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## India's Global Expansion: Eyeing Latin America



On July 11, 2010, Spain midfielder Andrés Iniesta scored a sensational goal in extra time to put Spain ahead of the Netherlands. Spain went on to win the 2010 World Cup. Iniesta, named the man of the match, instantly etched his name in World Cup history and Spanish folklore. However, there was another unsung hero of the World Cup. This hero never marched on the pitch. But it did have the backing of a nation.

Mahindra Satyam, an up-and-coming IT Company from India, was the official technological service provider for the World Cup. Mahindra Satyam permitted anxious fútbol fans around the world to watch their respective national team fight for the World Cup Trophy.

For Mahindra Satyam, however, this was just the beginning. Now determined to provide its services to the rest of the world, Mahindra Satyam has focused on emerging regions, particularly Latin America where much of the developed world has shifted its interest.

Mahindra Satyam epitomizes India's newfound resilience to carry their economic goals and didactic talents abroad, with emphasis in entering these emerging markets. Latin America, which has displayed steady growth rates despite the recent global economic crisis, has ascended to the top of India's radar. Thousands of Indian-born companies seeking to expand their global footprint, while obtaining needed commodities to sustain India's one billion plus population, now recognize the strong potential for growth in Latin America.

India's total investment into Latin America and the Caribbean reached upwards of \$10 billion dollars in 2009, while imports from the region hinged around \$9.2 billion. Although this figure is minimal compared to Sino-Latin American trade, it illustrates that a bridge has begun between these two emerging regions.

The Indian government is encouraging movement into Latin America through the signing of multiple regional Free Trade Agreements. India is currently a member of Mercosur, a trading block including Argentina, Brazil, Paraguay, and Uruguay. The Indian Government, with a continuing view to promote economic cooperation between the regions, has also set up Joint Commissions with other important trading partners in Latin America.

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Indian companies continue to develop operations in Latin America in everything from technology, pharmaceutical manufacturing, energy and mining. India's top software service exporter, Tata Consultancy Services Ltd., which currently employs over 7,500 Indian professionals in Uruguay, Argentina, Chile, Ecuador and Mexico, expects its Latin American sales to double to upwards of \$ 1 billion within the next three years.

Jindal Steel & Power Ltd. has already spent more than \$ 3 billion to develop more iron-ore mining in South America, with strong interest stemming towards the agricultural front. As well, Tech Mahindra's Chief Executive Sanjay Kalra has repeatedly stated his firm's strong interest in merging or acquiring Latin American companies.

Like China, India is rapidly modernizing industries and contains a large burgeoning middle class with rising incomes and purchasing power. Consequently, India now demands natural resource-attractive commodities and agricultural goods such as cotton – as well as diversified nontraditional exports like processed commodities, light manufactured products, and household consumer goods. Latin America can and will satisfy these demands.

Different languages, local taxation, complex laws, and political dynamics will pose risks to uninformed Indians entering the region. Those players which balance risk and reward however, will undeniably benefit from this upsurge of Indo-Latin American trade and investment.

By Sumeet Chugani, Attorney Reus & Targ, LLP



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