

Caribbean attractive to Indian investors



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BRIDGETOWN, Barbados, July 17, 2008 - An international consultant says the Caribbean is fast becoming a magnet for business and major investments from India and says that the investment from this South Asian country could dictate the pace of economic growth in the islands.

According to Loro Horta, an international consultant at the Portuguese Institute of International Relations, India followed in the footsteps of China and invested in the Caribbean nations, "building infrastructure in exchange for the right to purchase natural resources".

"Foreign direct investments represent a large slice of the Caribbean economic pie; China and India could effectively determine the speed and direction of some nations' economies," he wrote in the YaleGlobal Online, the flagship publication of the Yale Center for the Study of Globalization.

He pointed out that while India's links to the Caribbean date back to the 19th century when Britain brought thousands of Indian servants from the subcontinent to work in its plantations, a new set of Indians has penetrated the Caribbean during the past decade.

"In the oil-rich nation of Trinidad and Tobago, India has emerged as one of the major economic and political actors, and by the end of 2007, Indian companies had invested US\$3.4 billion in various projects across the entire spectrum of the economy," Mr Horta said.

"Indian capital is present in every sector of the economy - mining, agriculture, banking and tourism. Reflecting a growing thirst for raw materials, the bulk of Indian investment went to the mining sector. The largest investors are Mittal Steel, so far investing US\$1.2 billion, and Essar Steel with US\$1.2 billion, for steel-processing plants.

"At least four Indian-owned hotels currently serve the islands. The government has also awarded infrastructure projects to Indian companies, not just in telecommunications and IT-related services, but road construction," he added.

Mr Horta, also a visiting scholar with the Centre for International Security Studies at the University of Sydney, pointed out that Indian companies have won major irrigation-infrastructure contracts in Jamaica, Guyana and Suriname; have built cricket stadiums in Barbados; and noted that other major projects include a new highway and bridges in Suriname and a possible multi-million dollar contract for telecommunications network infrastructure in Guyana.

"Four Indian companies are already importing timber from Guyana and Suriname with such imports expected to increase in the coming years," he added.

"India's fast economic growth and subsequent hunger for energy resources and other raw materials will likely contribute to further Indian interest in the region."

The consultant also noted that the fact that ethnic Indians constitute significant proportions of the population of some of the Caribbean nations, has facilitated Indian investment and fostered close political ties.

"It's perhaps no coincidence that Indian companies have been most successful in Trinidad and Tobago where Indians account for 10 per cent of the population; Guyana where they account for 51 per cent; and Suriname, 31 per cent," he noted.