

MINISTRY OF COMMERCE & INDUSTRY
GOVERNMENT OF INDIA

CONFERENCE OF
COMMERCIAL
REPRESENTATIVES
OF INDIA BASED
IN SELECT WANA
COUNTRIES-

FINAL REPORT

*Kolkata 3.6.2003; Bangalore 4.6.2003; Chennai 5.6.2003
Mumbai 6.6.2003 and New Delhi 7.6.2003*

FOREIGN TRADE (WEST ASIA-NORTH AFRICA) DIVISION
DEPARTMENT OF COMMERCE

ALGERIA



EGYPT



IRAN



ISRAEL



KUWAIT



OMAN



SAUDI ARABIA



SUDAN



UAE



YEMEN

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CONFERENCE OF COMMERCIAL
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*ALGERIA, EGYPT, IRAN, ISRAEL, KUWAIT, OMAN,
SAUDI ARABIA, SUDAN, UAE, YEMEN.*

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Preface

The Commercial Representatives (CRs) posted in various Indian Missions abroad have a vital role in the promotion of trade and economic cooperation with the country where they are posted. They act as facilitators in furthering the development of trade, investment, joint ventures, technical and financial collaboration contacts between India and their 'post' countries. It is therefore necessary that the CRs and our industrialists, exporters and businessmen have frequent interaction with each other.

With a view to facilitate such direct contacts between the CRs and the business community in India, the Department of Commerce has taken steps to organise Conferences of CRs at important cities in the country, in association with trade bodies. Accordingly, one-day Conferences of CRs from select 10 countries in the West Asia -North Africa (WANA) region were held in Kolkata, Bangalore, Chennai, Mumbai and New Delhi from 3-7 June 2003.

The Conference provided the CRs an opportunity to present to our businessmen details about the economic conditions, customs regulations, banking facilities and business opportunities in the respective countries where they are stationed. It also helped them in understanding the concerns, expectations, needs and difficulties of our businessmen. Our feedback is that the businessmen who participated in the meetings with CRs felt that it was an enriching experience. I have great pleasure in presenting this report on the Conference.

The report of the CRs' Conference includes, *inter alia*, individual accounts of the proceedings in the five sessions by the CRs and the trade bodies who coordinated the events and an introduction, conclusion & recommendations drawn up by the WANA Division of the Dept. of Commerce. In certain cases, the reports of the CRs' and the Industry bodies have been edited, for brevity.

I am confident that the experience gained by the CRs during the conference and the follow up action by all concerned would contribute immensely in the further expansion of India's trade and economic cooperation with the WANA region.

I take this opportunity to place on record my sense of appreciation to the CRs who participated in the Conference, the organisers of the five meetings and the officers of the WANA Division, who worked tirelessly to make the Conference a successful and worthwhile exercise.

(M.V.P.C. SASTRY)
JOINT SECRETARY

Chapter 1

Introduction

1. The Department of Commerce decided in November 2002 to organise meetings of Commercial Representatives (CRs) of India stationed in various countries on an annual basis, in Delhi and other cities in India to facilitate effective interaction between them on the one hand and the apex trade bodies, business communities, State Governments, agencies of Government of India, financial institutions like RBI, Exim Bank, ECGC, Export Promotion Councils, etc on the other. The meetings were intended to facilitate identification of problems faced by exporters, formulate suitable trade promotion measures by the Department and to re-orient the CRs' approach for effectively marketing Indian products in the countries where they are posted.

2. The salient features of the guidelines formulated by the Department in this connection were as follows:

- The CRs would be invited to India for a period of 5 working days;
- They would visit at least three important cities with a view to have region-specific trade promotion seminars, which would be organised by the apex business chambers, co-hosting the seminars/meetings;
- The Department of Commerce would bear the expenditure on airfare. Other expenses for organising the seminars, logistics and other arrangements would be met by the business chambers co-hosting the event;
- All participants in the seminars would be charged participation fee, with a view to meet the expenditure on organising the meetings/seminars; the fee for the seminars would be decided by apex business chambers organising the events in consultation with the concerned Division in the Ministry
- The Export Promotion Councils/ Commodity Boards/ ITPO would be closely associated with the meetings/seminars

EFFORTS MADE BY WANA DIVISION

3. At a preliminary Meeting held by the West Asia-North Africa (WANA) Division with the representatives of the Industry/Business Associations, it was decided that only selected Missions would be invited depending on trade flows, potential for increasing trade, strategic importance, etc. The Ministry of External Affairs' Economic Division, WANA Division, Gulf Division and PAI Division were fully associated with the arrangements. Based on the inputs

received, it was decided that the Commercial Representatives (CRs) of India based in **Abu Dhabi (UAE), Algiers (Algeria), Cairo (Egypt), Khartoum (Sudan), Kuwait, Muscat (Oman), Riyadh (Saudi Arabia), Sana'a (Yemen), Tehran (Iran) and Tel Aviv (Israel)** would be invited. The dates of the Conference were fixed from 3-7 June 2003. It was also decided that the Industry/ Business Associations—the Confederation of Indian Industry (CII), the Federation of Indian Exporters Organisations (FIEO) and the Federation of Indian Chambers of Commerce and Industry (FICCI)—would be associated and the Meetings held as per the schedule given below:

- | | |
|--|------------------|
| a. Meeting in Kolkata to be organised by CII. | 3. 6. '03 |
| b. Meeting in Bangalore to be organised by FIEO. | 4. 6. '03 |
| c. Meeting in Chennai to be organised by CII. | 5. 6. '03 |
| d. Meeting in Mumbai to be organised by FICCI. | 6. 6. '03 |
| e. Meeting in New Delhi and winding up Session to be organised by FIEO. | 7. 6. '03 |

REPORT OF THE CONFERENCE

4. During the Meetings, the CRs had effective and fruitful interactions with members of trade and business Associations, State Government officials, ECGC, Exim Bank, Export Promotion Councils etc. The Conference also facilitated one to one dialogues to some extent between the CRs and members of the business and trade community in the country, which helped identify strategies to increase exports to the WANA Region.

5. The **plan of this Conference Report** is as follows. After a brief report on the Meetings held in different locations in this Chapter, we present impressions by each CR in the following 10 Chapters (Chapters 2-11). This is followed by the Reports of each Industry/ Business Association –i.e., CII, FICCI and FIEO— in the following three Chapters (Chapter 12-14). A final chapter, Chapter 15, written by this Division tries to draw some conclusions and recommendations. The aim of the report is to present a general record of the proceedings in order to identify the essence of the main issues in bilateral trade between India and the WANA region, the ways in which problems of co-ordination can be tackled and the potential for co-operation enhanced and finally, how administrative steps taken in organising such meetings can be further improved. The Document thus does not aim to be a verbatim record of the proceedings but gives a broad flavour of the results of an Initiative taken perhaps for the first time by the Department.

6. Prior to the conference the CRs were asked to send detailed notes on existing bilateral trade, the potential for increasing such trade, the procedures for recognition/registration of Indian exporters, the problems in existing trade and market surveys for improving exports.

Most CRs sent extremely detailed and Comprehensive Reports on these issues; some came prepared with CDs and Reports covering these issues. These were circulated before the Meetings to the Industry/ Business Associations who ably summarised and distributed the same to the participants during the Meeting. This facilitated the Presentations made by the CRs at the Meetings. We have not brought out these Notes in detail in this Document in full as obviously it would make this Report unmanageably long; however, to give a flavour of what was presented we have tried to present a summary of the presentations in the appendix. We crave the indulgence of the CRs if we have missed any of the issues raised by them; however, we hope that it is understood that the purpose of this document is not to repeat their presentations. We have also prepared a broad note in India-WANA bilateral trade, which we have kept in the Appendix. We now present a brief report of the Meetings.

(a) Brief record of the proceedings in the meeting held in Kolkata

7. The meeting at Kolkata organized by CII as part of an 'Export Summit' was attended by nearly 150 exporters. Shri Nirupam Sen, Hon'ble Minister in charge Commerce and Industries, Government of West Bengal inaugurated the summit. The second session pertained to the support framework during which ECGC made a presentation. M/s Dunn and Bradstreet, a UK-based company providing information on risk management and credit assessment, made a presentation.

8. The next session pertained to WTO and India's approach. Thereafter an interactive session with the CRs was held. The questions raised by the exporters after the presentation and during the export summit mainly pertained to export of commodities like tea, construction material to Iraq and about the future of various orders received by Indian companies under the "Oil for Food Programme" of UN.

(b) Brief record of the proceedings in the meeting held in Bangalore.

9. The meeting with CRs at Bangalore was organized by FIEO and was attended by nearly 150 exporters. The Hon'ble Minister for Large and Medium Industries, Government of Karnataka, Shri R. V. Deshpande inaugurated the Conference.

10. The exporters at the Conference asked questions about the potential offered by Gulf region as a whole for the IT and Pharmaceutical sectors. The exporters were given information about the development of IT sector in the Gulf as well as about the requirements for registration of pharmaceutical products in the GCC States in general. While outlining the business opportunities in the Gulf region, it was highlighted that with effect from 1.1.2003, the GCC States have established the GCC Customs Union and it could provide new opportunities for our exporters by providing greater market access.

11. Some of the important observations made by the CRs during the presentations by them and during the interactive session were:

- Iran is taking steps to liberalise and de-regulate its economy. FDI is allowed in three FTZs in the country. Pharmaceuticals, textiles, machinery, automobiles, power, railways, farm equipment and IT are some of the promising areas
- The PTA with Egypt when concluded will enable access for Indian products to COMESA countries, of which Egypt is a member
- There will be considerable demand for construction equipment in Algeria following the recent devastating earthquake in that country
- UAE is the second largest destination for Indian goods, next only to USA. It has minimal tariff and non-tariff barriers (normal tariff 5 % with *nil* duty on many items). Dubai will be a vantage point for doing business related to Iraqi reconstruction
- India is Yemen's leading supplier in as many as 46 items and second or third in about 70 items
- For exporting to Israel, labeling in Hebrew is obligatory
- Kuwait is regaining its position as a transit port to Iraq, which was lost after the war in 1991. A free trade zone is being set up near the Iraqi border
- Oman allows 100% foreign ownership in IT parks and some other sectors.

(c) Brief record of the proceedings in the meeting held in Chennai

12. The meeting with CRs at Chennai was organized by CII and was attended by nearly 75 exporters. While inaugurating the same Shri K. Skandan, Secretary (Industries), Government of Tamil Nadu made a presentation about the facilities for the exporters in Tamil Nadu including those in the Special Economic Zone. Shri KKM Kutty, Chairman, CII (SR) in his opening remarks emphasized the potential for Indian SMEs in the WANA region and the opportunities in Southern region for the WANA countries. Shri C M Bhandari, Joint Secretary, Ministry of External Affairs elaborated the role of CRs and Ministry of Foreign Affairs' Economic Division.

13. After the country presentations, questions regarding prospects for IT companies and for those in the field of communications, electrical equipment, metal powder, silk textiles, food supplements etc., were raised during the question-answer session.

Some of the points of advice given by the CRs were as follows:

- In order to enhance the goodwill and reputation of Indian industry, a lot of attention must be paid to details like packaging, documentation and other such intangibles
- Participate through consortiums for exhibitions
- Send catalogues and upgrades regularly to the Missions,
- In case any tender mentions exclusion clause, the same may be taken up with the concerned Mission,

14. In the post- lunch session, the CRs met with the delegates *on a one to one basis* and clarified their queries on exports to individual countries. This was the only Meeting where such an interaction was organised.

(d) Brief record of the proceedings in the meeting held in Mumbai

15. The meeting with CRs in Mumbai was organized by FICCI and was attended by nearly 150 exporters. Before the meeting, the Gem and Jewellery Export Promotion Council (GJEPC) made a presentation on the Industry with a specific emphasis on trade with WANA countries. The Chairman, GJEPC in his presentation mentioned that the industry is targeting an export of US \$ 16 billion by the year 2007. While speaking about export of gem and jewellery to Kuwait he mentioned that the exhibitions organized by HHEC and MMTC not only exhibit sub-standard quality items, but are also antagonizing local jewelers. He requested the Department of Commerce to reconsider its policy of allowing HHEC and MMTC to organize jewellery exhibitions in Middle East. In response it was agreed that the services of the local jewellers in the Middle East, including Kuwait, should be utilised to promote Indian jewellery.

16. The CRs highlighted opportunities in their respective post-countries and were able to evoke good response from the audience. At the end of CRs presentations there was a question-/answer session during which one of the main issues which came up for discussion pertained to the legalization charges levied by the WANA countries on our goods. It was explained that these charges are non-discriminatory and are also levied by our authorities; therefore, there was little the CRs could do in this regard. The other questions pertained to registration of pharmaceutical products, requirement of local agents, etc. It was stressed to the exporters that besides seeking registration in individual countries they could also consider to register with the GCC Health Committee for pharmaceutical products in respect of Gulf countries. Currently the GCC States club some of their requirements of particular medicines/drugs for a single order and GCC Health Committee registration is needed as a pre-qualification by the exporters. Eventually it is possible that the requirement of dual

registration may cease. This would provide Indian pharmaceutical companies an opportunity to look at GCC as a single market for the purpose of registration.

17. The participants were also informed about the GCC-India Conference on Economic and Industrial Cooperation, scheduled to be held in Mumbai in first quarter of 2004, where GCC Ministers of Industry and Trade, trade officials and businessmen would be participating. The participants were urged to participate in the Conference, as it would be focusing on trade, investment, and transfer of technology and cooperation between SMEs etc.

(e) Brief record of the proceedings in the meeting held in New Delhi.

18. The meeting at New Delhi was organized by FIEO and was attended by 150 exporters. Shri R M Abhyankar, Secretary, Ministry of External Affairs, was the Chief Guest. Shri M Rafeeque Ahmed, President FIEO, chaired the meeting. Shri M V P C Sastry, Joint Secretary, Department of Commerce, Shri C M Bhandari, Joint Secretary; Shri Mahesh Sachdev, Joint Secretary, and Shri Rajeet Mitter, Joint Secretary, all from Ministry of External Affairs also took part in the deliberations. A large number of leading exporters and senior representatives from Export Promotion organizations besides representatives from RBI, ECGC, Exim Bank, NCTI, NIFT etc., were also present. In his inaugural address, Shri Abhyankar, *inter alia*, made the following observations:

- The role of CRs has changed due to economic changes in India; it was imperative for CRs to work to increase India's exports while seeking inward investments.
- India would be looking for specific projects in the oil & gas sector in the Gulf countries for which market intelligence in this field would be extremely useful.
- Major difficulties for exporters to the region were stock & sale outlets, shipping, and inadequate banking arrangements in these countries.
- There was great scope in the Middle East for technologies for small and medium industries; the CRs should identify opportunities available for the Indian small-scale sector.
- It should be possible for India to exploit successfully potential in areas like Information Technology, tourism etc

19. Shri M V P C Sastry, Joint Secretary, D/ Commerce noted the CRs had, through the previous meetings, got good feedback on the details of hindrances and problems faced by the exporters for this region. He informed the exporters that to promote exports, especially to WANA region, the Department of Commerce had a number of useful schemes like the

Market Access Initiation (MAI); Market Development Assistance (MDA), Focus Africa etc., and a medium term strategy could be worked out based on specific products, the areas of concentration, extent to which the exporters were needed to be assisted and sectors, which had to be incentive oriented. He advised the exporters to contact the CRs for resolution of trade related problems in the region.

20. Shri Mahesh Sachdev, Joint Secretary (WANA), Ministry of External Affairs, made the following observations:

- WANA countries, with the exclusion of Israel, were developing countries with a GDP per capita ranging from 350 to 1500 US dollars. Though they have low purchasing power, people in these countries, had good exposure to international quality goods.
- India was well placed to offer consumers in the region reliable, near-international quality goods at competitive prices. Since 1/5th of the total budget of these countries was being spent on food items, India could have long-term business relations with them in the food sector, as it was considered a reliable and competitive supplier of food items.
- There could also be opportunities for project exports, and promotion of small-scale industries.

21. Shri C M Bhandari, Joint Secretary (Investment & Trade Promotion), Ministry of External Affairs underlined the importance of E-commerce. He strongly recommended the exporters to develop their own websites giving information about the manufacturing facilities, product details and the features of the company to promote trade. Referring to the problems of reliability and credit-worthiness of importers, he suggested that exporters should make use established rating agencies available in respected countries. He informed the exporters that to highlight their success stories, and to develop the brand image of Indian companies, the Ministry of External Affairs was working on a proposal to promote the websites of Indian companies. Shri Bhandari also informed that through technical cooperation programmes, the Ministry of External Affairs invites middle-level functionaries from developing countries to India for various training Programmes. He asked the exporters to take advantage of this programme and send their proposals to his Ministry for consideration. He also mentioned that there are also multilateral economic cooperation programmes to build India's strength in every regional trading bloc.

22. The CRs' then gave detailed presentations on their respective countries. The question-answer session touched upon issues like customs procedures and import duties, trade barriers, potential items of exports and imports, existing economic environment, banking channels, areas of co-operation with India, existence of Indian companies, future prospects

in joint ventures and trade relations and tips to promote exports. The CRs also informed the exporters about the details of websites of their Missions for getting current commercial information on individual countries. Emails and contact details were also provided by CRs' to the exporters They also requested Indian exporters to get in touch with them in case of any trade disputes or payments problems. Finally when on business visits, the exporters should come well prepared with product samples, product literature, etc.

OVERALL IMPRESSIONS

23. The interaction between CRs' and the exporting community at all five venues was very fruitful and provided a first hand experience to each group about their expectations and problems. During the meetings, the exporters were asked to approach the Indian Embassies for all queries on information on the economic situation and on export possibilities from India. They were given an assurance that the Embassies could assist them in verifying credentials of the importers, providing information about the business climate, organising meetings during the visit of businessmen etc. It was however, emphasized that given the limited infrastructure, the Embassies cannot do all the work for them and expectations may be tailored accordingly.

Chapter 2

Report of Embassy Of India, Abu Dhabi (Shri Y. K. Sinha, Minister (Economic))

1. The presentation on the UAE highlighted its economic potential, its substantial existing commercial and economic interaction with India and the potential for further enhancing the same. UAE, which is the second largest destination for Indian exports after the United States, has emerged as an economic powerhouse in the region and a major centre for re-exports to other countries in the Gulf, the WANA region and parts of Africa. Its free economy, proximity to India, good communication links, excellent infrastructure facilities and the presence of a substantial Indian business community in the country, has made it a very attractive destination for Indian exports and investments. The presentation highlighted areas in which India had a comparative advantage and those areas where there exists a potential for further enhancing our exports.

2. The meetings in all the 5 cities were structured in a manner so as to enable the CRs to make brief presentations highlighting salient aspects. The presentations were followed by interactive sessions with the business community in each of the cities. Judging by the response to the presentations, which elicited a large number of specific questions, it was clear that there was considerable interest in enhancing our commercial and economic links with the WANA region. Presentations on the UAE were made in each of the 5 cities and a copy was provided in advance to the organizers so as to enable and encourage a fruitful interaction. It may be mentioned that certain specific issues, depending on the interest envisaged in different cities, were addressed or highlighted at the various meetings. The following sectors were highlighted as sectors of special interest to India:

(i) **Information Technology (IT):** Dubai has emerged as a major IT centre in the Middle East, with its focus on knowledge-based industries. The Dubai Internet City, which is the first complete Information Technology and Telecommunication centre in the world to have been built inside a free trade zone, has attracted over 300 major IT companies including Microsoft, Cisco, Dell Computers and Satyam Computer Services. A number of Indian IT firms are already located in the Dubai Internet City. There was considerable interest evinced by participants in the meetings, particularly in Bangalore, on the possibility of penetrating markets in the region, by using the facilities offered by Dubai and the opportunities for providing total business solutions particularly in the Arab world. Indian companies were encouraged to participate in the specialized IT fairs in the UAE like GITEX. The role of the Electronics and Software Promotion Council, which has a representative office in Dubai, was highlighted as a major facilitator for Indian companies wanting to do business in the UAE in this sector.

- (ii) **Gems & Jewellery:** UAE has emerged as the largest importer of Indian gems and jewellery in the WANA region in 2002-03. India's total exports in this sector were valued at US\$ 681.50 million. UAE was by far the largest importer of gold jewellery from India as also that of coloured gem stones while it ranked second after Israel with respect to diamonds. A large quantity of gold is imported into India from the UAE, converted into jewellery and re-exported. Dubai is also a major centre for re-export of this jewellery to the region. At Mumbai, the Gems & Jewellery Export Promotion Council made a very useful and informative presentation to the CRs and sought their active cooperation in expanding business opportunities in the region. In this context the India International Jewellery Show (IIJS) to be held in Mumbai in July 2003 would be a major trade show in this sector. It is expected that a large number of businessmen involved in the gems and jewellery sector would be attending, including from the UAE.
- (iii) **Leather and leather products:** Leather and leather products were identified as a sector in which India could enhance its exports to the UAE. This was of particular interest to exporters in Chennai, which has emerged as a major export centre for leather and leather goods. During the interaction in Chennai, the Council for Leather Exports circulated an attractive brochure and a CD ROM containing a directory of member exporters in 2003 and our capability in this sector. As a follow up, we propose to circulate these to major importers in the UAE and encourage them to participate in the important leather fairs held annually in India.
- (iv) **Foodstuff:** There were a number of enquiries regarding exports of foodstuff to the UAE. Most of the foodstuff imported into UAE is duty free. However, in areas like marine products and meat and its preparations, there are stringent quality controls. Fresh fruits and rice are major exports from India to the UAE. A number of enquiries regarding the possibility of exporting rice to the UAE were made during the meetings. APEDA's efforts to promote Indian mangoes in the UAE were highlighted.
- (v) **Pharmaceutical items:** A number of queries related to export of pharmaceutical items and the regulations governing exports were raised during the meetings. The rules and regulations regarding export of pharmaceutical items to the UAE were emphasised. These militate against Indian companies since the requirement for registration as exporters to at least three of the specified list of Western countries hindered Indian exports of pharmaceutical products to the UAE. However, examples of companies like Ranbaxy who are now registered exporters to the UAE were cited. Another possibility is a joint venture production unit with the local government, such as the one established by the New Medical Centre Group. Concern was expressed regarding exports of pharmaceuticals not only to the UAE but also to other countries in the GCC. It was pointed out that registration of exporters was also possible through the GCC Health Committee for export to all GCC countries.

- (vi) **Small and Medium Enterprises (SMEs)**: There was some interest evinced in the SMEs sector in the UAE and opportunities for enhancing cooperation. The presence of National Small Scale Industries Corporation (NSIC) in Dubai was highlighted as also our attempts to promote the Indian SMEs experience in the UAE. Attempts to expand cooperation in this sector with Abu Dhabi, including the visit of a NSIC/SBI delegation in December 2002 and plans for similar cooperation with Dubai were highlighted.
- (vii) **Potential for setting up institutions/centres for higher studies for NRIs in the UAE**: There was some interest evinced on the possibility of setting up technical and vocational colleges and coaching institutes for higher education in the UAE. In this regard, stringent rules and regulations formulated by the Ministry of Higher Education in the UAE and the recent decision of the Ministry to de-recognize a number of coaching institutes and distance education centres in the UAE were highlighted. While there is a great demand for institutes of excellence and coaching centres for admission to universities in India within the NRI community in the UAE, it was important to adhere to the prescribed standards and not to view setting up of such institutes merely in terms of profits to be made.
- (viii) **UAE as a re-export centre**: During the presentation, facilities being offered by various free trade zones in the UAE, particularly the Jebel Ali Free Zone Authority (ZAFZA) and Sharjah Airport International Free (SAIF) Zone were highlighted. It was mentioned that over 165 Indian companies are already in the Jebel Ali Free Zone. These companies have set up manufacturing units for re-exports to other countries in the region while others were importing products from India and after some value addition re-exporting to countries in the Gulf and WANA region and at times farther afield. With Dubai having emerged as a major re-export centre, the availability of adequate warehousing facilities in the free zones was of particular interest to our exporters. In the context of Department of Commerce's 'Focus Africa Programme' and the need for building up stocks through warehousing in one place offering good communication links to the African continent, the possibility of using the various free zones in the UAE also came up for discussion. While the National Small Scale Industries Corporation (NSIC) has a lease arrangement for warehousing at the Jebel Ali Free Zone, a study needs to be carried out on how the smaller exporters can avail of the warehousing facilities available in these free zones. With respect to efforts for the reconstruction and rehabilitation of Iraq, Dubai's vantage location and its important trading links with Iraq were emphasized. Indian companies interested in doing business in Iraq were encouraged to look at Dubai as a possible intermediate point for re-exports to Iraq as also as a base for undertaking various projects in that country.
- (ix) **Role of National Centre for Trade Information (NCTI)**: At the conclusion of the Conference in Delhi on June 7, the representative from NCTI highlighted the work

being undertaken by the Centre on behalf of the Department of Commerce. There was a discussion on the possibility of NCTI undertaking a study on the GCC, its integration efforts, particularly in the field of the Customs Union and on the prospects for a GCC-India PTA/FTA. NCTI welcomed proposals for direct interaction with Indian Missions in the region including exchange of data. It also readily agreed to share specific studies undertaken by it with respect to individual countries. These studies would be undertaken with the cooperation of the Department of Commerce and the concerned Indian Mission.

Conclusions and Recommendations

3. The format for the CRs Conference was particularly useful. Apart from Delhi and Mumbai, the programme for the present Conference included visits to other major business hubs in the country like Bangalore, Chennai, and Kolkata. However, it was felt that trying to cover 5 cities in 5 days places an unnecessary burden on the participants and militates against extensive interaction with the business community at the various centres. Accordingly, at the wrap up session of the Conference in Delhi on June 7, it was suggested that for future CRs Conferences visits to only 3 cities would be scheduled. This would provide more time for extensive interaction with the business community in these cities. Moreover, a programme for visits by the CRs to selected centres of excellence in these cities could be woven into the programme. It was suggested that a visit to Bangalore could for instance include a visit to Infosys and IT parks. Some CRs highlighted the usefulness of the presentation made by the GJEPC in Mumbai and suggested that similar presentations could be made by important Export Promotion Councils in various other cities to be visited during future conferences. There was another suggestion regarding holding of CRs Conference to coincide with important business events in India like the IITF.

4. In general, the interest of Indian companies and businessmen in the UAE was particularly encouraging. Though the Indian business community is broadly quite familiar with UAE and has been interacting with Dubai in particular quite extensively, the feed back from the business community during these meetings re-enforced this strong interest in the UAE. While a number of participants highlighted the problem of visas for WANA countries, there were few complaints regarding the UAE. This was mainly because of the various schemes in place, particularly in Dubai, for visas on arrival. Legalisation procedures were another area, which were viewed by the business community as a hurdle. However, some harmonisation was expected with the coming into effect of the GCC Customs Union.

5. There were specific enquiries for particular products at the various meeting. Participants were advised to contact Indian Missions for information on prospects for exports of products of interest to them. There were also instances of trade disputes that were brought to the attention of the CRs, whose assistance was sought to try and reach

amicable solutions. At the meeting in Chennai, some companies brought to our attention a couple of specific complaints against the Dubai Electricity and Water Authority (DEWA) for discrimination against them while bidding for projects on account of a mistaken impression of the quality of Indian-manufactured equipment. These companies were asked to contact the Consulate General in Dubai and the Embassy in Abu Dhabi giving details regarding the tenders so that remedial action could be undertaken.

6. In retrospect, the Conference was particularly useful since it provided the CRs and the business community an opportunity to interact face to face. **The numerous trade enquiries generated in the aftermath of the Conference are an indication of the great interest evinced by the Conference. This Embassy has received a number of trade enquiries from exporters from the various cities where the meetings were held. These are being attended to on a priority basis.**

Chapter 3

Report of Embassy Of India, Algiers (Shri Shakeel Ahmad, Third Secretary (Eco and Com))

1. The 5-day Conference of the Commercial Representatives (CRs) from WANA region was hectic but highly successful. The only thing felt during all five meetings was lack of time for more interaction with individual exporters.
2. The meetings at all places, except Chennai, was attended by at least 150 people representing various industries, export houses, different export promotion bodies etc. The CRs were accompanied by JS (ITP), MEA at all places who briefed the audience on the functions of Economic Division of MEA and the role of CRs at Indian Missions.
3. From the Ministry of Commerce, the meetings were attended either by Shri M.V.P.C. Sastry JS (FT-WANA) or Shri K.V. Eapen, Director (FT-WANA). They indicated that Ministry of Commerce has launched a 'Focus Africa Programme' with a view to significantly enhance India's trade with African countries, including Algeria. The main objective of the programme is to increase interaction between the two regions by identifying the areas of bilateral trade and investment. It was emphasized that it was the need of the hour to diversify the market and export basket and the CRs' could facilitate the formulation of a road map, which would ensure maximum exploitation of the potential in the WANA region. The Meeting at Mumbai was preceded by a presentation organized by the Gems & Jewellery Export Promotion Council (GJEPC) on the Gems & Jewellery Industry and export. It was suggested that Indian Missions should invite importers to visit Gems and Jewellery Exhibition in India. The cost on international fare and local hospitality could be met either by GJEPC or the international fare could be covered from the Focus Africa programme.
4. The last Session at New Delhi on 7th June 2003 was attended, inter-alia by Secretary (ANA), JS (WANA) and JS (Gulf) from MEA. Speaking on the occasion, Secretary (ANA) observed that in the WANA region, the economy is state controlled, whereas the Gulf market is free and private. He noted that the role of CRs had changed due to economic changes that had taken place in India. It has become imperative for India to increase its exports and foreign investment to meet the needs of hydrocarbon, fuel, gas, technology, etc. He noted that Information technology was another area where Indian expertise could be utilized. Indian business associations need to ensure their presence in WANA region.

Presentation by CRs

5. The CRs gave broad outline of the economic and trade scenario of the countries of their postings highlighting potential areas for expansion of Indian export, constraints and hurdles blocking the expansion. Though at some places the time given to CRs for

presentation was inadequate, they managed to brief the audience on business opportunities in their countries of posting and how to expand export and how the Missions could help them in reaching out to various business opportunities. They emphasised that Indian businessmen should inform Indian Missions of any problem faced by them whether it is related to visa, non-recovery of dues, registration of documents or banking procedure. Business community was also advised to focus on quality, packing of items and time frame in executing export orders. The presentation was followed by question-answer sessions.

6. Questions and suggestions put to CRs during meetings at all five places included:
- How to procure tender documents from the foreign country through our Missions and how to transmit money?
 - How to get reliable agents? The Mission should identify and prepare a list of such agents and pass on to export promotion bodies and individual exporters.
 - How to get business visa? Despite meeting all requirements Indian businessmen still face problems in obtaining visa.
 - How to pay commission to agents?
 - How could Indian Missions help in realisation of pending dues with some foreign companies?
 - What is the registration process of pharmaceutical products?
 - Address and contact numbers of the Commercial Wings to be updated regularly.
 - Foreign delegations should not be confined to Delhi and Mumbai. Their visits should be planned to other major cities of India.
 - Delay in legalisation of export documents by some Foreign Missions in India and taking up this matter by our authorities with them.
7. Questions/issues pertaining to Algeria raised by participants included:
- There is no direct link between India and Algeria. How are money transactions done?
 - What is the performance and experience of the ISPAT steel plant in Algeria?
 - Are there other public companies to be privatised in Algeria?

- Why does registration process of pharmaceutical products take a longer time in Algeria? What is the current position of registration?
- How to obtain visa? Even after meeting all requirements, Algerian Embassy in New Delhi delays in issue of visas.

Outcome of the 5-day Conference

8. The Conference was highly successful. It generated a lot of interest among business community. It helped remove apprehension in the mind of Indian exporters about any particular country. It infused a new confidence in them particularly following interactions with CRs. Many participants came to know that they could approach Indian Missions seeking help/advice for any business related issues.

However, at some places, CRs were given very limited time for presentation and no separate session for interactions with individual business. Chennai was an exception where there was separate session for interaction, which proved very useful.

9. **Suggestions**

- Non-traditional cities/states may be included for future CRs conference such as Andhra Pradesh (Hyderabad), Kerala, Haryana, and Punjab.
- More time should be allotted for interaction session with business community.
- Visits of CRs may be arranged to major business establishments in a particular city.
- First meeting of CRs may be arranged with Export Promotion Bodies in Delhi or Mumbai.
- Presentation by CR should be focused and export oriented.

Chapter 4

Report of Embassy Of India, Cairo (Shri Vishnu Prakash, Minister (Political and Economic))

The teaming up of Department Of Commerce, Ministry of External Affairs and the apex bodies produced an ideal synergy, enabling CRs from 10 WANA countries to reach out to some 400 exporters directly and judging from the response that at least our Mission is witnessing, to many fold more through newspaper columns and business chambers. And the best part of the exercise was that it was a two way process of learning - both for Indian businessmen and the CRs.

Five -city interaction – structure, format and content

2. **Arrangements and response:** The arrangements, turnout and quality of interaction in at least 4 of the 5 cities were excellent. The only weak link in the chain arguably was Chennai, both in terms of arrangements and the response from business community. It is understood that some businessmen had traveled from Chennai to Bangalore the previous day for the FIEO do. If that were the case, future engagements could be scheduled in Bangalore and Hyderabad. A comparison thereafter could be made.

3. **Format of meetings:** The format at all places of a brief presentation followed by Q&A, was a suitable one. It worked well at Mumbai, Chennai and New Delhi where sufficient time was set-aside for both. However in some cases CRs were asked to limit their presentation to 5-7 minutes, which does not do justice to participants, because even with the most advanced presentation skills, it is impossible for a CR to give even a bird's eye view of salient features. It is suggested that in future at least 10-15 minutes be allowed to each CR and 1-hour set-aside for Q&A for each session. If at all, the ceremonial speeches of special invitees and the moderators could be curtailed. It should be pointed out that the exporters had come basically to listen to CRs.

Constraints faced by exporters

3. Some common elements emerged during our interaction at all the five cities:

- **Info Gap** It transpired that first and foremost remains the challenge of bridging the information gap. Exporters still are not adequately aware of the role that Missions and the two Ministries can play in facilitating business abroad. Secondly information dissemination still remains weak. For example commercial information about trade enquiries, business opportunities etc., which are made available regularly to EPCs and Apex bodies by the Missions, does not always

percolate down in a timely fashion. Furthermore, the use of Internet as a resource base needs to be encouraged.

- **Visa** Exporters continue to struggle with the problem of securing visas within an acceptable timeframe. It was explained that Missions could help in this regard, if they were approached in good time with complete background information. EPCs and Apex bodies need to drive this point home on a regular basis.
- **Commercial Intelligence** Exporters are often stymied for want of information say about the standing of an importer abroad. It was pointed out to them that Missions could often help out either by providing information through their own resources or by sourcing it from specialized agencies, such as Dun and Bradstreet. All the same this remains a challenge in WANA region where reliable information is difficult to come by.

Follow up and suggestions

4. In addition to suggestions embedded above herewith some specific ones:

- **Contact particulars of CRs** The exporters repeatedly asked for contact particulars of CRs at all the 5 venues. Since DOC can easily collate this information in advance, a sheet containing the same should be handed over to the participants at the time of registration itself by the organizers.
- **Duration of Conference and outreach** 5-7 day duration is ideal. However it should be limited to say 3 – 4 cities allowing a day and a half, in the minimum, in each. We got barely 18 hours on an average (excluding travel time) in each city, which was extremely rushed.
- **Periodicity and expenditure** **It is suggested that this exercise be undertaken on an annual basis. The results speak for themselves. Already this Mission has received close to 100 serious enquiries (of which 84 have already been replied to). We expect to generate 4-5 serious business delegations from India, as a result.**
- **Costs of Travel** This time the Apex bodies were asked to cover the cost of hosting the event and stay of CRs, which they did readily and by most accounts still managed to add to their kitty, by charging a nominal registration fee from each participant. In future at least the domestic travel cost could also be apportioned among them, which would mean less of a burden on DOC.

- **Visit to Centres of Excellence and meetings with EPCs** In Mumbai the CRs had a useful interaction with Gems and Jewellery Export Promotion Council. Such meetings should be organized in each city. Further, it is important that CRs who are responsible for promoting Indian exports and attracting FDI are exposed to Centres of Excellence, leading R&D facilities, premium industrial units etc., in India. That is why there is a provision for Bharat Darshan for a CR before he takes up the assignment abroad.
- **Feedback from Chambers** Chambers should be encouraged to get feedback from the participants and send not more than a one-page note to DOC, MEA and CRs about specific requirements. For example Mr. Rafique Ahmed, President of FIEO suggested in New Delhi that Missions should maintain live lists of agents for target products. In WANA countries the importance of Agents cannot be over emphasized. Suggestions like these need to be consolidated and can become a useful checklist for all Missions. Our Mission got such feedback from Indo-Arab Chamber, which is commendable. A couple of other Apex bodies have sent detailed RODs, which may be useful for their own future reference but does not serve the aforementioned purpose.
- **Nodal points in apex bodies** While a nodal point in CII (Shri Patankar) has been designated, other apex bodies may also be asked to do so at an appropriate level. It is important that senior personnel are so designated, who could liaise with the Missions speedily and efficaciously.
- **Intra-WANA linkages** WANA region has certain major markets like UAE, Egypt, Iran, Israel and Saudi Arabia. However, population in other countries being smaller by comparison, it may be worthwhile to look at cross-country linkages within the region. This appears to be becoming a more attractive proposition as a number of Indian companies have now set up joint ventures in the region and are producing a range of commodities. India, for example, is the 12th largest investor in Egypt with over 30 joint ventures producing and exporting items like carbon, textiles, garments, yarn, food products, cosmetics, pharmaceuticals, engineering goods, etc. I am sure the picture would be similar in other WANA countries. The Embassy would suggest that a list of such 'quasi-Indian' products might be developed so that business enquiries in host countries may be directed not only to India but also to the target WANA country.

Chapter 5

Report of EOI, Khartoum (Shri Abdul Khalique, Counsellor)

Meeting at Kolkata

1. Sudan is neither an entirely Arab nor an African country. In other words, the country is a blend of Afro-Arab society. It was explained in the meeting at Kolkata that Sudan's economy was based on agriculture but is now supported by the proceeds of oil exports added to its revenue since 1999. Sudan's main problem has been its civil strife raging for last 20 years. Now that the economy has shown signs of recovery and peace as brokered by IGAD and some western mediators including US being imminent, Sudan holds out bright prospects for business. The Mission's emphasis has been that it is time for Indian exporters to take the initiative to explore opportunities for business before western companies rush into Sudan. They are already waiting in wings for the peace accord to be signed, to rush. Once these companies started entering the Sudanese market, Indians would have to face stiff competition both in exports and projects. This led to inquisitive queries on the part of the participants in the session. There were queries about problems anticipated in banking, whether LCs opened through the Sudanese banks were honoured, air/sea connectivity, status and quantum of trade as a result of re-exports from the Gulf ports, and registration of pharmaceutical manufacturing/exports companies in Sudan. These queries were answered together with facts and figures, and statistics about the 100% increase Indian exports have registered in last 2-3 years.

2. In Kolkata, queries were particularly made by exporters of jute and jute materials [for which tender notices from the Ministry of Agriculture of Sudan for about 24000 bales had been forwarded only a few days ago], pharmaceuticals, electrical gadgets, tea, etc. These exporters were assured that the prospects of Indian exports to Sudan were bright, particularly with regard to jute sacks and other materials for which Bangladesh had been the only source. Sudan's requirement of these jute materials has increased in recent years and their dealings with Bangladeshi exporters through their agent in Khartoum, Abdul Latief Ameen, have not been hassle free. As regards tea, Sudan had been a major market of our tea till mid '80. This has been taken over mainly by Kenya for reasons of geographical proximity and lower price because of duty concessions under COMESA. There were several queries about the credibility of the Sudanese banking system. These queries were answered, emphasising the fact that with the Sudanese economy showing signs of recovery/progress and proceeds of oil exports added to the country's revenue, no complaints were now received about default on the part of Sudanese banks with regard to the encashment of LCs. I explained how Sudan was able to survive, by organising foreign exchange reserves in the Gulf/Saudi banks to pay for their imports, the UN sanctions which were lifted in

November 2001 and the US sanctions, which are still in place and expected to be lifted after the signing of the peace accord. It is the Sudanese banks that often complain that only Indian banks have not been accepting the LCs opened by the former unless they are re-endorsed by some reputed banks in the Gulf. This practice was introduced when Sudan's economy was not as sound as it is now. Many Indian exporters are doing business with Sudan through Dubai or Jeddah and thereby restrictions on direct dealings in dollars are avoided by Sudan. I also handed over a note on banking in Sudan.

Meeting at Bangalore

3. It was mentioned in the presentation that Indian exporters do not face much difficulty in introducing Bangalore and its technological capabilities in Sudan, as Bangalore is a household name in that country. Several hundred Sudanese students in Bangalore alone at any given time were a guarantee of Bangalore and India being remembered all over Sudan. These students, on return to Sudan, keep repeating their experiences of studying and staying in India and watching progress in various fields particularly computers, IT and knowledge-based industry. They routinely talk about India being able to produce its requirements from pins to planes besides being able to export the surplus. The Sudanese in appreciation of India's advancement often point out the self-sufficiency attained by India in food and food-grains in general. It was also brought out in the presentation that with the export of crude oil since 1999, improvement of economy and well founded hopes of the country's civil strife coming to an imminent close, Sudan holds promise for our exporters.

4. In the question-answer session, most of the queries hovered around the prospects of our participation in Sudan's IT sector. It was explained how APTECH and NIIT were already doing impressive business in Khartoum. It was also explained that APTECH in fact enjoyed special status of association with one of the Sudanese universities for issue of degrees/certificates to its graduates. It was also explained that an Indian company from Chennai, Pentasoft Technologies Limited, was able to bag a contract of US \$ 3 million, 18 months ago for training of senior Sudanese bankers in E-banking. It is for the IT companies from India to avail of the vast opportunities for participation in Sudan's projects.

5. There were enquires about the prospects of exports of precision measuring instruments, engineering gauges, traditional products of silk goods, agarbattis, sandal crafts, etc. It was explained at length that Sudan has been a buyer of a good range of Indian commodities including silks, textiles, brass and sandal wood, craft works, beads, semi-precious stones, imitation jewellery and traditional Indian cosmetics. As there have been misconceptions about Sudan's economy and credibility of banks, papers prepared on the subjects were given to the prospective exporters, besides allaying misgivings in the course of conversation.

Meeting at Chennai

6. After the presentation was made, there were a series of queries about the prospects of trade with Sudan in leather and leather products, IT related tie-ups, export of machineries and manufactured goods, electrical projects and above all the prospects of Ashok Leyland's tie up with Sudan's premier automobile and industrial complex of GIAD. Sudan exports hides and skins to India and we re-export leather products to Sudan. Though consumption of leather garments in Sudan is negligible for reasons of weather, the country has been importing leather garments, possibly for re-export to the neighbouring countries. Manufacturers of various machineries are already engaged in exports to Sudan from Chennai. Ashok Leyland's queries about the prospects of trade and participation in the automobiles assembly line in GIAD in Sudan were also answered saying that the Embassy of India – Khartoum anticipates no problems in the proposed deal. It would be a matter of pride for us if an Indian company of Ashok Leyland's stature enters into an active collaboration with Sudan's premier automobile complex.

7. Chennai is also known in Sudan as a number of Sudanese practicing in their country as pharmacists have actually been educated in Tamil Nadu. It is widely believed that the registration of so many Indian pharmaceutical firms in Sudan and export of Indian pharmaceuticals and medicines to this country has greatly been facilitated by the presence of many Sudanese pharmacists from Tamil Nadu.

Meeting in Mumbai

8. Before the meeting, CRs visited the Gem and Jewellery Export Promotion Council, attended a presentation, and interacted with the Council's functionaries on export potential. As regards Sudan, there is a good market for gold jewellery in Khartoum and other major cities of Sudan. Sudanese based in Dubai, Jeddah and Bahrain run these jewellery establishments, usually well stocked and drawing good clientele. In most cases, heavy gold ornaments with rustic patterns and little stone/gem work are in demand. Indian goldsmiths in the Gulf make many of these ornaments. No outlets are seen in Khartoum for sale of gems and jewels. There are, however, families, who fancy gem and jewel studded jewellery, normally acquired from the Gulf. Indian gems and jewellery are highly appreciated. The Gem Jewellery Export Promotion Council of India should not feel satisfied with the re-export of Indian jewellery to Sudan from the Gulf and try for direct exports to Sudan.

9. During the Meeting considerable interest was displayed by representatives of pharmaceutical firms, engineering establishments, exporters of manufactured goods, electrical gadgets, textiles and chemicals. Specific queries were made about the registration of Indian pharmaceutical firms in Sudan, export of specific medicines and other medical supplies, besides the traditional commodities like tea, spices and pulses. Though most of these traditional items have regularly been coming to Sudan through re-

export from the Gulf, I emphasised the need for Indian traders to take the courageous step of directly dealing with Sudan. Queries about banking in Sudan were also answered. Some of the participants in the presentation enquired about the possibility of Government of India instituting a line of credit to encourage exports to Sudan. They also mentioned that FICCI had formally made a suggestion to that effect to the GOI. In spite of the fact that the economy in Sudan is showing signs of recovery and national revenue being on the increase as a result of oil exports, Sudan has been facing problems of ready liquidity. The opening of a line of credit for an amount of US\$ 100 million, as suggested by FICCI, could be considered favourably.

Meeting in New Delhi

10. During the presentation on prospects of business in Sudan, it was emphasised that the Government of India's decision to make such a large investment in the oil sector of Sudan through acquisition of 25% stakes of Sudan's biggest oil consortium GNPOC by OVL has immensely encouraged Indian business houses to consider Sudan as target market for their exports. This has led to several important business establishments like L&T, Tata International, Kirloskar Brothers, Kalpataru Transmission, etc. taking interest in projects in Sudan. Public sector undertakings like ITI of Bangalore, TCIL and RITES, are also contemplating participation in some of the important projects in Sudan. The queries from the participants concentrated mainly on requirements of visa for Sudan, facilities for opening up of offices, working of banks in Khartoum and also facilities for schooling for the children. These queries were answered in detail. The normal procedure for businessmen to obtain visa for Sudan is to produce a letter of invitation from his Sudanese client along with the visa application. Our businessmen have reported no major problems about the visa. They were, however, told that in case they face difficulties in obtaining visas, Embassy of India – Khartoum may be contacted on email/fax for intervention and assistance.

11. After the CRs meeting, JS (FT-WANA) Shri MVPC Sastry presided over an in-house review of the presentations/CRs' interaction with the businesspersons. All agreed that the Conference of CRs from WANA was an important step, in the right direction, in our endeavours to enhance the scope of exports to the region. The meetings have particularly been useful in understanding the requirements of the exporters, and the practical difficulties faced by them in enlarging the areas of their exports. CRs also spoke about lack of prompt response etc. from business houses. It was also felt that the programme was too congested which involved too many air journeys. These meetings could have been spread over to two or three more days with visits to some important business establishments and export houses.

12. The Embassy of India, Khartoum has been making efforts to generate interest amongst Indian exporters to look for opportunities for business in Sudan though there had been many misconceptions. There has been a remarkable increase in volume of bilateral trade in the last two to three years. While Indian exports touched a new high of 104 million

US dollars in 2002, Sudanese exports to India were to the tune of a little less than US \$ 6 million. Sudan holds bright business prospects, but we need to have adequate hands to work. This Embassy handles a number of business visitors from India. It has also been attending to the work relating to India's participation in Khartoum International Trade Fair for last five years though there has been virtually no staff for commercial work. It is only a two-man team of Counsellor and PA, which works in the Commercial Wing, in addition to attending other duties, as there are no other officers in the mission. The Ministry of Commerce has withdrawn two posts of local recruits, i.e., Market Surveyor and Clerk-Typist in March 1999. Subsequently, the only other staff member, i.e., an India based Assistant was transferred back to Delhi in December 2002 without a substitute. The Ministry of Commerce may kindly look at it sympathetically, and restore the three posts to enable the Mission to undertake its commercial work more effectively.

Chapter 6

Report of Embassy of India, Kuwait (Shri K. J. S. Sodhi, Counsellor [P & E])

1. During the Presentations it was brought out that Kuwait has a widely open, highly competitive, sophisticated and affluent market and low tariffs (generally only 4% *ad valorem*) for capital and consumer goods. Kuwait's vast oil wealth (10 % of world oil reserves, 96 billion barrels) and substantial government investments abroad (estimated at US\$60-90 billion, possibly more) have vast potential for tapping investments for Indian market, local market as well as in third countries. As Kuwait moves to implement its recently passed Foreign Direct Investment law, significant opportunities will open for Indian firms in a wide range of sectors.
2. After the victory of Coalition forces in Iraq, there is a new sense of optimism in Kuwait and as the Kuwaiti economy is ready for a take off, it would offer particularly exciting opportunities for growth. As regards Iraqi reconstruction the US companies who have been awarded initial contracts by USAID, would be farming out sub-contracts for various jobs. Kuwaiti companies are likely to be given special consideration for these sub-contracts because of the role played by Kuwait in making the military operations possible. The Indian companies could explore tie-ups with the Kuwaiti companies to benefit from this new opportunity.
3. A brief summary of the proceedings at various meetings follows:

Kolkata

Nearly 150 exporters attended the meeting at Calcutta organized by the CII as part of the Export Summit. An interactive session with CRs was held. The presentation on Kuwait (including opportunities in Iraq) was well received by the exporters.

The questions raised by the exporters after the presentation and during the export summit mainly pertained to export of commodities like tea, construction material to Iraq and about the future of various orders received by Indian companies under the "Oil for Food" Programme" of UN. It was stressed that commodities like Indian tea not only have the potential to increase share in the local market in Kuwait but also could now access the Iraqi market through Kuwait. The tea exporters, who approached the undersigned for lists of local contacts, have already been emailed the lists of interested Kuwaiti companies. Similarly suppliers of construction material were advised that they could with the help of Kuwaiti contractors explore the Iraqi market.

Bangalore

The exporters at the Conference asked questions about the potential offered by Gulf region as a whole for the IT and pharmaceutical sectors. The exporters were given information about the development of IT sector in the Gulf as well as about the requirements for registration of pharmaceutical products in the GCC States in general. While explaining the business opportunities in the Gulf region, it was highlighted that with effect from 1.1.2003 the GCC States have established the GCC Customs Union and it could provide new opportunities for our exporters by providing greater market access. A representative of Electronic and Computer Software Export Promotion Council enquired about a profile of the IT market in Kuwait, which was emailed to him along with a list of the exhibitions held in IT sector in Kuwait. A representative from M/s Starbees enquired about possibilities of marketing conversion software for Arabic in the Gulf region. A representative of M/s GATI enquired about establishing courier and express cargo services in the Gulf. Some of the companies expressed interest in export of commodities like coffee, silk to Kuwait as well as Iraq. These commodities are already being imported from India. The Mission has already been emailed the lists of interested Kuwaiti companies to such parties.

Some of the companies enquired about visa regulations and they were informed that airport visas for Indian passport holders can be arranged in advance through most hotels in Kuwait provided a copy of the passport pages was faxed to the hotel. It takes about two to three days for the hotel to arrange visa. To queries regarding banking sector in Kuwait it was explained that though foreign banks are not allowed in Kuwait, the Kuwaiti banks follow international banking standards and have correspondent relationships with most of the major international banks. Further there are no foreign exchange restrictions in Kuwait. The Kuwaiti Dinar is freely convertible for all current and capital account transactions.

Chennai

After the country presentations, questions regarding prospects of IT companies including those in the field of communication, electrical equipment, metal powder, silk textiles, food supplements etc., were raised during the question answer session. The companies were informed that the prospects for IT and electrical companies in Kuwait as well as in the Iraqi reconstruction seem bright. The companies were advised to take necessary follow up action after they receive information about interested local companies. The companies were informed that the Indian Embassy at Kuwait emails on regular basis tender floated locally to industry associations as well as individual companies. The companies were advised to register as a recipient of the email by sending a confirmatory message to the Embassy. A representative of M/s Parry Nutraceuticals wanted to export his products to Kuwait and Iraq. He was advised to engage a local agent for marketing the

products as food supplements. There were also some queries regarding banking and visa regime.

Mumbai

The meeting with CRs in Mumbai was organized by FICCI and was attended by nearly 150 exporters. Before the meeting, the Gem and Jewellery Export Promotion Council (GJEPC) made a presentation on Gem and Jewellery Industry with emphasis on trade with WANA countries. The Chairman, GJEPC in his presentation mentioned that the industry is targeting export of US\$ 16 billion mark for the year 2007. While speaking about export of gem and jewellery to Kuwait he mentioned that the exhibitions organized by HHEC and MMTC not only supply sub-standard quality items but are also antagonizing local jewelers. He requested the Department of Commerce to reconsider its policy of allowing HHEC and MMTC to organize jewellery exhibitions in Middle East. In response the undersigned agreed with his observations to the extent that the local jewelers in the Middle East including Kuwait should be cultivated and used to promote Indian jewellery.

During the question answer session after the presentations, exporters queried on legalization charges levied in the Gulf countries on export of engineering goods. It was explained that these charges are non-discriminatory and are also levied by our authorities, therefore, there was little CRs could do in this regard. The other questions pertained to registration of pharmaceutical products, requirement of local agents, etc. It was stressed to the exporters that besides seeking registration in individual countries they could also consider to register with the GCC Health Committee for pharmaceutical products. Currently the GCC States club some of their requirements of particular medicines/drugs for a single order and GCC Health Committee registration is needed as a pre-qualification by the exporters. Eventually it is possible that the requirement of dual registration may cease. This would provide Indian pharmaceutical companies an opportunity to look at GCC as a single market for the purpose of registration etc.

The participants were also informed about the GCC-India Conference on Economic and Industrial Cooperation scheduled to be held in Mumbai in first quarter of 2004 wherein GCC Ministers of Industry and Trade, trade officials and businessmen would be participating. The participants were urged to participate in the conference, as it would be focusing on trade, investment, and transfer of technology and cooperation between SMEs etc.

New Delhi

The meeting at New Delhi was organized by FIEO and was attended by 150 exporters. Shri R. M. Abhyankar, Secretary, Ministry of External Affairs inaugurated the meeting. In

his inaugural address he emphasized the role of CRs has changed due to economic changes in India and it was imperative for CRs to work to increase India's exports while seeking inward investments.

The questions raised by exporters pertained to export of commodities like sugar, rice, etc. to Kuwait and Iraq. Some of the companies expressed interest in the sub-contracting of Iraqi reconstruction. The companies were advised to keep in touch with the Embassy. They were further informed that the Indian Embassy at Kuwait emails on regular basis tender details and the companies were advised to register with the Embassy as a recipient of the email.

After the meeting was over a representative from NCTI made a small presentation and asked for data on trade as well as trade enquiries to be made available to them on a regular basis as it would help them to analyze the data and to identify the sectors for medium term export strategy.

4. Observations

The idea of bringing CRs to India for meetings with the exporters was a novel and well-conceived one. The meetings with exporters at all five venues were very fruitful and provided a first hand experience about their expectations and problems. Most of the issues raised by the exporters pertained to the practical problems faced by them but lack of knowledge was not one of them. The exporters were up to date on the issues involved.

Through the interaction it was emphasized that the Indian exporters should seek assistance from the Indian Embassies as Embassies are the eyes and ears of the Government of India abroad and have updated information on economic situation in the countries of their jurisdiction and on export possibilities from India. However while the Embassies could facilitate Indian exporters and could assist them in verifying credentials of the importers, providing information about the business climate, organizing meetings during the visit of businessmen etc. they cannot do their work for them and expectations may be tailored accordingly. When on business visits the exporters should come well prepared with product samples, product literature, etc.

The logistic and other arrangements made for CR's Conference for internal travel, accommodation and for meetings were very excellent. All the meetings were held in very professional way.

5. Suggestions

The format of the meetings at various venues was quite focused though at Calcutta one felt little more time should have been allotted to CRs. The meeting with Gems and

Jewellery Export Promotion Council at Mumbai proved to be a very good interaction. It is suggested that in future CRs Meetings more such meetings with various Export Promotion Councils should be incorporated.

Since the CRs have come all the way from their countries of jurisdiction, it would have been a bonus if a visit to India's centres of excellence was added to the programme. The addition would have made the programme richer.

India's export to the Gulf and WANA countries occupies an important position in India's foreign trade and accounts for nearly 13.2% of India's global exports and during 2002-2003 registered a growth of 28.9%. As regards India's exports to Kuwait as per DGCI&S figures there is an increase of 11.68% during 2002-2003 over the corresponding figure of the previous year. The composition of exports to Kuwait has undergone a qualitative change in the post liberation period. In addition to traditional goods, the areas with considerable export potential from India include pharmaceuticals, medical equipment, equipment for use in refineries and oil installations, equipment/products for the power sector, computer software, leather products, sports goods and sophisticated furniture and consumer electronics. In the service sector also, the shift is towards recruiting professionals – Chartered Accountants, Computer Engineers and personnel in IT/software sectors.

However the growth of economic and commercial relations with Kuwait has not kept pace even with the growth of Indian community in Kuwait. The trade and investment relations between India and Kuwait need to be given a push. In the past it has been noticed that due to small size of the Kuwaiti economy, not many larger Indian companies have tried to focus on Kuwait. However, after the victory of Coalition forces in Iraq, there is a new sense of optimism in Kuwait. To give a major fillip to economy, foreign participation in the upstream oil sector which was on hold due to pending final approval by the Supreme Petroleum Council as well as the National Assembly's approval of enabling legislation, is expected to be given go ahead. Thus it would offer particularly exciting opportunities for growth.

As regards tariff and non-tariff barriers, there are not many tariff barriers but the non-tariff barriers that are common to all the Gulf States need a look. Kuwait is a member of WTO as of 1st January 1995 and is categorized as developing country by the WTO and it synchronizes its position on WTO issues with other members of Gulf Cooperation Council. In Kuwait, a significant limitation on market access is establishing a foreign commercial presence with the country. A foreign entity may only establish a commercial presence in Kuwait through a commercial agent working in the same or related sector as that of the foreign entity, or through a partnership with a Kuwaiti entity, whereby the local entity must possess a minimum share of 51% of the partnership's capital. Further Kuwait's requirement is that registered commercial agents be full nationals of their respective country. This is not perceived as a violation of GATS as Kuwait's Schedule of commitments does not bind it to change this requirement. As such, despite heavy lobbying by the United States and

other countries, Kuwaiti officials have confirmed that they do not have any intention of eliminating this requirement unless they are forced to do so in the future by the WTO. Not with standing that fact, we may consider to negotiate with GCC as a single entity on these and other related issues. The proposal from Oman for GCC to enter into a FTA with India may be considered in the light of these facts.

Chapter 7

Report of EOI, Muscat (Shri Puneet R. Kundal, Second Secretary (P & E))

The Indian Embassy in Oman supported the idea to have the CRs' a conference since it felt that the region did not get the attention that it merits despite it being a part of India's extended neighbourhood. In respect of Oman, the bilateral trade has been increasing at an impressive rate, which indicates growing acceptability of Indian products and services in Oman, although in overall terms, it still remains a low penetration market for us. Thus, while the prospects for a better economic relationship are promising, the Mission feels that the acceptability of Indian products in the market is still not high and a sustained interaction with the Oman market was necessary to make Indian products economically acceptable and technically suitable, meeting the Oman standards in competition with Western and Chinese goods.

Presentation on Oman

2. In accordance with the format of the meetings, each CR was asked to make a brief presentation, which was followed by an interactive Q&A Session where the CRs fielded specific questions/enquiries from the participants. The interactive sessions were quite intense and covered the whole spectrum of the subjects. The main points, which arose, were:

- a) *Role of the Mission in helping the exporters* - Several participants wanted to know the role that the Mission can play towards helping them arrange a visit or providing information about the market. Several participants also desired to know the scope of their products and the strategies they could employ to send their goods to Oman.
- b) *Visas & other visit formalities* - Though none of the participants reported any problems in obtaining visas since hotels can sponsor visas, clearly the issue of visas remains at the forefront of their minds. In this regard, the participants were informed that the hotels could provide visas; as also that visas could be obtained from the Embassy/Consulate of Oman.
- c) *Legalisation procedures and fees* - Several participants expressed the view that legalisation of export documents by the Gulf Missions including Oman led to time delays as also cost escalation. In this regard, the participants were assured that Oman prescribed similar conditions for all exporting countries and that India was not an exception to this. However, the question of time delays

could be discussed at the next meeting of the Joint Business Council between the two countries.

- d) *Appointment of agents* - Several participants wanted to know about the usefulness of making agency agreements and the procedure for appointing agents. They were informed that the Mission's experience in this regard has been that appointment of an agent has been found conducive for conducting business and that while the Mission could provide information about companies willing to be agents, the final decision to appoint the agent would rest with the exporter from India.

Catalogue Exhibition

3. In every presentation, participants were invited in the proposed catalogue exhibition to be held by the Mission around September/October 2003. The idea was enthusiastically accepted by the participants and several of them volunteered to send their brochures for the exhibition as it was considered to be a window for introducing their products to the Oman market. Several participants also gave the assurance that in case some interest was shown in their products, they would like to visit Oman. The Manager of India Trade Promotion Organization, Chennai, offered to send 100-150 catalogues at the request of the Embassy for the exhibition.

4. Several exporters who have been exporting products to Oman also expressed their appreciation that such a Conference was being organized and that it would boost their confidence for exporting or trading with Oman.

5. Interaction with other agencies

- i) The CRs interaction with the exporters in Kolkata was woven into the *Export Summit* being organized by the CII. This wide spectrum of interaction allowed the CRs to have a snap shot of India's trade relations and its placement in the world trade in addition to the steps and procedures being undertaken by the Govt. of India to increase our share in the world trade.
- ii) In Mumbai (June 6), the *Gem & Jewellery Export Promotion Council* gave a presentation to the CRs about the Indian gems & jewellery industry. This interaction was highly informative as several facets of this trade were revealed to the CRs and subsequently discussed. The idea expressed in the meeting that the exhibitions and efforts made for promoting Indian gems & jewellery in various countries should be done not in competition with the local jewelers but in cooperation with them was well received by all the CRs.

- iii) *Interaction with National Centre for Trade & Information (NCTI):* - In this interaction, the NCTI representative gave a small presentation of the role played by NCTI in augmenting the efforts of the Ministry of Commerce for expanding India's trade relations abroad. In principle, the proposal that NCTI would undertake a study of the AGCC region with reference to the prospects for GCC-India PT/FTA was accepted. It was also decided that this information would be used for the medium term strategy export promotion of the Ministry of Commerce.

CONCLUSION & SUGGESTIONS

6. The idea of a Conference where Government traveled to the doorstep of business rather than the other way round was indeed very good and was greatly appreciated by all trade organizations as well as different participants in different cities. The arrangements made by the trade organizations (CII in Kolkata & Chennai, FIEO in Bangalore and Delhi and FICCI in Mumbai) were excellent. The format of the conference was suited for maximum interaction. However, the programme covering 5 cities over 5 days was very tight and at times led to curtailment of the interactive sessions. Keeping this in view, the idea of having a conference over 5 days in 3 cities allowing more time for interaction was agreed to by all the CRs and also accepted in principle by the Ministry of Commerce.

7. In order to make it more useful, the CRs Conference should also include visits to *Centres of Excellence* in various cities. This would provide a better insight for the CRs. The interactions in Kolkata, in Mumbai (with the Gems & Jewellery Export Promotion Council) and in Delhi (with NCTI) were widely welcomed by all the CRs. However, to make the conference more holistic, interaction of the CRs with and visits to centres of excellence would be a positive step.

8. This interaction created a lot of interest by way of discussions and also led to numerous participants approaching the Embassy for specific trade enquiries, which are being handled individually. Several businessmen who on earlier occasions would give the Embassy the go by during their visits, also agreed to keep the Embassy informed about their business development and any needs that they might have in promoting their business.

Chapter 8

Report of EOI, Riyadh (Shri J. S. Mukul, Minister (Political & Economic))

The presentation on Saudi Arabia focused on the current economic situation and the emerging business environment in the Kingdom, in so far as they have a bearing on future prospects, challenges and opportunities for business interaction between India and Saudi Arabia. The objective was to leverage India's strengths and competitive advantage to Saudi conditions by identifying complementarities for facilitating economic-commercial partnerships, particularly exports.

2. The interaction/discussions with regard to Saudi Arabia, showed that the Indian business/exporter community had considerable interest in themes/areas explained below:

(a) **Major concerns of Indian exporters:**

(i) Visas: A general concern heard uniformly at all venues was the difficulty in obtaining business visas for Saudi Arabia by the Indian business/exporter community from the Saudi Embassy in New Delhi and Saudi Consulate General in Mumbai. Clearly the liberalized business visa regime introduced by Saudi Arabia was not working satisfactorily. **Thus, the single most important non-tariff barrier cutting across all sectors of exports from India to Saudi Arabia was the constraint and delay in procuring Saudi visas.**

In this regard, the suggestions from the business community for separate passports for star, super-star, etc. export/trading houses, was not considered an effective/adequate response to the problem, given that the present Saudi system requiring sponsorship of visas would not be addressed by changing the Indian passport system. Some exporters also voiced concern at the lack of multi-entry Saudi business visas. It was explained that the Saudi system did not provide for multi-entry business visas, and accordingly, the Indian business community would need to adapt to the Saudi practice requiring that separate visas be obtained for each visit.

The business community was assured that the matter was being pursued with the Saudi authorities and would be taken up at the next meeting of the Joint Business Council (JBC) at the time of the Joint Commission Meeting scheduled to be held in Riyadh. In addition, the Embassy was constantly working to overcome this by encouraging participation of Indian exporters through delegations sponsored by the Council of Saudi Chambers of Commerce & Industry, as well as through participation in Saudi Trade Fairs, which would provide them alternative avenues of access to visit the Kingdom (where individual business visas proved a constraint). The proposal made at the concluding in-house session (June 7) that the Department of Commerce and MEA through apex

Chambers should encourage regular interaction between the Indian exporting community and heads of Saudi Missions in India, wherein the difficulties faced by Indian exporters could be directly projected to concerned Saudi officials, was agreed in principle.

(ii) Legalisation procedures and fees: Another serious concern (and in many ways echoing the problem relating to Saudi visas) related to the legalisation of export documents by the Saudi diplomatic missions in India. This concern translated into two different issues: (a) The procedural delays in legalisation of documents which impacted adversely on India's exports and business transactions with Saudi Arabia, and (b) The high legalisation fees charged by Saudi Missions.

It was mentioned that this was a requirement by most countries, including India, though the Saudi practice, both in terms of procedural delays and fee structure needed to be addressed directly with the Saudi Missions in India. It could also be taken up at the Joint Business Council.

(b) Sectors of special interest to India:

(i) Information Technology (IT): Numerous participants raised the possibility of cooperation in IT, particularly exports to Saudi Arabia. The success achieved by a number of Indian IT companies in Saudi Arabia was mentioned. In terms of future prospects, Saudi Arabia provided the largest market in the Gulf, accounting for 60% of the total, amounting to US\$ 3.7 billion per annum. The participants were also apprised about the Mission's initiative in holding a 'Round Table' on promotion of IT exports to Saudi Arabia which had come out with an Action Plan for moving ahead. Indian companies were encouraged to participate in specialized Saudi IT trade fairs like GITEX and COMDEX. Visit to Saudi Arabia of delegations focused on IT under umbrella of NASSCOM, ESC, etc., was recommended.

(ii) Engineering goods and electronics: Exports of engineering goods and electronics items to Saudi Arabia constituted a major area of interest. The considerable prospects for export of engineering goods and electronics were explained. Recent developments in terms of successful visits by major Indian delegations from CII, IEEMA, etc. were recalled. The tremendous response received by them led to these organizations mounting repeat visits to Saudi Arabia. Similar delegations focusing on engineering goods relating to the petroleum, petrochemical, power and water sectors offering tremendous potentialities were recommended.

(iii) Pharmaceutical items: A number of queries related to the procedural requirements, bottlenecks and prospects for export of pharmaceuticals to Saudi Arabia. It was explained that while the market offered tremendous potential, the registration formalities prescribed by Saudi authorities remained stringent and rigorous. The Saudi requirement was for a

two-stage registration, i.e. registration of the pharmaceutical company, followed by registration of specific formulation. Further, the registration could be done at two levels, i.e. either with regard to Saudi Arabia alone or through the GCC Health Committee for all GCC countries together. The registration process included inspection of manufacturing facilities in terms of meeting the high standards prescribed. There was also the requirement of having already registered with US FDA and counterpart European authorities, along with proof that the formulations had been launched/ marketed in at least three Western countries. The details about documentations, etc. were available with the Chemtech Foundation, which had interacted with the Saudi authorities and the GCC Health Committee on the subject. The detailed registration requirements made the process time-consuming and expensive. However, Indian companies already exporting formulations to other GCC countries would have an advantage in obtaining registration in Saudi Arabia, given the GCC-wide registration now available.

(iv) Small and Medium Enterprises (SMEs): It was mentioned that cooperation in SMEs/SSI sector provided considerable opportunities, given that Saudi Arabia was looking at cooperation with India as a priority. The recent high-level visits in this area had paved the way for increased interaction.

(v) Rice and Foodstuffs: Indian exports had an 80% market share in basmati rice, which accounted for around one-third of India's total exports to the Kingdom. Exporters could utilize opportunities of participating in Saudi Food Exhibition in Riyadh later this year under the aegis of the APEDA delegation.

(vi) Textiles and Garments: Saudi Arabia remained an attractive market for export of Indian textiles and garments, which accounted for another one-third of India's export basket to the Kingdom. Visits by delegations from SRTEPC and FIEO focusing on textiles and garments had elicited a tremendous response.

(vii) Gold and Jewellery: Some exporters raised the question of customs duty on gold jewellery exports from India to Saudi Arabia. It was explained that the duty of around 12% was coming down as part of the GCC Customs Union to a rate of 5%, thereby offering renewed opportunities for direct export in this sector. However, stringent quality control measures, including 'purity', were applicable. In this context, the presentation at the Gem & Jewellery EPC in Mumbai (June 6) was particularly interesting and informative in clearly spelling out India's achievements and outlining the future course of action. Chairman GJEPC, who had recently toured Saudi Arabia for a road show regarding the India International Jewelry Show (IIJS) in Mumbai in July 2003, expressed satisfaction with the initial response received from Saudi jewellery trade for visiting IIJS.

(vi) Setting up of vocational colleges: Some interest was evinced regarding setting-up of vocational colleges, including engineering colleges, etc. in Saudi Arabia. It was

explained that post-9/11, there had been paradigm shift with the education system of Saudi Arabia coming under close scrutiny. The Kingdom was laying great emphasis on addressing the question of unemployment, through 'Saudiisation' and imparting vocational training to Saudi nationals. NIIT and APTECH were already present in Saudi Arabia offering IT training courses. Interested Indian companies needed to evaluate their target students, i.e. Saudis or NRIs, as each would have its own dynamics in terms of course content, medium of instruction, affiliation to Universities, faculty, sponsorship, etc.

(c) Institutional arrangements offering future opportunities:

(i) Saudi Customs tariffs pursuant to GCC Customs Union: A common and topical area of interest related to latest developments in the GCC economic integration process, i.e. the entry into force of a GCC Customs Union with effect from January 1, 2003, providing for common external customs duty of 5%. A large number of exporters evinced interest in this latest development and Saudi Arabia's duty rates being reduced and harmonised with the agreed GCC common customs tariff. Specific queries related to duties on gold jewellery, nitric acid, essential oils, etc. in the Kingdom. References were also made to limited rollback by Saudi Arabia on some customs duties, pursuant to the two-year period provided by the GCC for harmonising all duty rates. It was clear that the Indian exporting community was keen to exploit emerging opportunities in terms of reduced Saudi customs duties. The current status of the GCC Customs Union and the two-year harmonisation period was explained. It was clarified that Saudi Arabia had uniform duty rates and procedures for imports at all its ports. In fact, there was agreement to have unified import duties for the GCC as a whole. Indian exporters were encouraged to make full use of the opportunities provided by the reduced level of customs duties in Saudi Arabia (including those at 12-20% at present), pursuant to the GCC Customs Union and the harmonisation of duties (at 5%) to be achieved by January 1, 2005.

(ii) GCC-India PTA/FTA: A few questions were also raised about possibility of a preferential trading arrangement (PTA)/free trade area (FTA) between India and the GCC. The exporters were informed at length about the progress in India-GCC cooperation in terms of the proposed **India-GCC Industrial Conference in Mumbai in early 2004**; as well as the positive indications relating to an India-GCC PTA/FTA, which needed to be explored and opportunities availed of by the Indian business community. In this context, the interaction with National Centre for Trade Information (NCTI) representative at the concluding session was extremely useful. It was proposed that NCTI undertake a study (desktop supplemented by field visits) in the region focused on GCC integration efforts (like the Customs Union as well as the proposed GCC monetary and currency union) with reference to prospects for a GCC-India PTA/FTA. This would be dovetailed with the Department of Commerce's 'medium- term export strategy' for export promotion.

(iii) Joint ventures/tie-ups for third country markets: This area was explained as a possible future opportunity, both for the GCC following the progress in GCC integration efforts as well as for the emerging market in post-war Iraq of considerable interest to Saudi businessmen.

(iv) Direct exports to Saudi Arabia: In addition to around \$ 1 billion direct exports to Saudi Arabia, the issue of considerable volume of Indian exports to the Kingdom being presently routed through third countries (particularly UAE) was flagged. Given the increasingly competitive environment for exports to the Kingdom, Indian exporters were encouraged to explore possibilities of exporting directly to Saudi Arabia in order to avoid third country middlemen who could erode competitiveness of Indian exports.

(iv) WTO: The Saudi priority for accession to WTO came up during discussions. It was clear that Saudi Arabia would have to offer concessions on MFN basis in terms of market access, etc. as “down payments”, during negotiations for bilateral agreements with major trading partners, which in turn could provide new opportunities for Indian businessmen entering into partnerships in the Kingdom.

Conclusions and Suggestions:

3. In terms of format, the CRs Conference was appropriately designed for maximum interaction. The programme covering five metros in five days was a little tight: it was accordingly agreed at the rounding-up session that for future CRs Conferences, the five-day capsule would cover three cities. This would not only provide more time for in-depth interaction, but also give CRs the opportunity to visit select centers of excellence to update their own knowledge about latest developments relevant to export promotion. For example, the interaction in Bangalore could fruitfully be combined with visit to IT parks. Another suggestion for future CRs Conferences was to include brief presentations like that made by GJEPC in Mumbai or timed in conjunction with a major economic-commercial event (like IITF, IETF, etc.) in India. This would greatly help increase the content of the CRs Conference.

4. The interest of the Indian business community in Saudi Arabia was widespread, serious and universal. This was particularly significant given the considerable difficulties faced by Indian businessmen in trading with the Kingdom on account of visa hassles, language constraints and procedural bottlenecks like legalisation formalities. It was extremely heartening and positive to note that the Indian exporters were willing, even eager, to overcome these constraints and convert challenges into business opportunities. A ‘Focus Gulf’ programme (on lines of ‘Focus Africa’) would extend additional incentives to Indian business community for export to Gulf countries, thereby compensating for some of the constraints being presently faced by them in terms of visa, etc.

5. In general, the Indian exporting community showed considerable knowledge and awareness of Saudi procedures, practices and constraints. In areas where they were not fully cognizant of latest developments, the CRs Conference served an extremely useful purpose of providing a platform for apprising them about Saudi Arabia's trade profile, economic outlook, market size, mega projects on the anvil and business opportunities, both in the traditional sectors of export (like rice and foodstuffs; textiles and garments; etc.), new hi-tech areas (like IT, SMEs/SSI, engineering and electronic goods, etc) and future growth segments (including petroleum and petrochemicals; power and water, etc.).

6. The interaction at the CRs Conference has not only evinced a lot of interest by way of discussions, but has also translated into concrete follow-up action with numerous participants approaching the Embassy for specific trade enquiries relating to business with Saudi Arabia, which are being individually responded to.

Chapter 9

Report of EOI, Sana'a (Shri O. P. Bajaj, Counsellor)

Interactions with Exporters

Kolkata (Day 1 - 3.6.2003)

Many exporters were surprised to know that the Republic of Yemen has got huge export potential for businessmen from India. In 40 commodities, India was the first/major source of imports and in other 70 commodities, India was second/third source of procurement during the year 2002. Some of them pointed out the difficulties faced by them to get Yemeni visa on account of SARS and other formalities to be completed by them at Yemeni Embassy in New Delhi or Yemeni Consulate in Mumbai. They were apprised on the visa regulations and advised that in case of any difficulty in getting Yemeni visa, they should approach the Indian Embassy in Sana'a, which in turn would take up the matter with the Yemen authorities. Specific trade clarifications were sought from companies like Tractors India Ltd., Khaitan Electricals Ltd., Asal Impex Pvt. Ltd., Limitex (India) Ltd., Titagarh Wagons Ltd., Tata International Ltd., Sonthalia Group of Companies, Emami Group of Companies, The Wesma Engg. Company Pvt. Ltd., Electrosteel Castings Ltd., etc. and these were appropriately answered.

The Representative of M/s Dun & Bradstreet India (DB), in his address on risk management and insurance being handled by DB, said that they could undertake studies on many Indian firms and also give information about any Indian firm. Their service charges are nominal. Since such credit ratings are not available in Yemen, he said that DB could undertake studies through their associate companies abroad and guide Indian exporters properly.

Bangalore (Day 2 – 4.6.2003)

Individual presentations were made by the CRs and interaction with exporters followed. As advised by President, FIEO, information on Banks and Customs duty was incorporated in the Presentation. Many enquiries were received on the potential of Yemen for exports from India. Specific trade clarifications were sought by Onam Agarbathies Pvt. Ltd., O.Y.A. Exim Ltd., Terra Agro Technologies Ltd., HMT International, Technology Resource Centre (Small Industries Service Institute), Electronics and Computer Software Export Promotion Council, A.V. International, Mulder (India) Pvt. Ltd., Bommidala Enterprises (P) Ltd., which were appropriately answered.

Chennai (Day 3 – 5.6.2003)

After individual presentations, an interactive session took place. It may be mentioned here that interaction at Chennai was quite exciting since CII had made a list of individual CRs giving the names of representatives of Indian companies and their areas of interest, who would be raising enquiries with the CRs. As far as Yemen is concerned, 10 names were given; however, organisers did not know that on the day of presentations, many more exporters would register themselves. As such, as far as Yemen is concerned, individual enquiries were received from 19 exporters, which were appropriately handled. Among the 19 names, the most promising were: Fourrts (I) Laboratories Pvt. Ltd., GEA Energy Systems (I) Pvt. Ltd., Tagros Chemicals, Southern Agro Engine Pvt. Ltd., Larsen & Toubro Ltd., Mercury Manufacturing Co. Ltd., Nubiola India Ltd., Telesis Technologies (India) P. Ltd., Sealings & Jointing, Southern Agro Engine Pvt. Ltd., GEA Energy System (India) Ltd. (Air Fin Cooler Division), Tagros Chemicals India Ltd., Cognizant Technology Solutions India Pvt. Ltd., etc.

Mumbai (Day 4 – 6.6.2003)

The Gem & Jewellery Export Promotion Council organised a presentation of its activities for the CRs in which, its Chairman Shri Sanjay A Kothari gave an overview of the exports of gems and jewellery from India. As regards Yemen, no jewellery comes directly from India; it is generally routed through Saudi Arabia or U.AE. India is also the largest centre for cut and polished diamonds.

At the Meeting organised by FICCI, after individual presentations, interaction with exporters took place. Some of them shared the difficulties being faced in obtaining Yemeni visa from Consulate of Yemen in Mumbai. They were requested to get in touch with Smt. Sunanda Rajendran, Secretary General, Indo-Arab Chamber of Commerce & Industry, Mumbai, who would try to solve the issue. However, in case she is not able to solve the matter, the exporters were advised to contact the Indian Embassy in Sana'a, who would take up the matter formally with Embassy of Yemen in New Delhi or the Consulate of Yemen in Mumbai. If required, the Ministry of Foreign Affairs of Yemen in Sana'a would also be approached. In Mumbai, there were specific commercial enquiries from Voltas Ltd., Daga Petrochemicals Ltd., India-Tech Foundation, Crystal Solutions Pvt. Ltd., Famy Care Ltd., Ramka Silk House Pvt. Ltd., JAK EXIM Importers & Exporters, etc., and these were appropriately dealt with.

New Delhi (Day 5 – 7.6.2003)

Specific trade clarifications were sought by Eastman Industries Ltd., NCTI, SSP Pvt. Ltd., D.L.R. Navigation, K.S. Intertrade Corporation, Gujarat Flurochemicals Ltd., MMTC

Ltd., Elder Pharmaceuticals Ltd., etc., on exports to Yemen, during the interactive session with exporters after individual presentations by the C.Rs., which were appropriately answered.

Conclusion and Recommendations

- ❖ At Bangalore, Shri C.M. Bhandari, Joint Secretary (ITP), Ministry of External Affairs, New Delhi, advised the exporters to follow some Dos and Don'ts – (*Editor's Note*-these are summarised in Chapter 12)
- ❖ There was time constraint for C.Rs at every place of meeting. At many places, the inter-active session had to be cut short since the C.Rs had to leave for Airport for catching the flight. It is, therefore, suggested that in future C.R. Meetings at least two clear days may be earmarked at each destination. This would enable the C.Rs to see also the places of interest for export activities located in the concerned cities. For example, many C.Rs wanted to see Infosys in Bangalore, but could not see in view of time constraint
- ❖ After the conclusion of the interactive meeting, in a meeting taken by Shri M.V.P.C. Sastry, JS (FT/WANA), DoC, and Shri C.M. Bhandari, JS (ITP), MEA, all the problems were discussed, which included shortage of staff in Commercial Wings of Indian Missions abroad. If these minor facilities are agreed to, these could go a long way in enhancing exports from India.

Chapter 10

Report of EOI, Tehran (Shri N.K.Singh, Counsellor (E & C))

The Commercial Representatives' Conference, held in India from July 3-7, 2003, was very productive. It was an encouraging sign to have the concerned officials from the Government of India and State Governments; Commercial Representatives posted abroad, businessmen and representatives of apex business associations on one platform. This offered a sense of partnership to achieve the common objective of export promotion. This must have also inspired new confidence in the exporting community. It also provided a good opportunity for the CRs to get feedback regarding the concerns of the businessmen from the field. This feedback will provide valuable inputs to CRs to evolve their strategies to promote Indian exports in the countries of their postings.

2. The participants at Calcutta, Bombay and Delhi showed great interest in Iran. There were several queries from businessmen relating to business opportunities in Iran. There were also some concerns regarding certain rules and regulations like requirement of legalisation of documents of exporters by Iranian Embassy/Consulates in India, engagement of agents/representatives for doing export, banking system, particularly, LC operation, etc. Issues involved in these matters were explained. Further notes on the following were circulated among the businessmen attending the conference:

- a. The Export-Import Regulation Act
- b. Executive Rules on Export-Import
- c. Foreign Investment Act
- d. Labour Law
- e. Opening of Representative offices/Engagement of Agents
- f. Information on websites of government and private agencies dealing with Iranian trade and commerce

3. Regarding the Conference itself, one legitimate point that could be made was that the schedule was rather too tight, not leaving adequate time for interaction with the businessmen. In view of the enthusiasm shown by the business community, more time was required for productive discussions with them. Needless to mention, the interaction with the business community- hearing their problems and concerns- should get priority in the schedule of future Conferences. Further, periods from February to March and from September to November may be suitable times for holding such Conferences.

4. In addition to presentations by the CRs, there may be sector specific and region specific presentations by representatives of the export community. One such presentation, given on Gem and Jewellery in Mumbai, during the CRs Conference, was really very useful,

making CRs better equipped with information regarding the potential and possibilities for promoting exports in this sector. Services of various Export Promotion Councils, for such purpose, may also be made available on such occasions.

5. Further, if possible, some centres of excellence relating to India's manufacturing capabilities may be shown to CRs, which may provide them better idea, and understanding for marketing India's achievements in their host country.

6. For meaningful discussion, the agenda for discussion, based on the suggestions from the concerned Government departments, Export Promotion Councils, apex Chambers of Commerce and other concerned agencies may be provided to the CRs well in advance. This will enable them to come prepared for the Conference, keeping in mind the specific problems and issues faced by the business community, in addition to general issues. There could be certain specific issues, which may not be addressed properly for want of requisite information. If such issues are communicated well in advance, information can be collected accordingly. Regarding the presentations, it may be considered whether some sort of structured format, keeping in view the requirement of the Ministry and the business community, is evolved to bring about some uniformity.

7. The CRs also have some expectations from businessmen/ organisations. The businessmen, during their visits to countries of the postings of the CRs, should spare some time to meet and give feedback to the Commercial wing. This will enable the Embassies to take up problems, if any, faced by them with the concerned authorities, which, otherwise, may go unnoticed. This will also help the Embassies to have information, based on the first-hand experience of the Indian exporters, which, in turn, will enable them to plan their strategies for promotion of Indian exports and also provide relevant information to other businessmen visiting the countries. There are occasions when, to answer queries from the businessmen of the host country, Embassy officials approach business organizations and Export Promotion Councils for information. Quick response from them will enable the CRs to provide required information to the businessmen of the host country-facilitating establishment of business links between the two sides.

Chapter 11

Report of EOI, Tel Aviv (Shri Satish C. Mehta, Counsellor)

1. Presentation on Israel:

PowerPoint presentation on Israel was used at all the venues with minor presentational adaptations. *Salient* points included: Israel is a \$100 billion economy comparable in its level of sophistication to any developed western economy; its annual imports are around \$ 33 billion providing ample scope for our exports; there is a growing acceptability of Indian products as demonstrated by the increasing Indian exports as well as the market share of Indian products in Israeli imports; the close bilateral relations provide a good environment for expanding our exports to Israel. Detailed information, which covered the above, was made available to organisers at each venue on a CD for distribution to the participants on request.

2. Interactive sessions:

(a) At each venue there was a lively interaction with our business community, which sought information as well as guidance and advice. Some shared their experiences as well, which were valuable. In general the questions were focused. Broadly, in so far as Israel is concerned, the following **general** questions were posed:

- (i) Whether exporting to Israel would lead to their being denied access to Arab markets? For the record, this policy is no longer in operation;
- (ii) Whether travelling to Israel would lead to their being denied visa to Arab countries? This indeed is true, as some Arab countries do not give visa to those who have Israeli visas. It was clarified that this inconvenience could be got around by seeking a new passport for travel to Israel;
- (iii) Does Israel deny visa or block exports by those who travel/export to other Arab countries? The answer, for the record, is that Israel do not have such a policy;

(b) In their comments, our business community expressed anxieties about the security situation in Israel. It was pointed out that these were quite exaggerated. Concern was also expressed at the difficulties faced in obtaining visa for Israel. This, unfortunately, is true but we are trying to address it.

(c) In Chennai, after presentation by CRs, CII organized one-on-one meetings of business

participants with CRs. The discussions were on products/areas of interest to each businessman.

3. Post-Conference Response:

Besides the details provided at the meeting about the market for specific products based on the 8-digit trade analysis done by the Mission, we have received 24 trade enquiries by e-mail from participants to which we have /are sending responses. Many more are expected by mail as many businessmen had said that they would be sending their brochures/product catalogues etc. by mail.

4. General Observations:

(i) Some interventions revealed the lack of awareness of the work being done or the services being provided by the Commercial Wings. It also became evident that the business community was pleasantly surprised at the professional manner in which the presentations were made and the high-level of subject knowledge and understanding demonstrated by CRs and the initiatives taken by them to promote trade.

(ii) It was heartening to see that the business community was eager to explore new markets. Also encouraging was to note the range and variety of products, most of which were non-traditional items that the business community wanted to export.

(iii) The Conference gave the CRs an opportunity to present in some detail the operating environment of their respective countries and the business opportunities for Indian companies. It also provided them an opportunity to understand the interests, concerns and expectation of our business community.

(iv) The Conference helped bridge the information gap between the CRs and the business community and build a partnership.

(v) The programme was hectic which did not leave adequate time for in-depth interaction with the business community and for meeting institutions/ important icons of Indian business e.g. which would have been useful to have interaction in Kolkata with EEPC and the Tea Board or visit INFOSYS/WIPRO in Bangalore or CLE in Chennai. (In Mumbai there was a meeting with Gems and Jewellery Export Promotion Council, which was very useful.)

5. Recommendations

(a) **Continuation:** The number of attendees from the business community at the meetings, their interest in knowing more about business opportunities and the useful and

the lively interaction that took place as well as follow-up request for information/assistance received by this mission (others too would have received such requests) after the conference, confirm that the conference was very productive. Department of Commerce should go ahead with its plan to make it an annual event.

(b) **Timing:** This should be timed in a manner that the CRs also get an opportunity to see at least one major Indian exhibition which would enable them to keep abreast with latest Indian product offerings.

(c) **Choice of venues:** Future conferences should cover not more than three venues besides Delhi: two major business centres such as Mumbai, Chennai, Kolkata or Bangalore, and one other center such as Hyderabad, Ahmedabad, Jaipur, Cochin, Pune etc.

(d) **Duration:** The duration should be at least seven working days. The programme could be as follows:

Day one (Monday) - Meetings in Delhi with EPCs and other trade bodies as these organizations have a wealth of information and expertise and play a nodal role in trade promotion. At each venue time should be set out for interaction with these bodies for about 1 hour each. The list could include CII, FICCI, FIEO, APEDA, MPEDA, EEPC, GJEPC, OCCI, NASSCOM, ESC, CAPEXCII, CHEMEXCIL, TEXPROCII, SGEPC, etc. (If the CRs are visiting the city where these bodies are headquartered, the meeting could take place there, otherwise in Delhi e.g. presentation by GJEPC should be in Mumbai if it is included in the programme.)

Day two (Tuesday) to Day six (Saturday) – Visit to two major (two days each) and one smaller business center (one day).

Day seven (Monday) – Meetings in Delhi and wrap up-session.

(e) **Presentation by Local Trade Promotion Bodies at each Venue:** It would be useful for the CRs to have an overview of key items being manufactured/exported from each venue. A short presentation on this aspect should, therefore, be arranged at each venue.

(f) **Case Studies:** A couple of case studies of successful exporters would be instructive not just for the CRs but also for the business participants.

(g) **Presentations by CRs:** Overall, the presentations by the CRs, which reflected the effort and detailed preparations made by them, were well received. Nevertheless it may

be advantageous to have a standardized format so that the presentations cover everything within a span of about 10-15 minutes. Based on the preparatory feedbacks received by the Department of Commerce from the organizers at each venue, each CR could be requested to cover one specific sector pertaining to his country (not more than five minutes each) for each venue as part of his presentation. Greater details could be provided through CDs or electronic means. The presentation should be through Power Point.

(h) **One-on-one meetings:** Subject to constraints of time, these would be useful. This came out clearly at such meetings arranged by CII at Chennai. However, the CRs should know well in advance before they leave their stations about these meetings and the specific interest of each businessman to be able to better assist them.

Chapter 12

RECORD NOTE BY FEDERATION OF INDIAN EXPORT ORGANISATIONS (FIEO) OF INTERACTIVE SESSIONS WITH INDIAN COMMERCIAL REPRESENTATIVES FROM WANA REGION

A. Meeting with commercial representatives of Indian missions from WANA region on 04/06/2003 at Bangalore

1. An Interactive Meeting with Commercial Representatives of Indian Missions from West Asia and North Africa (WANA) was jointly organized by Federation of Indian Export Organisations and Department of Commerce, Ministry of Commerce & Industry, Government of India on 04/06/2003 at Bangalore. This Meeting was organised to provide latest information on economic conditions, customs regulations, banking facilities, identify factors that hamper exports to countries in West Asia and North Africa and formulate specific market measures to boost our exports. More than 200 exporters attended the Meeting.

2. Mr. R.V. Deshpande, Minister for Large and Medium Industries, Government of Karnataka, Mr. K.K. Misra, IAS, Additional Chief Secretary, Government of Karnataka, Mr. K.V. Eapen, IAS, Director (FT-WANA), Department of Commerce, Ministry of Commerce, Mr. C.M. Bhandari, Joint Secretary (ITP), IFS, Ministry of External Affairs, Mr. R. Buhiril, IAS, Addl. Commissioner & Zonal Joint Director General of Foreign Trade, Chairmen of Export Promotion Councils, Commodity Boards, Chambers of Commerce, Trade Associations and leading exporters from Southern Region participated.

3. While delivering his welcome address, Mr. A. Sakthivel, Chairman, FIEO (SR) mentioned that India's exports to WANA Region presently account for 14% of total global exports. A large number of items like textiles, machinery instruments, gems & jewellery, manufactures of metals, drugs & pharmaceuticals, plastic and linoleum products including leather and leather products etc., have good potential of exports from India to WANA Region. This programme is aimed at throwing opportunities for exporters to venture new areas. This forum would also enlighten the exporters about the economic conditions, customs regulations, banking facilities and other internal information about the respective countries directly from the Commercial Representatives.

4. In his Presidential Address, Mr. M. Rafeeqe Ahmed, President, FIEO mentioned that the main problems that the Indian exporters face in respect of exports to these countries is the lack of knowledge about the countries themselves as also hesitation to venture into these areas. He requested the Commercial Representatives of WANA Region to elaborate on the procedural formalities, customs, licensing, banking, market opportunities and

precautions to be taken. He has also mentioned that this interactive meeting is another “Readymade Marketing Window” for our exporters.

5. While delivering his Inaugural Address, Mr. R.V. Deshpande, Minister for Large and Medium Industries, Government of Karnataka mentioned that unstinted support extended by FIEO and other trade associations would help in fulfilling the commitment of making Karnataka, an industrial super power in the next two to three years. He also mentioned that Karnataka has become the most preferred destination for investors both domestic and overseas. To facilitate exports, the government has recently announced Export Promotion Policy. This policy is aimed at achieving rapid and sustained growth of exports from Karnataka to reach Rs.45,000 crore by 2007 from the present level of Rs.20,000 crore. He mentioned that they would avail Assistance to State for Infrastructure Development for Exports (ASIDE) to the optimum level in order to provide world-class infrastructure for exports. The New Industrial Policy of the State is focusing on providing quality infrastructure, which is the backbone for promotion of industries. The Government is creating an exclusive infrastructure development fund with an initial corpus of Rs.100crore.

6. The State has evolved a clear-cut strategy for development of industry and trade in the coming years by focusing on sectors and markets in which Karnataka has strategic advantages and encouraging the growth of knowledge based industries. It is concentrating on certain key sectors for rapid growth. The selected sectors like Information Technology, Biotechnology, Chemicals and Pharmaceuticals, Food Processing, Electronics and Communication, Textile, Garment and Automobile have a tremendous scope in the state. They are also concerned about creating enabling environment for growth of the service sector including financial services, insurance services, commodity markets, etc. and encourage private sector participation in these greener areas. He also assured the audience that they have a Nodal Office, Udyog Mandal to receive composite applications from the investors in Karnataka.. Taking up the issue of the services sector not being included in the Center’s ASIDE programme for export promotion, he told that States like Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra have a lot of export potential in this sector, so the non-inclusion of services is a gross injustice to them.

7. While addressing the audience, Mr. K.K. Misra, Additional Chief Secretary, mentioned that of the total IT and ITES exports of \$10.5 billion, Karnataka accounted for \$ 3.5 billion and that the Central government had to provide incentives. He has also outlined the advantages the state offers for investors. Mr. K.V. Eapen, Director (FT-WANA), Department of Commerce, Ministry of Commerce mentioned that the conference of Commercial Representatives from WANA Region was being organised by a process of collaboration between the main trade associations such as FIEO, FICCI, CII and the Government. The success of the programme would largely depend upon the meetings that the CRs would have with the exporters. The Commercial Representatives from WANA Region will be

able to interact with the members of trade and business associations, government departments, banking and financial institutions and exporters. This meeting is expected to facilitate effective and continuing micro level interaction between these commercial representatives and the members of export and domestic business, which will help, identify factors that hamper exports to these countries.

8. While introducing the subject, Mr. C.M. Bhandari, Joint Secretary (ITP), Ministry of External Affairs mentioned that Commercial Representatives of Indian Missions would brief the exporters on market trends, dos and don'ts in individual countries and procedures for facilitating visas. He mentioned that the focus in Ministry of External Affairs had shifted from political and foreign affairs to economic diplomacy and facilitation for trade. They have to work hard together to change the world's negative image of India. They have to ensure quality products are delivered to clients on time, if they have to compete with China, Taiwan, Malaysia and Singapore. He also mentioned that the Commerce and External Affairs Ministries have drawn up export promotional programmes. The Ministry of External Affairs is setting up a website by August-September, with hyperlinks to all state governments, trade bodies and economic ministries to solve this problem. He requested the exporters to follow the following dos and don'ts: -

Dos

- Consult MEA or Indian missions abroad before setting up business dealings in foreign countries
- Set up world-class websites to market products, preferably with a video-clip on manufacturing facilities
- Provide information to MEA and Indian missions about market trends and success stories through trade bodies.
- Inform problems about visa issues to the MEA or Indian missions abroad.
- Save costs on shipping by joining hands with other exporters, even competitors.
- Always deliver quality products on time to shore up India's image abroad. If delay inevitable, be upfront about reasons with customers.
- Be ready to compensate customers for delay

Don'ts

- Never under-quote product costs and delivers a low quality product; it puts off all future contacts.
- Never miss deadlines and delay delivery.
- Never compromise on quality— overwhelm the customers with quality and promptness.

He mentioned that the Ministry of External Affairs is going to host a website soon which is called www.indiainbusiness.com They are also publishing a Weekly Economic Bulletin and Monthly Economic Analysis Bulletin. He requested the exporters to contribute success stories for publication in the bulletin.

9. Mr. M.F. Vora, Convener, FIEO Committee on CIS, Central Asia and Gulf Region and Chairman, CAPEXIL mentioned that a lot of potential exists for exports from India to this Region. There is a problem of getting visas from various countries. He suggested that status holders might be given different kind of passport.

10. The Commercial Representatives of Indian Missions from WANA Region then made their presentations covering trade profile, main items of export and import, principal trading partners, bilateral trade, exchange of bilateral delegations, joint ventures, potential sectors of export, economic relations—challenges and opportunities, etc. Some of the salient points made during the discussions by Commercial Representatives are as follows: -

- **Mr. N.K. Singh, Counsellor, Embassy of India, Iran:** The state controlled economy in Iran is getting deregulated. A law passed last year allows FDI in three FTZs. The Indian mission has identified pharmaceuticals, textiles, machinery, automobiles, power, railways, farm equipment and IT, besides commodity trade, as promising areas.
- **Mr. Vishnu Prakash, Minister (P&E), Embassy of India, Egypt:** Preferential trade agreement talks are on with India. The PTA will enable access to COMESA countries, of which Egypt is a member. An Economic Partnership Agreement is also proposed between India and Egypt. The Indian embassy has identified Indian SMEs (Small and Medium Enterprises) as a priority attention. The Egyptian currency, which has depreciated by 52 per cent in two years, has possibly found its natural level and might stabilize.
- **Mr. Shakeel Ahmed, Third Secretary, Embassy of India, Algeria:** Housing, road and rail transport sectors offer promise but the expected allocation from the Algerian Infrastructure Initiative has not been forthcoming. The recent earthquake has led to demand for construction equipment.
- **Mr. Y.K. Sinha, Minister, Embassy of India, UAE:** It is the second biggest destination of India's exports, next only to the US. It has minimal tariff and non-tariff barriers (normal tariff five per cent, with nil duty on many items). Dubai will be a vantage point for doing business related to Iraqi reconstruction. Apollo Hospital and Indian Software companies accessing the North African market including Morocco, Algeria and Tunisia, besides sub-Saharan Africa have

established bases in the UAE. The new Dubai Internet City has already attracted 300 companies worldwide.

- **Mr. O.P. Bajaj, Counsellor, Embassy of India, Yemen:** The CII is to organize an India Enterprise Fair in September. India is Yemen's leading supplier in 46 items and second or third in 70 items.
- **Mr. Satish C. Mehta, Counsellor, Embassy of India, Israel:** The country presents a contrast with other WANA countries, and is a high-tech and advanced nation. Local presence is a must for Indian firms. India's exports are growing fast. Labeling in Hebrew is obligatory for exports to Israel.
- **Mr. J.S. Mukul Minister (Eco& Pol), Embassy of India, Saudi Arabia:** There are already 55 Indian Joint Ventures in Saudi Arabia and 40 Indo-Saudi ventures in India. There is good scope for cooperation in third countries, especially Iraq.
- **Mr. Abdul Khalique, Counsellor, Embassy of India, Sudan:** India's recent decision to invest in the Greater Nile Petroleum Company will lead to closer relations. A bilateral investment protection agreement has been finalised.
- **Mr. K.J.S. Sodhi, Counsellor (P&E) Embassy of India, Kuwait:** Kuwait is regaining its position as a transit port to Iraq, which was lost after the 1991 war. The new law on foreign direct investment, passed in 2001 and waiting to be enforced enables 100 per cent equity in several areas. A free trade zone is being set up near the Iraq border. Talks are on with India on a double taxation avoidance agreement.
- **Mr. Puneet R. Kundal, Second Secretary (P&E), Embassy of India, Oman:** The Indian mission has identified 31 items (under six-digit HS code), most, of which comprise engineering products. Hundred percent foreign ownership allowed in IT parks and some other sectors. Ownership up to 70 percent poses no problems. Apollo Hospital is coming up in Muscat. A catalogue exhibition of Indian products is planned for September-October this year.

11. During the Open House Session, the following points relating to specific issues were made and clarifications provided: -

Point 1 *All Commercial Representatives were asked to mention the scope in IT sector.*

Whether there are any GCC Countries, which can coordinate, with ESC, in organizing Indo Gulf IT.com?

Ministry of Commerce could think of a Focus Middle East/GCC/WANA, as there are ample potential opportunities in IT.

UAE: It was clarified that Dubai Chamber of Commerce, Indo-Gulf Chamber of Commerce and Gulf Co-ordination Council are coordinating issues in the IT sector. Dubai IT fair was organized in February.

Sudan: APTECH has franchised several educational centres in various towns of Sudan. These centres have been formally affiliated to the University of Sudan. Students who have passed out are given certificate (three years course) from the University of Sudan. Penta Technologies Ltd., Chennai have clinched a prestigious contract (value to the tune of 3 million US dollars) from Bank of Sudan e- banking training centre. They are helping / training the banking personnel for the last two years. Indian IT institutions for training in India are picking up a number of Sudanese students. A 100 such students are in Bangalore, Hyderabad and Pune.

Point 2 Has there been a survey or system study made in IT Sector?

Saudi Arabia: It was informed that survey shows business worth 3.7 billion US dollars is available in the IT Sector in the Gulf. 60% of business is in Saudi Arabia. A major study on market requirements for IT has been taken up through the Saudi Arabia Chamber of Commerce and Industry. This survey report will be available within three months. The Information and Technology Trade Fair last year was cancelled in Saudi Arabia due to Iraq war. There is a tremendous opportunities in IT field. Round table meetings are arranged on IT areas. An Action plan was finalised in 2002 and Embassy is ready to share the information on demand. ESC should organize delegation regularly to Jeddah.

Kuwait: Embassy has made small study on IT potential and is ready to share the information if anybody is interested in it.

Point 3 Can the Embassies verify the credentials of customers? Any quality standards to be followed for export of electronics to UAE, Israel and Saudi Arabia? Where can the details be got?

Saudi Arabia: It was informed that a numbers of agencies are there to verify the credentials of the customers. These are verified through Chambers of Commerce and Banking Channels. Saudi Arabian Banks confirmed L/Cs are beyond doubt. Regarding Quality Standards, Saudi Arabia has detailed standards on quality aspects/procedures for products to be imported into Saudi

Arabia and the same are displayed on websites. AIE&EMA have collected lot of background data regarding electronics & electrical standards. Embassy is ready to help out for particular quality aspects.

Israel: There are a few credit rating agencies in Israel and exporters can tap them. More details can be got done through banking channel.

Regarding quality standards, it depends upon the product and the relevant 8-digit code. There is not much cost involved for bring it into the market.

UAE: Regarding verification of credentials it is similar to Saudi Arabia. Verification of credentials is done through Chambers of Commerce and banking channels. Embassy has arrangements with Chambers of Commerce. Regarding quality standards, if anybody writes to the Embassy, they will give a reply.

Point 4 *What are the possibilities for starting a good Engineering College in following areas: -*

- **Marine Engineering**
- **Mining**
- **Mechanical**
- ***Electrical & Electronics***

Saudi Arabia: Possibilities are very good. Unemployment rate is running around 18% and the Kingdom is looking for vocational education /professional courses. However, the education sector is under a microscopic process. There is a mismatch in languages & curriculums. A big issue is about who would grant the degrees? It is not clear whether Indian Universities would be able to grant the degrees to these colleges. There are lots of Indian schools that have come up and these models could be extended.

Kuwait: Foreign Universities are allowed to open campuses in Kuwait. Definitely there is a lot of demand for the professional courses, both from the local community and the expatriate community and Government is willing to consider it. Local sponsorship is must.

UAE: As far as higher education is concerned, University of Chennai and University of Pondicherry had distance education courses being conducted, that have been closed for the last one-month. 16 Indian Institutions in the UAE have been banned from conducting coaching classes or distance courses. No

Indian colleges in UAE. The Birla Institute of Technology have a tie up with local institutions and are conducting the courses because they have followed stringent rules and regulations prescribed by the Ministry for Higher Education, UAE. They have got a clear message that the promoters have to follow stringent formalities; otherwise they would be de-recognized by UAE government. There is very big demand for Engineering Colleges and other professional courses. Most of the Institutions are profit making and they want to cut corners. Gulf Region is looking for quality products and services.

Sudan: No foreign country is allowed to set up universities in Sudan. Sudanese are having large number of universities totaling in all 26 in this Region. They are run similar to British system. The basic conditions are that they are to be run by Sudanese nationals, where teachers are supposed to be Sudanese- only except where subjects are highly technical where teachers could be hired from abroad.

Point 5 Commercial Representative from Oman mentioned that registration for export products was not required. Does it apply to Pharmaceuticals?

Oman: The pharmaceutical Industry is slightly different. There are stringent procedures for pharmaceuticals Industry like fulfilling the registration formalities as per the guidelines laid down by the WHO. As far as local registration is concerned the Directorate General of Drugs & Pharmaceuticals in the Ministry of Health is processing the applications for registration only after visiting the manufacturing unit of the company. The registration is only done after they are satisfied about manufacturing facility of the company. After the registration with Ministry of Health, each and every export is registered individually. The registration is done only after the testing of individual of drugs.

Saudi Arabia: The formalities for registration of Pharmaceutical products in Saudi Arabia have two Stages. First stage is the registration of company. Second stage is the registration of each pharmaceutical product. The standards are very stringent. Recently, GCC has set up a Committee in Riyadh called GCC Health Committee. The registration with GCC Health Committee is compulsory for pharmaceutical products, which are to be imported into the GCC. This High Power Committee can waive inspection etc. in all respects, provided if pharmaceutical companies are registered with USFDA or EC and they have launched their product in any three countries of EU. There are possibilities of joint ventures in Saudi Arabia.

Point 6 What are the procedures for opening a representative trade office in Sudan/Yemen? What are the requirements for a work permit for foreign nationals to work in Sudan/Yemen?

Sudan: As far as Sudan is concerned, there is a simplified procedure. One has to apply to Ministry of Foreign Trade if the organization is a corporate or multinational company; then registration formalities would be easier. If the company wants to appoint an agent or representative, then they have to mention their intention at that time of submission of application. The Ministry of Foreign Trade, the Embassy and the concerned company, checks the credentials of the agent. Many Sudanese are representing foreign pharmaceutical companies in Sudan. Many Indian pharmaceutical companies are considering putting their manufacturing units in Sudan.

Point 7 ***What is the scope for exports of Gems & Jewellery? What is the rate of duty?***

Saudi Arabia: Gems & Jewellery are being exported to the Kingdom. There are two basic problems, one is purity and second is how to verify the purity. The expatriate Indian community and local nationals have joint ventures with Indian companies for manufacturing Gem & Jewellery items. As far as duty is concerned, it has come down to 5% in all GCC countries. The exact duty on the gold is difficult to say. However it attracted 12% perhaps before the GCC union came in. Now they have to move to 5% within the next two years.

Yemen: For import of Gem & Jewellery items into Yemen, prior permission to be obtained.

Point 8 ***What is the scope for exporting organic – agro inputs – (natural, botanical based products which are environment friendly)?***

UAE: There is no problem at all for export of organic - agro inputs. SPIC already has a joint venture in Dubai.

Point 9 ***What is the scope for export of Ayurvedic / Siddha Medicine in capsule form to the WANA Region? Which country of WANA should be focused?***

UAE: There are good opportunities for Ayurvedic Medicines. There is no regular business for specific ayurvedic / siddha medicines. There is an interest however. The policy on quality standards is being framed. The ayurvedic / siddha medicines should be patented and aligned with WHO regulations.

Kuwait: Ayurvedic products generally are not allowed. In general pharmaceutical products require high standards and have to be registered. Food products are allowed.

Point 10 *Are the WANA Region countries open to defence suppliers? If so, what is the scope for products like Bullet Proof Jackets / Helmets, aircraft / satellite / helicopter parts?*

UAE: The International Defence Exhibition, Abu Dhabi was held in March. It is held once in two years. India has not exported any defence items to UAE in the past. This time India participated in this exhibition through the Ministry of Defence, Bharat Earth Movers Ltd., Bharat Dynamic Ltd., etc. The participants have supplied items such as uniform, boots etc, to the local Police department. This year, they have shown interest on weapons also.

Oman: In Oman there have been exports of spare parts for Jaguars. The non-combat items such as uniform, boots is not a high priority item to import from India.

Kuwait: It was informed that if specific details were given, the same would be forwarded to the potential importers.

Israel: It was informed, if specific details were given, they would give direct reply.

Sudan: The Sudanese are taking lot interest on Indian defence software items. They have been very close interaction between some of the armed forces of Sudan and Indian businessman.

Point 11 *What is the scope for exporting Marbles particularly in Kuwait and Israel?*

Kuwait: Most of marbles is coming from Italy and the market in Kuwait is very much affluent and quality conscious. Some Marble and Granite is coming from India but most of it is coming from Italy.

Israel: There is a market for marbles and the Embassy is ready to make a study on it.

Point 12 *What are the financial criteria required to export / invest in Arabian countries?*

It was informed, if specific details were given, they would give direct reply.

Point 13 *What will be scope for export/printing & publishing (children books)?*

Saudi Arabia: This sector has been opened up for investment. It was a closed sector. They have very strict regulations for vetting the material as per local

laws. Indian Schools are allowed to import children's books. Not many have gone for printing.

Point 14 *Is it true that if any equipment (electronic) contains any part / component made in Israel, then Saudi Arabian Customs create problems?*

Saudi Arabia: At the legal level, there is a restriction. But in practice, it is only a matter of which Arab country is following the rules, how vigorously.

Point 15 *Can the credentials of buyers in Algeria be checked by the Embassy?*

Algeria: Yes, it could be checked with local chambers of commerce and financial institutions.

Point 16 *Is any storage/warehousing facilities available for food products / imported building materials? What are the details about free trade zones?*

Israel: Israel does not have Free Trade Zones. However, they have qualified Industrial Zones. Anything manufactured in these qualified Industrial Zones, which are in the border with Jordan, and Egypt gets quota free access in EU and US, such as textiles etc. If they want to get quota, then they should have used 35% local contents in their export products. Secondly, warehousing facilities in Israel are only for their export traffic because they produce a lot of fresh fruits and vegetables and flowers, mainly exported to Holland and for further export all over the world. They do not have warehousing facility for imports.

UAE: Jabel Ali has huge warehousing facilities and the same is available for exporting to Iraq.

Point 17 *What are the prospects for export of plastic moulded machinery for high precision engineering industries / products? Are there any piston manufacturing plants (Automobile Pistons) in Israel, Egypt, Iran or Algeria?*

Israel: They do not have a piston-manufacturing unit in Israel except for defence production. They do import the items. Pistons do have a market in Israel. Israelis do have highly specialized auto component Industry. It is absolutely highly hi-tech and manufactures chips. The largest manufacturers are located in Israel.

Point 18 *Is there a common customs duty in all GCC countries? There is a belief that 5% customs duty is levied on most of the commodities in GCC*

countries. However, a new customer in Saudi Arabia (who placed order under the belief that duty was 5%) had to pay 16%.

Saudi Arabia: The GCC Customs Union came into force on 1st of January 2003. The common customs duty in all GCC countries has a two-year harmonisation adjustment period. Smaller countries find it easier, have already harmonised and implemented the same. But Saudi Arabia has not implemented it because they have sufficient time to do the harmonisation. Saudi Arabia is facing most difficulty in harmonising some commodities. On the eve of the GCC Customs Union, they announced that all commodities would attract rates of duty of 12% to 20%. They also announced 5% duty on specific items. However, the local industries have raised a lot of hue and cry and the particular consignment's duty might have been reduced to 5% and then raised back to 16%.

B. Meeting held at New Delhi on 7th June '03

11. The interactive session with senior Indian commercial representatives from 10 WANA countries was held on 7th June 2003 at New Delhi. Shri R M Abhyankar, Secretary, Ministry of External Affairs, was the Chief Guest. Shri M Rafeeqe Ahmed, President FIEO, chaired the meeting. Shri Vivek Singhal, Chairman, FIEO (NR) and Shri Tapan Chattopadhyay, Acting Director General FIEO were also present. Shri M V P C Sastry, Joint Secretary & Shri K V Eapen, Director, Ministry of Commerce, Shri C M Bhandari, Joint Secretary, Shri Mahesh Sachdev, Joint Secretary, and Shri Rajeet Mitter, Joint Secretary, Ministry of External Affairs also took part in the deliberations. A large number of leading exporters and senior representatives from export promotion organizations, besides representatives from RBI, ECGC, Exim Bank, NCIT, NIFT etc., were also present.

12. A comprehensive background paper giving detailed information on economic conditions, export/import duty, trade barriers, foreign trade, India's trade relations, potential items of export etc., of the 11 WANA countries was prepared by FIEO and circulated to the participants. Welcoming the Chief Guest, Shri Vivek Singhal noted that it was the second interactive meeting with the commercial representatives from these countries, with the first having been held at Bangalore on June 4, 2003, which was a great success. Referring to the WANA region, he observed that it was one of the important trading regions for India since it had the presence of a large number of leading Indian companies like the TATA's, Kirloskars, L & T, SAIL, besides others who had also established their presence in the North African countries. These companies, he said, were successfully promoting India's brand image and had generated considerable goodwill for India and in the North African countries. Shri Singhal urged exporters not to always look for Government's support to venture into new markets or enhance partnership in neglected markets. It was time, he said, that exporters took it upon themselves to take concrete and meaningful initiatives to

tap such markets. He observed that there were small and medium entrepreneurs in India who could not afford to visit these markets and therefore such meets should be held more often to help them to know these markets, and the areas to be focused upon.

13. Shri Rafeeqe Ahmed, President FIEO stressed the importance of the WANA region in India's foreign trade. He indicated that exports during April 2002 to January 2003, to this region had registered a sharp growth of about 27% over the exports during the same period in the previous year. This reflected the high potential that this region offered as a trade partner to India. The WANA region as a whole accounted for 13% of India's global exports. The President observed that while a large number of Indian exporters were familiar with Gulf countries, they appeared to be less informed about other countries in the WANA region. He advised the exporter colleagues to also focus their attention on countries like Algeria, Egypt, Israel and Iran etc., and also requested the Indian Commercial Representatives to give tips and advice to the Indian exporters so that they could enhance trade and investment in this lucrative market. Shri Ahmed also asked the Commercial Representatives to point out any mistakes committed by Indian businessmen in their dealings with their WANA markets so that they could avoid them and succeed in forging long-term business relationships. The FIEO President requested CRs to come out with a marketing strategy for the WANA region to help exporters enhance their presence there. He suggested that the trade agents in different sectors who represented companies abroad be identified in each country by the CRs, and a list of such agents be sent to FIEO so that it could work out a programme with the Ministry of Commerce to invite them to India under the Market Initiative Scheme, for extensive interaction with Indian exporters for tie up arrangements for import of items.

14. Shri R M Abhyankar, Secretary, Ministry of External Affairs, while referring to the Indian liberalization process, pointed out that it was irrevocable, as the basic policy of economic liberalization had not changed over the years even with changes in Government. He observed that to attract foreign projects for investments, it was necessary to emphasize that the process cannot be reversed. Talking about infrastructure, he observed that this was an area where the Government had concentrated its resources heavily, and a number of infrastructure projects in port areas, roads, communications, etc. were now available for FDI as well as joint ventures and collaborations. Referring to international trade, Shri Abhyankar observed that international economists used to see USD 100 billion (including imports, exports and invisibles) as a kind of benchmark to judge a country. India's foreign trade had reached the USD 107 billion mark, which indicated that India had reached a take-off point from where it was in a position to launch itself and take a much more important part in global trade.

15. Referring to the existing FTA between Jordan, and the US, he pointed out that the USA was proposing an FTA with the Middle East as a whole. He suggested that Indian exporters should take advantage of the FTA for targeting their exports to the USA, and

also use the zones that are available in Jordan, for entry into Iraq and other countries in the area. Shri Abhyankar observed that the role of CRs had changed due to economic changes that had taken place in India. He said it had become imperative for India to increase its exports and attract foreign investment to meet the needs of the country. The important job that had to be done was to see how India could get a floor level of energy security. India, he said, would be looking for specific projects in the oil & gas sector in the Gulf countries for which market intelligence in this field would be extremely useful. He pointed out that there was great scope in the Middle East for export of technologies for small and medium industries. He asked the CRs to identify opportunities available, for the Indian small-scale sector. He noted that Information Technology was another area where Indian expertise could be utilised. The Secretary also called for increasing tourist arrivals to India. He pointed out that the major difficulties for exporters were stock & sale outlets, shipping, and inadequate banking arrangements in these countries.

16. Shri M V P C Sastry, Joint Secretary, Ministry of Commerce & Industry informed the meet that the CRs and the Ministry had gained a lot from the meetings held at different centres in India. He noted that the CRs had got good feedback and details of hindrances and problems of exporters for this region. He informed the exporters that to promote exports, especially to WANA region, Commerce Ministry had a number of useful schemes like the Market Access Initiation (MAI); Market Development Assistance (MDA), Focus Africa, etc. Shri Sastry pointed out that there had been very good response from the exporters in the meetings organized by FIEO both at Bangalore and Delhi. He explained that a medium term strategy would be worked out for which there was a need to identify specific areas of concentration, extent to which the exporters were needed to be assisted and sectors, which had to be incentive oriented. Referring to the CRs in the Indian Missions, he observed that they were very competent and had good knowledge of commercial information of their host countries, and asked the exporters to contact them for any trade related problems.

17. Shri Mahesh Sachdev, Joint Secretary (WANA), Ministry of External Affairs, pointed out that India had very good political relations with WANA countries. Thirteen countries in the region, with the exclusion of Israel, he said were developing countries with GDP per capita ranging from 350 to 1500 US dollars. Though having lower purchasing power, people in these countries, he observed, had good exposure to international quality goods. However, because they had no way of paying for such goods, Shri Sachdev opined that they would be willing to compromise a little on quality, provided the price was competitive. In these circumstances India, Shri Sachdev observed, was well placed to offer consumers in the region reliable, near-international quality goods at competitive prices. Since 1/5th of the total budget of these countries was being spent on food items, he suggested, India could have long-term business relations with them in the food sector, as it was considered a reliable and competitive supplier of food items. Besides tapping the region for food exports, Shri Sachdev suggested that it could also be seen as an opportunity for project exports, and promotion of small-scale industries.

18. Shri C M Bhandari, Joint Secretary (Investment & Trade Promotion), Ministry of External Affairs underlined the importance of electronic commerce, and extensive use of websites. He strongly recommended that exporters develop their own websites giving information about the manufacturing facilities, product details and the strong points of the company to promote trade. Referring to the reliability and credit worthiness of importers, he suggested that exporters make use of established rating agencies available in the respective countries. He informed the exporters that to highlight their success stories, and to develop the brand image of Indian companies, the Ministry of External Affairs was working on a proposal to promote the websites of Indian companies. They were proposing to launch a website which will link all Ministries, State Governments, Apex Chambers of Commerce and all Embassies worldwide so that the Communication Gap was removed. Shri Bhandari also informed that through ITEC programme, the MEA invites middle level functionaries from developing countries to India for various training programmes. Through these training programmes they try to influence the thinking of decision makers in other countries. These Programmes were completely funded by the Ministry. He asked the exporters to take advantage of this Programme and send their proposals to his Ministry for consideration. He said that they also have multilateral economic cooperation programme through which they try to build India's strength in every regional trading bloc.

19. The CRs then gave detailed observations on their respective countries. They highlighted issues like customs and import duties, trade barriers, potential items of exports and imports, existing economic environment, banking channels, areas of co-operation with India, existence of Indian companies, future prospects in joint ventures and trade relations, tips to promote exports. The CRs also informed the exporters about the details of websites of their Missions for getting current commercial information on individual countries. Emails and contact details were also provided by CRs to the exporters They also requested Indian exporters to get in touch with them in case of any trade disputes or payment problems.

20. During the Question/Answer Session, the CRs interacted with exporters and gave clarifications on issues relating to visas, trade disputes, training programmes, legalisation of documents, export potentials, banking channels, agents, commercial regulations, etc. The points raised and the responses given are summarised below:

Q. What are the visa formalities for the Indian exporters for visiting Algeria? In case of any problem could there be any help from Indian Embassy?

Response (Algeria): It was suggested that the Indian Embassy and WANA division in the External Affairs Ministry, New Delhi could be contacted for visa formalities and for any help in getting visas in case of any problem.

Q. Some material was imported from UAE by an exporter but instead of the required material the buyer-exported dust powder. The exporter sought the help of the Embassy.

Response (**UAE**): The specific details of the case were asked by the Embassy for taking up the matter.

Q. Regarding inviting executives for training from developing countries of Asia, Latin America and Africa, it was requested whether Ministry of External Affairs could provide any assistance.

Response (**Joint Secretary, Ministry of External Affairs**): It was suggested that the proposal could be sent to Ministry of External Affairs for examination and in case it fits into the technical cooperation programme, it could be promoted by the Ministry.

Q. Are there any good agents in Dubai and how to know about their capability?

Response (**UAE**): It was informed that Indian Mission can provide a list of agents, which can also be cross checked by the Chambers of Commerce or concerned banks. It was suggested that exporters should be careful in dealing with Indian agents as they were creating most of the problems.

Q. Was there any requirement of an agent for exporting cables to Iran?

Response (**Iran**): It was informed that there was no requirement of an agent for import of cables in Iran; exporters could directly contact the importer without any agent. This had been also checked with the DG, Ministry of Commerce in Iran.

Q. For exports to Iran, Egypt and Saudi Arabia, shipping documents were required to be legalized which involves expenditure and delay. Was it possible to be done away with the authentication or could the Chambers do it?

Response (**Egypt**): There was a requirement of legalisation of document by the country, which could not be changed, and some expenditure was involved for legalisation, which had to be met.

Response (**Iran**): The requirement of legalisation has now been waived in Iran and the Iranian authorities accepted authentication by chambers of commerce.

Response (**Saudi Arabia**): Legalisation was a requirement, which was applicable on a non-discriminatory basis to all exports. The matter could also be taken up in the Joint Business Council Meeting.

Q. Was the border between Kuwait and Iraq open for trade and visits?

Response (**Kuwait**): It was informed that border was open for trade and businessmen were traveling between the two countries. However, there was security risk involved.

Q. How were business transactions taking place in Iraq as businessmen are vary of traveling there?

Response (**Kuwait**): It was informed that most of the transactions were on cash basis as they were not aware of any banking transactions taking place. Precise details could be obtained from the Indian mission in Iraq.

Shri C M Bhandari, Joint Secretary, MEA: He informed that situation Iraq was slowly stabilizing but things were still not clear. There was no organised trade as of now in Iraq. We have to wait and watch for some more time.

Q. It was suggested that Saudi Arabia might be requested to issue multi-visit visa for a period of at least one year?

Response (**Saudi Arabia**): The Saudi Arabia Government was not issuing any multi-visit visa to businessmen. According to them they have no system of issuing multi-entry visa to any businessmen. It was informed that the matter was in agenda for discussion with the Saudi Government.

Q. Was there any specific training needs or market development needs in the area of garments and accessories in Egypt?

Response (**Egypt**): There was certainly a major need for these, as Egypt was a major exporter of textile garments. It was informed that during the last few years a number of persons had been sent for training to NIFT from Egypt.

Q. Whether the visits, which the Ministries of Commerce or External Affairs cover under their schemes, were primarily directed at the Government officials in those countries or could it also cover senior officials of large industrial houses for visit to India as it was not possible for companies to keep on sponsoring the visits of their buyers all the time?

Response: **Shri C M Bhandari, JS, MEA:** He informed that this would not fit into the programmes under the Ministry. But as far as using some influence from the Government was concerned, Indian Embassies could always work for the exporters.

Shri M V P C Sastry, JS, MOC: He informed that Ministry of Commerce had MDA and

Focus: Africa Programme, under which visits of buyers from abroad were financed. The proposals could be sent to the Ministry through the concerned export promotion councils.

Q. Whether the Ministry of Commerce has cancelled sales tour programmes under MDA Scheme?

Response: **Shri M V P C Sastry, Joint Secretary, Ministry of Commerce:** It is true that visits by individual businessmen had been stopped because the feedback was that this facility was misused. Exporters can however go abroad in delegations.

Q. How to get the list of very credible and good importers of UAE? Was there any floor covering show in UAE where Indian exporters can participate for visit?

Response (**UAE**): It was informed that list of importers can be obtained from the Indian mission by sending an e-mail. UAE was a very large importer of carpets but imports of carpets, including Indian carpets, were done from various countries in the region. There was a good market for carpets in UAE.

Chapter 13

Record Note by CII on the Interactive Session with Commercial Representatives of WANA Region on 5 June 2003 at Chennai

1. Mr. KKM Kutty, Chairman, CII (SR) in his opening remarks emphasized the potential for Indian SMEs in the WANA region and the opportunities in Southern region for export to the WANA countries. Mr. K Skandan, Secretary – Industries, Government of Tamil Nadu in his inaugural address highlighted the economic profile of Tamil Nadu and presented a snap shot of leading industrial sectors like Automobile, IT, Telecom and Education. Mr. K V Eapen, Director, Department of Commerce, spoke on the objective of the Conference.

2. Mr. C M Bhandari, Joint Secretary, Ministry of External Affairs elaborated the role of CRs and Ministry of Foreign Affairs. He advised that the prospective exporters should keep the Ministry of Commerce and the Ministry of Foreign Affairs in the loop for correct inputs and timely intervention in case of any problems. He mentioned that the CRs are the best conduit into the foreign market. He briefed participants on the specific offices created in the Ministry to help the exporting organizations. Mr. Bhandari said that he would be willing to extend support in the area of Trade investments and technology. In addition the Ministry publishes a weekly information bulletin and an economic bulletin. The Ministry is launching its exclusive website shortly. Mr. Bhandari added that CII could consider rating of SMEs, as this would greatly help the CRs and Missions in other countries to check the authenticity of a company applying through the Missions. This rating will also help the Missions to assess the standing of the Indian company and its size, capabilities etc.

3. This was followed by presentations on the economic profile of the respective countries, by the CRs.

Highlights of discussions

4. Both India and the WANA region countries are keen to establish and explore trade & business opportunities. Some of the most promising sectors are Pharma, Textiles, Engineering, Infrastructure, IT and Telecommunication. We are yet to exploit the potential to the fullest.

5. The delegates mentioned that for all tenders, the companies are asked to submit European certification, which is exorbitantly expensive and cumbersome. The central authority should ensure international recognition and acceptability of Indian testing standards to make the tenders economically competent.

Suggestions by CRs

6. The CRs appreciated exhibitions and made in India shows organized by CII and mentioned that the best way to erase the skepticism about quality of Indian goods is through showcasing them at the exhibitions. The CRs advised that in order to enhance the goodwill and reputation of Indian industry, a lot of attention must be paid to the finer details:

- ⌘ *The business must be looked at as a long-term relationship,*
- ⌘ *Pay details to packaging, documentation and other such intangibles*
- ⌘ *Go through consortiums for exhibitions*
- ⌘ *Send the catalogues and upgrades regularly to the Missions,*
- ⌘ *In case any tender mentions exclusion clause; please take it up with the Mission,*
- ⌘ *For any guidance & support, organisations could be in touch with the Ministry of Commerce and Ministry of External Affairs*

The Indian economic business bulletin is a good forum to showcase the organizations capability.

One to one Interactions

7. Post lunch, the CRs met with the delegates individually. These one-to-one discussions were extremely appreciated by the delegates as well as the CRs. The delegates requested for more opportunities like this and felt that one full day should be dedicated for one-on-one interactions. They requested to be kept informed of all such programs not only in Southern Region but also in the other regions.

Chapter 14

Record Note by FICCI, Western Region on the Interactive Session with Commercial Representatives of WANA Region on 6 June 2003: Mumbai

1. The WANA CRs interaction in Mumbai was very fruitful and holds good promise for future business with these countries. About 150 delegates having business interests in the WANA countries attended the meeting. The meeting was arranged by FICCI in association with the local Indo-Arab Chamber of Commerce. The CRs highlighted business interests in their respective countries of posting and were able to evoke adequate response from the audience. At the end of CRs presentation there was a Q/A session in which all the queries were discussed threadbare. It is expected that the meeting may result in some export/ import initiatives and JVs in the near future.
2. The meeting was inaugurated by Mr. Sushil Jiwarajka, Chairman, FICCI-WRC who underlined the importance of this meeting and urged the audience to make full use of this opportunity for promoting their business interests. FICCI-WRC has volunteered to be the nodal point between the WANA countries and aspiring entrepreneurs.

CONCLUSION & RECOMMENDATIONS

1. The Conference of Commercial Representatives of select WANA countries held in Kolkata, Chennai, Bangalore, Mumbai and New Delhi during 3-7 June 2003 was a new experience for the officials in the WANA Division. Overall, it was an encouraging event to have on one platform, concerned officials from Government of India and State Governments; Commercial Representatives posted abroad and businessmen & representatives of Apex Business Associations. The whole event infused a sense of partnership for achieving the common objective of export promotion. The Conference gave the CRs an opportunity to present in some detail the operating environment of their respective countries and the business opportunities for Indian companies. It also provided them an opportunity to understand the interests, concerns and expectation of our business community.
2. From the feedback received from the CRs and the trade bodies which coordinated the events, as summarised in the reports in the previous chapters, we have noted that there is agreement about the excellent logistics and arrangements made for internal travel, accommodation, meetings etc, turnout and quality of interaction at almost all the cities. Indeed, the overall impression is that all the meetings were held in a professional way. There is also a general agreement that the format of the Conference, i.e., a brief presentation, followed by Question & Answer session was a suitable one. However, in some places, the CRs had to limit their presentation to 5-7 minutes, which was thought to be highly inadequate.
3. There is unanimity in the view that trying to cover five cities in as many days placed an avoidable burden on the participants, affecting the quality of interaction with the business community. In view of the enthusiasm shown by them, more time was required for productive interaction. The CRs are in favour of meetings to be organized in three cities over a period of 5 days, which would give more time for in-depth interaction and the opportunity to visit select centers of excellence to see for themselves the latest developments in India's manufacturing capabilities. For example, the interaction in Bangalore could be fruitfully combined with visit to IT Companies in that city.
4. On the choice of venues for the Conference, it has been suggested that meetings may not be held at more than three venues besides Delhi: i.e., two major business centres such as Mumbai, Chennai, Kolkata or Bangalore, and one other centre such as Hyderabad, Ahmedabad, Jaipur, Cochin, Pune etc. Another suggestion for future CRs Conferences was to include sector specific/region specific presentations by the Export Promotion Councils etc., like that made by Gems & Jewellery Export Promotion Council in Mumbai or timed in conjunction with a major economic-commercial event (like IITF, IETF, etc.) in India. This would help increase greatly the content of the Conference. It has also been suggested

that short presentations on the key items being manufactured/exported from each venue may be arranged to provide an overview of the same to the CRs.

5. During the Conference, members of the business community sought CRs' assistance for resolution of some pending trade disputes. The CRs feel that for meaningful discussion on such issues, the relevant details need to be made available to them in advance, which would enable them to come prepared for the Conference, keeping in view the specific problems and issues faced by the business communities, in addition to general issues. The CRs also have suggested that during their visits to countries of the postings of the CRs, our businessmen may spare some time to meet and give them their feedback, which would enable them to take up problems, if any, faced by them with the concerned authorities, which, otherwise, may go unnoticed. This will also help the Missions to have information, based on first-hand experience of the Indian exporters that, in turn, will enable them to plan their strategies for promotion of export and also provide relevant information to the other businessmen visiting the countries.

6. There is also need for the business community in India to respond quickly to the information sought by the Missions. There are occasions when the Missions approach business organizations/ Export Promotion Councils for information to reply to queries from businessmen of the host country. Quick response from them may enable the CRs to provide required information to the businessmen of the host country, facilitating establishment of business link between two sides. During the interaction with businessmen, it became evident that the exporters are not adequately aware of the role that the Missions and Government can play in facilitating business abroad. It also became clear that commercial information about trade enquiries, business opportunities etc by the Missions to the EPCs and apex bodies do not get disseminated to the trade in a timely manner.

7. The lack of commercial intelligence in the WANA countries was one of the handicaps suffered by our exporters. Our Missions are in a position collect and provide the relevant information to exporters. On the issue of getting visas from the Embassies of WANA countries, most of the exporters informed that they faced difficulties in this regard except in the case of UAE, where there are various schemes in place, particularly in Dubai, for visas on arrival. The CRs clarified that they would be in a position to help them out, provided the exporters approached them in time with complete background information

8. **General Recommendations arising from the Conference**

- The CRs Conference in India be made an annual event, considering the fact that the just concluded event was a success.
- In future meetings, at least 10-15 minutes be allowed to each CR for presentation and 1 hour be set aside for Question & Answer for each session

- Meetings may be organized in only three/four cities over a period of 5/7 days, which would give more time for in-depth interaction between the CRs and the business community
- During the Conference, visits may be arranged to manufacturing facilities which would give a first hand experience to the CRs about the latest developments in India's capabilities in various important sectors
- At each center of Conference, sector specific/region specific presentations be arranged by the Export Promotion Councils/Commodity boards/Trade Bodies etc. Short presentations on the key items being manufactured/exported from each venue may also be arranged
- EPCs/Trade bodies etc may forward the relevant details about the problems faced by businessmen to the concerned CR well in advance of the Conference, which would enable them to come prepared for the Conference
- The business community in India should respond quickly to the information sought by the Missions to enable the CRs respond quickly to trade enquiries received by them from businessmen in the country where they are stationed.
- Commercial information regarding trade enquiries, business opportunities etc made available by the Missions to the EPCs and apex bodies may be disseminated to the trade in a timely manner which would enable them to exploit the opportunities in the WANA countries successfully
- Businessmen should approach the Missions for any commercial intelligence they are looking for; the Missions would endeavor to obtain the same and supply to them
- Exporters may be advised to approach the CRs in time with complete background information regarding difficulties faced by them in obtaining visas
- During their visits to countries of the postings of the CRs, businessmen may meet and give them their feedback,

9. In conclusion, it could be stated that the Conference has helped bridge the information gap between the CRs and the business community to a large extent and laid the foundation of a dynamic and sustained partnership between them. This is evidenced by the fact that all the CR's have reported that there is a huge and continuing flood of e- mails and other inquiries addressed to them after the conference—indeed even if a few of them actually translate into business, the Conference would have achieved its objective and also made

up its cost. This initiative by the Government would hopefully, inspire new confidence in our business community about the seriousness in our efforts to facilitate export promotion. The Conference has also provided good opportunity to the CRs to get feedback regarding the concerns and suggestions of the businessmen, for it was a two-way process of learning – for the businessmen and the CRs, who participated in the Conference. The lessons gathered during the Conference would provide really valuable inputs to the CRs to evolve their strategies to promote Indian exports in the countries where they are stationed.

APPENDICES

BRIEF NOTE ON INDIA'S TRADE WITH COUNTRIES IN THE WEST ASIA & NORTH AFRICA (WANA) REGION

West Asia and North Africa (WANA) region comprises 19 countries, categorised into (i) GCC countries (6 countries – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and U.A.E.) (ii) West Asian countries (7 countries – Iran, Iraq, Israel, Jordan, Lebanon, Yemen, Syria) and (iii) North African countries (6 countries – Algeria, Egypt, Libya, Morocco, Sudan, Tunisia). WANA region occupies an important position in India's foreign trade accounting for nearly 14.4% of India's global exports.

2. India's trade with countries in this region is conducted on the basis of mutual Most-Favoured-Nation (MFN) treatment with most of these countries. Some of these countries, particularly Gulf countries, have largely free economies while in countries like Iraq, Libya, Jordan, Morocco and Syria, buying activities are controlled by state-owned organisations to varying degrees.

3. Our principal export products to this region comprise gems & jewellery, textiles, yarn and apparels, manufactures of metals, rice, machinery and instruments, meat and preparations, drugs, pharmaceuticals and chemicals, tea etc. Our principal imports from this region consist of petroleum, crude and products, inorganic and organic chemicals, pearls and precious/semi-precious stones, metalliferous ores and metal scrap and fertilizers.

Trade with countries in the WANA region during 2002-03

4. During 2002-'03, exports to countries in the WANA region touched a figure of US \$ 7513.79 million as compared to US \$ 5777.83 million in the previous year, registering a growth of 30.1%. Non-oil imports touched US \$ 3926.28 million in 2002-'03 against US \$ 3170.19 million in the previous year, registering an increase of 13.2 %. Country-wise export-import data during 2001-02 and 2002-03 is annexed.

Institutional Arrangements

5. Bilateral trade and economic cooperation between India and WANA countries is regularly reviewed through the bilateral Joint Commissions or Joint Committees. India has such institutional mechanisms with Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Libya, Morocco, Oman, Qatar, Sudan, Syria, Saudi Arabia, Tunisia, UAE and Yemen. Apart from initiatives at the Government level, apex trade bodies like CII, FICCI, FIEO, ASSOCHAM etc. also supplement our efforts by sponsoring business delegations to various countries. Joint Business Council (JBC) Arrangements exist between FICCI on the Indian side and counterpart organisations in WANA countries. CII has similar arrangements in the form of Joint Business Group (JBG).

Focus Africa Programme

6. "Focus: Africa" had been launched by the Department of Commerce from the financial year 2002-03 with a view to significantly enhance India's trade with the Sub-Saharan African region. The main objective of the Programme is to increase interaction between the two regions by identifying the areas of bilateral trade and investment. The six North African countries, viz., Algeria, Egypt, Libya Morocco, Sudan and Tunisia have been brought under the purview of Focus: Africa Programme from April 2003.

The salient features of Programme include the following:

- Proposals to be formulated under the Market Development Assistance (MDA) Scheme, under which market promotion activities through EPCs, ITPO etc. by way of organizing specialized "Made in India", Exhibitions, Translation facilities, Preparation of product catalogue in CD ROM form, Setting up of warehousing facilities, Opening of foreign offices, inviting prominent foreign delegates and buyers to India etc. would be supported from MDA to the extent of 60% of the total approved cost except in the case of warehousing, foreign offices, market survey and reverse trade delegations from Sub-Saharan African region.
- Market survey in the Sub-Saharan African region to be financed on 80% basis from MDA.
- A provision of Rs. 2 crores per year would be made starting from year 2002-03 for supporting market promotion activities
- One additional sale tour or fair participation in Sub-Saharan African countries would be permissible just like the "Focus LAC" countries.
- Approved export/trading houses, approved organizations and recognized consortium of SSI units shall be given assistance for opening and maintaining warehouses on a declining scale of 75%, 50%, and 25% in three successive years to meet the rental expenses subject to the condition that the quality of warehouse and the fairness of the rent is certified by the concerned Indian Mission.
- Under reverse trade visits, visit of prominent delegates and buyers (one person from each organization) from Sub-Saharan African region under Focus Africa programme, for participation in Buyer cum Seller meets, exhibitions etc. would be assisted in meeting their return air travel expenses in economy excursion class up to the entry point in India. The other expenses relating to their stay per

diem allowance, local travel etc. would be met either by the concerned EPC or by sharing between the organizers and the foreign delegates/buyers.

- Market Development Assistance to recognized Export/Trading Houses and recognized consortium of SSI units for opening new office would be permitted under “Focus: Africa” Programme on the lines as applicable under “Focus: LAC” programme i.e. 50% of the rental value of the office space certified by our Missions subject to a maximum of Rs. 5 lakh per annum and 50% of the staff cost subject to a maximum of Rs 4 lakh for the first year.

The salient features of the initiatives by ECGC/EXIM BANK include the following:

- Most of the Sub-Saharan African countries are placed in lower category for grant of ECGC cover. Because of lower grading the exporters have to pay higher premium for getting commercial cover. The gradings shall be reviewed periodically so that the economic situation of the countries reflects upon the grading of ECGC.
- Lines of Credit enable the Indian exporters, including small and medium enterprises (SMEs), to export a variety of products (industrial manufactures, consumer durables and capital and engineering goods) to importers in these countries without any repayment risk. While 15% to 20% of the contract value is paid as advance by the importers, the balance 80% to 85% of the contract value is disbursed by the EXIM Bank to the Indian exporters on shipment of goods. The recovery of credit extended to the overseas buyer is taken care of by the Exim Bank without recourse to Indian exporter.

Trade Promotion

7. India has been organising participation by the trade in general and specialised international trade fairs in WANA countries. Besides ITPO, other export promotion organisations like Federation of Indian Export Organisations (FIEO) and export promotion councils (EPCs) have been organising exclusive Indian exhibitions, seminars, buyer-seller meets and interaction at individual businessman level. The impressive growth in Indian exports to WANA region has been possible because of joint efforts put in by the Ministry, the business organisations and our Missions in WANA countries.

TRADE DATA IN RESPECT OF COUNTRIES IN THE WANA REGION

(in Million US\$)

Country	2001-02			2002-03		
	Export	Import	Balance of Trade	Export	Import	Balance of Trade
Algeria	29.43	1.41	28.01	66.50	1.09	65.40
Bahrain	75.59	134.01	-58.42	99.38	120.51	-21.13
Egypt	462.73	99.94	362.79	298.17	226.57	71.60
Iran	253.03	283.82	- 30.79	655.33	258.09	397.24
Iraq	206.79	0.04	206.75	214.37	0.03	214.35
Israel	428.02	427.75	0.27	634.47	608.62	25.85
Jordan	80.90	209.76	- 128.86	101.95	223.08	-121.13
Kuwait	206.25	73.69	132.56	250.43	180.75	69.68
Lebanon	39.28	11.80	27.48	50.87	13.04	37.84
Libya	9.35	9.53	- 0.19	17.65	2.94	14.71
Morocco	55.55	266.39	- 210.83	126.98	199.65	-72.67
Oman	148.99	8.48	140.50	198.54	13.84	184.71
Qatar	49.00	91.69	- 42.69	96.18	113.07	-16.89
S.Arabia	826.43	463.99	362.45	940.56	504.56	436.00
Sudan	122.19	13.42	108.77	104.93	24.45	80.48
Syria	98.40	7.41	90.99	121.15	8.84	112.31
Tunisia	46.37	104.16	- 57.79	58.68	93.52	-34.83
UAE	2491.79	915.09	1576.70	3313.69	952.63	2361.06
Yemen	147.74	47.81	99.93	163.95	42.24	121.71
Total of WANA(a)	5777.83	3170.19	2607.64	7513.79	3587.51	3926.28
India's Total(b)	43826.72	51413.28	- 7586.56	52234.40	61286.31	-9051.91
(a) as % of (b)	13.2	6.2		14.4	5.9	

SOURCE: Directorate General, Commercial Intelligence & Statistics(DGCI&S), Kolkata

Background material

EMBASSY OF INDIA, ABU DHABI(UAE)

1. UAE's imports

As per statistics provided by the Ministry of Commerce and Industry, Govt. of India, UAE emerged as the second largest destination after USA, for Indian exports to individual countries in the year 2001-2002. Our exports to UAE for that year were valued at US\$2.5 billion. As per Government of the UAE figures, the total global imports of the UAE in the calendar year 2001 were valued at Dhs. 112.2 billion (US\$ 30.6 billion). India ranked as the 6th largest exporter to the UAE after Japan, USA, Germany, China and the UK. In 2001, India's exports to the UAE were valued at Dhs. 6.87 billion (US\$ 1.87 billion), which constituted 6.13% of UAE's total imports. As a matter of comparison, the value of exports of Japan, which was the largest exporter to the UAE in 2001, was Dhs. 8.7 billion (US\$2.4 billion), a share of 7.76% of UAE's total imports.

Overview

2. A comparison between India's top 20 exports to UAE and top 15 imports in to UAE brings out the fact that India seems to have a competitive advantage in areas like Gems & Jewellery, apparels and textiles, chemicals and allied products, plastics and related articles and vegetable products in relation to the demand for these products lines.

3. The weakness of India's exports however is indicated in fields like machinery and electronic equipments, vehicles, optical, mechanical instruments etc and ceramic and glass products and toys, furniture, sports equipments etc.

Analysis

4. **Gem & Jewellery** - We were behind our competitors in the subdivisions like platinum, cultured pearls, imitation jewellery etc. Comparative studies of Indian products with other International companies in some of the exhibitions have shown our weakness in certain aspects of working on jewellery. To rectify this, the following steps are suggested.

1. More design centres are needed having access to the latest in creation, design, composition and technology being developed around the world. Technical or stylistic elements from filigree, granulation, kundan, mina or repousse could be adapted for modern Indian jewellery. Since design always originates in craftsmanship and technology, profound knowledge in both fields is essential.

2. Corporate houses need to expand in this area because of their better financial capacity. This will help research and developments in the field. Indian companies are generally following design trends and not establishing their own brand. Content oriented design instead of superficial adaptation requires time, patience and money. But in the long run it will guarantee sustainability and growth for any company and an authenticity that will create trends instead of copying them.
3. Innovative design solutions seem to be the better option compared to waging a price war. The use of modern technology in combination with specialised traditional Indian techniques is a great and promising challenge. Well-established techniques like wax modeling in the casting process, different colour-alloy combinations, and special surface treatments should be integrated into the design process.
4. Greater attention to the tastes of Arab consumers who are less interested in studded jewellery like kundan and more keen on chunky gold/platinum jewellery.
5. **Textile & Textile articles** – In UAE there are mainly two segments in the apparel sector: designer brands coming in from the West, which are high priced; and low quality and cheap products for the middle and working classes, which are obvious copies/ rejects from the Far East. Thus our exports would vie for the limited space in the middle. In this category China & South Korea are ahead of us with Indonesia, Taiwan & Japan just below. This is an area where the competition is very tough. China and South Korea score above us due to aggressive pricing & response to the market. In the field of readymade garments the East Asian countries seem to be also benefiting from manufacturing for international brands. India can also compete within the parameters mentioned above. Additionally, we should try to create our own niche brands with international recognition combining the designing and manufacturing to international specifications, and through fashion shows. The opening of show-rooms by Raymonds in Dubai points in this direction. There are Indian brands in readymade garments that are seeking to acquire international brand recognition and some international brands are outsourcing from India. We should be in a position to compete aggressively in markets like the UAE.
6. **Plastic & Plastic Products** – India holds 4th Position behind China, Japan & South Korea in this field followed by Germany, USA & UK. A visit to the Indian pavilion in ARABPLAST 2003, Dubai brought out the fact that some of the end products, though of excellent quality, lacked contemporary designs/trends. It seemed that the expense involved in creating new moulds and research in this direction was not affordable or was considered redundant due to the huge domestic market. It would therefore be advisable that bodies like the Plastics Export Promotion Council (PLEXCONCIL) and All India Plastic Manufacturers Association (AIPMA) should have research fund and facilities available, in common, to the members. This would give a fillip to the evolution of designs in keeping with the changing international trends.

7. Chemicals & Allied Industry - India figures at No.6 after Australia, UK, France, USA & Germany. We seem to be doing well in the export of Halogen, Argon, Calcium, Hydrochloric Acid, Ammonia, Sodium Hydroxide, Zinc Oxide, Aluminum Oxide, Metal Sulphates etc. In certain other fields like rare gases other than Argon, Nitrogen, Oxygen, Silicon, Alkalis and their metals, Iron oxides etc we were lagging behind. In the area of organic chemicals through we were well represented, we still had competitors like China, USA, Europe and Japan ahead of us.

8. Thus, in this era of environmental concern versus development, India can fill the gap by creating more capacity and achieving economies derived from research due to the presence of a vast pool of highly skilled human resource.

9. Food Products - Although India is number one in the vegetable products imported into Dubai, it is suggested that better storage facilities, internationally accepted breeds and graded exports would further enhance value addition. Under the prepared foodstuff category we were lagging behind USA, Europe, Turkey, Malaysia and China. An effort has to be made to develop international brands across the whole spectrum of these products and market them at competitive prices. Emke group, which owns a swathe of department stores in the Gulf is now setting up a plant in Uttar Pradesh to freeze vegetables/ fruits for in-house distribution. Al Kabeer, also adds value to meat exports by processing it in Dubai.

Conclusion

10. The above overview indicates areas where India could increase its export basket to the UAE. Sectors like gems and jewellery, textile and textile articles, plastic and plastic products, chemicals and allied industry and food products are areas where we already have a substantial presence in UAE market. However, there is scope for further increasing our market share in these sectors. There are other areas where there is scope for further improvement like live animals and animal products, mineral products, leather and leather products, machinery, machinery appliances and electrical equipments, vehicles and other transportation equipment and optical, photographic and cinematographic, medical and surgical instruments and apparatus, ceramic and glass products, toys, furniture and sports equipment. India has the potential to substantially increase its market share in these areas if concerted efforts are made to export these items to the UAE, keeping in mind the need to adhere to quality given the strong competition and the presence of other suppliers, mainly from developed countries in the UAE market.

II. Tariff and non-tariff issues concerning imports

11. The general rate of customs duty in the UAE calculated at CIF value is 5%. This conforms to the recently established GCC Customs Union. However, for the GCC Customs Union to be effective, the negative list of imports of various GCC countries would need to

be harmonized. A note on custom duty tariffs in the UAE is enclosed at Annexure-F. A separate note on the general customs procedure and regulations in the UAE is at Annexure G. The note at Annexure G is indicative of some non-tariff barriers to trade that exist. However, since the UAE follows an open policy and has a free market economy such barriers, both tariff and non-tariff, are minimal.

III. Approach of the country on various WTO issues

12. The UAE joined the World Trade Organization (WTO) in 1995 in the knowledge that developing countries, including Arab states, cannot ignore WTO-sponsored agreements and their impact on the global economy. At the time, the Ministry of Economy and Commerce argued that joining WTO would provide an opportunity for the country to contribute to future commercial decisions and policies and that as a country aspiring to become a regional trade hub, adherence to the General Agreement on Tariffs and Trade (GATT), a WTO-sponsored multilateral trade treaty, would help boost the UAE's industries and exports. Other relevant WTO treaties are the General Agreement on Trade in Services (GATS) and the Agreement on Trade Related Aspects of Intellectual Property (TRIPS).

13. Although the WTO prohibits discrimination in investments or shareholding between nationals and non-nationals, the UAE has been granted certain exemptions for its financial services sector. Nevertheless, WTO agreements will have a direct impact on domestic services such as insurance, banking, transport, tourism, property, brokerage, investment, construction, communications and information, all of which will be required to improve performance to be able to compete globally.

EMBASSY OF INDIA, ALGIERS

GDP: \$ 56.2
GDP - real 3.1% (2002)
growth rate:
Inflation rate 3.2% (2002)
(consumer
prices):
Industries: petroleum, natural gas, light industries, mining, electrical,
petrochemical, food processing
Agriculture - wheat, barley, oats, grapes, olives, citrus, fruits; sheep, cattle
products:
Exports: \$18.42 billion f.o.b. (2002)
Exports -
commodities: petroleum, natural gas, and petroleum products 97%
Exports - Italy 20%, France 15%, US 13%, Spain 11%, Holland 7%, (2002)
partners:
Imports: \$11.75 billion f.o.b. (2002)
Imports -
commodities: capital goods, food and beverages, consumer goods
Imports - France 22%, Italy 16%, US 9%, Germany 7%, Spain 5% (2002)
partners:
Debt - \$21.9 billion (2002)
external:
Currency: Algerian Dinar
Exchange
rates: AD:US\$ 79.68
Fiscal year: calendar year

The Algerian economy represents a \$56 billion economy which imports all its basic requirements. Its total global imports in 2002 stood at US\$11.75 billion. Its main supplier countries were France, Italy, USA, Germany and Spain. India ranks 28th in terms of the supplier country with a share of 0.68% of the global imports of Algeria.

The main items of global import of Algeria with value were:

- Food Stuff \$ 2.678 billion
- Semi Finished Products \$ 3.442 billion
- Industrial Equipment \$ 4.318 billion
- Consumer Goods \$ 1.590 billion

2. Algerian global export during 2002 was \$ 18.420 billion. Hydrocarbons continued to dominate the export. Hydrocarbons earnings accounted for 96.5% of overall exports in 2002.

Negotiations with WTO

3. The fourth and most important round of negotiations over Algeria's bid to join the World Trade Organisation (WTO) were held in November 2002 in Geneva. Algeria first applied to join the WTO in June 1996, and initial talks took place in 1998. After a six-year lull, a second round was held in February 2002, then a third round in April, followed by the November meeting. The quickening pace of meetings represents the desire of the Algerian authorities to have an agreement in place before the next round of global trade talks scheduled for June 2004 in Qatar.

4. The substance of Algeria's talks with the WTO is difficult to discern, although an agreement of sorts is said to have been reached on customs duties. Observers say that agreement is also taking shape on three rates of 5%, 15% and 30%. However, this agreement was already provisionally in place in mid-2001, and it is understood that temporary additional duties of 60% on several goods are likely to stay in place until 2005. It is also understood that little headway has been made on other central issues such as intellectual property rights and copyright protection against piracy.

Indian Exports

5. The basket of Indian exports to Algeria is slowly diversifying from the traditional agricultural exports to automobile, pharmaceuticals, industrial, construction, material and electronic sector.

6. While Algeria's trade is increasing, India's share remains less than 0.68% of Algeria's trade which is negligible compared to the size of the two economies.

7. Trade statistics for the year 2002 show that Algerian global imports amounted to around \$12 billion. But the Indian exports to Algeria accounted for only \$83 million. It was a 130% increase in bilateral trade last year, which is an encouraging sign. The Algerian imports from India mainly pertain to automobiles, agricultural products, pumps, light engineering items, pharmaceutical, toiletries etc. Algerian exports to India are almost exclusively of lubricants.

Investments by Indian firms

8. On the investment side Indian company Ispat has taken over the State owned Iron and Steel plant Alfasid and an investment of around \$250 million is envisaged over the

next 10 years. Hero Group is setting up an assembly line for two wheelers in collaboration of a private business house. Indian companies like Tata, Maruti, Bajaj, Kinetic etc have made entry into the Algerian market. Hyundai vehicles made in India are imported into the Algerian market and are rated among the popular ones. A number of pharmaceutical companies are making technical tie up with Indian companies. Almost all top Indian Pharmaceutical companies like Ranbaxy, Cipla, Dr.Redd's, Torrent Pharmaceuticals, Serum Institute of India etc have entered the Algerian market or are in the advance process by tying up with local companies. India's pharmaceuticals exports to Algeria in 2002 were more than \$5 million.

Special Sectors of Indian interest

Automobiles

9. Algeria annually imports automobiles to the extent of \$1 billion. Indian vehicles like Tata, Maruti, Bajaj, Kinetic have already made an entry into the Algerian market.

Opportunities for Indian businessmen

- Public transport is in bad state. Indian buses, 4x4s, three wheelers cars could be attractive.

Pharmaceuticals

10. Algeria is Africa's largest importer of medicines with annual imports more than \$500 million. Most of the medicines are imported from Europe and are exorbitantly priced.

Opportunities for Indian businessmen

- Indian medicines which cost a fraction of European cost could be attractive.
- Indian companies can have Joint Venture the Algerian companies for indigenous production.

Services

11. Algeria is passing through a process of augmenting its infrastructure, to cope up with the fast changing technologies. The vital sectors like telecommunications, air transport are being privatised. Energy and banking, sectors are also being modernised.

Opportunities for Indian businessmen

- Indian IT companies have opportunities in banking and telecom sectors.

- Indian consultancy companies having experience in Algeria benefit from the modernisation initiative.

Agriculture

12. Agricultural products constitute the largest group of Algerian global imports worth \$2.5 billion. Most of these products are imported from Europe with high prices.

Opportunities for Indian businessmen

- Indian wheat, rice, spices are in demand.
- Exporting processed foodstuff
- There exists demand for tea and coffee
- Meat products could be exported

Textiles & Leather

13. Algeria imports textiles to cater to the local and European markets. It is exempted from EU quota restrictions for textiles. While Indian textile and leather is being imported, the imports are far below their potential

Opportunities for Indian businessmen

- Indian apparels are attractive
- Could use Algeria as a base for exporting textiles towards Europe.

Steps to be taken for increased exports from India

14. In the light of the improved situation in Algeria, the Western countries are encouraging their businessmen to invest in Algeria, looking at the vast potential in this country. Energy and mining are the sectors that have potential. Indian industries may be encouraged to have greater interaction with Algeria and make use of the opportunities.

15. The trade delegations should have regular visits to Algeria. The visits by the representatives of the Export Promotion Councils and Commodity Boards will help in better interaction between the two sides.

16. Convening of the Joint Commission meetings at regular intervals can build up the momentum for enhanced bilateral commercial interaction.

17. **Strategy recommended for Algeria**

1. Algeria is a large and attractive market. Necessary to have a consistent, gradual long term strategy.
2. Needs to have a reliable, active, influential and an experienced Local Agent.
3. Banking arrangement: Initial caution

18. **Constraints in the Commercial Work**

1. No EXIM Line of Credit with Algeria
2. No direct banking link
4. No direct shipping link
5. Absence of inter-banking arrangement between Algeria and India
6. Need to intensify trade promotion activities from Indian side in view of improved security situation.
7. Language barrier. French and Arabic are business languages
8. Opaque nature of Algerian business
9. Archaic banking practice in Algeria .

Algeria is not a member of WTO. As a result the duty structure and customs regulations are not structured.

EMBASSY OF INDIA, CAIRO

ECONOMIC INDICATORS

<i>Nominal GDP</i>	<i>US\$ 86.4 bn (2001)</i>
<i>Official GDP growth rate</i>	<i>3.5 % (unofficial 2.5 %) (2001)</i>
<i>Forex reserves</i>	<i>US\$ 14.20 bn (Nov'02)</i>
<i>Balance of Payments</i>	<i>(-) 3.1% of GDP</i>
<i>Exports</i>	<i>US\$ 4.68 bn (2002)</i>
<i>Imports</i>	<i>US\$ 12.49 bn (2002)</i>
<i>Trade Balance</i>	<i>US\$ -7.81 bn (2002)</i>
<i>Suez Canal revenues</i>	<i>US\$ 1.842 bn (2001)</i>

Principal exports: Petroleum, natural gas and products; cotton & yarn; textiles & garments; engineering & metallurgical goods; rock phosphate; cooking coal; rice

Principal imports: Machinery & capital goods; wheat; foodstuffs & animal products; automobiles; iron & steel; chemicals; wood & paper

Origins of GDP

S.No.	Sector	% of total
1.	Agriculture	16.5
2.	Industry & mining	20.1
3.	Petroleum & Electricity	5.3
4.	Transportation & Suez Canal	9.1
5.	Trade, finance & insurance	21.7
6.	Social services	17.7

BILATERAL TRADE

Major Indian Exports : Frozen Meat; Sesame seeds; Coffee; Cashew nuts; Tobacco; Spices; Paper; Cotton yarn; Chemicals and Pharmaceuticals; Engineering goods; Motor vehicles.

Major Indian Imports : Petroleum and products; Raw Cotton; Rock Phosphate; Coking Coal; Leather; Marble.

Total Bilateral Trade

Year	Total exports to Egypt (million USD)	Total imports from Egypt (million USD)	Total trade (million USD)	Trade surplus for India (million USD)
1996	184.37	63.65	248.02	120.72
1997	233.13	186.99	420.12	46.14
1998	296.75	166.64	463.39	130.11
1999	269.23	235.46	504.69	33.77
2000	229.44	156.17	385.61	73.27
2001	284.33	252.13	536.46	32.20
2002	365.48	411.73	777.21	-46.25

INDIA EGYPT ECONOMIC AND COMMERCIAL RELATIONS

Introduction

1. Egypt has traditionally been one of India's most important trading partners in the African continent. India-Egypt Bilateral Trade Agreement has been in operation since March 1978 and is based on the Most Favoured Nation clause.

2. Bilateral Trade

Year	Total Exports to Egypt (million USD)	Total imports from Egypt (million USD)	Total trade (million USD)	Trade surplus for India (million USD)
1996	184.37	63.65	248.02	120.72
1997	233.13	186.99	420.12	46.14
1998	296.75	166.64	463.39	130.11
1999	269.23	235.46	504.69	33.77
2000	229.44	156.17	385.61	73.27
2001	284.33	252.13	536.46	32.20
2002	365.48	411.73	777.21	-46.25

3. Bilateral trade registered an increase of 45% in 2002. The growth in Indian exports was 28.5% while Indian imports increased by 63%. For the first time since 1994 the trade balance shifted in favour of Egypt by US\$ 46.25 mn during the year 2002. This was mostly

due to 57% increase in our oil imports from Egypt. India has become the only major trading partner of Egypt with which this country enjoys a positive trade balance. Furthermore India has emerged as the second largest export destination for Egypt after Italy.

4. Major Indian Exports: Iron/Steel casings; boneless bovine frozen meat; sesamum seeds; engineering goods including diesel engines, pumps & vehicles; cotton, jute yarn and other textile fibres; plastic & rubber; chemicals and pharmaceuticals (vaccines, blood & blood derivatives); tobacco; paper; and cereals (mainly wheat).

5. Major Indian Imports: Petroleum and products, Raw Cotton, Rock Phosphate, Coking Coal and Marble.

Agreements

6. A number of agreements covering various aspects of political, economic and cultural relations have been signed by the two countries. A Partnership Agreement between India and Egypt was initialled in Cairo in May 1999 during the first meeting of the India-Egypt Joint Business Group. It is an umbrella Agreement focusing on bilateral industrial cooperation for setting up of joint ventures with built-in exchange of expertise. The Agreement is yet to be signed.

7. To give a further boost to bilateral economic relations a Preferential Trade Agreement (PTA) and a Double Taxation Avoidance Agreement (DTAA) are being negotiated by the two sides. The first round of discussions on PTA was held in New Delhi in January 2002 during the visit of Egyptian Minister of Foreign Trade to India and the matter was followed up in October 2002 during the visit of Inter-ministerial delegation to Cairo. The last round took place in New Delhi from 10-12 April 03.

Joint Commission

8. The India-Egypt Joint Commission was established in September 1983 to promote and expand bilateral cooperation in agriculture, economy, trade, industry, education, health, culture, consular affairs, tourism and science & technology. The meetings of the Commission are co-chaired by Indian External Affairs Minister and Egyptian Foreign Minister. Its first meeting was held in New Delhi in November 1985, second in Cairo in October 1988, third in New Delhi in April 1997 and the fourth in Cairo in February 2001.

9. During the fourth meeting of the Joint Commission held in Cairo in February 2001 the sub-committee on Trade and Economic Cooperation discussed bilateral trade, participation in Trade Fairs and Industrial/SME/Tourism sector cooperation. The sub-committee on Science & Technology Cooperation identified Information Technology,

Biotechnology, Renewable Energy, Remote Sensing and Satellite Technology, and Nuclear medicine as possible areas for further cooperation.

Memoranda of Understanding (MOU)

10. A number of MOUs have been signed between Indian and Egyptian companies and organizations. These include: an MOU between the Egyptian National Railways (ENR), Social Fund for Development (SFD) and the Rail India Technical & Economic Services (RITES); between the Steel Authority of India Limited (SAIL) and Metallurgical Industries Corporation (MICOR), Egypt; Cairo & Alexandria Stock Exchanges and National Stock Exchange of India Ltd.; Indian Automobile Component Manufacturers Association (ACMA) and Egyptian Auto Feeders Union (EAFU); National Small Industries Corporation (NSIC) India and Social Fund for Development (SFD) Egypt and an MoU between Indian Institute of Foreign Trade (IIFT) and India and Foreign Trade Training Centre (FTTC), Egypt.

Indian Projects in Egypt

11. There is a substantial presence of Indian projects and Joint Ventures in Egypt. According to the Egyptian General Authority for Foreign Investment (GAFI), India is the 12th largest foreign investor in Egypt with a total investment of approximately \$330 million in 43 projects

12. Alexandria Carbon Black Company, set up by Grasim India Limited with TRENCO and ATC as Egyptian partners has been the leading example of successful Joint Venture between Indian and Egyptian companies. ACB started its production in July 1994 and increased its capacity to three times in July 1997. 90% of its production is exported to over 30 countries. Its annual exports of LE120 million has made ACB the top exporting Egyptian chemical company in the private sector, accounting for about 1.5% of total Egyptian non-oil exports.

13. **Obero** group has been operating hotels and Nile cruises successfully in Egypt. Other important Indian investments in Egypt include: **International Chemical Company of the Thapar Group** manufacturing Sodium Triphosphate; **ESSEL** of India which has set up a Joint Venture for manufacturing laminated tooth paste tubes for Proctor and Gamble in Egypt; **Dabur** India Ltd. which has established a 100% owned facility for the production of its cosmetics line; **Niletex**, which is also a 100% Indian company manufacturing PVC water-storage tanks; **M/s. Auto Tech Engineering**, another 100% Indian company manufacturing auto valves.

14. **Kirloskar Brothers** are into assembly of diesel engines and irrigation pump sets in Egypt, while **TELCO** has tied up with a local private sector company, **ETAMCO**, for assembling pick-ups, trucks and mini buses. **Unit Trust of India** has established a joint

venture company in the field of mutual funds. **Ranbaxy** has an Egyptian subsidiary for manufacturing pharmaceutical formulations. **Ashok Leyland**, in collaboration with Egyptian company, Engineering Automotive Manufacturing Company, are assembling and selling vehicles in Egypt. **NIIT** has established its office in Cairo. Its IT centres are providing high quality training programmes. There are also a significant number of Indian professionals in Egypt working in multinationals and Indian Joint Ventures.

15. The latest JV set up in November 02, was between **Asian Paints** and SCIB Chemical, Egypt (Orascom Group). A number of **new Joint Venture projects are under consideration** in the fields of fertilizers, acrylic fibre, rock phosphate etc. Aditya Birla group is in the advanced stages of finalizing a project for fabricating acrylic fibre entailing an investment of about US\$60 million. Gas Authority of India Limited is conducting due diligence for investments of the tune of \$6 million in two gas distribution ventures in Fayoum and Cairo.

Confederation of Indian Industry (CII) Partnership Summits

16. Egyptian Minister of Trade and Supply Dr. Ahmed Goweili led a high-level delegation including top businessmen for the CII Partnership Summit in Chennai in January 1998.

17. A high-powered Egyptian delegation led by Minister of Trade, Youssef Boutros Ghali, participated in the CII Partnership Summit 2002 held in Bangalore on January 10-12, 2002. The delegation included the Minister of Industry and Technological Development, Dr. Aly Fahmy El-Saidi, and the Managing Director of the Social Fund for Development, Dr. Hussein El-Gamal, and was accompanied by a large business delegation. The delegation also visited New Delhi and held bilateral meetings with External Affairs Minister, Finance Minister, Disinvestment Minister, and Rural and Agro Industries Minister from January 13-16, 2002. It also called on the Prime Minister. A Business Interaction was held in New Delhi under the umbrella of Federation of Indian Chambers of Commerce and Industry. The delegation visited several high technology industrial units and training institutes. Youssef Boutros Ghali announced that 2002 would be observed as “Year of India” in Egypt.

Visit of CII-CEO Mission, May 2002

18. A high-powered CII delegation led by Mr. Rahul Bajaj visited Egypt from May 20-23, 2002 at the invitation of Minister of Foreign Trade Dr. Youssef Boutros Ghali. The delegation called on President Mubarak, Prime Minister Atef Ebeid, Minister of Foreign Trade, Minister of Industry and other dignitaries. President Mubarak assured the Mission of full support of his government. It was decided that a programme of cooperation between Indian Institute of Foreign Trade and Foreign Trade Training Centre would be evolved.

Year of India in Egypt

19. The Egyptian Ministry of Foreign Trade declared 2002 as Year of India in Egypt (YIE) with a view to further strengthen, develop and enhance Egypt-India relations. This initiative was taken consequent to the visit of Egyptian Minister of Foreign Trade to India in January 2002 for CII Partnership Summit. A high-powered Core Group was established to oversee and concretize a number of ideas and events to mark the occasion. It was led by the Minister of Foreign Trade from the Egyptian side and Minister of Commerce and Industry from the Indian side. Events organized during YIE included; exchange of key ministerial visits, cooperation between Indian and Egyptian entities in the field of Small and Medium Enterprises and Information Technology, business seminars etc.

20. FCI Chairman, Shri Bhure Lal, visited Cairo from June 13-17 to promote exports of Indian wheat to Egypt. Shri Bhure Lal called on Dr. Youssef Amin Wali, Deputy Prime Minister and Minister of Agriculture, Dr. Hassan Ali Khedr, Minister of Supply and Internal Trade, Dr. Youssef El-Dawoodi, Head of Central Department of Agriculture, and Vice Chairman of General Authority of Supply of Commodities (GASC) and Chairman Export Import Authority.

21. Minister of State for Small Scale Industries, Mrs. Vasundhara Raje visited Egypt from September 30 to October 4, 2002. She was accompanied by Secretary SSI, Chairman NSIC and a business delegation representing 9 Indian companies from the Small Scale Sector. During the visit, an MOU was signed between NSIC and SFD- Egypt to strengthen bilateral cooperation in this sector. MOS called on the Prime Minister of Egypt and Minister of Industry. Prime Minister showed a keen interest in the Indian experience in SSI. The businessmen held extensive interactions with their Egyptian counterparts at the seminars organized by Federation of Egyptian Industries, Alexandria Businessmen Association, Egyptian Businessmen association and Social Fund for Development (SFD).

Joint Action Plan between Ministry of SSI and SFD:

22. Dr. M. Hany Seif El Nasr, MD, SFD led a 4-member delegation to India from 28th October to 3rd November, 2002, at the invitation of Ministry of State for Small Scale Industries. A **Joint Action Plan** was finalized to deepen cooperation in various sectors including - Software/Hardware Clusters, Business Incubators; modernization & marketing of textiles, packaging, stationary & office equipment etc.

IT Cooperation

23. Minister for Parliamentary Affairs and IT, Mr. Pramod Mahajan visited Egypt at the head of a 22-member parliamentary delegation in January 2003. The delegation was received by President Mubarak, Prime Minister Atef Ebeib and other dignitaries. Mr.

Mahajan held discussions with Egyptian Minister of IT besides attending a ceremony for signing of a Protocol of cooperation between Productivity and Vocational Training Department, Ministry of Industry, Egypt and NIIT.

India-Egypt Joint Business Group

24. The India-Egypt Joint Business Group (IEJBG) set up in November 1997 aims at forming new joint ventures and investment projects between the two countries. It comprises nine top Indian businessmen and fifteen Egyptian businessmen. The first meeting of the IEJBG was held in Cairo in May 1999 and the second meeting in Bangalore in January 2002. Earlier this year the Egyptian Committee was reconstituted. It is now led by Gen. Ahmed Arafa, Chairman of Goldentex Group. The next meeting is likely to be held in India in September/ October this year.

Indian Technical & Economic Cooperation (ITEC)

25. The number of ITEC beneficiaries from Egypt who have gone to India for training under ITEC Programme from 1986 to January 2003 is 125. During the current year, out of the available 13 slots, 10 persons have already gone to India for training under the programme.

26. The Mission along with Indian Trade Promotion Organization (ITPO) organized the first-ever exclusive Indian Exhibition in Cairo in April 1998. There were 36 participants from India in the Exhibition. During 2000, Indian companies participated in the Cairo International Trade Fair in March under the auspices of ITPO and in the G-15 Trade Fair held in Cairo on the sidelines of the G-15 Summit in June. An exclusive Indian Exhibition **IndiaTech 2000** was organized in September 2000 in Cairo. About 120 Engineering, Electronic and Software companies participated in the exhibition. It received more than 5000 visitors and was expected to generate business of more than \$350 million.

Visit of Bombay Industries Association (BIA) delegation

27. A 24-member delegation led by President of BIA visited Alexandria and Cairo from 15 to 22 March, 2003 at the invitation of the Mission. It called on Minister of Industry. Intensive business interactions were organized at Alexandria Chamber of Commerce, Federation of Egyptian Industries (under the aegis of India-Egypt Joint Business Group) and Egyptian Businessmen Association. The delegates undertook a number of plant visits and held one-to-one meetings.

Setting-up of a Machine Tool and Dies Centre

28. HMT International is collaborating with Productivity and Vocational Training

Department (PVTD) of Ministry of Industry for setting up a training centre at a cost of around US\$4 million. The proposal, furnished after the visit of a 2-member team from HMT, is under PVTD's active consideration. The project was initiated at the instance of Minister of Industry who having seen HMT's facilities, during his visit to India in January 2002, gave the go ahead.

Centre of Excellence – Industrial Management Institute

29. The idea of setting up the Centre was welcomed by Prime Minister during the visit of CII-CEO mission led by Shri Rahul Bajaj in May 2002. Having considered CII's proposal, Ministry of Industry have provided a conceptual brief for the establishment of an Industrial Management Institute, which is a more ambitious venture. CII is recasting its proposal accordingly.

30. At the same time, Prime Minister's Office has evinced interest in collaborating with Indian Institute of Management, Ahmedabad. A 5-member Egyptian team is likely to visit in May/June 2003 to study the functioning of the Institute and to examine the feasibility of replicating the model in Egypt.

Recent important visits

31. **From Egypt:** April 1997 – Foreign Minister Amre Moussa for the 3rd Session of the Joint Commission; January 1998 – Minister of Trade & Supply Dr. Ahmed Goweili with a business delegation for the CII Partnership Summit in Chennai; 1999 – Minister of Trade & Supply Dr. Ahmed Goweili to attend a G-15 Ministerial Meeting in connection with the WTO; 1999 – Under secretary, Ministry of Finance, Mr. Hosny Ibrahim Gad for negotiations on DTAA; January 2002 – Egyptian Ministerial delegation led by Dr. Youssef Boutros Ghali and Dr. Ali Fahmy El Saidi for the CII Partnership Summit in Bangalore, and official visit to Delhi; October 2002-Mr Hani Seif Al Nasr, Managing Director, Social Fund for Development

32. **From India:** August 1998 – Minister of Textiles for inauguration of an Indian Jewellery Exhibition; September 2000 - MOS, Commerce and Industry to inaugurate Indiatech Exhibition; February 2001 - EAM, for 4th Joint Commission; October 2002 - Minister of State for Small Scale Industries; January 2003 - Minister for Parliamentary Affairs and Communications.

May 2003

EMBASSY OF INDIA, KHARTOUM

In the last 2-3 years, India-Sudan bilateral trade has grown by 100%. India is the 4th largest exporter of commodities to Sudan. Sudan is the third largest market for India in West Asia-North Africa region after Israel and Egypt. The economic relations will grow further after GOI decision to invest more than US\$ 750 million in the oil sector of this country. The steady growth in India-Sudan trade during the past five years is reflected in the following table

(Figures in Rs. Crore)

	1997-98	1998-99	1999-00	2000-01	2001-02
Exports	166.63	234.10	317.11	445.94	579.88
Imports	16.70	71.17	28.05	33.77	64.05
Trade balance	(+)149.93	(+)162.93	(+)289.06	(+)412.17	(+)515.83

Sudan's status as the 4th largest importer of our commodities can be assessed from the figures in the following table.

(Jan- September 2002) (US\$ Million)

Commodity Group	Saudi Arabia	China	UAE	India	U.K	Germany	Japan
1 Manufactured Goods	126.66	27.08	24.42	21.55	11.06	9.70	1.24
2 Machinery & Equipment	69.25	38.48	31.51	16.58	40.12	41.54	8.35
3 Transport Equipment	41.29	14.93	5.16	10.36	3.53	9.29	46.59
4 Textiles	9.36	10.08	16.84	4.70	0.21	0.88	0.12
5 Chemicals Inc Pharmaceuticals	21.77	16.99	5.55	10.86	13.03	7.99	1.23
6 Wheat & Wheat Flour	42.41	0	3.32	6.42	0	0.27	0
7 Other food stuffs	7.99	2.54	5.35	8.52	4.16	3.55	0.29
8 Petroleum Products	28.11	0.06	23.38	0.16	3.95	0.46	0.18
Total (US\$ million) (including other minor items of import)	365.83	120.3	116.94	80.48	77.47	75.09	58.58

There is a small Indian community settled in Omdurman. They first arrived 150 years ago and thus the trade relationship between India and Sudan became a regular feature. There have been several commodities which have traditionally been imported from India including textile and tea. But the present scenario is different. Manufactured goods constitute the most significant component of our exports followed by the pharmaceuticals and auto parts.

For the last five years, India has been participating in Khartoum International Trade Fair held every year in January, through Indo-African Chamber of Commerce, Mumbai and the ITPO, Every time we participate in the fair, trade enquiries are received and transactions are effected every year more than the preceding year. Sudan needs to import a wide range of products, from traditional items of household use to the hi-tech related products of computers etc. Interest has been shown in Indian vehicles of all kinds and machinery and equipment for small/medium scale industries. Some of the pharmaceutical companies in India have also been exploring the possibilities of installing manufacturing units in Sudan.

Sudan has more than 2500 students in Indian Universities. A large number of Sudanese have had their higher studies in Indian institutions. There are a few ministers who studied in India, besides senior bureaucrats and children of important business persons. This is one of the reasons that we do not face much difficulty in introducing India and the Indian products and explaining our capabilities and advances in science and technology.

Until a few years ago, the capital region of Khartoum had no other means of conveyance except Tata buses. An unfortunate dispute that ensued after the supply of 500 buses in 1993-95, has opened the transport market for China, Korea, Japan and Sweden, in that order of export volumes. There have been enquiries about Mahindra & Mahindra, Maruti and Eicher for bringing their products to Sudan. TCIL is likely to bag its first major work to herald our entry into Sudan's telecommunications market.

With the commencement of crude oil's export from Sudan in 1999 and the possibility of peace and reconciliation returning to the domestic scene after a 20-year long civil war between the Government in Khartoum and the southern parts of the country, the Sudan holds out bright prospects for the exporters of machinery and equipment, manufactured goods, transport equipment, wheat and wheat flour, pharmaceuticals and finished petroleum products. Sudan requires services and participation of Indian manufacturers in some of the projects including a major one in power generation. Some of our companies are already in touch with the Sudanese authorities in this field also. Construction companies also stand bright chances in building project structures. Hindustan Construction Company Limited is already in fray.

It is time that we should seize the opportunity of a noticeably sympathetic approach towards us and the declared Sudanese policy for larger cooperation with India. We should register our presence now and seek participation in various projects besides widening the scope of our exports to Sudan. There are indications that the western countries are making efforts to stage a come back to Sudan as the hopes are high for peace in the country, particularly after American pressure applied to the process. Time is of essence. Delay in coming to Sudan would lose us prospects of greater interaction and economic relations.

Sudan's membership of COMESA is also of importance to us. Sudan's geographical location with a 700 km long coast on Red Sea gives it a unique potential of a future hub for trade and communications connecting with several other countries in the African continent. An increase in our trade relations with Sudan would certainly lead to proportionate enhancement of our commercial interactions with many African countries.

Bilateral Trade

A. Imports of the country [With India's share therein] (In US\$ million)

No	Product	Year 2002 (Jan-Dec.)	India's share
1	Machinery & Equipment	620.81	20.98
2	Manufactured goods	555.01	29.71
3	Transport Equipment	255.83	12.69
4	Wheat & wheat flour	221.32	6.42
5	Chemicals & medicines	206.46	15.76
6	Other Food Stuffs	172.52	9.99
7	Textiles	140.33	6.00
8	Petroleum Products	132.25	0.16
9	Crude Materials	68.64	1.59
10	Tea	30.68	0.31
11	Beverages & Tobacco	26.49	0.98
12	Coffee	16.02	00
	Total (US\$ Millions)	2446.38	104.62

Indian exports to Sudan for calendar year 2002 has been US \$ 104.62 million as compared to US\$ 87.72 million last year. Total India-Sudan Trade figures for the last five years (in dollar terms as well as in rupee terms), performance of Indian exports with reference to imports of Sudan and Indian share in global trade of Sudan are appended below:

(In US\$ million) (Source: Bank of Sudan)

YEAR	INDIA'S EXPORTS	INDIA'S IMPORTS	TRADE BALANCE
1998	63.36	26.51	(+) 36.85
1999	63.81	5.46	(+) 57.44
2000	77.54	5.46	(+) 72.08
2001	87.72	9.24	(+) 78.48
2002	104.62	5.93	(+) 98.69

(Figures in Rs. Crore)

Year	1997-98	1998-99	1999-00	2000-01	2001-02
Exports	166.63	234.10	317.11	445.94	579.88
Imports	16.70	71.17	28.05	33.77	64.05
Total	183.33	305.27	345.16	479.71	643.93

Source: DGCIS, Kolkatta

Global Imports and Exports with India's share therein

Global Trade	Import million US\$	2446.38
	Exports million US\$	1949.11
Share of India		Exports Million US \$ 104.62 (4.28%) Imports Million US \$ 5.92 (0.30%)

B. Tariff and non-tariff issues concerning imports

- **Countervailing duty regime** – Sudan has no Safeguard law. However, Sudan is planning to formulate laws on safeguards and competition as well as anti-dumping.
- **The Tariff quotas, tariff exemptions** – Sudan has no Tariff quotas, tariff exemptions are available for investment projects governed by the Investment Law and for items within Article 54 of the Custom Law.

- **Other duties and charges, specifying any charges services rendered** – An additional tax ranging from 5 per cent to 150 per cent is imposed into 122 items (HS 8-digit heading). A rate of 10 per cent consumption tax is imposed on most of the imported goods on (C.I.F.+ Other Charges) except certain products e.g. a 2 per cent rate is imposed on tea, coffee, milk power, dry dates, raw tobacco, packing materials for cigarettes industry and petroleum. Medicines (human and veterinary) are exempted from consumption tax. There are other charges e.g. 2 per cent quay dues collected by the Sea Ports Corporation and 1.2 per cent civil aviation charges.
- **Quantitative import restrictions, including prohibitions, quotas and licensing systems** – Sudan does not apply any quantitative import restrictions. All goods can be imported to Sudan except those which are prohibited by Islamic values or security considerations. These goods are spirits and wines, narcotics, gambling equipment, arms and ammunitions.
- **Import licensing procedures** – Generally, imports do not need an import license.
- **Other border measures** – Sudan does not apply any other border measures
- **Custom valuation and Application of internal taxes on imports** – Sudan uses the Brussels definition of value (BDV).
- **Other customs formalities** – Importers must present an import declaration, commercial invoice certificate of origin, quarantine license (where necessary), Sudanese Standards and Metrology organization (SSMO) requirements or other documents for specific type of goods, and completion of bank formalities. Importers must pay the required duties, taxes and fees and receive an official release for the goods. Duties, taxes and fees are payable before releasing the goods except for direct delivery goods.
- **Pre-shipment inspection** – Sudan has no mandatory Pre-shipment inspection. Importers are advised to have Pre-shipment inspection certificate issued by the international cargo inspectors registered by SSMO. Double check inspection might be conducted by SSMO . All consignments with no quality inspection certificate will be subjected to SSMO inspection at entry points
- **Rules of origin** – The Certificate of origin for imports is mainly required when there are tariff preferences. The certificate of origin for export commodities is issued by Sudan Chamber of Commerce and checked by the custom authorities, and it is governed generally by the preference agreement such as the rules of origin applied or agreed upon in the Common Market for Eastern and Southern Africa States, the Global system of Trade Preference (GSTP). And the Agreement of Trade Facilitation

and Development among the Arab States. Up to now the Sudan has no separate rules of origin. The certificate of origin must be issued by the competent authority in the country of origin.

- **Anti-dumping regime** – Sudan has no Anti-dumping law yet.

D. The sectors in which India has potential to increase our exports,

Engineering goods including manufactured goods, machinery & equipment, transport equipment, chemicals, wheat, drugs & pharmaceuticals.

E. The approach of the country on various WTO issues

Sudan is still not a member of WTO. However, it is desperately seeking the membership of the WTO.

EMBASSY OF INDIA, KUWAIT

SUBJECT: BILATERAL TRADE AND INVESTMENT: KUWAIT AND INDIA

1. Kuwait-India Trade – an Overview

Kuwait has always offered a wide open, highly competitive, and affluent market for capital and consumer goods and for project exports. In the post liberation period, the bilateral trade between India and Kuwait has risen.

India-Kuwait Bilateral Trade 1997-2001

Period	1997	1998	1999	2000	2001
Indian Exports to Kuwait	279.5	303	286.3	273.1	297.72
Indian Imports from Kuwait	113.5	77.6	102.3	88.7	62.63

(Data exclude figures for crude oil and its by-products. All figures in US\$ million. Source: Kuwait Chambers of Commerce and Industry /Min. of Planning.)

India's imports (excluding crude oil and its by-products) declined from US \$ 113.5 million in 1997 to US \$ 62.63 million in 2001 while exports registered marginal but satisfactory increases. From US \$ 279.5 million in 1997, the export figures in 2001 rose to US \$ 297.72 million, by 6.5%. While this increase could be termed as just modest, the import figures during this period, from US \$ 113.5 million to US \$ 62.63 million, a drop of around 45% can be seen as a promising contrast. India's main items of imports and exports are as under: -

Imports from Kuwait

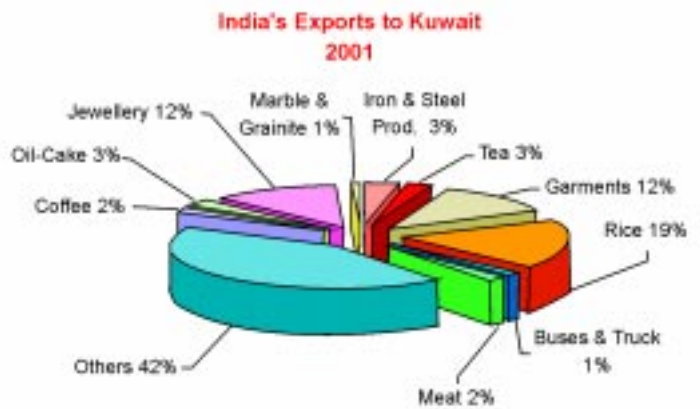
Oil & Petroleum products
Urea/Fertilizers
Sulphur
Naphtha
Metal Scrap

Exports to Kuwait

Rice
Meat and Meat products
Tea, Coffee, & Fresh fruits
and Vegetables
Handicrafts, gems & Jewellery
Textiles
Engineering goods and transport
Equipment.
Ready made garments and Cement

The composition of exports to Kuwait has undergone a qualitative change in the post liberation period.

In addition to traditional goods, the areas with considerable export potential from India include pharmaceuticals, medical equipment, equipment for use in refineries and oil installations, equipment/products for the power sector, computer software, leather products, sports goods and sophisticated furniture and consumer electronics. In the service sector also, the shift is towards recruiting professionals –Chartered Accountants, Computer Engineers and personnel in IT/software sectors.



Kuwait's imports from its major trading partners: India figured at the eighth position in 1996, 97 and 98, at 7th in 1999 and is at 8th position in 2001. **India's imports from Kuwait** vis-a-vis other countries shows that India occupied the 3rd position in 1999 in the list of global exports of Kuwait, and was at the 6th position in 2001.

2. KUWAITI INVESTMENT IN INDIA

The Kuwaiti investment in India is mainly in the financing sector, involving financing of our ongoing infrastructure projects like roads, highways and energy.

The Kuwait Fund for Arab Economic development (KFAED) has extended concessional loans to India for a number of projects (8) in various sectors (Industry – 2 projects totaling Rs. 3.10 billion; Power – 5 projects totaling Rs. 6.71 billion and Agriculture – 1 project amounting to Rs. 0.80 billion) to the extent of KD. 88.854 million (Rs. 10.61 billion) till 31st December 1997. The updated figures of total loan amount upto 31.12.02 are US \$ 270.17 Million, which works out to a little over Rs. 12.97 billion at the current rate of exchange. These projects are Kalinadi Hydro-Electric Power Stage (1); Kopili Hydro-Electric Power Project, Anpara Power Stage(1); Anpara Power (Coal transportation and handling); Thal Fertilizer; South Bassein Gas; Kalinadi Hydro-Electric (stage-2) and Kerala Fisheries Development.

The Fund has recently agreed to finance another major project in India in the energy sector. The project, Larji Hydro electric project in Himachal Pradesh has been chosen for funding by the Fund and the loan component will be to the tune of Kuwaiti Dinar 5 million or US \$ 16.5 million approx. The draft agreement for the loan has been finalised and is slated to be signed shortly.

The total Kuwaiti FDI proposals approved during 1992 – 2002 (August.) have amounted to Rs. 6007.63 million (i.e. 6 billion).

3. Prospective Activities

The Confederation of Indian Industry (CII) organized a visit of an Industrial-cum-Business delegation to Kuwait from 26-28 May, 2002. The delegation in association with the Kuwait Chamber of Commerce and Industry (KCCI) held an Business and Investment Seminar which was attended by a number of Kuwaiti as well as Indian businessmen. The CII invited a delegation from KCCI to visit India and KCCI delegation may visit India in January 2003.

EMBASSY OF INDIA, MUSCAT

- Official name** - *Sultanate of Oman.*
- Currency** - *Rial Omani(R.O. 1 = 1000 Baizas)
(R.O. 1 = U.S.\$ 2.6 or R.O. 0.387 = US\$ 1)*
- Fiscal Year** - *January 1 – December 31*
- Mineral Resources** - *Oil, Natural Gas, Copper, Chromium,
(un-exploited deposits of Asbestos, Gypsum,
Coal, Gold and Iron also exist)*
- Agriculture** - *Dates, lime, wheat, fisheries, livestock etc.
Agriculture and fisheries are main non-oi ex-
ports, accounting for nearly 30% of its
GDP, Approx. US\$ 19.3 bn (2001)*
- GDP Growth rate** - *(-)10.2%(1998),1%(1999),5.1%(2000)
(Source CBO Report,
5.0% (2001)(source EIU Report)*
- Per capita Income** - *Approx. US\$ 8000 approx (2001)*
- Gross National Income** - *RO 5,692.3 million (current prices) (2000)*
- GDP distribution in 2000** -

<i>Origins of GDP</i>	<i>% of total</i>	<i>Components of GDP</i>	<i>% of total</i>
<i>Oil & gas</i>	<i>40.1</i>	<i>Government consumption</i>	<i>24.3</i>
<i>Government services</i>	<i>15.8</i>	<i>Gross fixed investment</i>	<i>17.5</i>
<i>Manufacturing</i>	<i>4.0</i>	<i>Exports of goods & services</i>	<i>46.8</i>
<i>Building & construction</i>	<i>3.3</i>	<i>Imports of goods & services</i>	<i>-34.7</i>
<i>Transport & communications</i>	<i>6.6</i>	<i>Private Consumption</i>	<i>46.1</i>
<i>Wholesale & retail trade</i>	<i>12.8</i>		
<i>Real estate & business activities</i>	<i>5.3</i>		
<i>Others</i>	<i>12.1</i>		

Foreign debt - **US\$2.9bn (2002e) (mostly commercial sources; no borrowings from World Bank or IMF)**

**Foreign reserves
Including gold** - **US\$ 2.4 bn (2001)**

Oil Production - **349 Million Barrels (2001)**

Oil Reserves - **5.5 Billion Barrels (2001)**

Gas reserves - **24.4 Trillion Cubic Feet (2001)**

Foreign Trade(\$ bn)	-	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Exports		5.22	7.28	11.23	11.5
Imports		4.86	4.63	4.99	5.2
Balance of Trade		0.36	2.65	6.24	6.3

Largest trading partner is UAE followed by Japan, USA and U.K.

Major Exports - **Oil, re-exports and locally produced goods.**

Major Imports - **Machinery & Transport equipment, food, beverages & tobacco and manufactured goods.**

Trade with India (US\$ mln.)	-	<u>1999</u>	<u>2000</u>	<u>2001</u>
Oman's imports		159	163	226
Oman's exports		28	17	19.2
Balance of Trade in India's favour		131	146	206.8

Items of Export from India - **Machinery, electrical & electronic equipment, Iron & steel products, synthetic fiber & yarn, textile And apparels, meat, coffee, tea, rice, plastic Products.**

Items of imports from Oman- **Copper, dates and metal scrap.**

Membership of International - UN, NAM, Arab League, GCC, ICO, WHO, FAO, IPU, IMF, World Bank, UNESCO, ITU, ICAO, IMO, WMO, IFAD, UNIDO, INTERPOL, WTO, IOR-ARC.

Areas of Interest to India :

- Manpower development - Oman has been putting specific focus on Omanisation, given that 50% of the population is below the age of 18 and pressures on the job market are high. The IT colleges with Indian participation are being appreciated as a positive step in that direction. Several Omanis have also undergone training in India in different institutions. Such potential specifically exists in the tourism sector for training of Omanis in hospitality and protocol and for jobs in hotel and catering industry. Technical and vocational training are also high in demand. This can be done either by setting up institutions in Oman or facilitating training in India.
- Information Technology - Several seminars have been held in Oman of late on e-commerce, e-governance and the use of electronic technology for simplification of office procedures and processes. This could be an area of interest to us.
- The Joint Business Council (JBC) between India and Oman has identified three thrust areas, these being IT, tourism and food processing. However, not much progress has taken place and it would be advisable to pursue these three fields through regular meetings between interested companies on both sides.

Oman has been identified as one of the friendly countries in the Hydro-carbon Policy 2025. In its programme to reduce dependence on oil, LNG has emerged as one of the non-oil exports of Oman. Oman has on several occasions expressed interest in selling LNG to India since economically it works out beneficial for them. Several big Indian companies such as BHEL, Larsen & Toubro, TCIL, etc. have done successful work in Oman.

In terms of business environment, our experience has been that having an effective local representative is beneficial.

Catalogue Exhibition

The embassy proposes to hold a catalogue exhibition in the last quarter of this year for which we invite catalogues, brochures, CD's and other publicity material. The Mission has been requesting for catalogues from several companies in India. There would be no participation fees charged for the exhibition and we would put any interested parties in Oman in touch with the exporters from India if any party shows interest.

Role of the Embassy

The Commercial Wing of the Embassy consists of one Second Secy, one Personal Assistant, one India-based Assistant and one locally recruited Marketing Assistant. The Commercial Wing responds to trade enquiries received and as an example, 950 enquiries from India and 74 enquiries from Oman were answered during the year 2002. We also facilitate meetings of the visiting delegations with Govt. agencies, and the interested companies of the private sector. We have also been encouraging the Omani Govt. and the private sector to look at India as a source of their requirements and have been in touch with several organizations in India in this regard. We have also taken up with the Omani Ministry of Foreign Affairs the problems/difficulties of obtaining visa by Indian businessmen who have assured us that they would look into the matter to simplify the visa procedures. We feel that for export or any other form of industrial collaboration, India enjoys several advantages including the price factor, distance and cultural familiarity between the two countries. This could be built on for greater business interaction. We would be more than happy to reply to any specific queries received by us in the Embassy to facilitate business between the two sides.

EMBASSY OF INDIA, RIYADH

FACT SHEET

1. GENERAL:

The Kingdom of Saudi Arabia (KSA), with its area of 2.25 million sq. km., is 2/3 the size of India, and covers 80% of the Arabian Peninsula. It has 2640 km of coastline, with the Red Sea bordering it on the West and the Gulf on the East. Terrain is primarily desert, with rugged mountains in the Southwest rising to 2750 m above sea level. Eastern region has the richest oil fields in the world, while Western region contains large deposits of minerals. Major cities of KSA are Riyadh (capital), Jeddah, Dammam, and the two holy cities of Makkah and Madinah.

2. GOVERNMENT:

Founded by King Abdul Aziz Al-Saud in 1932, it is a monarchy governed by the Al-Saud royal family in accordance with 'Sharia' and 'Royal Decrees'. The Kingdom adheres to an austere form of Islam popularly known as 'Wahhabism.' Succession is presently restricted to the sons of Abdul Aziz and has been passing from brother to brother. Present ruler is King Fahd bin Abdul Aziz who has the title "Custodian of the Two Holy Mosques". The King is both the Head of the State and the Prime Minister. Crown Prince Abdullah bin Abdul Aziz, Deputy PM and Commander of the National Guard, runs the day-to-day affairs of state. The Consultative Council, "Majlis-al-Shoora", presently consisting of 120 nominated members, has an advisory and watchdog role. The Kingdom is divided into 13 Provinces, and each Province is headed by a Governor (Amir), many of whom belong to the Royal family.

3. POPULATION, RELIGION & LANGUAGE:

Population is about 22.7 million, which includes 7 million foreigners, most of whom are from India, Egypt, Pakistan, Bangladesh, Philippines and Indonesia. There are also a large number of Western expatriates, primarily from UK, USA, France and Germany. The annual rate of growth of the Saudi population is 3.7%. Islam is the official religion and Arabic is the official language, though English is widely known. The judicial system is based on the 'Sharia'.

4. ECONOMY:

The Saudi economy rests primarily on oil revenues. Its crude oil reserves, amounting to 263.5 billion barrels, are estimated to be ¼ of the world's known reserves. Its natural gas

reserves at 200 trillion cubic feet are 4% of world reserves. The current daily output of oil and gas is 8.6 mbd and 35.6 million tonnes respectively. Per capita income is US\$ 7,621 per annum. Besides oil products and petro-chemicals, the Kingdom also produces wheat, dairy products, vegetables, eggs and fruits. GDP for 2002 was US\$ 185.33 billion, up by 2.3% over the previous year. In the 2003 budget, revenue and expenditure were estimated at US\$ 45.3 billion and US\$ 55.7 billion respectively.

The Saudi Government has been using its oil revenues to finance programmes of infrastructural, industrial and agricultural development, while also modernizing the Kingdom's health and education systems. Recently, the focus has been on reducing dependence on oil revenues through the diversification of the product-base, particularly towards industry, agriculture and services.

The Kingdom, under its 'Saudiization' policy, has undertaken to reduce its dependence on foreign labour in key sectors by progressively replacing expatriate workers by Saudis. During the last few years, the Kingdom has been introducing changes in its trade, investment and taxation regulations to make itself an attractive investment destination as also to pave the way for its accession to the WTO. The recently set up Saudi Arabian General Investment Authority (SAGIA) provides "fast-track" approvals for investment in different sectors.

5. **FOREIGN TRADE:**

Annual exports and imports are approximately US\$ 77.50 billion and US\$ 30.20 billion respectively. The main items of export are crude oil, petroleum products and gas. The main imports are machinery & equipment (22%), foodstuff (17.9%), transportation equipment (17.7%), chemical products (9.2%), metal-based products (7.9%) and textiles & garments (5.9%). The principal trading partners are: USA, Japan, South Korea, India, France, Singapore China and Italy.

6. **BILATERAL RELATIONS:**

KSA and India share historical relations which were further strengthened over the last 50 years with exchanges of high level visits – visits of King Saud in 1955, Prime Minister Jawaharlal Nehru in 1956, Prime Minister Indira Gandhi in 1982, and Finance Minister Dr. Manmohan Singh in 1994. Recently, the visits of External Affairs Minister, Shri Jaswant Singh, in January 2001 and of Deputy Chairperson of the Rajya Sabha, Dr. (Mrs.) Najma Heptulla in January 2002 and September 2002, Minister of State for Small Scale Industries, Smt. Vasundhara Raje in October 2002 and Mr. Saleh E. Al Husseini, Saudi Deputy Minister for Industrial Affairs (April 2003) have further strengthened bilateral relations. India and Saudi Arabia share perceptions relating to the security situation in the region and are committed to expanding political and economic ties.

7. BILATERAL ECONOMIC TIES:

India and Saudi Arabia have trade relations dating back several centuries. Saudi Arabia is the 14th largest market for India, and India is the 5th largest market for Saudi Arabia. Saudi Arabia is the largest source of crude oil to India, supplying 20% of our total crude requirements. Total Indo-Saudi bilateral trade is approximately US\$ 4.04 billion, of which Indian exports account for US\$ 808.7 million, and imports US\$ 3223.4 million.

India's major imports from KSA are petroleum and petrochemical products. Main exports include basmati/non-basmati rice, tea, manmade yarn, fabrics, made-ups, cotton yarn, primary and semi-finished iron and steel, chemicals, plastic & linoleum products, machinery and instruments. Bilateral trade during 2001 has shown a growth of 7.24% over the previous year.

Indian companies have established 55 joint ventures in KSA in different sectors such as petro-chemicals, management & consultancy, construction, telecommunications, IT and pharmaceuticals. There are more than 40 Indo-Saudi joint ventures in India. A Joint Commission (JCM) for economic, trade, scientific, technical and cultural cooperation between India and KSA was established in 1981, and the Joint Business Council was set up in 1997. Industry and trade delegations are exchanged regularly. Following the MOS(SSI)'s visit in Oct 2002, an official delegation led by Saudi Deputy Minister for Industrial Affairs and a business delegation from the Jeddah Chamber of Commerce and Industry visited India in April 2003 and December 2002 respectively.

8. INDIAN COMMUNITY:

With a strength of about 1.4 million, it is the single largest expatriate community in the Kingdom. From the point of employment, a rough estimate of the community would be 85% labour (organized and unorganized); 10% white-collar, non-professional; and 5% professionally qualified. Indians are the preferred community in KSA due to their expertise, sense of discipline, and their moderate and law abiding nature.

9. INDIAN ORGANISATIONS/ASSOCIATIONS:

A number of Indian companies including Air India, LIC, New India Assurance Co. East India Hotels, ACC, etc., maintain offices in KSA. There are International Indian Schools with classes upto Std. XII in Riyadh, Jeddah and Dammam, which are affiliated to CBSE, New Delhi. There are several Indian cultural associations and organisations in the Kingdom which regularly organise cultural and social programmes.

10. **MISCELLANEOUS:**

(i) **Currency:** A Saudi Riyal consists of 100 Halalas. Exchange rate between SR and US\$ has been maintained uniformly for several years at US\$ 1=SR 3.75. The Exchange rate between Saudi Riyal and Indian Rupee is SR 1=Rs. 12.75 approx.

11. **Imports of Saudi Arabia**

Saudi Arabia depends on imports to meet almost all its requirements. Its total imports are sizable and are increasing. Developed countries like US and European countries are major sources of Saudi Arabia's imports. Saudi imports from the other regions, particularly Asia, are also increasing. Though Saudi Arabia was trying to diversify its essentially oil-based economy by setting up industries in all sectors, yet it would remain largely dependent on imports for the foreseeable future.

12. **Total Saudi imports**

Saudi Arabia imported goods worth US \$ 31182 million during 2001. It's imports during the period 1991-2001 are as follows:

Kingdom's imports for the years 1991-2001

Year	Value (in million \$)
1991	29170
1992	33228
1993	28164
1994	23251
1995	28050
1996	27228
1997	28705
1998	29973
1999	27995
2000	30197
2001	31181

(Source: Ministry of Planning, KSA)

13. **Major Items of Import**

Electrical machines, equipment & tools, transport & equipments, foodstuffs, metals, textiles and medicines are some of the major broad categories of imports. Details of imports of top commodities for the years 1999-2001 are as follows:

Saudi Arabia's major commodity imports (1999-2001)

Value in US \$ Million			
Commodities	1999	2000	2001
Foodstuffs	4829	5402	4780
Textiles & Clothes	1732	1780	1749
Medicines	893	868	954
Chemical Products	2560	2773	2811
Wood & its Products	336	385	367
Gold & Jewellery	1363	1220	950
Base Metal & Metal Articles	2349	2372	2543
Electrical machines, equipment & tools	6716	6662	6417
Transport	4054	5332	6762
Others	3163	3403	3850
Total	27995	30,197	31,181

(Source: Ministry of Planning, KSA)

14. Top 10 sources of imports to Saudi Arabia

Countries from all over the world are exporting to Saudi Arabia. But developed countries USA, Japan and some European countries are major sources of import to the Kingdom. The following 10 countries were top exporters to Saudi Arabia during the years 2000 and 2001:

(In Million \$)

Rank	Country Name	2000		2001	
		Value	Share %	Value	Share %
1.	USA	5814	19.2	5539	17.76
2.	Japan	3156	10.4	3478	11.15
3.	Germany	2444	8.1	2507	8.40
4.	England	1949	6.4	2143	6.87
5.	Peoples Rep. Of China	1196	4	1441	4.62
6.	Australia	775	2.57	1262	4.05
7.	Italy	1253	4.2	1211	3.88
8.	France	1246	4.1	1192	3.82
9.	South Korea	1026	3.4	1022	3.28
10.	Switzerland	985	3.3	755	2.42
Other countries		10353	34.28	10630	34.10
Grand Total		30197	100.0	31182	100.0

15. Indian exports to Saudi Arabia

India and Saudi Arabia have had trade relations over several centuries. Saudi Arabia is the 14th largest market for India and account 7.2% of India's total exports. India ranked 10th in terms of imports by Saudi Arabia, accounting for 2.7% of its total imports in the year 2000. Indian exports to Saudi Arabia reached US \$ 808.7 million in 2001-2002 from US \$ 435.8 in the year 1994-95.

Indian exports to Saudi Arabia (in million \$)

Year	Exports to Saudi Arabia	% Increase
1994-95	435.8	
1995-96	461.1	5.81
1996-97	571.2	23.88
1997-98	702.6	23.00
1998-99	766.0	9.02
1999-2000	742.0	(-) 3.13
2000-2001	808.7	6.82

15.1 As will be seen, Indian exports to Saudi Arabia have been increasing steadily. According to latest figures received from DGCIS, Kolkata, Indian exports to Saudi Arabia reached Rs. 29682 million during April 2002-Nov 2002, indicating an increase of 16.37 over the corresponding period of the previous year.

Major items of Indian exports

15.2 Basmati and other rice; RMG cotton including accessories; man-made yarn, fabrics, made-ups etc; manufacture of metals; non-ferrous metals; machinery & instruments; glassware & ceramics; plastic & linoleum products and RMG manmade fibre were major items of exports by India to Saudi Arabia.

16. Sectors of Potential exports

One international economic observer sometime back said that Saudi Arabia was a market for everything. But at the same time, he also felt that this market was very competitive and quality conscious. Developed countries like USA and European countries are major exporters to Saudi Arabia. The Kingdom depends on imports to meet almost all its requirements. Its total imports are sizable and increasing. Though Saudi Arabia has tried to diversify its essentially oil-based economy by setting up industries in all sectors, yet it

remains largely dependent on imports. This trend is likely to sustain. In recent years, Saudi imports from other regions, like Asia are also increasing.

17. Opportunities exist for Indian companies to export to Saudi Arabia in the following areas:

(i) **Oil and Gas equipment and services:** Oil and gas industry is the largest and predominant industrial sector in Saudi Arabia. It is likely to grow as many steps are being taken to expand it further. One such major step is the ambitious "Gas Initiative" with estimated investment of US \$ 25 billion, including production of gas and setting up of power, desalination, petrochemical plants, which will use gas as feedstock. Indian engineering companies, particularly suppliers of valves, compressors, pumps, chemicals, turbines, drilling rigs and parts, generators, computers and software, heat exchangers, boilers, equipment for refineries have opportunities of doing business.

(ii) **Textiles & Clothing:** Saudi Arabia imported textiles and clothing worth US \$ 1732, 1780 and 1750 million during the 1999, 2000 and 2001 respectively. In view of high rate of population growth and vast majority of the Saudi population being young, the textile market is set to expand in the next few years, and the prospects for lightweight, well-constructed apparel fiber such as cotton, polyester blends, and cotton or silk for women's and children's clothing appear good.

(iii) **Computer software and services:** A recent market research finding indicated that Saudi Arabia had the largest IT market in GCC with a spending level of US \$ 3.7 billion, which constitutes 60.7 percent of total spending in GCC. The study also found that the GCC IT market would grow at a compound rate of 9.4 percent for the next three years. The rapidly expanding internet services, initiative launched both by Government and private businesses accelerating their IT drive in a bid to catch up with the rest of world will ensure continued growth for several years. The IT market has recorded further acceleration due to the efforts by several GCC countries, including Saudi Arabia, to encourage e-Government and to provide new impetus to e-commerce. Businesses are putting their act together to migrate to Net-based automated systems that enhance productivity. Indian companies engaged in software exports and hardware manufacture can make use of the opportunities in the Middle East in general and Saudi Arabia in particular, and leverage the excellent reputation India and Indian IT companies have acquired in the Kingdom.

(iv) **Education and Training services:** An increasing population and need for skilled workers demand growth in the training facilities. Large number of universities, colleges, vocational training institutes and schools are being set up. It would be worth mentioning that US\$ 15.30 billion has been allocated for education for the year 2003. Computer and IT training are in great demand. Indian companies such as NIIT and APTECH are already

operating in this field. There is ample room for expansion of activities by existing players and scope for new entrants in both public and private sector.

(v) **Medical equipment:** High budgetary allocation for health sector and new health projects, expansion and upgradation of existing hospitals and clinics, provide demand-surge for medical equipment for diagnostic and therapeutic applications.

(vi) **Pharmaceuticals:** The Saudi pharmaceuticals market is the largest in the Middle East. With the growing Saudi population who demand improved healthcare, demand for pharmaceutical products continues to increase. The market currently is of the order of \$ 1 billion; of which more than 98% is spent on imports from abroad. Despite the stringent registration, etc. standards for entry into the pharmaceuticals sector, potential for growth exists for Indian companies in prescription drugs, generics, OTC drugs and herbal products, if pursued vigorously.

(vii) **Insurance Services:** The relatively new and unregulated Saudi insurance market is changing and growing rapidly. The Government is now regulating the insurance sector by bringing in new regulations including minimum share capital requirements for insurance companies, which is expected to consolidate the market. Recently, third-party motor insurance has been made mandatory and the Ministry of Health has announced mandatory health insurance for expatriates, which will be implemented in three phases. Thereafter, Saudis will also be covered by this scheme. The Saudi non-life insurance is estimated to be US \$ 2667 million of which only US \$ 800 million worth has been tapped. When medical insurance schemes become fully operational, the insurance market will expand by US \$ 2667 million. In January 2003, the Embassy organized a Round Table on emerging opportunities for Indian organizations in banking and financial services sector in Saudi Arabia. A medium-term action plan was adopted. On insurance, it was felt that Indian insurance companies should visit Saudi Arabia to monitor opportunities in insurance services and benefit by forming alliances with local companies.

(viii) **Auto Parts and Service equipment:** Saudi Arabia has the largest market, for both new and used cars, in the Middle East. There are around 6 million registered automobiles of all types operating in Saudi Arabia. The spare parts market is estimated at US \$ 655 million, excluding tires and Original Equipment Manufacturer's parts. Enterprising auto-part manufacturers and suppliers in India might find this a promising market.

(ix) **Rice:** Saudi Arabia imported its entire requirement of rice, an essential part of Saudi cuisine, with bulk of it from India. Rice imported into the Kingdom did not attract import duty. Saudi Arabia imported rice amounting to US \$ 495 million and US \$ 365 million in 2000 and 2001 respectively. India was the largest source, accounting for 65.37% and 67.48% of total value of rice imported by Saudi Arabia.

Among different varieties of rice, Basmati was the preferred variety of rice in Saudi Arabia and accounts for around 78-80% of total rice imported, followed by American rice (13%). Of all Basmati rice imported in the Kingdom, India accounted for almost 80% of the market share. Its closest competitor was Pakistan, which supplied only 10-11%. As India was already a market leader in rice, and the market was becoming increasingly price sensitive, the room for further increase in market share is limited. But in view of aggressive promotion by other countries, especially Pakistan for their Basmati rice, India needed to continuously project high-profile presence, good quality and reasonable price of Indian rice in order to maintain, if not increase, its existing market share.

(x) **Processed fruits and vegetables:** The Kingdom had sizeable demand for fruits and vegetables. Local production, though increasing, had not been able to keep pace with the demand, and so imports of these essentials were expected to remain strong. The size of the processed fruits and vegetables market was valued at \$ 345 million, with imports worth \$ 110 million in 2000. Thus, opportunities existed for India to enhance its share in this segment.

(xi) **Snack foods:** Majority of the Saudi population being young, between the age of 15-25, the local production of snack foods had increased lately. However, markets for quality snacks still existed. Sweeter foods were generally preferred to gain market access more easily in the Kingdom. The market size for snack foods was estimated at \$ 115 million in 2001.

(xii) **Air Conditioning and Refrigeration equipment:** The hot, dry climate in the Kingdom was ideally suited for growth in AC and refrigeration equipment market, estimated to be \$ 1 billion in 2001. It is possible to find opportunities in this market for Indian entrepreneurs.

(xiii) **Electrical Power Systems:** Because of rapidly expanding population and an ambitious industrialization plan, Saudi Arabia was one of the most attractive markets for equipment and services required by power sector. The Saudi 25-year electricity plan called for \$ 117 billion in capital investment to increase the Kingdom's total power generation capacity from 17,000 MW to 70,000 MW per year by 2020. Indian manufacturers in the electrical and electronics sectors would find good opportunities in the Kingdom.

IEEMA has already sent two highly successful business delegations to the Kingdom over the last months.

May 2003

EMBASSY OF INDIA, SANA'A

Trade relations between India and the Republic of Yemen (ROY) are very old. Since the unification of North and South Yemen in 1990, we have had four Indo-Yemen Joint Committee Meetings in which bilateral trade was one of the main areas of discussion. During the 4th Session of the Indo-Yemen Joint Committee Meeting held in New Delhi on October 30-31, 2002, a Bilateral Investment Promotion & Protection Agreement (BIPPA) was signed between India and Yemen. During the 4th Session, the two sides also noted that the draft Trade Agreement has been under consideration by both countries for quite some time and agreed that efforts would be made to finalise the same expeditiously.

Indo-Yemen JBC

Indo-Yemen Joint Business Council was set up in 1996 to promote bilateral trade and investment. A new Joint Business Council Agreement was signed in May, 2000. The second Meeting of the Indo-Yemen JBC was held in New Delhi on October 30-31, 2002, coinciding with the 4th Session of the Indo-Yemen Joint Committee Meeting held there.

Bilateral Trade

India's exports to Yemen are increasing over the years and as per the figures released by the Directorate General of Commercial Intelligence & Statistics, Kolkata. During 1997-98, Indian exports to Yemen were to the tune of US\$ 59.16 million, which went up to US\$ 63.39 million during 1998-99, US\$ 99 million during 1999-2000, US\$ 157 million during 2000-2001 and US\$ 146.91 million during 2001-2002. During the period from April to November, 2002 (FY 2002-03), India's exports to Yemen were worth US\$ 97.91 million compared to US\$ 33.61 million for the period from April to November, 2001 (FY 2001-02). Trade statistics from the DGCI&S for the remaining period are not yet available.

As per trade statistics released by the Central Statistical Organisation (CSO), Sana'a, total value of trade with Yemen in terms of US Dollars has been increasing. India's exports to Yemen in 2001 were worth US\$ 135.23 million compared to US\$ 59.17 million in 2000 registering a remarkable growth in our exports to Yemen. India was the first largest importing country in 2001 as regards ROY's exports to any country is concerned (\$ 618.74 million (including crude oil) i.e. 20% of Yemen's total exports) and India was the 3rd largest exporting country from where ROY imported goods, after UAE and Saudi Arabia (5.48% of Yemen's total imports).

The preliminary figures of Yemen's imports and exports for the year 2002, just released by the CSO, reveal that Yemen's total exports during 2002 were US\$

2748.07 million and total imports were US\$ 3083.43 million. India's exports to Yemen during 2002 were US\$ 232.28 million (8.45% of Yemen's total imports) and imports were US\$ 547.51 million (17.76% of Yemen's total exports), including crude oil. Final comparison of statistics will be done during the presentations to be made by the Commercial Representative from Yemen.

Imports by the Republic of Yemen

Major items of imports by Yemen from India during 2001 were: tea, rice, wheat, other cereals, poultry, spices, fruits & vegetables, tobacco in all forms, meat and meat preparations, pharmaceuticals, hand tools, chemicals, pipes, textiles, cotton/synthetic fibre yarn, readymade garments/accessories, manufactures of metals, artificial jewellery, embroideries, fishing boats, mechanical tools, electrical items, packing cables/ropes, etc. Our trade analysis reveal that India has potential to further increase exports of tea, coffee, rice, wheat, tobacco, spices, dry-fruits, leather goods, drugs and pharmaceuticals, chemicals, textiles, readymade garments, engineering goods, etc. to the ROY. A list of 30 items in which India was the largest exporter to ROY during 2001 is attached (Annexure-III), and in other 45 items, India came to be 2nd and 3rd. If we give a little more attention, we could be first.

India's competitors in various items of exports to Yemen are China, Indonesia, Malaysia, Singapore and Taiwan.

Oil imports

Yemen is an oil-producing country. India has been importing Yemeni crude oil Masila and Mareb from ROY since October, 1999 either through the Yemeni Government or through other operators. The details are given below:

Year	Value
1999	US\$ 131.80 million
2000	US\$ 595.86 million
2001	US\$ 615.32 million
2002	US\$ 543.50 million

During the years 2001 and 2002, India was the largest importer of crude oil from Yemen. Various Indian companies, viz. IOC, BPCL, Reliance Petrochemicals, HP, etc. are importing crude oil from Yemen. The Government agency, Yemen Oil & Gas Corporation (YOG), has been sending one cargo of crude oil every month to India, either for IOC or for BPCL or any other agency.

A joint venture was formed last year, in which M/s Reliance Industries is participating for exploration of oil, alongwith M/s Hayal Saeed Group of Yemen and M/s Calvalley, a Canadian Company. The joint venture was signed on 8.2.2002 at Taiz by M/s Calvalley (with a stake of 60% - total investment worth US\$ 15 million), M/s Hayal Saeed Group and M/s Reliance Industries of India with a stake of 20% each (investment of US\$ 5 million each). This consortium has been given Block No.9 to explore oil. The main explorer is M/s Calvalley. So many other blocks are yet to be tapped. A 4-member delegation from Reliance Industries Ltd., led by Dr. Gauri K. Handique, Advisor, visited Yemen in September, 2002 to inspect Blocks 16, 29 and 30. They also carried with them geological data on these blocks for detailed study in Mumbai.

Exports by the Republic of Yemen

Major items of exports from Yemen to India during 2001 were: crude oil, raw skin, pulp & waste paper, metal scrap, leather, etc. If export of crude oil to India is included, balance of trade is in favour of the Republic of Yemen.

b) Tariff and Non-tariff issues concerning imports

In the medical field, we made attempts to popularize the Indian system of medicine, but Yemen does not recognise Ayurveda and Homoeopathy. Some Ayurvedic products of Dabur etc. enter the market but these are imported as food items or cosmetics. Entry of spurious drugs into Yemen, which are supposed to be made in India, is also a barrier for more flow of Indian pharmaceuticals into Yemen. The Mission has tried to convince the Ministry of Public Health on case-to-case basis, but without much success. However, the Republic of Yemen wishes to join Gulf Co-operation Council (GCC); it has stipulated that manufacturers of drugs should also be registered for any particular drug with at least two GCC countries. Our website <http://www.eoisanaa.com.ye> gives full pictures of drugs imported from India and who are the main exporters/importers of drugs.

14.5.2003

EMBASY OF INDIA, TEHRAN

For proper appreciation of status of India's trade with Iran, particularly the former's exports to the latter, it is desirable to have an overview of Iranian Economy and its foreign trade. With this object in view, the presentation given below will broadly cover an overview of Iranian economy, Iran's foreign trade and India-Iran bilateral trade.

I - An Overview of Iranian Economy

2. Iran's economy is heavily dependent on oil export revenues. Though oil sector's share of GDP has declined from 30-40% in 1970s to 15.2% during 2001-2002, the oil exports accounted for over 80% of the Country's total export revenue and 40-50% revenue of the Government budget. Reliance on oil revenue has left Iran vulnerable to fluctuating international demand and price of oil, the recent being economic depression in 1997-1998 causing fall in Government revenue by 10 per cent in 1998-1999. The economy has since recovered due to subsequent rise in world oil prices. Overall economic activities during last three successive years have been strong with real GDP growing by 5.7% (2000-2001), 4.8% (2001-2002) and 5.8% (2002-2003).

3. The share of different sectors in GDP during 2001-2002 was as follows:-

Oil sector	-	15.2%
Agriculture sector	-	13.5%
Manufacturing and Mining sector	-	20.1%
Services sector	-	51.2%

II - Foreign Trade

4. Following are the figures of Iranian foreign trade :-

Year	EXPORTS (in million dollars)			IMPORTS (in million dollars)	
	Oil & Gas	Non-Oil	Total	F.O.B	Trade Balance
1994-95	14,603	4,831	19,434	12,617	6,817
1995-96	15,103	3,257	18,360	12,774	5,586
1996-97	19,271	3,120	22,391	14,989	7,402
1997-98	15,471	2,910	18,381	14,123	4,258
1998-99	9,933	3,185	13,118	14,286	-1,168
1999-00	17,089	3,941	21,030	13,433	7,597
2000-01	24,280	4,181	28,461	15,085	13,375
2001-02	19,339	4,377	23,716	18,138	5,578
2002-03	18,700	4,422	23,122	21,180	1,942

5. Iran imported goods worth 21.1 billion US dollars during the year ending March 2003. The figure shows a decrease of 8.9 per cent in weight, but an increase of 18.1 per cent in value as compared to the figures of the previous year. 10 main import items constitute 45.6 per cent of total value of imports. The imported wheat showed decrease both in weight (62%) and value (58%). The cost of imported items like medicines, paper, cardboard and iron ore showed significant increase in the prices in comparison to other items.

6. Germany, UAE, Italy, Russia, France, Brazil, South Korea, China, Japan are the main countries which claim share of about 60% of Iran's import. Though Iranian businessmen still continue to be west-oriented, proportion of their trade with OECD nations has dropped. Imports from industrialized countries have declined reflecting Iran's growing trade links with Asia and Latin America. Partly this shift is a result of comprehensive sanctions imposed on Iran by US and also reflects Iran's efforts to reduce its reliance on West in favour of less politicized dealings with Asian countries.

7. Iran's foreign trade policies are greatly determined by development in international oil prices and amount of credit provided by its main suppliers. Fluctuation in oil prices in international markets directly affects Iran's foreign exchange earning which in turn influences its foreign trade policies. Due to slump in oil prices during 1997, 1998 and early 1999 resulting in sharp decline in its oil revenues, Iran had imposed strict restrictions on allocation of foreign exchange for imports. Simultaneously, efforts were made to secure medium to long-term financing arrangement from its prospective suppliers. Countries like Japan, South Korea, Germany, France have been generous in providing such credits to Iran. With improvement in its oil earnings and debt position by 2000, Central Bank of Iran relaxed restrictions on import spending which resulted in marked increase in its import since then.

8. In pursuance of its objective to become member of W.T.O. Iran has introduced various reform measures to make its trade transparent, efficient and growth oriented. It has started the process of liberalization by dismantling various restrictions on its trade. It has introduced measures to reduce non-tariff barriers replacing them with tariffs. The authorities have streamlined licensing procedures by reducing import permits issuing centres. Now for bulk of import items, license is required only from Ministry of Commerce. Since last year, the replacement of "two officially approved exchange rate structure" by unified exchange rate controlled by market forces has brought transparency and checked distortion caused to economy by importing commodities using cheaper source of foreign exchange under previous system and then re-exporting or selling in the domestic market at the market rate. New conditions for using short term credit lines for importers have been set. Imports of spare parts and production machinery by private sector has been authorized through these facilities.

III - India-Iran Bilateral trade

9. Following are the figures of India's export and import with Iran

Year	India's export to Iran			India's import from Iran		
	Petroleum (in US \$)	Non- petroleum (in US \$)	Total (in US \$)	Crude Oil & Petroleum (in US \$)	Non-crude oil (in US \$)	Total (in US \$)
1998-1999	-	158 m	158 m	254.02 m	215.47 m	469.49 m
1999-2000	-	151.14 m	151.14 m	1020.90 m	222.73 m	1243.63 m
2000-2001	102.32 m	217.15 m	314.47 m	1798.60 m	206.52 m	2005.12 m
2001-2002	322.65 m	245.60 m	568.25 m	1384.70 m	277.72 m	1662.42 m
April – Nov 2002	550.78 m	360.15 m	910.93 m	1044.10 m	159.86 m	1203.96 m

10. As it would appear from the above figures, though the volume of trade between the two countries amounted to US \$ 2230.67 m in 2001-2002, its major portion is claimed by India's crude oil import worth US \$ 1384.70 m (62.07%) during that period. The total bilateral trade amounting to US \$ 2230.67 m during 2001-2002 registered a decrease of 3.8% as compared to US \$ 2319.59 m of the previous year. This was mainly due to 23% lower import of crude oil from Iran.

11. **India's export** to Iran has shown steady increase both in Petroleum and Non-petroleum products during the last four years. During 2001-2002, total Indian export amounting to US \$ 568.25 m showed an increase of 80.7% as compared to 314.47 m during 2000-2001. The increase in non-petroleum products export was 13.1% during this period. India's share in Iranian import was 2.858% and it ranked 11th among exporting countries during 2001-2002 which during the previous year was 1.769% having 21st rank among exporting countries to Iran. Though the complete figures of 2002-2003 are not available, even the figures of 8 months show increasing trend. The figures of these 8 months show increase of 60.3% in total exports and 46.64% in non-oil exports over the whole year of 2001-2002. Important goods being exported to Iran are Petroleum products, Rice, iron and steel, iron ores and concentrates, aluminum ores and concentrates, machinery and instruments, drugs and pharmaceuticals, organic and inorganic chemicals, manufactured rubber products except foot wear, metal products, processed minerals, tubes and pipes. Oil meals, processed fruits and juices, shellac, marine products, cotton yarn, manmade fibres, gems and jewellery, glass ceramic, dyes and dyes intermediates, transport equipment have shown substantial growth rate

12. **India's import** from Iran showed a decrease of 17.09% totaling US \$ 1662.42 m in 2001-2002 from US \$ 2005.12 m during 2000-2001. This was mainly due to lower import of crude oil from Iran. India's non-oil import however showed an increase of 34.47% totaling 277.72 m during 2001-2002 over an amount of 206.52 m in 2000-2001. India's share in Iran's export was 4.316% having ranked 6th among the importing countries during this period which was 4.053% with 7th rank among importing countries during 2000-2001. Important goods being imported from Iran are crude oil, fruits & nuts, pulses, non-ferrous metals, organic & inorganic chemicals, sulphur, metalifers ores \$ metal scrap, iron and steel, leather etc

13. The traditional civilisational link between the two countries and over all liking of Iranians for Indians offers friendly environment for business in Iran. Political relationship between the two countries have been upswing during last few years. Frequent exchange of visits of senior Government officials and Ministers have raised the level of political understanding between the two countries. The visit of Prime Minister Vajpayee to Iran in April 2001 and that of President Khatami to India in January 2003 have taken the relationship to a new height. There are institutional arrangements for promoting the trade and commercial relationship between the two countries in the form of Joint Economic Commission which is co-chaired by the Foreign Ministers of the two countries. Apart from the official arrangements, there is a Joint Business Council in position having representatives from the Government and Business sector of the two countries.

Strategies

14. (i) Trade activities between India and Iran, though on rise in recent time, are still not at par with the potential that exists between the two countries. One of the important reasons of this is the lack of information on their part about capability and potential of each other. There is a need to look towards each other afresh. Iranian businessmen have to be convinced that the process of economic liberalization started in India in 1991 has brought a sea change in economic field, enabling it to produce goods of international standards at competitive price. Similarly, Indian businessmen are to be made aware of the vast potential and large market that Iran offers for their business. (ii) Indian companies should participate with adequate preparation in the exhibitions held in Iran. Since Iran is now holding specialized exhibitions for specific items (not general exhibition representing all goods), this offers better opportunities for Indian businessmen to select the exhibition of their interest. Except the participation of ACMA in Iran Auto Exhibition (TIAF 2002) in June 24-28, 2002, response from the Indian companies has not been encouraging. Apart from ACMA, only ITPO organised participation of 5 companies in Tehran International Industrial Fair (TIIF October 2-6, 2002). Needless to mention that such exhibitions provide suitable opportunities for businessmen to show their capabilities by displaying their goods and also to know the potential of Iran. (iii) Similarly, Indian businessmen should invite their Iranian counterparts to visit their facilities to convince them about the qualities and price

competitiveness of their goods. (iv) Iranian businessmen are very much quality conscious and price sensitive. Many of them have reservations regarding the quality of Indian goods, their timely shipment, and post sale services. To enter into this competitive market, Indian suppliers will have to take care of these problems. (v) In view of Iranians traditional inclination towards Europe, extra efforts will have to be made to penetrate area, traditionally under control of Western countries. Conference, workshop may be organized to educate prospective customers. Such a workshop organized by the Indian companies dealing in textile carding equipments had evoked encouraging response. (vi) Needless to mention that Agents with good access to the authorities that matter play an important role in enhancing business interest of the companies they represent. While selecting their agents, Indian companies should keep this factor in view. (vii) To translate the visit of business organizations and businessmen into a real business, follow-up action has to be taken lest it remains ceremonial visits. During 2002, Iran-India Chambers of Commerce and Confederation of Indian Industries sent business delegations to Iran. Similarly, a big business delegation from Iran had accompanied President Khatami during his visit to India in January 2003. (viii) Joint Venture with Iranian partner can be another good strategy which otherwise also is requirement for executing project works in Iran. Cheap energy, skilled and cheap labour force, good law and order condition provide suitable opportunity for joint venture project. This will take care not only of Iranian market but will provide access to Afghanistan and Central Asian Countries market also. (ix) Feedback from the people doing business with Iranians indicate that process of negotiation takes time in maturing into real business deal. It may be advisable for Indian businessmen not to lose patience if they are really interested in doing business with Iranians. (x) L.C Matter – Iranian banks are very particular regarding strict observance of terms & conditions of L/Cs. It has been found that even slight deviation in documents not in strict compliance with terms & conditions of LC, delays the payment. Iranian banks open L.C only to State Bank of India (SBI) and Standard Chartered Bank in India. Central Bank of Iran does not encourage confirmed LC. Irrevocable L/Cs are opened. However, there has been no complaint of any default in respect of payment in recent time.

Thrust Areas

15. In addition to the items traditionally being exported to Iran, following sectors may provide good opportunities for expanding India's export into Iran :-

a) **Pharmaceuticals** : Iran imports pharmaceuticals worth approximately US \$ 300 million annually. The major portion of this import constitutes bulk drug including items like human and veterinary vaccines, penicillin extraction thereof, hormones, insulin, alkaloids, wadding, gauge, bandage etc. India's share is around 3.3 % which is mainly raw materials. Main players in this field are European countries altogether claiming US \$ 198.5 million amounting to 66.75% share in Iran's pharmaceuticals import (Switzerland – 22.15%, Germany – 9.56%, France – 9.28%, UK – 9.6%, Italy

– 5.87%, Denmark – 5.53%, Spain – 5.30%). India's presence though marginal in this sector, its capability as a leading manufacturer of pharmaceuticals at global level is recognized by Iranians.

- b) Textiles :** For machinery, this sector heavily relies on import. About 68.2% of total import of machinery is claimed by Germany, Switzerland, Italy and Australia . India's share in Iran's import of textiles is around 0.33%. Iranian textile industry having problems of obsolete technology has become sick and is on the top priority list of Government for revival. According to media report, an amount of US \$ 500 million has been earmarked by the Government from the surplus oil revenue fund for renovation of this industry. India's capability in this field is recognized by Iranians and many appeared inclined to procure machinery from India finding it to be price competitive with quality at par with those of Europeans.
- c) Automobile :** This is a fast growing sector (27% annually). There are plans to add 100,000 vehicles each year for next couple of years. Iran imports about US \$465 million of parts and accessories for motor vehicles (HS chord 8708 by 99) during 2001-2002. Chassis fitted with engines (HS chord 8706/00 were imported from France, UAE, Japan worth US \$ 368 million during this period. ACMA with effective participation in Iran Auto Fair for last two years has made good progress in this sector. The main suppliers were South Korea, Germany, France, UK and Sweden. India's share was about 0.30%.
- d) Power :** With an installed generation capacity of 30,000 MW, the Government has ambitious expansion programme to increase it to 45,000 MW by 2004 and 96,000 MW by 2022. This area also offers wide opportunity for construction of projects and supply of equipment.
- e) Agricultural equipment :** To obtain self-sufficiency in food products, Iran has undertaken various measures to bring about improvement in this sector. The field conditions in agriculture sector is very similar to those in India. Agricultural equipments in India may be more suitable for agricultural sector here. The Iranian authorities have evinced keen interest in getting the equipments from India.
- f) Railways :** Iran is undertaking massive projects widening its railway network. India with proven capability in this sector may look at the Iranian growing requirements in this field.
- g) IT :** There is lot of scope for Indian companies in this field. APTECH has already started training activities in collaboration with its Iranian counterpart. CMC of India is engaged in computerization work in railway in cooperation with Iranian IT company.

- h) Telecommunication:** Iran is going for massive expansion of telecommunication network. Cellular phone services are inadequate and not of international standard. With its capability well recognized, Indian companies can do something in this field.
- i) Consultancy Services:** Indian consultants are in great demand in petrochemical, textile, power, cement, railway sector. IRCON, RITES, EIL, Tata Consultancy Services have already their presence in Iran.
- j) Commodity :** Rice, Sugar, Oil meals, boneless buffalo meat etc.

EMBASSY OF INDIA, TEL AVIV

ISRAEL : FACT SHEET

TRADE REGULATIONS Free trade agreement with USA, EU. Import license for specified goods as quality control measure. Tariff and non-tariff barriers to protect local industry.

TARIFFS Zero or low tariffs with free trade areas and low tariffs for all other countries. Tariffs are being steadily reduced in conformity with WTO norms. Apart from customs tariffs charged on CIF value, a markup tax and a purchase tax are levied on certain products. There is also a general levy of 18% VAT on all products sold in Israel.

DOMESTIC MARKET Highly dependent on imports not only of essential raw materials and industrial inputs but also a large variety of consumer goods. Consumption levels are high despite high prices and there is considerable quality consciousness.

FREE TRADE AGREEMENTS With the US in 1985; with the EU in 1975 (renegotiated in 1995); with EFTA in 1992; with Turkey in 1995-1996; Canada in 1997 with Czech Republic, Slovakia, Hungary, Poland, Jordan in 1998; with Mexico in 2000 and Romania in 2001.

NATURAL RESOURCES Extremely limited – the only major resource is the Dead Sea and its potash and other minerals.

MAJOR EXPORTS Diamonds , Irrigation systems and greenhouse equipment ,Electronic and high tech products, especially lasers, optical equipment, telecom, medical diagnostics, computer hardware and software , Chemicals and minerals, Pharmaceuticals, Rubber and plastics, Floricultural products horticultural products, Processed foods, Garments and swimwear

MAJOR IMPORTS Raw materials and other industrial inputs Consumer goods, Transport equipment, Construction materials Agricultural products with the exception of fruits, flowers and vegetables Processed foods

MAJOR TRADING PARTNERS:

EXPORTS : USA, UK, Belgium, Germany, Japan,France

MAJOR TRADING PARTNERS:

IMPORTS: USA, Belgium, Germany, UK, Switzerland, Italy, Japan

MAJOR ECONOMIC INDICATORS (for 2002 unless indicated otherwise)

GDP	US\$ 100.4 billion
GDP growth	(-) 1.1%
Per capita income	US\$ 15,300
Inflation	8.3%
Interest rate	9.1% (December 2002 – Bank of Israel's effective interest rate)
Exports	US\$ 29.46 billion
Imports	US\$ 33.1 billion
Foreign Investments	US\$ 2.6 billion
Unemployment	10.8% (Quarter I, 2003)

Bilateral Trade figures from 1996-2002

	1996	1997	1998	1999	2000	2001	2002
<i>India's exports</i>	251.0	293.0	343.0	455.0	534.8	429.5	653.2
<i>Israel's exports</i>	311.0	365.0	334.0	536.3	551.0	458.4	619.8
Total Bilateral	562.0	658.0	678.0	991.3	1085.8	887.9	1273
<i>Trade Balance</i>	-65.1	-89.9	+9.3	-81.5	-16.2	-28.9	+33.4
<i>%Inc/Dec</i>	12	17	3	46	9.5	(-)18	40.97

**Embassy of India
Tel Aviv**

**Israel's imports from and exports to India during 2001 & 2002 by broad sectors
(as received from Israel's Ministry of Industry and Trade)**

Description	Imports from India					Exports to India				
	Change%	2001		2002		Change%	2001		2002	
		% of total imports	\$ '000	% of total imports	\$ '000		% of total imports	\$ '000	% of total imports	\$ '000
Precious stones and Metals	88.4	55.31	222,860.0	66.26	419,794.5	47.9	57.36	269,803.0	66.37	399,027.0
Textile and textile articles	2.5	19.35	77,973.8	12.61	79,918.3	48.2	0.12	563.2	0.14	864.6
Chemical products	32.7	8.52	34,333.4	7.19	45,551.4	-36.1	23.04	108,391.6	11.52	69,271.3
Rubber, plastics	144.8	2.31	9,294.4	3.59	22,753.0	109.6	0.38	1,771.0	0.62	3,711.3
Machinery	84.7	2.08	8,391.1	2.45	15,496.4	89.2	10.94	51,472.4	16.20	97,391.1
Base metals	0.3	3.40	13,713.2	2.17	13,749.2	15.4	1.05	4,927.9	0.95	5,687.8
Plants and vegetable products	-19.6	3.55	14,306.7	1.82	11,503.4	322.2	0.01	29.3	0.02	123.7
Prepared foodstuffs	173.1	0.29	1,168.4	0.50	3,190.4	164.6	0.04	187.3	0.08	495.6
Transport equipment	78.3	0.44	1,757.4	0.49	3,133.9	-9.9	0.01	44.1	0.01	39.7
Non-metallic mineral products	-25.3	0.99	3,998.6	0.47	2,986.6	-24.2	0.08	360.1	0.05	273.0
Footwear, headgear	-8.7	0.73	2,936.4	0.42	2,679.8	100.0	0.00	0.0	0.00	1.1
Hides, leather	-4.9	0.60	2,418.3	0.36	2,299.8	-91.9	0.04	205.4	0.00	16.6
Optical medical, other equip.	14.7	0.41	1,640.7	0.30	1,882.7	-17.7	5.54	26,075.4	3.57	21,454.6
Wood and wood products	29.1	0.22	893.3	0.18	1,153.5	100.0	0.00	0.0	0.00	0.1
Mineral products	16.1	0.18	715.4	0.13	830.6	-68.7	1.19	5,561.6	0.29	1,748.0
Paper and paper products	63.1	0.09	350.8	0.09	572.1	21.7	0.19	884.7	0.18	1,076.8
Live animals, animal products	-57.7	0.17	668.7	0.04	283.1	0.0	0.00	0.0	0.00	0.0
Animals, vegetable fats	60.8	0.04	143.5	0.04	230.5	0.0	0.00	0.0	0.00	0.0
Miscellaneous	2.9	1.33	5,371.2	0.87	5,524.9	-48.0	0.02	75.6	0.01	39.3

The following broad trend is discerned:

- (i) From among the 19 sectors, we have seen growth in our exports to Israel in 14 sectors which together account for almost 97% of our exports to Israel. Almost all manufactured products have witnessed growth.
- (ii) High growth rates over 50% were witnessed in 7 of the 14 sectors. These were (a) animal and vegetable fats (60%); (b) Prepared foodstuffs (173%); (c) Rubber and plastics (145%); (d) paper and paper products (63%); (e) precious stones basically diamonds (88%); (f) machinery (85%); and (g) Transport equipment (78%);
- (iii) Barring (a) base metals and (b) textile article groups, growth has been in doubled digits in all other sectors.
- (iv) Five sectors, which together constitute just 3.11% of our exports to Israel in 2002 have witnessed a decline. These are (a) live animals and animal products; (b) plant and vegetable products; (c) hides and leather; (d) footwear and headgear; and (v) non-metallic mineral products. Mainly these are either raw materials or commodities.

Sectoral trend:

- (i) **Live animals, animal products:** This group constituted just 0.17% of our exports in 2001 and 0.04% in 2002. In \$ terms exports declined from \$ 0.67 million in 2001 to \$ 0.28 million showing a 57.7 % drop.
- (ii) **Plants and vegetable products:** This group accounted for \$ 14.3 million in 2001 and \$ 11.5 million in 2002. Its share in our export basket declined from 3.55% to 1.82%. In \$ terms it witnessed 19.6% drop.
- (iii) **Animals, vegetable products:** This constitutes just 0.04% of our export basket in both years even though there was a growth of almost of 61% in 2002.
- (iv) **Prepared foodstuffs:** Exports increased from \$ 1.16 million to \$ 3.19 million showing a growth of 173%.
- (v) **Mineral products:** Exports grew by 16% from \$ 0.71 million to \$ 0.83 million.
- (vi) **Chemical products:** This is an important group accounting for between 7-8% of our exports to Israel. Exports grew by over 32% from \$ 34.33 million to \$ 45.55 million in 2002.

- (vii) Rubber, plastics:** Exports grew by over 144 % from \$ 9.29 million to \$ 22.75 million. The share of this sector in our export basket grew from 2.31 % in 2001 to 3.59 % in 2002.
- (viii) Hides, leather:** Exports in this sector which accounts for around 0.5% of our exports declined by 5% from \$ 2.4 million to \$ 2.3 million.
- (ix) Wood and wood products:** Exports in this sector grew by 29% from \$ 0.89 million to \$1.5 million.
- (x) Paper and paper products:** A very small sector. Exports grew by 63% from 0.35 million to 0.57 million.
- (xi) Textile and textile articles:** This is the second largest sector in our export basket to Israel after diamonds. It grew by 2.1% from \$ 77.9 million to \$ 79.9 million.
- (xii) Footwear, headgear:** Exports declined by 8.7 % in this sector from \$ 3.94 million to \$ 2.68 million.
- (xiii) Non-metallic mineral products:** Exports declined by 25 % from \$ 4 million to \$ 3 million.
- (xiv) Precious stones and Metals:** Primarily these are diamonds. This sector, the largest in our export basket to Israel, grew by 88 % from \$ 223 million to \$ 420 million. The main reasons are the upsurge in the diamond market; some Israeli companies setting up manufacturing facilities in India; and Israeli companies sourcing more of their requirements from India.
- (xv) Base metals:** Exports in this sector at \$ 13. 7 million remained static.
- (xvi) Machinery:** This sector grew by 85 % from \$ 8.4 million to \$ 15.5 million.
- (xvii) Transport equipment:** This sector too grew well by over 78% from \$ 1.7 million to \$ 3.1 million.
- (xviii) Optical medical, other equipment:** Grew by 14.7 % from \$ 1.6 million to \$ 1.9 million.
- (xix) Miscellaneous:** Grew by 2.9% from \$ 5.3 million to \$ 5.5 million.

The 8-digit statistics for 2002 will be available only in a few months and we would analyse these in detail to see the areas where we have not done well to improve our

performance, even as we work to sustain and expand the growth in areas where we are doing well.

It may be useful for us to share these details with our industry so that they know that there is growing awareness, acceptance and market penetration of our products in Israel. This would undoubtedly encourage them to give this market which imports goods over \$ 33 billion the required focus and attention. I suppose you would have no objection to our doing so suitably.

Tariff and non-Tariff issues concerning imports

In general, tariffs are not very high in Israel and for most items these range between 6-12%. For very few items in the agriculture sector there are quotas to protect the domestic producers as Israel does not directly subsidize its farmers. Imports in excess of quotas attract higher tariffs. The items covered by such protection are not the ones we export to Israel.

2. Israel has a number of Free Trade Agreements including with the EU, EFTA and the US which permit these countries/trading blocks, in some cases though not in all, to export to Israel without custom duty. This does make exports from other countries more expensive. However, as the tariffs are not very high, the impact in most cases is limited. In the recent past, there has not been any request for seeking reduction of tariffs for items of export interest to us from our business community.

3. Israel is a member of the Plurilateral Agreement for Government procurement which permit companies of the 27 countries party to the agreement to participate in government procurement without any price preference for local companies. As India is not a member of this agreement our companies would have to compete with local companies which would have a 15 % price preference. Besides, our companies could be asked to ensure local component or offset of 35% or even more of the contract value. In terms of its conditions to join the Plurilateral Agreement, Israel is permitted to impose up to 30% offset or local component conditionality for companies of other members party to the agreement. As Indian companies have not actively participated in government tenders in Israel the impact has not been felt so far.

4. Israel has set product standards for certain products which are applied uniformly to all exporters. Our companies wishing to export such products to Israel would have to meet these norms.

5. There was a move in Israel to raise tariffs for some textile items to protect domestic producers. We have lobbied against this and the move has been dropped.

6. For religious reasons, a significant number of Israelis eat only Kosher food which has to be certified by a Rabbi. This is a defining characteristic of the market and not a conditionality for import. Our exporters would have to adopt manufacturing/producing methods conforming to the Kosher rules. This would not just enable them to expand their presence in the Israeli market but also in the US and the European market which are growing markets for Kosher certified products.

**DETAILS OF GLOBAL IMPORTS MADE BY ISRAEL AND INDIA'S SHARE THEREIN
FOR 2000 AND 2001**

S. No.	Name of commodities of import	Israel-value 2000	India-value 2000	India's Share (%)	Israel-value 2001	India's-value 2001	India's Share (%)
00	Unclassified and miscellaneous goods	112.667	3.308	2.9	109.706	0.977	0.89
01	Live animals	29.190	0.000	—	27.907	0.000	—
02	Meat and edible meat offal	149.433	0.000	—	127.224	0.000	—
03	Fish, crustaceans and mollusca	89.938	0.290	0.3	100.938	0.666	0.66
04	Dairy produce; eggs, natural honey; edible products of animal origin	24.632	0.000	—	25.544	0.000	—
05	Products of animal origin n.e.c.	3.447	0.007	0.2	2.583	0.002	0.08
06	Live trees and other plants, bulbs, roots and other garden plants	5.995	0.140	2.3	6.740	0.160	2.37
07	Edible vegetables, roots and tubers	31.675	0.087	0.3	39.658	0.096	0.24
08	Edible fruits and nuts; peel of melons and other citrus fruit	84.312	5.429	6.4	84.992	5.311	6.25
09	Coffee, tea, mate and spices	52.746	5.582	10.6	48.054	3.259	6.78
10	Cereals	386.941	1.177	0.3	365.542	1.056	0.29
11	Products of the milling industry; malt and starches; inulin; wheat gluten	42.266	0.000	—	43.544	0.005	0.01
12	Oil seeds, grains, fruits, industrial and medical plants, straw and fodder	178.425	2.874	1.6	180.095	3.471	1.93
13	Tree gum; resins, other vegetable saps and extracts	14.037	0.749	5.3	12.765	0.756	5.92
14	Vegetable plaiting materials; vegetable products n.e.c.	7.179	0.176	2.5	7.822	0.194	2.48
15	Animal or vegetable fats and oils; animal or vegetable waxes	59.966	0.167	—	59.106	0.143	0.24
16	Preparation of meat, of fish, or of other aquatic invertebrates	32.441	0.000	—	35.778	0.006	0.02
17	Sugar and sugar confectionery	141.051	0.031	0.02	168.546	0.035	0.02
18	Cocoa and cocoa preparations	52.009	0.000	0.01	53.170	0.000	—
19	Preparations of cereals, flour starch or milk; pastry products	71.127	0.010	0.01	81.965	0.018	0.02
20	Preparations of vegetables, fruits, nuts and other plants	93.610	0.564	0.6	87.234	0.943	1.08
21	Miscellaneous edible preparations	174.558	0.023	0.01	178.698	0.020	0.01
22	Alcoholic beverages and vinegar	53.145	0.000	—	70.783	0.000	—
23	Residues and waste from the food industries; prepared animal fodder	67.412	0.000	—	71.021	0.000	—
24	Tobacco and tobacco substitutes	113.868	0.072	0.06	124.549	0.145	0.12
25	Salt, sulphur; earths and stone; plastering materials, lime and cement	107.008	0.584	0.5	100.513	0.710	0.71
26	Ores, slag and ash	2.863	0.000	—	2.256	0.006	0.27
27	Mineral fuels, mineral oils and their products, bituminous substances and mineral waxes	3,587.152	0.000	—	3,169.234	0.000	—
28	Inorganic chemicals	156.247	0.818	0.5	151.622	0.644	0.42
29	Organic chemicals	666.610	35.404	5.3	649.889	30.883	4.75

S. No.	Name of commodities of import	Israel-value 2000	India-value 2000	India's Share (%)	Israel-value 2001	India's-value 2001	India's Share (%)
30	Pharmaceutical products	573.166	0.017	0.003	617.207	0.300	0.05
31	Fertilizers	18.494	0.001	0.005	18.103	0.001	0.01
32	Tanning & dyeing extracts; dyes inks and mastics; putty	180.702	0.809	0.4	169.285	0.568	0.34
33	Essential oils and resinoids; cosmetic and toilet preparations	161.722	1.316	0.8	178.154	1.779	0.1
34	Soap, washing, lubricating, polishing, scouring preparations, candles and dental preparations	127.712	0.202	0.2	132.663	0.099	0.07
35	Albuminoidal substances; modified starches; glues, enzymes	49.304	0.001	0.002	52.246	0.014	0.03
36	Pyrotechnic products; matches; certain combustible preparation	4.747	0.000	—	4.794	0.000	—
37	Photographic or cinematographic goods	114.823	0.492	0.4	109.148	0.072	0.07
38	Miscellaneous chemical products	516.400	0.185	0.04	483.370	0.047	0.01
39	Plastics and articles thereof	992.670	6.271	0.6	924.562	8.950	0.97
40	Rubber and articles thereof	194.395	0.389	0.2	186.430	0.342	0.18
41	Raw hides and skins (other than furskins) and leather	16.194	0.245	1.5	18.369	0.607	3.30
42	Articles of leather; travel goods; articles of animal gut	55.181	1.766	3.2	58.492	1.810	3.09
43	Furskins and artificial fur and manufactures thereof	260	0.006	2.3	0.469	0.000	—
44	Wood and articles of wood	304.731	0.695	0.2	265.056	0.819	0.31
45	Cork and articles of cork	3.163	0.011	0.3	3.171	0.010	0.32
46	Manufacture of straw or of other plaiting materials; wickerwork	4.005	0.068	1.7	4.694	0.063	1.34
47	Pulp of wood or other fibrous cellulosic material; waste and scrap of paper or paperboard	79.689	0.000	—	63.306	0.000	—
48	Paper and paperboard; articles of paper pulp, paper or paperboard	564.952	0.570	0.1	541.798	0.309	0.06
49	Products of the printing industry: books, newspapers, pictures, manuscripts	65.591	0.032	0.05	60.171	0.039	0.06
50	Silk and waste silk	1.767	1.091	61.7	1.874	0.846	45.14
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	25.266	0.010	0.04	23.413	0.154	0.66
52	Cotton	165.255	73.413	44.4	132.261	56.549	42.76
53	Other vegetable textile fibres	3.430	0.546	15.9	3.185	0.729	22.89
54	Man-made filaments	152.361	0.838	0.6	127.044	1.254	0.99
55	Man-made staple fibres	128.767	9.851	7.7	108.652	6.731	6.2
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables	80.393	0.221	0.3	79.826	0.032	0.04
57	Carpets and other floor coverings	25.829	1.362	5.3	26.962	1.327	4.92
58	Special woven fabrics; lace; tapestries, trimmings; embroidery	34.278	1.659	4.8	29.418	1.199	4.08
59	Impregnated, coated, covered textile fabrics; textile articles for industrial use	33.487	0.173	0.5	37.347	0.075	0.20
60	Knitted or crocheted fabrics	102.701	1.035	1.0	89.819	0.680	0.76
61	Articles of apparel, and clothing accessories knitted or crocheted	172.218	2.646	1.5	207.421	4.532	2.18
62	Articles of apparel and clothing accessories, not knitted or crocheted	263.725	8.946	3.4	328.370	9.109	2.78
63	Other made-up textile articles; worn textile articles; rags	60.454	8.813	10.95	74.892	13.688	18.28

S. No.	Name of commodities of import	Israel-value 2000	India-value 2000	India's Share (%)	Israel-value 2001	India's-value 2001	India's Share (%)
64	Footwear, gaiter and the like; parts of such articles	193.892	3.697	1.9	196.472	2.898	1.48
65	Headgear and parts thereof	14.532	0.009	0.06	13.874	0.005	0.04
66	Umbrellas, sticks and parts thereof	3.548	0.003	0.08	3.699	0.001	0.03
67	Feathers, down and their products; artificial flowers; human hair articles	8.006	0.006	0.07	7.981	0.000	—
68	Articles of stone, plaster, cement, asbestos, mica etc.	120.598	2.150	1.8	110.206	1.565	1.42
69	Ceramic products	166.950	0.726	0.4	169.037	0.873	0.52
70	Glass and glassware	128.967	0.641	0.5	133.831	1.564	1.17
71	Pearls, precious stones, precious metals imitation jewellery and coins	7,074.221	314.668	4.4	5,891.423	229.531	3.9
72	Iron and steel	543.184	0.611	0.1	449.202	1.845	0.41
73	Articles of iron or steel	395.248	2.442	0.6	411.461	3.031	0.74
74	Copper and articles thereof	150.590	0.841	0.6	121.430	0.596	0.49
75	Nickel and articles thereof	22.886	0.004	0.02	24.245	0.001	0.004
76	Aluminium and articles thereof	270.850	3.792	1.4	242.111	5.650	2.33
78	Lead and articles thereof	3.796	0.002	0.05	2.617	0.004	0.15
79	Zinc and articles thereof	25.785	0.000	—	18.273	0.005	0.03
80	Tin and articles thereof	3.040	0.000	—	1.970	0.000	—
81	Other base metals; cermets; articles thereof	133.071	0.023	0.02	149.269	0.012	0.008
82	Tools, implements, cutlery, spoons & forks of base metal; parts thereof	121.600	0.672	0.6	110.862	0.835	0.75
83	Miscellaneous articles of base metal	108.282	1.956	1.8	100.459	1.728	1.72
84	Machinery and mechanical appliances and computer equipment	4,255.995	4.594	0.1	3,847.277	3.382	0.09
85	Electrical machinery and equipment, sound and TV recorders and reproducers; parts.	5,352.849	7.022	0.1	4,842.850	4.961	0.10
86	Railway locomotives, rolling-stock and parts thereof	30.676	0.329	1.1	102.055	0.506	0.5
87	Vehicles and their parts	2,322.077	1.369	0.06	2,183.561	0.928	0.04
88	Aircraft and parts thereof	462.893	1.066	0.2	947.426	0.322	0.03
89	Ships, boats and floating structures	22.582	0.001	0.004	8.107	0.000	—
90	Optical, photographic, measuring and medical instruments	1,285.994	1.294	0.1	1,193.084	1.566	0.13
91	Clocks, watches and parts thereof	46.144	0.068	0.1	50.991	0.068	0.13
92	Musical instruments	10.868	0.010	0.09	10.439	0.008	0.08
93	Non military arms	0.000	0.000	—	0.000	0.000	—
94	Furniture; bedding; lamps; medical furniture; prefabricated buildings	379.633	4.566	1.2	385.224	4.752	1.23
95	Toys, games and sports requisites; parts and accessories thereof	116.641	0.591	0.5	111.532	0.182	0.16
96	Miscellaneous manufactured articles	73.476	0.502	0.7	65.584	0.427	0.65
97	Works of art, collectors pieces and antiques	23.592	0.004	0.02	47.300	0.001	0.002

US\$ millions – May 2003