 projects (**Table 5.3**).

Table 5.3: Envisaged FDI Inflows into LAC Region

Year	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
2015	69,481.6	1,246	2,56,534	955
2016	68,614.7	1,278	2,61,517	983
2017	71,864.6	1,367	2,52,913	959
2018	97,847.8	1,898	3,18,712	1,228
2019	1,23,671.0	1,909	3,82,876	1,270
2020	68,807.7	1,078	2,09,723	801
2021	74,193.4	1,259	2,49,127	899
2022	1,18,378.8	1,437	3,46,284	1,065
2023	1,38,363.9	1,386	3,23,270	1,017
2024	1,71,271.9	1,487	3,20,854	1,111
Total LAC Region	10,02,495.4	14,345	29,21,810	7,130

Source: fDi Markets online database and Exim Bank Research

Within the LAC region, the six focus economies, Mexico, Brazil, Argentina, Chile, Peru, and Colombia, collectively emerged as the principal destinations for global greenfield projects, together absorbing US\$ 829.2 billion of FDI inflows from 11,535 projects (**Table 5.4**). Mexico accounted for the largest share of envisaged capital expenditure at about US\$ 298.3 billion (29.8% of the total FDI inflows to LAC) from nearly 5,000 projects, followed by Brazil with US\$ 261.9 billion (26.1%), while Argentina, Chile, Peru, and Colombia also attracted sizeable investments across a range of sectors.

Table 5.4: Major Investment Destinations in LAC Region, 2015-2024

Destination Country	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
Mexico	2,98,282.4	4,993	13,27,703	3,129
Brazil	2,61,922.4	2,634	4,41,994	1,688
Argentina	1,05,048.0	818	1,67,038	590
Chile	81,984.6	951	1,09,570	677
Peru	45,516.7	650	1,11,480	461
Guyana	41,463.3	39	24,844	32
Colombia	36,404.6	1,489	2,07,435	1,010
Uruguay	18,098.4	200	31,550	173
Dominican Republic	16,950.0	212	54,797	173
Costa Rica	13,132.4	996	1,44,614	574
Total LAC Region	10,02,495.4	14,345	29,21,810	7,130

Source: fDi Markets online database and Exim Bank Research

Advanced economies and traditional investors such as the US, UK, France, Germany, Canada, Italy, and Japan, together with major emerging investors like China and Spain, have been among the most active sources

of greenfield FDI into LAC countries. Over 2015–2024, the US alone accounted for capital expenditure of about US\$ 262.5 billion (26.2% of capex) through 4,189 projects and creating over 8,64,000 jobs, followed by Spain (8.2%), UK (7.3%), China (7.2%), France (5.2%), and Germany (4.8%), all of which maintained a strong presence across manufacturing and services **(Table 5.5)**. India ranked 34th among the investors in LAC countries, with cumulative capital expenditure of US\$ 3.8 billion, accounting for around 0.4% of total capex in these countries during 2015-2024, through 163 projects that created nearly 32,500 jobs. The 6 focus LAC countries also followed similar trend, with major investors being the US, UK, China, Spain, and France during 2015-2024.

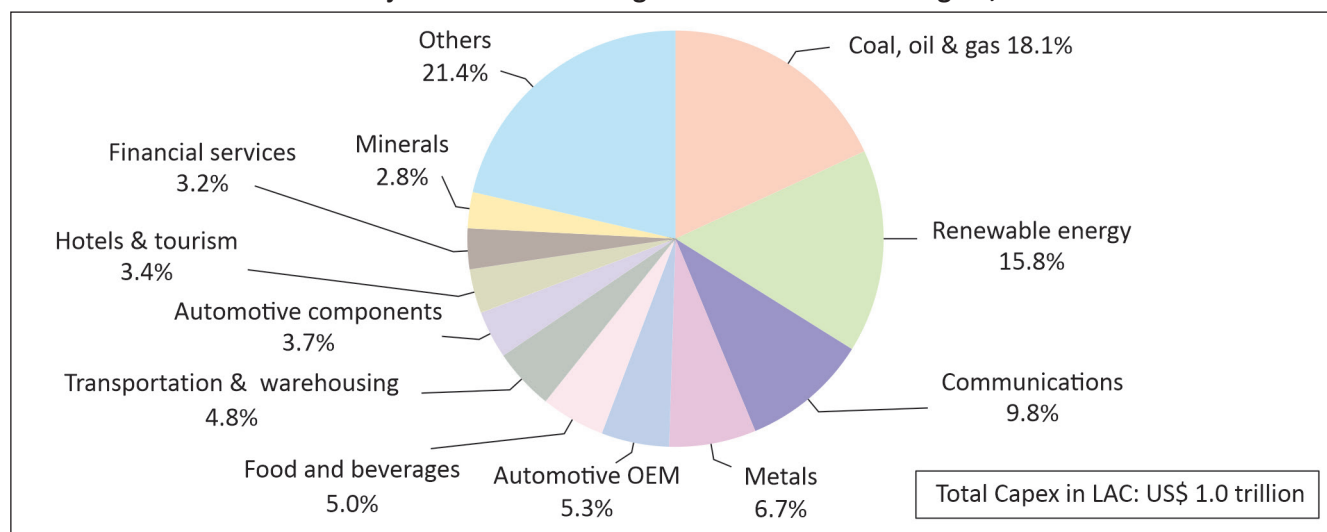
Table 5.5: Major Investors in LAC Region, 2015-2024

Source Country	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
USA	2,62,503.5	4,189	8,64,702	2,109
Spain	82,339.7	1,516	2,02,787	627
UK	73,160.8	617	92,189	376
China	72,433.5	628	2,12,655	305
France	51,783.0	716	1,33,466	320
Germany	47,939.1	1,007	1,91,617	486
Canada	38,670.0	431	99,682	249
Italy	35,693.3	348	48,277	171
Japan	31,269.8	532	1,42,971	340
Chile	26,177.0	291	57,516	123
Australia	23,582.4	94	21,793	69
South Korea	21,465.6	238	90,792	125
Mexico	20,189.6	275	48,763	118
Switzerland	18,986.6	428	53,940	181
Netherlands	17,631.2	257	49,125	149
Total LAC Region	10,02,495.4	14,345	29,21,810	7,130

Source: fDi Markets online database and Exim Bank Research

During 2015–2024, coal, oil, and gas sector accounted for the largest share of envisaged global investments into LAC, at about 18% of total capital expenditure, reflecting a sustained, high-priority demand for energy security **(Chart 5.1)**. Renewable energy was the second-largest sector with 15.8% share, followed by communications (9.8%), metals (6.7%), and automotive original equipment manufacturer (OEM) (5.3%), underscoring the diversification of investment beyond traditional extractive activities. The sectoral patterns of FDI inflows to 6 focus countries remain the same as that for the region.

Chart 5.1: Major Sectors Receiving Investments in LAC Region, 2015-2024



Source: fDi Markets online database and Exim Bank Research

FDI Outflows from LAC Region

According to fDi Markets, total envisaged FDI outflows from LAC during 2015-2024 amounted to about US\$ 156.8 billion across 3,377 projects, generating an estimated 4,28,148 jobs in the region (Table 5.6). Annual capital expenditure fluctuated over the period, rising from US\$ 15.5 billion in 2015 to a peak of US\$ 25.4 billion in 2023, before moderating to US\$ 17.9 billion in 2024.

Table 5.6: Envisaged FDI Outflows from LAC Region

Year	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
2015	15,513.4	271	41,532	179
2016	9,495.7	236	30,035	169
2017	9,718.0	256	31,585	183
2018	21,810.2	423	56,452	265
2019	19,626.2	395	53,361	258
2020	9,998.3	306	33,121	211
2021	10,907.7	343	35,905	244
2022	16,407.6	415	53,524	270
2023	25,364.0	357	44,829	249
2024	17,919.6	375	47,804	266
Total	1,56,760.7	3,377	4,28,148	1,646

Source: fDi Markets online database and Exim Bank Research

Investors from LAC have played a notable role in driving outward FDI activity during 2015-2024. Mexico, Brazil, and Chile emerged as the leading outward directed investors from the LAC region, together accounting for capital expenditure of nearly US\$ 93.0 billion in more than 1,800 projects and generating over 230,000

jobs in host economies. Bermuda and Argentina also featured prominently, with respective investments of US\$ 22.8 billion and US\$ 12.5 billion, spanning financial services, manufacturing, and infrastructure sectors. Other major investors included Cayman Islands, Colombia, Peru, and Panama, contributing to the diversification of regional investment flows (Table 5.7).

Table 5.7: Major Investors from LAC Region, 2015-2024

Investors	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
Mexico	34,833.3	612	85,213	284
Brazil	29,787.0	812	84,068	399
Chile	28,387.3	416	63,364	194
Bermuda	22,831.1	230	29,552	89
Argentina	12,489.2	403	69,155	192
Cayman Islands	6,117.9	96	8,928	48
Colombia	5,557.8	242	23,627	133
Peru	2,583.0	129	11,859	73
Panama	2,461.5	95	11,807	29
Jamaica	2,410.7	32	5,820	16
Venezuela	1,654.3	30	5,508	18
Bahamas	1,543.7	18	2,116	8
Bolivia	1,289.1	12	3,032	6
Guatemala	902.5	31	5,102	22
Costa Rica	750.8	34	4,312	25
Total	1,56,760.7	3,377	4,28,148	126

Source: fDi Markets online database and Exim Bank Research

Investment outflows from the LAC region during 2015-2024 were directed towards a diverse set of destinations, covering both advanced and emerging economies. Intra-LAC investment flows have been a defining feature of the region's outward FDI landscape during 2015-2024. Brazil emerged as the leading destination for investments from within the LAC region, with a 17.4% share in total investment outflows, while other major LAC economies such as Peru, Mexico, Colombia, Chile, and Argentina also featured prominently among the top recipients. The strong intra-regional presence of these economies underscores the increasing depth of cross-border production and service linkages within Latin America and Caribbean.

Among extra-regional destinations, the US, the UAE, UK, Canada, China, and India attracted significant inflows, reflecting the growing outward orientation of LAC investors towards Asia and the Middle East. Notably, India accounted for capital expenditure of US\$ 2.2 billion from LAC in 42 projects, underscoring its emergence as a key destination for Latin American firms in sectors such as manufacturing and services (Table 5.8).

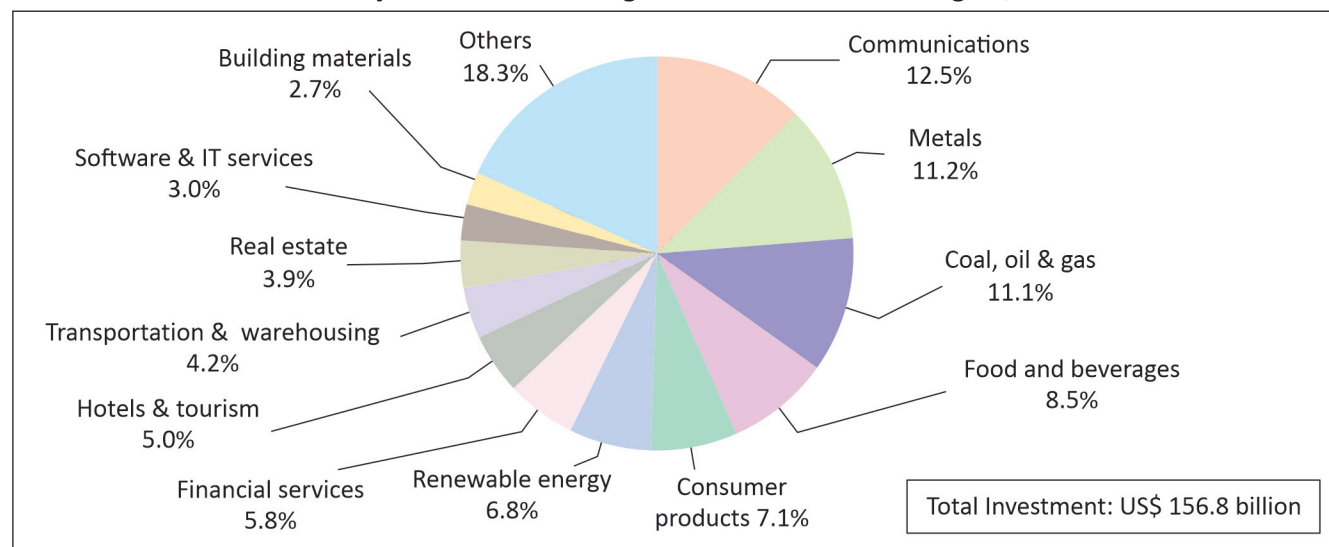
Table 5.8: Major Investment Destinations of LAC Countries, 2015-2024

Source Country	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
Brazil	27,241.6	157	46,020	86
USA	26,360.5	602	54,995	449
Peru	15,171.2	193	43,272	127
Mexico	8,244.9	229	39,782	166
Colombia	7,297.0	267	37,572	184
Uruguay	5,129.6	58	5,039	46
Argentina	4,801.8	125	17,198	87
UAE	4,446.8	75	3,793	68
UK	3,899.3	145	5,401	109
Chile	3,834.0	121	14,121	96
Canada	3,604.5	49	4,443	40
China	3,157.0	55	5,651	46
Indonesia	2,598.1	3	3,100	3
Paraguay	2,293.4	31	5,028	31
India	2,229.7	42	21,042	36
Total	1,56,760.7	3,377	4,28,148	126

Source: fDi Markets online database and Exim Bank Research

During 2015-2024, communications sector accounted for the largest share of envisaged outward investments from LAC, having 12.5% share in the total capital expenditure, driven by substantial project commitments in connectivity and digital infrastructure. Metals ranked second with a 11.2% share, followed by coal, oil, & gas (11.1%), food and beverages (8.5%), and consumer products (7.1%) (**Chart 5.2**). In terms of projects, software and IT services ranked the highest with 600 projects, followed by financial services (393 projects), and food and beverages (330 projects).

Chart 5.2: Major Sectors Receiving Investment from LAC Region, 2015-2024



Source: fDi Markets online database and Exim Bank Research

India's Bilateral Investment Relations with LAC Region

South–South investment has gained prominence in recent years as a key source of financing and as a channel for transferring standards, technologies, and cost-effective business models among developing economies. Such investments are often better adapted to local conditions and regulatory environments, and can reinforce trade ties by fostering new production linkages and employment opportunities, particularly in sectors such as pharmaceuticals, automobiles, ICT services, and renewables, where emerging economies have developed strong capabilities. India, in particular, has become an important outward investor in other developing regions, including LAC, complementing its traditional role as a major trading partner.

Indian Investments in LAC Region

To obtain a more granular picture of Indian overseas investments in LAC, this study relies on project-level data from fDi Markets, capturing greenfield projects and major expansions that generate new jobs and capital expenditure. According to fDi Markets, during 2015–2024, total envisaged capital investment by Indian companies in the LAC region amounted to US\$ 3.8 billion across 163 projects, creating an estimated 32,456 jobs in the region by 94 investing companies (**Table 5.9**). Indian investments in LAC have displayed a generally upward trend over the last decade, with annual capital expenditure rising from US\$ 100.4 million in 2015 to around US\$ 563.2 million in 2024, and the number of projects increasing from 8 to 18 over the same period, suggesting a gradual deepening of India-LAC production linkages.

Table 5.9: Indian Foreign Direct Investments in LAC Region

Year	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
2015	100.4	8	640	6
2016	618.9	13	3,105	10
2017	214.8	16	3,024	11
2018	324.9	16	1,832	13
2019	216.7	18	2,073	9
2020	332.2	9	1,927	6
2021	649.6	20	4,293	16
2022	208.0	22	3,978	12
2023	585.9	23	6,037	18
2024	563.2	18	5,547	17
Total Indian Investments in LAC	3,814.5	163	32,456	94

Source: fDi Markets online database and Exim Bank Research

At the country level, Brazil and Mexico have been the principal recipients of Indian FDI in LAC, together accounting for over 80% of Indian capex and projects during 2015–2024 (**Table 5.10**). Brazil received around US\$ 1.54 billion investment across 53 projects, while Mexico attracted about US\$ 1.51 billion through 58 projects, with Colombia and Argentina recording smaller but noteworthy inflows in sectors such as automotive components, IT services, pharmaceuticals, and renewable energy.

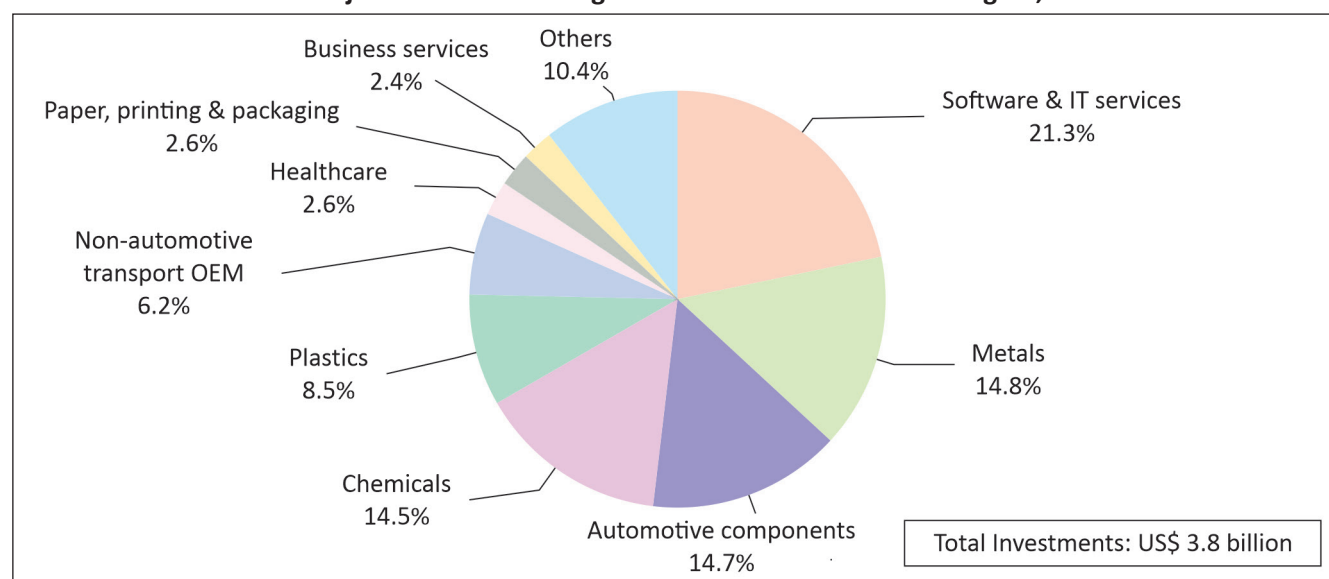
Table 5.10: Indian FDI Recipient Countries in LAC Region, 2015-2024

Destination Country	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
Brazil	1,545.8	53	8,326	30
Mexico	1,512.9	58	15,763	43
Colombia	201.4	16	1,840	12
Argentina	155.2	5	510	4
Cayman Islands	120.6	2	491	2
Guatemala	96.2	1	198	1
Jamaica	74.4	4	1,822	2
Costa Rica	43.1	14	2,102	12
Guyana	19.5	2	311	2
Venezuela	16.7	1	150	1
Chile	10.8	2	216	2
Total Indian Investments in LAC	3,814.5	163	32,456	94

Source: fDi Markets online database and Exim Bank Research

During 2015-2024, Indian investments in LAC were led by software and IT services, which attracted capex of about US\$ 814 million in 72 projects, underscoring India’s strong digital and technology footprint in the region. Significant activity was also recorded in metals (10 projects; US\$ 566 million), automotive components (13 projects; US\$ 562 million), chemicals (6 projects; US\$ 555 million), and plastics (8 projects; US\$ 324 million), pointing to sizeable commitments in manufacturing and intermediate goods industries (**Chart 5.3**). Other notable areas of Indian investments in the region included non-automotive transport OEMs, healthcare, paper and printing, and business services, indicating an increasingly diversified sectoral profile of India’s engagement with LAC.

Chart 5.3: Major Sectors Receiving Indian Investments in LAC Region, 2015-2024



Source: fDi Markets online database and Exim Bank Research

LAC Investments in India

During 2015–2024, 36 LAC companies announced investments in India totalling US\$ 2.2 billion in 42 projects, creating 21,042 direct jobs in the country. Peak investment activity occurred in 2021 with investments of US\$ 810 million in 2 projects (Table 5.11).

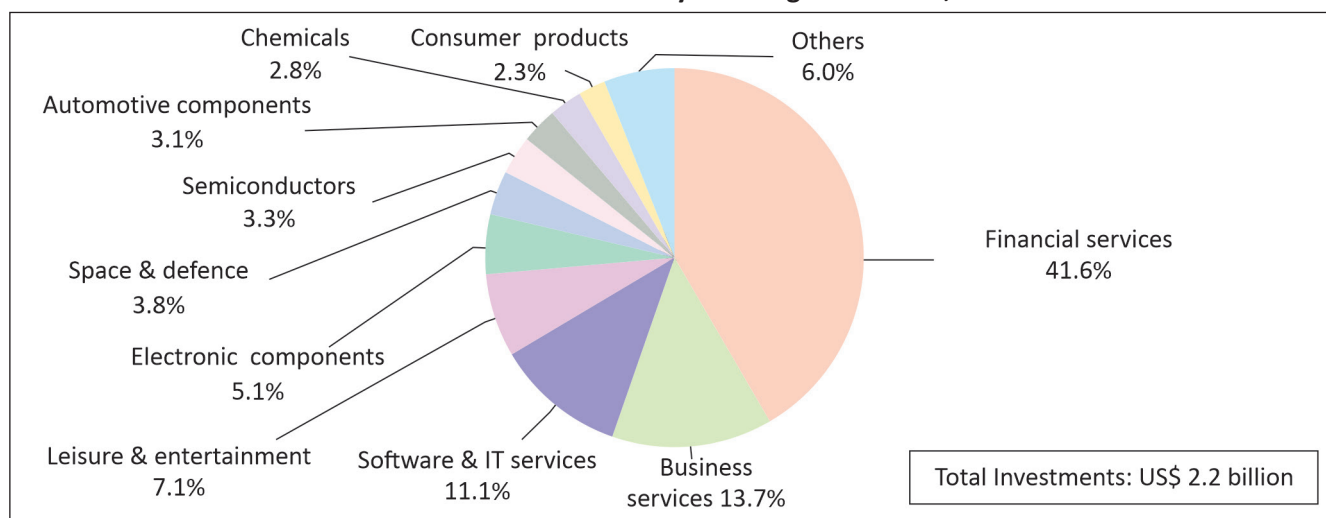
Table 5.11: Investments of LAC Countries in India

Year	Capital Expenditure (US\$ million)	No. of Projects	No. of Jobs Created	No. of Companies Invested
2015	285.2	3	3,481	2
2016	25.2	2	487	2
2017	187.6	9	1,993	9
2018	298.3	4	1,209	4
2019	113.5	2	1,400	2
2020	52.1	3	427	3
2021	810.0	2	1,608	2
2022	193.1	5	6,595	4
2023	191.0	7	2,216	7
2024	73.6	5	1,626	4
Total LAC Investments in India	2,229.7	42	21,042	36

Source: fDi Markets online database and Exim Bank Research

During 2015–2024, LAC companies' investments in India were dominated by financial services sector, which captured the largest capex at US\$ 928 million in 5 projects, highlighting the region's banking and insurance firms' interest in the Indian market. Business services with US\$ 306 million capex in 5 projects and software & IT services with US\$ 248 million in 9 projects ranked next, underscoring LAC's focus on professional, digital, and knowledge-based sectors. Other key investment sectors included leisure and entertainment sector, electronic components, space and defence, semiconductors, and automotive components (Chart 5.4).

Chart 5.4: Sectoral Investments by LAC Region in India, 2015–2024



Source: fDi Markets online database and Exim Bank Research

Indian investments in the LAC region have demonstrated a generally upward trend over the last decade, driven by strategic interests in IT, metals, automotives, chemicals, and pharmaceuticals, with growing efforts to secure lithium and copper. For instance, Khanij Bidesh India Ltd. (KABIL) signed a ~ ₹ 200 crore agreement in January 2024 with Argentina's CAMYEN to explore and develop five lithium brine blocks covering 15,703 hectares in Catamarca Province.

India is also expanding its financial footprint in Latin America. As on December 31, 2025, Export-Import Bank of India (Exim Bank) has extended 34 Government of India-supported Lines of Credits (LOCs) to the LAC region, with credit commitments of US\$ 735.1 million, extended to 6 countries namely Cuba, Guyana, Honduras, Jamaica, Nicaragua, and Suriname, for supporting projects such as setting up of multi-speciality hospitals, irrigation facilities, installation of solar parks, wind energy farms, and fertilizer plants, among others. As on December 31, 2025, Exim Bank through its overseas investment finance programme has supported 36 overseas joint ventures (JVs) and wholly owned subsidiaries (WOS) in the LAC region, set up by 25 Indian companies in 8 countries in LAC namely, Brazil, British Virgin Islands, Cayman Islands, Chile, Guatemala, Mexico, Panama, and Uruguay.

However, India does not feature among the major investors in the LAC region, which ranges from advanced economies to Asian giants such as China and Japan. Further, there is not much diversification in terms of India's FDI partners in the region. Most FDI outflows to LAC are concentrated on Brazil and Mexico. India could focus on expanding its investment in the region in a structured manner.

LAC countries are open to and encourage inward FDI. LAC's six key markets, Argentina, Brazil, Chile, Colombia, Mexico, and Peru, offer India complementary investment opportunities across critical minerals, nearshoring manufacturing, renewable energy, technology ecosystems, and infrastructure development. Argentina, Chile, and Peru stand out for lithium, copper, and strategic mineral deposits, which are essential for India's EV manufacturing and energy transition goals, while Mexico provides unmatched USMCA access for semiconductors, automotives, and aerospace nearshoring. These countries collectively enable portfolio diversification for India through complementary resources and market access.

Mexico emerges as India's premier nearshoring gateway, leveraging proximity to US customers and tariff-free North American market access. Semiconductor design centers, EV supply chains, and aerospace clusters in Querétaro and Baja California position Indian companies to serve OEMs like GE Aerospace and Bombardier while addressing regional energy and water challenges through renewable partnerships. This strategy transforms Mexico from a manufacturing base into a dual-market platform serving both North and Latin America simultaneously.

Renewable energy and green hydrogen represent cross-cutting opportunities, particularly in Chile's green hydrogen project pipeline, Peru's solar expansion, and Mexico's grid modernization needs. Indian renewable developers can secure long-term power purchase agreements through government auctions, while equipment manufacturers establish local production. Chile's Atacama solar resources and southern wind potential create once-in-a-generation green hydrogen export opportunities targeting India's emerging hydrogen demand.

Technology ecosystems thrive in Colombia's Medellín fintech hub and Brazil's Pix-powered digital finance leadership, aligning perfectly with India's IT and UPI expertise. Colombian agritech innovation centers and Brazilian fintech platforms offer joint venture opportunities where Indian companies can transfer proven digital

payment and farm management technologies. These markets enable Indian firms to capture disproportionate value through technology leadership in underserved segments.

Infrastructure public-private partnerships (PPPs) across Mexico, Peru, and Argentina provide stable, long-term returns through water treatment, energy transmission, and megaport development. Peru's Chancay port and Mexico's airport expansions create logistics hubs connecting Asia-Latin America trade corridors. Indian infrastructure funds can structure blended finance models combining government concessions with private capital, mirroring successful domestic PPP frameworks.

Potential Sectors for Investment in LAC Focus Countries

Minerals & Mining - Lithium / Copper / Critical Minerals

Latin America hosts some of the world's richest critical mineral reserves, with Argentina, Chile, Peru, and Mexico emerging as particularly important suppliers for the global clean energy and electronics value chains. Argentina's Catamarca province and broader lithium triangle deposits provide battery-grade lithium resources critical for electric vehicles and grid-scale storage, while Chile combines top-tier lithium production with a mature copper industry exceeding production of 5.3 million metric tons annually, and sophisticated midstream infrastructure. Peru adds a global-leading pipeline of copper, zinc, silver, and molybdenum projects that underpin renewable energy equipment and transmission hardware, and Mexico contributes a diversified base of critical minerals that feed into semiconductor and EV supply chains. Robust regulatory frameworks, established multinational operations, and ongoing expansion plans across these countries position LAC as a structural partner for long-term mineral security, especially as advanced economies accelerate the green transition.

Renewable Energy and Infrastructure

Brazil, Chile, Argentina, Peru, and Colombia are building some of the world's most dynamic renewable energy systems, underpinned by exceptional resource endowments and policy support. Brazil already generates over 80% of its electricity from renewables through hydro, wind, and solar, supported by a National Energy Plan that foresees further large-scale capacity additions, while Chile leverages world-class solar irradiance in the Atacama Desert and strong southern winds for utility-scale projects. Argentina's Patagonia wind corridors and northwestern solar belts, Peru's hydropower and expanding wind-solar mix, and Colombia's auctions in La Guajira and the Eastern Plains collectively create a diversified regional clean energy base. Stable auction frameworks, long-term power purchase agreements (PPAs), and multilateral financing have made these markets attractive for developers that can deliver cost-competitive projects and grid solutions across the value chain.

Technology, ICT, and Fintech

Argentina, Brazil, Chile, and Colombia together anchor a sophisticated technology and fintech ecosystem in LAC, supported by deep talent pools and proactive regulators. Argentina's export-oriented software industry, concentrated in Buenos Aires and secondary cities, offers competitive costs and strong engineering capabilities across software development, BPO, and digital services. Brazil leads the region in digital financial innovation with its Pix instant payments system and open banking regime, while Colombia now hosts Latin America's third-largest fintech ecosystem, with over 350 firms and major hubs in Medellin and Bogotá. Chile's Santiago-based fintech and startup clusters, backed by CORFO and regulatory sandboxes, further deepen the region's digital financial landscape and create a dense network of innovation nodes.

Forestry, Tourism, and Real Estate

Several LAC economies offer attractive linkages between forestry assets, tourism potential, and real estate development, particularly Argentina, Brazil, Chile, Colombia, and Mexico. Argentina's Mendoza and southern regions combine vineyards, agro-forestry, and rural landscapes that underpin high-margin wine and nature-based tourism, while its major cities like Buenos Aires and Rosario show renewed appetite for mixed-use urban real estate. Chile's successful wine and nature tourism model demonstrates how carefully managed forestry and landscape assets can be monetized through premium experiences, and Brazil's urban growth corridors sustain demand for residential, commercial, and infrastructure-linked real estate. Colombia's focus on ecotourism and wellness, combined with improving security conditions, further widens the tourism-real estate opportunity set across the region.

Agribusiness and Agritech

Brazil, Colombia, Peru, Argentina, and Mexico are major agricultural producers with substantial room to add value and embed technology, offering strong complementarities with India. Brazil is one of the world's largest agricultural exporters, yet a majority of its five million farms are smallholdings with limited access to precision agriculture tools and affordable technology, creating a clear productivity gap. Colombia has around 20 million hectares of underutilized arable land and is positioning itself as an agrifoodtech hub capable of year-round production, while Peru and Argentina seek to climb the value ladder in processed foods, horticulture, and specialty products. Across these countries, governments and entrepreneurs are looking to integrate digital platforms, bio-inputs, and efficient logistics into food systems to capture higher margins, and export more sophisticated products.

Semiconductors, Electronics, Automotive, and EV Supply Chains

Mexico stands out in LAC as a critical node for semiconductors, electronics, and automotive manufacturing, while Brazil and Argentina provide complementary automotive and components ecosystems. Mexico's USMCA membership, proximity to the US, and alignment with the US CHIPS Act have made it a preferred site for semiconductor assembly, testing, and advanced electronics manufacturing, supported by emerging water and energy infrastructure investments. Its established automotive clusters produce vehicles and components for North America, and are increasingly pivoting toward EVs, batteries, and sophisticated electronic sub-systems. Brazil and Argentina, with deep automotive industries and supplier bases, add scale and regional depth to vehicle, parts, and related electronics production.

Healthcare, Medical Devices, and Medical Tourism

Brazil and Colombia are at the forefront of healthcare expansion and medical tourism development in LAC, creating complementary opportunities for India's health sector. Brazil's healthcare system is growing rapidly due to demographic pressures and rising incomes, driving strong demand for diagnostic imaging, surgical equipment, laboratory services, and medical devices, including those that can be produced using cost-efficient technologies such as 3D printing. Colombia offers competitive medical and wellness tourism, with high-quality hospitals and lower treatment costs than North America and Europe, and increasingly invests in ecotourism-linked wellness offerings. Together, these countries demonstrate both strong domestic demand base and an emerging international patient market that values cost-effective, quality healthcare.

Water and Sanitation Infrastructure

Brazil represents one of the largest water and sanitation investment frontiers globally. Around 30 million Brazilians lack access to clean water and approximately 90 million lack sewage connections, prompting major reforms under the 2020 New Sanitation Framework that incentivizes private capital and performance-based concessions. This has created a pipeline of projects spanning water treatment plants, sewerage networks, recycling and reuse facilities, and smart utility modernization, often supported by development finance and long-term concessional models. Similar infrastructure gaps exist, albeit at different scales, in several other LAC markets. Comparable needs around urban water management, industrial effluents, and rural sanitation are also present in other rapidly urbanizing countries in the region.

Green Hydrogen and Clean Energy Transition

Chile, Peru, Brazil, and Colombia are building ambitious green hydrogen and broader clean energy transition agendas that align with India's emerging hydrogen ecosystem. Chile plans to become one of the world's lowest-cost producers and a leading exporter of green hydrogen by 2030–2040, leveraging solar-rich Atacama and high-capacity wind in the south, with a pipeline of large projects supported by subsidies and multilateral finance. Peru and Colombia are integrating hydrogen into renewable expansion strategies, building on hydropower, solar, and wind auctions, while Brazil's deep renewable base makes it a natural candidate for green hydrogen and derivatives such as green ammonia. These initiatives aim both to decarbonize domestic industry and to supply external markets across Europe and Asia with low-carbon fuels.

Aerospace and High-Tech Manufacturing

Mexico is consolidating itself as a major aerospace and high-tech manufacturing hub in LAC, with spillovers into advanced materials and electronics. Aerospace clusters across Querétaro, Baja California, Sonora, Chihuahua, and Nuevo León host global OEMs and Tier-1 suppliers in avionics, engine components, precision machining, and maintenance, repair, and operations (MRO), supported by over 60,000 skilled professionals and competitive cost structures around 50% below the US. These clusters benefit from USMCA tariff-free access and tight integration with North American supply chains, while high-tech manufacturing extends into electronics, composites, and sophisticated subsystems. Brazil's own aerospace and high-tech capabilities, anchored by Embraer aerospace corporation and related ecosystems, add regional depth and design expertise that can complement Mexico's production advantages.

India's Possible Course of Action

India can strategically leverage Latin America's sectoral strengths through a unified approach emphasizing joint ventures, PPPs, and integrated value chains that combine LAC's resource endowments with India's manufacturing, technology, and project execution expertise. Across mining/critical minerals (led by Argentina, Chile, Peru, Mexico), renewables/green hydrogen (Brazil, Chile, Colombia, Peru), and advanced manufacturing like semiconductors/EVs/aerospace (Mexico, Brazil), Indian firms can move beyond raw offtake, building on KABIL's Argentina model, to co-develop downstream processing, local assembly plants, and supply agreements anchored in FTAs. In agritech/agribusiness (Brazil, Colombia), technology/fintech (Argentina, Brazil, Colombia, Chile), healthcare/devices (Brazil, Colombia), water infrastructure (Brazil), and tourism/real estate (Argentina, Chile, others), opportunities lie in innovation centers, greenfield facilities, acquisitions, and digital platforms like UPI adaptations or agrifintech.

Common strategies could include establishing regional hubs in key clusters (e.g., Mexican aerospace/electronics zones, Brazilian agribelts, Chilean hydrogen projects) for components, EPC (engineering, procurement, and construction), and R&D, while deploying India's cost-competitive solutions, such as Internet of Things (IoT) for smallholders, modular water systems, electrolyzers, and telehealth, to address LAC's gaps in scaling and productivity. Trilateral arrangements (India-LAC-US/EU) can align standards, secure offtake for India's fertilizer/ EV needs, and target third markets in Asia/Africa, with environmental, social, and governance (ESG) integration and talent exchanges building mutual trust. This is likely to create resilient Indo-LAC corridors in clean energy, food security, and digital services, supported by dedicated funds, accelerators, and bilateral committees to navigate regulations and accelerate private investment.



Key Challenges in Indo-LAC Trade and Policy Recommendations

In an era marked by geopolitical tensions, supply chain disruptions, and rising protectionism, the LAC region has steadily gained importance for India as a strategic partner, capable of strengthening its economic resilience and global trade position. As traditional trade corridors face uncertainty from China-centric supply chains and increased geopolitical sensitivity, due to the US and the EU adopting more protectionist industrial policies, India needs a diversified network of partners to safeguard its economy from external shocks. LAC region presents a natural and timely opportunity for such diversification. The region's growing markets, abundant natural resources, and shared development priorities align well with India's economic objectives.

As global trade becomes more fragmented, India's engagement with the Global South, including LAC, enhances its geopolitical leverage and supports its push for a more multipolar economic order. Many LAC countries share India's positions on issues such as climate equity, development financing, and strengthening cooperation in multilateral forums, at a time when global governance is becoming more polarized.

Trade Complementarity of India with LAC Region

An examination of the Trade Complementarity Index (TCI) for India with major LAC economies shows that India has high trade complementarity with Chile, Peru, and Brazil in recent years (**Table 6.1**). Further, India's trade complementarity with Brazil, Chile, Colombia, and Mexico frequently tracks close with countries like China, which has a major share in LAC's overall trade. In several years, India even scores higher than China, demonstrating that India enjoys comparable structural fit with LAC's import demand.

Table 6.1: India's Trade Complementarity with LAC Countries

Year	India's Export Complementarity with Major LAC Countries					
	Argentina	Brazil	Chile	Colombia	Mexico	Peru
2005	46.3	49.7	51.0	48.6	44.9	50.5
2010	49.0	60.6	58.5	51.9	48.4	55.9
2015	55.8	59.6	59.8	61.8	49.3	54.0
2016	53.9	60.3	59.4	62.4	49.1	56.9
2017	52.7	60.5	60.1	62.4	50.8	59.5
2018	56.1	66.2	65.1	63.5	54.6	65.1
2019	58.8	66.2	64.9	65.5	54.3	65.0

Year	India's Export Complementarity with Major LAC Countries					
	Argentina	Brazil	Chile	Colombia	Mexico	Peru
2020	58.7	64.1	62.9	64.6	53.1	64.7
2021	60.5	64.9	64.6	65.3	55.6	65.8
2022	64.4	65.5	70.1	66.4	57.4	69.4
2023	61.1	67.3	72.3	68.5	56.3	70.4
2024	59.9	69.6	71.9	-	55.4	-

Note: '-' implies not available

Source: World Bank and Exim Bank Research

Quantitatively, the distance-sensitive trade relationship between India and LAC is captured and reinforced by augmented gravity-model estimates, which shows that India “under-trading” with major LAC economies relative to its overall trade patterns and suggest that geographic distance and logistics costs are the single most significant drag on bilateral trade volumes. At the same time, the Linder hypothesis, emphasising that countries with similar per capita income levels tend to trade more, suggesting that India and many LAC economies should converge in consumption patterns and demand structures. However, the misalignment between this theoretical potential and actual trade volumes underscores the extent to which institutional, logistical, and regulatory frictions are substituting for market-driven integration.

Major Challenges Impacting India-LAC Trade

Characterised by a paradoxical relationship where high levels of political cordiality and economic complementarity exist alongside deeply entrenched structural barriers, the India-LAC partnership has historically struggled to achieve its full potential. Trade between India and the LAC region has remained stagnant for more than a decade, with India’s export contribution to the region’s overall imports reaching less than 2%. India’s trade has traditionally focused on its neighbourhood, the Middle East, and Western markets, leaving LAC relatively low on its commercial radar. Meanwhile, LAC countries have stronger historical ties with North America, Europe, and increasingly China, which dominates their import markets through cost-efficient supply chains.

The path to a robust India-LAC trade corridor is obstructed by a complex array of factors ranging from prohibitive logistics costs and linguistic asymmetries to fragmented trade policies and the dominant geoeconomic influence of extra-regional actors.

1. Logistics and Infrastructure Challenges

Geographical distance is frequently cited as the primary inhibitor of India-LAC trade, yet a deeper analysis reveals that it is not merely the physical kilometres that act as a drag, but the lack of a mature, direct logistical infrastructure to span that distance. While distance did not prevent China from becoming the region's largest trading partner, the specific lack of direct maritime and air connectivity for Indian exporters creates a "distance tax" that erodes price competitiveness.

Maritime Connectivity and the Transshipment Trap: Indian exports destined for Latin American markets rarely travel along a direct route. Instead, they are subjected to a fragmented maritime architecture where cargo is routed through transshipment hubs in Europe (such as Rotterdam or Algeciras), North America (New York or Savannah), or South Africa (Durban). This reliance on intermediary hubs introduces multiple

layers of cost and inefficiency, leading to high freight costs, longer transit times, and restricts the realisation of full potential of trade between the two regions. Every transshipment involves additional handling fees, port charges, and the risk of delays during the transfer from one vessel to another. Cargo from India to LAC countries typically takes between 30 and 55 days by sea.

The lack of direct shipping services is partly a result of perceived low volumes, creating a cyclical problem where low trade prevents direct links, and the lack of direct links keeps trade volumes suppressed. Furthermore, the dispersed nature of Latin American population and markets means that even when a shipment reaches a major port like Santos in Brazil, the internal connectivity to neighbouring countries remains poor, preventing the automatic access to the wider regional market that an exporter might expect in a more integrated bloc like the European Union.

The vulnerability of these indirect routes has been highlighted by recent geopolitical disruptions. Conflict in West Asia and the Red Sea has forced many shipping lines to bypass the Suez Canal in favour of the Cape of Good Hope. For Indian shipments to the Atlantic coast of South America, this detour adds approximately 10 to 15 days to the transit time, increasing bunker fuel consumption and insurance premiums. Under extreme disruption scenarios, these logistical hurdles can increase overall costs for Indian exporters by 20%, a margin that often makes Indian goods uncompetitive against local or Chinese alternatives.

Port Congestion and Domestic Infrastructure Gaps: The inefficiencies are not confined to the high seas but they extend to the domestic infrastructure at both ends of the trade corridor. In India, major ports like Nhava Sheva and Mundra have seen significant investment, yet they continue to face operational challenges. During peak seasons, typically August to October and January, container handling equipment often fails under high volume, leading to port congestion where ships have to wait offshore for days to berth. Customs procedures in India, while undergoing digitisation, remain a significant source of delay, particularly for MSMEs that lack the administrative capacity to navigate complex documentation.

On the Latin American side, the "infrastructure gap" remains a persistent bottleneck. Although countries such as Colombia are expanding Pacific port facilities and the Dominican Republic's Port of Caucedo is emerging as a regional hub, overall progress in developing transport and energy infrastructure across the region has remained limited. The region's logistics landscape is characterised by heavy reliance on road transport, rail infrastructure, and long distances. This lack of modernisation restricts the speed at which goods can move inland once they have arrived at the coast, further extending the "last mile" delivery times and costs. Similarly, climate-related disruptions, such as the 2023-2024 droughts that constrained operations at the Panama Canal, lead to longer sailing distances on certain routes, and intensified congestion pressures at transshipment terminals.

2. Linguistic, Cultural, and Information Asymmetries

If logistics represent the physical barrier to trade, linguistic and cultural differences represent the soft architecture that fails to support deeper commercial ties. The dominance of Spanish and Portuguese language in the LAC region, contrasted with the English and Hindi / Regional language-centric business environment in India, creates a persistent friction that affects every stage of the trade lifecycle, from initial market research to final contract negotiation.

Communication Barriers and Negotiation Nuance: In the LAC region, business is deeply rooted in personal relationships and trust, often requiring extensive face-to-face interactions to establish credibility. The lack of

direct air links – for instance, the absence of non-stop flights from New Delhi to any major South American hub – makes the necessary travel for relationship-building prohibitively difficult and expensive.

Misunderstandings in negotiations can be deal-breakers, and while interpreters can bridge the gap, they can also introduce new obstacles if they lack industry-specific knowledge or fail to convey the nuanced intentions of the parties. Unlike the US or Southeast Asia, where a large Indian diaspora acts as a natural bridge for trade, the absence of a substantial diaspora in most LAC countries leaves Indian firms in a challenging situation regarding local political and social environments.

Information Inadequacy and Historical Bias: Another significant challenge is the persistent lack of adequate mutual information. Historically, perceptions on both sides have been shaped more by outdated cultural stereotypes than by contemporary economic realities. In Latin America, India is often viewed through the lens of spiritualism and cultural imagery, whereas the Indian business community frequently perceives Latin America as a monolithic, geographically distant, and politically volatile region.

This information gap impedes the identification of specific market opportunities. Many Indian MSMEs encounter difficulties in accessing reliable data on consumer behaviour, local demand patterns, and evolving trade regulations across the heterogeneous countries of the LAC region. Although India has initiated instruments such as the “Focus LAC” programme to enhance awareness and provide targeted market intelligence, the scope and reach of these measures remain relatively limited compared with the well-established, information-rich networks deployed by European and Chinese competitors.

3. Institutional Bottlenecks and Fragmented Trade Policy

The institutional framework governing India-LAC trade is characterised by a fragmented trade architecture. While the global trend, including that of India, has moved toward comprehensive Free Trade Agreements (FTAs) that include services, investment, and digital trade, India’s engagement with the region is largely confined to limited Preferential Trade Agreements (PTAs). Comprehensive FTAs function as institutional mechanisms that reduce tariffs, harmonise standards, streamline customs processes, and create long-term certainty for firms.

Limitations of the PTA Framework: India’s primary trade arrangements in the region are with the MERCOSUR bloc (Argentina, Brazil, Paraguay, and Uruguay) and Chile. These agreements, however, are restricted to “positive lists” that cover only a small fraction of total tariff lines. For example, the India-MERCOSUR PTA, which came into force in 2009, covers approximately 450 items for India and 452 for MERCOSUR. This means that the vast majority of bilateral trade still falls under Most Favoured Nation (MFN) rates, which can be prohibitively high. Further, India faces high simple average MFN tariff with LAC countries, such as 13.9% with Argentina and 14.4% with Brazil.

While Latin American tariffs on manufactures are lower, averaging around 9.8%, they remain significantly higher than the 4% to 6% range found in OECD markets. The selective nature of these PTAs often excludes the very products where each region has its highest comparative advantage, such as sugar, pulses, and dairy from the LAC side, and high-tech manufactures from the Indian side.

Additional Tariff on Non-FTA Partners: On January 1, 2026, Mexico implemented steep import tariffs ranging from 5% - 50% on more than 1,400 products from non-free trade nations, including India. This has placed India at a disadvantage against competitors, impacting sectors such as automobiles, auto components, textile, steel, and plastics exports. Mexico currently has 13 FTAs with over 50 countries. This development suggests

that the era of broad-based tariff liberalisation is ending, replaced by a "strategic protectionism" that favours the members of established trade blocs, like USMCA and FTA partners.

4. *Non-Tariff Barriers as Sources of Regulatory Divergence*

As traditional tariffs have gradually declined under WTO-mandated liberalisation, non-tariff barriers (NTBs) have become the primary "invisible" impediments to India-LAC trade. These encompass sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), import bans and complex administrative and conformity-assessment procedures, which are often amplified by regulatory divergence between India and LAC economies.

Although SPS measures are justified on grounds of protecting human, animal, and plant health, they are frequently applied in ways that diverge from internationally accepted standards, thereby functioning as de facto protectionist tools. In the India-LAC context, India's stringent food-safety and agricultural standards could act as a constraining factor limiting imports of perishable and processed food products from LAC, while several LAC countries impose rigorous SPS checks on pesticide residues, hygiene, and documentation, especially in fruits, vegetables, and animal products. These divergent regimes often require separate testing, certification, and approval processes, raising transaction costs and lead times for firms on both sides.

TBT measures, such as product-specific technical regulations, labelling rules, and conformity-assessment requirements, further deepen regulatory asymmetries. For Indian exporters, compliance with LAC-specific standards, packaging rules, and certification regimes can be time-consuming and costly. For instance, Andean Community Resolution 2310 and 2540, entered into force in December 2025, which is the Andean Technical Regulation on the labeling of cosmetic and personal care products applicable in all Andean Community countries (Bolivia, Colombia, Ecuador, and Peru), prohibits existing labels and adds additional labelling and packing requirements. Conversely, the need to comply with mandatory Indian requirements such as the Bureau of Indian Standards (BIS) regulations for certain goods, which may necessitate factory inspections, additional testing, documentation, and re-labelling in specific languages are generally considered time-consuming, with timelines for foreign manufacturers often ranging from 3 to 7 months depending on the scheme. Empirical and policy assessments suggest that such technical and administrative requirements can raise the effective landed cost of agro-and manufactured imports, largely due to registration, repeated inspections, and divergent conformity-assessment practices.

LAC countries also use import bans as trade restricting measures. For instance, Brazil restricts the entry of certain types of remanufactured goods (e.g., earthmoving equipment, automotive parts, and medical equipment). Importation of such goods are allowed only if an importer can provide evidence that the goods are not or cannot be produced domestically, or if they meet certain other limited exceptions.

5. *Financial and Banking Intermediation Gaps*

The financial architecture underpinning trade between India and the LAC region remains underdeveloped. The absence of direct banking linkages and reciprocal branch networks compels traders to rely on third-party intermediaries, which in turn raises transaction costs and complicates the provisioning of trade finance.

Void in Banking Reciprocity: As of 2024, the presence of major Indian banks in Latin America is negligible. While institutions such as the State Bank of India, Bank of Baroda, and ICICI Bank maintain branches and subsidiaries in global financial hubs such as New York, London, and Singapore, their footprint in South and

Central America is largely confined to a small number of representative offices that are not authorised to conduct full-scale commercial banking operations.

This limited on-ground presence implies that a Letter of Credit (LC) issued by a South American bank for an Indian exporter frequently requires confirmation by a large American or European bank. This confirmation chain adds multiple layers of fees and extends the time required for settlement, thereby increasing the cost and uncertainty of cross-border transactions. Furthermore, India has not yet established a substantial engagement with regional multilateral financial institutions such as the Inter-American Development Bank (IDB) or the Andean Development Corporation, which constrains its ability to participate in large-scale, bank-financed infrastructure projects within the region.

MSME Credit and Insurance Constraints: According to the Asian Development Bank (ADB), the global trade finance gap is estimated at US\$ 1.5 trillion, of which US\$ 350 billion is in LAC. A major reason for this gap is the limited financial depth in the region. According to the OECD, in 2022, domestic credit to the private sector in LAC was approximately 50% of GDP, significantly lower than the average for OECD countries, which was over 80%. For MSMEs, the financial barriers are particularly acute. Payment default constitutes a principal risk, encompassing scenarios ranging from buyer insolvency to non-payment by the LC-issuing bank. The absence of a robust credit history or adequate collateral often disqualifies MSMEs from accessing the trade finance facilities necessary to meet large-scale international orders, thereby limiting their capacity to expand into LAC markets.

6. *Geoeconomic Dominance of China and its Constraints on India-LAC Trade*

An analysis of the structural constraints on India–LAC trade needs to consider the overwhelming presence of China as a competing economic partner. Over the past two decades, China has systematically reoriented its trade and investment footprint toward Latin America, emerging as the primary external partner for several of the region’s largest economies. This growing economic centrality is underpinned by two interrelated channels: resource-linked infrastructure financing and deep manufacturing integration.

China’s approach in the region is often characterised as “chequebook diplomacy,” whereby large, state-backed loans and investment commitments are used to secure long-term access to critical commodities such as oil, iron ore, copper, and lithium. Similarly, China remains a major investor in LAC countries. According to ODI Global, China is the top sovereign creditor in the LAC region. Further, the People’s Bank of China (PBoC) has expanded its bilateral currency swap agreements network to the LAC region and as of 2025, PBoC has active currency swap agreements in place with the central banks of Argentina, Brazil, and Chile. China’s financing arrangements frequently include contractual provisions that allow for asset seizure or project control in the event of sovereign or project-level default, thereby anchoring key regional resources and infrastructure within Chinese-centric supply chains. This resource and project lock-in effectively constrains strategic policy space for alternative partners, including India.

In the manufacturing and consumer goods domain, low cost, mass produced Chinese goods have flooded LAC markets, crowding out many domestic producers and raising the bar for price competitiveness. Chinese exporters benefit from superior logistics integration, such as high-frequency direct shipping routes and economies of scale, which enable them to offer lower landed prices than Indian firms facing higher transshipment costs. This displacement effect is most visible in sectors such as electronics and heavy machinery, where China has effectively achieved oligopolistic or near-monopolistic positions in several LAC markets.

7. Compliance Issues and Sectoral Constraints

Indian exporters face structural barriers due to high compliance costs and complex procedures, particularly affecting MSMEs, as they navigate Goods and Services Tax (GST) reconciliations, Importer-Exporter Code (IEC) management, and Foreign Inward Remittance Certificates (FIRCs) and Bank Realisation Certificates (eBRCs) procurement. Fragmented digital interfaces across agencies like Food Safety and Standards Authority of India (FSSAI) and the Central Drugs Standard Control Organisation (CDSCO) create bottlenecks, duplication, and delays. In the context of India-LAC trade, where maritime transit times are long, any documentation delay can trigger expired Letters of Credit, cancelled orders, or lost working-capital cycles.

Across sectors, India-LAC trade faces distinct but intersecting barriers. In agriculture, India's focus on food security, self-sufficiency, and income support for a large rural population induces frequent adjustments in tariffs and non-tariff measures for critical commodities such as wheat, rice, and sugar, creating uncertainty for LAC focused exporters. Conversely, LAC countries protect their own agro-export sectors, limiting India's market access for pulses and dairy and reinforcing an asymmetry between commodity-oriented LAC economies and manufacturing-and services-oriented India. In pharmaceuticals, despite India's status as a global exporter of generics, firm-level entry into LAC markets requires navigating highly heterogeneous regulatory regimes, including country-specific drug-approval processes, clinical-trial requirements, and manufacturing standards. This lack of harmonisation raises the cost and time to market, effectively acting as a de facto non-tariff barrier.

Box 6.1: China's Integration into LAC Region

China's growing presence in the LAC reflects a sustained and coordinated expansion over the past 2–3 decades. Despite geographical distance and limited historical ties, it has built deep trade and investment linkages through a combination of commercial engagement, financial support, infrastructure development, and institutional outreach. This approach of China is often described as “chequebook diplomacy,” leveraging state-backed loans and investment commitments to secure long-term access to key commodities such as oil, copper, iron ore, and lithium.

This strategy has translated into a sharp rise in China's share in the imports of major LAC economies. Between the period of 2005 and 2024, China's import share has increased from 4.6% to 15.3% in Argentina, 6.1% to 27.4% in Brazil, and 6% to 25.9% in Chile. Similar trends are also observed in case of Colombia (4.4% to 23.1%), Mexico (2.5% to 14.4%), and Peru (4.9% to 25.3%).

A key driver of this expansion has been China's large scale financial engagement in the region. Through institutions such as the China Development Bank (CDB) and the Export-Import Bank of China (Exim China), China has invested heavily in infrastructure, energy, and transport across LAC. It has emerged as the region's largest sovereign creditor, disbursing over US\$ 145 billion between 2013 and 2021, covering preferential export buyers' credits from Exim China, and middle and long-term project loans by CDB, concentrated in large scale infrastructure projects such as ports, metro systems, hydroelectric dams, and transport corridors. Nearly 89% of the loans were absorbed by Argentina, Brazil, Ecuador, Peru, and Venezuela. Complementing this, the People's Bank of China has expanded its currency swap arrangements in the region, with Argentina and Suriname drawing over US\$ 20 billion in the same period. As of 2025, active swap lines exist with the central banks of Argentina, Brazil, and Chile. China is also a member of two of the major development banks in LAC, Inter-American Development Bank Group (IDB Group) and Caribbean Development Bank (CDB). China's membership in the IDB has facilitated Chinese firms to secure several IDB-funded projects in the LAC region.

These financial and institutional linkages have been reinforced by improvements in logistics and connectivity. China has developed direct shipping routes and state-backed logistical networks that reduce transit times significantly. The Chancay mega port in Peru enables a 17,000 km direct route to China, cutting shipping time to Shanghai to around 23 days, which is 10 to 15 days faster than earlier routes. China also launched a major ocean container trunkline from Dalian Port to South America in 2024, providing direct connections to countries such as Mexico, Colombia, and Ecuador, with transit time of approximately 25 days. These improvements in transit time and schedule reliability have been an important driver for trade competitiveness, especially in time-sensitive sectors.

In parallel, China has also strengthened its position through trade agreements and tariff advantages by establishing comprehensive FTAs with countries such as Chile, Peru, Ecuador, Costa Rica, and Nicaragua. Reduced tariffs across sectors like electronics, machinery, chemicals, textiles, and consumer goods, have enhanced price competitiveness, making Chinese products more attractive than those from countries without similar trade agreements.

Underlying these developments is China's strong manufacturing base, characterised by scale and efficiency. More recently, its shift toward supply chain regionalisation, illustrated by firms like BYD establishing production in Brazil, highlights the growing importance of near-shoring, local presence, and integration into regional value chains.

Taken together, China's expansion in LAC reflects a coordinated strategy combining finance, infrastructure, trade policy, and industrial capability, enabling it to overcome geographical distance and establish a dominant position in the region.

Policy Recommendations

Strengthening Market Access Through FTAs/Targeted PTAs and Regulatory Cooperation

India's limited free trade and preferential trade architecture with LAC countries remains a major structural constraint on exports, especially when competitors like China benefit from deeper FTAs and broad regulatory linkages.

- India could prioritise deep and comprehensive FTAs or targeted, sector-specific PTAs with strategically important partners. India is already actively pursuing comprehensive FTAs with Chile and Peru and could look for deeper engagement with other LAC countries such as Mexico.
- In parallel, India could also negotiate Mutual Recognition Agreements (MRAs) for certification, product standards and SPS/TBT norms, as compliance barriers often outweigh tariff barriers in many sectors.
- Establishing Joint Working Groups on tariffs, standards harmonisation, and administrative simplification would help create predictable access conditions for Indian firms.

Improving Connectivity and Reducing Logistics Costs

Long transit times, high freight charges, and dependence on transshipment hubs significantly undermine India's export competitiveness in the LAC region. Shipping time to major LAC ports can exceed up to 45-55

days, which constrains participation in time-sensitive value chains such as electronics, perishables, and fast-moving consumer goods.

- Unlike China, direct India-LAC shipping services may not be very feasible due to current limited trade levels, which might result in the problem of low-volume backhaul cargo, resulting in high per-TEU (twenty-foot equivalent unit) costs, which will significantly limit the long-term economic viability of dedicated backhaul services. Strategically engaging private freight forwarding and shipping majors such as Maersk Line and MSC, and leveraging their route planning decisions driven by global network optimisation, would be as important as providing funding support to Indian shipping lines.
- India could initiate developing warehousing facilities in LAC region to reduce transaction costs.
- Strategic partnerships with port authorities in LAC countries such as Panama, Peru, Brazil or Mexico can facilitate dedicated logistics corridors, joint terminals, and warehousing spaces for Indian exporters.
- Strengthening domestic multimodal connectivity through the Sagarmala programme and Dedicated Freight Corridors would further reduce first-mile transport costs.

Membership in the Inter-American Development Bank

IDB is the leading source of development financing for LAC and provides loans, guarantees and technical assistance for public- and private-sector projects, representing numerous commercial possibilities for businesses from member countries. Only companies/ organisations from IDB member countries are eligible to participate in the procurement process and provide goods and services for projects funded by IDB.

- India could consider taking up membership in IDB, which would act as a strategic market entry mechanism for Indian companies looking to enter new geographies or expand in LAC markets. IDB funded projects could provide opportunities for Indian project exporters to penetrate the LAC market for project exports.
- As LAC becomes central to India's critical minerals security, being part of programmes such as the 2026 "IDB LAC Minerals" initiative, a new initiative to develop more value-added and secure supply chains for critical minerals originating in LAC, would significantly help India diversify its critical mineral supply chains, crucial for its National Critical Mineral Mission. It offers access to Latin America's vast mineral reserves, fosters technology partnerships for sustainable mining, and aligns with India's need to secure resources for technology and green energy systems.

Integrating Value Chains

Despite strong complementarities, India's export performance in LAC markets remains limited by scale constraints and insufficient value-chain integration.

- India could adopt a sector-focused strategy targeting export categories where it has existing comparative advantages or latent competitiveness, such as pharmaceuticals, auto components, engineering goods, textiles and technical textiles, electronics, renewable energy equipment, and IT services.

-
- India can explore joint manufacturing or assembly partnerships in LAC countries with large domestic markets, particularly Mexico, Brazil, and Peru, which act as regional distribution hubs. Such partnerships can help Indian firms integrate into continental supply chains, reduce logistics frictions and comply with local content requirements.
 - India could consider introducing ‘SME LAC Export Enhancement Programme’ offering support across credit, logistics, packing and certification alongside measures to boost e-commerce penetration through marketplace collaboration and local fulfilment centres

Thus, India’s export complementarity with LAC countries is already strong; the missing link is connectivity, access, financing, and strong institutional presence. Looking ahead, supply chain regionalisation, nearshoring, and the diffusion of digital public infrastructure (DPI) and fintech offer partial pathways to mitigate these constraints. Indian firms establishing local manufacturing hubs in countries such as Mexico can bypass long-haul logistics costs and integrate into regional value chains, while digital trade-finance and e-commerce platforms have the potential to reduce reliance on traditional intermediary banks and streamline documentation for MSMEs. Nevertheless, deeper regulatory convergence, expanded infrastructure finance and trade policy architecture, could help realize the untapped commercial potential of India–LAC relations.

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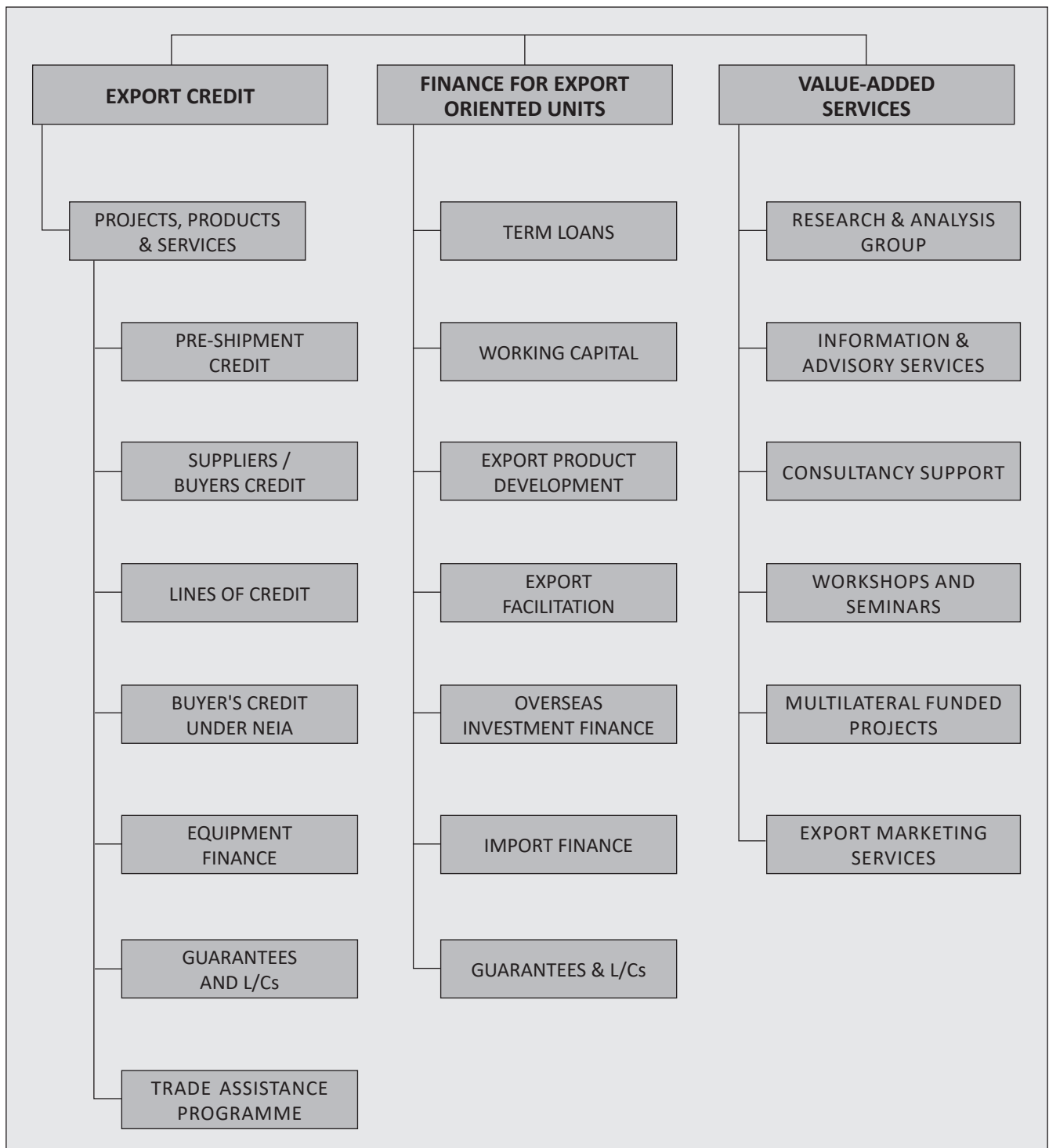
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HEAD OFFICE

Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.
Phone: (91 22) 22172600 • Fax : (91 22) 22182572
E-mail : ccg@eximbankindia.in • Website: www.eximbankindia.in

LONDON BRANCH

5th Floor, 35 King Street, London EC2V 888 United Kingdom
Phone : (0044) 20 77969040 • Fax : (0044) 20 76000936 • E-Mail : eximlondon@eximbankindia.in

DOMESTIC OFFICES

Ahmedabad

Sakar II, 1st Floor,
Next to Ellisbridge Shopping Centre,
Ellisbridge P. O., Ahmedabad 380 006
Phone : (91 79) 26576843
Fax : (91 79) 26577696
E-mail : eximahro@eximbankindia.in

Bengaluru

Ramanashree Arcade, 4th Floor,
18, M. G. Road, Bengaluru 560 001
Phone : (91 80) 25585755
Fax : (91 80) 25589107
E-mail : eximbro@eximbankindia.in

Chandigarh

C- 213, Elante offices, Plot No. 178-178A,
Industrial Area phase 1,
Chandigarh 160 002
Phone : (91 172) 4629171
Fax : (91 172) 4629175
E-mail : eximcro@eximbankindia.in

Chennai

Overseas Towers, 4th and 5th Floor,
756-L, Anna Salai, Chennai 600 002
Phone : (91 44) 28522830/31
Fax : (91 44) 28522832
E-mail : eximchro@eximbankindia.in

Guwahati

NEDFi House, 4th Floor, GS Road,
Dispur, Guwahati 781 006
Phone : (91 361) 2237607 /609
Fax : (91 361) 2237701
E-mail : eximgro@eximbankindia.in

Hyderabad

Golden Edifice, 2nd Floor,
6-3-639/640, Raj Bhavan Road,
Khairatabad Circle, Hyderabad 500 004
Phone : (91 40) 23307816
Fax : (91 40) 23317843
E-mail : eximhro@eximbankindia.in

Indore

Unit No. 800-802, 8th floor,
Maloo 01, Plot No 26,
Scheme No 94 C,
Ring Road, Indore 452010
Email: eximiro@eximbankindia.in

Kolkata

Vanijya Bhawan, 4th Floor,
(International Trade Facilitation Centre),
1/1 Wood Street, Kolkata 700 016
Phone : (91 33) 68261301
Fax : (91 33) 68261302
E-mail : eximkro@eximbankindia.in

Lucknow

Unit No. 101, 102 and 103, 1st Floor,
Shalimar Iridium Vibhuti Khand,
Gomti Nagar, Lucknow 226010
Phone: (91 522) 6188035
Email: lro@eximbankindia.in

Mumbai

8th Floor, Maker Chamber IV,
Nariman Point, Mumbai 400 021
Phone : (91 22) 22861300
Fax : (91 22) 22182572
E-mail : eximmro@eximbankindia.in

New Delhi

Office Block, Tower 1, 7th Floor,
Adjacent Ring Road, Kidwai Nagar (E)
New Delhi 110 023
Phone : (91 11) 61242600 / 24607700
Fax : (91 11) 20815029
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Pune

No. 402 & 402(B), 4th floor,
Signature Building, Bhamburda,
Bhandarkar Rd., Shivajinagar,
Pune 411 004
Phone : (91 20) 26403000
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OVERSEAS OFFICES

Abidjan

5th Floor, Azur Building,
18-Docteur Crozet Road,
Plateau, Abidjan, Côte d'Ivoire
Phone : (225) 2720242951
Fax : (225) 2720242950
Email : eximabidjan@eximbankindia.in

Dhaka

Madhumita Plaza, 12th Floor,
Plot No. 11, Road No. 11, Block G,
Banani, Dhaka, Bangladesh - 1213.
Phone : (88) 01708520444
E-mail : eximdhaka@eximbankindia.in

Dubai

Level 5, Tenancy IB,
Gate Precinct Building No. 3,
Dubai International Financial Centre,
PO Box No. 506541, Dubai, UAE.
Phone : (971) 43637462
Fax : (971) 43637461
E-mail : eximdubai@eximbankindia.in

Johannesburg

2nd Floor, Sandton City Twin Towers East,
Sandhurst Ext. 3, Sandton 2196,
Johannesburg,
South Africa.
Phone : (27) 113265103
Fax : (27) 117844511
E-mail : eximjro@eximbankindia.in

Nairobi

Unit 1.3, The Oval, Jalaram Road,
Westlands,
Nairobi, Kenya
Phone : (254) 741757567
E-mail : eximnairobi@eximbankindia.in

São Paulo

Unit - 1603, World Trade Center
Avenida das Nações Unidas 12.551
São Paulo 04578-903,
Brazil
Phone: +55 (11) 3080 7561
Email: eximsaopaulo@eximbankindia.in

Singapore

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Tung Centre,
Singapore 049319.
Phone : (65) 65326464
Fax : (65) 65352131
E-mail : eximsingapore@eximbankindia.in

Washington D.C.

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Washington D.C. 20006,
United States of America.
Phone : (1) 2022233238
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E-mail : eximwashington@eximbankindia.in



Centre One Building, 21st Floor, World Trade Centre Complex, Cuffe Parade,
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