CHAPTER VII
BILATERAL AND MULTILATERAL TRADING ARRANGEMENTS
Bilateral and Multilateral Trading Arrangements

Bilateral and multilateral trading arrangements form a necessary feature of a country's commercial and trade set up. India happens to be no exception. These arrangements smoothen the flow of goods and services between India and any one nation (bilateral arrangement) or between India and a group of nations (multilateral arrangements). With the advent of GATT/WTO it is quite possible to presume the futility of such arrangements. Yet these exist to justify their specific contributions to the external trade regime of the country.

There are 65 Commercial Offices functioning in the Indian Missions/Posts abroad which are funded from the Budget of Department of Commerce. These Commercial Offices, working as units are attached to the Indian Missions. These include the office of the Ambassador of India to WTO in Geneva. The primary task of these Wings is to assist the Government in formulation of its trade & economic policies through regular feedback on the prevailing global market trends, trade activities, etc.

India and South Asia:

The South Asia region comprises Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. With the exception of Afghanistan, these countries have organised themselves as members of the South Asian Association for Regional Cooperation (SAARC).

Bangladesh is our largest trading partner in the region. The bilateral trade is carried out within the framework provided by the India-Bangladesh Trade Agreement, with mutually Most Favoured Nation (MFN) treatment accorded to each other. It provides for periodical review by the two Governments to monitor the implementation of the understandings agreed upon in the Agreement. The last Trade Review Talks at Commerce Secretary level were held in New Delhi on May 10-12, 2000. Major items of export to Bangladesh are Textiles, Machinery & Instruments, Rice, Wheat, Transport Equipment, Sugar, Manufactures of Metals, Oil Meals, Paper products and Coal, etc.

Major imports from Bangladesh are Made-up Textile Articles, Organic Chemicals and Jute.

Bhutan

The bilateral trade agreement between India and Bhutan provides for free trade and commerce. Commercial transactions are carried out in Indian Rupees and Bhutanese Ngultrums. India provides unhindered transit facilities to landlocked Bhutan to facilitate its trade with third countries. Bilateral trade and economic relations continued to run smoothly
during the year. India-Maldives trade is regulated in terms of the bilateral trade agreement signed in 1981.

Indo-Nepal relations on trade and other related matters are governed by the bilateral Treaties of Trade and Transit, and Agreement for Cooperation to Control unauthorised Trade. The Treaty of Transit as modified on 5th January, 1999, is automatically extendable for a period of seven years at a time, unless either party gave to the other a written notice, six months in advance, of its intention to terminate the Treaty. The Treaty of Trade and the Agreement for Cooperation to control unauthorised Trade which was valid up to December 5, 2001, have been extended for a period of three months up to March 5, 2002, on an ad-hoc basis.

Though under the international conventions, Nepal being a landlocked country, India is obliged to provide only one transit route to facilitate Nepal’s trade with third countries, 15 transit routes have been provided through the Indian Territory and more such routes can be added to the list with mutual agreement. In addition, facilities have also been provided for Nepalese trade with Bangladesh by road and rail route and with Bhutan by road route. Movement of Nepalese goods from one part of Nepal to another part of Nepal through the Indian Territory is also permitted. On the request of Government of Nepal, an additional transit route was opened during 1997 through Phulbari-Banglaband to facilitate movement of Nepalese goods to and through Bangladesh over a shorter distance.

Goods of Nepalese origin were allowed duty free entry in India as a special privilege given to that country. This, however, recently led to large scale duty free import into India of items using substantial inputs of third country origin with minimal value addition in Nepal causing injury to Indian industry, especially in case of vanaspati oil, acrylic yarn, zinc oxide, copper wire / rods, steel pipes and tubes, etc. As provided in the Treaty, the process of negotiations has been initiated for making modifications in the Treaty and its Protocols to address the problems faced by the Indian industry.

India’s trade with Pakistan is constrained by the discriminatory policy adopted by Pakistan against imports from India. While we accord MFN treatment to imports from Pakistan, they allow their private sector to import only out of a list of 600 items from India modified by Government of Pakistan from time to time. Despite bilateral discussions and our diplomatic demarches in this regard, Pakistan is yet to allow its trade with India on a free and MFN basis.
Sri Lanka has traditionally been an important export market for India, and is the second largest importer of Indian goods in the region after Bangladesh. The bilateral trade is carried out in accordance with the provisions of the Trade Agreement signed in 1961. The trade is in freely convertible currencies and on MFN basis. The trade has grown strongly in recent years, with India enjoying trade balance in our favour. Both countries are signatories to WTO, SAARC and the Bangkok Agreement. Within the framework of SAARC Preferential Trading Agreement and the Bangkok Agreement, mutual preferential trade concessions are extended to each other.

India and Sri Lanka have signed a Free Trade Agreement on 28th December, 1998, under which tariff on a large number of items would be phased out within an agreed timeframe. While India would reduce the tariff to zero in three years, Sri Lanka would do so in eight years. The two sides will maintain Negative Lists of items on which no duty concessions are given where protection to local industry is considered necessary.

North East Asia

North East Asia consists of China, Japan, Republic of Korea, Hong-Kong, Taiwan, Democratic People Republic of Korea, Macao and Mongolia. Japan, Hong-Kong, China and Republic of Korea are the major trading partners of India in this region. The major items of export to North East Asian countries are gems and jewellery, cotton yarn, fabric made ups etc., marine products, iron ore, plastic and linoleum products, drugs and pharmaceuticals and fine chemicals etc. The items being imported from this region include electronic goods, machinery, organic chemicals, pearls precious and precious stones, professional instruments, transport equipment, etc.

The highest trade turnover in this region is with Japan. The major items of export to Japan include marine products, gems and jewellery, iron ores, cotton yarn, fabric made ups, RMG cotton, etc.

The major items of exports to Republic of Korea are cotton yarn fabrics made ups, oil meals, wheat, drugs, pharmaceuticals and fine chemicals, iron ore, ferro alloys, etc. The Vice Minister, Ministry of Commerce, Industry and Energy of Republic of Korea visited India during October, 2001 and held a meeting with Commerce Secretary besides courtesy call on Minister of State for Commerce & Industry. The discussion covered areas of economic & trade cooperation between the two countries.
The highest export in NEA region is to Hong Kong. The major items of export to Hong Kong are gems & Jewellery, cotton yarn, fabric made ups etc., electronic goods, drugs & pharmaceuticals and fine chemicals and finished leather.

The major items of exports to China are plastic and linoleum products, marine products, iron ore, ores and minerals, drugs, pharmaceuticals and fine chemicals, cotton yarn fabric made up etc. The Vice Minister, Ministry of Foreign Trade and Economic Cooperation of People’s Republic of China visited India during November, 2001 and had a meeting with Minister of State for Commerce & Industry.

South East Asia

India’s trade with South East Asia region comprises trade with ASEAN countries (viz. Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei, Vietnam, Myanmar, Lao PDR and Cambodia), Australia, New Zealand and countries of Ocean The principal commodities for export to this region include oil meals, gem & jewellery, electronic goods, cotton yarn, fabrics, made-ups etc., machinery and instruments, primary and semi-finished iron & steel, drugs and pharmaceuticals, meat and meat products, marine products, manufacture of metals, dyes / intermediates and coal tar chemicals.

The major commodities of import from this region include coal/coke/briquettes, vegetable oils (edible), electronic goods, organic chemicals, machinery except electrical machinery, wood and wood products, non-ferrous metals, metaliferous ores and metal scrap, raw wool, pulses, wheat, electrical machinery.

India’s export to ASEAN countries witnessed a growth during this period. There was a marginal growth (0.85%) in the case of Australia. India’s imports from countries such as Fiji, Brunei, Cambodia, Myanmar, Philippines and Vietnam also registered a growth.

India has Joint Trade Committees with New Zealand and Thailand besides, Joint Working Groups on Trade with Philippines and on Energy and Minerals with Australia. In addition, there are Joint Commissions with Australia, Thailand, Vietnam and Malaysia in which trade matters are taken up. There is also a mechanism with Indonesia to review bilateral economic and trade relations at a senior official level.

Second meeting of the Indo-Australian Joint Working Group (JWG) on Energy and Minerals was held in New Delhi in April 2001. Bilateral economic and trade relations with Myanmar are reviewed through various meetings such as National and Sectoral Level serviced by Ministry of Home Affairs and also during VVIP visits from both sides. A strong delegation each from FICCI and CII accompanied the Hon’ble Prime Minister to Malaysia in
May 2001 and participated India-Malaysia Joint Business Forum meetings and other business interactions. Minister of State for Commerce & Industry also accompanied the Hon’ble Prime Minister to Malaysia. A number of bilateral trade related issues were discussed during the visit. The 10th India-Thailand Joint Trade Committee (JTC) meeting was held in New Delhi on 10 -11 September, 2001 where matters related to bilateral trade and investment were discussed.

India has established Joint Business Councils with Singapore, New Zealand, Australia, Malaysia, Indonesia, Thailand, Vietnam and Philippines. The meetings of the Council take place at frequent intervals in each others’ country wherein a wide range of issues of mutual interest are discussed. Such meetings also provide effective fora for businessmen to explore the potential for growth in bilateral trade and investment. A meeting of India-Thailand Joint Business Council (JBC) was also held in New Delhi on 11th September, 2001 back-to-back with the JTC meeting.

A Joint delegation comprising Malaysian Minister of Primary Industries, Datuk Seri Dr. Lim Keng Yaik and Indonesian Trade Minister Mr. Luhit D. Pandijitan visited India and called on Commerce & Industry Minister on 24th April 2001 and expressed their concern over hike in import duty on crude palm oil etc. A number of other issues of mutual interests in bilateral trade were discussed.

There has been a regular exchange of business delegations with countries in this region and also participation in trade fairs of mutual interest.

**INDO-EUROPE TRADE:**

The European Union (EU) presently consists of 15 countries, viz. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and UK.

Our major export commodities to Europe are gems and jewellery, textiles including yarn, fabrics, made-ups, readymade garments, drugs and pharmaceuticals, leather garments/goods/footwear, finished leather, machinery and instruments, manufactures of metals, handicrafts, transport equipments, coffee, dyes/intermediates, organic/ inorganic/ agro - chemicals, carpets, marine products, plastics and linoleum products, cashew, tea, electronic goods etc. Commodities with more than 10% share of our exports to Europe are gems and jewellery, RMG cotton including accessories and cotton yarn/fabrics/made-ups.

Our major import commodities from Europe are gold and silver, pearls, precious and semi-precious stones, machinery, project goods, electronic goods, organic chemicals, iron
and steel, professional instruments, transport equipments, medicinal and pharmaceutical products, machine tools, artificial resins, plastic materials, manufactures of metals, paper board and manufactures, metaliferous ores and scrap, non-ferrous metals, petroleum crude and products, etc. Pearls, precious/semi-precious stones and gold account for about 50% of our imports from Europe.

India’s share in EU’s global imports is around 1% and India ranks 17th as EU’s trading partner. With nearly 370 million citizens with high purchasing power and a common currency (Euro), it is also our largest potential market. Foreign Direct Investment (FDI) approved from EU countries in the post liberalisation period Foreign Direct Investment (FDI) approved from EU countries in the post liberalisation period are fuels (power & oil refinery), telecommunications, transportation industries, chemicals (other than fertilizers) and electrical equipments including computers software. More than 3000 technical collaborations have been approved with companies from EU countries. EU countries such as UK, Germany, France, Italy, The Netherlands, Belgium and Sweden are among the leading foreign investors in India. EU is one of the foremost opinion makers in the multilateral trade fora.

India and the EU countries have enjoyed healthy economic relations both individually and collectively. These relations are built on the foundations of (i) Indo-EU Cooperation Agreement on Partnership and Development which came into effect in August, 1994; (ii) Indo-EC Joint Commission and (iii) bilateral framework agreements in areas such as trade, investment, taxation, maritime transport, textiles, civil aviation, tourism, science and technology, agriculture, etc. India has agreements for investment promotion/protection with 11 countries of EU. Similarly, agreements for avoidance of double taxation exist with 13 countries in EU. There are other cooperation programmes such as Indo-German Export Promotion Programme, Indo-British Partnership Initiative and difference economic cooperation programmes with European Commission. These agreements/fora provide a permanent platform for constant review of bilateral economic and commercial relations.

The Second India-EU Summit was held in New Delhi on 23/11/2001. An India-EU Business Summit was also held during November 22-23, 2001 in conjunction with the political summit. The highlights of the summit, in respect of India-EU bilateral economic relations include signing of an agreement on science & technology, adoption of an IT vision statement, etc. As a forerunner to the summit interaction, the representatives of trade & industry of India and EU had undertaken a joint study in select sectors for enhancement of
bilateral trade & investment opportunities. The recommendations of the Summit would provide impetus for further stepping up of India-EU economic and commercial relations.

Notwithstanding the cooperation framework existing with the countries of European Union, India has been adversely affected by a number of non-tariff barriers in the EU such as health/sanitary and phyto sanitary standards, complex system of quota/tariff, packaging and labelling requirements, preferential trading arrangements, repeated and increased use of anti-dumping/anti-subsidy investigations against Indian products/goods etc. Considering the fact that India’s exports constitute a miniscule proportion of EU’s global imports, these developments have to be addressed appropriately by India’s trade and industry.

India’s trade relations with erstwhile Eastern and Central European countries

The group of erstwhile ‘Rupee Payment Area’ (RPA) countries comprising of 12 countries viz. Bulgaria, Macedonia, Albania, Federal Republic of Yugoslavia, Bosnia and Herzegovina, Croatia, Slovenia, Hungary, Slovakia, Czech Republic, Poland and Romania in East/Central Europe have always occupied an important place in India’s foreign trade. Trade with these countries has declined as compared to the level of US $ 777 million in 1990-91.

The disintegration of the COMECON countries has been a major development in this region causing decline in India’s trade with these countries. The associated reasons are dismantling of established State trading organizations, abolition of Rupee Payment System, severe liquidity constraints and weak financial structure of these countries. In the changing scenario, most of these countries are looking towards west and attempting to integrate themselves with the West European economy. All the countries of the erstwhile Eastern and Central Europe have applied for Membership of EU and some of them are front-runners for accession to EU.

Bilateral agreements on trade and economic cooperation already exist with most of the East European countries. At present, negotiation is going on for conclusion of trade agreements with the Federal Republic of Yugoslavia and Albania. The trade agreement with Bosnia & Herzegovina has been initiated by the concerned Indian Ambassador and is expected to be signed early.

Government has taken a number of steps to boost the level of trade with the erstwhile RPA countries such as conclusion of new trade agreements providing for trading in freely convertible currencies, counter trade arrangements, exchange of official and business
delegations, participation in mutual trade fairs, exchange of economic and commercial information, opening of new diplomatic missions and trade representations, conclusion of agreements for infrastructure development, encouragement for establishment of joint ventures, etc. It is felt that establishment of appropriate institutional arrangements including banking and credit facilities will be the key to a successful trade and economic relationship with these countries.

The Chairman of the Foreign Policy Committee of the Romanian Senate called on the Honourable Minister of State for Commerce & Industry in November, 2001 and discussed issues on bilateral trade and economic cooperation. The Deputy Prime Minster of the Federal Republic of Yugoslavia who is also the Minister for Foreign Economic Relations and International Trade is scheduled to visit India on the invitation of Honourable Minister of Commerce & Industry which will provide a good opportunity to review bilateral trade relations and exchange of views for expansion and diversification of areas of economic and commercial cooperation between the two countries.

Institutional Arrangements

Institutional arrangements in the form of Joint Commissions/Joint Committees exist with almost all countries of Europe for undertaking periodical review of bilateral relations. During the year under report such meetings have already been held with France and Slovak and such meetings are planned with Italy, Spain, Croatia and Romania.

COMMONWEALTH OF INDEPENDENT STATES AND BALTIC STATES (CIS &B)

FT (CIS&B) Division deals with India's bilateral trade relations with CIS region consisting of 12 countries namely, Russia, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, (the last 5 countries jointly referred to as the Central Asian Republics) and 3 Baltic States namely Latvia, Lithuania and Estonia. Russia occupies an important position in India's foreign trade and the five Central Asian Republics have been identified as thrust area for our trade.

The principal commodities of our export to the region include tea, coffee, tobacco, cashew, leather, footwear of leather, drugs, pharmaceuticals, fine chemicals, spices, rice (other than basmati), processed minerals, cosmetics and toiletries, cotton yarn fabric, RMG cotton including accessories. Pulp and waste paper, cotton raw and waste, metaliferous ores and metal scrap, organic chemicals, fertilizers, newsprint, iron and steel, non-ferrous metals,
machinery except electrical and electronics, transport equipment, project goods, etc. are the important items of our import from this region.

Bilateral framework agreements on trade and economic cooperation have already been concluded with all the countries except with Azerbaijan. Negotiations are already on with Azerbaijan for signing the agreement. For trade with these countries Most Favoured Nation (MFN) treatment has been accorded.

Russian Federation which, represents the major portion of the former USSR, continues to be India's single most important economic partner in the region.

The bilateral framework Agreement on Trade and Economic Cooperation with Russian Federation signed on 22nd May, 1992, provides that all transactions between the two countries would be undertaken in hard currency unless otherwise specified by inter-governmental agreements. The only exception with Russia is that trade is also carried through debt repayment route and Escrow accounts. The bulk of our exports to Russian Federation are through these routes.

During the Seventh Session of Indo – Russian Working Group on Trade and Economic Cooperation held at Moscow in January, 2001 both sides had a frank and constructive approach to resolve various issues, i.e., consignment sale, pending claims, opening of banks and broad basing the trade basket for boosting bilateral trade.

The meetings of Joint Commission / Working Groups are held in each other's country on an annual basis. During the year 2001 – 02, the following meetings were held or are likely to be held to discuss various matters concerning bilateral cooperation:

(a) Under the aegis of Indo – Russian Working Group on Trade and Economic Cooperation (WGTEC) for which the Department Of Commerce is nodal, the Fifth Meeting of the Indo – Russian Sub – Group on Banking and Financial Matters was held at Moscow in May, 2001.

(b) The Eighth Meeting of the Indo – Russian WGTEC, Sixth Meeting of the Indo – Russian Sub – Group on Banking & Financial matters and the Eighth meeting of the Indo – Russian Sub – Group on Transport are likely to be held in the first quarter of 2002.

A delegation led by H. E. Mr. M. E. Nikolayev, President of the Republic of Sakha, Russian Federation visited India in February 2001.
Honourable Prime Minister of India, Shri Atal Bihari Vajpayee, visited Moscow in November 2001, wherein discussions on various issues concerning bilateral cooperation were also held.

The Second Meeting of Indo – Belarus Joint Commission was held in New Delhi in February 2001 wherein various issues concerning bilateral trade & economic cooperation were discussed.

The Second Meeting of Indo – Armenia Joint Commission was held in Yerevan in July 2001 wherein various issues concerning bilateral trade & economic cooperation were discussed.

The First Session of Indo – Tajikistan Joint Commission was held in New Delhi in December 2001 wherein various issues concerning bilateral trade & economic cooperation were discussed.

**Trade Promotion Activities:**

- There is a regular exchange of delegations with countries in this region by participation in trade fairs of mutual interest and exchange of trade related information.

- Bilateral trade and economic cooperation between India and these countries is regularly reviewed through the bilateral Joint Commission / Working Groups and Joint Business Councils.

- There is a regular interaction between the governments for enhancing bilateral trade and economic cooperation.

- For ensuring greater presence of Indian banks in Russia, State Bank of India in partnership with the Canara Bank is likely to start its operation in Moscow shortly.

- India has signed a Trilateral Transit Agreement with Iran and Turkmenistan, which will help to boost our trade with the countries of Central Asian Republics. This Agreement would reduce the time taken in shipment to these countries.

- An International Transit Agreement "North – South Corridor" has been signed between India, Iran and Russian Federation for movement of goods via Iran, Caspian Sea and Astrakhan to Russia. The advantages of this Agreement are as follows:
  a) The Agreement will provide a shorter route for trade to Iran, Russian Federation and beyond. Transit movement will better and faster.
  b) Exports will get a competitive advantage. There will be saving in cost and time. Preliminary indications are that this corridor can facilitate 20% reduction in delivery time and about the same savings in transportation costs also.
Indo-USA bilateral trade

USA is India's largest trading partner and plays a dominant role in India's trade. India accounts for only 1% of USA's total exports and imports. India's exports to USA have been growing at rapid pace. Our exports to USA have more than doubled during the period 1991-92 to 2000-2001.

Indo-Canadian bilateral trade

Exports from India to Canada constitute 1.47% of India's total export while India's import from Canada constitutes 0.78% of India's total import during 2000-2001. India accounts for mere 0.32% of Canada's import. Indo-Canadian bilateral trade has increased from US$ 472 million in 1991-92 to US$ 1,037.27 million in 2000-2001, registering nearly two-fold increase within a period of ten years. Our exports have increased by more than two-times and the imports by about one and half times. The balance of trade has always remained in favour of India for the last three years. The major commodities exported to Canada are RMG Cotton including accessories, Cotton yarn, fabric, made-ups etc, Primary & semi-finished iron & steel, Drugs, pharmaceuticals& fine chemicals, RMG man-made fibres, Gems & Jewellery. The major import items are Newsprint, Pulp and waste paper, Pulses, Non-ferrous metals, Electronic goods.

Indo-Mexican bilateral trade

As in the case of other Latin American countries growth in trade between Mexico and India has been inhibited by such factors as distance, difference of language, hold of multinationals etc.

In spite of constraints, India's trade has grown consistently at a good pace over the years. The major export items to Mexico are RMG Cotton incl accessories, Drugs, pharmaceuticals & Fine Chemicals, Transport equipments, Machinery and instruments, Inorganic/organic/agrochemicals. The major import items include Fertilizer manufactured, Electronic Goods, Metaliferous ores & Metal scrap, others commodities, Medicinal & Pharmaceutical Product.

Indo-Latin American Trade:

Latin American and Caribbean (LAC) region comprising of 43 countries accounts for about 5% of the world trade. But India is not a significant trading partner of this region. Though there is much scope for enhancing two way trades between India and the LAC region, the volume of trade is low. The share of our exports to the region is minuscule. However, there is a trend and potential for growth. In recent years, our exports have been
showing a continuously rising trend. The total Indian trade with Latin American and Caribbean region rose from US$ 473.66 million in 1991-92 to US$ 1,705.80 million in 2000-01, registering thereby an increase of more than 260%. FOCUS: LAC PROGRAMME

Considering the potential that the region offers, an integrated programme "Focus:LAC" was launched in November, 1997 by the Commerce Minister. This programme is aimed at sensitizing the organisations viz. Export Promotion Councils, Chambers of Commerce & Industry, CII etc., EXIM Bank and ECGC, involved in trade promotion efforts. Various incentives and export promotion measures have been designed and incorporated in this programme, out of which double weightage under textiles quota policy, enhanced support from MDA for sales tours, participation in fairs/exhibitions, market surveys, etc. A scheme for giving awards to best performers in exports to the LAC region has also been drawn up. The programme has been extended up to March, 2003 in order to consolidate the gains of previous years and significantly enhance India's trade with the Latin American region. The main objective is to increase interaction between the two regions by identifying areas of bilateral trade and investments.

**Major Trading Partners:**

Mexico, Brazil, Argentina, Chile, Peru, Venezuela and Colombia, Trinidad & Tobago are India's major trading partners constituting 88% of the total trade with the LAC region. The FOCUS: LAC programme shall aim to focus at Latin American region, with added emphasis on the 7 major trading partners of the region. The important items of export to this region are textiles and ready made garments, engineering goods such as bicycles and components thereof, mopeds, diesel engines, automotive components, hand tools etc., chemical and allied items like fine chemicals, dyes and dye intermediates, tyres and tubes, rubber gloves. Besides, India also exports handicrafts items, sports goods, electronic items, jute, shellac, tea and spices to Latin America.

India's major imports from the region are iron & steel and their products, non-ferrous metals, crude minerals, chemicals, PVC, pulp & paper waste, raw wool, etc. Three product groups, i.e. textiles, engineering products and chemical products constitute nearly 80% of India's exports to the region. In the textiles sector, ready-made garments, made ups, fabrics, yarn, carpets, handicrafts, etc. are fast moving export items. In the engineering sector, automobiles, auto components, electrical appliances, machinery, computer software, etc. have good scope for exports. Bulk drugs, pharmaceuticals, dyes and intermediates,
agrochemicals, plastic products, naphtha, resins, essential oils, molasses, tyres for buses, trucks & cycles are important items in the chemical product sector.

The FOCUS: LAC programme shall aim to focus on the following major product groups for enhancing India's exports to the Latin American region:

(i) Textiles including ready-made garments, carpets & handicrafts;
(ii) Engineering products including computer software;
(iii) Chemical products including drugs/pharmaceuticals.

INSTITUTIONAL MECHANISM

Following bilateral institutional arrangements already exist with the countries of the Latin American region:

(a) Indo-Argentine Joint Commission
(b) Indo-Argentine Joint Trade Committee
(c) Indo-Mexican Joint Commission
(d) Indo-Brazilian Commercial Council
(e) Indo-Cuban Joint Commission
(f) Indo-Cuban Trade Revival Committee
(g) Indo-Suriname Joint Commission
(h) Indo-Guyana Joint Commission

The meetings of Indo-Cuba Joint Commission and the Indo-Cuban Trade Revival Committee were held on 5-6 April, 1999 at Havana. The meeting of the Indo-Suriname Joint Commission was held on 9-11 April, 1999 at Paramaribo.

In order to have increased frequency of interaction with important trading partners in the LAC region, efforts would be made to have the meetings of the other Joint Commissions as early as possible.

The West Asia & North Africa (WANA) Region:

West Asia and North Africa (WANA) region comprises 19 countries, divided into three groups namely, (i) GCC countries (6 countries – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, U.A.E.) (ii) West Asia (7 countries – Iran, Iraq, Israel, Jordan, Lebanon, Yemen, Syria) and (iii) North Africa (6 countries – Algeria, Egypt, Libya, Morocco, Sudan, Tunisia). WANA region occupies an important position in India’s foreign trade accounting for nearly 12.59% of India’s global exports.

India’s trade with countries in this region is conducted in free foreign exchange. Mutual Most-Favoured-Nation (MFN) treatment is accorded in respect of trade 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.

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, metaliferrous ores and metal scrap and fertilizers. On account of large imports of oil and POL products and fertilizers from the region, there is a large adverse balance of trade for India with the region as a whole. Our exports to WANA region have progressively increased during last five years whereas imports have correspondingly decreased with the exception of the year 1999-2000. As a result, the adverse balance of trade for India has narrowed down considerably even after inclusion of oil import figures. 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).

In recent years, Dubai has rapidly emerged as a major entrepot centre. India's exports invoiced to Dubai find their destination in a multitude of markets in the Gulf, Iran, Central Asian Republics, Russia and North East Africa. Similarly, India has become, after Iran, the second largest destination of re-exports from Dubai. Our trade and economic linkages with Dubai and UAE therefore remain at particular focus of our cooperation efforts.

The programme of participation in general and specialised international trade fairs in WANA countries has been continued, expanded and streamlined. Similar emphasis and attention has been paid to other activities aimed at promoting business level inter-action between the two sides. Besides ITPO, other export promotion organisations like Federation of Indian Export Organisations (FIEO) and Export Promotion Councils (EPCs) organised 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.

During the year 2000-01, Joint Commission/Committee meetings were held between India and Tunisia, Sudan, Algeria, Syria, Iran, Iraq and Egypt. Such meetings are expected to be held in next one year with Jordan, Morocco, Israel, Oman, Libya, UAE and Saudi Arabia. At the industry level, the Joint Business Council/Group meetings between India and certain countries in WANA region are also expected.

A Partnership Agreement between India and Egypt was finalised and initiated in April 1999. The agreement will be signed by the Commerce Ministers of the two countries during a ministerial visit in the near future.

A trade agreement was signed between India and Sudan in April, 2000 and similar agreement is presently under negotiations each with Algeria, Lebanon and Yemen. These agreements are expected to be finalised shortly.

A preferential trading arrangement leading finally to a Free Trade Agreement between India and Egypt is presently under consideration. Similar proposals from Morocco and Syria are also being considered.

**Trade between India and sub-Saharan African countries:**

There are 51 countries in the Sub-Saharan African region. This region accounts for less than 3.6% (approximately) of the world trade. India’s share in global trade of Sub-Saharan Africa has been low due to distance, language barriers, inadequacy of information about business opportunities, higher incidence of civil strife, macro-economic instability, and modest progress made both in liberalization and privatization. India’s trade in the region is largely with 10 countries, namely South Africa, Nigeria, Mauritius, Ivory Coast, Tanzania, Kenya, Benin, Ghana, Ethiopia & Senegal. These 10 countries accounted for more than 81% of India’s total trade with sub-Saharan Africa during 2000-01. South Africa tops the chart of India’s trade with sub-Saharan African countries with a bilateral trade figure of US$ 1312.12 Mn. in 2000-2001 followed by Nigeria, Mauritius, Ivory Coast, Tanzania & Kenya.

Exports to Nigeria, South Africa, Mauritius, Kenya, Tanzania, Ethiopia, Ghana, Ivory Coast, Benin and Senegal totaled US$ 1367.45 Mn. in 2000-01 which was about 75.59% of India’s total exports to sub-Saharan Africa.

India imported to the tune of US$ 1,003.05 Mn. from South Africa followed by Ivory Coast, Guinea Bissau, Nigeria, Tanzania, Benin, Ghana, Mozambique and Ethiopia. The
imports from these countries totaled US$ 1,466.30 Mn. in 2000-2001, which was about 92.76 % of India’s total import from sub-Saharan Africa.

The major export and import items in the region are: a) Cotton yarn, fabrics, made ups etc., b) Drugs, pharmaceuticals & fine chemicals c) Manufactures of Metals d) Machinery and Instruments e) Manmade Yarn, Fabrics, Madeups f) Transport equipment g) Primary & Semi Finished Iron & Steel h) RMG Cotton incl. Accessories i) Plastic & Linoleum Products j) Inorganic/Organic/Agro Chemicals

**Major Items of Imports**


South Africa, Nigeria, Mauritius, Tanzania, Kenya and Ghana have been identified as focus countries in sub-Saharan Africa region and a study in respect of these countries with a view to formulate strategy for increasing trade in general and export in particular has been entrusted to IIIFT. Their report is expected by the end of 2001.

In order to boost our trade another study has been awarded to IIIFT to explore the possibility to set up a ware- Housing facility in the sub Saharan Africa region.

RIS has been asked to conduct a study in order to assess the feasibility of having Free Trade Arrangements with Mauritius. The proposal for having Free Trade Agreement with South Africa is under consideration of RMTR Division of Department of Commerce.

In order to review the progress of the bilateral trade and identify bottlenecks in the transaction of bilateral trade in sub-Saharan African region and with a view to ascertain measures to improve the same, Hon’ble Minister of State for Commerce & Industry will preside over a Conference of Commercial Representatives/Heads of Indian Missions for Eastern Africa Region at Nairobi, Kenya on 3rd December, 2001.

The Trade Agreement is one of the tools to promote trade with countries in sub Saharan Africa. Trade Agreement exists with 22 countries in the region and in the last two years India has signed three trade agreements with Tanzania, Mauritius & Botswana on 14-1-2000, 10-3-2000 and 12-1-2001, respectively. Trade Agreements cover various issues like the grant of MFN status, specify the currency in which payments will be made, provide for safeguard clauses and establish institutional arrangements like Joint Trade Committees to monitor the implementation of the Trade Agreement and also to take steps to boost bilateral trade.
Joint Trade Committee is an institutional arrangement under a forum created by Trade Agreement which provides for discussions on various issues relating to trade & cooperation in specific sectors. Two Joint Trade Committee Meetings were held recently with Zambia and Ethiopia on 21-22 Nov, 2000 and 21-22 Mar, 2001 respectively at New Delhi. Honourable Minister of State will lead a delegation to chair 4th JTC Meeting with Kenya to be held in Nairobi on 29-30, November, 2001.

Apex business chambers like FICCI, CII have also set up Joint Business Councils with their counterpart chambers in sub-Saharan African countries. ITPO, FICCI, CII, FIEO etc. regularly organise participation in various trade fairs of sub-Saharan African countries and also hold exclusive Indian exhibitions like ‘Made in India Show’ and ‘Indiatelch’ in selected countries for trade promotion. One such ‘Made in India Show’ has been recently held by CII at Johannesburg, South Africa from 18-21 July, 2001. A number of Lines of Credit have been extended to Sub-Saharan African region for trade promotion from time to time. Recently a Credit Agreement between the Government of Republic of India and the Government of the Republic of Mauritius for providing a credit of US$ 100 Mn. has been signed on 4th May, 2001.

The Ministry of Commerce & Industry, Government of India & Federation of Indian Chambers of Commerce & Industry (FICCI) jointly organised an Indo-African Health Summit covering pharmaceuticals and healthcare equipment and services at World Trade Centre in Mumbai from September, 26-29, 2001. Health Ministers and representatives of the registration authorities and trading houses from potential African countries attended and interacted with leading Indian manufacturers for sourcing their healthcare requirements from India.

Recently, Shri Rajiv Pratap Rudy, Honourable Minister of State for Commerce & Industry led a delegation to Nairobi, Kenya for participating in the 4th JTC Meeting with Kenya and to chair a conference CRs/HoMs for Eastern Africa Region from 29th November, 2001 to 3rd December, 2001.
References:

2. http://commerce.nic.in/
3. http://www.fieo.com (Federation of Indian Export Organisations)