INDIA AND MERCOSUR: TOWARDS A DEEPENING OF TRADE AND INVESTMENT RELATIONS

Centro de Análisis y Difusión de la Economía Paraguaya

RIS
Research and Information System for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

November, 2026

© Centro de Análisis y Difusión de la Economía Paraguaya (CADEP)
© Research and Information System for Developing Countries (RIS)

CADEP
Piribebuy 1058. Asunción - Paraguay
(595-21) 496 813 / 494 140 / 452 520
cadep@cadep.org.py
www.cadep.org.py

Design and layout: Karina Palleros
November, 2026
Asunción, Paraguay

CONTENT

Introduction 6
Background 6

FIRST PART 8
Trade and Investment between Mercosur Countries and India: Recent Balance and Potential Opportunities

India and Argentina: Trade, Business, and Prospects within the MERCOSUR Framework 9
Manuel Gonzalo
1. Introduction 9
2. The Structure of Trade Between India and MERCOSUR 10
3. The Evolution of Trade Between Argentina and India 11
4. Indian Companies in Argentina and Argentine Companies in India 16
5. Strengths and Challenges of the Economic Relationship 16
6. Prospects under the Preferential Trade Agreement between MERCOSUR and India 17
7. Bibliographic References 18

Brazil and India: Towards a Deepening of Economic Relations 19
Renato Baumann
1. Introduction 19
2. Brief Comparative Overview of the Two Economies 20
3. Bilateral trade 22
4. Preferential Trade Agreement India - Mercosur 23
5. Why is it interesting for the two parties to intensify the bilateral relationships? 24
6. Several possibilities for intensifying bilateral links 24
7. Final remarks 27

Trade and Investment Between Paraguay and India: Challenges and Opportunities 28
Belén Servín, Gustavo Rojas and Fernando Masi
1. Introduction 28
2. India, Mercosur, and the Regional Framework of the Relationship with Paraguay 28

3. Trends in bilateral trade between Paraguay and India 29
4. Trade Structure and Trade Imbalances 30
5. Potential for Trade Expansion 32
6. Indian Foreign Direct Investment in Latin America, Mercosur, and Paraguay 34
7. Opportunities for Indian Investment in Paraguay 34
8. Challenges to Deepening the Bilateral Economic Relationship 35
9. Action Agenda to Strengthen Paraguay-India Ties 35
10. Conclusions 36
11. Bibliographic References 36

Relations Between Mercosur Countries and India: A Recent Assessment and Opportunities—The Case of Uruguay 37
Ignacio Bartesaghi
1. India as a Global Power 37
2. Relations with Latin America and the Caribbean 38
3. Trade Relations Between Uruguay and India 41
4. Factors Uruguay Should Consider in Its Relationship with India 45
5. Some Conclusions and Recommendations 46
6. Bibliographic References 47

SECOND PART 49
Expansion of the India-Mercosur Preferential Trade Agreement: Perspectives and Challenges

India-Mercosur Preferential Trade Agreement: Facts, Perspectives and Challenges 50
Fernando J. Ribeiro
1. Introduction 50
2. Bilateral trade and the PTA 50
3. Estimated gains of a comprehensive FTA 54
4. Opportunities and challenges 55
5. Concluding remarks 57
6. Bibliographic References 57

Strengthening India–MERCOSUR Trade Relation: PTA and Beyond 58
Pankaj Vashisht, Prateek Sharma, Krishna Bhatacharya and Krithika Manoj
1. Introduction 58
2. Evolution of India-MERCOSUR Trade 59
3. Role of the India-MERCOSUR PTA 61

4. Trade Potential and Existing Constraints 63
5. Binding Constraints..... 67
6. Conclusion and Way Forward 67
7. Bibliographic References..... 68

Policy Recommendations for Deepening India-MERCOSUR Economic Relations..... 69
CADEP and RIS Research Teams

References 74

ABOUT THE AUTHORS 75

INTRODUCTION

On May 28, 2026, an international webinar was held, organized by the Center for Analysis and Dissemination of the Paraguayan Economy (CADEP) and the Research Information System for Developing Countries (RIS), on the current trade and investment relations between India and Mercosur, as well as the possibilities for expanding these relations in the near future. This webinar was held with the support of the Embassy of India in Asuncion as part of its various activities commemorating the 65th anniversary of the establishment of diplomatic relations between India and Paraguay.

For this purpose, the organizing institutions invited scholars from India and from the four founding Mercosur countries to present on the bilateral relations of each Mercosur country with India, as well as on the strengths and weaknesses to be considered for a deeper trade agreement between the two blocs.

More specifically, this webinar has been oriented, first, to analyze the structure and recent trends of trade and investment between India and Mercosur countries, identifying dynamic sectors, concentration patterns and diversification niches. Secondly to examine the current state of negotiations of the expansion of the India-Mercosur PTA, including its tariff, non-tariff and institutional dimensions. Finally, to discuss the economic and political conditions that could favor an effective, balanced, and mutually beneficial expansion of the agreement.

BACKGROUND

The international economy is going through a phase marked by geoeconomic fragmentation, reorganization of global value chains, energy transition, digitalization, and the search for new partners to strengthen trade and productive resilience. In this context, diversifying economic ties with major emerging economies has gained renewed importance for Mercosur countries. India is the most populous country in the world and the fourth-largest economy on the planet. Due to the size of its market, its growth trajectory, its demographic weight, and its increasing technological and industrial capacity, it is becoming a first-order strategic partner for Latin America and the Caribbean, particularly for Mercosur.

Between 2023 and 2025, trade between Mercosur and India grew from USD 16.7 billion to USD 23.3 billion, consolidating India as the second Asian market for Mercosur's exports and the fourth-largest extra-regional trading partner of the bloc. The Preferential Trade Agreement (PTA) came into force on June 1, 2009. This agreement grants tariff preferences on 450 tariff lines from India and 452 from Mercosur, with preference margins ranging from 10% to 100%.

While this instrument represented a significant initial step, its limited coverage partly explains why the bilateral economic relationship remains below its potential. In recent years, a clear political signal

has been observed in favor of deepening the relationship, primarily through Brazil-India relations, allowing for a consensus in 2025 on the need to advance the expansion of the India-Mercosur PTA, covering both tariff and non-tariff issues, involving the private sector in negotiations, and aiming to conclude negotiations by the end of 2026.

The recent evolution of trade flows confirms the increasing density of the relationship, although it also reveals a high concentration. Brazil continues to be India's main partner in Latin America: bilateral trade reached USD 11.8 billion in 2023 and rose to USD 15.6 billion in 2025. Additionally, there is an increasingly relevant investment dimension, with flows exceeding USD 15 billion. The bilateral trade flow between Argentina and India increased from USD 3.9 billion in 2023 to USD 6.9 billion in 2025. Meanwhile, Indian companies maintain investments in Argentina of more than USD 1.2 billion.

Between 2023 and 2025, the bilateral trade flow between India and Paraguay remained relatively stable at around USD 540 million. In the case of Uruguay, however, trade has decreased (from USD 405 million to USD 275 million).

Despite these advances, the economic relationship between Mercosur and India still exhibits three characteristics that warrant further debate. First, there is a high geographic concentration, as Brazil and, to a lesser extent, Argentina account for most of the bilateral trade. Second, there is a strong sectoral concentration, predominated by primary products, energy, chemicals, and some specific manufactured goods. Third, there is a gap in strategic knowledge regarding opportunities for diversification and the conditions to attract greater reciprocal investment.



FIRST PART
TRADE AND INVESTMENT BETWEEN MERCOSUR COUNTRIES AND INDIA: RECENT BALANCE AND POTENTIAL OPPORTUNITIES

INDIA AND ARGENTINA: TRADE, BUSINESS, AND PROSPECTS WITHIN THE MERCOSUR FRAMEWORK

Manuel Gonzalo

1. Introduction

From a long-term perspective, the Indian economy has undergone a process of accelerating economic growth since its independence in 1947 (Nagaraj, 2013a; Gonzalo, 2018, 2022; 2023a, 2023b). After experiencing a growth rate of around 3% during the 1950s and 1960s, the 1980s marked an acceleration with average growth of around 5%, followed by an average annual growth rate of approximately 6% in this century. In 2023–2024, the Indian economy grew the most among G-20 countries, with a rate exceeding 7%, ranking in 2024 as the world's third-largest economy after the U.S. and China, accounting for just over 8% of global gross output measured in terms of purchasing power parity (IMF, 2024)

India is considered a key market in Asia and an important technological and military partner for the United States, Germany, France, the United Kingdom, and other countries that frame their engagement with Asia through the Indo-Pacific framework (Gonzalo, 2022b, 2023b, 2024).

India has also gained a foothold in the G-20, the BRICS+ bloc (and its New Development Bank), and serves as a voice for the Global South. In these forums, India builds a bridge with other developing countries, addressing a shared agenda of issues such as a just energy transition, food security, vaccine and health diplomacy, and the various social challenges still faced by the BRICS nations and the Global South.

In particular, economic relations between India and Latin America have grown in recent decades, based primarily on the exchange of agricultural, energy, and mineral products from Latin America, and pharmaceuticals, automotive products, and IT services from India.

The relationship between India and Argentina has taken on growing importance in recent years, particularly in the economic and commercial spheres, driven by the expansion of the Indian market and the consolidation of Argentina's agro-industrial sector.

Over the past decade, bilateral trade between Argentina and India grew by 49%, at an annual rate of 4.1%, driven by India's increasing demand for food, energy, and intermediate goods. This growth is based on a highly asymmetrical structure: Argentina primarily exports agricultural and livestock-based manufactured goods (MOA), especially soybean oil, while India remains dependent on strategic imports mainly related with energy and food security. (Ministry of Production, Secretariat of Foreign Trade, 2021).

The strengthening of this relationship is not limited to the growth of bilateral trade. It also encompasses the expansion of investments, a greater presence of companies from both countries, the development of cooperation mechanisms, and the deepening of political and diplomatic dialogue.

2. The Structure of Trade Between India and MERCOSUR

Trade between India and the MERCOSUR countries has experienced sustained growth in recent years. Overall, trade between MERCOSUR and India is substantial. MERCOSUR exports to India total approximately $9.9 billion, while imports from that country stand at around $8.4 billion.

An examination of the structure of bilateral trade based on the average for the 2020–2023 period (Table 1) reveals that Brazil is India's main trading partner within the bloc, accounting for the largest volume of exports and imports. Trade between the two countries currently exceeds $20 billion, making Brazil the key player in the economic relationship between India and South America. Argentina ranks second after Brazil, followed by Uruguay and Paraguay. This distribution reflects the varying economic weight of the bloc's member countries and the diversity of their production structures.

TABLE 1.
Structure of Bilateral Trade Between India and MERCOSUR (Average 2020–2023)

MERCOSUR				
Exports to India	USD 9.9 MM			
Imports from India	USD 8.4 MM			
Amounts in USD	**BRAZIL**	**ARGENTINA**	**URUGUAY**	**PARAGUAY**
Exports	5.4 MM	3.4 MM	159 M	52 M
Imports	6.6 MM	1 MM	201 M	182 M
Products	BRAZIL	ARGENTINA	URUGUAY	PARAGUAY
Exports to India	Fuels (1.8 MM); Oils (1.2 MM); Sugar (594 M)	Soybean oil (2.4 MM), Seed oils (412 M)	Rough timber (129 M), Wool (4 M)	Oils (32 M); iron and steel (11 M); aluminum (3 M).
Imports from India	Fuels (1.8 MM); chemicals (1.1 MM); nuclear reactors and machinery (507 M); vehicles (403 M); pharmaceuticals (374 M).	Fuels (258M); chemicals (121M); vehicles (108M).	Vehicles (31 M), chemicals (20 M).	Iron or steel castings (32 M); chemicals (29 M); vehicles (25 M).

Source: Gonzalo and Ochoa (2025)

However, unlike Brazil, Uruguay, and Paraguay, Argentina maintains a trade surplus with India. This aspect represents one of the most significant characteristics of the bilateral relationship between Argentina and India and constitutes one of the features that sets Argentina apart within regional trade.

Recent trade trends confirm this structural pattern (see Table 2). According to trade databases for Argentina and India available from INDEC, between 2020 and 2022, Argentine exports to India rose from USD 2,508 million to USD 4,539 million—an increase of nearly 80% in just two years. This growth was primarily driven by rising international prices for vegetable oils and strong Indian demand for soybean oil, a sector in which Argentina holds well-established competitive advantages. However, in 2023, exports plummeted to USD 2,446 million as a direct consequence of the historic drought that affected national agricultural production and significantly reduced exportable supply. In contrast, Argentine imports from India have remained at considerably lower and more stable levels. During the 2020–2023 period, they ranged from USD 801 million to USD 1,849 million, showing a moderate increase through 2022 and a subsequent slowdown in 2023 and 2024 (INDEC, 2025).

Argentina's trade balance with India was consistently in surplus throughout the period analyzed. It reached historic highs in 2021 and 2022, with surpluses exceeding USD 2,600 million, before falling to USD 1,014 million in 2023 due to the decline in exports. This trend confirms the strategic importance of the Indian market as one of Argentina's main sources of foreign exchange and as a key destination for its agribusiness sector.

TABLE 2.
Argentina–India Bilateral Trade (2020–2023) (In millions of USD)

Year	FOB Exports	CIF Imports	Trade Balance
2020	2,508	801	**+1,707**
2021	4,293	1,394	**+2,899**
2022	4,539	1,849	**+2,690**
2023	2,446	1,432	**+1,014**

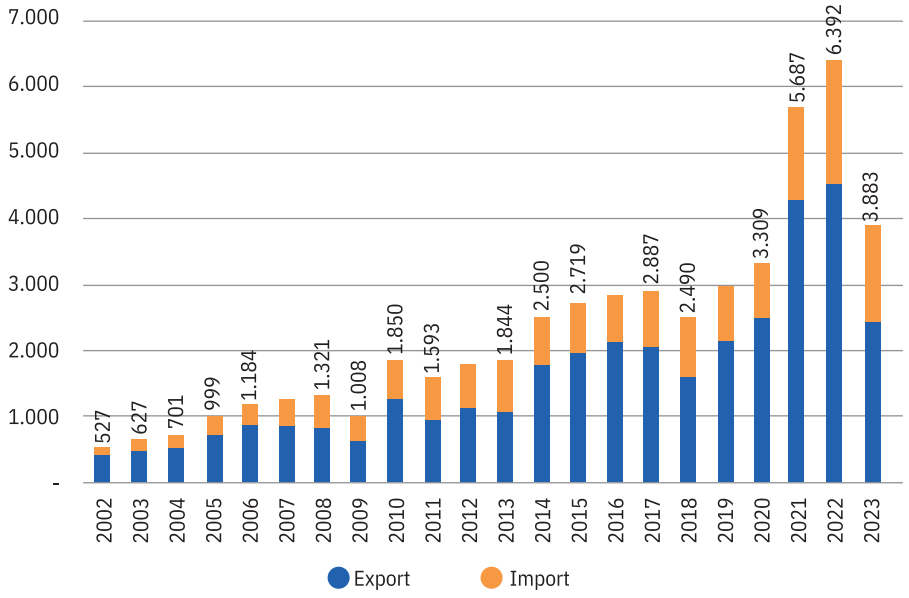
Source: Author's own calculations based on INDEC data

3. The Evolution of Trade Between Argentina and India

Looking specifically at the trade relationship between Argentina and India, a trajectory of sustained growth has been evident in recent years. Bilateral trade reached one of its highest levels in 2022, when the combined value of exports and imports approached $6 billion. In this context, according to data from the Center for International Economics (CEI), India consolidated its position in 2024 as Argentina's fourth-largest trading partner in terms of trade surplus, showing very strong

performance during the year. Argentine exports to India grew by 60.5% year-over-year in 2024, accounting for 7.0% of Argentina's total exports. Consequently, the bilateral trade balance was highly favorable for Argentina, reaching a surplus of USD 2,637 million (CEI, 2025; INDEC, 2025a).

FIGURE 1.
Growth Trend in Bilateral Trade (Exports-Imports) Between Argentina and India (US$ Million)



Source: Rosario Stock Exchange, based on INDEC data

a. Argentine Exports to India

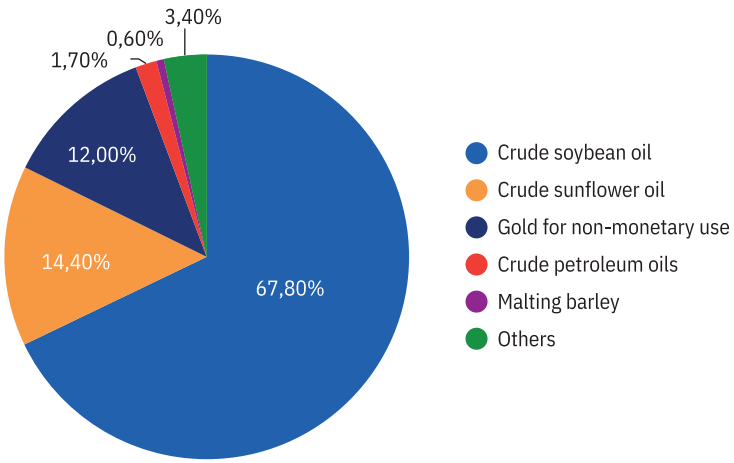
An analysis of the composition of Argentine exports reveals one of the central features of bilateral trade: the high concentration of exportable goods. Unlike other markets where Argentina offers a greater diversification of products, sales to India are concentrated in a small number of goods, primarily of agro-industrial origin.

Data for 2025 (Figure 2) show that crude soybean oil accounts for approximately 68% of total exports. This product is followed by crude sunflower oil, at around 15%. Together, these two vegetable oils account for more than 80% of Argentine exports to India. This situation confirms that bilateral trade depends, to a large extent, on the performance of a small group of agro-industrial products.

Next comes gold exports, whose share is considerably smaller, although they represent a significant component of trade. Following these are other products such as crude petroleum oils and malting barley, with smaller shares of total exports.

This export structure allows Argentina's trade profile with the Indian market to be characterized as highly specialized. Most of the export value is concentrated in agricultural and livestock-based manufactured goods and, to a lesser extent, in products from the mining and energy sectors.

FIGURE 2.
Argentina's Main Exports to India. % of the 2025 total.



Source: INDEC

b. The Importance of Argentine Agro-Industrial Exports to India

Beyond the composition of Argentine exports, it is important to analyze the share these products hold within India's imports. This approach helps gauge Argentina's importance as a supplier of certain strategic goods—such as agro-industrial products—to the Indian economy.

The data presented in Table 3 indicate that approximately 50% of the soybean oil imported by India comes from Argentina. A similar situation is observed for other soybean-based products. Argentine exports account for nearly 49% of India's imports of these products, consolidating the country's position as one of the leading international suppliers. In the case of barley, Argentina's share is also significant. Argentine exports account for approximately 46% of India's imports.

Argentina's high market share in these segments confirms the existence of strong complementarity between the two economies. While India needs to ensure a steady supply of food and agro-industrial products to meet a constantly expanding domestic demand, Argentina possesses competitive advantages in producing and exporting these types of goods.

TABLE 3.
Argentine Agricultural Exports and Their Importance to India

India's agricultural imports	Thousands of USD (2021–2023 average)		Argentina's Share
	OF ARGENTINA	WORLDWIDE	%
Crude soybean oil	**2,362,656**	**4,696,235**	**50.31%**
Crude sunflower oils	505,385	2,931,672	17.24%
Soybean meal and other solid residues from soybean oil extraction	**86,712**	**179,106**	**48.41%**
Barley (excl. seed barley)	**25,542**	**54,816**	**46.60%**
Oil cakes and other solid residues from the extraction of vegetable fats or oils	10,742	40,515	26.51%
Raw hides and skins	1,942	9,942	19.53%
Corn (excl. seed corn)	1,525	10,421	14.63%

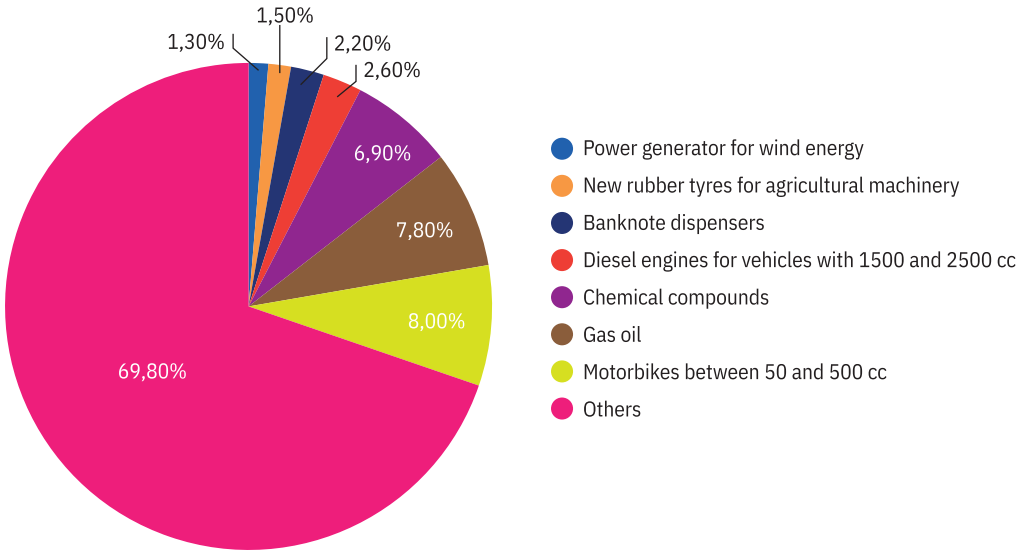
Source: INDEC

c. Argentine imports from India

The composition of Argentine imports differs significantly from that of exports. While exports are concentrated in a few products, imports from India exhibit a considerably more diversified structure. This difference is one of the most distinctive features of bilateral trade. Argentina imports a wide variety of industrial goods from India, without the concentration seen in exports.

As shown in Figure 3, among the main imported products are motorcycles of various engine displacements, which account for about 8% of total imports. The second most important product is diesel fuel, with a share of approximately 7.8%, and then chemical compounds represent 6.9%. Beyond these two main categories, there is a wide variety of industrial goods with considerably smaller individual shares, indicating a much more fragmented and diversified structure than that observed in Argentine exports.

FIGURE 3.
Argentine imports from India.
% of the 2025 total.



Source: INDEC

This difference stems, to a large extent, from the economic structures of both countries. While Argentina primarily acts as a supplier of agro-industrial goods and natural resources, India exports a wide range of industrial manufactured goods and more highly processed products.

d. India's Importance for Argentine Exports

In addition to analyzing the composition of bilateral trade, it is important to examine India's role within the overall structure of Argentina's foreign trade. The data presented, corresponding to the first quarter of 2026 and compiled based on information from the National Institute of Statistics and Censuses (INDEC), show that India accounts for approximately 6.3% of Argentina's total exports. This share places India among Argentina's main trading partners.

In terms of exports, when compared to other countries, India ranks fifth among the destinations for Argentina's foreign sales. It ranks immediately after traditional markets such as Brazil, the United States, China, and Chile, establishing itself as one of the most important buyers of Argentine goods. This position takes on special significance given the importance of exports for foreign exchange inflows into the Argentine economy. The consolidation of the Indian market as one of the main trade destinations represents a significant factor in the country's international integration strategy.

4. Indian Companies in Argentina and Argentine Companies in India

The economic relationship between India and Argentina is not limited to the exchange of goods; it also includes the presence of companies operating in both countries. Although this aspect is less developed than trade, it constitutes an important component of the bilateral relationship and provides insight into the degree to which companies from both countries are integrated into their respective markets.

According to information obtained from the Indian Embassy, there are currently more Indian companies established in Argentina than Argentine companies established in India. This difference is a characteristic feature that reflects the dynamism of Indian companies' internationalization process in recent years and their growing interest in participating in various sectors of the Argentine economy.

Among Argentine companies with a presence in India, three stand out: Techint, Globant, and IMPSA. These companies represent Argentina's business participation in sectors related to engineering, technology services, and manufacturing. Their presence accounts for a significant portion of Argentina's business engagement in that market.

For their part, Indian companies established in Argentina operate in a wider range of sectors. A significant portion consists of motorcycle manufacturers, including Hero MotoCorp, Bajaj Auto, and Royal Enfield. The presence of these companies is linked to the importance of motorcycles within India's industrial exports to Argentina. Alongside them are companies involved in agribusiness, agroindustry, services, information and communication technologies, and other industrial sectors. This business diversity demonstrates that the bilateral economic relationship has started to expand beyond trade in goods, incorporating investments and business activities in various productive sectors.

5. Strengths and Challenges of the Economic Relationship

An analysis of trade and business presence reveals a series of strengths and challenges that characterize the economic relationship between Argentina and India. Among the main strengths, the sustained growth of bilateral trade stands out first and foremost. Despite the considerable geographical distance separating the two countries and the logistical costs associated with international transport, trade has shown a positive trend in recent years. Another relevant aspect is Argentina's favorable trade balance. As noted above, the existence of a trade surplus in its trade with India sets the country apart within MERCOSUR and demonstrates the competitiveness achieved by certain productive sectors in the Indian market.

Furthermore, Argentina's productive structure offers opportunities to expand exports into new sectors. Mining and energy appear to be sectors with the potential to increase their share of bilateral trade, complementing the current dominance of agro-industrial products. At the same time, the need to promote the internationalization of Argentine small and medium-sized enterprises is

highlighted. Greater participation by these types of companies would allow for diversification of the export portfolio and the inclusion of new actors in trade with India.

Among the main challenges identified is the high concentration of Argentine exports. Heavy reliance on a small number of products—such as vegetable oils—means that a significant portion of bilateral trade depends on the performance of just a few productive sectors. In contrast, imports from India have a much more diversified structure, comprising a wide variety of industrial manufactured goods. This difference is a persistent feature of bilateral trade.

Another challenge highlighted is the limited presence of Argentine companies with offices or investments in India. Although there are notable examples, the number remains small compared to the presence of Indian companies in Argentina. Similarly, while the number of Indian companies operating in Argentina has increased, there is still room to expand investments and strengthen business cooperation between the two countries.

Finally, the importance of monitoring the activities of Indian state-owned enterprises is emphasized, particularly those involved in mining and energy—sectors that are becoming increasingly important on the regional economic agenda.

6. Prospects under the Preferential Trade Agreement between MERCOSUR and India

The prospects for deepening the economic relationship are closely linked to the evolution of the Preferential Trade Agreement between MERCOSUR and India. The agreement currently covers approximately 450 products eligible for tariff preferences. However, ongoing negotiations aim to significantly expand this range of goods, incorporating between 3,000 and 4,000 products. This expansion of the agreement would increase trade opportunities for MERCOSUR countries and promote greater diversification of bilateral trade.

In Argentina's case, several sectors with potential for expansion have been identified. These include various agricultural and livestock-based manufactured goods, such as wine, sweets, poultry, rice, cellulose, and juices—products that could expand their presence in the Indian market through reduced tariffs. Additionally, other sectors with growth potential stand out, including fertilizers, fuels, and various minerals, for which demand could increase in line with the sustained growth of the Indian economy.

However, sectors considered sensitive for Argentina have also been identified, such as the pharmaceutical and automotive industries—sectors that could face increased competition in the Indian market as a result of further trade liberalization.

Finally, the negotiations aimed at expanding the Preferential Trade Agreement between MERCOSUR and India represent an opportunity to strengthen an economic relationship that has become increasingly important for both parties. Expanding the range of products covered by the agreement could promote greater trade diversification, increase opportunities for new productive sectors, and consolidate a relationship characterized by economic complementarity and growing mutual interest.

7. Bibliographic References

Centro De Economía Internacional (CEI). (2025). *Intercambio comercial argentino: datos a diciembre 2024*. Disposable at: https://cancilleria.gob.ar/userfiles/ut/2025-01_presentacion_ica_datos_a_diciembre_0.pdf

Gonzalo, M. (2022a). *India from Latin America: Peripherisation, State building, and Demand-Led Growth*. Routledge India.

Gonzalo, M. (2023a). "A Sino-Indian Path to the Asian Century" (C. Shei, & M. Treacy, Eds.). Routledge. https://doi.org/10.4324/9780367565152-RECHS20-1·

Gonzalo, M. (2022b). "La calibrada neutralidad de la India, entre el Indo-Pacífico, Rusia y la inflación global". *El Economista*, 24 de Mayo de 2022

Gonzalo, M. (2023) "Diálogo productivo. Misión Productiva". 8 de Febrero de 2023. Disponible en: https://misionproductiva.com.ar/dialogos-productivos/2023/02/08/dialogo-productivo-con-manuel-gonzalo/

Gonzalo, M. (2023b). "The Indian Growth Acceleration: A Brazilian Demand-led Insight". *Millennial Asia*. 14(4), 509-534. https://doi.org/10.1177/09763996211070332

Gonzalo, M. (2024). "Emergencia del marco del Indo Pacífico en Estados Unidos de América, re-centralización del Océano Índico y dilemas para la India entrado el Siglo XXI". *Desarrollo, Estado y Espacio*, 3(1), 0041. https://doi.org/10.14409/rdee.2024.1.0041

INDEC. (2025,b). *Origen provincial de las exportaciones. Bienes. Año 2024*. Informe técnico Vol. 9, N°52. Instituto Nacional de Estadística y Censos. https://www.indec.gob.ar/uploads/informesdeprensa/opex_03_252CBB2A07BB.pdf

INDEC. (2025a). *Intercambio comercial argentino: Cifras estimadas de diciembre de 2024*. Informe técnico Vol. 9, N° 1. Instituto Nacional de Estadística y Censos. https://www.indec.gob.ar/uploads/informesdeprensa/ica_01_25A3C543FBCD.pdf indec.gob.ar

Nagaraj, R. (2013a), "India´s economic development". In Kohli, A. and Singh, P. (eds.). *Routledge Handbook of Indian Politics*. Routledge.

Nagaraj, R. (2013b), "India's Dream Run, 2003-08 Understanding the Boom and Its Aftermath". *Economic & Political Weekly*, May 18, 2013, vol. XLVIII no 2.

Rakshit, M. (2009). *Macroeconomics of Post Reform India*. Oxford University Press.

BRAZIL AND INDIA: TOWARDS A DEEPENING OF ECONOMIC RELATIONS

Renato Baumann

1. Introduction

Brazil and India share a few characteristics. Big democracies, both countries are present in any listing of emerging economies, independently of the adopted criteria for defining such economies, they are both founding members of the original BRIC group, and both belong to several other country groupings, such as the IBSA, the G20 and others. They are both dealing with the so-called "middle income trap", with a good deal of infrastructure constraints and social needs.

Bilateral trade relations were expected to be facilitated via the Mercosur-India Preferential Trade Agreement of 2004, but as it turns out this agreement refers only to a very limited number of products. Brazil posts systematic trade deficit in its relationship with India. Negotiations have taken place for several years now to try to broaden the list of products with easier market access, as well as to include other dimensions, such as the policies towards foreign investment.

Present international situation following the unforeseen adoption of trade barriers by the big economies has stimulated a good deal of initiatives by several countries that look to ensure easier market access to their products via formal agreements with new partners. Examples of this trend are the agreements signed by the European Union (with Mercosur, but also with other partners, like Mexico and India), the diversified negotiations by Canada and even Brazilian new emphasis in negotiations with South Korea, Singapore and other countries.

With this new background stimulating trade relations it seems reasonable to consider what could be taken into account by Brazilian and Indian authorities if a decision is taken aiming at intensifying the economic links between the two countries.

This short note attempts to contribute to this debate by initially presenting a few comparable structural and productive indicators for the two economies, as well as the main characteristics of the bilateral trade in goods and in services. After this "leveling the playing field" follows the presentation of some speculative reasons of why it might be interesting for both countries to intensify their bilateral economic relationship. This is complemented by the listing of a few suggestions leading to the intensification of bilateral links.

Every partial or universal liberalization of trade implies costs of adjustment affecting more intensely some sectors. These are the ones demanding closer attention by the authorities, so as to reduce the costs of adjustment. Departing from this perspective, this note tries to identify a few sectors where

– based on the existing trade barriers on both sides – there seems more likely to be more intense reaction to a freer bilateral relationship.

Last but not least, this Note ends up with a call for more convergent if not joint performance by Brazil and India in the multilateral forums where both countries are present.

2. Brief Comparative Overview of the Two Economies

The first and most important dimension to consider is the sheer size of the two economies. Measured in constant 2015 US dollars the Indian Gross Domestic Product (GDP) was in 2024 almost double (1.7 times) the Brazilian GDP. In terms of inhabitants the difference is even larger. The Indian population is no less than 7 times the number of total Brazilian population. It goes without saying that these proportions lead to a much (four times) bigger per capita income in Brazil, but size matters.

The two economies have experienced a light reduction of the relative weight of the manufacturing sector in the national product, but in India the share of this sector (including construction) on GDP remains higher than in Brazil, an important indicator, providing the important contribution of services to the dynamism of the Indian economy.

Manufacturing / GDP		
	2000	2024
India	27%	25%
Brazil	23%	21%

Source: WDI, World Bank

Measured in terms of value of production the Indian manufacturing sector has a far more significant (four times as much) contribution to the global industrial production than the Brazilian manufacturing sector.

Share of world industrial output, 2024	
India	2.0%
Brazil	0.5%

Source: WDI, World Bank

The Indian economy is well known for its high consolidated tariffs in the World Trade Organization (WTO) and for the use of a number of non-tariff barriers, as well as for the subsidies to domestic sectors, mostly agriculture. But if measured in terms of aggregate imports of goods and services ratio to the GDP it was, by 2024, more open to trade than the Brazilian economy.

Imports of goods and services / GDP, 2024	
India	18%
Brazil	13%

Source: WDI, World Bank

The mirror image of this higher indicator of openness to trade is the more intense participation of India in global value chains. Participating in such sliced production processes requires easiness of access to imported raw material, parts and equipment, among other items. The indicator of share of imported value added in total exports shows the difference between the two economies as far as the relationship with foreign suppliers is concerned. The indicator for India is almost twice the one for Brazil.

Foreign value added in total exports, 2020	
India	18%
Brazil	10%

Source: OECD Tiva 2023

Further, there are significant additional differences in the way the two economies participate in the international market. For instance, Brazilian exports are predominantly merchandise exports. Services account for a quite limited share of total exports. In India, differently, almost half of the total export value corresponds to services. This compensates for the frequent deficits in trade in goods.

Share of services in total exports, 2024	
India	46%
Brazil	12%

Source: WDI, World Bank

Another remarkable difference is that, although being much smaller and more closed to imports when compared to India, the Brazilian economy has systematically attracted more foreign direct investment than India. This reflects one of the well-known characteristic of the Brazilian economy, which is far more open to international movements of capital than to merchandise flows.

Inflow of foreign direct investment (average 2019-2024)	
India	US$ 44 billion
Brazil	US$ 61 billion

Source: WDI, World Bank

3. Bilateral trade

After this broad picturing of the two economies, it remains to identify what is actually traded between them, starting with trade in goods. Bilateral trade accounts for a quite limited share of total trade for both economies, an additional argument for reconsidering the conditions for market access.

Importance (%) of bilateral trade - 2024		
	Exports	Imports
Brazil	2%	3%
India	1%	1%

Source: WITS, World Bank

The composition of trade flows in both directions is also quite different. The main Indian exports to Brazil in 2025 consisted of: diesel oil, heterocyclic compounds non condensed, heterocyclic compounds with nitrogen, fungicides, motorcycle parts, aviation fuel, insecticides, medicines, aluminum alloys, heterocyclic compounds with fluors. These 10 most important products corresponded in 2025 to 33% of the total value of Indian exports to Brazil. A rather diversified export bill, with the main items being manufactured products (COMEXSTAT).

The Brazilian export structure is rather different. By 2025, the 10 main goods exported by Brazil to India were the following: crude oil, sugar, soybean oil, iron ore, cotton, copper, beans, gold, sesame seeds, iron and steel waste (COMEXSTAT). These 10 most important products corresponded in 2025 to no less than 82% of total Brazilian exports to India. An extremely concentrated export bill, mostly composed by natural resource intensive goods from the agro and mining industries.

These differences in the composition and in the degree of concentration of the two export structures are part of the reasons why there has been systematic trade deficit on the Brazilian side of the bilateral trade.

There are some differences also in the type of services traded between the two economies, according to the WTO and domestic sources[1]. In terms of Indian exports of services to Brazil, they are: IT and software (development of software, cloud computing, applied AI, digital security), business process outsourcing (back office, financial processing, shared services), Pharmaceutical Research (laboratory tests, bioinformatics, research in biotechnology), industrial Engineering (automotive design, mechanical projects, onboard software).

While Brazilian exports of services to India consist of: business and professional services (economic and judicial Consultancy, Engineering, architecture), transport and logistic services, services related to agro and natural resources (tropical Research, veterinary and phytosanitary services, seen technology, bioenergy), tourism and cultural services.

1 OECD Data Explorer | data.wto.org/en/dataset/batis; pharmexcil.com/trade-statistics, Handbook 2025; https://www.oecd.org/en/data/datasets/oecd-balanced-trade-statistics.html#BATIS;

The Indian service export bill mirrors its more advanced industrialized environment, whereas the Brazilian services are quite influenced by its comparative advantages in natural resources intensive sectors.

4. Preferential Trade Agreement India - Mercosur

Brazil is a member of Mercosur; hence negotiations of trade preferences have to be made together with its partners. This is only one of the reasons why there is a low number of preferential agreements with third parties. India has been more active in this regard. It has signed preferential agreements with a much larger number of countries or groups of countries.

Among Mercosur countries Brazil accounts for more than half of the group exports to India, and almost 80% of its imports. These shares might translate into a big interest in broadening trade preferences.

Mercosur - Trade with India (2024)		
	Exports	Imports
Argentina	42%	14%
Brazil	56%	79%
Paraguay	1%	4%
Uruguay	1%	3%

Source: UN/COMTRADE

Bilateral trade was expected to be fostered by the signing, in 2009, of the India-Mercosur Preferential Trade Agreement (PTA)[2]. With only 35 articles, it establishes the conditions for trade liberalization, rules of origin, treatment to state enterprises, customs procedures and safeguards and antidumping measures, technical barriers to trade, sanitary and phytosanitary measures and procedures for the implementation of the agreement.

As it turns out, negotiations allowed for preferential treatment of only about 450 products from each side in a trade universe of over 10 thousand products, with very limited (10-20%) margins of preference. A few rounds of further negotiations have taken place since then, but with little progress so far. Broader negotiations are needed, in order to include, among other issues, the treatment of services and measures to deal with investment flows.

The potential change in this scenario started to take place in 2025, when Mercosur and India launched formal negotiations aiming at enlarging the existing Trade Preferential Agreement. Negotiations comprised a technical dialogue with active consultation to the private sector of the two parties.

2 https://wits.worldbank.org/GPTAD/PDF/archive/india-mercosur.pdf

5. Why is it interesting for the two parties to intensify the bilateral relationships?

The picturing of the existing situation of bilateral relations calls for more emphasis in intensifying the facilitating mechanisms. It remains to consider why would it be interesting for the two parties to intensify the bilateral concessions.

From the viewpoint of Brazil, it is important to take into account that several analysts[3] consider India as a rising star, about to become one of the three most important economies in the coming years. Indeed, India`s per capita GDP has grown at an average annual rate of 5 % in 2010-2024, compared to the corresponding rate of only 1% for Brazil. Brazil cannot miss this forecast. Closer relationship with India can provide an opportunity to diversify markets for its products, ideally coupled to a more diversified export composition.

Furthermore, closer relationship with India might provide access to technologies of direct interest to emerging economies, enhancing the possibility of reaching productive complementarity.

For India, a closer relationship with the Brazilian economy can make it easier to have access to the broader Latin American market, in particular via producing plants of Indian companies operating in Brazil.

Given the Brazilian potential in natural resources[4], a closer relationship might also increase the assurance to India of having access to food, energy and critical minerals, all sensitive issues, given the huge population as well as the demand for some minerals required by some technologically advanced sectors.

Brazil has expertise in large scale production in the agri-business, whereas India has experience with small productive units. Closer bilateral relations might facilitate the access to and exchange of agricultural technology of interest to both parties.

India is well known for its big pharmaceutical industry. Brazil is a star case when it comes to the importance of biodiversity. Closer relations between the two economies might facilitate India´s access to expertise with tropical diseases and biotechnology.

6. Several possibilities for intensifying bilateral links

The above list can be amplified in a number of directions, comprising cultural interchange, the exchange of experiences with social policies, and several other dimensions. Suffice to say that once

3 See, for instance, Vince Cable`s "Eclipsing the West". Manchester University Press, 2025.

4 *Critical and Strategic Minerals for the Energy Transition*. Brasília: At: https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-877/Caderno_Minerais_English.pdf; *Petroleum Exploration and Production in Brazil: From Onshore to Ultra-Deep waters*. **Energy Geoscience**, 2024. At: https://www.sciencedirect.com/science/article/pii/S187638042460515X; *Brazil: Country Climate and Development Report*. World Bank, 2023. At https://www.worldbank.org/en/programs/lac-green-growth-leading-the-change-we-need/brazil

there is a political signaling of interest in intensifying the relationship, that will naturally raise a number of manifestations from several sectors in both societies. Some of them resisting to additional concessions, others with enthusiastic approval. Be it as it may, it remains to speculate about what could be some of the possibilities for intensifying the bilateral links.

Starting with the recently intensified aggregate demand for critical minerals and low-cost energy as required for some technologically advanced sectors. Brazil has comparative advantage in several such items. For instance, niobium (92% of world production), iron ore (2nd bigger producer), lithium, rare earths (2nd global reserve), copper, ethanol, bioenergy, non-salt water, etc. India has interest in energy transition as well as in production of items that demand such minerals. Facilitating trade and investment might be a source of benefits for both economies.

One characteristic of the present boom in the demand for these minerals is that the governments of countries with rich endowments are increasingly concerned with the importance of generating conditions to process these raw materials domestically and export products with some value added not only unprocessed material[5].

Investment issues gained momentum. There is an increasing recognition that geography matters for investment decisions. Concerns with regard to climate transition have increased the importance of using clean energy. And when it comes to clean energy, productive units have to be located close to its source: long-distance transmission is limited, and hydroelectric generation as well as other modalities require that projects benefitting from these low-cost origins be located nearby.

The interaction between Indian demand and Brazilian potential supply might comprise, therefore, more detailed considerations with regard to the treatment provided to foreign investment, in this and in other sectors.

A good deal of benefits might follow from the systematic exchange of experiences of both economies with regard to a number of activities. For instance, Brazil has accumulated expertise in scale farming and biotechnology. India has developed smallholder innovation[6]. It seems logic to infer that creating mechanisms for the exchange of experiences is bound to benefit both sides as the policy objective of successive governments in India has been to secure food for their large growing population. And even more so when Brazilian small producers have been affected by increased indebtedness.

Brazil has experience in ethanol blending technology & clean energy transition. India has also stimulated the production of sustainable fuels[7]. This looks as a natural field for intensifying the exchange of experiences.

As for the agricultural sector, and particularly so when one takes into account increasing barriers imposed by some partners with regard to environmental issues, it seems natural to take into account

5 *"Brasil quer processar minerais críticos, não exportar commodity", diz Lula*. 2025. At: https://www.cnnbrasil.com.br/economia/macroeconomia/brasil-quer-processar-minerais-criticos-nao-exportar-commodity-diz-lula/

6 *International Crops Research Institute for the Semi-Arid Tropics: Mandate and Research*. At: https://www.cgiar.org/research/center/icrisat; MUELLER, Bernardo; MUELLER, Charles. The political economy of the Brazilian model of agricultural development: Institutions versus sectoral policy. **The Quarterly Review of Economics and Finance**, v. 62, p. 12–20, 2016. At: https://www.sciencedirect.com/science/article/pii/S106297691630059X

7 *Fuel of the Future — Brazil World Leader in Energy Transition*. Brasília: MME, 2024. At: https://www.gov.br/mme/pt-br/brazil-world-leader-in-energy-transition/energy-transition/fuel-of-the-future; *India's Ethanol Push: A Path to Energy Security*. Nova Delhi: PIB, 2024. At: https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=153363&ModuleId=3&reg=3&lang=1

that India and Brazil have big areas risking desertification. Exchange of experiences could be useful for both countries to deal with such problem. In addition, the production of natural fertilizers could be developed, among other aspects.

India has widely recognized comparative advantage in the pharmaceutical industry. Brazil has accumulated experience with public health[8]. There seems to be a potential for complementarity here, be it for government procurement with better conditions than otherwise and/or complementarity in producing vaccines and other mass consumption medicines.

India is well-known also for its competitiveness in digital processing. There is a large – even hard to foreseen - field for cooperation in several areas. One of these areas follows from the fact that India and Brazil have accumulated experience with digital identity and payments[9]. This looks like another natural area for the exchange of experiences. In particular when one takes into account efforts by BRICS members in trying to facilitate direct transactions among them with lower dependence to the US dollar.

Last but not least, Brazil has experience with six satellites having been built together with China[10]. India has an increasingly ambitious space program[11], developing cost-effective indigenous technology. Joint initiatives might allow for the joint construction of satellites that could help monitor deforestation, among other areas of mutual interest.

The above paragraphs would therefore suggest some topics that might be considered in bilateral relations:

- increasing the number of products covered by the PTA
- including disciplines related to trade in services and investment into the PTA
- build common policy approach to the production/processing of critical minerals
- evaluating the potential of complementarity between the pharmaceutical sector and the provision of public health
- fostering the exchange of experiences with digital payments
- considering the possibility of joint projects to build satellites for common purposes
- broadening the alignment of positions in multilateral forums

8 *Pharmaceutical Industry in India*. Nova Delhi: IBEF, 2025. At: https://www.ibef.org/industry/pharmaceutical-india; MASSUDA, Adriano et al. Brazil's unified health system: 35 years and future challenges. **The Lancet Regional Health – Americas**, 2023. At: https://www.thelancet.com/journals/lanam/article/PIIS2667-193X(23)00205-3/fulltext

9 *Pix: The Brazilian Instant Payment System*. Brasília: BCB, 2025. At: https://www.bcb.gov.br/en/financialstability/pix_en; *Digital Public Infrastructure and Development: A World Bank Group Approach*. Washington, D.C.: World Bank, 2025. At: https://documents1.worldbank.org/curated/en/099031025172027713/pdf/P505739-84c5073b-9d40-4b83-a211-98b2263e87dd.pdf

10 *China–Brazil Earth Resources Satellite Program (CBERS)*. São José dos Campos: INPE, 2025. At: https://www.eoportal.org/satellite-missions/cbers-4a

11 *India Targets Five-Fold Increase in its Share of the Global Space Economy*. At: https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=2011633

7. Final remarks

Brazil and India negotiations depart from rather different perspectives and objectives when it comes to identify each one`s desired role in the international scenario.

Brazilian history with only one conflict with a neighbor country in the XIX century has contributed to a peaceful approach to its international relations. The most remarkable characteristics of its diplomacy are the emphasis on economic relations and preservation of the main commitments within multilateral agencies. A serious option for abiding by the rules.

Despite the fact that its GDP ranks among the 10 biggest in the world, Brazil has never aimed at playing a major role in the international scenario, except for some specific matters. Even various movements over time towards more intense economic relationship at the regional level do not allow us to infer that this could be seen as a platform for a more active role globally. One simple reason is that even in the most important of these initiatives – Mercosur – there has never been a summation of efforts aiming at jointly exploiting external markets.

India was, until the early 1990s, a very closed economy, with strong commitment to planning in a degree of intensity that Brazil never reached, in spite of its also significant experience with development plans. In recent years India has started to behave in a certain way, given its explicit objective to become one of the major economies in the world.

Brazil has systematic trade deficits in its trade with India. This, in itself, should stimulate bilateral negotiations. When it comes to bilateral merchandise trade the experience has revealed so far more of a protectionist bias on both sides than a clear will to facilitate market access.

Apart from the obvious need for substantially increasing the number of items with freer market access as listed in the India-Mercosur agreement, an interest on more intense economic relationship could go well beyond bilateral merchandise flows. There are many aspects that could benefit both economies if negotiations took place with a broader perspective. Closer relationship between these two important emerging economies is bound to provide a good deal of benefits over time.

TRADE AND INVESTMENT BETWEEN PARAGUAY AND INDIA: CHALLENGES AND OPPORTUNITIES

Belén Servín, Gustavo Rojas and Fernando Masi

1. Introduction

India has established itself as one of the most dynamic economic players on the global stage. The sustained growth of its economy, the expansion of its network of trade agreements, and its growing presence in emerging regions have increased its relevance in global trade and investment flows. In Latin America, this growth has led to increased trade, a gradual influx of Indian capital, and a more active agenda for economic cooperation.

Within this context, the relationship between Paraguay and India remains relatively limited but holds considerable potential for expansion. The analysis conducted in this work shows that the bilateral relationship has grown over the past two decades, although it remains uneven: Paraguay exports a very limited number of products, while it imports a more diversified basket of industrial manufactured goods from India. In terms of investment, the gap is even wider, given that the presence of Indian capital in Paraguay remains minimal compared to its concentration in Brazil within Mercosur.

This work aims to analyze the main characteristics of trade and investment between Paraguay and India, identify opportunities for deepening the economic relationship, and examine the challenges that hinder its expansion. The central thesis of this work is that Paraguay can strengthen its economic integration with India if it makes progress on four fronts: improving market access, reducing logistics costs, diversifying exports, and creating better conditions for attracting investment in strategic sectors.

2. India, Mercosur, and the Regional Framework of the Relationship with Paraguay

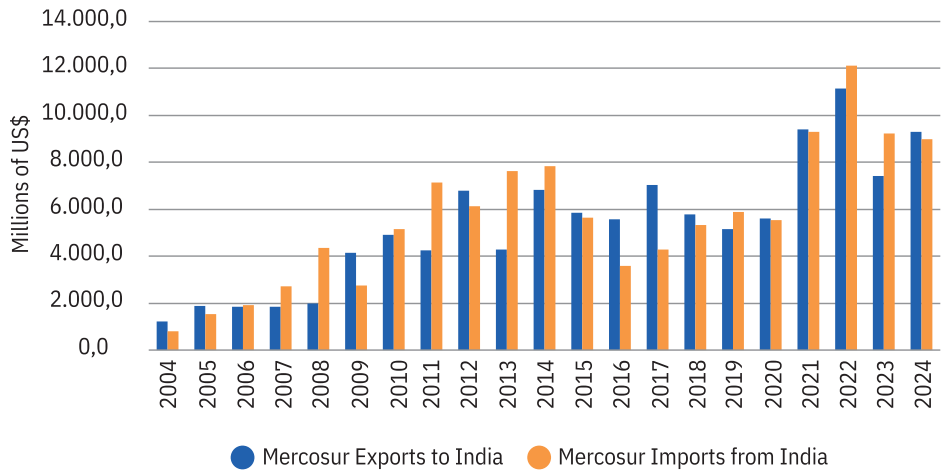
The bilateral relationship between Paraguay and India must be understood within the broader context of India's economic expansion and its growing engagement with Mercosur. Between 2009 and 2024, India's exports and imports with the rest of the world grew, on average, by 7% and 9% annually, respectively, reflecting the dynamism of an economy with strong industrial and commercial integration. Its main exports include chemicals and plastics, petroleum products,

machinery and equipment, textiles, and mining products, while its imports include, among other products, minerals, chemicals, machinery, and electronic equipment.

India's rapprochement with Mercosur took shape with the Preferential Trade Agreement signed in 2004 and in effect since 2009. This agreement granted tariff preferences for a limited number of product lines, with margins of 10%, 20%, and 100%, and constituted a first step toward a deeper trade relationship between India and the bloc's member countries. However, the agreement's limited scope has restricted its effective impact on several products of interest to Paraguay.

Trade between Mercosur and India has expanded significantly since the mid-2000s. In 2023, the bloc's exports to India reached $11,127 million, and imports from India totaled $12,109.2 million, with a high concentration in Brazil and, to a lesser extent, in Argentina. Paraguay, on the other hand, maintains a small share in this regional trade, confirming that it has not yet managed to fully integrate into the growth dynamics of the relationship between India and Mercosur.

FIGURE 1.
Evolution of trade in goods between Mercosur and India, 2003–2023.



Source: COMTRADE 2025.

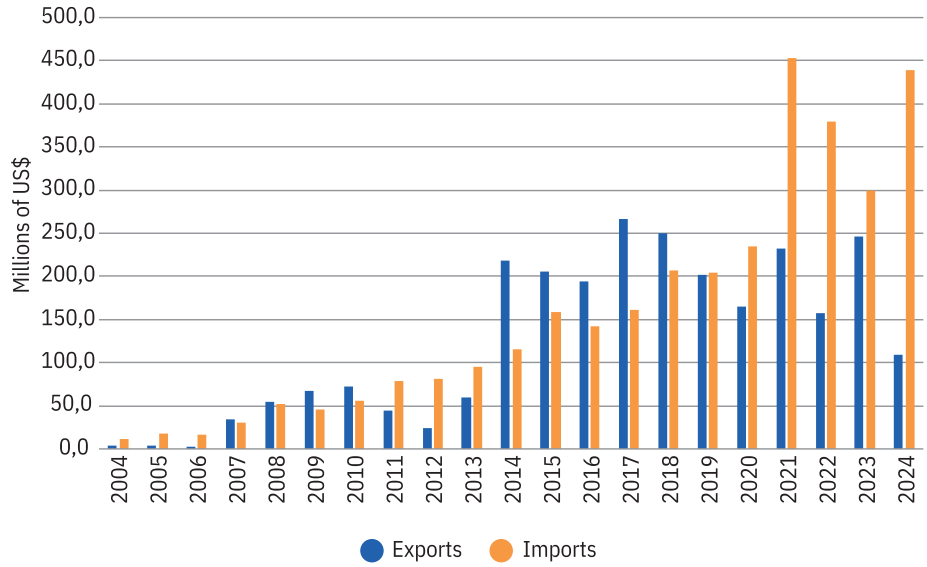
3. Trends in bilateral trade between Paraguay and India

Bilateral trade between Paraguay and India has expanded significantly over the past two decades, albeit from very low levels. Paraguayan exports to India rose from $3.44 million in 2004 to $245.92 million in 2023, before falling to $109.56 million in 2024. Imports from India increased during the same period from $11.1 million to $438.53 million, after reaching a peak of $453.12 million in 2021.

This trajectory highlights a structural difference between the two trade flows. Paraguayan exports show greater volatility, with significant growth beginning in 2014 and a sharp decline in 2024, while imports from India exhibit a more sustained evolution and a clearly upward long-term trend. Consequently, the bilateral trade relationship has tended to consolidate more rapidly on the import side than on the export side.

The available data also suggest that the Mercosur-India preferential agreement coincided with a period of greater dynamism in trade, although it did not, on its own, resolve the structural constraints Paraguay faces in establishing a more stable and diversified export presence in the Indian market. This reinforces the need to analyze not only the total volume of trade but also its composition and the access conditions that enable or restrict it.

FIGURE 2.
Bilateral Trade Between Paraguay and India: Exports and Imports, 2004–2024
(in millions of US$).



Source: Central Bank of Paraguay, Trade Statistics, 2025.

4. Trade Structure and Trade Imbalances

The profile of bilateral trade reveals a marked asymmetry. Paraguayan exports to India are highly concentrated in soybean oil, which accounted for an average of 93% of shipments between 2004 and 2024. On a much smaller scale are metals and certain chemical and plastic products, with average shares of 5% and 1%, respectively.

This export concentration means that Paraguay relies on a very small number of products to maintain its presence in the Indian market. This situation makes the trade relationship more vulnerable to

changes in domestic production, international prices, or demand from India. The decline recorded in 2024 confirms this vulnerability, as it was primarily associated with lower shipments of soybean oil.

Imports from India, by contrast, have a more diversified structure and a higher industrial content. Chemicals and plastics predominate, accounting for 49% of the total, followed by vehicles and parts, fuels, and machinery, each with shares of around 10% or 11%. The data also show that Paraguayan purchases from India grew 39.5-fold between 2004 and 2024, reinforcing the idea that India already occupies an important position as a supplier of industrial goods, inputs, and products with higher technological content.

TABLE 1.
Structure of Bilateral Trade Between Paraguay and India, 2004–2024.

a) Exports from Paraguay to India

Products	2004/2024	
	Average in US$ millions	Average Market Share
Soybean oil	**110.2**	**93%**
Food products	0.1	0%
Sugar	0	0%
Oilseeds	0.3	0%
Other agricultural products	0.2	0
Chemicals, rubber, and plastics	1.5	1%
Machinery and equipment	0.4	0%
Leather goods	0.3	0%
Metal products	5.8	5%
Total	**118.7**	**100%**

b) Paraguay's imports from India

Products	2004/2024	
	Average in US$ millions	Average Market Share
Petroleum products	33.2	10%
Chemicals, rubber, and plastics	56.7	49%
Machinery and equipment	16.1	10%
Vehicles and Parts	14.6	11%
Textiles and clothing	6.2	3%
Mining	17.1	8%
Electronic equipment	1	1%
Other agricultural products	6	5%
Metal Products	4	2%
Food products	0.3	0%
Other manufactured goods	0.3	0%
Leather goods	0.3	0%
Lumber industry	0.1	0%
Paper and paper products	0.1	0%
Forestry	0	0%
Total	**156.1**	**100%**

Source: Central Bank of Paraguay, Trade Statistics, 2025.

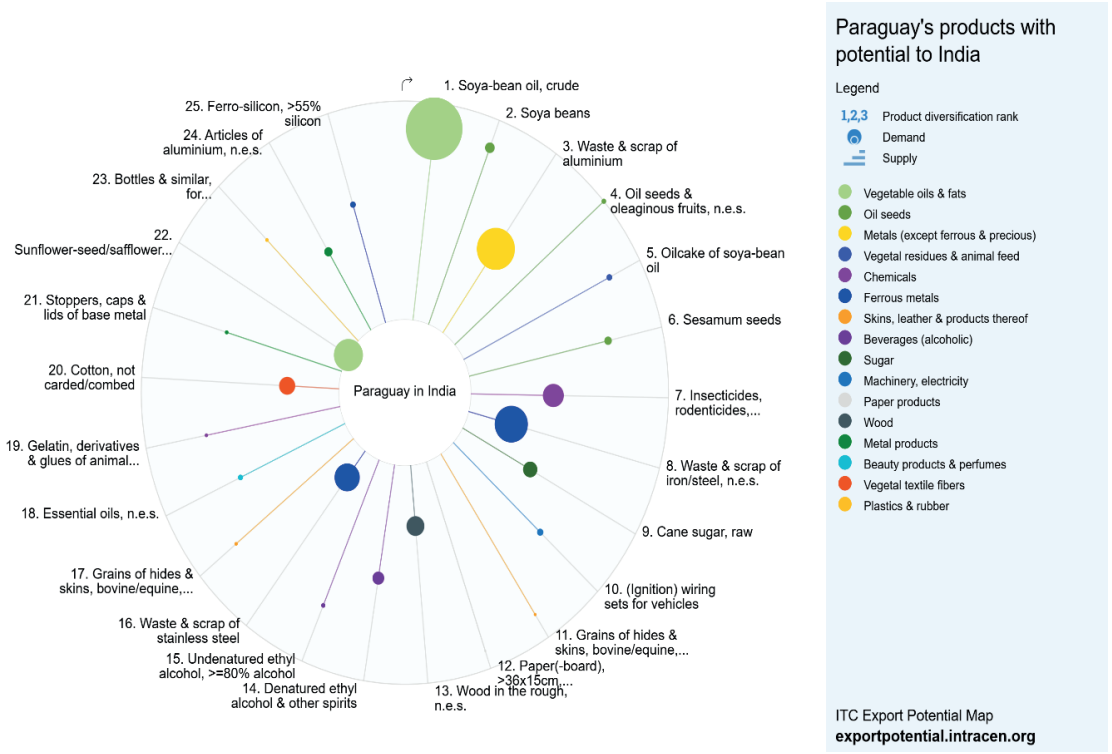
5. Potential for Trade Expansion

The potential for trade expansion between Paraguay and India is reflected in concrete opportunities in both directions of trade. On the one hand, Paraguay has room to expand and diversify its exports to the Indian market; on the other hand, India has the capacity to deepen its presence in Paraguay as a supplier of industrial manufactured goods and intermediate goods.

With regard to Paraguayan exports to India, trade opportunities are based both on products already exported and on new goods with potential demand in that market. Among the products currently exported, the main ones are crude soybean oil, aluminum scrap and waste, oilseeds and oil-bearing fruits, soybean oil cakes, and agrochemical inputs. In particular, crude soybean oil remains the leading Paraguayan export to India, while still having room to expand its market share there, given that only a limited fraction of Paraguay's exports of this product currently goes to that destination.

Added to this is the possibility of incorporating new products into the export basket destined for India. Opportunities have been identified in this group for soybeans, sesame, raw cane sugar, paper and cardboard, and raw wood. These are goods that do not yet have a significant presence in Paraguayan exports to India but for which there is potential demand in that market; therefore, they represent a viable avenue for diversifying the export portfolio.

FIGURE 1
Trade Opportunities – Exports from Paraguay to India.

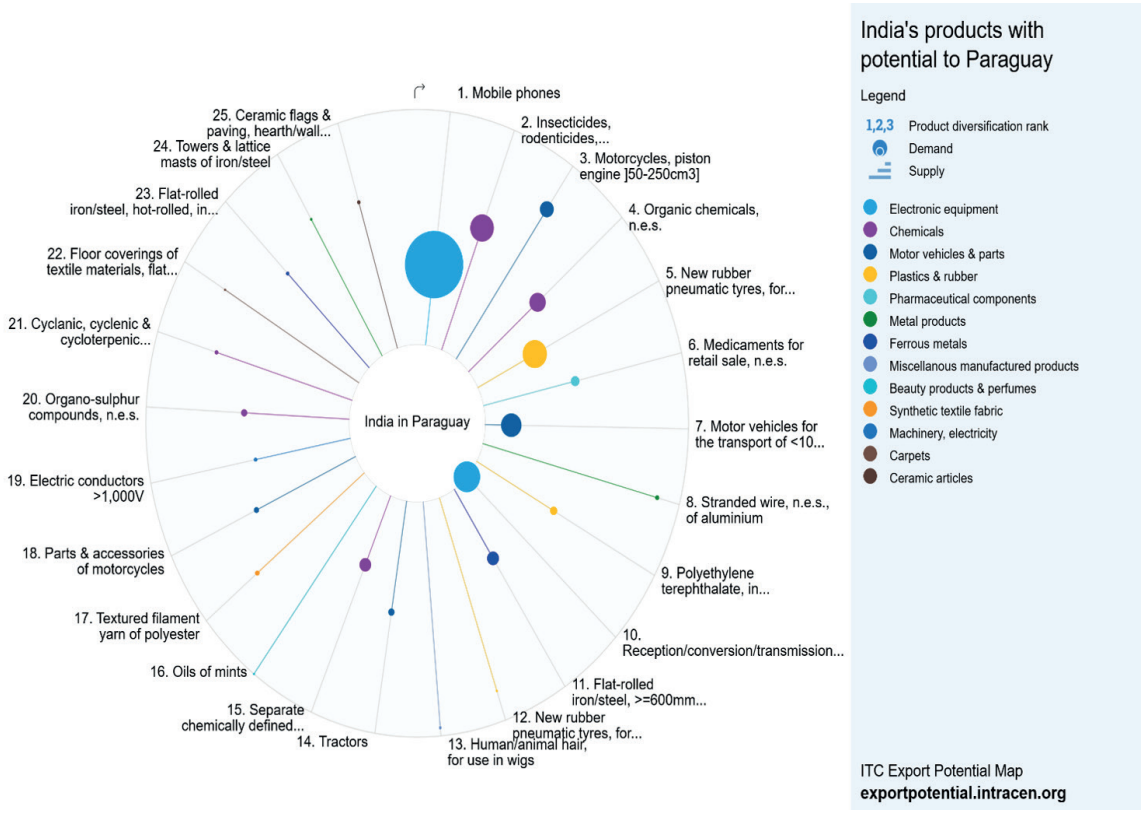


Source: International Trade Center (ITC), 2025

On the side of India's exports to Paraguay, India already plays a significant role as a supplier of industrial manufactured goods, although it still has ample room to expand its presence in various segments of the Paraguayan market. The structure of Paraguayan imports is concentrated in industrial products with higher technological content, which account for the majority of total imports from India.

Within this import structure, chemicals and plastics stand out, followed by vehicles and vehicle parts, petroleum products, and machinery and equipment. On this basis, the products identified as having the greatest potential for increasing Indian exports to Paraguay include mobile phones, insecticides, fungicides, and herbicides; motorcycles; organic chemicals; tires for buses and trucks; and over-the-counter medications. Additionally, there are niche markets with potential for expansion, such as data transmission equipment, aluminum cables, and agricultural tires. Taken together, these factors indicate that India's potential for trade expansion is linked, above all, to the strengthening of its role as a supplier of diversified manufactured goods to the Paraguayan market.

FIGURE 2.
Trade Opportunities – Exports from India to Paraguay.



Source: International Trade Center (ITC), 2025

6. Indian Foreign Direct Investment in Latin America, Mercosur, and Paraguay

In terms of foreign direct investment, India's presence in Latin America remains limited: available data indicate that cumulative Indian FDI in Latin America and the Caribbean between 2015 and 2024 totaled $796.5 million, of which $286.3 million went to Mercosur. Of that total, Brazil accounted for 99%, confirming the strong geographic concentration of Indian capital within the bloc.

Paraguay received just $0.9 million in investment flows during the 2015–2024 period and recorded a stock of $3.4 million in 2024. These figures show that the country does not yet participate significantly in India's regional investment. However, they also indicate that there is ample scope for developing a strategy to attract Indian capital in sectors where Paraguay possesses comparative advantages.

TABLE 2.
Indian Foreign Direct Investment in Latin America, Mercosur, and Paraguay, 2015–2024.

Region/Country	Key Data	Analysis
Latin America and the Caribbean	US$ 796.5 million in cumulative Indian FDI, 2015–2024	India's presence in the region remains limited.
Mercosur	US$ 286.3 million; Brazil accounts for 99%.	Indian investment in the bloc is highly concentrated.
Paraguay	US$ 0.9 million in flows from 2015 to 2024 and a stock of US$ 3.4 million in 2024.	Paraguay has yet to participate significantly in these investments.

Source: Reserve Bank of India and BCP, Direct Investment Statistics.

7. Opportunities for Indian Investment in Paraguay

Indian investment opportunities in Paraguay are concentrated in productive and logistics activities that can leverage the country's advantages as a regional hub. Among sectors with the greatest potential are Mercosur-oriented manufacturing, renewable energy—especially solar and biofuels—the pharmaceutical industry, regional distribution centers, and logistics and infrastructure projects.

This approach involves viewing Paraguay not only as a domestic market but also as a location for production with access to Mercosur, energy availability, regimes such as maquila, and opportunities for integration with regional logistics corridors. Added to this is potential interest in sectors such as digital services, IT/BPO hubs, and projects related to bioenergy and new agro-industrial value chains.

The significance of this agenda is twofold. On the one hand, it could help diversify the bilateral economic relationship beyond traditional trade in goods. On the other hand, it would enable the inflow of Indian capital to be linked to processes of productive transformation, employment, skills transfer, and greater regional integration originating from Paraguay.

8. Challenges to Deepening the Bilateral Economic Relationship

Paraguay's landlocked status and its reliance on river transport make trade with distant markets such as India more expensive and slower. At the same time, sanitary and phytosanitary requirements, technical regulations, and cumbersome procedures persist, increasing operational times and costs. There are also obstacles related to licensing, bureaucracy, and business visas for Indian entrepreneurs interested in exploring opportunities in Paraguay.

Compounding these factors is a challenge related to productive development. Paraguay offers competitive advantages but still faces gaps in infrastructure and human capital for more complex technological and industrial activities. Therefore, a strategy to deepen ties with India cannot rely exclusively on trade negotiations but must be coordinated with domestic policies on competitiveness, logistics, training, and investment promotion.

9. Action Agenda to Strengthen Paraguay-India Ties

An agenda aimed at strengthening the economic relationship between Paraguay and India should address at least four areas of action. The first is to deepen the trade framework by expanding the Mercosur-India agreement, increasing preferences for Paraguayan agro-industrial products, and making progress on sanitary and phytosanitary recognition. The second aims to reduce costs and facilitate trade through improvements in logistics infrastructure, waterways, the bi-oceanic corridor, customs modernization, and the digitization of processes.

The third pillar concerns export diversification and capacity building, promoting products with potential in the Indian market and coordinating cooperation with India in areas such as energy, services, and technology. The fourth relates to attracting investment, which requires creating a more favorable framework for projects in manufacturing, energy, pharmaceuticals, and logistics, as well as simplifying bureaucratic procedures, expediting visas, and strengthening bilateral economic promotion.

Taken together, this agenda entails moving from a still-nascent economic relationship to a more active strategy for international integration. India has the potential to become a key partner for Paraguay, but this will depend on the ability to coordinate trade policy, investment promotion, business cooperation, and structural improvements in competitiveness.

10. Conclusions

Relations between Paraguay and India remain limited, but present concrete opportunities for expansion in both trade and investment. Bilateral trade has grown significantly over the past two decades, albeit with a clearly asymmetrical structure: Paraguay exports a highly concentrated basket of goods, while India acts as a supplier of manufactured goods, chemicals, fuels, and machinery in a more diversified relationship.

The potential for strengthening bilateral trade lies in expanding access to the Indian market, tapping into untapped export potential, diversifying Paraguay's export portfolio, and improving the logistical and regulatory conditions that currently limit the relationship. In terms of investment, the challenge is even greater, given Paraguay's marginal role in regional flows of Indian capital. However, sectors such as manufacturing for Mercosur, renewable energy, pharmaceuticals, services, and logistics offer a concrete foundation for a strategy to attract investment.

The main challenge is to transform a still-nascent relationship into a more strategic, diversified, and sustainable economic partnership. To achieve this, Paraguay needs to combine a foreign policy agenda focused on negotiation and promotion with domestic policies aimed at competitiveness, infrastructure, trade facilitation, and strengthening productive capacities.

11. Bibliographic References

Central Bank of Paraguay. (2025). *Trade Statistics* [Database]. Central Bank of Paraguay. URL

Central Bank of Paraguay. (2025). *Direct Investment Statistics* [Database]. Central Bank of Paraguay. URL

Reserve Bank of India. (2025). *Direct Investment Data* [Database]. Reserve Bank of India. URL

International Trade Centre. (2025). *Export Potential Map* [Database]. ITC. URL

Mercosur & Government of India. (2004). *Mercosur–India Preferential Trade Agreement* [International Treaty]. URL

United Nations Statistics Division. (2025). *UN Comtrade Database* [Data set]. UN Comtrade. URLlibrary.tec+2

RELATIONS BETWEEN MERCOSUR COUNTRIES AND INDIA: A RECENT ASSESSMENT AND OPPORTUNITIES—THE CASE OF URUGUAY

Ignacio Bartesaghi

1. India as a Global Power

This work aims to answer the following question: **Why is it important for the region and Uruguay to pay closer attention to their relationship with India?** The data presented throughout this document regarding the Asian power's economic performance help answer this question, a point further underscored by an analysis of the low volume of bilateral trade, particularly between Uruguay and India.

India is currently the world's most populous country, having surpassed China several years ago. Another factor to consider when exploring relations with India is the performance of its economy, which has for several years now exceeded the high fluctuations recorded by China itself and has been growing at a rate above the Asia-Pacific average. Alongside economic growth, it is important to consider the significant economic, productive, infrastructural, and social transformations currently taking place in India. According to various projections by international organizations, India is on track to become the world's third-largest economy within a few years.

India's foreign trade is showing significant momentum, growing at rates double the international average. In 2025, India imported US$ 752,596 million, with China standing out as its main supplier, followed by the United Arab Emirates, Russia, and the United States in fourth place. In the same year, India's exports totaled US$ 446,551 million, with the United States ranking first as the destination for exports, followed by the United Arab Emirates, the Netherlands, and China.

Despite this strong performance, India still accounts for a very small share of international trade (representing 1.9% of imports and 2.9% of exports in 2024). In addition to this performance of goods trade, when analyzing the potential of relations with India, it is necessary to consider services, where India leads in several subsectors globally and where it holds a larger share than that recorded in manufactured goods trade, accounting for 3.5% of global imports and 4.5% of exports in 2024.[12]

12 Data from Trade Map

2. Relations with Latin America and the Caribbean

It must be acknowledged that, to date, India has not implemented a strategy with countries of Latin America and the Caribbean (LAC), despite some positive signs in recent times. The region has become an increasingly important market for India, in addition to being a major oil supplier, which opens up significant potential for developing an energy cooperation agenda—a key aspect for India's economic development. There is also room for greater exchange in critical minerals, especially given reserves in Brazil, Chile, and Argentina of various products that are essential for sustaining the technology industry.

Another pillar of the agenda between India and LAC should be agricultural cooperation, where the region has an important role to play in addressing food security challenges facing the Asian powerhouse. Another area with significant potential that India has yet to tap into is a more active presence in regional organizations such as CELAC, ALADI, and the region's development banks, as well as in major regional blocs: the Andean Community, the Pacific Alliance, and Mercosur, among others.

In the case of LAC, it must also be acknowledged that the region lacks a strategy toward India, beyond ties maintained through Brazil within the BRICS, IBSA, and G4 (United Nations Security Council reform). In the case of Brazil, in addition to being the region's main trading partner there are strategic investments that have strengthened trade ties. Over the years, India has become a supplier of medicines, machinery, automobiles, and household appliances to the region, competing with other markets such as the United States, the European Union, and China. Regarding trade agreements, India's negotiations with Peru and the possibility of deepening the agreement with Mercosur are being closely watched with great anticipation.

Several challenges still exist in trade relations. Although trade has grown in importance over the years, bilateral trade in goods in 2025 amounted to US$47,000 million—a figure that falls far short of its potential. India's imports from LAC peaked in 2013, a level that has not yet been surpassed. India's exports to the region peaked in 2022[13].

Beyond the figures—which still represent enormous potential—the momentum shows that trade between India and LAC far exceeds the already strong performance of the Asian powerhouse's total trade. In fact, India's imports from LAC grew at an annualized rate of 14% between 2005 and 2024, compared to 9% for the country's total imports from the rest of the world during the same period, while exports increased at a rate of 11%, compared to 8% globally[14].

India's relations with LAC are highly concentrated in just a few countries, raising the question of whether India has a strategy for the region beyond its main partners. As for India's imports, Brazil ranks first as a supplier, though it is closely followed by Peru (the only country with which India is currently negotiating a free trade agreement that would differ in nature from the agreements it already has in place with Chile and Mercosur) and has been losing importance as a supplier to India in recent years. To a lesser extent, Argentina, Colombia, and Mexico follow.

13 Data from Trade Map

14 Data from Trade Map

TABLE 1.
India's Imports from LAC by Country (Major trading partners, based on data reported by India)

Majors exporters	India's imports from LAC – Thousands of US$		Participation		Annualized growth rates
	2005	2024	2005	2024	2005 - 2024
World	140.861.667	702.773.476	100%	100%	9%
Latin America and the Caribbean	**2.369.789**	**26.564.819**	**2%**	**4%**	**14%**
Brazil	883.163	5.250.672	37%	20%	10%
Peru	23.372	4.745.677	1%	18%	32%
Argentina	648.038	3.452.731	27%	13%	9%
Colombia	12.359	3.107.377	1%	12%	34%
Mexico	99.294	2.920.725	4%	11%	19%
Chile	377.801	2.462.716	16%	9%	10%
Venezuela	9.348	2.063.482	0%	8%	33%
Dominican Republic	1.842	730.974	0%	3%	37%
Bolivia	538	410.025	0%	2%	42%
Ecuador	18.872	362.178	1%	1%	17%
Trinidad and Tobago	4.471	282.651	0%	1%	24%
Uruguay	4.923	153.497	0%	1%	20%
Costa Rica	32.214	126.739	1%	0%	7%
Cayman Islands	1	79.376	0%	0%	81%
Panama	165.090	78.884	7%	0%	-4%

Source: Author's own analysis based on Trade Map.

In the case of India's exports to LAC, Brazil again plays a major role, accounting for 32% of the region's imports from India, but in this case, it is followed very closely by Mexico, which rose from accounting for 14% of imports in 2005 to 28% in 2024. Colombia, Chile, Argentina, and Peru are significantly less important.

TABLE 2.
India's Exports to LAC by Country (Major trading partners, based on data reported by India)

Major importers	India's exports to LAC – Thousands of US$		Participation		Annualized growth rates
	2005	2024	2005	2024	2005 - 2024
World	100.352.637	441.700.612	100%	100%	8%
Latin America and the Caribbean	**2.827.710**	**20.519.390**	**3%**	**5%**	**11%**
Brazil	969.812	6.541.982	34%	32%	11%
Mexico	405.764	5.724.710	14%	28%	15%
Colombia	417.070	1.384.966	15%	7%	7%
Chile	142.084	1137635	5%	6%	12%
Argentina	258.971	1.003.690	9%	5%	7%
Peru	87.489	947.670	3%	5%	13%
Guatemala	47.707	616.875	2%	3%	14%
Dominican Republic	31.352	376.284	1%	2%	14%
Ecuador	28.455	299.360	1%	1%	13%
Honduras	27.473	283.411	1%	1%	13%
Panama	67.612	271.836	2%	1%	8%
Uruguay	26.839	268.324	1%	1%	13%
Venezuela	98.508	219.945	3%	1%	4%
Costa Rica	15.657	213.593	1%	1%	15%
Paraguay	15.065	188.145	1%	1%	14%
Nicaragua	10.625	157.640	0%	1%	15%
El Salvador	11.740	148.608	0%	1%	14%
Trinidad and Tobago	54.327	117.519	2%	1%	4%
Guyana	10.911	102.805	0%	1%	13%
Jamaica	15.383	90.062	1%	0%	10%
Haiti	15.743	88.544	1%	0%	10%
Cayman Islands	483	73.460	0%	0%	30%
Bolivia	5.691	66.697	0%	0%	14%

Source: Compiled by the author based on Trade Map.

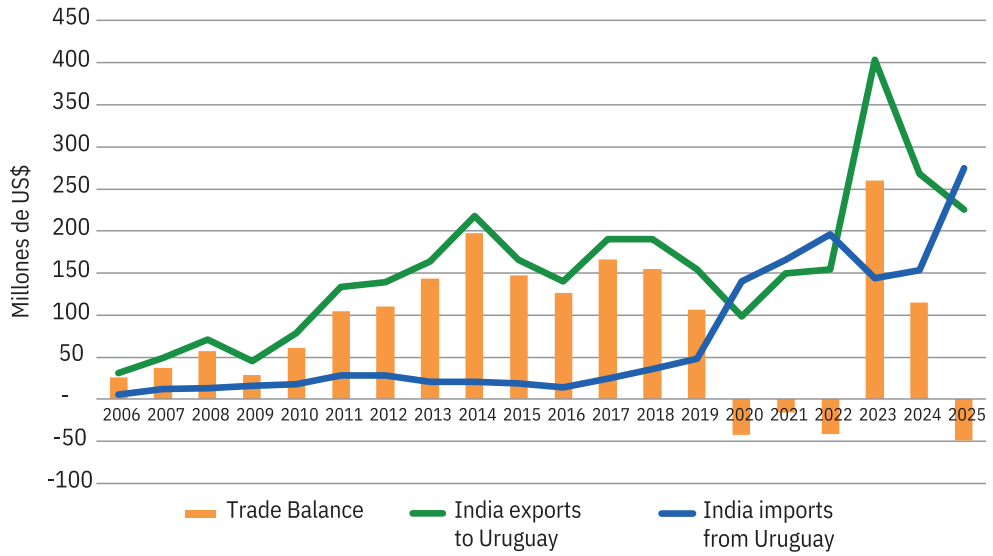
3. Trade Relations Between Uruguay and India

Trade between India and Uruguay reached approximately US$500 million in 2025, according to data provided by India, with a trade deficit of about US$50 million in 2025. Historically, India has mostly run a trade surplus with Uruguay, a trend that has shifted in recent years.

In terms of growth, Indian imports from Uruguay increased at an annualized rate of 23% between 2006 and 2025, while exports to Uruguay grew at an 11% rate.

It is important to highlight the differences in how the two countries calculate trade figures, since, in the case of exports to India, Uruguay does not report export values for fuels[15] , which significantly lowers the reported exports to India (Uruguay reports sales of US$ 89.1 million in 2025, compared to the US$ 274.6 million reported by India, which naturally alters the trade balance between the two countries substantially).

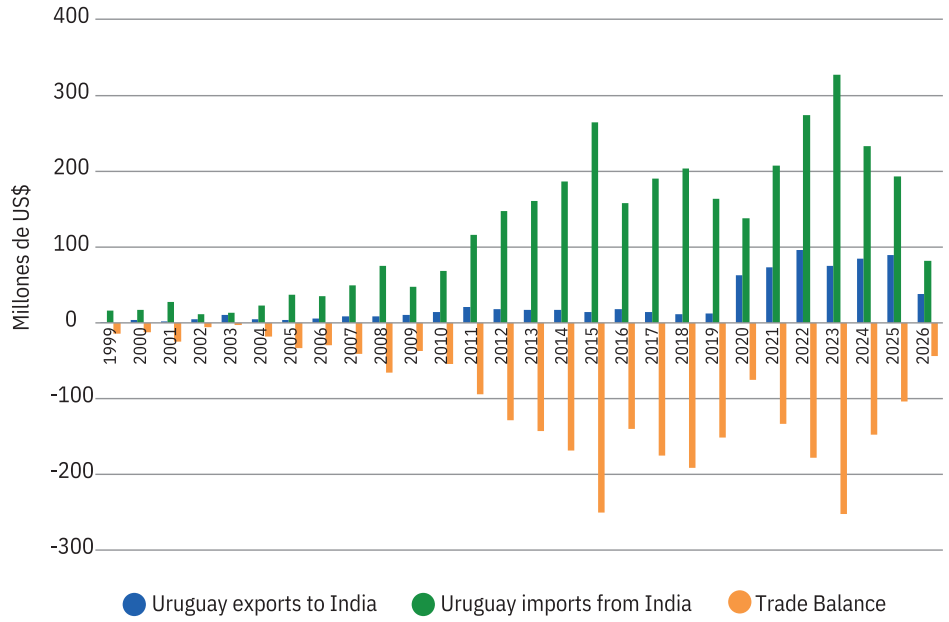
FIGURE 1.
Trade between India and Uruguay
(Goods, based on data provided by India)



Source: Author's own analysis based on Trade Map.

15 In this case, the discrepancies do not relate to free trade zones, but rather to shipments of a single product (mineral fuels) made by the state-owned company and not reported by Uruguayan Customs.

FIGURE 2.
Trade between Uruguay and India
(Goods, based on data provided by Uruguay)



Source: Author's own analysis based on SmartDATA.

According to Indian statistics, mineral fuels were the main product imported from Uruguay (amount not reported by Uruguay), followed by wood and waste and scrap from the food industry.

TABLE 3.
India's Imports from Uruguay (in millions of US$)
(Goods, based on data reported by India)

Product code	Description	India imports from Uruguay		Participation	
		2006	2025	2006	2025
'TOTAL	**All products**	**5755**	**274666**	**100%**	**100%**
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; ...	0	140198	0,0%	51,0%
'44	Wood, charcoal, and wood manufactures	45	101794	0,8%	37,1%
'23	Residues and waste from the food industries; prepared animal fodder	93	9510	1,6%	3,5%
'85	Electrical machinery, equipment and parts thereof; sound recorders or reproducers ...	1	7565	0,0%	2,8%

Product code	Description	India imports from Uruguay		Participation	
		2006	2025	2006	2025
'51	Wool and fine or coarse animal hair; horsehair yarn and woven fabrics	1347	5365	23,4%	2,0%
'15	Chapter 15: Animal, vegetable or microbial fats and oils and their cleavage products; ...	0	2775	0,0%	1,0%
'76	Aluminum and articles thereof	0	1386	0,0%	0,5%
'41	Skins (except furskins) and hides	1718	1311	29,9%	0,5%
'72	Foundry, iron, and steel	0	1213	0,0%	0,4%
'74	Copper and articles thereof	0	679	0,0%	0,2%
'47	Wood pulp or pulp of other fibrous cellulosic material; waste and scrap of paper or paperboard ...	0	601	0,0%	0,2%

Source: Author's own analysis based on Trade Map.

In the case of India's exports to Uruguay, the most notable items include motor vehicles, chemical products, vegetable fats and oils, and other miscellaneous chemical industry products.

TABLE 4.
Exports from India to Uruguay (in millions of US$)
(Goods, based on data reported by India)

Product code	Description	India exports to Uruguay		Participation	
		2006	2025	2006	2025
'TOTAL	**All products**	**31244**	**225746**	**100%**	**100%**
'87	Motor vehicles, tractors, cycles and other land vehicles, their parts and accessories	1132	55519	3,6%	24,6%
'29	Organic chemicals	5684	32675	18,2%	14,5%
'15	Chapter 15: Animal, vegetable or microbial fats and oils and their cleavage products; ...	116	26870	0,4%	11,9%
'38	Miscellaneous products of the chemical industries	2446	18558	7,8%	8,2%
'84	Nuclear reactors, boilers, machinery, mechanical appliances and devices; parts thereof ...	1575	15153	5,0%	6,7%
'62	Articles of apparel and clothing accessories, other than knitted or crocheted	2089	9860	6,7%	4,4%
'61	Knitted garments and accessories	606	7809	1,9%	3,5%

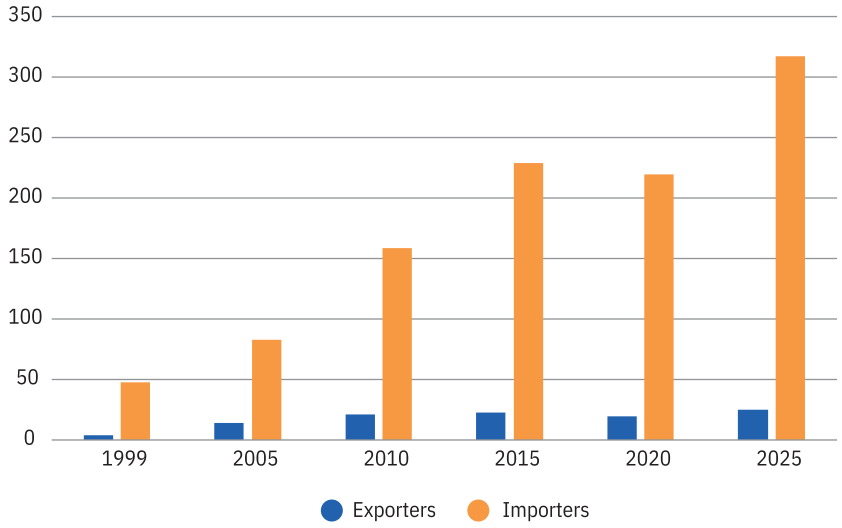
Product code	Description	India exports to Uruguay		Participation	
		2006	2025	2006	2025
'63	Other made-up textile articles; sets; worn clothing and rags	1618	7387	5,2%	3,3%
'30	Pharmaceutical products	1638	7384	5,2%	3,3%
'85	Electrical machinery, equipment and parts thereof; sound recorders or reproducers ...	1307	5788	4,2%	2,6%
'39	Plastics and articles thereof	4931	5016	15,8%	2,2%
'90	Optical, photographic or cinematographic, measuring, checking or precision instruments and apparatus; ...	668	4443	2,1%	2,0%
'40	Rubber and articles thereof	1029	3740	3,3%	1,7%
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	363	2190	1,2%	1,0%
'32	Tanning or dyeing extracts; tannins and their derivatives; pigments and other coloring matter; ...	1017	1925	3,3%	0,9%
'57	Carpets and other textile floor coverings	494	1783	1,6%	0,8%
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; ...	0	1701	0,0%	0,8%

Source: Author's own analysis based on Trade Map.

Based on data reported by Uruguay, there is a significant concentration of exports at the product level, with raw wood accounting for 78% of exports in 2025, and only five products together accounting for more than 90% of exports to India. Next in importance are wool, waste electrical and electronic equipment, soybean oil, aluminum waste and scrap, and copper waste and scrap. In the case of imports, the level of concentration is considerably lower, with Uruguay purchasing a variety of products from India. Notable among these are passenger cars, which in 2025 accounted for 21.4% of total purchases, followed by other vegetable fats and oils, heterocyclic compounds containing heteroatoms (chemicals), tractors, sacks and bags for packaging, sulfonamides (chemicals), and medicines. In this case, five products accounted for 36.9% of the total imported in 2025, indicating a higher level of diversification in Uruguayan imports from India compared to exports.

At the level of companies trading with India, the pattern observed at the product level is repeated, with a significant concentration of companies engaged in sales to that Asian country—a pattern not seen at the import level. In 2025, a total of 25 companies exported to India in amounts exceeding US$50,000, while 317 companies imported goods from India at that same threshold. Another aspect to consider is the trend, which shows significant growth in the number of companies importing from India—a trend not observed in the case of exports.

FIGURE 3.
Number of companies trading between Uruguay and India
(Based on data provided by Uruguay)



Source: Author's own analysis based on SmartDATA.

4. Factors Uruguay Should Consider in Its Relationship with India

In the international context and given the realities facing Latin American and Caribbean countries, Uruguay is a small but stable market, especially when it comes to attracting investment. The establishment of Tata Consultancy Services in 2002 is an example of the importance India has placed on Uruguay as a reliable country for investment. In this regard, the two countries are in the process of updating their investment agreement, hoping that it will provide a new impetus to attract more capital flows from India.

Uruguay has certain competitive advantages related to its logistics infrastructure (recent improvements in railways, a natural harbor, and opportunities with binational corridors proposed by Brazil); levels of digital connectivity; legal stability; and environmental stewardship, among other positive aspects.

However, trade between India and Uruguay remains very low, with exports totaling US$153 million concentrated mainly in a very limited number of products, such as wood (which accounts for 80%), grains, food preparations, and wool. In terms of imports, India accounts for the largest share at US$ 268 million, with imports including fuels, vehicles, chemicals, machinery, mechanical equipment, clothing, plastics, and medicines, among others.

There is greater diversification, but trade flows remain very low. Uruguay is currently the Mercosur country most interested in further opening its economy to the outside world, and India represents a pathway to that end—not only because of the low utilization of the current fixed-preference

agreement (which is very limited in scope), but also because, under , the current US administration it will not be easy to deepen relations with China (a central issue for the region), which is another of Uruguay's target markets on its foreign policy agenda.

In this regard, it is necessary to deepen the agreement with Mercosur to at least the level of Chile's and to closely monitor developments between India and Peru. India is showing signs of a shift in its trade policy, as demonstrated by progress made with the European Union and the United Kingdom.

In a new scenario proposed by Mercosur regarding flexibility—due to the steps taken by Argentina with the United States and, together with Uruguay, with the CPTPP—the possibility has opened up to discuss even a bilateral rapprochement between India and Uruguay, something that Argentina has also come to consider.

Furthermore, India is expected to draw closer to Mercosur, ALADI, and CELAC, where Uruguay can play a role, as it will hold the presidency of CELAC next year and the presidency of Mercosur in the second half of 2026.

In summary, there are many areas of complementarity in the relationship between Uruguay and India, where this small Mercosur country can undoubtedly serve as India's gateway to the region—with the challenge of encouraging the global power to play a more active role in the regional political agenda. Finally, the opening of an Indian embassy in Montevideo will undoubtedly strengthen bilateral ties.

Uruguay and India are two democratic countries, committed to innovation and development, with shared visions on various aspects of a global agenda that is undergoing profound transformation. Of course, this is an asymmetrical relationship, but Uruguay's strengths in such a turbulent world make it a very attractive partner in India's proposed new strategy toward Latin America.

5. Some Conclusions and Recommendations

Mercosur and India

- It is necessary to deepen the Mercosur–India agreement to at least the level of the one with Chile, although progress with Peru and what India has finally agreed upon with the European Union and the United Kingdom are being closely watched.
- The Mercosur–India agreement has had no impact whatsoever on bilateral trade, so it must be strengthened.
- Bilateral relations with countries that can move more quickly in negotiations—such as Uruguay—should not be ruled out.
- Mercosur lacks a strategy toward India beyond Brazil's ties through BRICS and IBSA.
- A closer relationship between India and Mercosur, ALADI, and CELAC is to be expected.

Uruguay–India

- There is a need to expand trade in goods. There are very few export products and companies. Greater diversification is needed in imports.
- In Uruguay's case, timber is the key product that has transformed trade flows since 2019. Wool is another product with a long history of trade, but it has lost importance. There are also some food categories that are beginning to gain ground, as well as certain industrial goods.
- Uruguay could move forward with a service agreement with India. This area of trade remains largely unexplored, and India is a major global player.
- Uruguay can attract more investment from India; the TATA case is an example of the potential that exists and could serve as a bridge for other Indian companies to follow suit.
- Strengthening Uruguay's commercial presence in India is key—this includes establishing consulates in other Indian cities (which currently exist but are honorary), increasing the number of specialized and support staff at the embassy in Delhi, organizing more trade missions, and developing a promotional strategy with Uruguay XXI. Finally, the opening of the Indian embassy in Montevideo which will undoubtedly strengthen bilateral ties.
- It is necessary to increase the number of companies trading with India, especially in exports. It would be beneficial to work more closely with importing companies to learn about their experience with India and to help spread that experience to more operators.
- It is necessary to expand institutional cooperation at various levels, both in the public and private sectors.

6. Bibliographic References

Bartesaghi, I (2019). "India's relations with Mercosur .A weak trade relationship with great potential". *Extraordinary and Plenipotentiary Diplomatist,* Vol 7, Issue 9, September 2019, Noida, 13, https://www.ucu.edu.uy/aucdocumento.aspx?1217,2322

Bartesaghi, I y Bhojwani, D (2018). "La negociación Mercosur-India: oportunidades comerciales para Uruguay". *Estudios de Asia y Africa*, vol. 54, núm. 2 (169), 2019, pp. 329-360m. https://www.ucu.edu.uy/aucdocumento.aspx?1217,2324

Bartesaghi, I y Bhojwani, D (2016). "La negociación Mercosur – India: Una aproximación a la ampliación del Acuerdo". Working Paper Nº1. https://www.ucu.edu.uy/aucdocumento.aspx?1217,2327

BID INTAL (2017). LATINDIA: El futuro de la cooperación de India y América Latina. *Revista Integración y Comercio No. 21. https://publications.iadb.org/es/revista-integracion-comercio-ano-21-no-43-diciembre-2017-latindia-el-futuro-de-la-cooperacion-de*

CAF (2023). LAC-INDIA. Nuevos Horizontes, Nuevas Esperanzas: América Latina y el Caribe e India. https://cdi.mecon.gob.ar/bases/docelec/az6042.pdf

Giordano, P., Ortiz de Mendívil, C., Jandhyala, V., & Dutta, A. (2019). Un puente entre América Latina y la India: Políticas para profundizar la cooperación económica. https://publications.iadb.org/es/un-puente-entre-america-latina-y-la-india-politicas-para-profundizar-la-cooperacion-economica

INI (2025). Boletín Relaciones Comerciales Uruguay – India. Informe anual | enero Año 11 | N.º 20 – diciembre 2025, 27 de enero de 2026, Uruguay. https://www.ucu.edu.uy/Institucionales/Informes-regulares-de-comercio-con-India-uc1211/7045/Informe-N-20-1-.pdf

Moreira, M. (coord.) (2010). *India: Oportunidades y Desafíos para América Latina*. BID. Reporte especial en Integración y Comercio.



SECOND PART
EXPANSION OF THE INDIA-MERCOSUR PREFERENTIAL TRADE AGREEMENT: PERSPECTIVES AND CHALLENGES

INDIA-MERCOSUR PREFERENTIAL TRADE AGREEMENT: FACTS, PERSPECTIVES AND CHALLENGES

Fernando J. Ribeiro

1. Introduction

The MERCOSUR-India Preferential Trade Agreement (PTA) was signed in New Delhi on January 25, 2004, and has been in effect since 2009. Negotiations are currently underway to broaden the agreement. During a visit to New Delhi in October,2025, the Brazilian Ministry of Development and Trade announced a new round of negotiations to broaden the PTA between MERCOSUR and India, which was reinforced by President Lula during a visit to India in February,2026. Nonetheless, since then, there was no relevant news about the negotiations, that should be closed by October,2026, and there are no recent references to this negotiations on MERCOSUR website.

The broadening of the agreement makes sense, considering that trade flows between India and Mercosur are clearly beyond their potential, and also taking into account the current uncertainties related to the global trade outlook and perspectives, especially because of the more protectionist stance of the U.S., China´s rising influence and the weakening of the multilateral trade system. In fact, in these days, geopolitics seems to be more important than economic motivations for countries to seek deeper trade integration with partners beyond US and China, mainly the countries of the Global South.

2. Bilateral trade and the PTA

The MERCOSUR-INDIA PTA is actually very narrow, with only 452 products from India having tariff preferences in MERCOSUR (in an universe of more than 11,000 NCM items), and the majority of them (394) with preference margins of 10%. Only 13 products have 100% preference margin. MERCOSUR have tariff preferences on 450 products offered by India, with only 21 with 100% preference, 286 with 20% margins and 93 with 10% margins.

Some numbers show the low levels of the bilateral trade flows, and the impact of the PTA. Mercosur represents only 1,4% of India's total imports, but in goods covered by the agreement, this share rises to 14,7% (Table 1).

Almost all of covered imports are of soybean oil, despite of a preference margin of only 10%. Other products covered by the agreement are chemicals, machinery and equipment, ethanol and leather and skins, though all of them with low trade values (Table 2).

TABLE 1.
India´s imports from MERCOSUR and the world, in selected years

	Mercosur	Argentina	Brazil	Paraguay	Uruguay	World
Average 2013-2014 (US$ Million)						
Total	**12.365,79**	**3.160,29**	**9.102,21**	**61,92**	**41,38**	**903.311,75**
Covered by the agreement	1.648,11	1.281,66	324,53	27,58	14,33	12.840,78
Not covered	10.717,68	1.878,62	8.777,68	34,34	27,05	890.470,97
Average 2024-25 (US$ Million)						
Total	**19.281,35**	**6.741,31**	**11.958,56**	**300,47**	**281,01**	**1.351.939,88**
Covered by the agreement	3.777,02	1.336,43	2.317,80	117,64	5,16	25.628,60
Not covered	15.566,08	4.442,55	10.664,16	182,85	276,52	1.326.311,29
Growth (%)						
Total	**55,9**	**113,3**	**31,4**	**385,3**	**579,1**	**49,7**
Covered by the agreement	129,2	4,3	614,2	326,5	-64,0	99,6
Not covered	45,2	136,5	21,5	432,5	922,4	48,9

Source: Department of Foreign Trade, Ministry of Development, Industry and Trade, Brazil.

TABLE 2.
India´s imports from MERCOSUR, by products covered by the PTA – Average 2024-25 (US$ million)

Main products	Number of products	Mercosur	Argentina	Brazil	Paraguay	Uruguay
Total	**450**	**3.777,02**	**1.336,43**	**2.317,80**	**117,64**	**5,16**
Soybean oil	2	3.545,47	1.175,53	2.252,36	116,99	0,60
Chemicals	43	65,76	23,24	42,52	-	-
Machinery and equipment	132	57,91	1,35	56,53	0,01	0,03
Ethanol	1	49,79	-	49,79	-	-
Leather and skins	36	49,10	38,21	9,29	0,64	0,97
Other	236	8,98	98,11	92,68	-	3,56

Source: Department of Foreign Trade, Ministry of Development, Industry and Trade, Brazil.

India represents 5,3% of Mercosur's total imports, but in goods covered by the agreement, this share is 12,7% (Table 3). More than half of the covered imports are related to machinery and equipment, and most of the rest are chemicals, cotton, furniture, extracts and pigments, ceramics and leather and skins.

TABLE 3.
MERCOSUR imports from India and the world, in selected years

	Índia	Argentina	Brazil	Paraguay	Uruguay	World
Average 2017-2018 (US$ Million)						
Total	**9.568,27**	**1.776,51**	**7.152,01**	**368,40**	**271,36**	**229.627,60**
Covered by the agreement	270,47	54,49	208,28	4,51	3,20	2.804,25
Not covered	9.297,80	1.722,02	6.943,74	363,89	268,16	226.823,35
Average 2023-24 (US$ Million)						
Total	**19.889,33**	**2.731,16**	**16.016,83**	**839,13**	**302,22**	**374.800,90**
Covered by the agreement	482,81	81,88	392,74	6,98	1,20	3.797,06
Not covered	19.406,53	2.649,28	15.624,09	832,15	301,01	371.003,84
Growth (%)						
Total	**107,9**	**53,7**	**123,9**	**127,8**	**11,4**	**63,2**
Covered by the agreement	78,5	50,3	88,6	54,9	-62,4	35,4
Not covered	108,7	53,8	125,0	128,7	12,3	63,6

Source: World Bank (Comtrade/WITS database)

TABLE 4.
MERCOSUR imports from India, by products covered by the PTA – Average 2024-25 (US$ million)

Main products	Number of products	Mercosur	Argentina	Brazil	Paraguay	Uruguay	World
Total	**352**	**482,8**	**81,9**	**392,7**	**7,0**	**1,2**	**3.797,1**
Machinery and equipment	109	257,8	41,6	214,0	2,2	-	711,0
Chemicals	36	59,8	8,2	50,5	0,8	0,3	179,5
Cotton	27	40,7	10,0	28,4	2,1	0,0	63,4
Furniture	16	32,5	0,3	32,0	0,2	-	477,4
Extracts and pigments	74	31,4	6,9	24,1	0,2	0,2	102,8
Ceramics	2	15,5	0,6	14,9	0,0	-	161,7
Leather and skins	22	6,3	1,4	4,3	0,2	0,4	672,4
Other	66	39,0	12,9	24,5	1,3	0,2	1.429,0

Source: World Bank (Comtrade/WITS database)

An important feature of the bilateral relation is that both MERCOSUR and India have somewhat protectionist trade policies, with high average tariff rates when compared to the world rates. India has an average MFN tariff rate of 10,2%, with higher rates in agrifood products and also in some industrial ones, like motor vehicles, furniture, wearing apparel, leather and shoes. MERCOSUR has an average rate of 13,4%, with higher rates in industrial sectors as whole, especially on more labor-intensive ones (textiles, apparel, shoes), motor vehicles (especially automobiles), machinery and equipment, furniture and other manufacturing (Tables 5 and 6).

These levels of tariff protection, combined with various kinds of non-tariff barriers, points to potentially significant trade gains for both partners form an eventual comprehensive free trade agreement.

TABLE 5.
MFN Tariff rates currently applied by MERCOSUR and India, by type of products – simple average (in %)

Products	Mercosur	India
Total	**13,4**	**10,2**
Agricultural	10,1	36,2
Industrial	14,2	11,8
Petroleum	0,0	8,1
Capital goods	13,0	8,8
Consumer goods	19,5	18,9
Intermediate goods	11,8	12,1
Raw materials	6,8	21,7

Source: World Bank (Comtrade/WITS database)

TABLE 6.
MFN Tariff rates currently applied by MERCOSUR and India, by sectors – simple average (in %)

Products	Mercosur	India
Agriculture	7,7	42,5
Fishing	8,0	0,0
Forestry	7,6	19,8
Metal ores	2,0	2,5
Mining	4,0	13,0
Basic metals	11,1	7,9
Food and beverages	12,6	41,3
Chemicals	7,9	9,5

Products	Mercosur	India
Oil refinery	3,0	10,0
Rubber and plastics	14,9	10,9
Paper	14,2	9,6
Publishing and printing	10,7	9,3
Metal products	16,3	10,5
Non-metallic mineral products	12,0	13,6
Textiles	25,9	13,4
Wearing apparel	34,4	18,6
Leather and shoes	27,1	15,2
Wood products	11,1	10,0
Machinery and equipment	12,7	8,0
Eletrical machinery and apparatus	14,9	9,7
Medical, optical and precision equip.	12,7	7,1
Motor vehicles	15,4	25,2
Office and computing machinery	10,3	2,3
Other transport equipment	15,7	12,1
Communication equipment	10,0	4,8
Furniture and other manufacturing	16,8	16,0

Source: World Bank (Comtrade/WITS database)

3. Estimated gains of a comprehensive FTA

The potential gains of a broad FTA between MERCOSUR and India were estimated by a simulation made using the Global Trade Analysis Project (GTAP) model, a multiregional and multisectoral dynamic computable general equilibrium model that works with a regional disaggregation of up to 140 regions and with a distribution of economic activities in 57 sectors (agricultural, industrial and services). For the purpose of this simulation, the world was disaggregated into four units of analysis: Brazil, India, a group composed by Argentina, Paraguay and Uruguay, and Rest of the World. The economic activities were aggregated into 22 sectors, one of which brought together all the activities of agriculture, livestock and plant extractivism; one for oil and gas extraction activities; one bringing together all other mineral extraction activities; one bringing together all services activities; and the other 18 corresponding to sectors of the manufacturing industry, as defined in the GTAP classification of activities.

The simulation considered a reduction to zero of all tariffs applied by India for MERCOSUR imports, and vice versa, made gradually in a 10-year timetable.

For Brazil, the simulations show that the FTA would generate a GDP growth of 0,07%, total exports growth of 1,2% and total imports increase of 3,8%. The sectors that would benefit the most, in terms of production gains, are non-ferrous metals, minerals, motor vehicles and parts, other transport equipment, food, ferrous metals, wood products and agriculture. And the sectors that would suffer the most from the FTA, in terms of production losses, would be textiles and apparel, leather and shoes, metal products, electric equipment and oil products.

Considering the group formed by Argentina, Paraguay and Uruguay, the simulation shows GDP growth of 0,03%, total exports increase of 1,0% and total imports growth of 1,6%. The most benefited sectors, in terms of production gains, would be oil and gas, minerals, oil seeds, sugar, food and beverages. The sectors that would have more significant production losses would be other transport equipment, electric equipment, vehicles, textiles and apparel and chemicals.

The results for India would be a 0,07% GDP growth, a 1,2% total exports growth and an increase of 3,8% in total imports. The most benefited sectors, in terms of production gains, would be textiles and apparel, chemicals, pharmaceuticals, electric equipment, rubber and plastics. And the sectors with most significant losses would be oil and gas, as well as agrifood sectors like meat, sugar, cereals and other agricultural products.

In sum, the macroeconomic effects of an FTA between MERCOSUR and India would not be very significant, but there would be important positive and negative effects on some sectors, especially the agrifood production in India and the more labor-intensive sectors in MERCOSUR. That would demand a very careful and balanced negotiation that could address the concerns of the negatively affected sectors, so as to make the FTA politically feasible.

4. Opportunities and challenges

It´s true that the economic effects seems to be limited, as shown by the simulations. But it´s important to note that GTAP model departs from the current state of trade flows, that are very limited in volume and scope, and clearly below potential. So, the real effects could be much higher. And there is no doubt that deepening the economic integration between MERCOSUR and India is not only possible but also a desirable accomplishment. It will connect two of the biggest economies of the world, and also a group of democratic countries that has obvious complementarities in their economic structures. And India is, nowadays, one of the fastest growing economies of the world and the most populated.

MERCOSUR has always had a cautious approach to make deals with other countries mainly because of the resistance from its industrial sector. But India is not exactly a industrial powerhouse, like China is, and though it can represent a threat to some specific sectors, like the more labor-intensive ones, or chemicals and pharmaceuticals, it´s possible to negotiate some limited protection for them and safeguard mechanisms to allow a smooth transition to free trade.

By India´s side, there are resistances from the agricultural sector, that has always been highly protected, reflecting concerns with a still high percentage of the population that works in this sector and depends on it for survival. But it would be perfectly possible to negotiate the preservation of some kind of protection to the most sensitive agricultural activities, as well as creating some safeguards to avoid rapid and huge losses to domestic producers – MERCOSUR did just that in the negotiations of the FTA with the European Union.

It´s important to say that the FTA should include some level of bilateral openness in services sectors, where the countries share complementarities. The most sensitive case is IT services, in which India is very competitive and MERCOSUR countries are trying to develop. In this case, the agreement could focus on cooperation mechanisms, so that India would not only have higher access to its partners markets but also help them to develop domestic capabilities – maybe through direct investment, joint ventures or formal mechanisms to exchange knowledge and skills.

And there is the geopolitical component. The FTA between MERCOSUR and India would be an important instrument to diversify the trade relations of countries involved beyond the traditional markets, say, United States, European Union and China. This is especially important in the current scenario of rising tensions between the superpowers and would be a step towards being less dependent on them and to resist the pressures for economic and political alignment with any of them.

But some challenges must be confronted to advance in this FTA. The first one are the already mentioned sectoral resistances, this would require more studies and technical evaluations to identify more clearly the gains and losses of each of them and would demand a patiently conducted negotiation process so as to establish the level of tariff reduction in the more sensitive sectors, as well as the creation of safeguard mechanisms that give them an assurance that the FTA would not result in unsurmountable losses.

The second challenge is how to deal with the services sectors, in which India is very competitive, with a high trade surplus, while MERCOSUR have highly negative balances. These sectors are very labor-intensive and the greatest generator of jobs, so it would be necessary to calibrate the bilateral openness and try to establish some clauses in the agreement to promote direct investments of India´s companies in MERCOSUR, as well as cooperation mechanisms to help the countries to develop skills in these sectors.

The third challenge is how to design an agreement that could maximize the possibilities of creating value chains between the partners. The current economic strategy of India is focused on deepening its integration to regional and global value chains, trying to mirror the example of other Asians countries that are successful integrated. And MERCOSUR still has a very low integration in Global Chain Values (GVCs), with a more relevant role only as a supplier of primary commodities. Despite of the geographical distance and the structural difficulties, MERCOSUR and India should try to assess this matter in the FTA.

Finally, there´s a circumstantial challenge related to the lack of common ground between current governments of MERCOSUR countries, including in terms of geopolitical alignment. Argentina´s current government has a more liberal stance and has been showing a desire to align more directly with the United States – although China is its biggest trading partner. Paraguay and Uruguay have

been seeking to have a more autonomous trade policy, even with the desire to negotiating trade agreements separately from MERCOSUR. And Brazilian government seeks to maintain its historical non-alignment stance and to act as a representative of the Global South. At the same time, it´s a founding member of BRICS that, in some ways, act as a counterbalance of US global leadership. The positive note is that an agreement with India would not directly collide with any of these countries' current positions.

5. Concluding remarks

A more comprehensive trade agreement between MERCOSUR and India no doubt has a significant potential to increase trade and investments flows between them. This agreement also involve a geopolitical component that can be very valuable in the current international scenario. To advance with the negotiations, the countries need first to define clearer strategies to explore this potential, which requires a deeper mutual knowledge about the economic structures, policies, and also cultural characteristics of the countries, as well as the economic and geopolitical strategies that runs through these pathways. In this sense, the countries involved still need to develop more academic and policy studies to understand what actually the greatest barriers are to increase trade and investment flows among them and the economic, political and social aspects that condition their trade policy decisions.

6. Bibliographic References

RIBEIRO, Fernando José da Silva Paiva; CARNEIRO, Flavio Lyrio; ARAÚJO, Mateus de Azevedo; BAUMANN, Renato (2021). "Brazil and India: peculiar relationship with big potential". *Technical Note n.2*, Dinte. Brasilia:IPEA. 2021. http://repositorio.ipea.gov.br/handle/11058/10901

RIBEIRO, Fernando José da Silva Paiva (2021). "Assessing the effects of a free trade agreement between Brazil and India: a general equilibrium approach". *Technical Note n.1*, Dinte. Brasilia:IPEA. 2021. http://repositorio.ipea.gov.br/handle/11058/10869

MUKHERJI, R. (2013) "Ideas, interests, and the tipping point: economic change in India". *Review of International Political Economy*, v. 20, n. 2, p. 363-389, 2013.

OLIVEIRA, I. et al. (2019) *The political economy of trade policy in Brazil*. Brasilia: IPEA

STRENGTHENING INDIA–MERCOSUR TRADE RELATION: PTA AND BEYOND

Pankaj Vashisht, Prateek Sharma, Krishna Bhatacharya and Krithika Manoj[16]

1. Introduction

India and the MERCOSUR countries share strong diplomatic and economic relations that have steadily expanded over the past several decades. Since establishing diplomatic relations with Argentina, Brazil, Paraguay and Uruguay during the 1940s, both sides have continuously tried to strengthen bilateral economic engagement through a range of institutional mechanisms, including Joint Commissions, Joint Trade Committees, Joint Business Councils and other sector-specific cooperation frameworks (Ministry of External Affairs, India). These institutional arrangements have facilitated regular policy dialogue, strengthened commercial linkages and laid the foundation for expanding bilateral trade and investment between India and the individual MERCOSUR member countries.

The establishment of MERCOSUR in 1991 created new opportunities for India to complement these bilateral relationships with engagement at the regional level. Recognising the growing economic significance of the bloc, India initiated dialogue with MERCOSUR in 1995. These efforts culminated in the signing of the Framework Agreement in 2004 and subsequently the India-MERCOSUR Preferential Trade Agreement (PTA and also referred to as 'the agreement'), which became operational in 2009. The agreement represented an important step towards institutionalising trade relations between India and MERCOSUR.

The PTA, however, has remained relatively limited, both in its coverage as well as depth. Under the agreement, MERCOSUR offered tariff preferences on 452 products, of which 394 received a 10 per cent margin of preference, 45 received a 20 per cent preference, and only 13 received a 100 per cent preference. India, on the other hand, extended preferences on 463 products, comprising 94 products with a 10 per cent margin of preference, 349 with a 20 per cent preference, and 20 with a 100 per cent preference (India-MERCOSUR PTA, 2004). Moreover, unlike more recent comprehensive trade agreements, the PTA does not encompass several areas that have increasingly become important for facilitating deeper economic integration. Thus, while the agreement created an institutional framework for preferential trade, its narrow product coverage and relatively modest margins of preference have limited the scope of preferential market access available to both sides.

16 View presented in this paper are those of authors and does not reflect the view of RIS.

The limitations of the existing arrangement have become increasingly relevant as the scale and composition of India-MERCOSUR trade have changed considerably since the PTA became operational. Bilateral trade has expanded significantly over the period, reaching around US$17 billion in 2024, while the composition of trade has also undergone important changes.

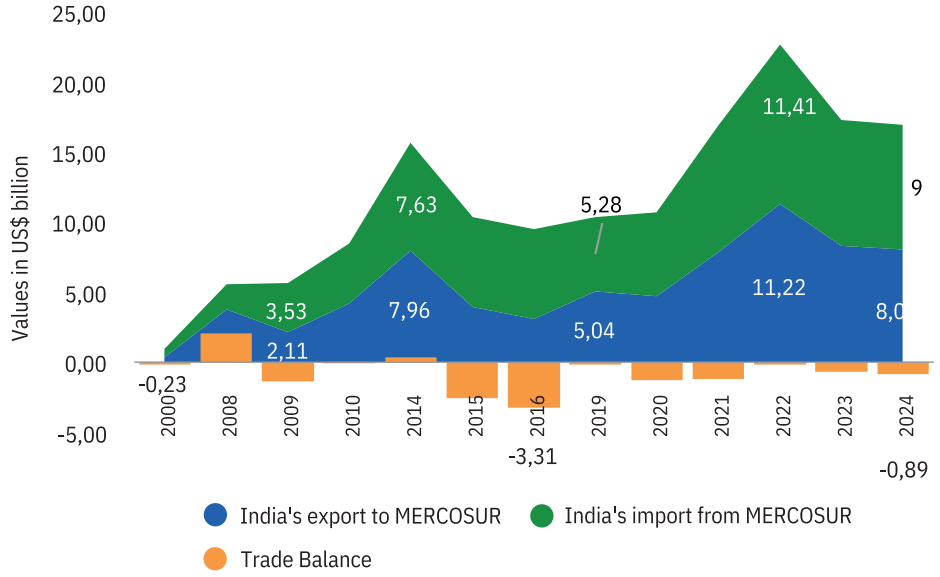
However, the preferential framework has remained largely unchanged in terms of its coverage and depth. It is therefore important to assess whether the PTA has been able to stimulate trade and whether it is adequate, in its current shape, to support further expansion of bilateral trade. Given the changing global trading environment, reassessment of PTA holds great strategic relevance. Growing geopolitical uncertainties, supply-chain disruptions and increasing trade fragmentation have made diversification of markets and supply chains an important trade policy priority. India has also been pursuing a more active strategy of strengthening economic relations through bilateral and regional trade agreements, while MERCOSUR has been expanding its engagement with other major trading partners. These developments, together with the growing emphasis on strengthening economic cooperation among countries of the Global South, provide a favourable context for exploring a deeper India-MERCOSUR economic partnership.

Against this background, this work examines the evolution and changing composition of India-MERCOSUR trade, assesses the performance of the existing PTA and estimates the unrealised trade potential between the two regions. The analysis suggests that while India- MERCOSUR trade has expanded considerably, the performance of trade under the existing preferential framework has remained relatively limited. At the same time, substantial unrealised trade potential continues to exist on both sides, providing a strong economic case for reinvigorating the existing trade arrangement. This work therefore argues that India and MERCOSUR should explore a calibrated expansion and deepening of the PTA through wider product coverage and more meaningful market access, while adequately accommodating sectoral sensitivities on both sides.

2. Evolution of India-MERCOSUR Trade

India-MERCOSUR trade has been witnessing an upwards trend since the beginning of 21st century. An analysis of trade suggests that the two-ways trade between two regions increased from around US$1 billion in 2000 to US$5.5 billion in 2008, more than five times its initial level, even before the PTA entered into force (Figure 1). Following the implementation of the agreement in 2009, bilateral trade expanded further, albeit in an uneven manner. The initial years after the implementation of PTA witnessed a particularly sharp increase, with trade reaching US$15.6 billion in 2014 nearly three times its 2009 level. This momentum, however, was not sustained. Trade largely stagnated over the subsequent six years before recovering strongly and reaching an all-time high of US$22.6 billion in 2022. It subsequently moderated to around US$17 billion in 2024 (Figure 1).

FIGURE 1.
Evolution of India- MERCOSUR Trade



Source: Compiled from UnComtrade database

Despite these fluctuations, one notable feature of India-MERCOSUR trade has been the relatively balanced expansion of trade flows, with both exports and imports registering a comparable growth over the period. In 2008, India's exports to MERCOSUR were valued at US$3.74 billion. The export basket was dominated by mineral fuels and oils (HS 27), which accounted for around 42 per cent of total exports. Other major export categories included organic chemicals (HS 29), machinery and mechanical appliances (HS 84), man-made filaments (HS 54), vehicles (HS 87), cotton (HS 52), miscellaneous chemical products (HS 38), iron and steel (HS 72), and electrical machinery and equipment (HS 85). Overall, the exports were highly concentrated with just ten products at 6 digital level of HS code[17] accounting for 57.5 per cent of total exports (UN Comtrade).

Over the period, India's exports to MERCOSUR expanded to US$8.0 billion in 2024. This growth in export has also been accompanied with notable transformation in the composition of exports. The number of products exported at of HS six-digit level have increased from 1,945 in 2010 to 2,378 in 2024, while the share of the top ten export products declined from 57.5 per cent to 40.8 per cent, indicating a substantial diversification of the export basket. Notably, the dominance of mineral fuels and oils (HS 27) has declined sharply from around 42 per cent to 14 per cent, whereas the shares of organic chemicals (HS 29), pharmaceuticals (HS 30), machinery and mechanical appliances (HS 84), vehicles (HS 87), miscellaneous chemical products (HS 38), rubber products (HS 40), electrical machinery (HS 85), and iron and steel (HS 72) has increased considerably (UN Comtrade). These changes suggest that India's exports to MERCOSUR have evolved from being heavily dependent on petroleum products towards a broader and more diversified basket of value-added manufactured goods.

17 Harmonized System (International Custom Code)

In line with exports, India's imports from MERCOSUR have also increased considerably. In 2008, India's imports from MERCOSUR were valued at around US$1.76 billion which increased to US$8.9 billion in 2024. However, unlike India's export to region, its imports from MERCOSUR have not witnessed any diversification as imports have remained concentrated in few primary products. There has, nevertheless, been a notable change in the composition of imports. The share of Mineral fuels and oils (HS 27) in total import has declined from around 30 in 2010 to around 10 per cent in 2024. In contrast, the share of animal and vegetable fats and oils (HS 15) increased sharply from around 23 per cent to 50 per cent, largely reflecting the growing importance of crude soybean oil. Other major imports in 2024 included sugars (HS 17), precious stones and metals (HS 71), iron and steel (HS 72), wood and articles of wood (HS 44), edible vegetables (HS 07), and oilseeds (HS 12). Thus, while the composition of India's imports from MERCOSUR has changed considerably, the overall import basket has continued to remain highly concentrated in a relatively small number of commodities.

3. Role of the India-MERCOSUR PTA

The preceding analysis shows that, although India-MERCOSUR trade has expanded considerably over the longer period, it has not witnessed a sustained acceleration following the implementation of the PTA. However, the effectiveness of the PTA cannot be assessed solely on the basis of overall bilateral trade, as the agreement provides tariff preferences to only a limited number of products, 463 tariff lines offered by India and 452 tariff lines offered by MERCOSUR. It is, therefore, important to examine specifically how trade in products covered under the PTA has evolved over time.

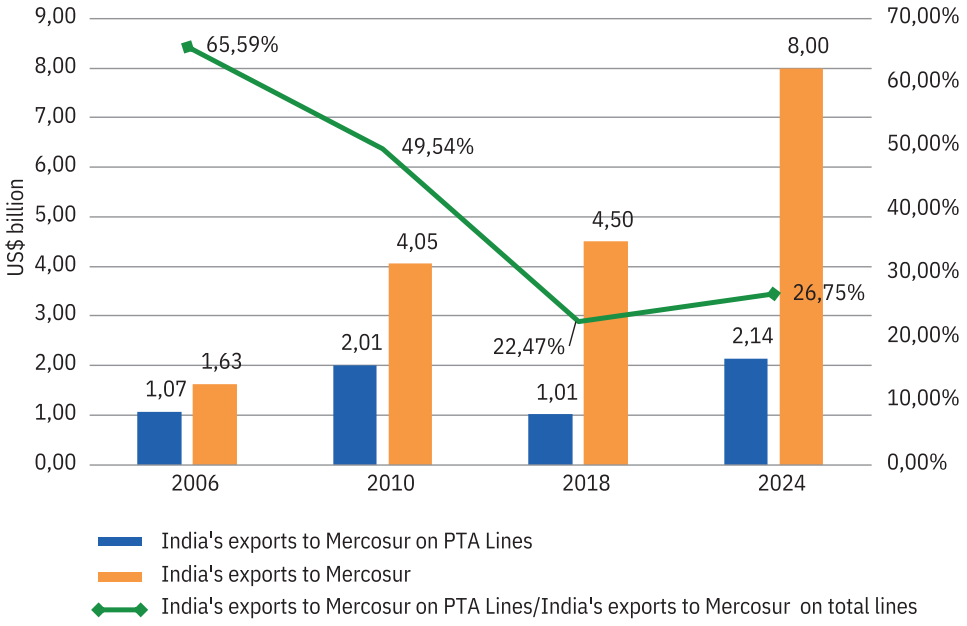
An analysis of India's exports to MERCOSUR on tariff lines covered under PTA shows that even before the agreement became operational, products covered under the agreement constituted an important part of India's exports to MERCOSUR. In 2006, India exported around US$1.07 billion worth of products falling under the PTA-covered tariff, accounting for about 65.6 per cent of its total exports to the region. Following the implementation of the PTA, India's exports to MERCOSUR under the covered tariff lines increased from around US$2.01 billion in 2010 to US$2.14 billion in 2024, representing only a modest increase over a period of fourteen years (Figure 2). In contrast, India's total exports to MERCOSUR almost doubled from around US$4.16 billion to US$8.0 billion during the same period. Consequently, the share of PTA-covered products in India's total exports to MERCOSUR declined sharply from around 49.5 per cent in 2010 to 26.8 per cent in 2024.

The relatively weak performance of exports under PTA lines becomes even more evident when viewed against India's global export performance in the same products. India's global exports of PTA-covered products increased substantially from around US$53.6 billion in 2010 to US$84.9 billion in 2024. However, exports of these products to MERCOSUR remained broadly stagnant at around US$2 billion. As a result, MERCOSUR's share in India's global exports of PTA-covered products declined from 3.74 per cent in 2010 to 2.50 per cent in 2024 (UN COMTRADE).

The divergence between India's growing global exports of these products and their relatively stagnant exports to MERCOSUR indicates that the weak performance cannot be explained by a

lack of export capacity. Rather, the existing preferential framework appears to have had limited success in translating India's growing global competitiveness in these products into greater market penetration in MERCOSUR.

FIGURE 2.
India's Exports to MERCOSUR on PTA Lines



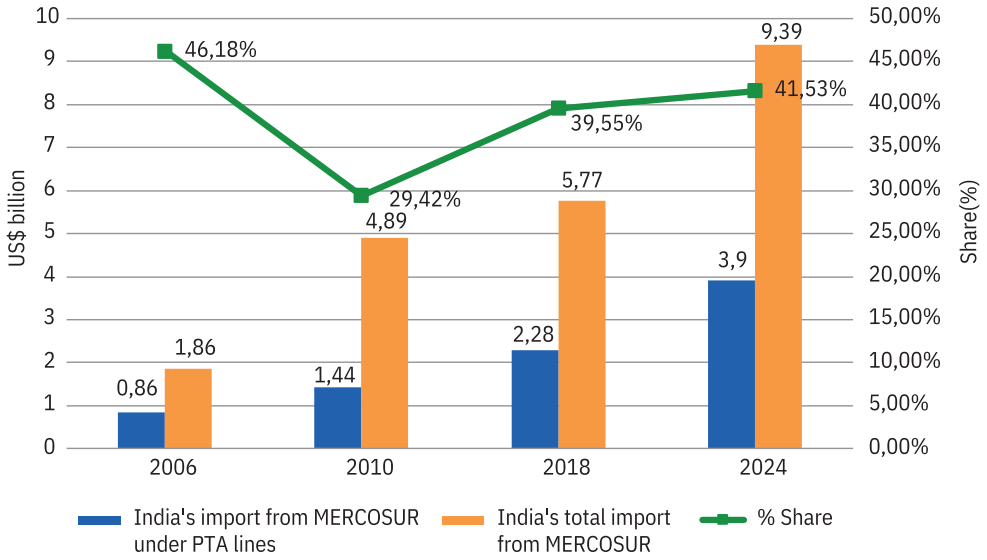
Source: Compiled from UnComtrade database

A somewhat different trend is visible on the import side. In 2006, India imported around US$0.86 billion worth of PTA-covered products from MERCOSUR, accounting for about 46.2 per cent of its total imports from the region. After the implementation of the PTA, imports under the covered tariff lines increased substantially from US$1.44 billion in 2010 to around US$3.9 billion in 2024 (Figure 3). Their share in India's total imports from MERCOSUR also increased from 29.4 per cent to 41.5 per cent over the same period. The increase in imports under PTA-covered lines has, therefore, been considerably stronger than the corresponding increase in India's exports under the agreement.

Moreover, an analysis of MERCOSUR's global exports of products covered under the PTA clearly show the growing importance of India as a destination for these products. India accounted for around 7.86 per cent of MERCOSUR's global exports of PTA-covered products in 2010. Over the years, this share has increased sharply to 19.12 per cent in 2024. In contrast, MERCOSUR's share in India's global exports of PTA-covered products declined from 3.74 per cent to 2.50 per cent over the same period (UN COMTRADE).

This contrasting trend points to an asymmetric performance of the PTA. While India has emerged as an increasingly important market for MERCOSUR's exports of covered products, MERCOSUR has become relatively less important as a destination for India's exports of the same set of products. Overall, the evidence suggests that the preferential framework has generated relatively stronger trade gains for MERCOSUR's exports to India, while its impact on India's exports to MERCOSUR has remained limited.

FIGURE 3.
India's Imports from MERCOSUR on PTA Lines

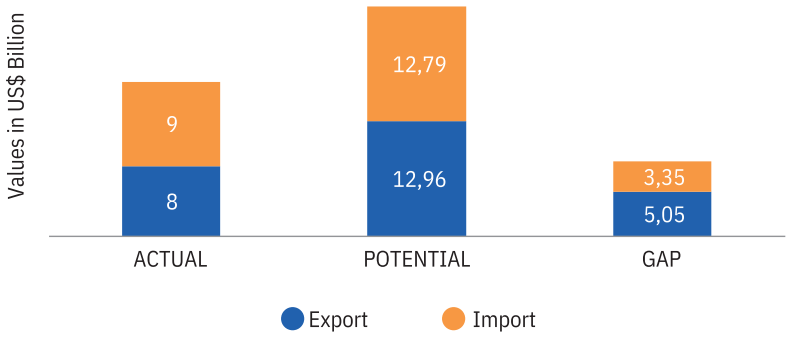


Source: Compiled from UnComtrade database

4. Trade Potential and Existing Constraints

While the existing PTA has delivered less than the desired results, the current level of bilateral trade does not fully reflect the underlying trade complementarities between India and MERCOSUR. The two sides continue to possess considerable untapped trade potential, suggesting that the relatively modest performance of the PTA should not be interpreted as an absence of opportunities for deeper trade integration. Our assessment of bilateral trade potential, using trade possibility approach, indicates that India-MERCOSUR trade could increase from the current level of around US$17.35 billion to nearly US$25 billion, implying an unrealised trade potential of more than US$7 billion (Figure 4).

FIGURE 4.
Trade Potential



Source: Authors own calculation

The potential is particularly significant on the export side. Our estimates suggest that India's exports to MERCOSUR could potentially increase from around US$7.91 billion to US$12.96 billion, indicating an additional export potential of about US$5.05 billion spread across a wide range of sectors. At the HS six-digit level, the export potential is concentrated in 227 specific products lines (Table 1). The export potential is mainly concentrated in sectors like chemicals and allied products, mineral products, electrical and mechanical machinery, motor vehicles, base metals, and plastics and rubber. MERCOSUR is importing large quantities of these products from the world, while these products also constitute a significant part of India's global exports.

However, India currently accounts for only a relatively small share of MERCOSUR's imports in many of these sectors. For instance, India's share is around 5.6 per cent in mineral products, 3.4 per cent in electrical and mechanical machinery, and 5.3 per cent in motor vehicles. Thus, the combination of large import demand in MERCOSUR, India's existing export capacity, and its relatively low market share points to considerable scope for expanding India's exports to the region.

However, the scope for expanding trade is shaped not only by the potential for greater bilateral trade but also by the domestic economic considerations associated with increased market access. While trade potential identifies sectors where greater market access could generate significant commercial gains, expanding preferential access may also affect domestic industries by increasing competitive pressures and influencing adjustment requirements. The extent to which such impacts may arise therefore needs to be considered alongside the identified trade potential when assessing opportunities for expanding PTA coverage. ´

In this context, the sensitivity of individual sectors provides an indication of the extent to which tariff liberalisation may affect domestic industries and therefore influence the political feasibility of negotiations. Our sensitivity analysis is based on the prevailing Most Favoured Nation (MFN) tariff rates, which serve as a proxy for the degree of protection accorded to domestic industries. Products attracting MFN tariffs above 15% are classified as highly sensitive (shown in red colour), tariff lines with MFN rates from 5% to 15%, inclusive, are considered moderately sensitive (shown in pink colour), and tariff lines with MFN rates below 5% are classified as low sensitivity (shown in green

colour). Consequently, the most promising areas for expanding the PTA are sectors that combine high trade potential with relatively low sensitivity, as these offer the greatest opportunity to increase bilateral trade while minimising adjustment costs for domestic producers. This sensitivity analysis is provided for both exports and imports of India (Table 1 and Table 2).

TABLE 1.
Sector with Highest Export Potential

Sectors	No. of HS-6 digit Codes	MERCOSUR global imports (Avg 2023-24) (US$ Mn.)	India's % share in MERCOSUR global import	Sensitivity
Chemical or Allied Industries	62	25335.72	9.94%	
Mineral Products	6	17774.90	5.56%	
Electrical & Mechanical Machinery	51	16910.81	3.43%	
Motor Vehicles	12	9634.55	5.27%	
Base Metals & Articles	36	6171.56	4.76%	
Plastics & Rubber	16	3448.71	6.81%	
Textiles	12	1384.71	8.12%	
Vegetable Products	7	1254.35	0.44%	
Articles of Stone, Plaster, Cement, Asbestos, Mica	4	365.66	3.44%	
Prepared Foodstuffs	3	306.98	4.93%	
Measuring, Checking, Precision,	3	287.19	0.17%	
Glass And Glassware.	1	253.08	3.76%	
Raw Hides, Skins, Leather, & Furs	2	247.11	0.80%	
Pulp Of Wood or/ of Other Fibrous Cellulosic Material	2	205.49	0.71%	
Miscellaneous Manufactured Articles	3	199.76	5.52%	
Live Animals; Animal Products	1	180.98	0.00%	
Vegetable Fats & Oils	2	164.01	2.29%	
Ships & Boats	1	145.42	0.00%	
Arms And Ammunition	1	89.91	0.01%	
Pearls, Precious & Semi-Precious Stones	1	57.28	0.04%	
Footwear	1	55.21	0.96%	
Total	**227**	**84473.421**	**6.27%**	

Source: Authors own calculation

The import analysis presents a similar picture. Our estimates suggest that India's imports from MERCOSUR could potentially increase from around US$9.44 billion to US$12.79 billion, indicating an additional import potential of about US$3.35 billion. At the HS six-digit level, this potential is concentrated in 164 product lines (Table 2). Major opportunities are concentrated in pearls and precious stones, electrical and mechanical appliances, mineral products, base metals, chemicals, plastics and rubber, and transport equipment. India imports these products in large quantities from the world, while MERCOSUR is also an important global supplier of many of these products. However, MERCOSUR currently accounts for only a very small share of India's imports in most of these sectors. For instance, its share is only around 0.22 per cent in electrical and mechanical appliances, 0.07 per cent in mineral products, 0.30 per cent in chemicals, 0.71 per cent in base metals, and 0.11 per cent in plastics and rubber. Thus, the combination of India's large import demand, MERCOSUR's supply capacity and its very limited presence in the Indian market indicates considerable scope for expanding and diversifying India's imports from the region.

TABLE 2.
Sectors with Highest Import Potential

Sectors	No. of HS 6-digit lines	India's global imports (Avg 2023-24) (US$ Mn.)	MERCOSUR's % share in India's global import	Sensitivity
Pearls & Precious Stones	2	47216.47	1.14%	
Electrical & Mechanical Appliances	54	28760.25	0.22%	
Mineral Products	7	18690.00	0.07%	
Base Metals and Articles	18	13301.56	0.71%	
Products of the Chemicals or Allied Industries	26	10634.41	0.30%	
Plastics and Rubber	20	10271.64	0.11%	
Vehicles, Aircraft, Vessels and Associated Transport Equipment	16	7732.67	0.22%	
Optical & Precision	5	3265.86	0.23%	
Footwear & Headgear	4	555.95	0.24%	
Prepared Foodstuffs	5	474.33	0.06%	
Vegetable Products	2	453.45	2.03%	
Miscellaneous Manufactured Articles	3	377.47	0.01%	
Pulp of wood or of other Fibrous Cellulosic	1	329.88	0.35%	
Works of art	1	51.46	0.02%	
Total	**164**	**142115.42**	**0.55%**	

Source: Authors own calculation

5. Binding Constraints

The unrealised trade potential between India and MERCOSUR can largely be attributed to existing high tariff, prevailing non-tariff measures as well and limited maritime connectivity. As noted earlier, the existing PTA has limited product coverage and offers relatively modest margins of preference, leaving a significant part of bilateral trade subject to MFN tariffs[18]. Notably, average MFN tariffs remain in double digits in both India and MERCOSUR. Therefore, high tariff barriers continue to hamper trade between two regions. Apart from tariffs, non-tariff measures (NTMs) constitute another important constraint, particularly for Indian exporters. Their incidence is considerably higher in major MERCOSUR markets. For example, the NTM coverage ratio stands at 86.42 per cent in Brazil and 94.58 per cent in Argentina, compared with 45.52 per cent in India. Similarly, the frequency ratio is 75.62 per cent in Brazil and 91.27 per cent in Argentina, against 43.71 per cent in India (WITS, NTM Data visualization). These measures increase compliance costs and restrict effective market access, thereby limiting the ability of exporters to take advantage of existing trade opportunities.

These market-access constraints are further compounded by geographical distance and weak maritime connectivity between India and MERCOSUR (Ministry of Commerce, Government of India, India Trade portal). The limited availability of direct shipping services and reliance on transshipment increase transit time and logistics costs, thereby affecting the competitiveness of bilateral trade. Taken together, tariff and non-tariff barriers and connectivity-related constraints help explain the persistent gap between actual and potential trade.

6. Conclusion and Way Forward

India-MERCOSUR trade has expanded considerably over the past two decades, accompanied by important changes in both the scale and composition of trade. However, the existing preferential framework has not evolved in line with these changes. The limited product coverage of the PTA, designed more than two decades ago, increasingly appears out of sync with the current structure and emerging opportunities in bilateral trade. This is particularly evident for India, where many of the products now identified as having high export potential in the MERCOSUR market are not adequately represented among the products receiving preferential treatment. The relatively limited performance of trade under the PTA should therefore be viewed not as an absence of trade complementarities, but as an indication of the need to revisit the scope and depth of the existing preferential framework.

The substantial unrealised trade potential identified in the paper provides a useful basis for considering such an expansion. However, several sectors with high trade potential are also associated with varying degrees of domestic sensitivity. Trade potential alone, therefore, cannot provide the basis for expanding preferential market access and needs to be considered together with the sensitivity

18 Most Favored Nation (MFN) tariffs.

of individual products and sectors. As reflected in Tables 1 and 2, products where high trade potential coincides with relatively low sensitivity could provide the most promising opportunities for expanding PTA coverage and offering deeper tariff preferences. Moderately sensitive products may require a more gradual approach, while greater caution would be warranted in highly sensitive sectors. Combining trade potential with sectoral sensitivity would therefore provide a pragmatic basis for widening and deepening the PTA, allowing both sides to realise greater trade opportunities while adequately accommodating domestic concerns.

At the same time, it should be kept in mind that deeper tariff preferences alone would not be sufficient to realise the identified trade potential. The prevalence of non-tariff barriers and measures, particularly in major MERCOSUR markets, underlines the need for greater regulatory cooperation and a regular mechanism for addressing market-access issues faced by exporters. This should also be supported by stronger customs cooperation, simplification of procedures and use of digital documentation to facilitate trade and reduce transaction costs. On top of this, efforts are required to improving maritime connectivity. Over the longer term, these measures could provide the basis for moving beyond the existing goods-focused PTA towards a broader economic partnership encompassing services, investment, digital trade and supply-chain cooperation. Taken together, a calibrated expansion of the PTA, accompanied by efforts to address non-tariff barriers, improve trade facilitation and strengthen connectivity, could help translate the considerable trade complementarities between India and MERCOSUR into a deeper and more diversified economic relationship.

7. Bibliographic References

Ministry of Commerce and Industry, Government of India. (2004). *India–MERCOSUR Preferential Trade Agreement*. Department of Commerce. Department of Commerce, Government of India

Ministry of Commerce and Industry, Government of India. (n.d.). *India Trade Portal*. India Trade Portal

United Nations Statistics Division. (n.d.). *UN Comtrade database*. United Nations. UN Comtrade Database

World Bank. (n.d.). *World Integrated Trade Solution (WITS): Trade, tariff and non-tariff measures data*. World Integrated Trade Solution (WITS)

POLICY RECOMMENDATIONS FOR DEEPENING INDIA-MERCOSUR ECONOMIC RELATIONS

CADEP and RIS Research Teams

The six studies compiled in this publication share a fundamental assessment: trade ties between India and the South American bloc have been growing steadily for two decades but remain well below their potential; and the instrument that was theoretically intended to boost them—the Preferential Trade Agreement signed in 2004 and in force since 2009—has become inadequate and outdated given the scale that bilateral trade has now reached. Building on this shared assessment, each author proposes a set of actions that, when considered together, form a reasonably coherent roadmap for the region's governments, for the bloc as a whole, and for India. This chapter organizes these proposals by thematic areas, while preserving the distinctive tone in which each expert presented them, so that they may serve as an *update* to the policy proposals with a view to establishing a roadmap to support the ongoing negotiation process.

Deepening and Expanding the Preferential Trade Agreement

The call that emerges most strongly and consistently across all documents, without exception, is that the PTA must be expanded. Today, it covers only 450 and 463 products on each side, out of a total of more than 10,000 tariff lines, and a significant portion of those preferences amount to barely 10%, which in practice renders them almost irrelevant compared to the MFN (most-favored-nation) tariff that continues to apply to the majority of actual trade. The report by Vashisht et al. (2026) demonstrates this with concrete figures: while total India-MERCOSUR trade has consistently been concentrated in a few products, the share covered by the agreement has lost relative weight in Indian exports to the region, falling from 49.5% to 26.8% between 2010 and 2024—a clear sign that the preferential framework has not kept pace with actual trade developments. Their central recommendation is a "calibrated expansion": to broaden coverage and depth where high trade potential coincides with low sectoral sensitivity, to proceed more cautiously in moderately sensitive sectors, and to exercise extreme caution in the most sensitive sectors on each side—certain agriculture and labor-intensive manufacturing sectors.

Ribeiro (2026) reaches a compatible conclusion from a different angle, using general equilibrium simulations (GTAP model): a comprehensive free trade agreement would have modest macroeconomic effects on an aggregate basis, but would generate clearly identifiable sectoral winners and losers—textiles, leather, and footwear on the South American side; sensitive agri-food products on the Indian side—and therefore advocates for patient negotiations, with safeguard mechanisms similar to those MERCOSUR already used in its agreement with the European Union,

and with some compensation scheme for the most affected sectors and workers. Bartesaghi (2026), from a Uruguayan perspective, is even more categorical: he argues that the current agreement "has had no impact whatsoever" on bilateral trade and that it should be deepened, at a minimum, to a level comparable to what India already offers to Chile.

Opening the Door to Bilateralism Within the Block

One point that distinguishes this set of recommendations from other similar exercises is the acceptance—explicit in the case of the researchers from Uruguay and Argentina, and implicit in that of Brazil—that MERCOSUR unanimity may not be the only path. Bartesaghi (2026) states bluntly that "bilateralism with countries that can move faster in negotiations should not be ruled out," citing Uruguay as a test case, in a context where the bloc itself is already discussing greater flexibility following Argentina's rapprochement with the United States and Uruguay's with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This recommendation ties into a second cross-cutting assessment: MERCOSUR, as a bloc, does not yet have its own strategy toward India beyond the ties that Brazil maintains through BRICS and IBSA, which leaves smaller members dependent on the agenda of the largest member.

Diversifying the export portfolio and reducing product concentration

All national case studies identify the same structural problem: South America's export basket to India is heavily concentrated in a handful of products—crude soybean oil for Argentina, Paraguay, and, to a lesser extent, Brazil; timber for Uruguay; and fuels and sugar for Brazil—while imports from India are much more diversified, including motorcycles, vehicles, chemicals, and machinery. In light of this, the recommendations point in a common direction: identifying and promoting products with real growth potential, drawing on trade intelligence tools such as those offered by the International Trade Centre. The study on Paraguay (Servin et al., 2026) is the most detailed on this point, highlighting specific untapped export opportunities in soybeans, sesame seeds, unrefined cane sugar, paper and cardboard, and raw timber, in addition to the growth potential still available in crude soybean oil and aluminum scrap. The report by Vashisht et al. (2026) provides the most robust quantitative support: it estimates an unrealized trade potential of more than $7 billion, with $5 billion concentrated on the Indian export side in sectors such as chemicals, mineral products, electrical and mechanical machinery, vehicles, and base metals, where India still has a very low share of MERCOSUR's imports. For Argentina particularly, Gonzalo (2026) identifies mining, energy, and the internationalization of small and medium-sized enterprises as areas for further diversification.

Incorporating services, investment, and digital trade into the agreement

Another strong consensus identified among researchers is that continuing to negotiate only goods is tantamount to stopping halfway. Baumann (2026) explicitly addresses this in the case of Brazil,

proposing that the PTA include provisions on trade in services and investment, and noting that India is extremely competitive in information technology, while MERCOSUR is only now developing its own capabilities; therefore, the services chapter should be designed with cooperation mechanisms—direct investment, joint ventures, knowledge exchange—and not just market opening. Ribeiro (2026) agrees and adds that the opening of the services sector must be carefully calibrated because these are labor-intensive sectors with trade balances that are heavily skewed in India's favor. Bartesaghi (2026) proposes, specifically for Uruguay, to move forward with a bilateral services agreement—an area he considers "still largely unexplored" despite India's global weight in that sector. Vashisht et al. (2026), for their part, clearly define the goal: to move from a PTA focused solely on goods to a "broader economic partnership" that includes services, investment, digital trade, and cooperation in supply chains.

Trade Facilitation, Connectivity, and Logistics

The studies by Vashisht et al. (2026) and Servin et al. (2026) agree that a significant portion of the gap between actual and potential trade cannot be explained solely by tariffs, but rather by non-tariff barriers and high logistics costs. Vashisht et al. (2026) document that the coverage of non-tariff measures reaches 86% in Brazil and nearly 95% in Argentina—well above the 46% observed in India—and add to this the limited direct maritime connectivity between the two regions as a structural obstacle that increases the cost and delays trade. Their recommendation is to establish a permanent mechanism for regulatory cooperation, simplify customs procedures, advance digital documentation, and improve maritime connectivity as a prerequisite for any tariff expansion under the FTA to translate into actual trade. The Paraguayan study by Servin et al. (2026) details the implications for a landlocked country: increased investment in logistics infrastructure, concrete improvements to the Paraguay-Paraná Waterway, advancement of the Bioceanic Corridor as an alternative route to Asia via Chile, customs modernization with technological integration at border crossings, interoperable single windows, and harmonization of regulations between the two countries. Added to this is a less technical but equally practical recommendation: simplifying immigration regulations for professionals, businesspeople, and tourists, recognizing that the exchange of people—not just goods—is part of the same process of rapprochement.

Trade Promotion, Institutional Presence, and Business Ties

Several studies emphasize that no agreement, however good it may be, can replace direct contact between companies. Servin et al. (2026) propose creating active promotion mechanisms through public institutions in both countries—business roundtables, trade missions, trade fairs, and bilateral meetings between chambers of commerce and trade associations—as a bridge to bring supply and demand closer together among partners located far apart geographically and with limited mutual knowledge. They also propose appointing a specialized, high-level negotiating team dedicated specifically to this relationship, rather than treating it as a secondary issue within broader trade agendas. Bartesaghi (2026) outlines the corresponding institutional measures for Uruguay: strengthening the consular presence in Indian cities beyond New Delhi (currently mostly honorary),

adding specialized staff to the embassy, defining a joint promotion strategy with the national trade promotion agency Uruguay XXI, and expanding the base of exporting companies, which currently represents only a fraction of those importing from India—25 exporting companies compared to 317 importing companies in the Uruguayan case studied. The opening of new Indian embassies in the region—already established in Paraguay and recently inaugurated in Uruguay—is identified in several documents as a political signal that should be actively capitalized upon and not simply taken for granted.

Attracting Investment and Productive Cooperation

Beyond trade in goods, the documents emphasize that the relationship has an investment component that remains underdeveloped. The Paraguayan case highlights specific advantages for attracting Indian capital: the maquila regime with a simplified tax structure for export production, macroeconomic stability, an open economy with few restrictions on foreign ownership, and Paraguay's geographic position as a gateway to the MERCOSUR market of more than 260 million people. Bartesaghi (2026) cites the establishment of *Tata Consultancy Services* in Uruguay in 2002 as evidence that the country is already viewed as a reliable destination and recommends using that precedent as a model to attract new Indian companies, in parallel with the updating of the bilateral investment agreement between the two countries. Baumann (2026) broadens the focus to strategic raw materials: he proposes developing a common policy approach between Brazil and India for the processing—not just the export of raw materials—of critical minerals; assessing the complementarity between India's pharmaceutical industry and Brazil's expertise in public health; promoting the exchange of experiences in digital payments; and even exploring joint satellite-building projects for environmental monitoring purposes.

Agri-food cooperation and food security as a strategic priority

With some nuances, all the studies identify India's food and energy security as the underlying driver sustaining interest in the region and recommend capitalizing on that link beyond the simple sale of raw materials. Gonzalo (2026) highlights the centrality of this agenda for India, given its large population and its need to ensure supply, which makes Argentina's agribusiness a structurally relevant partner. Baumann (2026) goes further and suggests transforming this complementarity into genuine technical cooperation: Brazil contributes expertise in large-scale agriculture and biotechnology, India in innovation for small-scale producers, and both countries face shared risks of desertification that could be addressed through joint research on natural fertilizers and adaptation technologies. Vashisht et al. (2026) further recommend promoting mutual recognition in sanitary and phytosanitary matters, an indispensable prerequisite for any tariff reduction in agribusiness to translate into actual trade—a point that also appears in the study by Servin et al. (2026) as an explicit recommendation for the agribusiness sector.

Geopolitical Convergence and Joint Action in Multilateral Forums

Finally, several documents go beyond strictly trade-related issues and propose that India and the MERCOSUR countries coordinate their positions in multilateral forums where both are active participants, such as the G-20, the World Trade Organization, and the United Nations General Assembly. Ribeiro (2026) frames this recommendation within a broader geopolitical context: against a backdrop of increased U.S. protectionism and the fragmentation of the multilateral system, deepening ties with India offers MERCOSUR countries a path to diversification away from their historical dependence on the United States, the European Union, and China, without implying geopolitical alignment with any of these powers. Bartesaghi (2026) agrees that India's more active presence in regional organizations —the Community of Latin American and Caribbean States (CELAC), the Latin American Integration Association (ALADI), and regional development banks— remains an under-explored area that the bloc itself should encourage, noting that Uruguay will be able to play a special role when it assumes the presidency of CELAC and MERCOSUR in 2027.

Summary of the Recommended Policy Agenda

Policy Area	Key Recommended Actions
Expansion of the PTA	Expanding tariff lines; prioritize sectors with high potential and low sensitivity; negotiate gradually with safeguards
Export Diversification	Promote products with untapped potential (grains, seeds, paper, wood, minerals); reduce dependence on vegetable oils
Services and investment	Incorporate disciplines on services, investment, and digital trade into the agreement; encourage IT joint ventures
Trade facilitation	Simplify customs procedures, digitize documentation, improve maritime connectivity, and invest in waterways and the bi-oceanic corridor
Institutional Promotion	Business roundtables, trade missions, expansion of the consular network, specialized negotiating teams
Investment and Critical Minerals	Leveraging tax incentive regimes in Mercosur and India, updating investment agreements, cooperating on the processing of strategic minerals
Food security	Mutual sanitary and phytosanitary recognition; technical cooperation in agriculture
Multilateral convergence	Coordinate positions in the G-20, WTO, UN, and regional forums regarding issues and regulations of third markets.

Taken together, these recommendations outline a phased work agenda: in the short term, move forward with expanding the PTA and facilitating trade; in the medium term, incorporate services and investment and strengthen institutional presence; and in the long term, build a broader economic partnership that combines productive complementarity with geopolitical convergence in the face of an increasingly fragmented international landscape.

References

Bartesaghi, I. (2026). *Relations between Mercosur Countries and India: A Recent Assessment and Opportunities—The Case of Uruguay* [Working Paper]. Seminar "India and Mercosur: Toward a Deepening of Trade and Investment Relations," CADEP-RIS.

Baumann, R. (2026). *Brazil and India: Toward a Deepening of Economic Relations* [Working Paper]. Seminar "India and Mercosur: Toward a Deepening of Trade and Investment Relations". CADEP-RIS.

Gonzalo, M. (2026). *India and Argentina: Trade, Business, and Prospects within the Mercosur Framework* [Working Paper]. Seminar "India and Mercosur: Toward a Deepening of Trade and Investment Relations". CADEP-RIS.

Ribeiro, F. J. (2026). *India-Mercosur Preferential Trade Agreement: Facts, Perspectives, and Challenges* [Working Paper]. Seminar "India and Mercosur: Toward Deepening Trade and Investment Relations". CADEP-RIS.

Servin, B., Rojas, G., & Masi, F. (2026). *Trade and Investment Between India and Paraguay: Challenges and Opportunities* [Working Paper]. Seminar "India and Mercosur: Toward Deepening Trade and Investment Relations". CADEP-RIS

Vashisht, P., Sharma, P., Bhatacharya, K., & Manoj, K. (2026). *Strengthening India–MERCOSUR trade relations: PTA and beyond* [Working paper]. Seminar "India and Mercosur: Toward a Deepening of Trade and Investment Relations" CADEP-RIS.

ABOUT THE AUTHORS

Manuel Gonzalo (Argentina)

PhD. In Economics (Federal University of Rio de Janeiro-Brazil).Professor and Researcher at the National *University of Quilmes*. Member of the Argentinian Council of International Relations (CARI) and Coordinator of the Working Group on India and Asian Affairs within CARI. Associate researcher of the Research Network on Local Productive and Innovative Systems (RedeSist-IE-UFRJ). Publications on trade, innovation productive sectors and Asian economies. Author of the book: *India from Latin America: Peripherization, Statebuilding, and Demand-Led Growth.*

Renato Baumann (Brazil)

PhD. In Economics (Oxford University). Former Director of the UN Economic Commission of Latin American and the Caribbean (UN/ECLAC) Office in Brazil. Former Director of the International Unit of the Research Institute of Applied Economics (IPEA-Brazil) and Professor at the University of Brasilia. Eighteen books and tens of articles published.

Fernando Ribeiro (Brazil)

M.A. in Economics (Catholic University PUC-Rio).Senior Researcher and Professor at IPEA – Research Institute of Applied Economic. Coordinator of International Trade Studies at the International Studies Department of IPEA. Professor of the International Relations Department at Catholic University (PUC-Rio), in various disciplines related to trade and investment issues.

Krishna Bhattacharya (India)

LLM in International Trade Law from Gujarat Maritime University and a B.B.A. LL.B. degree from KIIT School of Law. Consultant (Legal) at RIS. Worked at the Centre for Trade and Investment Law (CTIL), where she contributed to India's free trade negotiations, including the AITIGA Review, India-Oman FTA and the India–EU FTA. Her expertise is in areas such as trade in goods, trade remedies, and subsidies. Her research interests include international trade and investment law, with a particular focus on emerging trends in the global trade landscape.

Krithika Manoj (India)

M.Sc. in Financial Economics from Gokhale Institute of Politics and Economics, Pune and a bachelor's degree in B.A. in Economics from Delhi University. Consultant (Economics) at RIS, New Delhi. Worked as a Research Fellow (Economics) at the Centre for WTO Studies, under the Ministry of Commerce and Industry. Worked as an Analyst in the Risk Advisory team at Deloitte and as a Project Assistant at the Centre for Public Policy Research.

Prateek Sharma (India)

M.A. in Economics from Dr. B.R. Ambedkar University, Delhi. Consultant at RIS, where his work focuses on international trade policy, regional trade agreements, and quantitative trade analysis. His current research supports the ASEAN-India Centre (AIC) at RIS through trade potential assessments, tariff and market access analysis, and policy-oriented research. He has contributed to ASEAN-related trade policy, FTA negotiations, export promotion, and provided evidence-based policy support to senior government officials on trade and economic policy matters.

Pankaj Vashisht (India)

PhD in Economics from Jawaharlal Nehru University. Associate Professor and Coordinator of the ASEAN-India Centre at RIS, with over 15 years of experience in policy-oriented research on international trade, technology, labour economics, and applied econometrics. He previously worked at Indian Council for Research on International Economic Relations and has collaborated with organisations such as the World Bank, Asian Development Bank, ACMA, and SIAM. He is recognised for his research on trade in India, with numerous publications in books, journals, and policy forums.

Fernando Masi (Paraguay)

M.A. in International Relations SAIS-The Johns Hopkins University. Founder and current director of *Centro de Análisis y Difusión de la Economía Paraguaya* (CADEP). Researcher of the National Council of Science and Technology (CONACYT-Paraguay). Fulbright Visiting Scholar at the University of Miami. Worked as a researcher and consultant of the World Bank (U.S.A.), ECLAC-CEPAL (Chile) and UNDP (Paraguay) More than 80 publications of books, book chapters, scientific articles, policy notes and reports on the Paraguayan economy, economic integration, competitiveness and international relations.

Gustavo Rojas (Paraguay)

M.A. in International Relations and Negotiations (FLACSO-Argentina and University of Barcelona). Associate Researcher of the *Centro de Análisis y Difusión de la Economía Paraguaya* (CADEP). Visiting Researcher at the United Nations University´s Institute for Comparative Regional Integration Studies (UNU-CRIS). Worked a researcher of the Institute of Applied Economics (IPEA-Brazil). Taught political economy and international relations at the University of Belgrano (Argentina) and the Catholic University (Paraguay). Consultant for international organizations (IDB, FLACSO, CAF, UNDP, IIEP-UNESCO, the European Union and KIEP).

Belén Servin (Paraguay)

B.A. in Economics (Catholic University, Paraguay) and M.A. in Economics at the *Instituto Politécnico Nacional* (Mexico). Research member of the *Centro de Análisis y Difusión de la Economía Paraguaya*-CADEP. Several publications on topics related to regional development, international economics, foreign trade, competitiveness, and innovation.

Ignacio Bartesaghi (Uruguay)

PosDoc in Economic Integration (University of Valencia-Spain) Doctor in International Relations (National University of La Plata-Argentina) and M.A. in Integration and International Trade (University of Montevideo-Uruguay). Senior Researcher and Professor of the School of International Business and Integration of the Catholic University of Uruguay. Visiting Professor at universities of Spain, Argentina, Paraguay, Peru. Colombia, India and China. Director of Integration and International Trade of the Chamber of Industry of Uruguay (2004-2012).

Centro de Análisis y Difusión de la Economía Paraguaya

RIS
Research and Information System for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

