



Vol. XXV

No. 7

December 2006

India, China target \$40-bn trade by 2010

The world's two fastest economies, China and India, set the bar high for bilateral trade and agreed to increase the volume of bilateral trade to \$40bn by 2010. Talks between Prime Minister, Manmohan Singh and Chinese President Hu Jintao, held recently in New Delhi, focused on increasing trade and economic co-operation. In a joint declaration released at the end of the Chinese President's visit, the two countries reiterated their determination to diversify the trade basket, remove existing impediments and optimally utilise the present and potential complementarities in their economies.

China-India business ties have made remarkable progress, becoming a growth engine for bilateral relations. Two-way trade growing at an average annual rate of 32%, rose to US\$18.7 billion in 2005 from US\$1.16 billion in 1995, a jump of 15 times in ten years.

This year, the bilateral trade is expected to exceed US\$20 billion and will meet, ahead of schedule, the goal of lifting the bilateral trade volume of US\$20 billion in 2008 set by the two countries. China is now India's second largest partner and India is China's largest trading partner in South Asia.

India's Economic Engagement with the World to Exceed US\$450 billion

The Indian Commerce and Industry Minister, Mr. Kamal Nath, indicated in his inaugural speech at a Conference in Brussels that India's economic engagement with the world during the current financial year 2006-07 will exceed US\$450 billion, if export and import of goods and services are combined. Exports are growing at a healthy growth averaging 25% per annum over the last three years. India crossed the \$100 billion threshold last year. During the current year it is poised to export US\$125 billion worth of goods and US\$75 billion worth of

services. India's strengths in services were long proven; the resurgence of India's manufacturing sector has now been established. India is now among the world's most competitive producers of steel, automotive components, pharmaceuticals and chemicals offering an unbeatable combination of low cost and high value. India is also emerging as a hub for mission-critical R&D for a range of industries – from life sciences to hardware and engineering.

Kamal Nath Flags Three Firsts in India's Economic Growth

On 20 November, 2006 the Indian Minister of Commerce and Industry flagged the three firsts achieved by India in industrial growth, manufacturing and foreign direct investment (FDI). For the first time since 1996, the six-monthly industrial growth has exceeded 10%.

It is also for the first time ever that the 6-monthly manufacturing rate of growth has exceeded 12%. Manufacturing accounts for about 80% of India's industrial production. The National Manufacturing Initiative proposed by the National Manufacturing Competitiveness Council had envisaged stepping up of the manufacturing sector growth from 9 - 10% to 12-14% in the 11th Plan period. However, India has already achieved 12% growth for

manufacturing sector in the last year of the 10th Plan itself.

FDI equity inflows during April-September 2006 have increased by 100% from US\$2.2 billion to US\$4.4 billion – this is also the first time that such an increase has occurred in any six-month duration. The Chennai region, including Pondicherry, recorded the maximum growth of 211%, attracting \$437.3 million in FDI, largely due to greater activity in computer hardware and leather. In absolute terms, Delhi region continues to remain on top of the table with \$936.5 million FDI inflows, showing a growth of over 25%. The Mumbai region was second on the chart with total inflows of \$867.5 million.

India 11th largest services exporter

India has jumped five places to become the world's 11th biggest exporter of commercial services in 2005, and inched one step ahead to the 29th rank among the largest merchandise exporters, according to the latest statistics released by the World Trade Organization. The country has also emerged as the world's 13th largest importer of commercial services - up two positions from last year, and 17th largest importer of goods from 23rd a year ago, as per WTO's International Trade Statistics for 2005. Fuelled by booming

software and ITeS exports, the country's total exports of services grew by 41.6 per cent to 56.1 billion dollars as against 39.6 billion dollars. This has helped the country maintain a modest surplus in services trade as imports stand at a lower level at 52.2 billion dollars.

SEZs - Future Vehicle of Economic Activity

Special Economic Zones (SEZs) are the future vehicle of economic activities. Forty one SEZs are already operational, while approvals have been given for more than 237 SEZs and about 244 proposals are before the government. Government is also conceptualising very large regions termed Investment Regions for manufacturing which will provide world class infrastructure. India's trade – both exports and imports – have been steadily rising and the country is emerging as a favourite destination for foreign direct investment. At the centre of this success story have been India's entrepreneurs who have been injecting verve and creativity into Indian industry as they focus increasingly on competing in global markets. For instance, today more than 65% of the passengers in India are carried by private airlines as against none in 1991. Similarly, in the telecommunication sector, the major communication traffic is carried out by private entrepreneurs. Construction is another example. In fact, most of the service sector growth, which

forms 50% of our GDP, is due to the private sector. Private entrepreneurs have contributed to the success achieved in services, BPO, IT, Drugs and Pharmaceuticals, Films, Advertising, Education, Health, Tourism and other knowledge base sectors in India.

Swiss bank has major plans in India

Swiss banking major Credit Suisse announced plans for India, which include re-activating its brokerage in the country as it proposes to build an 80-member strong team for its various business segments ranging from investment banking and asset management to wealth management and research. Credit Suisse joins other global banks Lehman Brothers and Goldman Sachs in announcing big plans for India.

Ranbaxy consolidates its position in Europe

Though US continues to be its largest market contributing 28 per cent to its global sales, Ranbaxy is accelerating its pace in Europe which currently accounts for 17 per cent of its global sales. Ranbaxy Laboratories Limited, India is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across

geographies. It is ranked amongst the top ten generic companies worldwide. The Company serves its customers in over 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 49 countries and manufacturing operations in 8 countries. Ranbaxy's global sales for the year 2005 stood at EUR 968 million with over 75 per cent of this coming from international markets. In early 2006, the company acquired Terapia the largest independent generic company in Romania. Furthermore, in Italy, the company acquired the unbranded generic business of Allen S.p.A. a division of GSK while in Belgium it acquired Ethimed N.V. Later during the year, the company also acquired Mundogen, the generic business of GSK in Spain, further consolidating its position in Europe.

GE to invest US\$ 600 million, eyes US\$ 8 billion from India

GE India, part of the global GE conglomerate, plans to invest \$600 million in the Indian market in the next three years even as it targets a topline of \$8 billion from Indian operations by 2010. The company also expects the assets of its Indian operations to touch the same figure of \$8 billion by 2010. Earlier in May 2006, GE's global chairman and CEO Jeff Immelt had announced a \$250 million investment in infrastructure and healthcare projects in India and said that GE intends to dramatically

expand its industrial and financial presence in the country. The world's largest corporate has identified India as its fastest growing market from emerging markets as it anticipates global revenues from this segment to double to over \$50 billion by that period.

GM to build engine, power train plant in India

General Motors Corp, the world's largest automaker, is considering setting up an engine and power train plant in India, where it aims to expand rapidly. GE's second car making factory was recently inaugurated at Talegaon, 130 km southeast of Mumbai,. In August, GM said it would invest more than \$300 million in the Talegaon plant for an initial capacity of about 140,000 units, which would help meet its goal of raising market share to 10 per cent by 2010, from 2.3 per cent

TCS, Satyam to tune Qantas systems

Tata Consultancy Services (TCS) and Satyam Computer Services signed a seven-year contract worth US\$ 145 million with leading Australian airline Qantas Airways. The expected value of the contract, to provide a range of IT applications, transformation and maintenance services to Qantas, is around A\$120 Million (\$90 million). Satyam's engagement covers application

development and maintenance services for over 150 applications across a wide portfolio of technologies and is valued at around A\$71 million (\$55 million). The Qantas engagement is a significant milestone for TCS's airline business and is the result of extensive investments in building domain expertise that has helped create innovative solutions for companies.

Cairn to invest US\$ 90 million in Ravva oil fields

Oil explorer Cairn Energy (CEL) will invest \$90 million along with its joint venture partners over the next nine months toward drilling activity at Ravva, the offshore oil and gas field in the K-G Basin. Cairn Energy, ONGC, Videocon and Ravva Oil, a wholly owned subsidiary of Marubeni Corporation, have 22.5 per cent, 40 per cent, 25 per cent and 12.5 per cent stakes in the Ravva field, respectively. These joint venture partners have so far invested \$700 million in the field since 1994. Exceeding expectations of 70 million barrel of oil equivalent (mmboe), the Ravva field has already produced more than 206 mmboe and is expected to produce another 100 mmboe in the days to come.

British Gas to invest US\$ 1 billion

Global gas major British Gas will invest around US\$ 1 billion in its Indian assets over the next five

years. This includes a US\$ 275 million investment in the Panna Mukta Tapti oil field in Gujarat. The oil field is owned by a consortium which includes Reliance Industries, ONGC and BG. British Gas owns 30 per cent stake in the consortium. The three companies together are expected to invest around \$750 million in the field to increase recoveries from the current 10.5 million standard cubic metre per day (mmscmd) to 17 mmscmd by mid-2007. British gas also indicated that a similar amount may be invested in the company's other asset, an exploration block in the Krishna-Godavari basin in which it is a partner with ONGC. The company has received approval to invest around US \$ 66.66 million to expand its presence in the city gas distribution business where it has obtained sanction to set up three subsidiaries in Andhra Pradesh, Karnataka and Tamil Nadu.

Efforts to boost marine exports to \$4 billion

A five-pronged vision document to step up the country's marine product exports from \$1.7 billion to \$4 billion in five years and ensuring additional employment for one million was unveiled. The five planks of the vision document are: Product diversification, focus on potential brackish water aquaculture in Maharashtra, Gujarat and Orissa, a substantial

increase in value-addition of marine product exports from 15 per cent to 75 per cent, making India a major hub for outsourcing and reprocessing of marine products and creating a bio security zone. The Marine Products Export Development Authority (MPEDA) and the newly-formed National Fisheries Development Board, to be headquartered in Andhra Pradesh, would be responsible for implementing the development strategy.

Leather Exports to Reach US \$ 7 Billion by 2010

Exports from India's leather sector are likely to reach US\$7 billion by 2010-11. The current export earnings from the leather sector are about US\$2.7 billion, with a growth rate of 8%. The Indian Commerce and Industry Minister said that in order to raise leather exports to the projected level, annual export growth rate at an average of 20% must be sustained and additional capacities must be created with modern and state of the art production technologies. Leather industry has been identified as a thrust sector in view of its potential for creating huge employment opportunities. An integrated Leather Development Programme is being implemented focussing on modernisation of manufacturing facilities in all segments of the leather sector. Manufacturers of leather and leather products from industrialised countries of the West are now

shifting their production base to Eastern countries especially India, owing to rising labour costs even in China. In view of recent developments in international as well as domestic market, the Indian Leather Sector has immense prospects for boosting its performance in the coming years.

Forthcoming Exhibitions/Fairs in India

Global SMEs Expo & Summit and Global Importers and Exporters Meet

India International Trade Centre (IITC-India) in association with the Ministries of Small Scale Industries and Agro and Rural Industries, Government of India are organizing the "Global SMEs Expo & Summit and Global Exporters-Importers Meet" from 21st to 24th February 2007 at the Expo Centre, World Trade Centre, Mumbai. The event will provide a unique opportunity to exhibit and launch various products and services and promote multilateral trade with the participants and visitors all over the globe. This will be a prominent avenue for investors to explore new business opportunities, joint venture partners and contract manufacturers in the SME Sector. For more information visit – www.iitcindia.com or www.globalsmeexpo.com or contact at e-mail – smecentreofindia@gmail.com

International Engineering and Technology Fair (IETF) 2007

The 17th International Engineering and Technology Fair (IETF) 2007, is being organised by the Confederation of Indian Industry (CII) from 13-16 February 2007 at Pragati Maidan, New Delhi. This fair, launched in 1975, serves as a platform for the global industry to make a fore in the Indian market. During the 17th IETF this year, Japan will be partner country for the second time, after a gap of 10 years. The other partner countries have been Canada, China, Germany, Italy, Korea, UK, USA, Spain and South Africa. More details are available at www.ietfindia.in

EMBASSY OF INDIA,
SWITZERLAND
KIRCHENFELDSTRASSE 28, CH-3005 BERNE
TEL : 031-351 11 10 Fax : 031-351 15 57
E-mail : india@spectraweb.ch
Website : www.indembassybern.ch

DISCLAIMER

The information given in the Newsletter is prepared on the basis of various inputs available to the Embassy and is for general reference. It should not be construed as an endorsement of the views contained therein.
