BRAZIL – INDIA: A ROADMAP TO FOLLOW

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"But talk we will; listen we have to; disagree from time to time we may; but united we must always remain."
(Queen Elisabeth II)

Many Brazilian internationalists felt disappointed with the end results of the World Trade Organization (WTO) Doha Round[2] last July in Geneva, particularly accusing India for the final collapse of the negotiations. This is not true. India did precisely what its circumstances demanded, due to its own internal and external dynamics.

Our purpose in this article is to analyze a few aspects regarding India as a negotiator and set up a possible roadmap for improvement in Indo-Brazilian relations in the near future in order to set the ground for the new world order and balance of power that is starting to be designed.

India is certainly one of the most interesting countries in the world. Diverse and traditional, yet it has one of the most entrepreneurial societies, with great potential for continued contribution to humankind, international trade and the South-South dialogue. Modernization and tradition constitute the paradox that accompanies this country in the international scenario throughout history.

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India has completely changed over the last 20 years. In the eighties, economists who used to work with India were divided into two groups: the optimists and the pessimists. The joke they had then was that the pessimist would say: “Oh, goodness. Things are so bad; one cannot imagine them getting any worse.” To which the optimist would then reply: “But I can!”

India has gone through major changes. Its recent history, after independence in 1947 from two centuries of British colonial rule, has been a continuous path of challenges and victories. With 1.1 billion people, its economy has grown steadily, currently 12th largest in the world, when measured in nominal U.S. dollars, and 4th when measured at purchasing power parity exchange rates. Its success derives from a democratic regime, where the rule of law and democratic values are highly respected.

The Indian economy has been booming for the last ten years. With an average growth rate of 7-8% over the last few decades, India changed its inward-looking and state-interventionist policies that deeply tormented its economy, restricting trade and economic freedom. The decades of low growth, termed the “Hindu rate of growth”, are now a part of its past. The future looks bright and India is on the track to become the world´s second largest economy by 2050.

ANNUAL DATA	2007(A)	HISTORICAL AVERAGES (%)	2003-07
Population (m)	1,110	Population growth	1.4
GDP (US$ billion; market exchange rate)	1,144(b)	Real GDP growth	8.9
GDP (US$ billion; purchasing power parity)	3,091(b)	Real domestic demand growth	9.4
GDP per head (US$; market exchange rate)	1,030	Inflation	4.9
GDP per head (US$; purchasing power parity)	2,784	Current-account balance (% of GDP)	-0.3
Exchange rate (av) Rs:US$	41.3(b)	FDI inflows (% of GDP)	1.3

(a) Economist Intelligence Unit estimates. (b) Actual.

Source: Economist Intelligence Unit

Such strong economic performance has allowed the government to achieve major positive results when it comes to reducing the fiscal deficit from 6% of GDP in 2000/01 to 2.8% of GDP in 2007/08. Such growth has raised concerns about inflation, similarly to the challenge Brazil has faced since 2007.

The following chart shows India's projected GDP and inflation for the next five years, where it is clear that though inflation is under control, it may become a threat to the successes achieved.

KEY INDICATORS	2007	2008	2009	2010	2011	2012
Real GDP growth (%)	9.0	7.7	7.1	7.5	7.6	8.1
Consumer price inflation (av; %)	6.4	7.1	6.2	5.3	5.0	5.2
Budget balance (% of GDP)	-2.8	-3.4	-3.3	-3.2	-3.0	-2.7
Current-account balance (% of GDP)	-1.0	-3.0	-2.7	-2.6	-2.9	-2.9
Lending rate (av; %)	13.1	14.0	13.9	12.0	11.0	10.0
Exchange rate Rs:US$ (av)	41.3	40.5	39.0	38.0	37.0	36.0
Exchange rate Rs:¥100 (av)	35.1	38.9	39.2	40.3	40.3	39.2

Source: Economist Intelligence Unit

HISTORICAL BACKGROUND IN INTERNATIONAL NEGOTIATIONS

With its independence in 1947, India began to engage actively in global politics, becoming one of the leaders of developing countries, many of them also former colonies that sought autonomy, particularly during the Cold War. India adopted an anti-liberal stance, by investing and deeply implementing the process of import substitution. The first Indian Prime Minister, Jawaharlal Nehru (1947-1964), believed that liberalism would undermine the commercial development of the country, thus increasing state intervention in the economic realm was required in order to create an industry with a solid foundation. Similarly to Brazil at the time, this approach enabled a domestic industry that flourished initially, with the development of sectors such as steel, machinery, together with large investments in agriculture. Such policies, however, were in place far too long.

India participated actively in the creation of the G-77 in 1963 in order to enhance the levels of engagement and international participation of developing countries, particularly within the United Nations General Assembly framework. In 1964, the

United Nations Conference on Trade and Development (UNCTAD) was created as a demand by developing countries to create a permanent forum to address their international trade needs. In 1968, the G-77, then led by India, was able to secure an important rule within the General Agreement on Tariffs and Trade (GATT) in which developing countries would be entitled to differential treatment.

India in the 1970s continued to restrict foreign investments into its territory, clearly opting to produce goods domestically, even if the relative cost was much higher than foreign products. The domestic industry, despite its little competitiveness, strengthened its base slowly. The protectionist investment measures produced steady and gradual growth and generated good results temporarily, and not sudden economic booms like the Brazilian "Economic Miracle"[3].

The Indian success in the GATT Tokyo Round negotiation was the result of a close cooperation with Brazil at the time, when both countries led the developing world by seeking to guarantee differential treatment in international trade to developing countries. A similar partnership would be later repeated in the Uruguay Round, although less successfully[4]. Through the 1980s, India suffered the results derived from oil crises of the preceding decade forcing a dramatic change in its economic strategy and requiring it to open its markets to foreign investors.

Historically, however, we can argue that India is a defensive and autonomous negotiator. Through protectionist tactics, India has sought to increase its domestic development and somehow advocate the rights of developing countries.

India was one of the founding members of the World Trade Organization (WTO)[5] in 1995, and has actively participated in larger groups of trade negotiation such as the G-

[3] The so-called "Brazilian Economic Miracle" covers the period between 1968 and 1973, during which GDP growth averaged more than 11% annually. Between 1974 and 1980, the growth rate fell to an average of 6%, as a result of the increased costs of imported oil.

[4] During the Uruguay Round, the United States pushed the inclusion of service industries, for which the General Agreement on Tariffs and Trade (GATT) had never established rules. Brazil and India opposed such proposal by the U.S. fearing multinationals with much more advanced technology would greatly damage local industries and annihilate local undeveloped companies.

[5] India was also a GATT founding member in 1948.

20[6], G-33[7] and G-77[8]. In all forums, India occupies a prominent position. As a WTO member country, India has been a complainant seventeen times against irregular measures opposing its products, particularly with the United States and the European Union. The majority of such complaints have involved protectionist measures on textiles, agricultural and mineral products. India has responded to nineteen complaints, coming mostly from the United States and the European Union, especially in the segments of pharmaceuticals, automobiles and exports of certain commodities[9].

This demonstrates that India has been an even more active player in the field of international trade since becoming a WTO member. However, the level of openness to trade still remains very low, and the benefits of international trade have not yet contributed to improvement of welfare and higher education, as widely expected.

However, India´s faith in the multilateral trading system has not decreased. India has sought to implement a multilateral trading system that somehow serves the needs of the weakest sections of society worldwide.

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[6] The G-20 was created in 2003 in the Cancun Conference. This group consists of emerging countries with strong agriculture. G-20 member countries have 60% of the world's population, 70% of rural population and 26% of world agricultural exports.

[7] The G-33 is a group of developing countries that has proposed differential rules on international trade for its member countries.

[8] The G-77, founded in 1964, is a group of developing countries, whose goal is to secure common economic interests and increase bargaining power at the United Nations. Currently, G-77 has expanded to approximately 130 member countries.

[9]See, http://www.wto.org/english/thewto_e/countries_e/india_e.htm, as of August 11, 2008

	India as a Complainant[10]	India as a respondent[11]
Argentina	1	
Australia		1
Bangladesh		1
Brazil	1	
Canada		1
China		1
European Union	5	9
New Zealand		1
Poland	1	
South Africa	1	
Switzerland		1
Turkey	1	
United States of America	7	4

[10] Poland import regime for automobiles (1995), United States – Measures affecting imports in wool coats (1996), United States — Measures Affecting Imports of Woven Wool Shirts and Blouses from India (1997), Turkey — Restrictions on Imports of Textile and Clothing Products (1999), United States — Import Prohibition of Certain Shrimp and Shrimp Products (1998), European Communities — Restrictions on Certain Import Duties on Rice (1998), European Communities — Anti-Dumping Investigations Regarding Unbleached Cotton Fabrics from India (1998), European Communities — Anti-Dumping Duties on Imports of Cotton-type Bed Linen from India (1999 – 2002), South Africa — Anti-Dumping Duties on Certain Pharmaceutical Products from India (1999), United States — Continued Dumping and Subsidy Offset Act of 2000 (2000-2004), Brazil — Anti-Dumping Duties on Jute Bags from India (2001), Argentina — Measures Affecting the Import of Pharmaceutical Products (2001), European Communities — Conditions for the Granting of Tariff Preferences to Developing Countries (2002-2004), European Communities — Anti-Dumping Duties on Certain Flat Rolled Iron or Non-Alloy Steel Products from India (2004), United States — Customs Bond Directive for Merchandise Subject to Anti-Dumping/Countervailing Duties (2006-2008). See, http://www.wto.org/english/thewto_e/countries_e/india_e.htm, as of August 11, 2008.

[11] USA — Patent Protection for Pharmaceutical and Agricultural Chemical Products (1996-1997), European Communities — Patent Protection for Pharmaceutical and Agricultural Chemical Products (1997 – 1998), USA — Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (1997-1999), Australia — Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (1997-1998), Canada — Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products 1997 – 1998), New Zealand - Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (1997 – 1998), Switzerland - Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (1997 – 1998), European Communities - Quantitative Restrictions on Imports of Agricultural, Textile and Industrial Products (1997-1998), European Communities - Measures Affecting Export of Certain Commodities (1998), European Communities - Measures Affecting the Automotive Sector (1998-2002), European Communities - Import Restrictions (1998), European Communities - Measures Affecting Customs Duties (1998), USA- Measures Affecting Trade and Investment in the Motor Vehicle Sector (1999 – 2002), European Communities - Import Restrictions Maintained Under the Export and Import Policy 2002-2007, European Communities - Anti-Dumping Measures on Imports of Certain Products from the European Communities (2003), India - Anti-Dumping Measure on Batteries from Bangladesh (2004), India — Anti-Dumping Measures on Certain Products from the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (2004), European Communities - Measures Affecting the Importation and Sale of Wines and Spirits from the European Communities (2006), India — Additional and Extra-Additional Duties on Imports from the United States (2007-2008). See, http://www.wto.org/english/thewto_e/countries_e/india_e.htm, as of August 11, 2008.

Source: WTO database

India's commercial strength also comes from its natural wealth. Because of its geological formation, India is rich in natural resources like oil, bauxite, manganese and iron. The abundance of such resources allows competitiveness in exports. However, foreign trade still represents a small portion of GDP (around 10%), with major trading partnerships such as Australia, Belgium, China, Germany, Singapore, United Arab Emirates, United Kingdom and United States, ranging from textile products, gems and precious stones, chemicals, manufactured leather, tea, jute, cotton and other agricultural products to petroleum, machinery, precious stones, fertilizers, chemicals.

MAJOR EXPORTS, 2006/07	% OF TOTAL	MAJOR IMPORTS, 2006/07	% OF TOTAL
Engineering goods	23.0	Petroleum & petroleum products	29.9
Petroleum products	14.7	Electronic goods	8.4
Textiles & textile products	13.5	Gold & silver	7.7
Gems & jewelry	12.3	Machinery	7.3

LEADING MARKETS, 2007	% OF TOTAL	LEADING SUPPLIERS, 2007	% OF TOTAL
US	14.7	China	10.9
UAE	8.6	US	8.2
China	8.1	Germany	4.7
UK	4.2	Singapore	4.6

Source: Economist Intelligence Unit

INDIA´S CURRENT CHALLENGES

Brazil, Russia, India and China are expected to become major economic powerhouses[12] by 2050, with a new realignment of the world order. Out of these four countries, India is most likely to grow beyond current expectations.

India has truly been the most effective and genuine democracy operating in the world after the Second World War, with an efficient, yet too bureaucratic civil service, which, similarly to Brazil's, does have at times a very negative impact on the entrepreneurial spirit of the country.

Though anxious to play a major role in the international scenario, India still remains an impermeable society to foreign cultures. This is partly due to Hinduism, which, as a rule, does not accept converts as a sign of an inevitable destiny to those who are born into it. This constitutes an important factor when considering how India sees and positions itself internationally. By seeking to preserve itself based upon its moral qualities, India has resisted the temptation of engaging in problematic issues of the international agenda. We can observe such behavior, for instance, as an advocate for the developing world, when India led the Non-Aligned Movement[13], proclaiming itself as the neutral moral arbiter of world affairs[14].

Such positioning from India comes from its own challenges, since India is at the center stage of a very hostile scenario, both domestically and internationally. Any movements carried out by India can lead to immediate risks[15]. Such threats come from either problems with bordering nations or conflicts with its several different ethnicities.

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[12] See, Dreaming With BRICs: The Path to 2050, GLOBAL ECONOMICS PAPER NO.: 99 (2003), Goldman Sachs Global Economic Website.

[13] The Non-Aligned Movement (NAM), initially led by Egypt, India and Indonesia, had its origin in the Asia-Africa Conference held in Bandung, Indonesia, in 1955 with 29 former colonies. The NAM purpose was to maintain a neutral positioning in the Cold War. The main goals were to secure economic development, fight poverty and national independence movements, in clear opposition to neo-colonialism.

[14] See Kissinger, Henry A., "DOES AMERICA NEED A FOREIGN POLICY?" Touchstone, 2001, p. 156.

[15] Kissinger again emphasizes that India would not endanger its internal security for the sake of issues not directly associated with its affairs. According to his perception, India would never risk positioning itself against the USSR during the Cold War for the sake of freedom in Berlin, for instance. Nor would it risk unsettling Muslims living within its territory on behalf of Israel.

Therefore, India's policies tend to be best defined by a non-confrontational approach, where issues with whatever type of impact on internal policies or the regional balance of power are immediately discarded.

That is why India will not play a balance of power role against China. It is neither a real perspective nor an "*Indian thing to do*". India may serve as a mediator with Gulf countries but to expect it to lead in certain situations which may adversely affect its own situation could not be farther from reality.

Nuclear policies established by India have taken this approach into consideration, since its purpose was to project the image of a world power with full capability to defend itself against the dangers and threats that may come from abroad, besides its serious security concerns with China and Pakistan. Since nuclear weapons afford some protection against external threats, then the greatest concern shifts to domestic issues currently threatening peace and local security.

India's internal diversity, though its greatest asset, is also its most relevant challenge for security reasons. Such unsettling scenario has been the reason for a perennial domestic turmoil involving several diverse groups. This is one of the reasons why international criminal networks have found fertile soil in certain regions of the country[16], particularly resulting from drug trafficking networks that have established South Asia as a transition area towards larger consumption markets of Europe and North America.

Ethnic conflicts resulting from illegal immigration coming from Bangladesh, together with religious conflicts and intolerance have contributed to several conflicts, particularly in Northeast India. Sri Lanka has added to this instability, together with Nepal. If the situation of neighboring countries worsens, immigrant waves may generate even more problems for India. However, India remains a relevant partner in the fight against international terrorism with the U.S. and Western countries, particularly when

[16] Vohra Committee Report submitted to the Ministry of Home Affairs, Government of India, 9th July 1993, p. 4.

dealing with radical Islamic fundamentalism. Several major attacks have attempted to increase violence between Muslims and Hindus[17].

Another challenge India currently faces is the spread of HIV/Aids contamination. Approximately 1% (one percent) of the Indian population[18] is now infected and in certain areas of the country, this may reach more than 5% (five percent). A severe epidemic may lead to the death of approximately 100 million people by 2020.

Considering all these aspects, it is easier to understand why India opposed so vigorously the concluding negotiations of the Doha Round. The eventual limitation of India´s possibilities of subsidizing the agricultural sector would adversely affect its growth strategy[19]. This was a particular concern because Doha´s negotiations implied India would be forced to open its domestic markets to heavily subsidized agriculture from the U.S. and Europe. The only way to avoid such would be the assurance of an effective safeguard mechanism that could be used whenever imports exceeded 10% (ten percent) in certain agricultural products and for a certain period of time. Since approximately 60% of the workforce is in the agricultural sector (which generates 16% of GDP), migratory flows from rural to urban areas constitute a major concern. The adoption of Doha as is would certainly impact India's path to its bright future.

That is why India insisted on safeguards[20]. Such measures protect temporarily the domestic sector suffering loss or threat of loss due to an increase in the quantity of imported goods, and are applied for a certain period of time in order to ensure that the domestic producer can compete with imported goods.

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17 During the month of July 2008, several attacks took place. For instance, in Eastern Varanasi an explosion interrupted Hindu devotees when lighting oil lamps to Hanuman, the monkey god. In Hyderabad, a homemade bomb was placed in a mosque, killing many people. Blasts have also killed commuters in trains in Mumbai. Such attacks clearly raised concerns about terrorist network activities in India.

18 Happynon, Jacob, HIV/AIDS AS A SECURITY THREAT TO INDIA, New Delhi, Marohar, 2005.

19 Although the agricultural safeguard clause would be entirely justified in case of subsidized products, in the case of Mercosur it would be necessary to negotiate a more flexible mechanism. The reason for this is, of course, the fact that Mercosur countries do not subsidize their agriculture.

20 Safeguards have been a constant feature of the multilateral trading system. Though limited in its use, it has always served to address domestic concerns related to trade opening commitments as a "safety net" to negotiating countries. It is quite ironic to see that the negotiations stumbled over such issue.

This is because the pattern of agricultural production in India is a legacy of the plantation model implanted in colonial times stimulating rural migration in the country[21]. Indian agriculture tends to be much more inward-looking, since most of the production supplies its own growing population and seeks to ensure self-sufficiency in food production, with occasional surpluses. Production bottlenecks, like Brazil, constitute major hurdles for increased output. Such obstacles include diseconomies and logistics challenges that have not yet been fully addressed by the government. This has caused major crucial problems for the maximization of agricultural exports. This, together with the internal instabilities currently affecting India, clarifies its rationale and positioning before the final collapse of the Doha round.

Added to that, the internal political scene does not welcome major shifts affecting domestic policies, particularly in a country where 300 million people live on US$ 1 a day and almost 700 million live on US$ 2 a day. A general election is due by May 2009, with regional parties playing an ever increasing role, which may necessarily be important for the governmental coalitions that will be established. Signs have already been given by the government that it will keep increasing spending on health, education and rural welfare projects, with the purpose to improve living standards outside major urban areas. Such perspective evidences why India opted out of the Doha negotiations, since major changes in the agricultural sector would adversely affect the country and impede India from achieving the goal of becoming one of the world´s most important countries in the near future.

Therefore, India´s leadership role in the future depends on an efficient and balanced management of its internal and external threats.

A ROADMAP FOR BRAZIL AND INDIA

There is a clear shift taking place in the world today regarding the balance of power. For the last three hundred years, Asia has not played such an important role in the field of international relations. However, over the last two decades, India and China have

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[21] Pomar, Wladimir, CURSO DE FORMAÇÃO EM POLÍTICA INTERNACIONAL, p. 124.

reasserted themselves as major international powerhouses with a clear goal to become the largest economies in the world. Economic power necessarily will lead to military strengthening. Many studies have shown that Indian and Chinese economies will surpass the U.S. economy much sooner than current projections, unless bad policies are implemented or as a result of just plain bad luck[22].

Within this new framework of balance of power, it would seem appropriate for Brazil to place itself as a strategic partner to India in the Western Hemisphere, particularly in South America. Though very diverse societies, both share common values when it comes to democracy, advocacy for developing countries and even common values regarding the international system.

Our purpose is to suggest a few areas where interaction should take place in a way to strengthen the current and future ties.

CULTURAL TIES

There is a weak communication between Indian and Brazilian grassroots movements and political groups. A stronger lead, not necessarily by government, is required in order to increase the dialogue between the two countries.

Special emphasis should be given to a constant exchange of students at all levels and professors. By encouraging joint degrees and programs, students and professors would be more stimulated to visit and learn about each country. Brazilian perspectives on India are outdated and do not reflect the changes of the last two decades. Overall relations could greatly benefit when similarities between both sides are emphasized.

Brazil also has a great tradition in soap operas. India, on the other hand, has an exciting movie segment, represented by Bollywood. Both countries could find ways to cooperate

[22] See, Dreaming With BRICs: The Path to 2050, GLOBAL ECONOMICS PAPER NO.: 99 (2003), Goldman Sachs Global Economic Website.

in this segment either by trading knowledge or having joint productions, or with greater exchange of such art and by better introducing one country to the other.

MILITARY COOPERATION

The recent discovery of major oil reserves alongside the coast have been a source of great news to the Brazilian government. Such reserves, when explored, will make Brazil one of the world's largest oil producers. This will change the dynamics of the Brazilian economy. The protection of such resources and assets is essential for ensuring national sovereignty and the fight against piracy.

In order to protect our shores, the Brazilian navy has already set up future operations in the Brazilian continental shelf as training for the protection of oil resources. Joint training operations between the Brazilian and Indian navy – the third largest in the world – together with the Air Force, could be beneficial for both sides.

Both countries use outdated military equipment and possible joint initiatives could result in the development of more updated technology with the corresponding technology sharing. Jointly, new technologies and weaponry could be designed for both military and civilian use. This would be particularly interesting for the case of Brazilian developments of satellite launching and military nuclear equipment.

ECONOMIC INTEGRATION

India has increased the amount of exports to Brazil over the last years, as shown in the chart below. Yet our commercial relations are not as strong as they could be.

YEAR	BRAZILIAN EXPORTS TO INDIA (US$ MILLIONS)	BRAZILIAN IMPORTS FROM INDIA (US$ MILLIONS)

1988	185	10
1993	125	91
1998	145	212
2003	554	486
2004	653	556
2005	1138	1203
2006	939	1474
2007	958	2165
2008 (January-June)	401	1554

Source: ***Oportunidades de Comércio e Investimentos entre Índia e Brasil***, by Consul Rajeev Kumar, Indian Consulate, July 10, 2008.

The above chart shows a steady increase of the commercial ties between both countries; however, India only represents approximately 1% (one percent) of Brazil's foreign trade, ranking 16th in the list of Brazil's major trading partners in the year 2007.[23]

Indo-Brazilian trade continues to grow from year to year, but a stronger commercial relationship is required, with lines of credit to exports available on both countries.

With the collapse of the Doha round, it was clear that Brazil did not understand India´s positioning and internal dynamics very well. This is why a bilateral trade agreement between India and Brazil or India and Mercosur becomes even more needed. A preferential tariff agreement was signed between Mercosur and India in 2005, but a more concerted effort is now required to ensure that commercial ties expand the cooperation, particularly in technology and biofuel areas.

Strengthening private sector cooperation is essential to ensure an increase in investments and international trade. The Forum of CEOs launched in India in June 2007 upon President Luis Inácio Lula da Silva's visit to India still has to show greater

[23] See, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113359.pdf, as of August 12, 2008.

strength by holding constant meetings with governmental authorities and academia to develop joint projects for improvement of economic conditions, thus generating new business opportunities and employment rates.

Brazil could greatly learn from India's microcredit mechanisms to improve the lives of poor populations throughout the country. India, on the other hand, could greatly benefit from technology transfer of the Brazilian banking sector, one of the most technologically advanced in the world. This is particularly important as India integrates itself in a more globalized society and millions of people currently out of the economic system enter its banking system.

Another venue for joint activity could be an exchange of outsourcing opportunities in order to provide customers worldwide with the best possible quality of service.

India is a major sugar cane producer. Therefore, investments into ethanol usage as a fuel should increase, as India´s concerns for climate change increase. The enormous growth of India's automobile sector in the last few years has increased the number of vehicles in the market. This will greatly impact the environment, particularly due to CO2 emissions. The recent requirement of an addition of 5% of ethanol to all consumed gasoline in the country will certainly create more trade between both countries[24]. Technology exchange between Brazil and India should take place with crossed investments into development of cleaner energy in India.

As a result of India´s GDP per capita increase in the coming years, millions of people will enter the consumer market, particularly anxious to enjoy the abundance of resources, especially food[25]. Since India is not self-sufficient in agricultural terms to supply this new demand, a major partnership with India could be set up in order to provide for such needs and demand. Brazil will need to reform and modernize its infrastructure and logistics in order to improve the distribution networks and open the

[24] Since 2007, the Brazilian government has been pushing India to use Brazilian ethanol production technology, particularly increasing the addition level from 5 to 10% of ethanol into gasoline.

[25] The stabilization of the Brazilian economy as a result of the Real Economic Plan in the 1990s brought in millions of consumers left out of the economic system.

Asian markets to its products. Maritime routes will need to be established with higher level frequency in order to secure on-time delivery.

Substantive investments in each other's economies will certainly help smooth any sorts of disagreements, misunderstandings or likely sensitivities that may distort perceptions on both countries. India will need to improve its serious structural barriers to foreign direct investment. If the rules are clear and the basic investment infrastructure is set up, both countries will greatly benefit from a constant thread of mutual investments. This requires India to implement and expedite the pace of economic reforms, similarly to what Brazil did in the 1990s. If India wants to play a major role in the international scene, many of its current obstacles to foreign investment will need to be overcome.

By establishing common economic interests and ties, a joint action internationally will help create an even more important well-being in economic terms, which will strengthen both countries as they interact more intensively in a globalized economic system.

CONCLUSION

The collapse of the Doha Round should serve as an eye opener of the new world order, now starting to be designed. In this new world order, China and India will become major powerhouses, definitely altering the balance of power now existing in the world and shifting its center substantially to Asia.

Due to its commitment and historic respect for democracy and institutions, India should be regarded as a prime strategic partner for Brazil. Both countries, though different, can greatly benefit from a more intensive business, economic, cultural and political relationship.

There will be divergences of opinions throughout this process. It is important for Brazil to understand clearly India´s current challenges and perspectives, both domestically and internationally. Doha clearly proved Brazil still does not understand India.

A greater cooperation between India and Brazil, two of the world´s largest democracies, is in order and will certainly benefit both countries, since their economies can share enormous synergies and supplement each other, particularly in agriculture, where Brazil, a major exporter, can become a reliable partner for India.

Great partnerships only happen after many successful negotiations take place. It is time to negotiate and secure greater cooperation.

The future looks bright for Brazil and India.