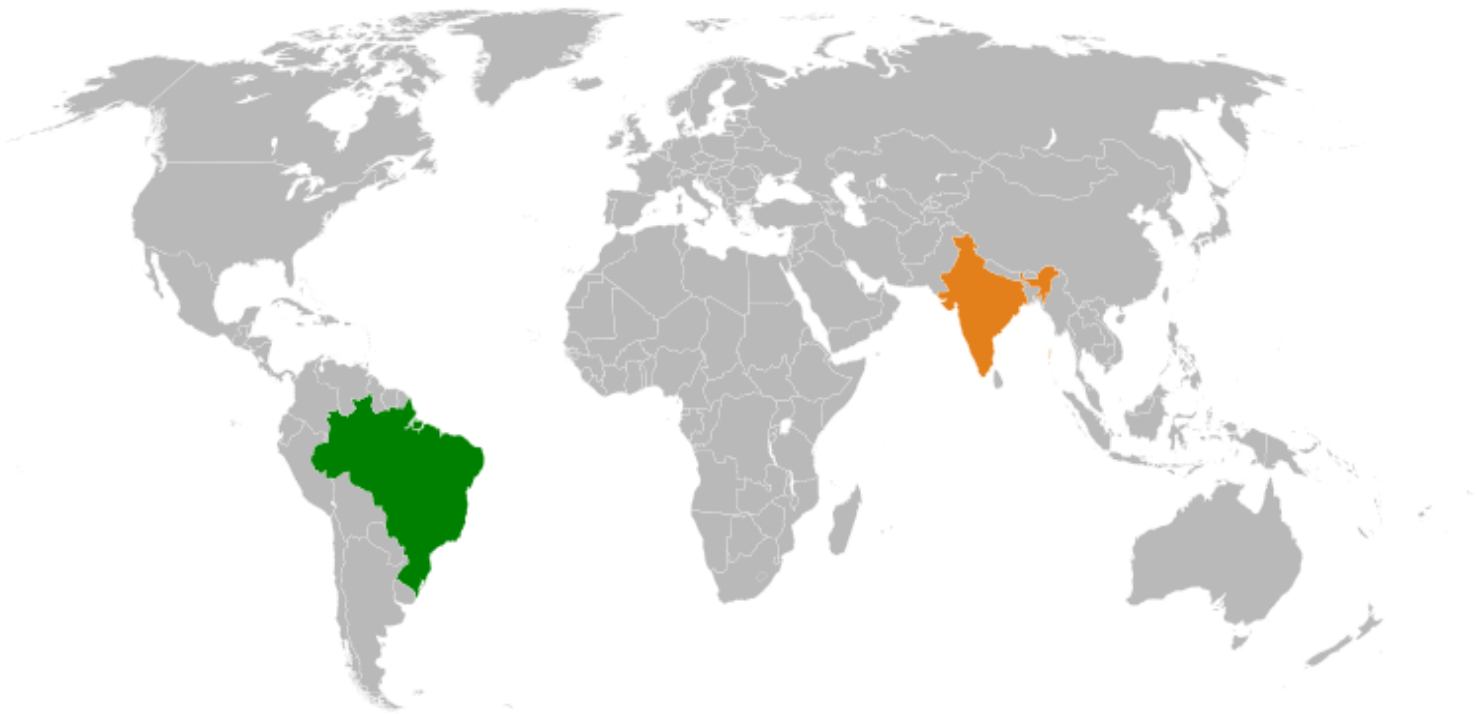


DIASPORA TRADE AND INVESTMENT APPLIED RESEARCH PROJECT 2023/2024



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Abbreviations

CII	Confederation of Indian Industry
CoO	Country of Origin
CoD	Country of Destination
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
ICMPD	International Centre for Migration Policy Development
IMF	International Monetary Fund
IOM	International Organization for Migration
ITRS	International Transactions Reporting System
MEA	Ministry of External Affairs
MOIA	Ministry of Overseas Indian Affairs
NRIs	Non-residential Indians
OECD	Organisation for Economic Co-operation and Development
OCI	Overseas Citizen of India
PIO	People of Indian Origin
SDG	Sustainable Development Goals
TBT	Technical Barriers to Trade
UNPD	United Nations Development Programme
UKIBC	UK India Business Council
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WTO	World Trade Organisation

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Executive Summary

Diasporas can impact economic activity in their host and origin countries by providing remittances, social and human capital, and transfer of knowledge. This report investigates the role of government-led initiatives and policies in strengthening economic ties with their diaspora communities abroad. Diasporas are uniquely positioned to trade and invest with their country of origin as they possess knowledge on domestic business practices, market entry points, and cultural linkages.

This study aims to shed light on the cases of India and Brazil, two countries with sizable diasporas. By conducting a qualitative study with key experts in the field from international organisations, NGO's, and government entities, this study concludes that the Indian diaspora has excelled in retaining ties with its diaspora abroad by facilitating business networks, cultural events, and transparent government policies. The Brazilian diaspora on the other hand, remains largely untapped and faces weaker engagement strategies and a lack of supportive institutions.

This report finds that through government led initiatives such as “Know India”, accessible and transparent information regarding domestic investment frameworks, and extensive business networks abroad, the Indian diaspora continues to invest back in India. The Brazilian government on the other hand, as indicated through a slower rate of trade openness, a lack of effective diaspora engagement policies, and poor mobility barriers and regulatory frameworks, has thus far fallen short in its potential for promoting trade and investment through its diaspora. This report proposes four central policy avenues that centre around strengthening institutions in the country of origin to build investor confidence, streamline mobility policies between country of origin and country of destination, and facilitate business networks abroad through cultural events and dialogue platforms. Specifically, facilitating business networks abroad, streamlining mobility policies to facilitate cross-border mobility, aligning expectations between governments and diasporas, identifying strengths in mutual sectors, and strengthening domestic regulatory institutions.

1. Introduction

The global migrant population has seen a sharp increase, rising from 153.0 million in 1990 to 280.6 million in 2020. (UN DESA, 2020) The share of exports of goods and services in GDP has also risen significantly, from 12.7% in 1970 to 18.8% in 1990, reaching 31.1% by 2022. (The World Bank, n.d). Meanwhile, Foreign Direct Investment, after reaching a peak of \$2.1 trillion in 2015, has shown a downward trend but still registered a substantial \$1.3 trillion in 2022. (The World Bank, n.d). In this context, it is crucial to explore how diasporas engage with trade and investment to incite economic growth. Diasporas can contribute to their country of origin (CoO) through trade and investment through remittances, business networks, and social and human capital (Bahar, 2020; Global Diaspora Summit, 2022). As they are uniquely positioned to foster cross-border economic activity between the host country and CoO, this report intends to underscore how policymakers can maximise trade creation through diasporas. The Indian and Brazilian diasporas act as compelling examples of large diasporas that contribute to their home economies from their hosting countries. As the Organisation for Economic Cooperation and Development (OECD) continues its work on creating a positive relationship between diasporas, trade and investment, these case studies provide a critical examination of this relationship.

The literature on the topic of diasporas and their ability to incite trade links reveals that increases in migrant stock are accompanied by an increase in trade flows (Lebland, 2010; Karayil; 2007, Bandyopadhyay, 2008). Potential explanations for these phenomena are that immigrants bring with them a certain preference for local goods, or goods from their CoO (Felbermayr & Jung, 2009; Mundungwe, 2017). In addition to this, the literature argues that the potential for diasporic engagement is untapped. As a result, this report intends to answer the following research questions:

RQ 1: *What sectors are diasporas trading or investing in? Are they organised by groups, or by individuals?*

RQ 2: *What leads diasporas to trade/invest or not? Are there (and what is the role of) public policies in inciting trade links both in the hosting and the destination countries?*

To answer the research questions, this applied research project conducted a comparative analysis using a qualitative research methods approach. The cases selected were India and Brazil. Through semi-structured interviews with diaspora members and trade and investment experts, this report proposes various policy initiatives from its findings.

This report adheres to the following structure. First, the conceptual framework set out in annexes will outline and define the main concepts used in this report: diaspora, diasporic engagement, trade, and foreign direct investment (FDI). The conceptual framework will be followed by a literature review that will cover the most central topics of this report such as diaspora linkages to their CoO, challenges to trade and investment, and the role of diaspora in inciting economic growth. Third, the paper discusses the methodology that will explain the research design, the case selection and justification for the chosen cases, and lastly the data collection. Fourth, results of the data analysis are shown, from the quantitative and qualitative research conducted which will be complemented by a discussion and conclusion section.

2. Literature Review

2.1 Diasporas and economic development: assessing how diasporas contribute to economic growth

Diasporas can have an impact on the economic development of their home country (Lowell & Stefka, 2004). Diasporas play crucial roles in areas such as trade, investment, remittances, skills and knowledge transfer, and travel to the home country (Newland & Plaza, 2013). Diaspora networks contribute to reducing transaction and information costs associated with investments and trade (Lebland, 2010). In trade, diasporas are expected to exhibit a home preference effect, favouring products from their home country, and a display effect, where products from the home country gain widespread acceptance in the host country when showcased by the diaspora. For example, Indian diaspora who migrate to the Gulf region exhibit a strong preference for products from their home country, indicating a strong immigrant preference effect (Karayil, 2007). Furthermore, the literature reveals new ways that diasporas engage financially with the CoO. Under the umbrella of diaspora finance, which goes beyond remittances, diaspora's ability to contribute to the economic growth of their CoO and CoD are through produced equity, loans, bonds, and competitive grants for setting up small enterprises. In particular, long-established diasporas in high-income countries utilize the concept of "diaspora bonds" to match grants to social projects in their country of origin to enhance existing infrastructure and develop projects related to social and economic development (European Commission, 2021)

However, assessing the impact of diaspora engagement is challenging. In 2019, the IOM released a manual to guide the evaluation of the economic impact of diasporas (IOM, 2020). According to the IOM manual, to assess the impact of direct investments by diasporas,

data from enterprise surveys conducted domestically on FDI, International Transactions Reporting System (ITRS), administrative records, tax authorities, and investment promotion agencies can be utilised. One way to understand the diaspora's contribution to trade is through comprehensive diaspora-owned enterprise databases. Sources of data on such information can be derived and investigated through enterprise surveys, ITRS, international merchandise trade statistics, and other administrative data such as product registration records and accounting records of monetary authorities.

2.2 Diaspora linkages to countries of origin and push factors

Diaspora's ties with their home country can serve as great incentives to trade and invest back in their countries of origin (Fang & Wells, 2022). Cultural and emotional attachment, economic opportunities, social and community development goals, government incentives and support often play a major role for diasporas to trade or not to trade with their home countries. (Varma, 2020; Mundungwe, 2017; Martínez-Zarzoso & Rudolf, 2020; Bahar, 2020). The Indian diaspora, for instance, plays a crucial role in promoting investment and trade in India, including FDI and Foreign Portfolio Investment. Remittances are a major source of income for India and contribute significantly to its GDP. India's inward remittance inflow in 2023 amounted to \$1.25 billion in 2023 and contributed to 3.4% of its GDP. (KNOMAD, 2023). Governments which have strong diasporas across continents have enacted policies to attract investments and enhance investments back in their own countries. The Indian Government, over the years, has launched several policies and institutions, for instance, including special bank accounts, visa status cards (People of Indian Origin (PIO) and Overseas Citizens of India (OCI)) and the Pravasi Bharatiya Divas conference every year (Varma, 2020). The Ministry of Overseas Indian Affairs (MOIA) established in 2004 by the Government of India, is a ministry solely dedicated to maintaining linkages with the Indian diasporas across the world.¹

As per a recent report (IOM, 2022c), Brazil engages with its diaspora through governmental initiatives and participation in regional and international forums. This engagement includes systematising data on electoral participation of Brazilian communities abroad and maintaining transparency through platforms such as the Superior Electoral Court's website (IOM, 2022c). Moreover, in 2021, Brazil signed the Agreement on Mobility between

¹ Foundations established under MOIA streamline overseas philanthropic capital into major socio-economic development projects in India.

the Member States of the Community of Portuguese Language Countries (CPLP) to facilitate the granting of visas and residence permits, as well as the movement of workers within the member countries (Henriques, 2022). This would likely facilitate greater engagement between the Brazilian government and its citizens working overseas in the member countries of the CPLP. While still significant room for improvement, Brazil's engagement with the diaspora community, especially in the economic realm, has grown slowly and steadily with an inward remittance flow of US\$ 4.9 million in 2022 (KNOMAD, 2022).

Big economies often utilise their diaspora network significantly for their economic interests. For instance, the Chinese diaspora is able to increase their bilateral trade flows with China, through ethnic diaspora networks (Martínez-Zarzoso & Rudolf, 2020). Using a gravity model of trade, this study found that the effect of the Chinese diaspora found strong trade creation effects in particular sectors. In the export sector, sectors such as agricultural products, machinery, and transport equipment were impacted. The import sectors saw a primary increase in raw materials and chemicals (Martínez-Zarzoso & Rudolf, 2020).

Diasporas who leave for prosperous countries often seek to maintain strong linkages with their local communities back home. Even in times of crises, diasporic communities often tend to be immediate, substantial, and spontaneous and contribute significantly towards community development projects in their home countries reeling under humanitarian crises and instability (Brinkerhoff, 2008; IOM n.d; Chand & Tung, 2011). Even in situations of war and turmoil, a strong national identity and sense of belongingness propels the diasporas to invest heavily to speed up the humanitarian aid processes in their war-torn home countries. Ever since the ongoing conflict in Ukraine, driven by a sense of solidarity and commitment with their families and friends back home, the Ukrainian diaspora has played a significant role in supporting local populations and supplementing the local response capabilities (ICPMD, 2021). For instance, Gillespie et. al. (1999) provides academic grounding in these observations through their survey interview study. This study questioned the attitudes towards homeland investment of Americans, Cubans, Iranians, and Palestinians. Their study found that members of diasporas who thought to have an ethnic advantage in their CoO were more likely to invest. Furthermore, as individuals felt more culturally close, this increased their likelihood of investing (Gillespie et. al., 1999). Lebland (2010) supports these findings by conducting a cross-sectional study using data from the IMF and the OECD to test the effect of migration on portfolio investing and FDI in their home country. His hypothesis that diaspora networks

reduce transaction and information costs was supported. This highlights the familiarity of diaspora networks with the investment climate of their CoO (Lebland, 2010).

Hence, diasporas serve as valuable assets for enhancing the socio-economic conditions of the countries of origin especially in times of conflict and crisis, evident clearly from the ongoing Ukrainian situation. At the same time, favourable state policies attracting significant trading and investment serves as important incentives. Diasporas who have settled in host countries for a significant amount of time are economically prosperous and their sense of national identity and belongingness spurs them to invest in community development projects in their origin countries. (IOM, n.d). However, factors such as fragile political and economic environment, restrictions to trade and investment, also pose significant challenges to the diaspora trade and investment in their origin countries (IOM, n.d).

2.3 Challenges to Trade and Investment

While there is an interest among the diaspora communities to contribute to socio-economic development processes back in their countries of origin, there are often significant challenges which diasporas face. These range from political instability in their home countries, trade and investment barriers to lack of network coordination challenges with the local business communities, and weak regulatory frameworks surrounding investment and trade (Gevorkyan & Grigorian, 2003; Guarnizo, 2003; SRC, 2020; Williams, 2018). For instance, the diaspora community of Bosnia and Herzegovina contributes a significant share of the remittances to the former, amounting to 10.1% of its GDP in 2022 (The World Bank, n.d). Nevertheless, its potential to make even greater significant contributions remains largely untapped. Significant regulatory barriers, very low level of digitalization and low levels of rule of law further serve as discouragements for the diaspora communities to invest in their countries of origin such BiH where political and economic situations are often unstable and risky for business growth and opportunities (Uraguchi, Majanovic, & Kadic, 2018).

Williams (2018) underscores the importance of effective policy implementation and coordination in attracting diaspora trade and investment. Investment climate in their CoO is oftentimes characterised by high financial risks, political fragmentation, and weak institutional frameworks (Williams, 2018). Gevorkyan & Grigorian (2003) offer an example of this issue within the Armenian diaspora. The Armenian diaspora encountered reluctance from their government to amend the legal and regulatory frameworks which would foster diaspora engagement in trade and investment (Gevorkyan & Grigorian, 2003).

Moreover, stringent commercial norms, rules and regulations also serve as barriers for local commercial establishments to invite economic contributions from foreign investors, thereby undermining the role of the economic contributions from significantly well-off diasporic communities (Ghodsi, 2020). In addition, stringent regulations including quality of the product and the technological and the manufacturing content are embedded in technical barriers to trade (TBTs) which discourage overseas investors to make investment in the country. While TBTs to restrict foreign investment might often be seen as a prerequisite, especially in socialist countries to protect internal manufacturers and local businesses, many would also point out the lost opportunities to attract investors in least developed domains such as renewable energy, among others that would equally be helpful and significant to further advance the progress of sustainable development goals. These overseas diasporic investors not only bring the required financial capital, but also the technological know-how and the infrastructural blueprints that are often missing in their countries of origin, especially those in the developing south.

Finally, political instability, especially those societies reeling under armed conflicts, become impediments for overseas trade and investments orchestrated by their diasporas. While diasporas have always helped in humanitarian aid processes and in the rebuilding process by making contributions to the community development projects, the fervour of ongoing or impending wars and conflicts underscores the true potentiality of the diasporas to make significant financial gestures (IOM, n.d).

Therefore, a balancing act of “experimentation, innovation and leapfrogging” along with promising government policies and less stringent investment regulations ought to be amplified to tap into the enormous potential of diasporas to trade and invest along crucial SDG fulfilling lines in their countries of origin (Siddiqi, 2018).

2.4: Diasporas in the United States

The Indian diaspora in the United States has grown from 200,000 in the 1980s to almost 3,000,000 by 2021. The rise in migration to the United States was driven primarily by the decision in 1965 by Congress to abolish national-origin quotas. The Indian diaspora to the United States are predominantly high-skilled labourers working in sectors such as management, business, sciences and arts (Batalova, 2022). It is worth noting the geographical distribution of end destinations by Indian migrants to the United States. The five most popular cities are New York-Newark-Jersey city, Chicago, San Francisco, San Jose, and Dallas with

populations of 350,00, 150,000, 130,000, 130,000, and 120,000 respectively (Batalova, 2022). In cities like Edison(NJ), and Fremont(CA), there is "Little India" where the Indian diaspora collectively resides. These "Little India" areas feature a large number of Indian-owned SMEs as well as religious institutions, including Hindu temples, mosques, and gurdwaras. (Rangaswamy, 2009) Indians often travel to the United States on an H-1B specialty occupations visa which requires non-citizens to hold a bachelor's degree or higher, the degree must run parallel to the respective industry they will be working in, and to have a required license to perform their work which is recognized in the respective states where they will be working (Beveridge, 2022). As a result, the Indian diaspora has been able to leverage their advanced levels of education to work and immigrate to the United States to contribute to the economy of the U.S. as well as provide remittances back in India. In 2021, the World Bank reported that roughly 90 billion USD were transferred through various channels back to India from the migrant population abroad (Batalova, 2022).

Similar to the Indian diaspora, the United States is the most popular destination for the Brazilian diaspora. The Brazilian diaspora in the U.S. rose from 340,000 to 500,000 between 2010 and 2019. This rise was primarily influenced by persistent economic stagnation, and political and civil insecurity in Brazil (Batalova & Waters, 2022). Their preferred destinations are Boston, Miami, New York, Orlando, and Los Angeles with the populations of each city hovering around 50,000 migrants. As such, California, Florida, and New York are the most popular states amongst the Brazilian diaspora. The Brazilian diaspora in the United States does not have many large, distinct ethnic enclaves, but there are several cities with Brazilian communities, such as Framingham (MA) and Little Brazil in Manhattan (NY). Their employment sectors differ from the Indian diaspora with a wider variety of sectors such as management, service occupations, sales and office occupations and construction (Batalova & Waters, 2022). Furthermore, they differ in their level of education to the Indian diaspora as well. While 80% Indian diaspora has at least a bachelor's degree and 50% have an advanced degree (graduate or professional), only 49% of the Brazilian diaspora recorded having a bachelor's degree and 17% hold an advanced degree (Batalova & Waters, 2022). The United States is a preferred destination for migrants seeking economic opportunities and political security. This section intended to highlight the profile of migrants in the United States including their education status, employment sectors, and respective level of education.

2.5 Methodological implications of the literature review

The review of the literature on diasporic contribution to economic growth, incentives, and limitations diasporas face when trading and investing in their home country has revealed a strong bias towards using statistics, databases, and gravity models. While quantitative research on this relationship is valuable in terms of illustrating correlation and causation, it fails to reveal underlying driving forces which either dissuade or encourage diasporas to engage with their respective countries of origin. For this reason, past studies fail to encompass the wide range of factors that contribute to *why* economic activity persists or fails. Subsequently, this report will seek to complement the methodological shortcomings by incorporating a qualitative nature through semi-structured interviews. This will contribute to a contextual and explanatory element to the picture that quantitative results reveal which will consequently provide a more holistic investigation into the causal mechanisms that lead diasporas to engage in trade and investment in their home country.

Table 1: *List of literature*

Topic	Author	Methodologies used
Diaspora impact on Economic Growth	Lowell & Stefka, 2004; Newland & Plaza, 2013; Lebland, 2010; Karayil, 2007; European Commission, 2021; IOM, 2020	Qualitative literature review, Ordinary Least Squares Regression, Random Effects, Generalized Least Squares Regression,
Diaspora linkages to countries of origin and push factors	Fang & Wells, 2022; Varma, 2020; Mundungwe, 2017; Martínez-Zarzoso & Rudolf, 2020; Bahar, 2020; Brinkerhoff, 2008; IOM n.d; Chand & Tung, 2011; Gillespie et. al., 1999	Quantitative gravity models, Surveys, literature reviews
Challenges to Trade and Investment	Gevorkyan & Grigorian, 2003; Guarnizo, 2003; SRC, 2020; Williams, 2018;	

	Uraguchi, Majanovic, & Kadic, 2018; Siddiqi, 2018	
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3. Methodology

3.1 Research Design

Methodology

A comparative analysis using a most similar systems design was used for the analysis of this paper. A most similar systems design compares two key cases which are similar in many aspects, however, differ on the key outcome variable. The strength of this system is that it allows for control and mediating variables to be identified and compared between the two cases (Halperin and Heath, 2020). To identify these variables, a qualitative research design is used. A qualitative research design using interviews as the primary data collection method will provide this report with a deep understanding of the “why” and “how” of people's experiences and understandings of this topic. (Halperin and Heath, 2020). While this research project adopts a qualitative approach, a quantitative element *will* be present at times to exhibit and present the macro trends that are currently taking place in regards to diaspora activity.

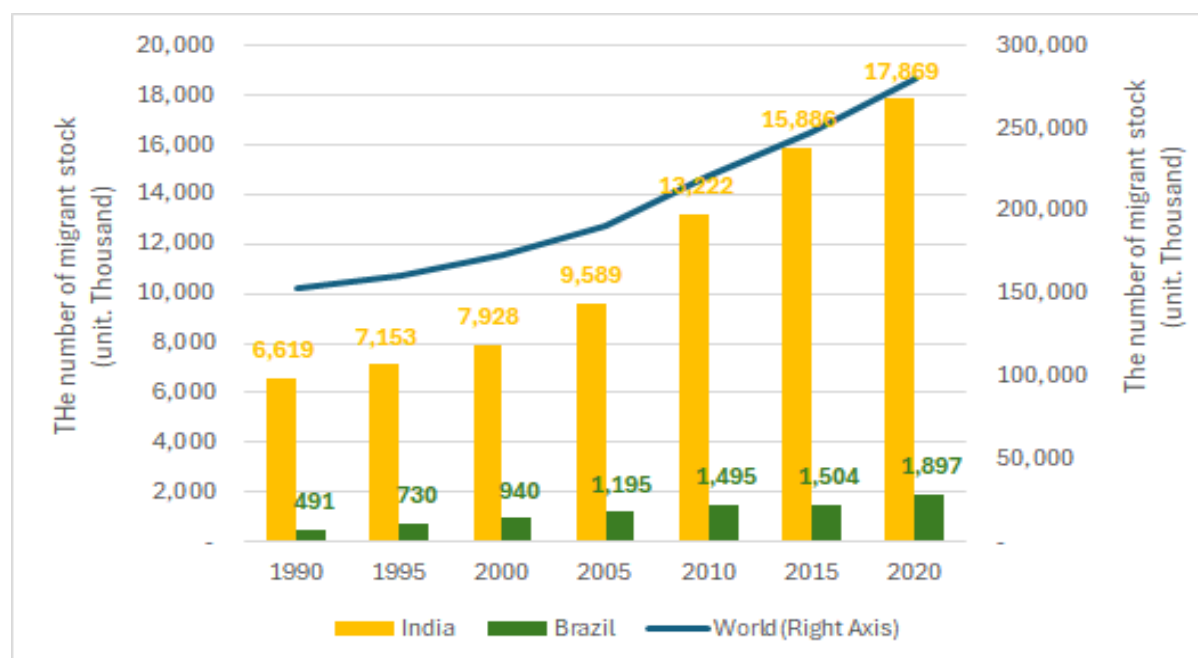
This approach is most suitable for the scope of this research for several factors. First, findings from a qualitative research approach by conducting semi-structured interviews with key stakeholders, diaspora members, and government entities will provide us with deeper understanding of the approach taken by policy makers within this field to engage with diaspora’s and strengthen their bond between origin and host country. Furthermore, interviews in particular enable the research to lay bare the causal mechanisms that influence behaviour, decision making, and experiences within diasporas and their decisions to invest/trade in their CoO or not. The semi-structured format of the interviews enables the research to follow a clear path regarding the subject matter, while simultaneously enables the interviewee to insert their own experiences in a personal way (Halperin & Heath, 2020). This will provide a wide range of perspectives from a practical as well as theoretical perspective which will increase the generalizability of the research conducted as well as the provided policy recommendations.

3.2 Country Case Selection

India and Brazil were selected as country cases. While India and Brazil are not OECD members, they both have a strong working relationship with the OECD and OECD member states. Furthermore, India and Brazil have witnessed widespread migration towards the United States, Europe, and the Middle East. To estimate the size of the diaspora, we can utilise migrant stock data released by the United Nations (UN DESA, 2020) or refer to the diaspora size announced by each country's government. However, comparing data from different countries is difficult due to variations in the definition and scope of diaspora. Our research focuses on the concept of the diaspora as first-generation migrants (Annex 1), so measuring migrant stock as the country's population born abroad, based on the recent 2020 data from the UN Department of Economic and Social Affairs (UN DESA).

According to the 2020 UN DESA International Migrant Stock database, India had the largest emigrant stock globally in 2020 with 17,869,492 Indians living abroad, while Brazil had 1,897,128. Analysing the data from 1990 to 2020, both India and Brazil have experienced a rapid increase in emigrant stock compared to the global average.

Chart 1: The number of migrants from India and Brazil trends (1990-2020)

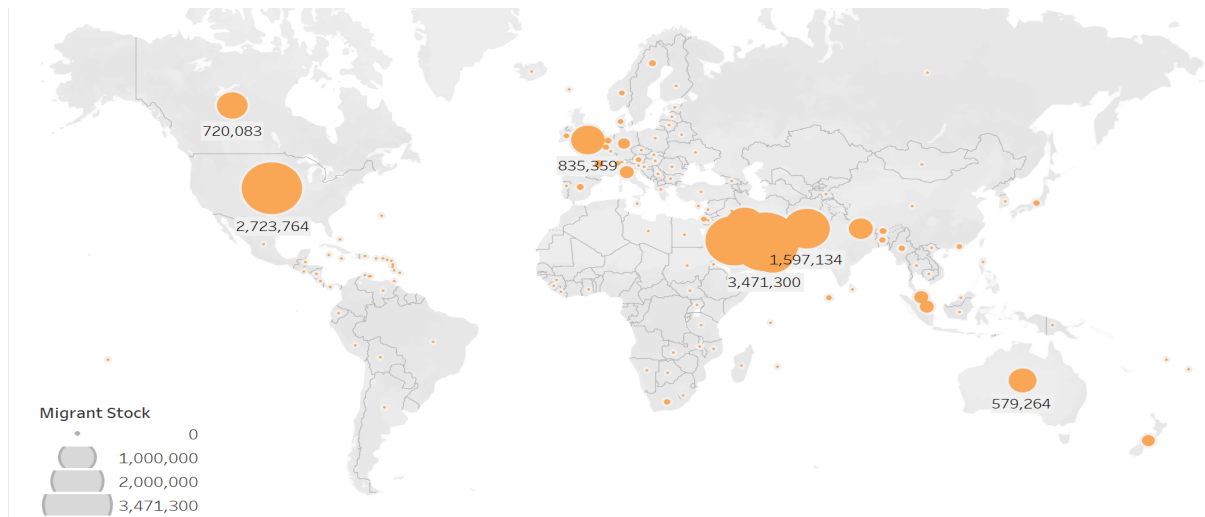


Source: UN DESA. "International Migration 2020" (2020)

Regionally, Indian diaspora's main residence areas was Asia (12,100,000), North America (3,400,000), and Europe (1,500,000), with significant proportions in Gulf countries such as the UAE (3,500,000), Saudi Arabia (2,500,000), Oman (1,400,000), Kuwait

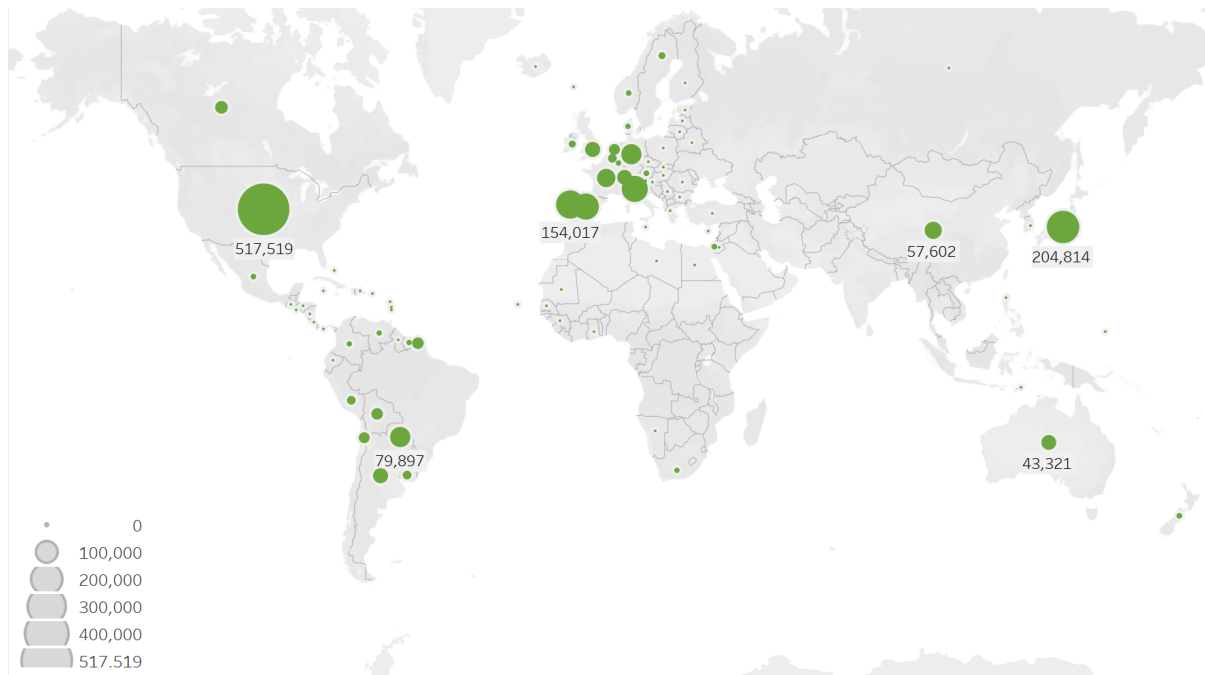
(1,200,000), and Qatar (700,000), as well as substantial populations in the United States (2,700,000), the United Kingdom (800,000), Canada (700,000), and Pakistan (1,600,000). Brazillian diaspora's main destinations were Europe (700,000), North America (500,000), and main residence countries were the United States (500,000), Japan (200,000), Portugal (200,000), Italy (100,000), and Spain (100,000).

Figure 1: *The number of migrants from India in 2020, by region of destination*



Source: UN DESA. "International Migration 2020" (2020)

Figure 2: *The number of migrants from Brazil in 2020, by region of destination*



Source: UN DESA. "International Migration 2020" (2020)

As shown in Table 1, both countries possess significantly large economies which attract large quantities of inward FDI stock as well as high amounts of trade. Table 2 depicts the macroeconomic differences between the two countries. The significant difference in outward migration stock, with India having 17 million citizens abroad in 2020 compared to Brazil's 1.8 million, can be attributed to India's much larger population. Its trade as a percentage of total GDP is relatively similar, as is its inward stock of FDI.

Table 2: Macroeconomic Data (2020)

	<i>India</i>	<i>Brazil</i>
<i>GDP (USD)</i>	2.67 trillion	1,48 Trillion
<i>FDI inflow USD + % of GDP</i>	64.36 billion (1.4%)	37.79 billion (2.6%)
<i>Trade USD % of GDP</i>	38%	32%
<i>Outward migration stock</i>	17, 869, 492	1, 897, 128
<i>Population Statistics</i>	1,4 Billion	215 Million

Note: adapted from World Bank (2023), Databank: World Development Indicators.

India and Brazil as case studies provide two key benefits. First, the diasporas of both countries engage heavily with OECD countries. The findings resulting from this paper will provide key insights into the relationship between the diasporas of India and Brazil, and their respective domestic economies. This highlights the importance of research on the interaction between large emerging markets with OECD countries as well. Secondly, as highlighted in table 1, India and Brazil have significantly large diaspora populations. As a result, they provide a critical case study of the importance of diasporic engagement in their home economies.

3.3 Data Collection

Qualitative data was collected through semi-structured interviews with key stakeholders, diaspora members, trade and investment professionals and practitioners. These interviews are intended to generate perspectives and insights to complement the findings of the general trend revealed through the quantitative analysis.

These interviewees were contacted directly through email, LinkedIn, and personal contact. The list of potential interview questions sent was as follows:

- 1:** *Could you please tell us about your background and your involvement/expertise in the context of diaspora-led trade and investment?*
- 2:** *How would you describe the role of government policies in promoting trade/investment in Brazil and India?*
- 3:** *To what extent do cultural ties and social and business networks play a role in influencing economic activity between host and origin country?*
- 4:** *In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their CoO?*
- 5:** *Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas?*

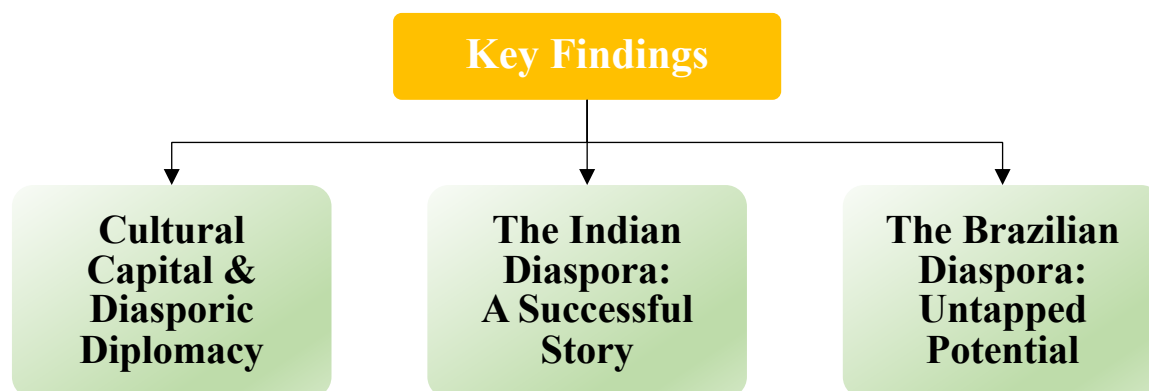
This non-exhaustive list of questions is a guideline for the structure of the interview. The semi-structured nature of the interviews allowed for spontaneous interview questions related to the answers of the interviewees. The transcription of the interviews was done manually with the help of technological tools, using content analysis to identify trends and themes in the answers. It is worth noting that the Permanent Mission of Brazil to the United Nations in Geneva was invited for an interview but declined on the basis that their current diaspora engagement and knowledge is not extensive enough.

Table 3: *Table of Interviewees:*

No.	Organisation	Expertise
1	Shabaka	Diaspora humanitarian action and diaspora trust-building
2	Global Diaspora Insights	Public policy and Diaspora engagement in peace processes
3	International Organization for Migration	Cultural and social dynamics of diasporas
4	Division of the British High Commission	Diaspora and business engagement/facilitation

5	World Trade Organisation (WTO)	Macroeconomic relationship between diaspora and country of origin and country of destination
6	United Nations Development Programme (UNDP)	Private sector engagement and migration
7	Permanent Mission of India to the United Nations	Indian diaspora in Switzerland

4. Analysis



4.1 Special findings: cultural capital and diasporic diplomacy

Emphasis on cultural exchange and dialogue is seen as vital for establishing long lasting and deep relations between countries in international intercourse (Reimann, 2004). In our interviews, experts stressed the importance of culture – in all its forms such as food, festivals, fashion, music – as a binding factor towards accelerating diasporic-led trade and investment in countries of origin. Cultural connections serve as a unifying bond among diasporas and creates a sense of commitment to contribute back home. Contributions go beyond economics, sometimes diasporas bring back social experiences, new business culture and implement new ideas of institutions and rule of law (Interviewee 2, 2024). The Indian diaspora community for instance, maintains strong spiritual ties with India, which is evident in the way they have been actively promoting and celebrating the cultural fabric of India abroad.² Celebration of cultural festivals such as Diwali often serve as a mobilising factor among the Indian diasporic business communities to come together and deliberate on ways to invest in their CoO (Interviewee 4, 2024).

Another key finding unravelled during the interview process was the importance of active “diasporic diplomacy” by governments with their overseas population. India took several steps that indicate a transformative change in the way it has carried out its facets of diaspora diplomacy. In 2004, it launched a new ministry called the Ministry of Overseas Indian Affairs (later absorbed into the Indian Foreign Ministry) aimed at easing migrants' transition to India and to engage with them. In 2006, it created a new Public Diplomacy Division under

² “PBD Virtual Conference Ebrochure” 2020. <https://www.hcililongwe.gov.in/docs/PBDVirtualConference-ebrochure04Dec2020-Updated.pdf>

its Ministry of Foreign Affairs. From the lens of the Indian state, Indian diasporas are viewed as “cultural ambassadors” in their host countries, which acts as a catalyst and an encouraging factor for them to conduct cultural events, festivals, resulting in showcasing of Indian cultural values and perspectives (Interviewee 7, 2024). Moreover, the conduct and promotion of Indian festivals, heritage, and yoga through official channels of diplomatic missions further contributes immensely towards the successful applications of diaspora and cultural diplomacy (Interviewee 4, 7, 2024). Hence, the importance of pragmatic diaspora diplomacy cannot be undermined in the 21st century.

4.2 The Indian Success Story

Table 4: Diaspora Engagement Policies launched by the Ministry of External Affairs (MEA) of India³

Policies	Objectives
National Pension Scheme for Non-residential Indians (NRIs)	Offers a diversified portfolio across equity, corporate bonds, and government securities, ensuring minimal impact during market downturns. Subscribers can choose their investment mix based on risk appetite. Options include Active Choice, where subscribers decide asset classes, and Auto Choice, managed based on age. Upon reaching 60, subscribers can annuitize 40% and withdraw 60% or fully withdraw if corpus is under 200,000 INR with the option to stay invested until 70.
Overseas Citizenship of India Scheme (OCI)	Grants PIOs certain rights akin to Indian citizens, excluding political privileges, with benefits such as lifelong multiple entry visas and parity with NRIs in various sectors. While resembling dual citizenship, OCI is distinct, allowing certain rights but not political participation, with guidelines governing registration, rights, renunciation, and cancellation.
Indian Community Welfare Fund (ICWF)	Aimed at assisting overseas Indian nationals in times of distress and emergency in the ‘most deserving cases’ on a ‘means tested basis’. ICWF has also been a critical support in emergency evacuation of Indian nationals from conflict zones, countries affected by natural disasters and other challenging situations. In view of its immense utility, ICWF stands extended to all Indian Missions and Posts abroad.
The Scholarship	Aims to facilitate higher education in Indian universities for PIOs, NRIs, and

³ <https://www.mea.gov.in/diaspora-engagement.htm#>

<p>Programme for Diaspora Children (SPDC)</p>	<p>children of Indian workers in Emigration Check Required (ECR) countries, with 150 scholarships annually across three categories, fostering India as an educational hub. SPDC covers various fields except medical courses, with 1/3 of the slots for children of Indian workers in ECR countries studying in India, and is available in 69 selected countries.</p>
<p>Pravasi Teerth Darshan Yojana (PTDY)</p>	<p>Offers sponsored pilgrimage tours across India to PIOs aged 45-65 from 07 Girmitiya⁴ countries, fostering a reconnection with their Indian heritage. Targeted at lower-income PIOs unable to afford visits to India, the 17-day program is coordinated with the Indian Railway Catering and Tourism Corporation Ltd. (IRCTC).</p>
<p>Know Goa Programme (KGP)</p>	<p>Indian state of Goa annually organises the "Know Goa Programme" (KGP) for NRI/PIO youths aged 18-30, whose ancestors migrated from Goa and currently reside overseas, including Delhi and Agra. With 12 successful editions held to date, KGP aims to reconnect participants with their Goan roots through cultural and educational experiences.</p>
<p>Know India Programme (KIP)</p>	<p>The Know India Programme (KIP) by the MEA targets Indian diaspora youth aged 21-35, aiming to strengthen their ties with India through a three-week "knowledge tourism" program, focusing on contemporary India's growth and development. With a preference for PIOs from Girmitiya countries, the program selects up to 40 participants per session, providing full hospitality in India and covering 90% of their international airfare costs, with applications processed through the KIP Portal.</p>
<p>The PIO Investor Helpdesk, Invest India</p>	<p>The PIO Investor Helpdesk, launched by the Indian government, aims to facilitate trade and investment engagement with overseas Indians and PIOs by providing a dedicated desk under Invest India, offering personalised support and guidance throughout their investment journey in India. Through streamlined processes and tailored assistance, the initiative seeks to leverage the expertise, networks, and resources of the Indian diaspora to unlock new opportunities for trade and investment cooperation.</p>

⁴ Girmitiya are those Indians who went abroad as indentured labourers under an agreement. Such individuals went to countries such as Mauritius, Fiji, Suriname, Trinidad & Tobago, Guyana, among others.

India Development Foundation of Overseas Indians (IDF-OI)	IDF-OI is a not-for-profit trust registered under Government of India established to serve as a credible institutional avenue to enable Overseas Indians to engage in philanthropy to supplement India's social and development efforts. IDF-OI channelises the philanthropic propensities and resources of the Overseas Indian community into national development and social projects.
Bharat Ko Jaaniye Online Quiz (BKJ)	The Bharat Ko Janiye quiz is conducted to motivate overseas Indian and foreign youth to enhance their knowledge about India and to awaken the curiosity of the new generation to know more about India so that they develop an all-round understanding of India.

Table 5: Tax Exemptions and Incentives for NRIs and PIOs⁵

Tax Exemption/Incentives	Description
Special Tax Concessions for NRIs/PIOs:	<ul style="list-style-type: none"> • Investment income from foreign exchange assets (shares, debentures, deposits) is taxed at a flat rate of 20% without deductions or exemptions for basic income. • Long-term capital gains (held for 12 or 36 months) on foreign exchange assets are taxed at a reduced rate of 10%, with exemptions if proceeds are reinvested within six months. • Dividend income from Indian companies and specified mutual funds has been exempt from tax since April 2003. • Capital gains from transfer of equity shares/units subject to securities transaction tax are exempt from long-term tax, and short-term gains are taxed at 10%. • NRIs/PIOs can elect not to avail these concessions if their income is below taxable limits or taxed at an average rate below 20%.
Tax Exemptions from Income Tax	(a) Deposits under mentioned bank accounts: (i) Non Resident External Rupee Account (NRE) (ii) Foreign Currency Non-resident Account (FCNR); (b) Units of Unit Trust of India and specified mutual funds,

⁵ <https://www.mea.gov.in/images/pdf/OIFCPublication2009GuidebookonTaxationforOI.pdf>

	<p>other specific securities, bonds and savings certificates (subject to conditions and prescribed limits under the Income-tax laws and regulations); (c) Dividend declared by Indian company; (d) Long term capital gains arising from transfer of equity shares in a company and/or equity oriented schemes of Mutual Funds, which are subject to securities transaction tax.</p>
<p>Exemptions from Wealth Tax</p> <p>Tax Holidays and Tax Exemptions from Investment in Industries</p>	<p>NRIs/PIOs returning to India for permanent residence are exempt from wealth tax for seven years on assets brought into India or acquired within a year preceding their return.</p> <ol style="list-style-type: none"> 1. NRIs investing in Indian industries can avail tax holidays and deductions, such as 100% deduction of profits for specified periods ranging from 5 to 10 years, incentivizing investment in infrastructure, mineral oil refining, hospital operation, hotel construction, and manufacturing in North Eastern states. 2. Additionally, NRIs can benefit from tax exemptions available in sectors like infrastructure development, power generation and distribution, and industrial park or Special Economic Zones development, providing opportunities for them to contribute to India's economic growth while enjoying favourable tax treatment.

The large Indian diasporic population has been economically significant for the Indian state. Our interviews with experts brought to light how the Indian diaspora has been crucial for the economic growth and prosperity of India, the diasporas being seen as an asset rather than a liability. Our interviews with the experts further validated the fact that a host of factors has contributed towards the success story of Indian diasporas trading and investing significantly back into their CoO: state policies and mechanisms to tap into the economic potential of the diaspora communities, well-structured business networks both in host country and CoO, cultural cohesiveness, and sense of belongingness with their CoO, among other factors.

The creation of state institutions to tap into the potential of the diaspora communities has been significantly crucial, such as the MOIA. The Indian state has been an efficient implementer and facilitator of policies to successfully engage with the overseas community (Interviewee 2, 2024). Realising the potential of investing in mutually beneficial sectors for both CoD and CoO (for instance, science and technology, food processing industry) has also been crucial for the continuity of the Indian diaspora success story (Interviewees 2, 3, 2024).

The Indian government has been tactful enough to tap into the new wave of the rising entrepreneurial spirit of overseas Indians to invest in the domestic market.⁶ The wisdom of the Indian diaspora engagement has been the state model of including diasporas in their domestic policies (Interviewee 2, 2024). Creating investor confidence has also been paramount (Interviewee 2, 2024). Flagship campaigns such as “Invest India”, which have dedicated spaces, acting as a central point for addressing the specific needs and queries of the diasporas interested in trade and investment back in their CoO has been an encouraging step forward in this regard.⁷ Signing of free trade agreements between India and other countries (UK, Switzerland, for instance) has also been pivotal in placing diasporas at the centre of pragmatic trade and investments in these countries (Interviewees 4, 7, 2024). Furthermore, government initiatives from the MEA such as the “Know India” program, online voting services, and the Indian Development Foundation for Overseas Indians all provide critical information for Indians abroad to retain deep cultural ties with their homeland through presentations on India’s cultural and political history, visits to industrial sites, and exposure to government led investment schemes in start ups and other business initiatives (MEA, n.d.).

⁶ “Chapter 18. The Role of the Diaspora - an India Economic Strategy to 2035 - Department of Foreign Affairs and Trade.” 2016. Dfat.gov.au. 2016. <https://www.dfat.gov.au/publications/trade-and-investment/india-economic-strategy/ies/chapter-18.html>.

⁷ “PIO Investor Helpdesk - Overview PIO Scheme, OCI and PIO.” n.d. www.investindia.gov.in. Accessed April 14, 2024. <https://www.investindia.gov.in/pio-investor-helpdesk>.

During the interview processes, we had the opportunity to interview the Head of Trade and Investment of British Deputy High Commission in Hyderabad, India (Interviewee 4, 2024) who further shed light on the importance of well-established business and social networks as an incentive for accelerating diaspora-led trade and investment. Citing the example of India-UK trade partnership, business networks like the UK India Business Council (UKIBC) serve as vital enablers for diaspora trade and investment. Their activities include signing of Memorandum of Understanding and conducting stakeholder consultations across various Indian states to foster a deeper understanding of the UK market. Similarly, the Confederation of Indian Industry (CII), with a dedicated desk in the UK, and the Federation of Indian Commerce provide essential contact points and community spaces for businesses (Interviewee 4, 2024).

Another incentivising factor which contributes significantly towards galvanising Indian diasporas towards making significant economic contributions to their CoO are cultural cohesiveness and sense of belongingness with their roots. Narrative building and storytelling about the essence of investing in their CoO serve as the foundational basis for many of the diaspora targeted schemes and programmes such as “Make in India” and “Invest India” (Interviewees 3, 7, 2024). Many important business summits and investment gatherings are organised around special Indian occasions such as Diwali (Interviewee 4, 2024). In addition, cultural connections between diaspora communities and their CoO can create a change of demand and supply for goods related to their ethnic background (Interviewee 5, 2024). For Instance, Indian spices form a significant share of the UK food market presently with US \$22.8 million imports from India in 2022.⁸

India and UK have been working rigorously on a Free Trade Agreement (FTA). Despite challenges, both India and UK remain committed to comprehensive and ambitious FTA, with ongoing efforts to resolve key issues. There have been discussions on potential compromises, such as dispute resolution under a bilateral investment pact.

In terms of specific geographical context in India where there has been a history of continuous migration, the migration of citizens from Kerala to the Middle East standstill out amidst the rest, culminating into one of the largest groups of Indian diasporas in the world (UN DESA, 2020). Kerala migrants contribute significantly to their homeland in various ways. They contribute remittances, which smoothens consumption and aids economic growth. They are

⁸ “Spices in United Kingdom | OEC.” n.d. OEC - the Observatory of Economic Complexity. <https://oec.world/en/profile/bilateral-product/spices/reporter/gbr>.

involved in education, health, retail trade, and tourism, enhancing these sectors (CDS, n.d). Their presence abroad boosts exports from Kerala. Additionally, they play a crucial role in globalising the state's economy. The large presence of Keralites in the gulf countries, their celebrations and observance of Keralian cultures in these countries, have created export demands from India for Keralian goods in the gulf markets and at the same time, led to fostering of strong bilateral trade relationships between India and the Gulf countries (MEA, n.d.).

Despite the ongoing success story, there are still barriers that need to be resolved effectively. Easing mobility between CoD and CoO, further easing out of bureaucratic measures and state machineries to streamline easy flow of investments, advocacy and policy measures by the state that result into further reinvigorating the nuances of well-structured business networks and social groups into investing back in India are some of the areas that ought to be addressed in the long run to continue the triumphant story of Indian diasporas towards accelerating the economic development of both India and its diasporas (Interviewees 2, 3, 4, 7, 2024).

4.3 Lagging behind: the Brazilian diaspora

Notwithstanding the fact that none of the experts interviewed for this applied research project had specific knowledge on the Brazilian diaspora, it was possible to uncover possible reasons why the engagement between Brazilian diasporas and their home country is not as thriving as the Indian diasporas. From the data collected in the literature review, one can easily assess that the Brazilian diaspora presents great potential for enhancing trade with and investment in Brazil. Enhancing the country's soft power, fostering tourism, and investing back home were also some of the potentials cited during interviews (Interviewee 3, 2024).

In terms of macroeconomics, while both Brazil and India had similar trade openness levels in the past (accounting for roughly 12% of their respective GDPs in 1960), India's trade openness has grown at a faster rate, standing at nearly 50% in 2022, while Brazil's trade openness has grown at a slower pace and reached 39% at the same period (Interviewee 5, 2024). This difference could indicate a possible untapped potential for diaspora trade. To capitalise on this potential, governments could establish export promotion programs targeting diaspora communities provided that these programs reflect diaspora interests and involve them in decision-making processes (Interviewee 5, 2024).

Despite representing a significant diaspora abroad, Brazil lacks strong engagement strategies with its diaspora when compared to India. Institutional-wise, for instance, while India created the MOIA in 2004⁹, solely dedicated to maintaining linkages with the Indian diasporas, Brazil has no robust governmental body to study its diaspora and propose engagement strategy. The Secretary of Brazilian Communities and Consular and Legal Affairs within the Ministry of Foreign Affairs of Brazil is the only formal governmental body that addresses Brazilian communities' interests and needs abroad whose competence is more related to consular activities, international legal cooperation, and immigration policy¹⁰. The Brazilian diaspora is therefore probably more reliant on community leadership to promote and defend their interests rather than governmental policies, although some diplomatic initiatives aimed at the Brazilian community abroad are of great value in fostering engagement with the Brazilian community. This was the case, for instance, of the first “Brazil Science Days”, a diaspora knowledge-transfer event held at Münster University, Berlin, in October 2023, for Brazilian researchers living in Germany.¹¹

In the context of South-South diasporas, the Brazilian diaspora in India, although fairly small in absolute terms, has increasingly shown potential. According to information of the Brazilian Federal Police, the Brazilian Embassy in India and the Office of the Secretary General and Census Commissioner of India, the Brazilian community is estimated to be about 5.000 people (Uebel, 2019). Many Brazilian families live in the state of Goa because of cultural similarities to Brazil, as they were both former Portuguese colonies, and the integration with the local community is visible: as of 1965, the Brazilian version of Carnival is annually celebrated in that state.¹² In 2014, Brazil and India signed a Memorandum of Understanding on Consular and Mobility issues whose objective is to “exchange information on the experience of both countries with their overseas nationals, as well as on current initiatives to support their respective expatriate communities”.¹³

⁹ Although the MOIA was merged into the Ministry of Foreign Affairs of India in 2016, it was helpful for creating knowledge and government experience on diaspora engagement.

¹⁰ Decree n. 11,357 of 1st January 2023, available at: https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2023/decreto/D11357.htm

¹¹ The goal of the event was to promote interaction between Brazilian researchers and experts, put them in touch with each other and identify opportunities for promoting cooperation between Brazil and Germany. More information can be found at:

https://www.uni-muenster.de/Brasilienzentrum/en/aktuelles/news/2023/brazil_science_days.html

¹² The story behind the festival is portrayed in: <https://goa-tourism.com/festival/goa-carnaval-2023/>

¹³ The content of the MoU is accessible at: <https://www.mea.gov.in/bilateral-documents.htm?dtl/23658>

Specifically within South America, the main institutional forum offering a space for exchange, consultation and search for common strategies on migrants is the South American Conference for Migration (SACM)¹⁴, which comprises all 12 countries of the region. It has enabled the formulation of reports and exchanges on the migration situation and the impact of diasporas on development, as well as the implementation of programmes related to the promotion of human rights of diasporas (IOM, 2022b). Brazil, however, is the country with the lowest emigrant percentage in the region (0.8%) although it has many emigrants in absolute numbers (IOM, 2022b). Among key best practices in the region, the IOM identified the “Brazilian Heritage Language Olympics” as a relevant public policy based on innovation, sustainability, replicability and efficiency criteria. The objective of the programme, which is implemented by the Ministry of Foreign Affairs through consulates, is to arouse the interest of Brazilian children and adolescents living abroad in the study of the Portuguese language, Brazil and its culture¹⁵ (IOM, 2022b).

Regarding investments in the CoO, interviewees stated that diaspora entrepreneurs may face challenges accessing markets in their home country due to limited knowledge, connections, mobility policies and regulatory barriers (Interviewees 2, 3, 4, 2024). Fragmented communities, varying socio-economic statuses, and generational differences may further complicate engagement (Interviewee 6, 2024). The lack of trust in the government's stability, infrastructure deficiencies and general political instabilities were factors mentioned by all interviewees as hindering engagement efforts (Interviewees 1-7, 2024). Specifically on mobility policy, during our AR project, Brazil has approved a constitutional amendment¹⁶ to suppress the loss of Brazilian nationality due to the acquisition of another nationality, which aims at facilitating not only mobility but all other rights and obligations that stem from citizenship.

With respect to the Global Compact for Migration, adopted by the UN General Assembly in 2018, which establishes parameters for the management of migration flows, although Brazil had initially participated in such an initiative, it was discontinued during the administration of President Jair Bolsonaro (2019-2022). In January 2023, under President Lula administration, Brazil announced its return to the GCM.¹⁷ Despite the collection of regional

¹⁴ More information about SACM is available at: <https://csmigraciones.org/es>

¹⁵ More information about the programme can be found at: <http://www.xn--heranabrasileira-gpb.com/ol>

¹⁶ Constitutional Amendment n. 131, 3 October 2023, available at: https://www.planalto.gov.br/CCIVIL_03/Constituicao/Emendas/Emc/emc131.htm

¹⁷ The press release of the Ministry of Foreign Affairs of Brazil communicating its return to the GCM is available at: <https://www.gov.br/mre/en/contact-us/press-area/press-releases/return-of-brazil-to-the-global-compact-for-safe-orderly-and-regular-migration>

data, the country has not yet been individually reviewed nor does it rank as a Member State with implemented practices in the International Migration Review Forum (IMRF).¹⁸

In sum, a conjunction of factors explains the untapped potential of the Brazilian diaspora. Overall, tapping into the potential of the Brazilian diaspora requires concerted efforts to address barriers, foster trust, and develop effective engagement strategies that prioritise diaspora interests and their participation in decision-making processes. An underdeveloped area mentioned in Interview 2 (2024) may well suit the Brazilian case: the diplomatic engagement with diasporas abroad with diplomatic missions often lacking targeted policies for diaspora engagement. Since Brazil institutionally relies on its consulates to engage and dialogue with its diasporas, a more robust diplomatic/consular engagement could reveal areas of diasporic interest that may prove feasible and simple to promote.

5. Policy Recommendations

Our analysis covered various thematic areas such as the importance of cultural capital, diaspora diplomacy, business networks, and strong and transparent regulatory investment frameworks. Cultural capital and the facilitation of long-lasting relationships between diaspora abroad and CoO incentivize diasporas to maintain financial relationships with their CoO. Furthermore, diasporas abroad often act as “diplomats” in the way they represent their domestic counterparts abroad and disseminate investment and trade opportunities. Lastly, business networks abroad further enable a cooperative dynamic for diasporas to find information regarding domestic investment regulations, trade and investment opportunities, and market entry points. Through the analysis and findings covering the importance of cultural capital, diaspora diplomacy, and the contrast between the Brazilian and Indian approach to diaspora engagement, this report proposes 4 thematic policy recommendations for governments to strengthen trade and investment relations through diaspora engagement.

1. Facilitate business network creation;
2. Streamline mobility policies;
3. Aligning expectations and incentives between diasporas and governments; and
4. Identify strengths in mutual sectors between CoD and CoO.

¹⁸ Please refer to the GCM and IMRF regional reviews, whose most updated information is available at <https://migrationnetwork.un.org/regional-reviews-2024>.

Facilitate Business Network Creation

- Dialogue between diaspora members abroad, incoming diaspora member, and the country of origin is essential in the dissemination of information regarding the business environment, regulatory policies, and market entry points. This report encourages governments and key stakeholders to establish widespread business networks to facilitate integration and collaboration between diaspora members to invest back in their home country. While initiatives like this may exist already, we encourage governments to continue to invest in such initiatives to exemplify their importance and tap into diaspora potential abroad. Examples of such initiatives are facilitating cultural events abroad such as Diwali in the UK and the education of native languages in cultural schools abroad. Such events aim to strengthen ties between diaspora communities and their country of origin.

Streamline Mobility Policies

- Interviewees stressed the need for easier access to cross-border mobility between their host country and country of origin. When mobility is discouraged or made difficult due to visa applications and administrative hurdles to acquiring access to local ID cards, economic activity is discouraged. Emphasising efficient mobility policy will enable more efficient and effective movement of human capital which will encourage investment in the long run by generating a welcoming business environment. This brief encourages governments to adopt welcoming and inviting visa policies regarding their respective diasporas abroad. Interviewees used the example of Rwanda which recently opened up the country to visa-free travel. Furthermore, examples such as issuing local ID cards to diaspora members to encourage a return to their CoO can foster economic activity.

Aligning Expectations

- Countries should align their expectations in regard to how they view and treat their diaspora and their potential. Rather than prioritising key wealthy diaspora members who have the potential for large economic success and growth back in their country of origin, view all diaspora members willing and able to invest back in their home country as equal. This report has revealed that many countries do not tap into the potential of their diaspora, this is one area where this can be mitigated.

Identify strengths in mutual sectors

- One area where the interviewees identified potential for deeper economic ties is through the identification of strengths in mutual sectors. This entails identifying sectors that both countries are able to leverage for economic gain. Policies along this line need to take into account that certain goods and services are not compatible with the religious and cultural dimensions of either their country of origin or host country. Interviewees mentioned goods such as alcohol or certain types of meat to be incompatible goods to be traded between certain *countries*. As a result, countries should leverage the knowledge of their diasporas to identify sectors in which both the country of origin and the host country can benefit from mutual trade and economic gain.

6. Conclusion

In an ever-increasing globalised world, the role of the diasporas towards economic development in their countries of origin cannot be undermined. Their role has been increasingly significant as they contribute not only in terms of economic growth but also facilitate knowledge transfers in their CoO, transferring set of values and lived experiences, pragmatic ideas about institutional changes through which transformative changes can be brought about. One of the primary ways in which diasporas contribute to economic development is through trade and investment. They act as bridges between their host countries and homelands, facilitating the flow of goods, services, and capital. Diaspora networks reduce transactional and information costs, making it easier for businesses to operate across borders. Additionally, diasporas exhibit a preference for products from their home countries, further promoting trade relations.

FDI by diasporas also plays a crucial role in economic development. By investing in enterprises in their home countries, diasporas contribute to job creation, technology transfer and overall economic growth. Efficient policy measures by the governments of CoO also play a significant role to tap into the enormous potential of their diaspora communities. The Indian success story is a testimony to that. Along with policy measures such as Invest India (which has a dedicated space targeted towards maintaining linkages with the Indian diasporas interested in investing and trading back in the country), the ever-growing importance of diaspora and cultural diplomacy which acts as a cohesive tool to bring together members of the diaspora community and instil a sense of belongingness towards their homelands are crucial parameters to unravel the substantial promise offered by diaspora communities.

At the same time, diasporas face numerous challenges in their efforts to contribute to economic development. Political instability, regulatory barriers, weak institutional frameworks, and lack of coordination hinder their ability to invest and trade effectively. Additionally, market forces and commercial norms may pose obstacles to diaspora-led initiatives, limiting their impact.

Effective policies and coordination are essential to overcome these challenges and fully leverage the potential of diaspora engagement in economic development. Governments must enact supportive policies that incentivise diaspora investment and trade, while also addressing regulatory barriers and improving institutional frameworks. The case study on Brazil serves as an anecdote where diasporas, despite their will and intentions to give back to their communities, often face the brunt of the lack of government policies and incentives to invest in the CoO. Efforts directed towards creating a structured and formalised business/social network within the diasporic community can go a long way towards streamlining the processes of economic contributions back into the countries of origin. Another pathway towards actual realisation of the potential of diasporas would be strengthening of diaspora networks and fostering collaboration with local businesses as evident in the case of Indian diasporas in the UK fostering commercial engagements and creating synergies among local businesses existing in both the countries.

In conclusion, diasporas represent valuable assets for enhancing the socio-economic conditions of both CoO and CoD. By addressing the challenges they face and implementing supportive policies, governments and stakeholders can unlock the full potential of diaspora engagement and drive economic progress and prosperity.

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Annexes

1. Conceptualization

Diaspora and Diasporic engagement

The term “diaspora” does not have a universally set definition. The International Organization for Migration (IOM) defines diasporas as “migrants or descendants of migrants, whose identity and sense of belonging have been shaped by their migration experience and background” (IOM, 2019). The term “diasporas” is also used to describe those who identify with their “homeland”, but live somewhere else, and it can include other generations in addition to the first wave of emigrants, if these individuals maintain some link (such as linguistic, historical, or cultural) to their parents’ home country (OECD, 2012). Since these concepts rely on subjective parameters, data on diasporas is difficult to capture.

For the purpose of this project, however, the concept of diaspora is circumscribed to the first generation of migrants whose mother tongue is the language spoken in their homeland, and whose motivation to migrate is mostly economic, i.e., the search for a higher standard of living for themselves and their families. Therefore, refugees and migrants whose main motivation to move is not economic are not the target of this project.

Diasporic engagement, on the other hand, is understood as the way diasporas engage with local communities and government to trade with or invest in their home countries, as well as how they engage with their own home country (whether individually, through a company or through public policies) to promote trade and investment links (Global Diaspora Summit, 2022).

International Trade

International trade refers to commerce that occurs across national borders. International trade is governed both by applicable local laws and by international treaties, such as the ones supporting the multilateral trading system at the World Trade Organization (WTO), which address a wide range of trade issues, such as tariffs, quotas, subsidies and customs duties.¹⁹

The OECD defines trade “as the transactions in goods and services between residents and non-residents” (OECD, 2023), which is usually measured in millions USD. For this project, the OECD’s definition is considered key, and it comprises both trade in goods and in services. For this research, goods mean “any merchandise, product, article or material” (GATT, 1994)

¹⁹ For more information on the topic, please refer to https://www.wto.org/english/tratop_e/tratop_e.htm

and services comprise any kind of mode of supplying services, such as cross-border trade, consumption abroad, commercial presence and presence of natural persons (GATS, 1994).

Trade in goods and services also comprise digital trade and service. Definitions of digital trade vary (IMF, OECD, UNCTAD and WTO, 2023), but the concept usually includes information and communication technology goods, such as computers, communication equipment, and electronic components, and digital-based services, such as telecommunications, postal and courier services, computer data and news-related service transactions (Ferracane, 2022), as well as financial services, computer and information services, business services, audio-visual and recreational services, etc. (WTO, 2022).

The IMF-OECD-UNCTAD-WTO Handbook on Measuring Digital Trade provides a statistical definition of digital trade that has gained widespread acceptance by governments (IMF, OECD, UNCTAD, WB and WTO, 2023), which states that “all international trade that is digitally ordered and/or digitally delivered” (IMF, OECD, UNCTAD and WTO, 2023). It therefore comprises both digitally ordered trade and digitally delivered trade through computer networks, mainly through the internet.

Foreign Direct Investment

There is no common legal definition for foreign investment since the meaning of the word “investment” varies depending on the purpose and object of different investment instruments that contain it (Carreau, 2007). Typically, investments are categorised as either direct or portfolio investments. According to the OECD, which has adopted a benchmark definition of foreign direct investments (FDI), direct investment is “a category of cross border investment made by a resident in one economy (the direct investor) that is resident in an economy other than that of the direct investor.” (OECD, 2009).

Similarly, the United Nations Conference on Trade and Development (UNCTAD) defines FDI as “an investment reflecting a lasting interest and control by a foreign direct investor, resident in one economy, in an enterprise resident in another economy” (UNCTAD, 2022).

It is important, for the purpose of this project research, to ensure the definition of investment reflects the kinds of investments that will contribute to a country’s development trajectory, i.e., investments that increase the production of goods and services; investments that

generate employment opportunities; and investments that enable the transfer of technology and knowledge.

2. Interview transcripts

Interview n. 1

Question 1 (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

Currently Director of Research and Advocacy at Shabaka. Shabaka is a diaspora research organisation that specialises in diaspora humanitarian action, and Policy Manager at the African Foundation for Development (Afford). He works to enhance trust in investments in Africa among diaspora people from Africa.

Diaspora communities that he works with are interested in origin countries.

The question and challenge for policymakers is how to align this with the diaspora investor's own interests.

Human development aids are involved not just in responding to crises but also building resilience and post crisis reconstructing. These have separate structures, but policymakers often fail to recognize diaspora; do not recognize these distinctions. They are not really interested in precise vocabulary (terminology) is.

- Ebola crisis in Sierra Leone case 2014 and 2016, Sierra Leone diaspora went back to volunteer, but these volunteer activities focus on social enterprise, but they were excluded from operational meetings and forums because they did not use the right terminology.

Question 2 (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

Generally based on his experience of Afford and Shabaka, he advises government officials to take a broad view about kinds of diaspora capital not just a cash cow, potential source of income. It's not a helpful frame of diaspora engagements. Rather, it's better to focus on attracting

investors. It involves making it easier for the diaspora to set up businesses and conduct business in their home countries.

- For example, setting up a small business in Nigeria takes a long time, whereas in Rwanda, it can be done within 24 hours. Nigeria is an extremely bureaucratic country, making business setup difficult, and this is the biggest barrier to diaspora investment. - Another is entry points for Diaspora trade and investment.

Often, policymakers expect an excessive level of investment from the diaspora, leading to mismatches.

- Ethiopia wanted to cover the construction of a large dam with \$6 billion in diaspora investment. However, the Ethiopian government lacked understanding of the low trust the Ethiopian diaspora has in the Ethiopian government and that diaspora investors prefer to see actual results of their investments. Eventually, the Ethiopian government borrowed significant funds it had hoped to cover with diaspora investment from the Chinese government.

Q 2-1. Is there a role for the I.O, I/. G frameworks like UN, AU? Do these bodies also play a role in promoting investment back in home countries through diaspora?

Yes. Two main roles are agenda setting and providing a pathway. For example, Various policy announcements by the AU encourage gender targeted diasporas and this encourages member states to introduce policies for diasporas trade.

Another aspect is providing technical and financial support. Incentives for facilitating greater investment include offering technical assistance to enable investors to efficiently invest in their home countries.

Diaspora investment is used to support SMEs in many global south countries. In many African countries, SMEs are the engine of economic growth, and they create jobs for local people. This is one of the most effective ways to address poverty.

Diasporas also invest in real estate in their origin countries with their enough money. Investment in affordable housing requires sufficient support from the government, as well as assistance from the private sector.

Question 3 (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where

these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Diaspora communities create markets both in origin and host countries. Diaspora communities have acted as change agents in terms of creating new tastes and opening new markets.

- Ex: Indian UK food, Nigerian Guinness from Ireland, Nigerian and west African diasporas have been very effective in creating a market for this product.

Question 3-1: So would you say that the direct relationship would be especially with the food beverage sector in general?

Food, culture, fashion, and music are all areas where I can see examples.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

He characterises them in groups.

There are policy frameworks in origin and settlement countries that can incentivize or disincentivize diaspora investment. Many legal frameworks in global countries make it difficult to send money to their origin countries.

- In the case of Sudan, you couldn't send money directly because of law money laundering or restrictions. Sudan was cut off from the global financial system in the early 2000s due to international sanctions. So, we have to use a triangular trade route via the UAE. That's the example of how policy frameworks can disincentivize investment.

Diaspora investor's lack of trust about government in origin countries, financial and economic stability is major barrier.

Mismatch between the ambition of officials in origin countries and diasporas. So, allow different entry points into diaspora investment

Question 4-1: Bilateral investment treaties between the countries of origin and host countries

There are many bilateral partnerships with countries, principally, Francophone countries in West Africa. These agreements are broad including promoting mobility (for example between W.Africa and France), cultural Heritage, encouraging sharing of expertise, promoting diaspora investment and trade with that country forms part of such agreements.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

Can't just rely on cultural ties and identity. But diaspora investors, like any investment, want to see a return on their money, and from the country. Diaspora Discount: Diaspora will do things, not for free, but for cheaper, because of cultural ties and connections to origin countries. Countries looking to stabilise their markets can adopt a broad policy framework. Beyond the investment policies to include a broader perspective, such as citizenship policies. Offering dual citizenship is controversial, but it can engage various forms of capital. Providing diaspora with citizenship and equal investment opportunities as citizens can be useful. For instance, Ethiopia has a policy of issuing ID cards to its diaspora. Another example is the Indian government. Increasing Mobility: Policy frameworks to enhance mobility. Intra-regional mobility is an engine for economic growth. For example, the EU.

- For example, a company based in Ghana to hire an engineer from Europe was easier than hiring from South Africa because of the costs to get a visa.
- It would be good to provide greater mobility across various countries and cities including India, Bangladesh, Pakistan, and move to South Asian regional integration, though politics and history make it difficult.

Interview n. 2

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

Phd in role of the Irish diaspora in the peace process. Looked at the holistic contribution of the Irish diaspora including economic contribution towards Ireland. Worked in 50 countries, designing public policies for economic development. Found diaspora led development at local levels, contribution in towns and villages from where they are from to be a significant one.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

No knowledge about creating community network diaspora in countries like Brazil. Who are they, where are they and what they are doing.

In the Indian case study, the role of government policy was initially new. Government policies were intuitive in the beginning of the century. They created in 2002 a high-level committee on diaspora engagement. Produced a 800 page report. India is the leader in the world in terms of diaspora, trade, and investment. Maintained balance between implementer and facilitator. The role of government as an implementer of policy steps and strategic steps. Yearly summits on bringing overseas Indian CEOs. The salary of Indian diasporas in the US for instance is the highest along with the Chinese. Under the leadership of Modi, there has been significant economic diplomacy. In terms of Indian success stories, the diaspora played an important role in facilitating economic structure back home. The wisdom of the Indian diaspora engagement is their model of including diasporas in their domestic policies. Creating investor confidence has also been paramount for the success of the diaspora contribution. Realising the power and potential of investments in various sectors such as science and technology, etc has also been significant.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Cultural connections serve as an unifying bond among diasporas and creates a sense of commitment to contribute back home. Contributions go beyond economics, sometimes diasporas bring back social experiences, new business culture and implement new ideas of institutions and rule of law. Diasporas can become nudge factors into ensuring economic investments back in their countries of origin.

Can you see any sector-led by the Indian diaspora in the UK? Answer: traditionally you can look at food, but things are more complex than that. I don't have any specific example now.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

There is not always a tendency among all the diasporas to invest back in their countries of origin. Most of the interested countries are the developing ones. To create a fiscal infrastructure and a regulatory framework to facilitate diaspora engagement takes up a lot of time. Lack of infrastructure many times hinders diasporic engagement. It takes significant years to build up the technical knowledge and infrastructure to facilitate diasporic engagement. Political instability also acts as a hindrance.

We can't rely on the government all the time. A lot of diasporas tend to fight with each other as well, when a new generation comes along it also raises tensions. The core of the answer is LEADERSHIP. If the conditions are built, the best that the government can make is to get out of the way. Leadership is essential for ensuring strong diasporic investment. Taxation systems might also be one of the hindrances.

Enabling factors for engaging the diaspora abroad: transparency, governance, etc., but beyond the technical stuff, IT'S SOCIAL SCIENCE, after all we're talking to people. The area I think is underdeveloped in diasporas, especially in trade and investments, is diplomacy. Diplomatic missions, for example, do not have a policy targeted to their diasporas. We have to be listeners, and that is what India has done. If the communities want to meet the ambassador, the Indian ambassador is there.

"Natural distribution mechanism" to bring diasporas and governments on board in terms of creating policies to attract diaspora investments is also essential.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

Definition of who "diasporas" are is very significant. Need a more holistic approach in terms of definition, so that countries do not lose out on their potential.

Emphasising the social aspect of the diaspora engagement.

Interview n. 3

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

I am the diaspora focal point to the IOM. IOM has a very holistic approach on the social, cultural, holistic impacts of diaspora in general. I will pass the contact of a colleague who works directly with remittances. Most of the work in the IOM is related to nostalgia trade and cultural capital which is connected to the sense of belonging of diasporas' members. In terms of my job, I advise how to implement diaspora policies. We try to facilitate the connection with all stakeholders involved: media experts, governments, private sector, etc. I also manage the IOM diaspora hub. It's open source, so anyone can use it. Anyone interested in diaspora can access the resources – you're invited to access. There is also an economic capital tool.

We have one important publication (<https://publications.iom.int/books/contributions-and-counting-guidance-measuring-economic-impact-your-diaspora-beyond-remittances>) – this is a methodology for governments to measure diaspora's impact beyond remittances, how to measure trade and tourism, etc.

We also work with capacity building, which is targeted to each country. In the case of India, they have an integrated system with different kinds of diasporas, even though they do not allow dual citizenship. We train diasporas, governments, etc., how to leverage and maximize diaspora capital in development and humanitarianism.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

I have more information on India. In a research called “Diaspora and Transnational Identities - An Analysis of Legal Frameworks and Policies”, we analyzed five countries, and India is one of them. Legal frameworks considering the gender scope in terms of diaspora engagement.

Global Diaspora Summit in 2022, IOM in partnership with the Irish government for the first time where ministers and diasporas were in the same table (<https://www.iom.int/global-diaspora-summit-2022>). Diasporas are really being recognized today as key for development. How governments see diaspora engagement – Global Forum for Migration. The IOM advocates for diasporas to measure their impact in development.

In the case of India, which is one of the greatest diasporas in the world, they target different groups, they even have yoga and language classes. They have incredible festivals – Bollywood and soft power. It's a force for their benefit. Indians are proud of the diplomatic role that diasporas have. This area should be further explored.

For Brazil, I can refer to colleagues from Brazil, because the country is not a “champion” for engagement with diasporas. Brazil has the opportunity to leverage its soft power. It's a unique case, especially in Latin America. I see a lot of potential in terms of tourism. Portugal has also a good way of attracting and engaging with Brazilians (country of destination). They have good programs related to investments for Brazilians, for example.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

This is the crucial question we're trying to answer. It would be a huge mistake not to invest in culture. If you don't love your country, you're not going to invest or go back. It's intrinsically involved with development. We have to highlight this. Culture really touches the emotional part of people and drives them to invest. Story-telling is the most important hook for investment. Also linked to nostalgia trade, the Lebanese community is good at doing this. They had an online platform for you to buy and invest in Lebanon directly.

Empowerment for diasporas: they're also entrepreneurs. They seize the opportunity to be bought by their diaspora members and also their community. If you go to NYC, for example, every store is built around diaspora trade. This is a multicultural city.

Host land environment is absolutely crucial – the UK embraced Indian food, but this is true in London. But if we think of NYC, it's even more impactful. It's locality and locality, not necessarily countries. I wouldn't analyse in terms of countries, but rather in terms of locality.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

More work needs to be done in countries of origin where structures must be in place. If you want more investments, you have to have a solid system that convinces diasporas to invest back. So many diasporas don't trust their country of origin because of corruption or lack of incentives. There must be better regulatory framework. Structure *VERSUS* the agency.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

"The future of diaspora" (<https://publications.iom.int/books/future-diasporas>) is a recent work we published about diasporas in the future. To enable trade, it's important to keep sharing stories about successful diasporas. The mindset needs to change – initially diasporas were seen as "traitors"; but now governments and people look differently at diasporas. Governments need to be adaptable – if diasporas want to come back for just a certain time, they should be allowed to do that. Governments should also invest in the banking system.

Anyway, diasporas find a way to invest back (i. e. crowd funding). But it would be better if they were allowed to invest in whatever they wanted.

Climate change diasporas – there will be islands in the Pacific that will disappear for sure, so these diasporas should be considered.

Interview n. 4

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

The interviewee is the Deputy Head High Commission Hyderabad (Council General). He is the Head of Trade and Investment and UK Government Business and Trade within the region. He facilitates business ties between India and the UK as the UK's biggest diplomatic presence is in India.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

Governments have the opportunity to promote a proactive economy by interacting with its diaspora. Diaspora are often the first point of contact when seeking answers to questions such as “what kind of jobs are in the region?”, “What is the culture like?”, “What kind of business practices should we expect?” As a result, governments must facilitate these ties to enhance the ties between the two countries. Furthermore, diasporas play an important link in increasing trade and investment. For example, the Indian diaspora in the United States (which is heavily concentrated in the tech sector: Google, Apple, Microsoft etc.) have a significant presence in India as well.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Cultural ties and social/business networks play an important role in influencing economic activity between CoO and CoD. For example, bilateral trade agreements (BITs), free trade agreements (FTAs) and other trade/investment initiatives are able to facilitate investment by decreasing market entry barriers. Currently, the 14th round of negotiations of this India-UK FTA are underway and once implemented will significantly increase the ease of doing business in India by reducing tariffs on certain goods/services. Both countries support 700,000 jobs in each other's respective countries. Diaspora communities are growing fast. India's middle class has grown to be over a quarter of a billion. As the middle class grows to be the largest consumer by 2050, India and the UK should continue to build and grow on this relationship. On the

cultural side, many business meetings happen around certain Indian festivals in the UK. People have started using the cultural elements that tie the countries together to enhance partnerships.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

Business networks like the UK India Business Council (UKIBC) serve as vital enablers for diaspora trade and investment. Initially government-linked, these networks have evolved into independent bodies that connect major British businesses, such as Rolls Royce, with a broad spectrum of UK enterprises. Their activities include signing MOUs and conducting stakeholder consultations across various Indian states to foster a deeper understanding of the UK market. Similarly, the Confederation of Indian Industry (CII), with a dedicated desk in the UK, and the Federation of Indian Commerce, provide essential contact points and community spaces for businesses. These organisations champion trade by showcasing success stories, operating on the principle that success breeds further success, thus encouraging the diaspora to invest in their countries of origin.

However, the diaspora faces several barriers to investing and trading with their countries of origin. The ease of doing business is a primary concern, as firms typically seek out profitable and hassle-free environments. Visa policies and mobility between countries also significantly influence investment decisions; restrictions here can be a deterrent despite the growing numbers of visas and students traveling to the UK. Sector-specific policies, geographic accessibility, language barriers, and varying fiscal year calendars can all act as significant obstacles. For instance, a product not consumed in the COO, like certain meats in India or alcohol in abstinent regions, will not attract UK exporters due to local disinterest. Moreover, differing financial year endings between countries like Switzerland, India, and the UK can complicate investment timing, creating financial and legal misalignments that pose challenges for the diaspora looking to invest. These barriers highlight the need for a strategic approach to streamline trade and investment processes to facilitate diaspora engagement with their home countries.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe

would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

In terms of policy recommendations, the interviewee suggested that governments should promote business networks more than they already do through accessible platforms such as websites, blogs, etc. They should facilitate exchange programs between university students. Identify strengths in mutual sectors such as healthcare, tech, AI, clean growth etc. They should bolster the regulatory environment around investment to facilitate and promote investment and economic activity.

Interview n. 5

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

I have limited expertise on diaspora-led trade and investment. That being said, I studied extensively the gravity model of trade which explains how trade costs and market size impact bilateral trade. One of the standard gravity variables is the former colonial relationship. In some countries, some of the largest diaspora are former colonies (e.g. Indian and Pakistan diaspora in the UK). The gravity model was also used to explain migration flows and bilateral remittance flows. See for instance

<https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-9701.2009.01167.x>,

<https://onlinelibrary.wiley.com/doi/full/10.1111/caje.12122>

<https://sjes.springeropen.com/counter/pdf/10.1007/BF03399374.pdf>.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

Both Brazil and India are large economies, but they have taken different approaches to trade openness. In the 1960s, both countries had similar levels of trade openness, with trade (exports

plus imports) accounting for around 11% to 13% of their respective GDPs. However, India's trade openness has grown at a faster rate and now stands at nearly 50% in 2022, while Brazil's trade openness is at 39%. There was an acceleration in trade openness in Brazil between 2017 and 2022 reflecting trade and trade-related structural reforms. India has a larger population and market size, which means its domestic market is also larger than Brazil's. One would expect trade openness to be smaller in economies with a very large domestic market. This indicates that trade plays a more significant role in India's economy compared to Brazil.

To gain a better understanding of these economies' trade policies, you may want to refer to the WTO Trade Policy Review reports, which provide insights from other WTO members. For instance, the tariff remains one of Brazil's main trade policy instruments, and a non-negligible source of tax revenue. India relies on trade policy instruments such as the tariff, export taxes, minimum import prices, import and export restrictions, and licensing.

I don't know about diasporic engagement in trade and investment policies. But governments frequently establish export promotion programs that aim to target specific economies, including potentially those that have a large diaspora. However, for these programs to reflect diaspora's interest, it is necessary for the diaspora to represent the groups of interest and be part of the decision-making process.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Cultural connections between diaspora communities and their countries of origin can have an impact on the economy. Diasporas often create a demand for goods that are related to their ethnic background. This can create opportunities for trade between countries. The social networks formed by diaspora communities can also influence economic activity by affecting patterns of migration, and employment opportunities. Diaspora networks can offer arriving migrants valuable sources of information and support. The business networks established by diaspora entrepreneurs can facilitate economic exchanges between the host country and the country of origin. These networks are based on the expertise, connections, and market knowledge of diaspora communities to bridge the gaps in the market and facilitate trade and investment. For instance, migrants often initially establish small shops or restaurants that offer

specialties from their countries of origin. This leads to the importation of unique foods and items that may not be readily available in the host countries. In some cases, these migrants invest in their own factory which further expand trade links between the home and host countries.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

I guess it depends on the economic and political situation of the home country. But the main obstacles are the trade-related and investment-related barriers faced in the country of origin. Diasporas can face trade barriers, such as tariffs, quotas, and restrictions, that hinder the flow of goods and services between the home and host countries. Challenges in accessing markets in their country of origin due to limited market knowledge, lack of connections, or regulatory barriers can hinder diaspora entrepreneurs. For instance, services trade restrictions based on nationality requiring the investor to live in the country can discriminate against diaspora entrepreneurs. Mobilising diaspora wealth and capital can also be difficult because of a lack of information, legal challenges, and the need for financial intermediaries.

Policy reforms that reduce unnecessary trade-restrictive barriers and encourage foreign direct investment can create a more favourable environment for diaspora-led trade and investment. Governments can also support diaspora entrepreneurs and investors by improving the access to accurate and up-to-date information about investment opportunities, market conditions, regulations, and business practices in the country of origin. Facilitated access to financial services such as banking, microfinance, and investment options can also facilitate diaspora investment. Remittances can also be directed towards productive investments and entrepreneurship in the country of origin.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

As mentioned above, improving market access, transparency and access to finance is important. Governments can promote knowledge exchange and collaboration through specialized

programs and platforms, which can provide opportunities for diaspora entrepreneurs to expand their trading and investing prospects. These programs don't need to be exclusively targeted at the diaspora but can facilitate their engagement. Some governments sometimes organise trips to other countries to strengthen business relationships and establish trade deals, separate from formal free trade agreements. These visits sometimes involve the participation of government representatives and business leaders, including in some cases some diaspora entrepreneurs. Platforms that gather feedback from diaspora entrepreneurs interested in trading and investing in their home country can also help the government identify specific obstacles (e.g. specific policies or requirements) and encourage cooperation with the home country to find solutions.

Interview n. 6

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

Position: Migration and development analyst at UNDP since 2021.

Experience: Engaging with diaspora since 2016, focusing on private sector involvement.

Collaboration: Worked closely with OECD, especially on diaspora engagement and climate action.

Interest: UNDP places high value on diaspora for sustainable development through:

- Remittances
- Knowledge transfers
- Trade and investment
- Guidance on integrating diasporas in development planning
- Engaging private sector and hometown associations
- Addressing topics overlooked in diaspora discourse, such as climate action.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

Role of Governments: Vital in enhancing diaspora contributions to sustainable development through:

Dedicated policy frameworks and institutions.

Specific diaspora engagement policies, including investment frameworks.

- Initiatives: Include investment projects, bonds, co-financing, and creating awareness of diaspora activities.
- Visibility: Forums to showcase diaspora work and encourage multistakeholder participation.
- Broader Focus: emphasizing the role of destination countries in diaspora engagement by:
 - Engaging with suppliers.
 - Skill development.
 - Collaboration with trade unions.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Impact: Cultural and social ties with diasporas are crucial in guiding investment decisions and economic activities between countries.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

Barriers: Include trust issues, fragmented diaspora communities, varying socio-economic status within diaspora groups, and generational engagement differences.

Trust Issues: With financial investments and government institutions.

Private Sector and Generational Differences: Affect engagement levels and investment interest.

Voluntariness and Environment: Need for a supportive environment for voluntary diaspora engagement.

Local Community Tensions: Xenophobia and other social challenges.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

Enabling Environment: Address practical aspects like citizenship and business registration.

Trust Building: Essential for sustained diaspora engagement.

Inclusive Communication: Diverse communication channels for continuous dialogue.

Youth Engagement: Address challenges faced by younger generations and involve them in policymaking.

Long-Term Engagement: Orient policies for long-lasting diaspora involvement, beyond remittances.

Climate Action: Share practices and involve diasporas in climate action initiatives.

Interview n. 7

Question 1: (Interviewee's role and involvement in diaspora trade and investment)

To start off our interview, could you please describe your role and involvement/expertise in the context of diaspora-led trade and investment? We are interested in any specific experiences or observations you have that highlight the impact of diaspora communities on trade and investment.

Has knowledge of the diaspora of India in Switzerland. Indian's diaspora is about 32 million people around the world. Wide spectrum of professional aspects: businessmen, trade industry, students, trade, etc. they have played an important role in promoting trade and investment like FDI.

Question 2: (Government policies and diasporic engagement)

How would you describe the role of government policies in promoting trade/investment in Brazil and India? And how would you describe that role in respect to diasporic engagement specifically?

The abolishment of the retrospective tax by the Indian government has impacted investment in India. Monetizing of land with Indian railways as well.

Sovereign funds to undertake infrastructure and investments, this financing comes from outside as well. Another example of governmental policy is the reform in labour laws.

However, there is nothing specific in attracting diaspora investment. Money has no colour. Policies that attract investments are the same for everyone. There is nothing specific to attract diaspora investment. Remittances have increased.

Question 3: (Cultural ties, social and business networks)

To what extent do cultural ties with diasporas and social and business networks play a role in influencing economic activity between the host and origin country? Are there instances where these relationships have had a direct impact on trade or investment decisions, beyond just economic profit and risk?

Culture is a medium by which you mobilise people. It's primarily around festivals, Bollywood, visual arts, and performances. This increases when Indians go abroad, and you see India as one. When communities come together, it promotes trade and investments. It's not culture as a stand-alone aspect. Cultural ties help promote trade and commerce.

Question 4: (Barriers and enabling factors for diaspora trade and investment)

In your opinion, what are the main barriers facing diasporas today regarding their ability to trade and invest back in their COO? What would be enabling factors?

Barriers were identified and addressed in India, for example the abolishment of the payment of retrospective tax. Ease of investments with a new investment legislation, tax reform, labour laws, crop insurances for farmers and the development of the program "Invest India", which contains a single window clearance for all investments. This single body helps attracting investments. People were finding it difficult to understand Indian business and government. Indian cement manufacturing company, for example, has established in Switzerland. Technology services are also present in Switzerland.

Multilateral forums (i.e. Davos) also serve as a platform for several state-Indian agencies to attract investments.

There are no serious barriers today. The FTA with India-EFTA proves we don't have many barriers.

Question 5: (Future policy recommendations)

Looking to the future, what policy changes would you recommend to governments to tap into the potential for economic activity through diasporas? Are there specific policies you believe would be particularly effective in enhancing the contributions of diasporas to their home countries' economic development?"

Best practices: look at positive/successful cases.

Culture plays a very important role in bringing people together. Example: 75 years of Indian independence. When you come together, you look back at your roots and you incite loyalty in people. The greatest strength of India is to have the biggest diaspora in the world. They are the best ambassadors of India abroad. They also constitute the Indian branding: diasporas build a brand of their home countries, especially for goods and services (i.e. Indian silk, Indian food, Bollywood, etc.).