

**Record of Discussion of the 2<sup>nd</sup> Joint Meeting of Business Development Cooperation between India and Colombia held on 11.02.2013 at New Delhi.**

The 2<sup>nd</sup> Meeting of the Joint Committee for India - Colombia Business Development Co-operation was held in New Delhi.

2. List of participants from both sides is attached.

3. At the outset, JS (RA) welcomed the Colombian delegation led by Mr. Carlos de Hart Vice Minister of Entrepreneurial Development, Colombia (VM). After a brief introduction by both sides, the meeting started with opening remarks by CS.

4. CS gave an overview of the Indian economy and expressed his pleasure at the growth of trade between the two countries and mentioned that there are many similarities between the two countries on the grounds of culture and life styles. He mentioned that Colombia has become an increasingly important export destination for India in Latin America. CS emphasized the role of public private partnership which can be mutually beneficial to the India-Colombia Investment relationship with both countries benefiting from each other's expertise.

5. CS further mentioned that the signing of BIPPA between the two countries is a step forward which would ensure protection of investment of both the countries. On DTTA, CS hoped that it will be ratified by the Government of Colombia at the earliest. He also mentioned that the proposal for setting up JWG in the identified six key potential areas viz. Pharma/ Biotech, IT, Fast Moving Consumer Goods (FMCG), Auto/ Engineering, **Infrastructure** and Textiles would pave way for enhancement in trade between the two countries.

6. VM reciprocated the sentiments and mentioned that the process of DTTA ratification is in process and there are no contentious issues, hopefully it will be ratified by the Government by early 2014, due to the legal framework for the ratification of international agreements. VM mentioned that the Colombian Modern Industrial Policy is targeted at increasing jobs, productivity, entrepreneurship in the economy, financing of companies for promotion of industry, infrastructure improvement and development of international chains of value in various sectors. VM expressed that there is huge potential of growth in value chains leading to better and higher value of goods and services. The purpose of this meeting should be to specify the sectors where both countries concentrate their energies in those sectors to improve the investment and trade. He mentioned that India can extend its cooperation in technological information sharing, knowledge transformation in software, automotive parts, BPO etc. and that Colombia with its many FTA partners can become a launch pad for Indian goods manufactured in Latin America.

7. AS (MP) gave an overview of the bilateral trade between India- Colombia. He mentioned that the bilateral trade between the two countries has been growing over

the years. It has increased from US \$ 844 million in 2007-08 to US \$ 1451 million in 2011-12, registering a growth of 72% during 5 years. This is 5% of the total trade of India with all Latin American countries. During 2011-12, India's exports to Colombia were US\$ 892.42 million, while India's imports from Colombia in the same year were US\$ 559.04 million. The provisional figures for 2012-13 already show a doubling of imports from Colombia though there is a decline in exports. Given the below potential trade, both sides need to build some basic fundamentals to enhance the bilateral trade by widening the basket of commodities and added value goods.

8. JS (RA) then invited the Colombian side to present their issues of concern.

### Colombian Issues:

#### 9. Review of tariffs on Coffee

The Ambassador of Colombia, Mr. Juan Alfredo Pinto Savedra mentioned that Colombia is the producer of highest quality of Arabica Coffee. It is the fourth largest coffee producer, with about 8% global production of Arabica Coffee (8-9 m bags of 60 kg each ). Colombia is very keen in exporting coffee for the consumption in the Indian market, particularly for the elite consumers and coffee chains like Barista, CCD etc.

The applied import duties (MFN tariffs) on green and R&G coffee are 100% in India whereas it is 30% on instant coffees. This kind of arrangement of inverted duty structure is not favourable for import of raw coffee in India.

AS (MP) explained that India is the 6<sup>th</sup> largest producer of Coffee (about 4% of global production) producing about 5.233 m bags (213000 MT) of Arabica and robusta. Import of raw coffee is allowed duty free for processing and re-export after value addition by Export Oriented Units (EOUs). This has resulted in substantial increase in import volumes from about 5000-6000 MT prior to 2003 to over 46000 MT during 2011-12. Out of the total imports during 2011-12, about 99% constituted the green coffee component. The Export Oriented Units largely import low quality Robusta coffee for value addition and re-export.

CS mentioned that we will hold stake holder consultations to explore the possibility of import of Colombian Coffee into India. Regarding this issue, Colombia explained its point remarking that the country is not only interested in export green coffee to India to be re-exported, nevertheless, the country is interested about the supply of coffee gourmet niche market in India and agrees to make further consultation about this topic with the authorities of the coffee sector in Colombia and India.

**(Action: Joint Secretary, Plantation Division, D/o Commerce)**

## 10. Assessment of investments

VM mentioned that there are many Indian companies in Colombia but half of them are only having commercial presence and the rest half are in services and production. Colombia would want sustainable investment for solid consolidated value chains. There is a huge market for investment in Automotive sector. There is an established local auto parts industry which can serve as a support for automotive industry.

VM and CS expressed that India & Colombia should explore the feasibility of FTA encompassing the trade and investment.

JS (DIPP) suggested that we should establish B2B mechanism like a Joint CEO Forum for better and deeper interaction of businessmen from both sides. We should have investment related facilitation process in place which can begin with exchange of information. The connectivity has to be improved by way of direct air connection.

Colombian side welcomed the idea of CEO Forum and decided that both sides should work on the proposal and endeavour to formalize it by the time Colombian Presidential visit which is likely to take place by the end of May 2013.

**(Action: Joint Secretary, DIPP)**

## 11. Situation of the market of ferronickel

Colombian side explained that they are a large producer and exporter of ferronickel. During 2007 Colombia used to export ferronickel worth US\$ 40 Million to India. However, subsequently due to internal problems and recession, the production and export were drastically reduced. In 2010 India increased the tariff on ferronickel but reduced the tariffs on scrap. This had a negative effect on import of Ferronickel from Cuba and Colombia. The Ambassador requested that the review of tariffs may kindly be undertaken and steps be taken to import primary raw material along with the scrap.

CS suggested to the Colombian side to submit a non-paper on this issue to enable us to take it up with the concerned Ministries.

## 12. Co-operation in tourism (Boat Houses promotion)

The Colombian side mentioned there is a scope in Colombia to develop projects like Boat House as in the State of Kerala. They would be very keen to learn and explore the potential of such activities in their own coastal areas.

CS was pleased with their interest in Kerala Tourism. The representative from Ministry of Tourism requested the Colombian side to send a formal proposal to them through Ministry of External Affairs for consideration for inviting the delegation and exploring ways to collaborate. CS further mentioned that there are institutions of excellence in Hotel Management and Tourism and Colombian side could consider participation and collaboration with such institutions for a long term relationship. We could even consider instituting scholarships to enable Colombian students to study in these Institutions.

**(Action: Ministry of Tourism)**

**Indian Issues:**

**13. Laying down of optic fiber cables in Colombia**

JS(RA) mentioned about the interest of Indian companies in laying down of optic fiber cables etc. in Colombia. However, the Indian companies have not been awarded any Contract for the same so far.

VM informed that Colombia is laying optic fiber cables for connecting 1100 Municipalities and that Indian companies are most welcome to participate in the process as Indian companies have an edge of competitiveness over the western companies. VM informed that the process of granting infrastructure contracts is open, however, they will check on the details of the contracts being awarded to various companies. VM suggested submission of a non-paper by India on the issue to enable them to take it up with the concerned Ministries. VM further mentioned that they are undertaking a huge project for developing housing for the poor and this development would require that these houses be connected with the Municipalities and are provided with full amenities including broad band connectivity.

**(Action: Joint Secretary, D/o Electronics and Information Technology)**

**14. Smoothening in obtaining Colombian business visas**

JS (RA) complimented the significant improvements by Colombia in the visa services but stated that there is a further scope for streamlining. JS (MEA) mentioned that Colombian side could consider waiver of Visa as is the practice in Mexico, who is their Pacific Alliance Partner.

The Colombian side explained that the business Visas are granted within 24-48 hours and the documents required are minimum. The issue could be regarding grant of work permit which is different than the Visa, however, the Indian businessmen do get confused between the two.

It was decided to relook at the Colombian Visa requirement and shift the issues for consultation with the partners at the Pacific Alliance.

**(Action: Joint Secretary (LAC), M/o External Affairs)**

6/06/9



## **15. Setting up of India-Colombia Joint Working Groups**

Both the sides agreed for setting up of India Colombia Joint Working Groups in five potential areas, namely Pharma/ Biotech, IT, Fast Moving Consumer Goods (FMCG), **Infrastructure**, Auto/ Engineering and Textiles. These working groups would help identify specific opportunities and also the impediments confronting bilateral cooperation in these areas. As far as mining is concerned, which is a big potential area, there is already a Committee envisioned under the MOU between the Ministries of Mines of India and Colombia. VM requested for a draft proposal detailing the structure and modalities of setting up of JWG's which will be duly considered by Colombian side.

*(Action: DIPP/ Ministry of External Affairs)*

## **16. Interest of Indian companies in developing transport infrastructure in Colombia.**

JS (RA) expressed the keenness of Indian Public Sector Companies like RITES / IRCON in collaborating in developing the transport infrastructure in Colombia, given its far-flung and difficult internal terrain. Several companies from India who are interested particularly in coal mining in the interior see lack of transport infrastructure as a major impediment. Railway practically does not exist.

VM welcomed the interest of Indian Companies.

## **17. Imposition of Tariff duty on import of textiles from Non FTA partners**

JS (RA) pointed out that a decree dated 30.1.2013 has been issued by Colombia imposing ad valorem tariff and specific tariff on certain finished textile products. The tariff has been imposed only on imports from countries which do not have commercial agreements with Colombia. This will lead to an adverse effect on Indian exports to Colombia.

VM explained that this is only for Apparels and has been introduced to counter the mis-declarations in valuation of goods.

CS suggested that if valuation is the main concern then India Colombia should consider working on the MOU/agreement between Customs' authorities regarding valuation rules, which will be a positive feature unlike imposing tariff on non FTA partners thereby affecting Indian exports.

*(Action: Joint Secretary, M/o Textiles)*

## 18. Potential Areas of Cooperation

JS (RA) further highlighted the areas of co-operation namely hydrocarbons, information technology & industrial technology, pharmaceuticals, chemicals, textiles, automobiles & auto-parts, mining, machineries, infrastructure development, etc. which have a vast potential for developing commercial relations between the two countries.

OVL is present in Colombia's Development, Production and exploration Project. There is still scope of development in other areas, but it will require long term commitments from Colombian side. The current contract is only up to 2021.

VM suggested submission of a non paper on the issue which he will take up with the concerned department.

## 19. Presentation Session

In the afternoon both sides made following presentations:

### Presentation by Colombian side

General Programme of Productive Transformation	Juan Carlos Garavito
Auto parts sector	Juan Carlos Garavito
Software & IT sector	Alejandro Delgado
BPO &O sector	Alejandro Delgado

### Presentation by Indian Delegation

Engineering sector	Dr. Rana Roy
Software & IT sector	Partha Sarathi Guha Patra
Skill Development Initiatives	Ms. Pooja Gianchandani
Investing in India	Dr. Anupam Srivastava

**List of Participants**  
**COLOMBIAN DELEGATION**

S.No	Name	Designation
1	Mr. Carlos Andrés de Hart Pinto	Vice Minister of Entrepreneurial Development
2	Mr. Juan Alfredo Pinto Savedra	Ambassador of Colombian to India
3	Mr. Santiago Pardo (To be confirmed)	President, National Federation of Coffee Growers, Tokyo
4	Mr. Augusto Castellanos	Representative, Proexport- Commercial Office, New Delhi
5	Mr. Juan Carlos Garavito	General Manager- Programme of the Productive Transformation
6	Mr. Alejandro Delgado	Coordinator BPO & O- PTP
7	Mr. Santiago Schlesinger	Coordinator Auto parts & Vehicles- PTP
8	Ms. Ana Karina Quessep	Executive Director- Colombian Association of Contact Centres & BPO
9	Francisco Manesses	First Secretary of Foreign Relations
10	Pierangelo Gandini Rossi	Counselor in Charge of Consulate Affairs
11 *	Gustavo Mekanaky	Counsellor in Charge of Economic Affairs

**INDIAN DELEGATION**

S.No.	Name	Designation
1	Mr.S.R.Rao	Commerce Secretary
2	Mr. Madhusudan Prasad	Additional Secretary, Department of Commerce
3	Mr. Rajeev Arora	Joint Secretary, Department of Commerce
4	Mr. Sudhanshu Pandey	Joint Secretary, Department of Commerce
5	Mr. Dammu Ravi	Joint Secretary, Ministry of External Affairs
6	Mr. Atul Chaturvedi	Joint Secretary, Department of Industrial Policy & Promotion
7	Mr. Sushil Lakra	Industrial Adviser, Department of Heavy Industry
8	Mr. K.K. Sinha	Industrial Adviser, Department of Industrial Policy and Promotion
9	Ms Heena Usman	Deputy Secretary, Ministry of Tourism
10	Mr. Navin Kumar Singh	Chief Technical Adviser, Heavy Engineering Corporation Ltd.
11	Ms Shubhra	Director, FT (LAC)