

**Summary Record of Discussion (RoD) of Inaugural Event of B2B Meetings at Bogota,  
Colombia on 30<sup>th</sup> August 2011**

The inaugural function of the B2B meetings was chaired by Dr. Rahul Khullar, Commerce Secretary (CS). Other participants included HE Riewad V. Warjri, Ambassador of India to Colombia. Mr. Aman Chadha, Chairman, EEPC India, officials from the Ministry of Trade, Industry and Tourism, Government of Colombia, representatives of the Colombia-India Chamber of Commerce, representatives of Indian companies comprising the business delegation, representatives of various Colombian businesses and media persons.

2. At the outset, Ambassador Warjri welcomed all participants and highlighted the key landmarks in the fast growing and deepening economic ties between the two countries. He mentioned the growing trade between the two countries, significant investments by Indian companies in Colombia and the immense goodwill that existed for India in all walks of Colombian society.

3. Commerce Secretary explained that his visit to Colombia with a business delegation to attend the first meeting of the Joint Business Development Committee was in response to the invitation to that effect extended during Vice Minister, Mr. Carlos de Hart's visit to India. CS mentioned in this context that some time ago India had chalked out a strategy to deepen its economic ties with regions like Latin America, which offered a vast unexploited potential for such enhancement. He mentioned that the outcome of the strategy was visible today in the bilateral trade figures, which had crossed a billion dollars. CS commented on the uniqueness of the India-Colombia relationship and the special place Colombia occupies in India's quest for furthering global economic ties. He mentioned that the Feria de Bogota International Fair, in which EEPC India participated with 151 companies, was a huge success. He stressed the point that while Governments could facilitate, it was for businesses to realize the potential through their actions along the direction that made business sense for them.

4. CS observed that the issue of geographical distance was more one of perception than a real physical constraint. The need of the hour was to overcome this perception of distance that existed essentially in the mind. Businessmen were quick to spot opportunities of gain, and brought face to face would quickly overcome it. In this regard, India's presence in the Bogota International Fair last year and the subsequent business delegations that have visited Colombia are testimony to the shrinking distance.

5. CS highlighted the vast growth potential of the India-Colombia economic relationship. While a huge domestic economy sustains India's growth, its exports are also increasing at a rapid pace. India possesses considerable expertise in the IT sector and produces affordable pharmaceuticals and generic drugs, as also some of the world's best engineering goods. Similarly, Colombia supports India's energy requirements with its supply of petroleum, coal, etc. The complementary export and import profile of both countries has created a situation where mutual cooperation is a win-win.

6. In conclusion CS shared his views on the ongoing phenomenon of a shift in economic balance from the developed to the emerging developing world. Traditional markets and economies of the developed countries were unlikely to grow as they have in the past. The prospects for the coming two years were particularly uncertain. In this scenario, South-South trade assumed heightened importance and was here to stay. Developing countries would need to reach out to each other to sustain their growth momentum.

7. Chairman, EEPC India, while praising the initiatives taken by the Department of Commerce, GoI, drew the attention of the audience to the need to improve air connectivity between India and Colombia and introduce direct shipping connections. He also indicated the possibility for creating a more conducive tariffs scenario.

**Summary Record of Discussion (RoD) of the Meeting of the Joint Business Development Committee, co-chaired by Commerce Secretary and Carlos Andres de Hart Pinto, Vice Minister of Entrepreneurial Development/ Industry at 9AM on 31.8.2011**

In addition to a general review of trade and investment issues, the following specific issues came up for discussion during the meeting:

- (a) Growth in bilateral trade and need for export diversification.
- (b) Investment friendly norms of the Govt. of Colombia.
- (c) Problems in obtaining Colombian business visas.
- (d) Restrictions on the number of foreigners that can be employed by a company in both countries.
- (e) Difficulties for Colombians visiting India on account of yellow fever vaccination requirements.
- (f) Possibility of a trade agreement between India and Colombia.
- (g) Ratification of the BIPA and the DTAA.
- (h) Non-utilization of the Line of Credit extended by EXIM Bank, India.

2. The summary record of the discussion on these issues is described in succeeding paragraphs.

3. *Growth in Bilateral trade and need for export diversification:* Commerce Secretary highlighted the broadly balanced and growing bilateral trade between the two countries. He observed that given the long term scenario of India's energy requirements, this component of Colombia's exports would have sustained demand. He felt, however, that there was a need to both diversify and increase exports between the two countries. One option that offered several advantages, given issues like geographical distance etc., was manufacturing and service delivery oriented investment in Colombia targeting provision of goods and services in Colombia and export to the rest of Latin America. This would also create employment and demand for intermediates / other inputs in Colombia. This approach would require an investor friendly policy by the Govt. of Colombia. Another possibility was for India to build on its export strengths in the area of pharmaceuticals, chemicals, and auto components and vehicles through offshore supply. These options were not mutually exclusive and the effort should be to quadruple trade in the next 3 years through a combination of all options.

4. *Investment friendly norms of the Govt. of Colombia:* The VM and his team welcomed the suggestions mentioned in Para 3 above and informed that Colombia had one of the most liberal policy environments in Latin America regarding land ownership and investment. They also had a very liberal free trade zones policy offering duty free access to inputs etc., and a preferential tax rate of 15% as compared to normal rate of 33%.

5. *Problems in obtaining Colombian business visas:* CS raised the issue that a Colombian visa was one of the most expensive in Latin America, wherein the total cost involved was about \$300. In contrast, the cost of a Brazilian visa was \$150 and Argentina offered a five year multiple entry business visa free of cost under a bilateral agreement with India. Further, under the current norms, several documents and certificates had to be translated into Spanish and provided, and it took over two months for obtaining visas even for short duration, short notice trips due to pre-approval requirements involving a multiplicity

of departments, which added to the cost and contributed to delay. CS also mentioned the need to recognize the nuances involved in issue of visas for professionals coming to Colombia on account of the parent company being contracted by a Colombian client for providing services in Colombia, as opposed to working in an individual capacity. Such professionals visit Colombia for short durations and often at short notice. However, the visa process for them also involves an extensive and time consuming procedure. CS requested the VM and his team to explore the possibility of simplifying the current visa procedures for which a bilateral agreement could be signed, as also explore the possibility of introducing a technical workers' visa for professionals travelling on behalf of their company for servicing a client in Colombia. VM informed that the Ministry of Foreign Affairs is currently undertaking consultations for revision of the visa norms and his Ministry would provide suitable inputs to enable suitable resolution of these issues.

6. *Restrictions on the number of foreigners that can be employed by a company in both countries:* Colombia does not allow employment by companies of foreign nationals in excess of 10% of the work force. This restricts possibilities for Indian professionals to join Colombian firms, especially in the IT sector. The VM informed that they were already in the process of removing this restriction. The Colombian Ambassador to India raised the issue of a Colombian food processing firm located in Manesar, Haryana which was facing such difficulties with regard to employment of non-Indians in its work force. CS explained that such restrictions were imposed in 2009 due to certain well known concerns related to influx of unskilled labour from a third country. However, he requested the Ambassador to provide further details so that a suitable resolution could be worked out.

7. *Difficulties for Colombians visiting India with regard to vaccination against yellow fever:* The Colombian Ambassador mentioned that there were some cases recently where Colombian nationals reaching India without yellow fever vaccination certificates were prevented from entering the country even though they were elderly and the epidemiology of the disease in such cases merited a lenient approach. The Indian Ambassador to Colombia mentioned that this was in their knowledge and was being taken up appropriately.

8. *Ratification of the BIPA and the DTAA:* A Bilateral Investment Protection and Promotion Agreement was signed between the two countries in 2009. It has been passed by the Colombian legislature and was pending review by the Constitutional court. The Colombian side informed that this process takes anywhere between 3 to 6 months, and efforts would be made to expedite it. The Double Taxation Avoidance Agreement that was signed in May 2011 is yet to be passed by Congress, following which it would be placed before the constitutional court. The Colombian side promised to expedite these processes.

9. *Possibility of a trade agreement between India and Colombia:* A representative from Colombia's Ministry of Foreign Affairs was present. He mentioned that Colombia is negotiating FTAs with countries like Panama, Korea and Turkey, and India was a priority country for a suitable trade agreement, possibly a PTA. Commerce Secretary welcomed this interest. He, however, clarified that India prefers to negotiate FTAs rather than PTA's, given the limited gains realized from such exercises in the past. Further, for India, any agreement must include both goods and services. He mentioned that a decision to negotiate a suitable trade agreement is taken on the basis of a joint study group report that identifies the feasibility of such an agreement and its likely benefits to both countries. However, approval of the Cabinet Committee on Trade and Economic Relations (TERC) is necessary before the initial step of setting up a joint study or any subsequent step can be taken. Hence, a formal expression of interest by Colombia would enable proceeding further along the above lines. The VM expressed his agreement with this approach and clarified that Colombia would not be handicapped by its membership of the Andean Community to negotiate an FTA with India by itself, and things would move faster if such negotiations were undertaken bilaterally rather than with a group of nations. The varying ideological positions across the Andean Community

members, which would make it difficult to pursue an agreement between India and that group of countries, was mentioned.

In response to a request from the Colombian side, it was clarified that the issue of tariff reduction on Colombian coffee (currently at 100%) could be taken up for discussion as part of the trade agreement negotiations. The Colombian Ambassador to India requested information on possible reasons for a decline in demand for Colombian Ferro-nickel / scrap exports in recent years, which eluded any logical explanation. It was agreed that an effort would be made to obtain and share information on this issue.

On the issue of removal of un-reasonable regulatory barriers impeding access to alternative forms of Indian medicine, it was agreed that these issues would be taken up under discussions proposed through the Health Sector MoU between the two countries.

The Indian Ambassador to Colombia raised the issue of considering the structuring of composite bidding packages in the Colombian steel sector to include aspects like mining, rail transportation facilities etc., given the broader interests and expertise of interested Indian entities.

10. *Non-utilization of the Line of Credit extended by EXIM Bank, India:* It was mentioned that there has been no utilization of this LoC by Bancoldex (Colombian Foreign Trade Bank). This has possibly been due to the interest rate regime adopted by Bancoldex and conservative practices in public entities, as opposed to private banks in Colombia. It was decided that EXIM Bank may be requested to provide a detailed report to the Indian Ambassador to enable the matter to be taken up with officials concerned of the Govt. of Colombia.

11. Two presentations covering the auto parts & vehicles sector and the IT & BPO sector were made by Colombian officials to outline possibilities for investment and participation by Indian companies. While the presentations provided useful insights on these sun rise sectors in Colombia, Commerce Secretary clarified that such matters were largely driven by the private sector and Colombia would have to make special efforts to reach out to private companies. He mentioned that India would welcome a business delegation from Colombia, which could be facilitated to get in touch with interested Indian businesses to pursue this objective.

8. The representative from the Ministry of Trade, Industry and Tourism, Government of Colombia welcomed the Indian delegation and reiterated the growing importance and vast growth potential of the India-Colombia economic relationship. The Chairman, India-Colombia Chamber of Commerce, Bogota expressed his deep appreciation of Indian companies and their products. He went on to invite India to participate in the upcoming edition of the Bogota international Fair in 2012 and mentioned that a special India pavilion would be set up for Indian companies.

9. After the inaugural function CS was interviewed by a large number of key media persons from the Colombian media, who were keen to know about the visit and its objectives. This was reflected in the very extensive media coverage of the visit in the Colombian press. Following the inaugural function, extensive business to business (buyer-seller) meetings were held between the business members of the delegation and various Colombian companies.

10. CS chaired a luncheon meeting with the key participants of the inaugural event mentioned above. The meeting also included prominent business figures from Colombia. Vice Minister for Entrepreneurial Development and Industry, Mr. Carlos de Hartwas also present. The vast opportunity for Indian and Colombian companies to do mutually beneficial business was extensively discussed. CS mentioned that he hopes to see bilateral trade with Colombia quadruple over the next 3 years.



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Summary Record of Discussion (RoD) of Meeting with Ms. Maria Carolina Hoyos Turbay, Vice Minister, IT and acting Minister, IT, Government of Colombia at 5PM on 30.8.2011

After exchanging pleasantries, Minister IT (acting), Ms. Turbay shared the Government of Colombia's ambitious IT ('Vive Digital') plans with Commerce Secretary. She stated that they were looking at:

- a) Quadrupling access to internet by 2014 so as to provide 8.8 million connections in the country.
  - b) Connecting 50% of all MSMEs and households with internet by 2014.
  - c) Tripling the number of municipalities connected to the information highway by 2014, for which IT infrastructure was being created to ensure that 700 municipalities were connected by then to the internet.
2. The Minister sought India's support for the following:
- e-governance projects, particularly those related to municipal and other public services.
  - Promoting development of mobile applications. *(it was mentioned that in Feb 2011 mobile penetration in Colombia was 100% and they are now looking at the possibility of establishment of tele-centres to provide services to citizens)*
  - Preparation of a cyber security policy / approach for the government, possibly through visits by Colombian officials for capacity building to India.
  - An e-citizen project, on the lines of the UID project in India.
  - Provision of more information on the development of the \$35 laptop in India.
3. Commerce Secretary welcomed the proposal for a visit by a delegation of officials / experts from Colombia for exposure and capacity building. He mentioned that several e-governance projects were being implemented successfully in India. It would be appropriate for Colombia to identify the sectors of their interest to enable capacity building exposure to be arranged on the lines requested above. The Minister agreed to provide a detailed note on the subject to enable the capacity building support to be arranged.
4. The Minister mentioned that bidding for development of the fiber-optic network in Colombia was underway and Indian companies were welcome to participate.
5. The Minister also indicated that she was keen to visit India in March 2012 to pursue training under ITEC. CS welcomed the proposal and requested Ambassador Warjri to ensure necessary facilitation.
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Summary Record of Discussion (RoD) of Meeting with Ms. Monica Lanzetta Mutis, Vice-Minister of External Affairs at 7PM on 30.8.2011

At the outset, the VM mentioned that the Government of Colombia was extremely keen to strengthen its relations with India. She was planning to visit India in October 2011 as part of a working group for cooperation in Health, Bamboo and IT. Her visit would also serve as a preparatory for the visit of the President of Colombia, who was looking forward to visiting India early next year.

2. Commerce Secretary responded by welcoming her plans for the forthcoming visit to India. Expressing satisfaction at the upward trend in bilateral trade relations, he emphasized the need for export diversification by both countries. He invited the VM to discuss opportunities for industrial cooperation and investment with the Ministry of Commerce and Industry during her visit to India.

3. Commerce Secretary also raised the issue of difficulties like high cost and delay faced by Indians in obtaining business visas to Colombia. He pointed out that trade will grow only if businessmen can travel freely from India to Colombia and vice versa. VM promised to examine this issue further and explore a suitable resolution. She in turn made a request regarding issue of work visas for spouses of diplomats. *(A request to this effect has been made to MEA).*

4. The VM invited Commerce Secretary to send a delegation to the next edition of the Bogota International Fair, to be held in 2012.

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in BFR  
for Indus  
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