

ANALYSIS: Developing nations
redefine corporate
competitiveness

FOCUS: Indian pharma &
jewellery teams target
Ukraine fairs

AVENUES: CIS - The New
Superhighway opening up for
Indian IT firms

EVENT: KITEL 2006: The Biggest
ICT Show in Central Asia

To touch two-way trade
target of \$10 bn by 2010...

Putin to Push CECA

In This Issue

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Dear Reader,

Greetings. An issue of utmost concern for both India and Russia is the sluggish pace of growth in bilateral trade between the two countries, considering the immense potential that remains untapped. One of the oft-quoted reasons is that the region has been passing through a period of transition since 1991 following the collapse of the Soviet Union and that the last 15 years have been traumatic for the regrouped CIS countries in terms of adjusting themselves to a new and freer political and economic order. The phase has also been dramatic for the major constituents of the region, especially Russia, in terms of economic recovery and growth. As a matter of coincidence, India's fortunes too have undergone a radical change since 1991 when it initiated far-reaching economic reforms. Today, India is an emerging economic power while Russia, after having recovered from the shocks of readjustment, is rich, flushed with oil funds. The Indo-Russian bilateral trade, which in 2005-06 touched \$2.75 billion is measly. In order to step up bilateral trade, India and Russia have worked up an ambitious target of \$10 billion to be attained by 2010. To create the required momentum to push up bilateral trade, India and Russia are expected to sign a Comprehensive Economic Cooperation Agreement (CECA), covering a vast range of industrial goods and services during the forthcoming visit of Russian President Vladimir Putin to India in January 2007. The cover story of the current issue of Indo-CIS Business looks at the CECA, which is in the works. The issue's focus is on two-way trade and in this context, we are carrying a report on Ukraine, another CIS constituent, which is hosting two industrial exhibitions in November, one on gems and jewellery and the other on pharmaceuticals, where important Indian delegations will participate in buyer-seller get-togethers. Kazakhstan has come of age in Information and Communication Technology (ICT) and its 13th International Central Asian Exhibition held in its capital Kiev recently was a big draw. We carry a report. Coming up in the same field is a larger event, the 3rd Broadband Telecom Russia & CIS Summit 2006 and the issue offers a preview. These developments indicate the emergence of a potential, untapped market for the Indian IT industry. The issue presents a report. In an analytical article, David Sinate, Deputy General Manager, Export Import Bank of India, argues that the emergence of transnational corporations from developing countries has enhanced South-South cooperation. All these features plus regular items such as EBRD News make the issue as interesting as before.

Wish you happy reading

A handwritten signature in blue ink, appearing to read 'Satya Swaroop', with a long horizontal flourish extending to the right.

Satya Swaroop

Managing Editor

satya@newmediacomm.biz



**To Touch Indo-Russian
Bilateral Trade Target
of \$10 bn by 2010...**

Putin's Visit To Push CECA

By Dev Varam

The countdown for Russian President Vladimir Putin's visit to India in January 2007 has begun. With just two months to go for Putin's arrival in New Delhi, top officials from India and Russia are furiously hammering out a comprehensive economic cooperation agreement (CECA) that can mark yet another milestone in relations between the traditional allies. The agreement is expected to cover a vast range of goods, services and two-way investment in key sectors.

The joint study group (JSG) on trade and investment, currently studying the feasibility of a bilateral CECA, is expected to come up with its recommendations shortly. These recommendations will be given a formal shape later by the two leaders. Both the governments believe that a bilateral trade and investment agreement will be a win-win for both the countries.

Currently, Russia is flush with oil funds and is a potential investor, especially from India's point of view. Also, Indian exporters stand to gain from the huge Russian market for goods. Russia's scientific advancement is proven and a pact on science and technology can give a boost to India's

research and development (R&D) efforts. And Russia can gain from India's experience in Information Technology and IT software, in which areas, the latter is an acknowledged global leader at present.

A CECA between India and Russia would certainly give a much-needed fillip to bilateral trade which had fallen significantly in the past few years. Indo-Russian trade in 2004-05 stood at \$1.8 billion, of which India's exports to Russia amounted to \$597 million, while India's imports from Russia were worth \$1265 million. The quantum of the current bilateral trade between the two countries is very low considering the potential that needs to be tapped. Both

countries are aware of this fact and that is why they have set an ambitious target of reaching \$10 billion by 2010, which deadline is just four years away. This means the two countries need to push bilateral trade up vigorously, and hence the need for a wide-ranging CECA.

Concerned over the dip in exports to Russia, the Indian government wants to expand the country's trade. It has already held one round of discussions with Russian officials in Moscow. Another round of bilateral talks will take place in November or early December.

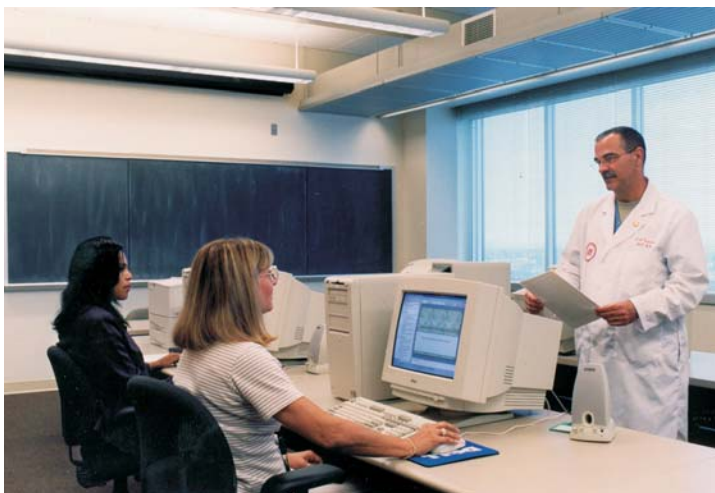
In the years before the disintegration of the former Soviet Union in 1991, India's exports to that region and Russia were dictated by India's strategic interests and were intended to service debt repayments for the import of defence equipment and spares. Trade between the two declined for a while after break up of the Soviet Union and trade statistics show an erratic pattern.

According to the Federation of Indian Export Organizations (FIEO), Indian exports to Russia have declined in the last decade. The export growth of around 17 per cent in 1997-98 over 1996-97, was reversed the following year (1998-99) with a negative decline (26 per cent). In 1999-2000, Indian exports to Russia again swung upwards by around 34 per cent and then fell to 6 per cent in 2000-01, -10 per cent in 2001-02 and -11 per cent in 2002-03. Then, once again in 2003-04 negative growth was arrested and Indian exports showed positive growth of around 1.5 per cent, followed by 2005 showing a negative growth of over -15 per cent. Indian exports to Russia vis-à-vis India's global exports has declined from 2.7 per cent during 1997-98 to 0.7 per cent in 2004-05.

In recent months, India and Russia have attempted to mend their derailed trade ties. The two have now set up a joint study group to draw a blueprint to take bilateral trade to \$10 billion by 2010. In comparison, India's bilateral trade with China reached \$18 billion in 2005.

To supplement the government's efforts, FIEO has taken the initiative to organise multi-product exhibitions in Moscow and St. Petersburg in 2006 to promote the "brand India" consciousness for Indian goods and services in the Russian market. FIEO has welcomed India's approval of Russia's accession to the World Trade Organisation (WTO) and the joint commitment of both countries to increase their bilateral trade to \$10 billion by 2010.

With Russia becoming a member of the WTO, India has begun preparations to explore the possibility of increasing



economic cooperation with the country, leading to a free trade agreement (FTA).

The government has been concerned over the dip in Indian exports to Russia and is now planning to take steps to help expand the trade basket. Indian officials have already held one round of discussions with their Russian counterparts in Moscow. Another round of talks, led by Commerce Secretary G K Pillai will take place shortly.

To add more value to existing 10-12 export items, market research and promotion are expected to be done. The government is also trying to find out reasons for low penetration of Indian services in sectors like IT and health in the Russian markets.

The government has also decided to give more focus to gems and jewellery, food-processing, auto-components, nanotechnology and biotechnology. It is making efforts to promote the North-South corridor, which passes through the Iranian port of Bander Abbas. Currently, not many exporters are using this faster route. Officials said an increase in trade with Russia through this route would help the Indian products to make inroads into Central Asian, Western European and Chinese markets.

In 2005-06, Indo-Russian trade had showed a 41 per cent growth to touch \$2.75 billion. Of this, imports from Russia were at \$2 billion (minus defence imports) while exports to Russia accounted for just \$733 million. Fertilisers, steel and iron constituted the majority of India's imports, whereas spices and pharmaceuticals formed most of the exports.

CII's international trade policy head TS Vishwanath said, "Last year, there was a negative export growth to Russia. Many Indian exporters have the issue of lack of transparency regarding barriers in terms of customs."

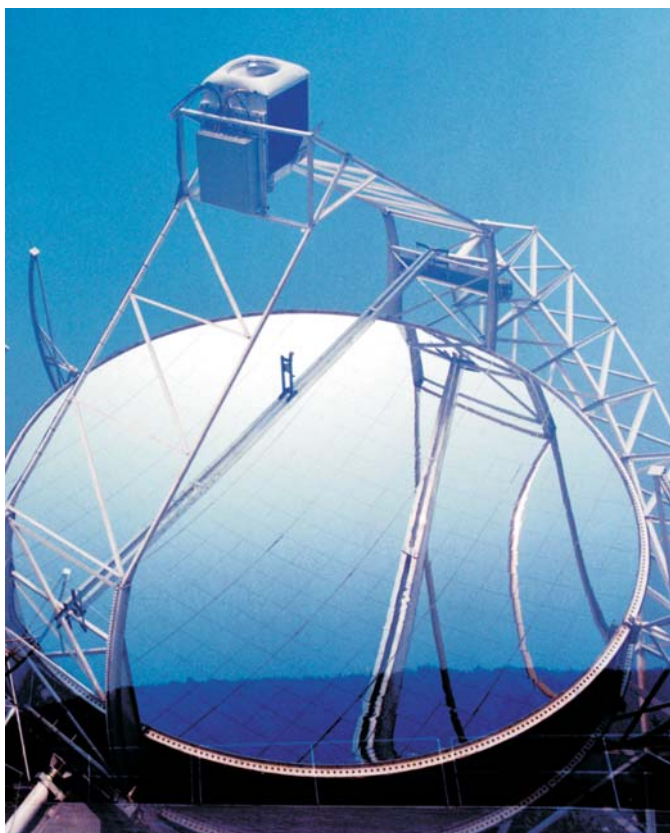
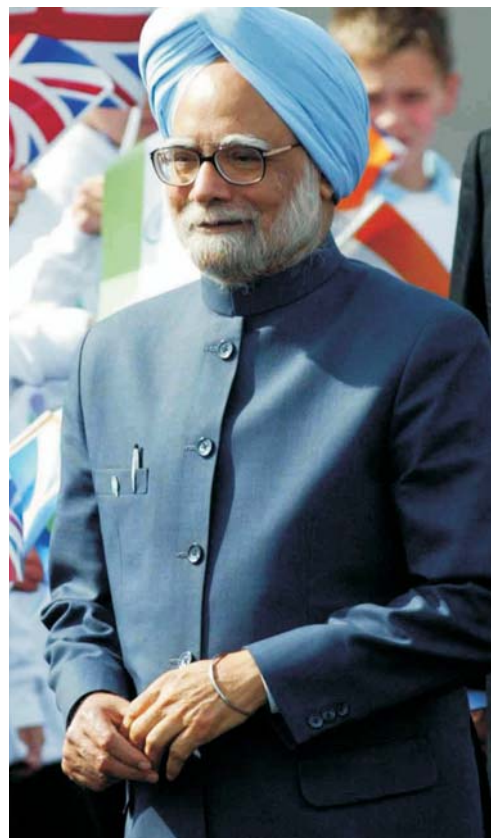
Energy tie-ups can further forge Indo-Russian bond

- Prime Minister Manmohan Singh

Russian President Vladimir Putin met Indian Prime Minister Manmohan Singh who arrived in St. Petersburg for the G8 Summit on invitation of the Russian side in July 2006. The two leaders took time off to review the bilateral relations between Russia and India and identified energy, education and health as areas of mutual concern.

All the focus areas for discussion in the G-8 framework - energy security, education and fighting infectious diseases - are of great interest.

"With regard to energy security, we expect a balanced outcome that would reflect the interests of both producers and consumers. There is a need to think of ways to enhance stability and predictability of the energy market. From the Indian perspective, the diversification of the energy mix with a greater share of nuclear energy and renewables is important. We also need international cooperation in the global deployment and diffusion of energy efficient and low-carbon technologies. India is playing its part in making these transitions," Prime Minister Singh told news persons.



"Energy is key to transforming our economic relationship. Russia is one of the largest producers of energy and India is one of the largest consumers. We have invested a couple of billion dollars in Sakhalin-I and we are willing to invest more if opportunities are available. There is unlimited potential for India and Russia, as excellent political partners, to develop a strong energy partnership," he said.

Sing said civilian nuclear power projects offered large possibilities once the necessary political issues were resolved.

Welcoming Russian investments in Indian infrastructure development, he said, "I think something should be done quickly to ease business travel between the two countries as the current visa procedures appear to be an obstacle to developing business-to-business contacts."

Healthcare

He said India was emerging as a global destination for high quality and inexpensive health care. A critical issue for India was access to second and third generation drugs at affordable prices.

"Protection of IPR should not come in the way of the basic



moral imperative of providing universal access to life saving drugs," Singh said.

Talking about education, he said India was committed to

achieving the goal of 'Education for All'. A global effort would be essential to bring about complete literacy in developing countries, as also an upgradation of skills, he added.

Prime Minister Singh said the economic foundation strategic relationship between India and Russia at present was not as strong as it should be. "Our annual trade turnover currently stands at around US \$ 2-3 billion, which is far below the potential of both the Indian and Russian economies. We hope to raise the level of bilateral trade to US \$ 10 billion by 2010," he said.

A bilateral Joint Study Group between the Trade Ministries of the two countries has been set up to examine ways to enhance bilateral trade and economic cooperation and facilitate the signing of a Comprehensive Economic Cooperation Agreement.

Putin to be Chief Guest at India's R-Day celebrations in Jan 2007

Russian President Vladimir Putin will be the Chief Guest of India's Republic Day celebrations in January 2007. Prime Minister Manmohan Singh, who attended the St. Petersburg's meeting of G-8 countries as a special Invitee of President Putin in July 2006, said a strong agenda of bilateral cooperation projects would be completed before the forthcoming visit of the Russian leader.

During his visit to Russia, Prime Minister Singh jointly met the Presidents of China and Russia. The simultaneous emergence of India, China and Russia as important economies of the Asian region is one of the remarkable developments of the 21st century. In their past meetings the three countries have identified six key areas for closer economic cooperation which includes energy, civil aviation, biotechnology, information technology, pharmaceuticals, and financial services. I underscored the importance of moving ahead rapidly on developing concrete projects of cooperation. ■



Russia is one of the world's leading producers of diamonds and India's strength in the area of diamond processing is well known. In this context, there is considerable potential for diamond exports directly from Russia to India, and for joint ventures to be set up between companies in our two countries for diamond processing and marketing.

On defence cooperation between India and Russia, Singh said it underpinned the strategic nature of our relations between the two countries. Russia is the principal defence supplier to India and currently nearly US\$ 10 billion worth of contracts are in various stages of being realized.

"We wish to expand further this defence cooperation beyond a buyer-seller relationship to joint research, design, development, production and marketing as well as closer military-to-military ties. The Brahmos missile is a fine example of what can be achieved by working jointly to produce state-of-the-art equipment," he said.

An agreement on protection of IPRs in the military-technical field was signed during Prime Minister Singh's visit to Moscow in December 2005, and this should further enhance the quality of future defence cooperation between the two countries.

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Singh also said that India supported broad-based UN reforms but was convinced that unless the structure of the Security Council was changed to reflect contemporary global realities, any UN reform would be inadequate and incomplete.

"The world of 2005 cannot be effectively served by an institution forged in 1945. Short term considerations should not stand in the way of the compelling need for reform. We are grateful for Russia's continued support for India's candidature for permanent membership of the restructured Security Council," he said ■





David Sinate

With the emergence of transnational corporations from developing countries, the idea of globalization has assumed a new dimension. The rising quantum of outward direct investment (ODI) from the developing countries has also redefined the concept of competitiveness. In a lucidly written article, **David Sinate**, Deputy General Manager, Export Import Bank of India, argues that these developments have helped enhance South-south cooperation.

In recent years, an important indicator of the internationalisation of developing countries, besides higher exports, has been the rising trend in overseas investments by these countries. Outward direct investments (ODIs) can play an important role in enhancing the global competitiveness of firms from developing countries by providing access to strategic assets, technology, skills, natural resources and markets, and increasing resources. At the same time, increased investment flows between developing countries serve to enhance South-South cooperation.

Global recognition of this important trend can be assessed from the fact that the theme of UNCTAD's World Investment Report 2006 is "FDI from Developing and Transition Economies: Implications for Development". The Report has

highlighted the changing role of developing countries and transition economies in global FDI, and stresses that such outward investment offers an additional avenue for developing countries to link up to global markets and production systems. According to the UNCTAD, the emergence of transnational corporations from developing and transition economies imparts greater momentum to South-South cooperation. New investment corridors are opening up between Latin America, Africa and Asia as part of this dynamic activity, with positive prospects for advancing development

Global Outward Investment Scenario

Global FDI outflows declined from US\$ 813 bn in 2004 to US\$ 779 bn in 2005, due mainly to decline in outflows from

developed countries. However, FDI outflows from developing countries has risen significantly from US\$ 35.6 bn in 2003 to as much as US\$ 117.5 bn in 2005.

Further, while developing countries' share in global FDI inflows has risen in recent years, from 31.4% in 2003 to 36.5% in 2005, what has been significant is the sharp rise in outward FDI from these countries. The share of Developing Countries in global outward FDI has also risen from 6.3% to 15.1% during the same period. The Asian region accounts for the bulk of the rise in outward FDI from Developing countries, with India among the leading economies

The stock of outward FDI from developing and transition economies in 2005 reached US\$ 1.4 trillion, up from only US\$ 335 billion 10 years earlier. Within developing countries the major sources of overseas investment is Asia, which accounted for 71% of the total outflows in 2005 with total outflows of US\$ 83.6 bn.

The process has now spread to an increasing range of countries. Earlier episodes of outward expansion from developing countries involved mainly the newly industrializing economies (NIEs) of Asia, and some Latin American and West Asian economies. Today, TNCs from a wide range of developing countries, such as Argentina, Chile, India, Malaysia, Nigeria, South Africa, Thailand, Turkey and Venezuela, as well as several lower income economies, are extending their reach. After the collapse of former Soviet Union, the Russian Federation has also emerged as a major source of outward FDI. The number of developing and transition economies with an outward FDI stock of more than US\$5 billion increased from six in 1990 to 25 in 2005.

Another characteristic concerns the industrial scope of the process. Some of the most prominent TNCs from developing and transition economies are active in such diverse areas as oil extraction, cement production, manufacturing of automobiles, personal computers and cell phones, as well as services like banking, telecommunications and port management.

Factors behind the rise of Outward FDI from Developing Country

The boom in FDI from some developing and transition

economies reflects the increasing competitiveness of many firms in these economies. The FDI surge has also partly been fuelled by soaring export revenues from manufactured products and natural resources in some countries, which have contributed to building up the financial strength needed to engage in overseas investment.

Perhaps most importantly, firms from these economies have been increasingly affected by global competition. They have come to realize the growing importance of accessing international markets and connecting to global production systems and knowledge networks.

The Case of India

Overseas investment by Indian corporates is a facet of their increasing globalisation and integration with the global economy. Total outflows from India during April 1996 and February 2006 stood at US\$ 15.4 bn with actual investments of around US\$ 10 bn.

Destinational analysis of India's approved ODI reveals that while regional distribution of overseas investment is evenly spread out across various countries, developing and emerging countries are increasingly emerging as outward FDI destinations. In fact, emerging markets such as Russia, Mauritius, Sudan, Vietnam are among the largest destinations for Indian approved ODI (Table).

Table: Approved India's Overseas Investments (US\$ mn)

Name of the country	Total (US\$ mn) (Apr. '96 to Feb.06)	% share in Total
Russia	2828	18.5
USA	2438	15.9
Mauritius	1383	9.0
		6.7
British Virgin Island	942	6.2
U.K	802	5.2
Singapore	641	4.2
Bermuda	628	4.1
Hong Kong	596	3.9
Netherlands	499	3.3
Australia	429	2.8
UAE	318	2.1
Vietnam	229	1.5
Others	2551	16.7
TOTAL	15311	100.0

Source: Ministry of Finance, Govt. of India

Overseas Investment Policy in India

While globalisation of the world economy has fostered the outward orientation of Indian companies, significant policy liberalisation and renewed support in recent years have provided the impetus in this direction.

Meeting challenges on the policy front assumes importance

in a global economy. The effectiveness and efficiency of firms is facilitated by the nature of policy environment under which firms operate, and whether macro-economic policies allow them to achieve the requisite economies of scale and allocative efficiency in production.

It is here that the role of the Government assumes a great deal of importance as a confidence builder, a catalytic agent and a facilitating agent. The objective of liberalizing Indian investment abroad has been mainly to provide Indian industry access to new markets and technologies with a view to increasing their competitiveness globally and help the country's export efforts.

The Indian policy framework has been very supportive of direct investment abroad. Following the recommendations of the Kalyan Banerji Committee Report on Indian Joint Ventures Abroad in December 1991, Ministry of Commerce, Government of India, approved a liberalised policy in October 1992. An automatic approval window was created and a framework of case-by-case approval put in place.

The policy was further liberalised in December 1995 with enhancement of the limit for automatic approval, removal of restrictions on equity contribution through cash remittance and designating Reserve Bank of India as the nodal agency for according all approvals. The policy has since then been further liberalized regularly viz. Indian corporates have been allowed to investment in entities abroad up to 200% of their net worth.

The Report of Committee on Fuller Capital Account Convertibility has recommended that Limit for a company's investment in overseas JVs/subsidiaries raised to 250% of net worth in 2006-07 and gradually up to 400% of net worth in overseas subsidiaries /JVs by 2011. Further, In the Mid-Year Review of the RBI's Annual Policy 2006-07, the extant ceiling of overseas investment by mutual funds of US\$ 2 billion has been enhanced by RBI to US\$ 3 billion with a view to providing greater opportunity to mutual funds to invest overseas. Also, the policy statement has taken initiatives with a view to facilitating project exporters and exporters of services and providing greater flexibility in conducting their overseas transactions, large turnkey/project exporters/service exporters with satisfactory track record may operate one foreign currency account with inter-project transferability of funds/machinery in any country, subject to specified reporting requirements.

These policy measures and recommendations reflect the increased importance accorded by the Government of India to create an enabling environment for Indian companies in their globalisation endeavours.

Role of Exim Bank in Supporting Indian Overseas Investments

Export-Import Bank of India (Exim Bank) actively supports and facilitates outward investments by outward-oriented Indian companies in their quest for enhanced access to global markets. The Bank provides a comprehensive range of products and services to Indian companies in their internationalisation efforts, tailored to meet the needs of different customer groups. These include programmes for enabling Indian companies to acquire assets to improve international competitiveness. The Bank seeks to develop commercially viable relationships with externally oriented companies by offering them comprehensive range of products and services aimed at enhancing their internationalisation efforts.

The Bank has also played an important role in the setting up of the Global Network of Development Finance Institutions and Exim Bank (G-NEXID) which was launched at the UNCTAD Headquarters in Geneva in March 2006, The Forum aims to enhance sharing of experiences among Exim Banks from developing countries, among others.

Observations

While many developing and emerging are implementing policy measures to foster and enhance outward FDI flows, according to UNCTAD, there is no one-size-fits-all policy that can be recommended to deal with outward FDI. Every home country needs to adopt and implement policies that are appropriate to its specific situation. Whether a country will benefit by moving from "passive liberalization" to "active promotion" of outward FDI depends on many factors, including the capabilities of its enterprises and the links of the investing companies with the rest of the economy.

For those countries that decide to encourage their firms to invest abroad, it is advisable to incorporate policies dealing specifically with outward FDI within a broader policy framework aimed at promoting competitiveness. For example, given the importance of generating domestic capabilities to benefit from outward investment, it is appropriate to link policies on such investment with those relating to SME development, trade and innovation.

Moreover, outward FDI is only one of several ways in which a country and its firms can connect with the global production system. Therefore, close coordination with policies aimed at attracting inward FDI, promoting imports or exports, migration and technology flows would also be advisable. ■



Energy tie-ups can further forge Indo-Russian bond

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low-carbon technologies. India is playing its part in making these transitions," Prime Minister Singh told newsmen.

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Talking about education, he said India was committed to achieving the goal of 'Education for All'. A global effort would be essential to bring about complete literacy in developing countries, as also an upgradation of skills, he added.

Prime Minister Singh said the economic foundation strategic relationship between India and Russia at present was not as strong as it should be. "Our annual trade turnover currently stands at around US \$ 2-3 billion, which is far below the potential of both the Indian and Russian economies. We hope to raise the level of bilateral trade to US \$ 10 billion by 2010," he said.

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Two-way trade gets boost to touch \$5 bn by '10

Indian pharma & jewellery teams to visit Ukraine in Nov '06



Indo-Ukrainian bilateral trade is expected to get a big boost with the visit of two high-powered trade delegations in November 2006, laying foundations for stepping it up to touch \$5 billion as targeted.

A nine-member delegation from the pharmaceuticals, homeopathy, ayurvedic and herbal medicine sectors will visit the Ukrainian capital of Kiev from 9 to 14 November, 2006. A Buyer-Seller Meet is being organised by the Embassy of India in association with Ukrainian Chamber of Commerce and Industry in the latter's premises on November 13. A second delegation from India's gems and jewellery sector is visiting Kiev to participate in "Jewellers Expo Ukraine 2006, from November 23 to 26,

"Bilateral trade between

India and Ukraine increased threefold in the last two years - from US \$ 356 million in 2003 to over US \$ 1 billion last year. During the visit last year of the President of India to Ukraine, it was agreed by the two presidents that our bilateral trade should target the figure of US \$ 5 billion by the year 2010. I am optimistic that this target would be reached," said India's Ambassador in Kiev Debabrata Saha.

He said Ukraine remained an important development partner of India, adding that in the past Ukrainian engineers had played an important role in the establishment of several of India's major steel plants, and the coal industry.

Bilateral trade between India and Ukraine, which has been steadily rising over the years, is expected to touch \$5 billion by 2010. Ukraine is the second largest partner of India in the CIS region and the balance of trade has consistently been in favour of the former. The entire gamut of bilateral relations is expected to take on a positive trend with the Fourth Session of Indo-Ukraine Inter-Governmental Commission (IUGC) coming up some time this year.

The major commodities which are exported from Ukraine to India include chemicals, fertilizers, ferrous metals, power and steel related equipment, aluminum, nuclear reactors, machinery,





railway equipments, aircrafts, space vehicles and parts, medical equipment, vegetable oils, paper products, electrical equipments, raw, hide and leather products.

The major commodities, which are imported from India to Ukraine, include pharmaceutical products, tobacco, coffee, tea and spice, ores, slag and ashes, garments and knitted accessories, plastic and its products, grain crops etc.

Under the Focus CIS Policy of the Government of India, trade and economic cooperation is likely to increase with Ukraine as one of the seven focus countries. During the visit of the Indian President to Ukraine in June 2005, a decision was taken that bilateral trade turn over would reach US\$ 5 billion by the year 2010. By end 2005, trade had already crossed US\$ 1 billion. Both countries have considerable potential to be tapped to facilitate this growth in trade.



The trade figures for the last six years are given below.

India-Ukraine Bilateral Trade (Figures in million US dollars):

Year	Exports from Ukraine	Imports from India	Total Trade
1999	173.82	65.95	239.77
2000	168.28	76.00	244.28
2001	129.9	95.6	225.5
2002	157.9	110.78	268.68
2003	202.78	153.97	356.75
2004	481.82	226.85	728.87
2005	736.941	321.407	1058.348
2006 (Jan-April)	263.084	105.704	368.788

(Source: Statistics Committee of Ukraine)

India and Ukraine have signed a Convention for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital in the year 1999. An agreement for the Promotion and Protection of the Investments was signed in the year 2001. Even though these economic legislation help in promotion of trade, growth in economic activities is constrained due to infrastructural difficulties especially in the banking and financial sectors.

During the meeting of the 3rd Session of IUIGC in July 2003 both sides recognized the enormous scope for cooperation in various technology/service sectors such as telecom, IT, food processing, oil and gas, construction and related engineering services, education, environmental protection, health, tourism and culture. A number of Indian companies like Tata International, Ranbaxy, Dr. Reddy's Laboratories, Wockhardt, Lupin, Shreya Life Sciences, Sun Pharma, Cadila Healthcare have their resident representatives in Ukraine.

Industrial Cooperation

Possibilities of cooperation exist in mechanical engineering, shipbuilding, light industry, mining, joint projects in metallurgy, steel, coke industry. India and Ukraine have agreed upon modernization of India's steel plants with Ukrainian expertise. Ukraine is a well-known manufacturer of world class gas and steel turbine for thermal, hydel and nuclear power plants, compressors, transformers, pumps, AC and DC motors equipment for laying power transmission lines etc. Ukraine is keen to explore new avenues of joint development of power projects in India. Two joint working groups in Power and Metallurgy have been set up under the ambit of the IUIGC.

Transport

a) Shipping: A Mercantile Shipping Agreement was signed in October 2002 during President Kuchma's visit to India. The Working group on Transport set up under the umbrella of IUIGC is keen to expand cooperation with India in railways, seaports, highways etc.



b) Civil Aviation: Air services between Kyiv and New Delhi started in December 2003 by Ukrainian airlines "Aerosvit".

Indo-Ukraine Inter-Governmental Commission (IUIGC)

The Indo-Ukrainian Joint Commission (IUIJC) was established in April 1994 and so far held 3 meetings on Trade, Economic, Scientific, Technological, Industrial and Cultural Cooperation (IUIGC). The sides agreed to form two Working Groups - one on Metallurgy and the other on Power to open new vistas of cooperation in the field of metallurgy and power respectively.

The fourth session will be held in New Delhi in the second half of 2006. Mr. Stanislav Stashevskiy, the First Vice Prime Minister was appointed the Co-Chairman of the Joint Commission from the Ukrainian side and MOS (EA), Mr. E. Ahmad will be the Co-Chairman from the Indian side. With the appointment of new Government in Ukraine, a new Co-Chairman from the Ukrainian side would need to be appointed.

Joint Business Council

The Agreement on the Establishment of an Indo-Ukrainian Joint Business Council between Federation of Indian Chambers of Commerce and Industry (FICCI) and the Ukrainian Chambers of Commerce and Industry was signed on March 7, 2000. The second session of the JBC was held in Kyiv in July 2003.

Joint Business Forum

The Joint Business Forum between India and Ukraine has been set up between Confederation of Indian Industry (CII) and the Ukrainian League of Industrialists and Entrepreneurs. The last meeting was held in September 2003 to discuss cooperation in the fields of pharmaceutical and chemicals, IT, Telecommunication, Finance and Banking and Automobile Industries sectors. CII also held "Enterprise India 2004" exhibition in July 2004 in Kyiv on small and medium enterprises displaying hand tools, bicycle and auto parts. A 23-member Ukrainian delegation from the International Chamber of Commerce visited India on the invitation of FICCI in January 2005 and signed a Memorandum of Understanding with ASSOCHAM. Several Buyer Seller Meetings have been regularly held in the last three in various sectors such as coffee, steel, handicrafts, machine tools, chemicals etc, when Indian delegations visited Ukraine to meet their counterparts for business negotiations.



Since the visit of former President Kuchma to India in October 2002, bilateral relations between the two countries have shown a positive trend, which continued in 2003. While the Indian Minister for Steel (June 2003) and Defence Minister (October 2003) visited Ukraine and the Third Session of the India-Ukraine Inter-Governmental Joint Commission met in Kyiv in July 2003, the former Foreign Minister, Mr. Anatoliy Zlenko and Chairman of the Verkhovna Rada, Mr. V.M. Lytwyn visited India in August 2003 and December 2003 respectively.

Foreign Office Consultations were held on May 12-13 2005 and President of India visited Ukraine in June 2005. The Fourth Session of IUIGC is scheduled to be held later this year. The entire gamut of bilateral relations is expected to take on a positive trend to increase the trade turnover to over 5 billion USD by the year 2010. ■



The Commonwealth of Independent States (CIS), a conglomeration of nations in a hurry to catch up with globalization, offers the right opportunity for the Indian Information and Technology (IT) sector for expansion into newer markets.

Information Technology or IT as it is commonly known, is growing at a phenomenal rate in India, throwing continuous challenge to the Indian entrepreneurs to look for expansion in the newer markets.

Fast developing region

Estimated to grow into a market size of \$400m, the CIS holds massive potential for investment from companies which are keen to maximize their share in developing markets.

Immediately after the collapse of the Soviet Union in the early 1990s, almost 11 markets in Central Asia opened to free trade. Although these countries are still in the early stages of building independent infrastructures, their keenness to adopt new technologies shows a positive

attitude towards growth, presenting an exciting opportunity for IT companies poised for a high growth.

Of course, each of the countries have their unique socio-political make up making it difficult to be treated as one homogenous market. These countries also vary dramatically in their economic growth and development, their addressable market size and its openness to outside traders.

Factors such as oil wealth affect the purchasing power of the CIS countries and Kazakhstan and Azerbaijan have more developed IT sectors because of their oil rich status. Ukraine, although being the most populous country continue to be a volatile market because of its unstable and fragile political situation.

"Turkmenistan and Tajikistan are very late developers, and I compare their markets to that of Kyrgyzstan five years ago or Kazakhstan seven years ago. Kazakhstan is the most developed and stable market with the highest standard of living," says Vladislav Rogovoy, managing director at CIS specialist distributor Lightspeed, which also has operations

in Kazakhstan and Kyrgyzstan.

Lightspeed has grown rapidly since setting up shop in 2001, and now employs a 15 member strong team that has picked up the rights to a number of high profile vendors including Foxconn, Asus, ECS Elitegroup and Micronet along the way.

Strongest markets

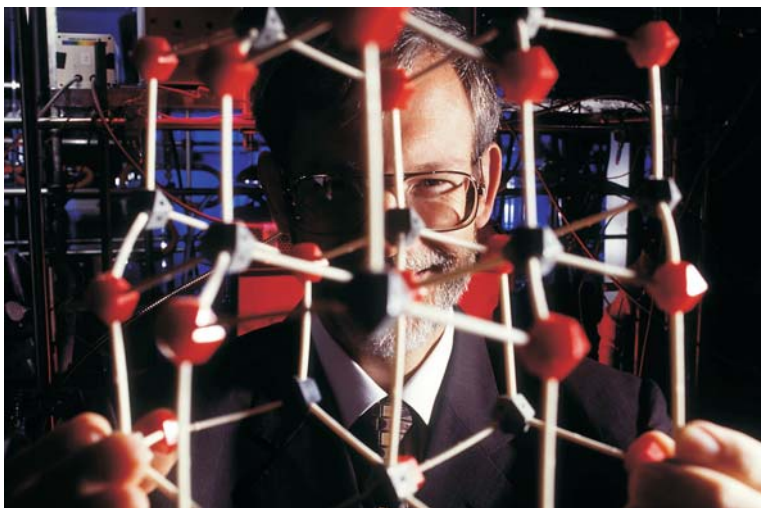
With a population of 15 million, a stable political structure and a healthy GDP per capita of \$2,180, the Kazakhstan market continues to remain the most favoured entry point into the CIS for most entrepreneurs. The government has allocated a good amount towards the development of its country's IT sector, which has in turn encouraged vendors such as Fujitsu Siemens Computers (FSC) to make more solid investments in the country.

"Ukraine may be the biggest overall market in the CIS, but Kazakhstan is more politically stable and has more business opportunities and growth. We opened an official representative office in Kazakhstan in Autumn 2005. We have had presence in the country since 1999 and will continue to invest in people and business development in Kazakhstan," says Ekaterina Krymova, PR manager for CIS and Russia at Fujitsu Siemens Computers.

Other A-brand vendors present in Kazakhstan include HP, IBM, Dell, Intel, Microsoft, Oracle, Sun Microsystems and SAP. Hence it makes sense for the Indian IT companies to tap the growing market now when it is opening up for the world.

Driven by its oil wealth and government's strong investment programmes to develop its economy, the third largest market in the CIS, is Azerbaijan where vendors from HP, Acer, Fujitsu-Siemens Computers, MGE and Tripplite have taken advantage of their thriving operations to leverage their business into the country.

"We have been established since 1995 and now have six shops and two service centres. In some countries we estimate the annual growth at 20 percent to 30 percent. The Azerbaijani market for our products is around \$40 million to \$50 million a year. In 2006 we are aiming to boost our sales in the other countries of the CIS where we don't already have business," says Saleh Hasanov,



service manager at BestComp Group.

Oil wealth

Interestingly it is common to find resellers operating in the CIS dealing with their neighbouring countries, particularly those in the larger nations dealing to their smaller neighbours. The larger resellers in the Ukraine often resell in the markets of Belarus or Moldova, and the resellers in Uzbekistan deal in Kyrgyzstan or Tajikistan.

In fact, West Asian countries have been having thriving relationship with the CIS countries for a long time. Lightspeed, Empa, Asbis and FDC are the most prominent. As an indication of the level of growth that distributors can enjoy, Lightspeed claims it has been doubling its CIS business year-on-year.

Doing business in Central Asia is not simply a case of turning up with a shipment of stock. An operation needs to be carefully planned



before it is put into practice. The first pre-requisite is to be able to speak Russian. The CIS countries have their own languages and the common second language of the region is Russian, rather than English, and this is essential for doing business. Planning on the part of any importer is important, as are a number of factors involved in the physical movement of goods into and between CIS countries. However, given the linguistic abilities of Indians and their ability to adapt to various working conditions, doing business in CIS has bright prospects.

Region to region links

"Some countries have regulations which forbid the transfer or exchange of currency, so only large, approved companies can make import and export transactions," says Mami at Empa. "Only the companies that have been there for a long time can handle logistics issues, we have certain selected forwarders who have been working in CIS logistics for a long time and know the difficulties of the region regarding borders and clearance of products."

The successful distributors in the CIS have been cultivating their links into its countries for a long time. Setting up a distribution chain into the CIS will involve cultivating native links into it. Help may come from A-brand vendors that are present in the region, but this isn't always the case.

Import driven market

Major vendor investment in the CIS is low. Consumer electronics vendors Samsung and LG have set up factories, and sources in the region say that they believe HP will be one of the first to make a major commitment to the area, but at present there are no major vendors with PC production facilities in the CIS, leaving most stock to be imported to the region.

This can become a confusing issue, affected by the central location of the CIS. There is easy access to the region from Europe, particularly through the Ukraine and Armenia. From the East side, there is a route through to the CIS from China and the Far East, and from the North are links with Russia. Takabaev at Asbis breaks down the product coming into Kazakhstan where the Asbis



operation is based as 50 percent coming from the Middle East, 30 percent directly from the Far East and 20 percent from Europe. This means there is product flow from nearly every different pricing area that major vendors operate; making a grey market inevitable. Lightspeed says that it cannot deal in peripherals such as casings, keyboards and speakers as they are undercut by products flowing in from China; though similarly, it has the edge on other distributors when it comes to hard drives, optical drives, VGA cards and motherboards.

Another way into the CIS is through the growing solutions sector. Enterprise solutions vendors SAP and Oracle have had success in the region and projects have been kick-started by interest in electronic government. Azerbaijan has been the first country in the region to commit to e-government, and is in the process of developing and introducing its first e-government portal, with Kazakhstan following closely behind.

"The government of Kazakhstan has a need for automation of its financial and educational institutions, customs agencies, and ministries. In this regard, in 2004, Kazakhstan's government adopted a program of formation of an electronic government in Kazakhstan for 2005-2007 and allocated \$400m to this project," states a report on Kazakhstan titled "Information and Communication Technologies (ICT) Overview 2005" by the Business Information Service for Newly Independent States (BISNIS).

The 13th annual Kazakhstan International Telecommunications Show (KITE), which incorporates the Central Asian International Exhibition on Telecommunications and Computer Technologies was held from 30 May to 2 June, 2006, which provided a great springboard for distributors interested in breaking into the CIS markets. The previous year's show attracted 20,000 visitors and had attendees from 180 countries. ■

CIS on Broadband

The 3rd International Conference "Broadband Russia & CIS Summit," the biggest event of its kind in the Commonwealth of Independent States (CIS), will take place in Moscow on 21 and 22 November 2006. This event will attract some of the biggest national and International telecom operators and broadband and wireless service providers. The Summit is organised by ITE, the leader of exhibition business in Russia. Sponsors of the Summit include such companies as Winncom Technologies, SES New Skies Satellite, Tyco Electronics, Intelsat, Juniper Networks, Hughes Network Systems, JDSU, ViaSat and Globtel. This year geography of participants has substantially expanded. Representatives of CIS countries, delegations and leading speakers from Kazakhstan, Georgia, Armenia, Belarus, Bulgaria and Ukraine will take an active part in the conference.

The Conference and Summit is a fantastic opportunity for companies to broaden their contact base and network with Russian and CIS industry leaders. Delegates will also receive first-hand information on the latest trends and developments in the sector.

Russia's telecommunications and Information Technology market is estimated to exceed the \$20 billion mark. The broadband access market is growing at a tremendous pace. In 2005, the market grew to 75 percent. This year's growth is expected to exceed 50 percent.

"The Russian telecommunications industry is reaping the benefits of a successful restructuring effort within the sector, new telecommunication laws, and rapidly increasing capitalization of traditional fixed line regional carriers. The development of the broadband communication network is one of the top priorities of the communication and information industry. It is believed that broadband multimedia communication networks will become the basis for next generation networks, accelerating informatisation and Internet development and creating a civilized investment-attractive market environment for operators,

producers and suppliers of equipment" said Russian Minister for IT and Communications Leonid Reiman,

Overview of World Broadband Services

- With the increasing penetration of established broadband technologies such as Digital Subscriber Line (DSL) service and cable modem service, in addition to improvements in fixed wireless broadband and satellite broadband services, the number of broadband subscribers worldwide will double over the next 5 years. By the end of 2010, the number of worldwide broadband subscribers will reach 413 million.
- The broadband wireless WiMAX market is expected to reach \$5 billion by 2007.
- DSL remains the leading broadband access technology. It currently accounts for 69 percent of all broadband subscribers worldwide.
- Based on current worldwide broadband growth rates, 3.7 million new subscribers will sign up for broadband services each month this year.



• In late February 2006, the total number of broadband subscribers worldwide exceeded 200m.

Russia at a glance

• With a population of 145 million, Russia stretches across nine time zones and is the largest territory in the world. The sheer scale of the country, coupled with the poor state of some of the conventional infrastructure, has made reliable electronic communications a vital factor in Russia's remarkable 7th consecutive year of GDP growth in 2005 - \$766 billion. Russia is one of the most diverse and rapidly developing telecom and information technology markets.

• An expanding consumer income base, political and economic stability, as well as growing foreign investment have all contributed to the increased growth of telecommunications and Internet services in Russia. Investments in the country total \$6.9 billion, which is an increase of 25.5 percent, including an increase in foreign investments of \$2.7 billion or 95 percent.

Russia Telecoms and IT Market Overview

• Annual growth of the telecommunications sector in Russia equals 25-30 percent.

• There were 132 million mobile subscribers in April 2006 (an increase of 53 percent). The mobile market is worth \$10.9 billion. Market share: MTS - 36%. Vypelcom - 34%. Megafon - 18%. UralSvyaz - 3%. Tele - 23%. Smarts - 2%. SibirTelecom - 2%. Other (including CDMA) - 2%.

• Non-voice services account for less than 13% of the total revenues for mobiles. Total GPRS subscribers equals \$5.8million (2005), 8 times higher than the previous year.

• The development of mobile communications, new generation services and IP telephony has been among the most successful in terms of annual growth. IP-Telephony Operators sales equalled \$260M, a 53% increase.

• The digital content market is worth \$450m (\$310m in 2004). There are less than 130 content providers.

• 4,500 operator licenses have been issued since 1992. 22 long-distance licenses were issued in 2005-2006. The Communications Law of 2003 has helped to liberalize the market.

• Leonid Reiman, the Russian Minister for IT and Communications, has proposed that the country should complete the switch from analogue to digital broadcasting by 2015. However, less than 50% telephone lines are digital.

• Russia's IT market grew by 20.2% last year. Communications technology increased by 27.8%. Revenue from electronic communications totalled \$25bn roubles, a 32% increase.

• Russia's Ministry for Telecommunications and Information has compiled a package of documents on establishing an investment fund to support the IT sector. Approximately 2,000 investment proposals have been received.

• The high growth rate of Russia's telecommunication market has resulted in a high demand for imported, turnkey products and solutions. Russia currently spends more than \$2.5bn annually on telecommunications equipment and imports of foreign-made products account for 60% of the equipment market. The RF Law on Communications (passed 01/01/2004) has created a more transparent regulatory





framework. The sector remains potentially one of the most rewarding for foreign investors and manufactures.

Russian Broadband Take-Up Grows

- Having by-passed the heavy investment made by the West into what is now an obsolete telecoms technology in the 1980 and 1990's, Russia is in a strong position to capitalise on more recent developments in broadband and wireless communications
- Revenue from Russian Internet services reached \$1bn in 2005. 22% of the population uses the Internet, with 61% of them being in Moscow. 40% of the population is expected to be using the Internet by 2008. The broadband Internet market in Russia is now worth \$1 bn.
- The number of broadband users in 2005 totalled 5.5m, an increase of 47%. Internet Access Services accounted for 10% of broadband revenue, and this is expected to rise to 36% in 2008.
- Home Broadband Access: ADSL: 32% expected to rise to 2.4 million in 2006 (up 80%). Fast Ethernet: 68%. In Moscow: ADSL Market: 40%. IP-TV dominance: 50%. Significantly, growth in broadband internet connections is now faster in the regions than in the main cities such as Moscow and St. Petersburg, while ADSL take-up is expected to triple this year.
- Market penetration in recent years has outstripped all predictions, with an estimated 84% of the population now mobile users. A large demand for main line services remains unsatisfied, and Russian companies are still keen to develop new technologies.
- In the next few years, data transmission services and access to the Internet will be the most rapidly increasing segment of the telecommunications market according to the Russian Ministry of IT and Telecommunications. In 2006, the Internet market is estimated to be worth \$1.8bn. In 2008, it is expected to rise to \$2.7bn, mainly due to broadband access. In 2008, broadband will increase to 36% of all revenue from data transmission

services.

Russia Telecom Market Prospects

- In 2006, the fixed line & mobile market grew by 25%.
- The predicted privatisation of SvyazInvest will have an impact on broadband development in Russia.
- More long-distance operator licenses will be issued.
- There has been rapid growth in ADSL (SvyazInvest Regional Incumbents) in the regions (North-West Telecom, Centre Telecom, Southern Telecom Company, Volga Telecom, UralSvyazInform, Sibir Telecom, DalSvyaz.
- WiMAX projects have been developing at a high rate.
- There have been commercial trials of DVB-H.
- In 2007, payments for Radio-Spectrum, 3G will be under discussion.

Key facts about Broadband Russia and CIS Conference

- Supported by the Ministry of Information Technologies & Communications of Russia, Federal Agency of Information Technologies of Russia, Federal Anti-Monopoly Service of Russia, and OJSC Rostelecom.
- Conduct business with over 300 international & regional broadband, wireless, satellite, cellular and IT executives and broadband industry press and hear the latest opportunities.
- 350 delegates representing over 120 companies, 40 speakers, 50 telecom and industry press, 25 sponsors.
- Over 50 broadband technology stands & displays in the Conference networking area.
- Participation of following countries at the Conference: Russia, Kazakhstan, Kyrgyz Republic, Georgia, Azerbaijan, Armenia, Turkey. ■

India, Tajikistan sign pact to step up bilateral trade



India and Tajikistan have agreed to further develop bilateral cooperation in the areas of trade, industry, agriculture, including processing of agri-products, construction, transport, education, scientific & technical cooperation and tourism.

Both sides have noted that the existing volume of bilateral trade between India and Tajikistan does not correspond to the real potential of both the countries and deliberated upon measures to increase the volume of bilateral trade on a balanced basis as well as widen the trade basket.

This is indicated in the Protocol of the Third Session of the Indo-Tajik Joint Commission on Trade, Economy, Scientific & Technical Cooperation which was signed in New Delhi by G.K. Pillai, Special Secretary, Ministry of Commerce & Industry and, Tajikistan's Minister for Economy & Trade H.H. Soliev. The Russian Minister also called on Kamal Nath, Union Minister of Commerce and Industry.

The Two-way trade between India and Tajikistan in 2005-06 was valued at a meagre US \$ 12.09 million. This consisted

of India's exports to Tajikistan valued at US \$ 6.20 million and India's imports from Tajikistan worth US \$ 5.89 million.

In order to widen trade and economic relations between the two countries, the Indian side held a meeting of the business forum of both the countries during Tajikistan President's visit to India in August 2006. The Tajik side agreed to hold a similar Forum in May 2007 in Dushanbe.

Both sides have underlined the importance of establishing long-term cooperation in the field of industry and have agreed to make efforts to achieve this goal, especially in view of the great potential for cooperation in the manufacturing sector in textiles, chemicals, construction materials, mining and processing of light metals. Possibilities of setting up joint ventures in the territories of both countries in identified areas will also be considered.

Tajikistan has requested India to support its entry into the World Trade Organisation (WTO) and India has agreed to extend technical assistance for helping Tajikistan with its accession to the WTO. ■



India, Russia to use 24-satellite global positioning system

Russia and India will use a 24-satellite navigational and global positioning system, Glonass, together, a spokesman for the Russian Federal Space Agency has said.

"A Russian inter-departmental delegation will arrive in India to coordinate the details in October," Igor Panarin said.

Glonass, a Russian analogue of the United States Global Positioning System, is designed to allow both military and civilian users around the globe to receive signals from satellites to identify their positions in real time. It can also be used in geological prospecting.

Panarin said India's access to information from and joint operation of Glonass-M and Glonass-K satellites were discussed on the sidelines of the Space Generation Congress, under way in Valencia, Spain.

Two types of satellites are currently in use - Glonass and its updated version Glonass-M. Glonass-M has a longer service life of seven years and is equipped with updated antenna feeder systems, and an additional navigation frequency for civilian users.

A future modification, Glonass-K, is an entirely new model. Tests on Glonass-K satellites are scheduled for 2007. They are small spacecraft that are considerably lighter than their previous models, which makes them less costly to put into orbit.

Their weight also allows the use of a wider range of carrier rockets. Glonass-Ks' estimated service life has been increased to 10-12 years, and a third "civilian" L-range frequency was added.

The Defence Ministry said on August 30



Glonass will be fully deployed by 2010, when the number of satellites will be brought from the current 17 to 24.

Panarin also said Russia will launch a small research satellite, Yuthsat, which is an Indo-Russian project, and an agreement on the matter could be signed in November. "The satellite will be built in India and launched by a Russian carrier rocket," he said.

Panarin said Igor Perminov, Federal Space Agency chief, and Madhavan Nair, who heads India's Space Research Organization, met to discuss progress under a contract to supply Russian-made cryogenic engines to India's GSLV geosynchronous launch vehicles.

Russia is expected to supply seven cryogenic upper stages to India, which originally wanted to buy the Russian technology to build the engines domestically, but U.S. pressure prevented their delivery. India has been working to develop a cryogenic engine for the past 11 years.

Working to cut its dependence on foreign launch vehicles, India has had four operational GSLV flights since 2004 using Russian engines for the upper stage.

Welspun to set up JV with Russian steel pipe maker

Welspun Gujarat Stahl Rohren will set up a joint venture with Russian TMK Pipe Metallurgy Company's Volga Pipe Plant for producing steel pipes. According to the MoU signed recently, Welspun will have 40 percent stake in the JV.

With the completion of the investment plan, the JV will have an annual capacity of 1.2 million tonnes of large pipes of 508 mm to 1420 mm diameter with spiral and straight seams.



Russia introduces stricter law to monitor gambling business

A draft law proposing a new set of regulations for the gaming industry has been introduced in the Russian parliament recently in a bid to monitor their operations more closely.

Introducing the draft legislation, President Vladimir Putin proposed the new law after the Interior Ministry launched an apparent sting operation to check the financial, tax and sanitary-epidemiological documents of a variety of gambling establishments in the capital allegedly linked to the Georgian mafia.

The wave of closures of Georgian-owned casinos and restaurants in Moscow follows on the heels of a recent spying scandal between Russia and Georgia that saw the arrest of several Russian officers on espionage charges.

If the parliament passes the law, which envisions the establishment of two types of gambling zones where gambling will be allowed, the new rules will come into effect January 1, 2009.

The first type comprises gambling zones in residential areas. These can be established on territory allocated for urban and rural development. The federal government will issue

permits to gambling establishments in these areas in coordination with local authorities.

Permits will be issued for five years and will allow each organizer to set up one gambling facility per permit.

The second type comprises gambling zones established on parcels of land belonging to federal or municipal authorities not allocated for urban or rural development. These parcels will be leased to the owners of gambling business by the Russian government.

The draft document also outlines the requirements for owners of gambling establishments. The owners must be Russian legal entities that have not been created by the Russian government or local authorities, and whose net assets are not less than 600 million rubles (about \$22.4 million).

All gambling businesses that do not meet the requirements proposed in the draft will be shut down after July 1, 2007. Those gambling establishments that meet the requirements will be allowed to operate without special permits until January 1, 2009, when the new law comes into effect.

EBRD Expands microfinance in Azerbaijan

EBRD is expanding its support for microfinance in Azerbaijan and extending a \$1 million loan to the local microfinance institution CredAgro. A quarter of this loan - \$250,000 - is being funded by Taiwan/CDF. The loan is provided under the Non-bank Microfinance Institutions Framework for Early Transition Countries launched in 2005.

CredAgro, set up in 2000, is a microfinance institution with a strong focus on agricultural and rural lending. Although Azerbaijan in recent years has strongly benefited from oil and oil-related business, agriculture remains the country's second largest economic sector, contributing 14 per cent to the country's GDP and providing employment to 40 per cent of the population.

The EBRD loan is set to facilitate access to finance for this vital sector of the economy as the funds will be on-lent to rural entrepreneurs. This will also allow CredAgro to expand its loan portfolio, product range and regional network. The institution's long term aim is the transformation into a bank which will allow it to take deposits.

Chikako Kuno, EBRD Director for Small Business, said the loan will support both the development of micro and small enterprises in Azerbaijan and of the country's banking sector. Of particular importance is the extension of

financing to rural areas and entrepreneurs which is a key objective of CredAgro and also the EBRD.

The EBRD's Non-bank Microfinance Institutions Framework for Early Transition Countries aims at strengthening microfinance institutions in the Bank's eight poorest countries of operations. Loans are provided for on-lending to the smallest borrowers across the ETC countries Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan and Uzbekistan. The facility is accompanied by a technical cooperation framework funded by donor governments.

Through its micro and small enterprises programmes the EBRD has supported over one million small enterprises throughout eastern Europe, Russia, Central Asia and the Caucasus. The EBRD has worked with 84 commercial banks and non-bank microfinance institutions to establish or expand specialised micro and small business finance units and has lent €560 million to facilitate close to €8 billion in loans to micro and small businesses in the region.

EBRD, owned by 60 countries and two intergovernmental institutions, aims to foster the transition from centrally planned to market economies in central and eastern Europe and the Commonwealth of Independent States. ■

\$20-mln loan to Ukrainian shipping firm

The European Bank for Reconstruction and Development (EBRD) has provided a \$20-million loan to support further expansion by Odessa-based shipping company, Black Sea Shipping Management Co Ltd. (BSSM). Of this, \$10 million has been syndicated to Bank of Scotland.

The project envisages post-delivery financing of five new dry cargo vessels of 5,500 DWT each. The vessels will be commissioned at Kherson shipyard in south Ukraine.

As of today the EBRD has committed over €400 million to transport sector projects in Ukraine. The EBRD is the single largest financial investor in Ukraine, having committed to date a total of €2.4 billion across all sectors of the country.

Tbilisi now a regional hub

EBRD is strengthening its activities in the Caucasus by establishing a regional centre in the Georgian capital, Tbilisi. The Bank aims to build on its successful portfolio in the Caucasus countries, which has expanded significantly in recent years under the Early Transition Countries Initiative. The regional office will be headed by Michael Davey, EBRD Director for the Caucasus, Moldova and Belarus.

Georgia was chosen as the site of the hub because of its favourable geographical position. "It is important to be close to the people and to our projects. From Georgia one can easily drive to Armenia and Azerbaijan or fly to Moldova", said Davey.

To mark the opening of the regional office, EBRD Business Group Director Olivier Descamps will visit Georgia on 25 September and meet President Mikhail Saakashvili, Prime Minister Zurab Noghaideli and representatives of the local business community. The EBRD's portfolio in Georgia has grown strongly since the launch of the ETC initiative in 2004.

EBRD's Early Transition Countries Initiative (ETC) whose main objective is to increase the Bank's impact and its reach in ETC countries which currently include Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, Moldova,



Tajikistan and Uzbekistan uses a streamlined approach to financing medium scale private sector enterprises. The ETC is aimed at mobilising more investment, and encouraging economic reform. The programme has been growing rapidly: It has increased from 18 projects worth €53 million in 2003 to 61 projects worth €250 million in 2005, with donor funds playing an important role as catalyst for investment. ■



Riccardo Puliti, the EBRD Transport Team Director, said recently that this transaction is consistent with the EBRD strategy for Ukraine to provide further support for the shipping industry, a key area in the domestic transport sector. By signing this project the Bank has consolidated its position of a leading lender to the shipping industry in the country, he added.

There is growing demand for sea-river vessels due to the growth in export of freight such as grain, timber fertilizers, scrap and steel products from the Azov and the Black Sea region. The implementation of this project will help BSSM to maintain its ability to offer safe and reliable shipping services in the region as well as to establish the relevant shipping standards. ■

Funding for Russian renewable energy project



EBRD has provided 6.3 billion roubles (the equivalent of €185million) in long-term funding to support renewable energy in Russia. The loan will finance a modernisation programme which will extend by at least a quarter of a century the life of nine power stations of the Volga-Kama cascade, one of the country's largest sources of hydro power.

The Bank will be the lender of record for the full amount of the loan to OAO HydroOGK, a fully-owned subsidiary of the main Russian power utility RAO UES, but 4 billion roubles (€117 million) has been syndicated to nine banks under an EBRD A/B loan structure.

Co-Arrangers under the B loan are: Standard Bank PLC, Bank Austria Creditanstalt AG, and ING Bank (Eurasia) ZOA. Lead Managers are: Calyon, Fortis SA/NV and ZAO Raiffeisenbank Austria. Managers are: ZAO Citibank, Credit Suisse and Banque Societe Generale Vostok.

The B loan is in two tranches, with RUB 3.15 billion (€92 million) for 10 years (provided by Standard Bank, ING, Bank Austria, Calyon and Fortis) priced at 305 basis points over Mosprime and RUB 850 million (€25 million), provided by the remaining banks, for eight years priced at 275 basis points over Mosprime. The EBRD A loan is for 14 years.

In an earlier EBRD rouble syndication for the Russian power sector, six banks last April provided a seven-year loan of over four billion roubles to Mosenergo at a price of 275 basis points over MosPrime. The EBRD loan for Hydro OGK sets a new record in terms of maturities for the rouble syndication market, now stretching to 10 years for the first time.

The total cost of rehabilitating obsolete equipment, mainly turbines, generators and transformers, on the Volga-Kama cascade is estimated at 26 billion roubles (€764 million) and it is expected to take five years to complete.

Hydro generation is the main source of renewable energy in Russia, providing 20 percent of all the power produced. It acts as the backbone of the power industry, stabilising supplies and maintaining the reliability of the country's entire system, as well as generating economically efficient electricity. The government has now put HydroOGK, in charge of developing all renewable energy resources in Russia, including windfarms, tidal and small hydro projects.

At present the development of non-traditional energy sources is insignificant in Russia. One of the few exceptions is geothermal Mutnovskiy power plant in Kamchatka for which the Bank provided a \$100 million loan to RAO UES in 1998.

Together with the EBRD loan for the Volga-Kama cascade refurbishment, the EBRD has secured grant financing to develop a regulatory framework for renewable sources of energy in Russia from the Spanish government. This grant of €165,000 will assist in the development of a regulatory framework for windfarms in Russia.

Once the reorganisation of HydroOGK has been completed, including through the consolidation of a large number of hydro power plants, it is due to become the largest power generating company in Russia and the world's second biggest hydro generating company after Hydro Quebec in Canada with an installed capacity of 23.3 Gigawatts (GW).

Higher credit for Kazakh veg. oil firm



EBRD is increasing a \$16 million loan provided to sunflower oil producer Turkuaz Edible Oil Industries by \$4 million to support the company's further expansion in Kazakhstan and neighbouring Central Asian markets. Due to strong demand the company

has decided to install a new sunflower oil refinery with a capacity of 200 tons per day, rather than the previously planned 100 tons per day. In the last year Turkuaz' market share has increased from less than 3 to more than 15 per cent in Kazakhstan.

The company, which is a 90 per cent subsidiary of the Saudi Arabian company Afia International Company (previously Savola Edible Oils), and the EBRD have been partners since September 2005 when the Bank extended a \$16 million loan to the sunflower oil producer. As sunflower oil production in Kazakhstan is still small compared to Russia and Ukraine the potential is strong. Turkuaz' growth over the past 12 months has confirmed this assessment.

The extension of the new refinery, located in the Aktobe region in western Kazakhstan, will also strengthen local agricultural producers. The company's target is to eventually purchase at least 50 per cent of the sunflower seed locally. The Bank is working with Turkuaz to provide technical assistance for the training of farmers. State of the art packaging, marketing, labelling and product development will raise the standards of retailers and distributors.

Giles Mettetal, EBRD Director of Agribusiness, said the Bank was proud to support the successful expansion of an innovative company with a clear vision and a long term strategy for the region. It is one of the EBRD's strategic aims to unleash Central Asia's strong potential in sectors like agribusiness.

Turkuaz Edible Oil Industries was established in 2003. Afia International Company, a leading producer in Africa, the Middle East and central Asia where it operates in more than 8 markets, bought a 90 per cent stake in TEOI in October 2004 and has invested \$20 million since. Afia International Company is a subsidiary of the Savola Group, a major Saudi Arabian food and retail company.

Since its establishment in 1991 the EBRD has signed 296 transactions worth €4.3 billion in the agribusiness sector alone. ■

Investment in Russian economy to double by 2009

Investment in Russia's fixed capital will double to 7.127 trillion rubles (\$267 billion) by 2009, Russian finance minister Alexei Kudrin has said.

"Investment in our economy is seeing a steady growth. It will double by 2009," Kudrin said.

He said 3.534 trillion rubles (\$132 billion) had been invested in Russia's fixed capital in 2005, and the figure is expected to be 4.328 trillion (\$162 billion) for 2006, as high as 5.190 trillion (\$194 billion) for 2007 and 6.089 trillion (\$228 billion) for 2008.

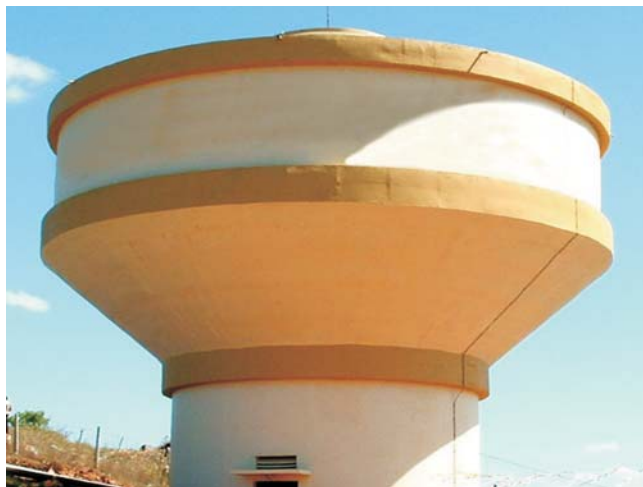
Kudrin said investment growth would encourage modernization at Russian enterprises. ■

Support to Georgia water supply scheme

EBRD is supporting key improvements of the water supply in the two Georgian cities of Kutaisi and Poti with a €3 million and €2.5 million loan respectively. Together with grant finance and Technical Cooperation funds the loans will finance significant investments in both cities to enable 24 hours water supply. The water and wastewater infrastructure in Kutaisi and Poti is in urgent need of rehabilitation and renewal.

In Kutaisi, Georgia's second largest city with 185,000 inhabitants and located in the west of the country, the project includes the rehabilitation of well fields and transmission pumping stations, the rehabilitation of reservoirs and the supply network and the installation of meters in all households. Most of the local water supply and wastewater collection system was built in the 1930s and today 80 per cent of pipes and wells are almost fully rusted and unusable. The EBRD will provide a €3 million loan to the Republic of Georgia for on-lending to the local water company Kuttiskalkanali, which is fully owned by the city. Total project cost will be €12.5 million.

Water supply is also a serious problem in Poti, located on the Black Sea in western Georgia, the country's largest port and the shortest route from central Asia to Europe. Today the city's 45,000 inhabitants receive water for only six hours every other two days. A €2.5 million EBRD loan to the Republic of Georgia and on-lent to the local water company Tskalkanali will be used to construct a new 47



kilometre water pipeline, for the rehabilitation of the existing water network, constructed in 1939, and the installation of meters in all households. Total project cost will be €12.3 million.

Thomas Maier, EBRD Director for Municipal and Environmental Infrastructure, said the investments will help Georgia to overcome one of the country's most pressing concerns. The steady supply of clean water is a precondition for other ambitious rehabilitation projects. With the combination of an affordable loan with donor grant finance and extensive Technical Cooperation a tailor-made approach to fulfil the needs of countries like Georgia has been put into place which will safeguard the projects' success.

The projects benefited from EU grant funds for preparation. Capital grants will come from the Swedish International Development Co-Operation Agency (SIDA), the US Millennium Challenge Corporation and the European Union Water Initiative. TC funds will be provided by SIDA and the ETC Fund.

Russia reports output rise in natural gas & coal

Russia has produced 432.9 billion cubic meters of natural gas in the first eight months of 2006, up 2.6 percent over the same period last year, the Industry and Energy Ministry has said.

Russian energy giant Gazprom [GAZP] increased output in the reporting period by 0.8 percent, to 363.5 billion cubic meters, accounting for about 84 percent of total gas production (85.5 percent last year).

The ministry said Russia's coal production in the same period grew 4.5 percent, to 198 million tons.



Bank of Georgia to raise \$155 mln through GDRs

Bank of Georgia, Georgia's No.2 bank by assets, has said that it had set a price range of \$15.0 to \$17.5 per global depositary receipt and plans to raise up to \$155 million (82 million pounds) when it lists on the London Stock Exchange.

"The price range has been set at between \$15.0 and \$17.5 per GDR. The size of the offering is expected to be up to \$155 million," the bank said in a statement.

It said the bank's market capitalisation was expected to be between \$350 million and \$425 million. Bank of Georgia appointed ING Bank to run its planned offering of GDRs, the first by a company from the Caucasus state. ING will act as global coordinator, lead manager and sole bookrunner for the GDR offering on the London Stock Exchange, while Bank Austria-Creditanstalt will be co-lead manager.

JSC Galt & Taggart Securities, Bank of Georgia's investment banking subsidiary, will be a selling agent. The IPO is expected to be held in December and to include an offering of new shares to fund the bank's development.

"The offering is a combination of new share issuance by Bank of Georgia to fund acquisitions and growth in operations as well as sale of existing

shares by certain selling shareholders," it said.

The bank said it increased authorised capital by 5,552,210 shares.

"As for November 14, 2006, the Bank had authorised share capital of 25,335,619 ordinary shares and issued capital of 16,890,413," it said. "The offering on the London Stock Exchange will help us strengthen our position as a leading universal bank in Georgia, broaden our access to the international capital markets and diversify our shareholder base," said CEO Lado Gurgenidze.

The stock offering comes at a difficult time for Georgia after a spying row led Russia to impose trade sanctions that are expected to dent economic growth. But the pro-western government of President Mikhail Saakashvili, in power since 2004, has won high marks from investors for pursuing bold market reforms.

Bank of Georgia has a 22 percent share of Georgia's retail banking market and serves 300,000 clients through its network of 92 branches. Gurgenidze took the helm in 2004 and Bank of Georgia in May sold shares to a group of foreign investment funds. The bank is now around 70 percent owned by institutions-including Firebird, East Capital and Finasta. ■

Успех индийско-русского двустороннего торгового соглашения должен принести 10 миллиардов американских долларов к 2010 году.



Визит Владимира Путина продвинет Всеобщее Соглашение об Экономическом Сотрудничестве.

От Дев Варам.

В январе 2007 года состоится ответный визит президента Российской Федерации Владимира Путина. За два месяца до приезда Путина в Нью-Дели высшие власти Индии и России в срочном порядке разрабатывают Всеобщее Соглашение об Экономическом Сотрудничестве, которое уже можно отметить как очередной виток в отношениях традиционных союзников. Соглашение намеревается охватить большую разнообразность товаров и услуг, а также двусторонние инвестиции в ключевых отраслях.

Объединённая исследовательская группа по торговле и инвестициям в настоящее время изучает выполнимость двустороннего Соглашения об Экономическом Сотрудничестве, рекомендации которой ожидаются в ближайшее время. Эти советы приобретут формальность позже, в лицах двух государств. Правительства обеих стран надеются, что двустороннее торговое и инвестиционное соглашение будет большим успехом для двух стран.

В настоящее время Россия богата залежами нефти и она является потенциальным инвестором, особенно с индийской точки зрения. Также индийские экспортёры товаров настроены на прибыль от рынка России. Российский научный прогресс доказан и договор о науке и технологиях может дать рост развитию индийским научным исследованиям и разработкам. Свою очередь Россия может увеличить свой опыт в информационных технологиях и программном обеспечении за счёт индийских коллег, которые в настоящее время являются первым общепризнанным за последнее время мировым лидером.

Всеобщее Соглашение об Экономическом

Сотрудничестве между Индией и Россией несомненно даст нужный толчок для двусторонней торговли, которая значительно снизилась за последние несколько лет. Индийско-русская торговля в 2004-2005 годах составила 1,8 миллиардов американских долларов, из которых индийский экспорт в Россию составил 597 миллионов американских долларов, в то время как импорт из России 1265 миллионов американских долларов. В настоящее время физический объём двусторонней торговли очень низок, учитывая потенциал, который может быть использован. Оба государства осознают этот факт, поэтому они разработали амбициозный план доход от которого должен составить 10 миллиардов американских долларов к 2010 году, предельный срок которого заканчивается по прошествии последующих четырёх лет. Это означает, что обе страны должны привести двустороннее соглашение в действие энергично и следовательно сделать всё необходимое для широкого диапазона Всеобщего Соглашения об Экономическом Сотрудничестве.

Индийское правительство обеспокоено снижением экспорта в Россию и желает увеличить торговлю со

своей стороны. Уже проводился ряд двусторонних переговоров с российским правительством в Москве. Следующий ряд двусторонних переговоров состоится в ноябре или начале декабря.

В предыдущие годы, во время распада бывшего Советского Союза в 1991 году индийский экспорт в тот регион и Россию был продиктован индийскими стратегическими

интересами и был намерен возместить долговые платежи за импорт оборонных технологий и запасных деталей.

Торговля между двумя государствами сократилась на определённое время после распада Советского Союза. Статистика показывает неустойчивый график согласно Федерации Индийских Организаций по Экспорту индийский экспорт в Россию уменьшился за последнее десятилетие. Экспорт вырос примерно на 17 процентов в 1997-1998 годах по сравнению с 1996-1997 и снизился в последующем 1998-1999 году с негативной отметкой (26 процентов), В 1999-2000 индийский экспорт в Россию опять колебался на уровне примерно равном 34 процентам, а потом уменьшился до 6 процентов в 2000-2001, 10 процентов составлял в 2001-2002 и 11 процентов в 2002-2003 году. Потом опять в 2003-2004 негативный рост был приостановлен и индийский экспорт показал положительную отметку примерно 1,5 процентов. К 2005 году негативный рост был более 15 процентов. Индийский экспорт в Россию по сравнению с индийским мировым экспортом снизился с 2,7 процентов в течении 1997-1998 до 0,7 процентов в 2004-2005.

В последние месяцы Индия и Россия предприняли попытку исправить торговую ситуацию в лучшую сторону. На сегодняшний день оба государства основали объединённую исследовательскую группу, которая должна написать программу приводящую двустороннюю торговлю к прибыли в 10 миллиардов американских долларов к 2010 году. К сравнению Индия и Китай достигли отметки 18 миллиардов американских долларов в двусторонней торговле в 2005 году.

В добавление к попыткам правительства, FIEO взяли инициативу организовать многотоварную выставку в Москве и Санкт-Петербурге в 2006 году для того, чтобы поддержать "индийскую торговую марку" и донести до российского рынка понимание индийских товаров и услуг. FIEO приветствовал индийское одобрение о вступлении России в Мировую Торговую Организацию (МТО). Индия и Россия приняли совместное обязательство двух стран увеличить свою двустороннюю торговлю до 10 миллиардов американских долларов к 2010 году.

С российским вступлением в МТО, Индия начала подготовку к анализированию возможности роста экономического сотрудничества с Россией ведущему к свободному торговому соглашению (СТС).

Правительство было обеспокоено упадком индийского экспорта в

Россию, и сейчас планирует предпринять попытки по увеличению торговой корзины. Индийское правительство уже провело один ряд переговоров с российской стороной в Москве. Следующие переговоры, возглавляемые министром торговли Г К Пиллаи пройдут в ближайшее время.

Для того, чтобы прибавить большую значимость к имеющимся 10-12 экспортируемых единиц ожидается, что будет выполнено исследование рынка и продвижение товара на рынке. Правительство также пытается найти причину в низком внедрении индийских услуг в таких сферах, как информационные технологии и здравоохранение на российском рынке.

Правительство также решило больше сконцентрироваться на драгоценных камнях и ювелирных украшениях, технологии производства пищевых продуктов, автомобильных составных частях, нанотехнологии и биотехнологии. Эти прилагаемые усилия активизируют северно-южный коридор, который проходит через иранский порт Бандер Аббас. В настоящее время не многие экспортёры используют этот короткий путь. Правительство заявило, что увеличение торговли с Россией через этот путь поможет индийской продукции проделать дорогу на центрально-азиатский, западно-европейский и китайский рынок.

В 2005-2006 году индийско-русская торговля выросла на 41 процент и достигла 2,75

миллиардов. Из этой суммы импорт из России составлял 2 миллиарда американских долларов, в то время как экспорт в Россию насчитывал только 733 миллиона американских долларов. Удобрения, сталь и железо составили большую часть индийского импорта, в то время как пряности и лекарственные средства образовали большую часть экспорта.

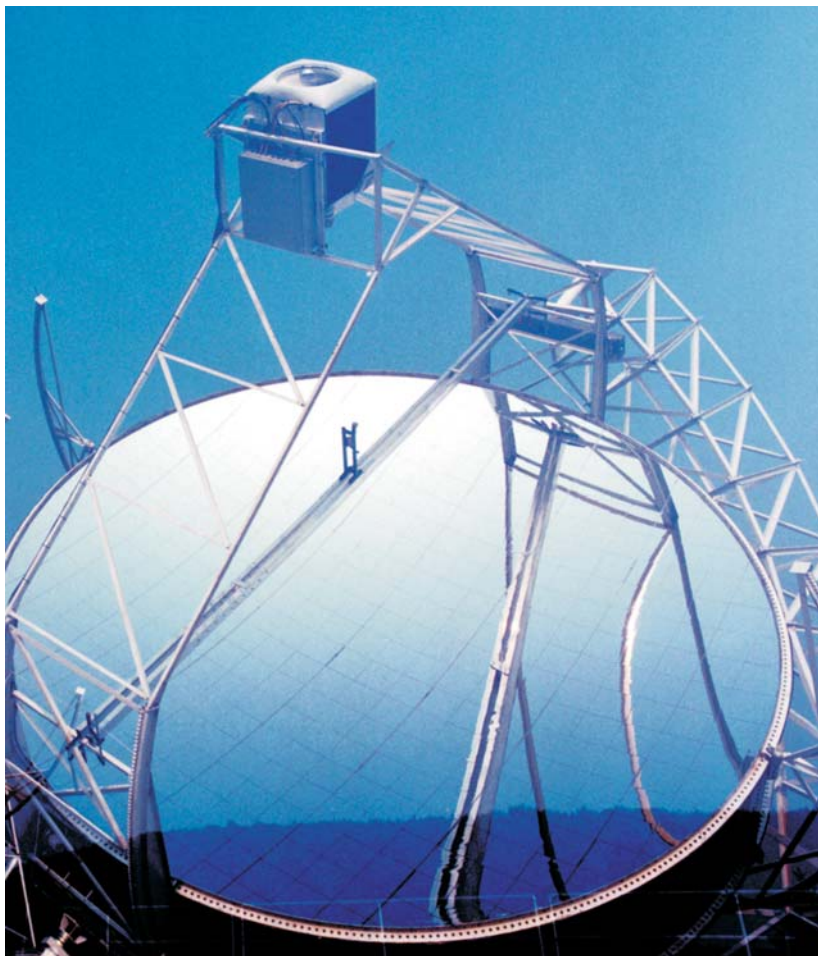
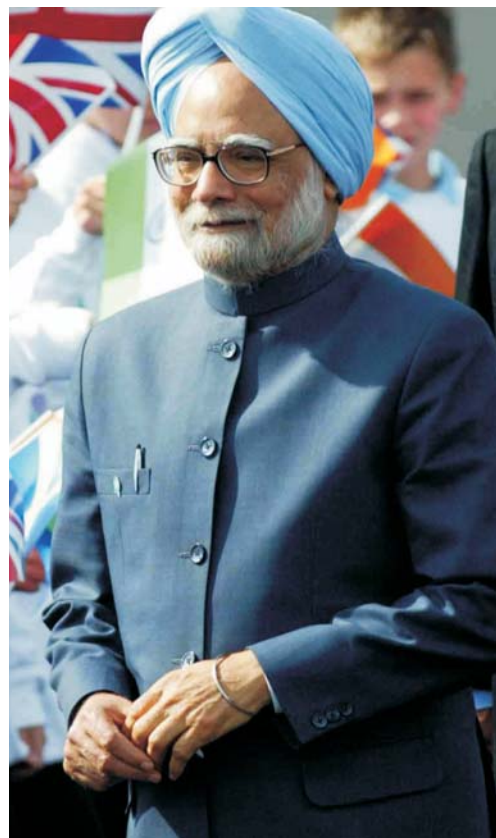
СII глава интернациональной торговой политики Т С Вишванас заявил: "В прошлом году был замечен негативный рост экспорта в Россию. Многие индийские экспортёры имели проблемы с недостатком понимания относительно препятствий в условиях таможенного договора".

Энергетическое слияние в дальнейшем может подковать индийско-русские связи.

- премьер министр Манмохан Сингх.

Российский президент Владимир Путин встречался с индийским премьер министром Манмохан Сингх, который прибыл в Санкт-Петербург на переговоры на высшем уровне Большой Восьмёрки по приглашению российской стороны в июле 2006 года. Лидеры двух стран взяли перерыв для рассмотрения двусторонних отношений между Россией и Индией и определили, что энергетические, образовательные и здравоохранительные сферы предоставляют общий интерес.

Ключевые области дискуссий на Большой Восьмёрке были по структуре энергетической безопасности, образованию и борьбе с инфекционными заболеваниями.



“ С уважением к энергетической безопасности мы ожидаем сбалансированный доход, который отразит производителей и потребителей. Здесь есть необходимость в обдумывании путей увеличения стабильности и предсказуемости на энергетическом рынке. С точки зрения энергетического состава с более значительной долей ядерной энергии и возобновления важны. Нам нужно международное сотрудничество в мировом размещении и распространении энергии целесообразно. Также нам нужно сотрудничество в низкоуглеродистых технологиях . Индия играет свою роль в делая эти преобразования ”-

Сказал журналистам Премьер министр Сингх.

“Энергетика это ключ изменить наши экономические отношения. Россия одна из самых больших стран поставщиков и Индия одна из самых больших стран потребителей. Мы инвестировали несколько миллиардов долларов в



Сахалин-1 и мы желаем инвестировать больше, если позволят возможности. Здесь есть неограниченный потенциал для Индии и России, как для великолепных политических партнёров, развить сильное энергетическое партнёрство.”-сказал он.

Сингх сказал, что ядерная сила в гражданских проектах

предлагает большие возможности для разрешения политических проблем.

Приветствуя русских инвесторов в индийской инфраструктуре развития, он сказал: “ Я думаю, что-то должно быть предпринято в ближайшее время для того, чтобы облегчить между двумя странами деловые поездки. Так как текущий визовый режим является препятствием для развития деловых контактов ”.

Здравоохранение.

Он сказал, что Индия являлась мировым местом назначения высококвалифицированного и недорогого лечения. Важным результатом было то, что Индия имела доступ ко второму и третьему поколению лекарственных препаратов по приемлемой цене.

“Покровительство IPR не должно привести к основной моральной крайней необходимости обеспечения универсального доступа к лекарствам спасающим жизнь”- сказал Сингх.

Говоря об образовании он сказал, что Индия приняла обязательство достичь поставленной задачи

Владимир Путин будет почётным гостем на индийском праздновании дня Республики в январе 2007 года.

Президент Российской Федерации Владимир Путин будет почётным гостем на индийском праздновании дня Республики в январе 2007 года. Премьер министр Манмохан Сингх, который был на переговорах Большой Восьмёрки в Санкт-Петербурге как почётный гость, приглашённый Владимиром Путиным в июле 2006 года сказал, что сильный план двустороннего сотрудничества будет завершён за две недели до приезда президента России Владимира Путина.

Во время визита в Россию премьер министр Сингх встречался с главами России и Китая. Одновременная встреча Индии, Китая и России как важной экономики азиатского региона была одним из выдающихся событий 21 века. На прошедшей встрече три государства определили шесть ключевых сфер для более близкого сотрудничества. В эти сферы входит: энергетика, гражданская авиация, биотехнологии, информационные технологии, лекарственные препараты и финансовые операции. Я подчеркнул важность быстрого продвижения вперёд по развитию конкретного проекта сотрудничества.



“образование для всех”. Всемирная попытка была бы существенна и привела бы к полной грамотности в развивающихся странах, а также к повышению мастерства, добавил он.

Премьер министр Сингх сказал, что в настоящее время экономическая основа стратегических взаимоотношений между Индией и Россией не так сильна как должна быть. “Наш годовой товарооборот в настоящее время составляет 2-3 биллиона американских долларов, который очень низок, исходя из потенциала индийской и российской экономики. Мы надеемся поднять уровень двусторонней торговли до 10 биллионов американских долларов” - заявил он.

Двусторонняя объединённая исследовательская группа между министрами торговли двух стран собрались для того, чтобы проанализировать пути увеличения двусторонней торговли, экономического сотрудничества и облегчения подписания Всеобщего Соглашения об Экономическом Сотрудничестве.

Россия один из ведущих мировых поставщиков алмазов и хорошо известно, что Индия сильна в области алмазной обработки. Из этого контекста ясно, что есть большой потенциал для экспорта алмазов из России напрямую в Индию и для объединённого коммерческого предприятия, которое состоит между компаниями двух стран по обработке и продаже алмазов.

Сингх сказал, что в оборонном сотрудничестве Россия и Индия поддерживают естественную стратегию взаимоотношений между двумя странами. Россия главный поставщик оборонной продукции в Индию. В настоящее время около 10 биллионов американских долларов стоят контракты, которые находятся в различных стадиях развития.

“Мы желаем в дальнейшем развивать оборонное сотрудничество и иметь не только взаимоотношения покупатель-продавец. Мы желаем объединиться в



исследовании, дизайне, разработке, производстве и продаже, а также это сблизит наши страны в военном отношении. Ракета Брахмос - прекрасный пример представляющий искусство в государственном оснащении, пример того чего мы можем добиться работая вместе” - сказал он.

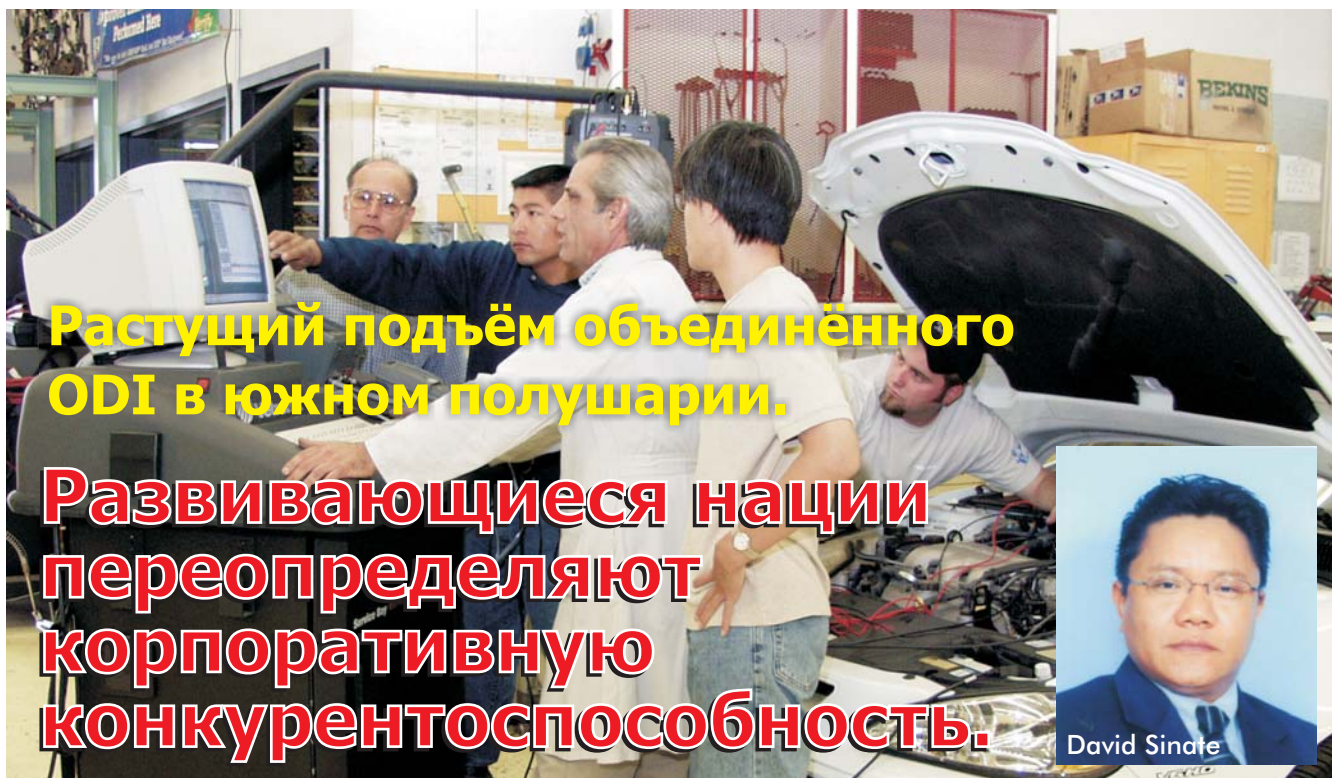
Соглашение о защите IPR в военно-технической зоне было подписано во время пребывания премьер министра Сингх в Москве в декабре 2005 года. Это должно в дальнейшем повысить качество будущего оборонного сотрудничества между двумя странами.

Между министрами торговли была создана двусторонняя объединённая исследовательская группа для рассмотрения пути увеличения двусторонней торговли и экономического партнёрства и способствованию подписания Всестороннего Соглашения об Экономическом Сотрудничестве. Россия является одним из ведущих поставщиков алмазов, а Индия широко известна в их обработке. В этом контексте есть большой потенциал для экспорта алмазов из России в Индию и для объединённого коммерческого предприятия, которое будет создано между компаниями наших двух стран, предприятие об алмазной обработке и реализации.

Сингх также сказал, что поддерживает широкую основу реформ Объединённых Наций, но был убеждён, что структура Совета Безопасности устарела и если она не будет изменена на современную любые реформы будут неадекватными и незавершёнными.

“Мир 2005 года не может эффективно обслуживаться институтом, созданным в 1945. Короткий период рассмотрения не должен придерживаться стороны вынужденной реформы. Мы благодарны за то, что Россия продолжает поддерживать индийскую кандидатуру для постоянного членства в изменённом Совете Безопасности” - сказал он.





Растущий подъём объединённого ODI в южном полушарии.

Развивающиеся нации переопределяют корпоративную конкурентоспособность.



David Sinate

С появлением транснациональных корпораций в развивающихся странах, идея глобализации приняла новую величину. Растущий объём внешнего прямого инвестирования (ВПИ) в развивающихся государствах также переопределил понятие о конкурентоспособности. В ясно написанной статье, Дэвид Синейт, заместитель генерального директора по экспорту и импорту банка Индии утверждает, что эти события помогли усилить объединения южного полушария.

За последние годы важный показатель интернационализации развивающихся стран, кроме более высоких экспортёров, росла тенденция во внешних инвестициях этими странами. Внешнее прямое инвестирование (ВПИ) может сыграть важную роль в повышении всеобщей(глобальной) конкурентоспособности фирм из развивающихся стран обеспечивая доступ к стратегическому имуществу, технологиям, мастерству, натуральным ресурсам и рынку, и к растущим ресурсам. В то же время, возросли инвестиционные потоки между развивающимися странами, помогающие(обеспечивающие) росту взаимодействия южного полушария.

Мировое признание этой важной тенденции может быть определено из того факта, что тема Конференции ООН по торговле и развитию мирового инвестиционного отчёта 2006 была "FDI из развивающихся и переходных экономик: предпосылки для развития". Отчёт подчеркнул меняющуюся роль развивающихся стран и переходных экономик в глобальных FDI и сделал ударение на такие предложения о внешних инвестициях, как о ещё одном направлении для развивающихся стран, связывая это с

мировыми рынками и системами производства. Согласно Конференции ООН по торговле и развитию, появление(возникновение) транснациональных корпораций в развивающихся и переходных экономиках придают больший импульс для сотрудничества в южном полушарии. Новые инвестиционные коридоры открываются между Латинской Америкой, Африкой и Азией как часть этой динамической активности с позитивными перспективами для продвижения развития.

Мировой внешний инвестиционный сценарий.

Мировые FDI отливы снизились с 813 миллиардов американских долларов в 2004 до 779 миллиардов американских долларов в 2005, обусловленные в основном снижением в отливах из развивающихся стран. Тем не менее FDI отливы из развивающихся стран значительно увеличились с 35,6 миллиардов американских долларов 2003 до 117,5 миллиардов американских долларов в 2005.

Затем, во время участия развивающихся стран во внешнем FDI за последнее время, отливы возросли от 31,4 % в 2003 до 36,5% в 2005, что было значительно в

резком подъёме во внешних FDI из этих стран. Часть развивающихся стран в мировом внешнем FDI также выросли с 6,3 % до 15,1% за такой же период времени. Азиатский регион насчитывает большую часть роста во внешних FDI из развивающихся стран вместе с Индией представляющей одну из ведущих экономик.

Резерв отлива FDI из развивающихся и переходных экономик в 2005 достиг 1,4 триллиона, что больше 335 миллиардов американских долларов 10 лет назад. В развивающихся странах - Азия основной источник внешнего инвестирования, который насчитывает 71% от общего отлива, когда общий отлив составил 83,6 миллиарда американских долларов в 2005.

Сейчас этот процесс распространяется на растущий ряд стран. Ранние случаи увеличения отлива из развивающихся стран включали в себя в основном ново-индустриализированные экономики(НИЭ) Азии, а также некоторые латиноамериканские и западно-азиатские экономики. Сегодня TNC из широкого ряда развивающихся стран, таких как Аргентина, Чили, Индия, Малайзия, Нигерия, Южная Африка, Таиланд, Турция и Венесуэла, а также несколько стран с более низкодходной экономикой расширяют своё влияние. После распада бывшего Советского Союза, Российская Федерация также явилась основным источником внешнего FDI ресурсов. Число развивающихся и переходных экономик с внешним количеством FDI увеличилось более чем на 5 миллиардов американских долларов, увеличилось с шести в 1990 до 25 в 2005 экономик.

Ещё одна характеристика, включает в себя индустриальный план процесса. Одни из самых видных TNC из развивающихся и переходных экономик активен в различных областях таких, как добыча нефти, изготовление цемента, производство автомобилей, персональных компьютеров и телефонов, а также в банковских услугах, телекоммуникациях и портовом управлении.

Факторы, которые обеспечивают рост внешнего FDI из развивающихся стран.

Бум в FDI из некоторых развивающихся и переходных экономик отражают растущую конкурентоспособность многих фирм этих экономик. Повышение FDI также частично были подкреплёны стремительным повышением экспортного дохода от промышленных товаров и природных ресурсов в некоторых странах, которые содействовали в построении финансовой мощи для внешних инвестиций.

Возможно более важно, что недавно на фирмах этих экономик отразилась мировая конкуренция. Они поняли возрастающую важность доступа к международным рынкам и связи с системами мировой продукции и системой знаний.

Положение Индии

Внешнее инвестирование индийских корпораций это аспект растущей глобализации и интеграции в мировую экономику. Итоговый отлив Индии с апреля 1996 по февраль 2006 был 15,4 миллиардов американских долларов с фактически инвестированием, которое примерно было равно 10 миллиардам американских долларов.

Исследования районов Индии было подкреплено(одобрено) показателями ВПИ, что в течении регионального распределения внешних инвестиций они равномерно распределены на различные страны, развивающиеся и появляющихся государства всё больше и больше возникают как внешние места назначения FDI. В действительности, появляющиеся рынки такие как Россия, Маврикий, Судан, Вьетнам являются для индийского одобренного ВПИ самой большой целью назначения (таблица)

Таблица: утверждённые индийские внешние инвестиции (в миллионах американских долларов)/ (млн. US\$)

Внешняя инвестиционная политика Индии.

Время глобализации мировой экономики благоприятствует внешне ориентированным индийским компаниям, значительная либерализация политики и возобновляемая поддержка за последние годы дали толчок в этом направлении.

Встречая испытания в выбранной стратегии, понимаешь важность в мировой экономике. Эффективность и продуктивность фирм облегченно характером курса действия среды под руководством которой фирмы работают, и если им позволит макроэкономический курс достигнуть требуемой

Итоговая сумма Государство (с апр.'96 по февр. 06)		(в млн. US\$) %
Россия	2828	18,5
США	2438	15,9
Маврикий	1383	9
Судан	1027	6,7
Британский о-в Вирджин.	942	6,2
Великобритания	802	5,2
Сингапур	641	4,2
Бермудские острова	628	4,1
Гонконг	596	3,9
Нидерланды	499	3,3
Австралия	429	2,8
Объединённые Арабские Эмираты	318	2,1
Вьетнам	229	1,5

Источник: Министерство Финансов, правительство Индии.

экономической шкалы и эффективности распределения ресурсов в производстве.

Здесь роль правительства становится очень важной, берущая на себя как уверенность строителя, каталитического агента и помогающего агента. Объективные либерализованные индийские инвестиции за границу в основном обеспечивали индустрии Индии доступ к новым рынкам и технологиям для помощи их глобально растущей конкурентоспособности и для помощи в попытках экспорта страны.

Система индийской политики сильно поддерживала прямые инвестиции за границу. Следуя рекомендациям Калйан Банерхи из отчета комиссии по индийскому объединению Вентурес Эброд в декабре 1991, министерство торговли, правительство Индии одобрило либеральную политику в октябре 1992. Автоматически было создано одобрительное окно

и одобрительная система "по порядку" заняла своё место.

Политика была либерализована далее в декабре 1995 с увеличением нормы для автоматического разрешения, снятием ограничений на вклад собственных средств через денежный перевод и назначая Ресёрв Банк Индии как центральное агентство для предоставления всех разрешений. С тех пор политика была либерализована дальше регулярно, а именно объединениям Индии было разрешено инвестировать в экономические объекты до 200% от их реальной стоимости.

Отчёт комиссии по Фуллер конвертируемому счёту предприятия, рекомендует ограничение для инвестиций компаний за границу JV/филиалы выросли до 250% реальной стоимости в 2006-07 и постепенно поднимаются до 400% реальной стоимости в заграничных филиалах/JVs к 2011. Далее в среднее годовое отчёте годового курса RBI 2006-07, нынешний максимум в заграничных инвестициях взаимными фондами 2 миллиарда американских долларов повысился RBI к 3 миллиардам американских долларов, с целью обеспечить большие возможности для взаимных фондов, которые инвестируют за границу. Также, программная речь взяла инициативу с целью помочь проекту экспортеров и экспортеров услуг, большой под ключ/ проект экспортеры/экспортёры услуг с удовлетворительным путём записи может оперировать один счёт иностранной валюты с взаимным проектом передаваемости фондов/механизмов в любой стране, предмет, обусловленный требованием к отчётности.

Эти меры поведения и рекомендации отражают возросшую важность, одобренную правительством Индии для создания среды, на которую можно опереться индийским компаниям в глобализации их

усилий.

Роль Эксим Банка в поддержке индийских внешних инвестиций

Экспорт-импорт банка Индии (Эксим банк) активно поддерживает и помогает внешним инвестициям, ориентируя внешне индийские компании в их поиске для увеличения доступа к мировым рынкам. Банк обеспечивает общий ряд товаров и услуг компаниям Индии в их международных попытках, настроенных встретить нужды различных потребительских групп. Это включает программы по возможности индийских компаний приобретать имущество для улучшения международной конкурентоспособности. Банк пытается развить коммерческие жизнеспособные взаимоотношения с внешне ориентированными компаниями, предлагая им средний ряд товаров и услуг, нацеленных на повышение их международной деятельности.

Банк также играл важную роль, основывая мировую сеть по развитию финансовых институтов и Эксим Банк (G-NEXID), который начал работу в штаб-квартире UNCTAD в Женеве в марте 2006, Форум нацелен улучшить распределение опыта в Эксим Банках в развивающихся странах среди остальных.

Исследования

В то время как многие развивающиеся и появляющиеся осуществляют меры, благоприятствующие и увеличивающие внешние FDI потоки, здесь нет такого что, "все одинаковые", действия которые могут быть рекомендованы для работы с внешним FDI. Каждая страна нуждается в установлении и выполнении действий, которые соответствуют её определённой ситуации. Если стране принесёт прибыль, двигаясь от "пассивной либерализации" к "активной либерализации" внешнего FDI, зависит от многих факторов, включая способности её предприятий и связей инвестирующих компаний с остальной экономикой.

Для этих стран решение способствовать их фирмам инвестированию за границу, целесообразно объединяя торговые действия, особенно во внешних FDI широких действиях системы нацеленной на продвижение конкурентоспособности. Например, важность образующая внутреннюю способность к прибыли от внешних инвестиций, адекватна для соединения действий на такие инвестирования, которые относятся к SME развитию, торговли и новшествам.

Более того, внешние FDI это только один из путей, в котором страна и её фирмы могут присоединиться к системе мировой продукции. Следовательно, близкое сотрудничество с курсом действий нацеленных на привлечение внутреннего FDI способствует импорту или экспорту, потокам миграции и технологиям, которые тоже были бы целесообразны. ■