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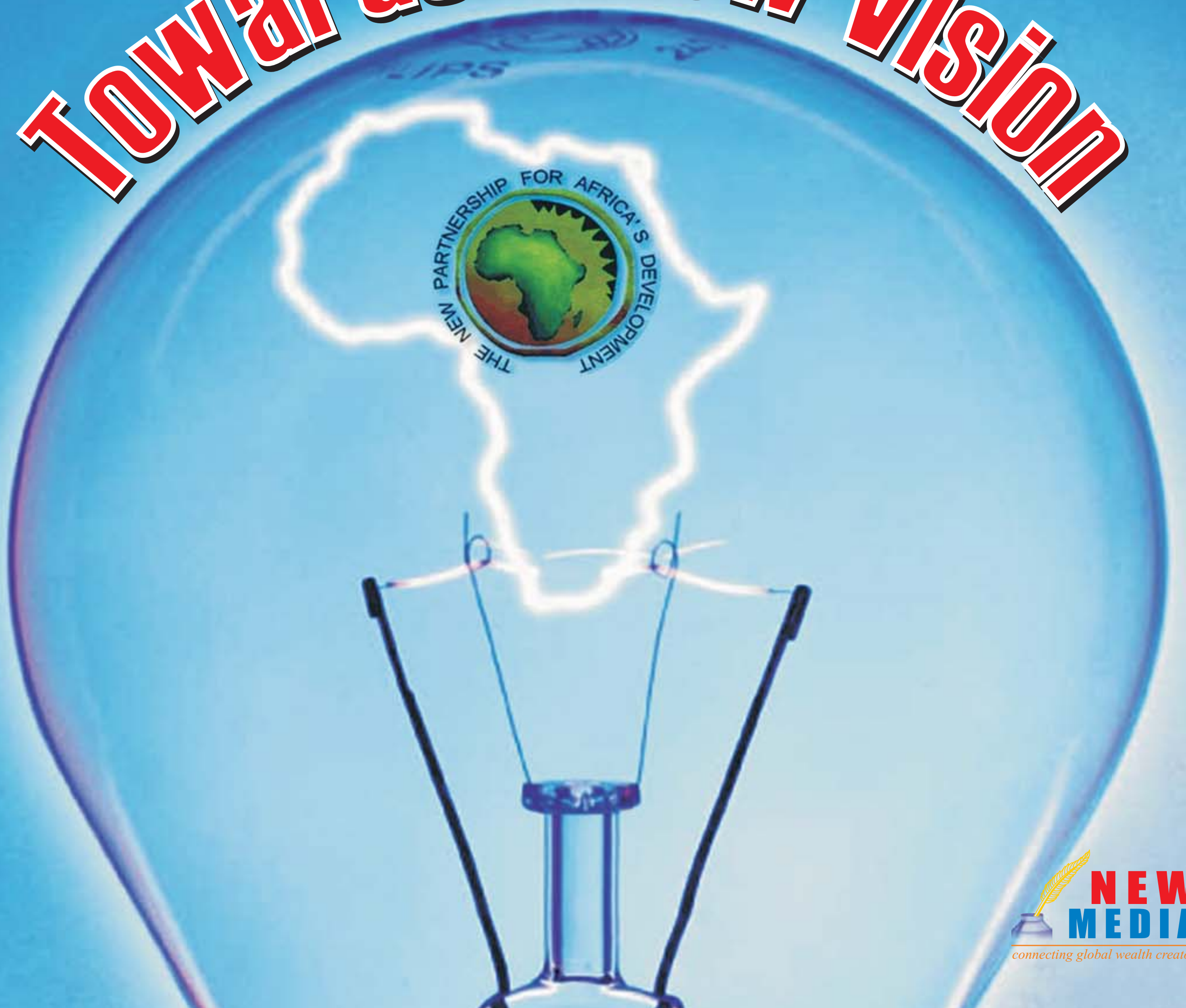
NEPAD Integrates with AU to Become NPCA

6th Project Partnership Conclave on Developing Synergies

Towards a New Vision



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In This Issue

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Editor: Veerendra Bhargava

Dear Reader,

Greetings. Africa is undergoing remarkable changes. Heads of State of countries comprising the African Union have recently approved the creation of a new organization called NEPAD Planning and Coordination Agency (NPCA) for developing a broader vision for that continent's economic growth. The move is aimed at integrating NEPAD with the AU structure to facilitate NPCA to coordinate implementation of programmes and projects and to mobilize resources required for this purpose. The current issue of Indo-African Business carries the birth of NPCA as the cover story. The focus of the magazine is on the forthcoming 6th India-Africa Project Partnership Conclave, an annual forum of convergence for the business communities and decision-makers in governments of both India and the African countries. Indian Vice President Hamid Ansari paid a week-long visit to Africa, covering three countries - Zambia, Malawi and Botswana - to fortify bilateral ties, especially in trade. We cover Ansari's successful African visit in our diplomacy section. Recovering from recent global recession, South Africa has drawn up a monetary and fiscal strategy to revive its economy. We carry the country's budget for 2010 as unveiled by Finance Minister Pravin Gordhan which lays down a roadmap for a new economic growth path for the country. The Export and Import Bank of India, which has been promoting Indian project exports to Africa by offering Lines of Credit (LoCs) to importing agencies, has conducted two separate in-depth studies on the country's cement and leather industries, and their outlook for the next few years. We carry both the reports. Agriculture is one area in which India and Africa can collaborate on a massive scale. We carry an analysis on the synergy in agriculture between the two regions by Dr. Suresh Kumar, Head, African Studies, Delhi University. Indian seed exporting companies are keen on tapping new markets in SAARC and African countries. We present a report. We carry a feature on how Botswana is making an effort to bail out the debt-hit De Beers through a rights issue. PME Transformers have earned a trusted name in the export market for various highly specialized products. We present a company profile. The countdown has begun for the 2010 World Cup soccer, which is being held in South Africa. We offer a curtain-raiser for the Greatest Football Show on Earth. As usual, the magazine carries a French section besides the regular features such as news.

Wish you happy reading

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6th Conclave on India-Africa Project Partnership

Developing Synergies Towards Creating A Vision

The 6th Conclave on India-Africa Project Partnership, jointly organized by the Confederation of Indian Industry (CII) and the Export Import Bank of India (Exim Bank) is focusing on the theme - Developing Synergies: Creating a Vision - during its three-day deliberations from13 to 15 March, 2010 in New Delhi.

The Conclaves, which began in 2005, have now emerged as the most important forums to promote bilateral trade between India and Africa and more importantly, Indian project exports to that vibrant continent.

The CII-Exim Bank efforts in this regard have been effectively supported by both the Ministries of Commerce and Industry and External Affairs.

According to CII, results from the Conclaves in the last three years have been beyond expectations. The Conclaves have enhanced the presence of 'Brand India' in the African countries. Africa with its look East policy has found the conclaves a credible access point for appropriate technologies and partners.

The Conclaves have helped in building bridges between the business communities of India and Africa as well as senior government officials and policy-makers from both sides.

The growth in exports between India and Sub-Saharan Africa has been at a phenomenal rate of more than 25 percent per annum. The total trade of USD 25.18 billion (April-Sept 2008) and India's exports at USD 11.54 billion (2007-08), a substantial amount of this export figure is supported by projects that are discussed during the Conclave.

The growing interest in India with its enhanced geopolitical presence has made it a honey pot for the developing nations to try and emulate the model of growth and development. India comes out a clear winner with its development in technologies and the availability of R&D facilities. The past conclaves have been a vehicle to showcase this expertise to the African delegations that have had the opportunities to visit India increasingly at the annual Conclave held in India.

Mrs. Ravneet Kaur, CMD, Exim Bank, signing & exchanging the Co-financing MOU document with Dr. Donald Kaberuka, President, the African Development Bank Group, at New Delhi on November 9, 2009

The 5th Conclave held from 22 to 24 March 2009 saw the participation of 483 African delegates representing 33 African countries with 29 ministers from Africa, eight banking and financial organizations, 318 Indian Delegates.

More than 190 projects worth US$ 7.2 Billion were discussed in around 1,200 one-to-one meetings. These meetings were partly facilitated through an electronic matchmaking system installed for the purpose. A dedicated touch screen helped the participants to access information on the companies and other delegates.

For the first time, a Burkina Faso was invited to be the Partner Country for the 2009 Africa-centric event. Burkina has benefited from the Conclave and the focus it received.

Over the last five years, projects in various sectors have been discussed and implemented as a result of the Conclaves. As on date, projects worth USD 900 million are in the process of being executed by the Indian companies.

A large number of these projects have utilized the Lines of Credit that have been announced for the African region. The Government of India Lines of Credit facilitated by the Exim Bank have provided a soft landing for the Indian industry looking to invest and create sustainable partnerships with the African countries.

$70bn Bilateral Trade Projected in Five Years

The 5th India-Africa Project Partnership Conclave, held from 22 to 24 March 2009 called for product diversification in trade, strengthening of pacts with regional blocs and investment and institutional arrangements with regional groupings. It has urged India to share its Green Revolution expertise with Africa and advised Indian agro-processing industries to invest in that continent.

The Conclave also suggested that Indian mining firms will benefit by investing in mineral-rich states of Africa to help them manufacture value-added products. It envisaged greater opportunities for Indian power generation equipment manufacturers to get involved in Africa's energy development programme. Africa can avail of India's expertise in healthcare and medical tourism, it has recommended. Africa can also greatly benefit from India's experience in developing its small and medium enterprises (SMEs). The Conclave expressed confidence that the two-way trade between India and the African continent can double to $70 billion in the next five years.

The Conclave comprised two special plenary sessions, two plenary sessions,10 parallel sessions and a CEO Round Table, covering every important economic sector. Besides, there were one-to-one business meetings between prospective Indian and African partners.

There were two special plenary sessions on:

• India-Africa: Celebrating the Partnership

• Building Human Capital; Building Africa of the Future; The India Story

The plenary sessions include:

• Finance Furthering the Development Agenda

• Market Access Strengthening Regional Engagement

The Valedictory Session dealt with:

• Building Capacities & Structuring Policies for Growth

The parallel sessions covered 10 most important sectors. These include:

• Mining & Minerals Creating Wealth for Africa

• Agriculture Improving Productivity; Finding Solutions; Pricess & Equipment

• Alternative Energy The Right Mix

• Power - Energizing Africa

• Healthcare & Pharmaceuticals Creating Sustainable Partnerships

• Ago-Processing & Creating Value

• Small & Medium Industries - The Indian SME Story: Solutions for Africa

• Consultancy: Catalyzing Project Partnerships

• Partner Country Destination: Burkina Faso

• Transport, Logistics & EPZs Creating Infrastructure, Creating Solutions

Following are the key recommendations put forth by the panelists at the various sessions, put together. These have been grouped under sectoral heads as under:

Trade

• India-Africa trade can be doubled to $70 billion in the next five years.

• Indian government should explore the possibility of greater geographical and product diversification in its trade with African countries.

• Strengthen India's trade agreements with regional blocs in Africa.

Regional Integration & Market Access

• India should adopt a regional approach in its trade and investment ties with Africa and firm up trade, investment and institutional arrangements with the African regional groupings.

• Indian industry could play a greater role in the regional infrastructure programmes that are being planned and developed in Africa, such as, under the Programme for Infrastructure Development in Africa (PIDA). These call for a longer term engagement.

• Small African states will benefit more by collectively engaging with India in terms of investments, particularly in the infrastructure sector.

• North-South corridor in Africa linking up the continent's transport, rail and other infrastructure proposed.

Finance & Consultancy

• African governments should increasingly seek programme financing instead of project financing. This would enable more effective utilisation of concessional credit for priority sectors / projects.

• Indian government and industry should further step up the capacity building initiatives in the recipient African countries.

• There is scope for engaging a greater number of Indian consultants in Africa's development projects, particularly those projects that are financed through Government of India LOCs.

• The current economic situation merits more flexibility in the conditions linked to the LOCs, in terms of interest rates, labour content, etc.

• Engage the development financial institutions (DFIs) in the recipient countries in the disbursement of LOCs for better results.

• Indian financial institutions could help African countries to establish vibrant domestic capital markets.

• Indian firms have a keen knowledge of what works in emerging economies, which is relevant to Africa. African consultancy firms have the local knowledge. Joint ventures in this regard could be explored.

Mining & Minerals

• Step up the engagement of Indian mining firms in mineral rich states of Africa for value-addition activities.

Agriculture & Agro-Processing

• Promote the sharing of India's experience in Green Revolution with African governments. Africa could become the world's food basket with the aid of Indian expertise and farm technologies.

• Encourage micro-financing institutions in Africa with the help of Indian expertise and solutions.

• Encourage Indian agro-processing firms to invest in Africa and transfer Indian expertise in this field.

• Promote joint initiatives in organic farming to address world markets.

Power & Alternative Energy

• Engage Indian expertise in promoting bio-fuels production and generation bio-electricity in Africa.

• Promote joint ventures in the development of alternatives like solar energy, wind energy, biomass energy, etc.

• Engage Indian expertise in energy modeling and energy manpower development for African governments and industry.

• Greater role for Indian power developers and equipment manufacturers in Africa's hydropower sectors.

• Engage Indian expertise in Africa's rural electrification projects.

Healthcare

• African governments should look to promote chains of hospitals and medical colleges. Indian healthcare majors could provide the expertise in this.

• India could share its knowledge of promoting medical tourism with African states.

Small & Medium Enterprises

• African governments should look to develop enabling policies for SME promotion.

• Establish a standard definition of SMEs acros India and Africa

• Introduce a credit rating system for SMEs in Africa to improve their access to credit on the lines introduced in India.

• Create Inter-ministerial Boards for SMEs in Africa: this will bring about consistency in the policy making for SMEs.

• Set up a virtual India-Africa cooperation mechanism managed through a business portal: this will promote matchmaking between Indian and African SMEs.

• Organize an India Africa Skills Development Mission.

Special Economic Zones

• Promote broad-based SEZs in Africa: narrow-focused SEZs such as on IT, biotech will not draw large-scale private participation.

Human capital

• African governments should aim to create robust eco-systems that promote entrepreneurs and creates jobs. Indian expertise in this area will be found useful.

• African governments could take key lessons from Indian experience in engaging the Diaspora for development initiatives.

The over all objectives of the Conclaves have been to:

• Create and provide a platform for decision makers from African countries and relevant multilateral, regional and national funding agencies to meet, in one place, the entire range of Indian companies involved in engineering consultancy, turnkey projects, construction and supply of project goods.

• Project the capabilities, range and depth of Indian industry in specific sectors.

• Facilitate discussion on possibilities for Indian participation in specific African projects

• Facilitate focused and individualized business discussions amongst the visiting decision-makers and Indian industry in these sectors.

• Facilitate interaction of Indian Government and Indian funding agencies with the visiting decision-makers and funding agencies multilateral, regional and country specific.

• Present a strategy for facilitating a quantum jump in Indian participation in projects in the African countries with suggestions on appropriate co-financing schemes, lines of credit etc.

Specifically the objectives of the initiative will be to:

• Enable India to break into the traditional dependence of Africa on Western sources of technology, products and services in their developmental processes.

• Enable Indian Project Exporters to enter niche markets & create a brand image in 'Acceptable', 'Affordable' & 'Adaptable' technologies from India.

• Facilitate and catalyze large-scale participation of Indian Project Exports from SME segment in project opportunities in the private sector.

Target Sectors

• Agriculture • Agro processing • Construction • Railways- infrastructure & rolling stock • Consultancy • Minerals • Transport Infrastructure-Road, waterways, ports & airports • Power & Non Conventional Energy • Pharmaceuticals • Healthcare • Institutional capacity Building • Information & Communication Technology • Iron & Steel • Education and skill development • Water & sanitation • Housing- Low cost housing, community buildings • Oil & Gas • Turnkey manufacturing projects • Tourism • MSMEs • Biotechnology • Fast moving consumer goods. ■

Ansari's Visit to Zambia, Malawi & Botswana Fortifies Ties

'Private Sector will Power India's African Presence'

Indian Vice President Hamid Ansari paid a state visit to three African countries Zambia, Malawi and Botswana to further forge India's bilateral relations, especially in the field of trade, with them.

At the end of his seven-day visit from 6 to 13 January, Ansari said India's presence in Africa will be powered by the private sector which would generate local employment and reduce the import of workforce. During his stay in the three countries, the Vice President witnessed the signing of several agreements between various Indian agencies and their African counterparts.

"The direction in which the Indian economy is going, the major role will be played by the private sector, especially in industrial development," Ansari told reporters on board his special aircraft.

Two of the three countries, Malawi and Botswana, had never received an Indian leader before. In Zambia, it was a high-level political visit in 20 years, since former Prime Minister Rajiv Gandhi's trip in 1986.

Arriving in Lusaka the Zambian capital on the first leg of his tour, the Vice President and his large entourage stayed at Taj Pamodzi, the first investment by the Tata Group in Africa's fast-growing hospitality sector.

"How many Indian workers were there? When we go for large investments like this, we don't take workers," he said, referring to the Tata project.

Similarly, he pointed out that the single largest investment by a foreign company in Zambia, was by India's Vedanta group in copper mines, had only 111 Indians in a total work force of 21,000.

China has become the largest investor in Africa, building major infrastructure projects in return for access to rich resources. But, it has also imported a

large number of Chinese workers to execute the infrastructure. India's annual trade with Africa is $39 billion while China has three times bigger trade at $116 billion.

$50mln LoC Announced

In Lusaka, India had signed a deal for extending a $50 million line of credit to Zambia, with a proposal to extend another soft loan of $75 million- even as Ansari and his Zambian counterpart George Kunda decided to "reinvigorate" relations to reflect "changed times".

The next stop in Malawi, a small narrow country sandwiched between Zambia and Mozambique, saw a very warm welcome and the signing of three agreements for foreign office consultations, cooperation in agriculture and small enterprises.

India also extended a line of credit of $50 million to Malawi and another $5 million in grants for earthquake relief and projects in the social sector.

Finally in Botswana, two deals were signed in agriculture and education, with the African country especially interested in more help in capacity building from India.

Ansari said that Botswana, despite possessing wealth, faced severe problems of unemployment, poverty and development. “That is where their whole national planning is focused and this is where we can give them assistance," he said.

Ansari said that overall, the impression he was carrying back home from the visit to the three countries was that “there is goodwill and a keenness to enhance level of relations with us and to get more involved with us in the development of business and industry."

He observed that India's investment in Africa was a way to access the continent's resources. "A developing country like ours wants access to resources, be it oil, gas or minerals. In Malawi, we looked at coal and uranium," he said.

"In Botswana, we have initiated discussions and will continue with them, Ansari said. India has shown interest in getting access to Botswana's supply of rough diamonds, but has officially denied that there were any substantial discussions on this specific issue.

There were a number of ministerial visits to Africa in January. Commerce Minister Anand Sharma and Petroleum Minister Murli Deora were scheduled to visit Nigeria. Minister of State for External Affairs Shashi Tharoor was to visit Mozambique for the inauguration of the new president of African Union by January-end.

The Vice President had left Delhi on January 5 and arrived first in the Zambian capital, Lusaka. He then left for the smallest country on his itinerary, Malawi on January 7, before the last leg to Botswana on January 9. Ansari was accompanied by his wife Salma Ansari, Minister of State for Labour and Employment Harish Rawat, Communisty Party of India's D. Raja, Congress MP from Delhi J.P. Aggarwal and BJP's Anusuya Uikey.

Bid to Gain Direct Access to Botswana's Diamonds

Talking to reporters on board his special aircraft from New Delhi to Lusaka, Ansari observed that Botswana was one of the world's largest diamond producers and diamonds from that country were of direct interest to India where a large and prosperous diamond cutting industry thrived.

India is the largest importer of uncut diamonds, but most of them are routed through the trading centres of Antwerp. The diamonds are then cut and polished in several industrial clusters, most of them based in Surat in Gujarat and in Mumbai.

Ansari said that it was a long-standing government policy "to try to get diamonds directly from the source". "As more and more countries are discovering - direct dealing between seller and buyer is better than the indirect dealing through a monopoly organization in London," he added.

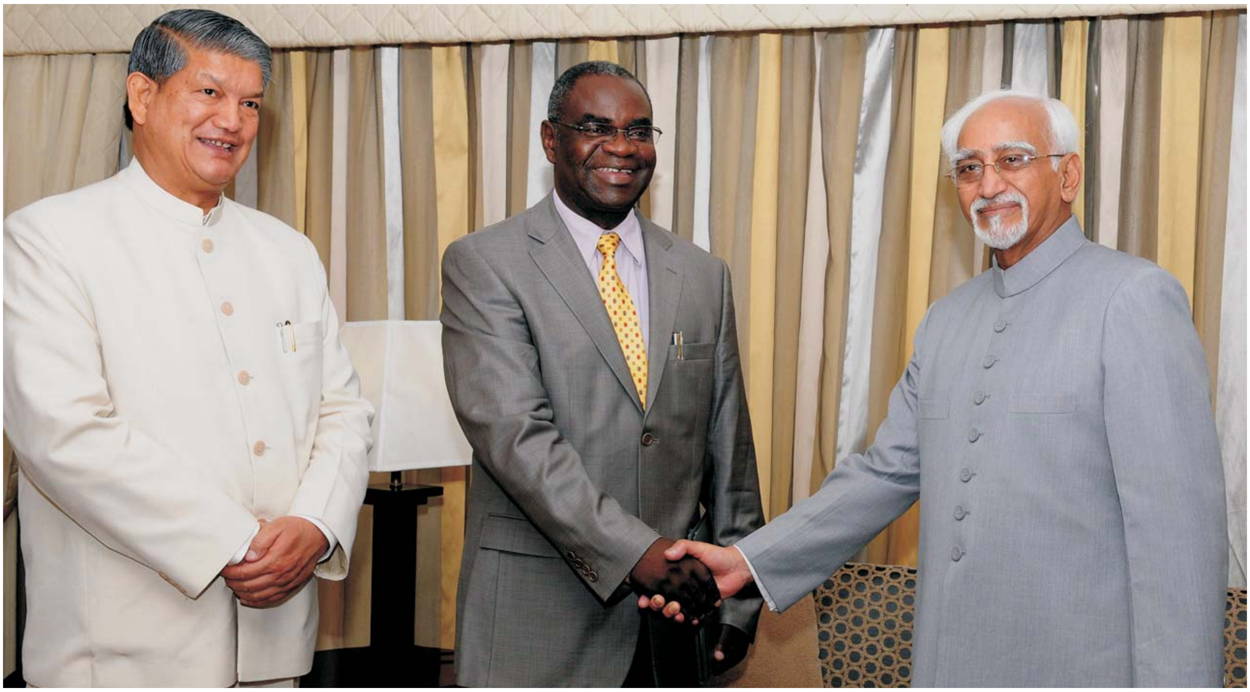
Though Ansari did not name the group, De Beers, the world's largest diamond trading company, has a monopoly in mining and distribution of diamonds from Botswana, which accounts for 50 percent of its global trade. The contract with monopoly trading partner De Beers is expected to end in two years. Nearly fifth of the total diamonds in the world are mined in Botswana.

Diamond diplomacy had always played a role in India's relations with Botswana. In May 2005, the then Botswana president Festus Mogae had attended the International Diamond Conference as chief guest.

Malawi Offers JV in Uranium Mining

Malawi expressed interest in the joint exploration of potential uranium sites along with India. "We have already one working mine in Karonga. We can work with India to jointly explore other sites," Malawian Vice President Joyce Banda told reporters after holding bilateral talks with visiting Indian Vice President, along with whom he witnessed the signing of three agreements in the capital city of Lilongwe.

The first uranium mine, operated by an Australian company, Paladin Energy, started production in



September 2009, with the first consignment sent to Canada in October.

Ansari is the first Indian leader to visit the small African state, which has a population of 13.5 million, and is sandwiched between the larger nations of Zambia and Mozambique.

Banda made it clear that Malawi wanted India's help in shoring up its energy security by developing all sources of energy from water to wind. "Uranium is only part of the broad cooperation that we want in energy security," she said.

In Malawi on the second leg of his three-nation visit, Ansari held talks with the Malawian President Bingu wa Mutharika who hosted a state banquet in his honour.

At the banquet, Ansari announced a line of credit of $50 million to Malawi, as well as $5 million in grants for earthquake relief and projects in the social sector.

The three agreements signed are for foreign office consultations, cooperation in agriculture and small enterprises.

Besides, the Malawi government wanted Indian private companies to help build the inland port of Nsanje, which will open the Shire-zambezi waterway connecting Malawi, Zambia, Mozambique and Tanzania. "We have told them that they should come to the annual Africa conclave to make Indian companies aware of this project," Ansari said.

Since Malawi is the next chairman of the African Union, the issue of reforms of the United Nations Security Council was also raised, and both countries agreed that the body had to reflect contemporary realities.

In recent years, China has come into Malawi in a big way, after the southern African country became one of the last nations to derecognise Taiwan and start diplomatic relations with the Asian giant. In return, the Chinese government is building a new parliament building, hospital, five-star hotel and roads in the country.

Malawian Vice President Banda asserted that as a "sovereign state", Malawi could have good relations with both India and China. She said that these projects were "Malawian projects, supported by Chinese", just like India would support other "Malawian projects".

After talks, both leaders went to Lake Malawi, which is the third largest lake in Africa, before returning to the capital city of Lilongwe to attend a reception for the 7,000-strong local Indian community.

Indian officials accompanying the Vice President, that India was interested in procuring diamonds from Botswana, facilitating direct access for Indian companies to rough diamonds, rather than through middlemen.

According to them, Ansari's three-day visit to Botswana would lay the ground work to facilitate more procurement of rough diamonds once "things start to loosen up".

"We expect things to loosen up since the contract (for distributing mining and rough diamond) will end in two years," said a senior official.

Officials said Botswana has recognized that it would be wise to diversify the sellers of its famed diamonds, rather than just go through a single company as it has been doing. The Botswana government and De Beers, the world's largest diamond distributor, have a joint venture called Debswana that is the largest diamond mining company in Botswana.

"The global recession had made an impact on the government decision, when they saw that De Beers was unable to take all the diamonds mined due to a decline in global demand. It demonstrated that depending on a single distributor was not wise," he said.

In fact, De Beers had to lay off workers and stop work in its four mines in Botswana in early 2009 when diamond sales slid dangerously around Christmas and New Year holidays of 2008.

While there have been no visits by an Indian head of the state or government to Botswana so far, R Venkatraman had visited the country as the Vice President in 1986 to attend its 20th anniversary of independence.

The country is sparsely populated with only a total population of 1.8 million in a land area of 582,000 sq km. Botswana is often held up as an example of good governance in Africa, with its relatively unbroken record of multi-party democracy.

India has substantial defence cooperation with Botswana, with an Indian Army and Indian Air Force training team posted in the nation since 1978. The current strength of the training team is 25 officers, with 17 from the Indian Army.

The Delhi Connection

From reminiscing about his days in Delhi to his fondness for bhangra, the President of the small, land-locked southern African nation of Malawi praised Indian education, pointing out that he was a "product of India."

"I consider myself a Delhiwala," said Malawian President Bingu wa Mutharika, who had completed his graduation and masters degree from Delhi University in the 1960s. He was speaking at the state banquet organized in honour of the visiting Indian Vice President Ansari.

"I am myself a product of India," asserted Mutharika, who had been re-elected for a second time in 2009. He urged more cooperation from India in the education sector, citing his own success story.

He said that the five years of study were continuous without a break to return to Malawi. "That was because as a student I was always broke and didn't have enough money to come home".

Then, during the holidays, he travelled extensively in India in all the regions from Jaipur to Chennai.

Mutharika returned to Delhi for a short trip of 13 days in 1994. Ansari invited him to visit India to "see how much India has changed since your college days in New Delhi four decades ago".

As the first Indian leader to visit Malawi, a nation of 13.5 million sandwiched between Zambia and Mozambique, Vice President Mohammed Hamid Ansari announced on Thursday evening the soft loans and grants.

At a state banquet hosted by the Malawian President, Ansari said that India had extended a line of credit of $50 million to the African nation, which had invited Indian companies to invest in hydropower, farmlands and mining, including uranium.

"As part of the commitments made by India during the India Africa Forum Summit (in 2008), we would also like to extend a Line of Credit of $50 million to support the development goals of Malawi," Ansari said.

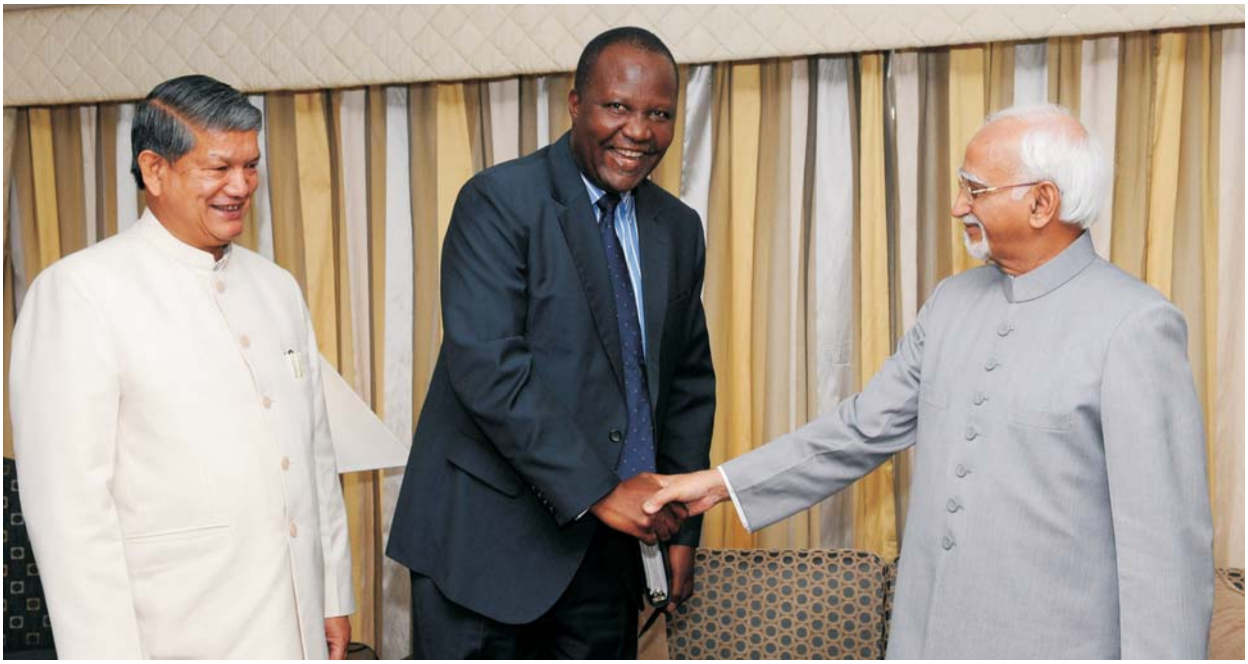
He also announced a grant of $4 million to support Malawi's "development in agriculture, health and education sectors". Besides, Ansari also extended a grant of $1 million as emergency relief for recent earthquake victims in the country.

The Malawian government was keen to invite Indian companies in the areas of development of hydropower generation. "We have invited India to look at several areas in the area of energy, especially in hydropower capacity," said Mutharika.

He estimated that Malawi had a potential to generate 1500 megawatt of electricity through hydropower. Investments in hydro power had been raised by the Malawian side during discussions between Ansari and Mutharika.

"They are keen that we come for projects either with public private partnership or on a BOT (Build Operate Transfer) basis," said Minister of State for Labour and Employment Harish Rawat, who is accompanying the Vice President on the tri-nation trip.

In addition, Mutharika also mentioned that his country had uranium deposits. "We have potential for wind and solar energy, as well as nuclear energy now with our uranium sites," he said. The country was also interested



in Indian companies to invest in other mineral resources like gold, bauxite and other mineral resources. Agriculture was another area where Malawi was looking at India with hopeful eyes for shoring up its food security.

Even in this small nation, there is a already a substantial community of 7000 Indians, most of them had comes as traders from Gujarat.

Idyllic Destination for Bollywood Films

If Vice President Ansari has his way, Indian filmmakers will have another exotic film destination Botswana.

Enraptured by the beautiful and wild environs of the Chobe National Park, Ansari told his host, Botswana Vice President Momfati Merafhe, on Sunday night that he will certainly lobby for the southern African country with his domestic film industry.

"India boasts the largest film production in the world, which specialises in the most beautiful of locations.

"They should certainly take to this most exotic of locations. To the extent that I can carry this message, I will do so," he said.

Ansari arrived in Botswana on January 9 for a three-day visit the last leg of his tri-nation African trip. After bilateral talks and signing two deals Saturday, the Indian delegation flew to Kasane in north-eastern Botswana, for an overnight visit to the Chobe National Park.

The Vice President and his wife stayed at the Clinton suite at Mowana safari lodge, which not surprisingly was the accommodation for then U.S. President Bill Clinton during his 1998 trip to Botswana.

Three large boats were chartered by the Botswana government for a three-hour afternoon journey through the wide Chobe river, whose one bank has Botswana and the other Namibia.

A group of hippos grazed gently on the riverbank while another group gazed at the Indian entourage with their eyes only above the water.

Then, Ansari saw several large groups of African elephants, the matriarch and her brood, as they frolicked in the muddy banks.

Ansari was seen capturing the moment on his mobile phone.

"We thought that the Garden of Eden was a mythological concept. But, it exists and it is right here," he said.

Early on Monday morning, Ansari went for a drive into the park and encountered two lionesses crossing the dirt road.

Immediately, most of the jeeps carrying the Indian delegation zeroed in, but the lions disappeared after spotting the guns brandished by the Botswana defence personnel. ■

Towards a New Growth Path

Recovering from global recession, South Africa has drawn up a monetary and fiscal strategy to revive its economy. This is reflected in the country's budget for the year 2010 presented by Finance Minister Pravin Gordhan to Parliament in February, which lays the roadmap for a new growth path. Excerpts:

Recently we had the special honour of hosting former President Mandela in Parliament. He exuded his inimitable magic. He reminded us of what we have achieved in our struggle for freedom and in our democratic journey. He reminded us that South Africans are capable of extraordinary things.

Twenty years ago, we showed the world that we could unite around a common cause - a democratic, non-racial, non-sexist South Africa. We showed ourselves, and the world, that we could compete politically and yet find a shared understanding on matters of concern to all of us - building a better South Africa for our children and grandchildren. Now, we must again use this remarkable national capability to energetically and urgently address the problems of jobs, growth and poverty. None of us can rest or sleep peacefully until every South African can say: I can see a better future. I can find a job. I can learn a skill. Hard work will enable me and my family to have shelter and food. If my children work hard at school and college, they will have a better future and a thousand opportunities.

South Africa's Structural Economic Challenge

The key dimensions of our transformation challenge are clear and well-known. One in four adults seeking work is unemployed, and almost half our young people have not found work.

Income inequality is amongst the highest in the world; and half our population survives on 8.0 percent of national income.

Closely associated with inequality and economic vulnerability, we confront several social challenges: an HIV and TB pandemic, unacceptably high rates of crime, angry communities and dysfunctional schools.

So we have to do things differently - we have to act now to strengthen the institutions through which public services are delivered, and to transform the structure of our economy, so that all South Africans can share in the opportunities that our country offers.

Economic Transformation & Social Cohesion

We are deeply mindful that economic development and public service delivery are about much more than the numbers through which we measure progress. As development economist Amiya Bagchi has observed, successful developmental states are built not just through public policy and state action, but also through national identity, social cohesion and responsible citizenship - through building social capital that reinforces trust and cooperation, in the place of conflict and fragmentation.

This is surely the central theme in our vision for the next 20 years - that we should succeed in forging a common purpose that dominates over narrow, sectarian interests.

As South Africans, we have learnt over the past 20 years that our shared humanity, our generosity, our resilience and our capacity to deal honestly with each other present a formidable capacity to fight adversity, to find common ground and to move forward. In an important sense this is our most precious national asset - our social capital in the making.

These capabilities now face their sternest test. In the construction of a more just economic order, we must again, in our own way, demonstrate to the world that it is possible to find an agreed way forward - a path in which inequality and narrow self-interest give way to a longer-term, inclusive, broad-based development path.

We will host a great sporting festival this year, which has been a considerable test of our agility and delivery capacity. We have achieved a remarkable goal in completing the 2010 stadiums in good time. And as we rightly enjoy and take pride in this achievement, we know that we must extend the same extraordinary efforts to addressing our critical social and economic challenges.

My privilege today is to elaborate on some of the economic and fiscal dimensions of the challenge you have set us, and to share with the House and all South Africans the spending and revenue plans and some of the projects and programmes that the government will undertake over the period ahead.

Global Recovery & South Africa's Economic Outlook

In the past year, the world economy has gone through its deepest recession in over 70 years. Brought on by a crisis in the financial sector in developed countries, an estimated 34 million people have lost their jobs. Through a coordinated effort by the G-20, involving extraordinary fiscal and monetary policy interventions, a depression has been staved off. After declining by 0.8 per cent in 2009, the world economy is expected to grow by 3.9 per cent this year driven largely by the momentum of China's industrial expansion, urbanisation and modernisation.

Yet many commentators caution that these positive trends may be short-lived, and that the world economy may yet experience a second recessionary wave. Employment creation in developed countries remains weak. Large fiscal deficits and emerging asset price bubbles in Asia signal that the recovery is still fragile. As with the boom period prior to 2008, the global recession will entail sweeping changes to the world economic landscape. Major industries from automobiles, to telecommunications and energy are undergoing restructuring and rapid evolution.

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year. Mining output fell by about 7.0 percent, manufacturing by over 12 percent. Consumption and private investment contracted. About 900,000 people lost their jobs. Members of the House will recall that in October last year, in tabling the Medium Term Budget Policy Statement, I indicated that recovery from this deterioration would be slow and uneven. We projected that growth this year would be just 1.5 percent.

However, things are looking slightly better. Our growth expectation for 2010 is now 2.3 per cent, rising to 3.6 per cent by 2012. Household consumption expenditure will improve during the course of this year as confidence improves and household debt levels abate. We expect gross fixed capital formation to record growth of 5.8 per cent, and to strengthen further in 2011 and beyond. The most recent employment statistics show an increase of 89 000 jobs between September and December last year. Consumer price inflation has declined over the course of the last year, and is expected to remain around 6.0 percent a year over the period ahead. These are significant improvements in the economic outlook, but not yet enough to address our challenges of jobs, growth and poverty reduction.

Towards a New Growth Path

The recent crisis and its aftermath have led to a serious introspection and rethinking of what were thought to be robust and superior economic models. We signalled in last year's Medium Term Budget Policy Statement that South Africa needs a new growth path, and we outlined several key elements in the growth strategies of successful nations. Since then, there has been robust debate on several aspects of economic policy. There is substantial agreement that our key challenges are job creation, poverty reduction and faster economic growth.

This budget outlines several aspects of a new growth path for our country:

1. A concerted effort to reduce joblessness among young people

2. Support for labour-intensive industries through industrial policy interventions, skills development, public employment programmes and a rural development strategy.

3. Sustaining high levels of public and private investment and raising our savings level.

4. Improving the performance and effectiveness of the state, especially the provision of quality education and training at all levels.

5. Reforms to increase inclusion and participation in the labour market, alongside efforts to improve competition in product markets.

6. Keeping inflation low, striving for a stable and competitive exchange rate, and providing a buffer against global volatility.

7. Raising productivity and competitiveness, opening up the economy to investment and trade opportunities that can boost exports. We need to produce the goods and services that other people desire to have; that we can export to the rest of the world.

Our approach to employment creation includes measures to encourage industries and services that have significant jobs potential, stepped up implementation of the expanded public works programme, investment in further education and skills development, encouragement of small business development and entrepreneurship and a new focus on promoting youth employment.

Industrial Policy

Turning an economy around and achieving the kind of transformation required to draw in the millions of unemployed people into the economy is not an easy task. We must be honest; it will not happen tomorrow morning. It will take time and forward-looking policies that are effectively implemented. It will take hard work. We must have the courage to make difficult choices about investment priorities, industrial policy options, spending priorities, technology alternatives and trade strategies.

We operate in a global village where our fortunes are partly dependent on how well we are able to leverage off the global economy. Other countries are not standing still. Brazil, India, China and a host of other middle income countries are actively taking steps to improve their competitiveness, raise their skills levels, invest in infrastructure and to remove obstacles to growth and employment. South Africa must not be left behind.

Climate change and concerns over global energy supply present both challenges and opportunities for South Africa. Industries must be helped to manage scarce resources more efficiently and to reduce greenhouse gas emissions through appropriate pricing of energy. This is necessary to enable investment in sustainable technologies. Green economy initiatives will create new opportunities for enterprise development, job creation and the renewal of commercial and residential environments. This must play a part in our new growth path.

Innovation and enterprise development are rightly the key focus areas of the work of the economic and employment cluster. Over the next year, the cluster will oversee the development of sectoral strategies and actions to raise output, employment, productivity and exports.

Measures to Promote Youth Employment

Under the leadership of the Department of Labour, initiatives are in progress to improve information services to help young people access jobs and training opportunities. We propose to support these reforms through a subsidy to employers that will lower the cost of hiring young people without work experience. Under consideration is a cash reimbursement to employers for a two-year period, operating through the SARS payroll tax platform, and subject to minimum labour standards. It will be available to tax-compliant businesses, non-governmental organisations and municipalities. Our preliminary estimate is that about 800 000 people will qualify. The aim is to raise employment of young school-leavers by a further 500 000 by 2013.

Our intention is that young people should benefit from this initiative by early next year. A discussion document setting out further details of the youth wage subsidy proposals will be tabled by the end of March.

Monetary Policy

A credible monetary policy framework that focuses on managing inflation is crucial to reducing long term borrowing costs and providing confidence about the future. These are necessary to stimulate investment, employment and competitiveness - particularly among exporters and import-competing industries. At present our level of inflation is higher than that of our trading partners, which lowers our competitiveness. Low and stable inflation is also essential to protect the living standards of workers and the poor. I wish to confirm that the Reserve Bank will continue to pursue a target for CPI inflation of 3 to 6 per cent. The role of the Bank in maintaining financial stability will also be enhanced.

We are agreed that we need a stable and competitive real exchange rate, though in today's world this cannot be translated into a straightforward fixed price of the rand. Government is concerned that at certain times, rapid capital inflows that may be required to sustain investment spending have the unintended consequence of appreciating the currency. We have therefore agreed with the Reserve Bank that we will continue to take steps to counter the volatility of the exchange rate and to lean against the wind during periods of rapid capital inflows, including reserve accumulation and further exchange control reform.

Long term efforts to support the competitiveness of the real exchange rate include lower wage-inflation, lower budget deficits, larger reserves and a more flexible and dynamic economy. Unfortunately, there is no silver bullet in the pursuit of greater competitiveness. Macroeconomic policy, industrial policy, trade, labour market and logistics infrastructure all contribute to creating a more productive economy.

Revenue Estimates & Tax Proposals

The past year has been one of the most challenging periods for revenue collection since 1994. As a result of the deterioration in the South African economy, we now expect to raise R69 billion less in tax this year than we budgeted. Consolidated revenue will be R658 billion in 2009/10, which is R32 billion less than in the past fiscal year.

Value-added tax will be R22 billion less than the February budget estimate and 5.1 percent lower than last year. Corporate income tax will be R30 billion less than expected, and over 20 per cent less than the amount we collected in 2008/09. Customs duties will be R6 billion below target, personal income tax R4 billion lower and secondary tax on companies R3 billion less.

We will continue to face revenue challenges in 2010/11, as tax revenue growth is likely to lag the recovery. Given the gap between spending and revenue, alongside efforts to curb spending growth, government requires more tax revenue.

Instead of raising the tax burden, we are proposing moderate tax relief for households, to assist in sustaining the economic recovery. Income tax relief for individuals will amount to R6.5 billion, which largely compensates for the effects of inflation. Most of the relief is provided to taxpayers in lower-income brackets. To support further broadening of access to medical scheme membership, the monthly monetary caps for deductible medical scheme contributions are also increased. Taking into account the effect of the tax system on savings, the annual tax-free interest income will be increased from R21 000 to R22 300 for individuals below 65 years and from R30 000 to R32 000 for individuals 65 years and over.

As an on-going part of the process of simplifying our tax system, government proposes further measures to reduce red tape and enhance our attractiveness as a viable and effective location from which businesses can extend their African and other worldwide operations. We will also review the tax treatment of financial instruments to ensure appropriate accommodation of Islamic-compliant finance.

Reprioritization of Spending towards Targeted Outcomes

This year's budget is the first to be shaped by the government's new framework of outcomes and associated targets. These were anticipated in last year's Medium Term Budget Policy Statement, which set out the key spending priorities as:

Improving the quality of basic education
Enhancing the health of our people
Making our communities safer
Fostering rural development
Creating jobs; and
Investing in local government and human settlements.

The consolidated budget of government for next year is R907 billion and over the next three years, we will be spending R2.9 trillion. The fiscal framework makes provision for an increase in spending over the MTEF period amounting to R87 billion. In addition, about R25.6 billion has been identified through savings. So in total, we are able to add R112 billion to the baselines of departmental budgets.

Of these amounts, over half go to provinces and municipalities for education, health, municipal infrastructure and human settlements, reflecting our commitment to sustaining growth in spending on our key priorities. To achieve the outcomes we have set ourselves in education and health we need better coordination and alignment between national policy imperatives and provincial budgets. A breakdown in this regard is a recipe for failure. We have to find a mechanism that balances the constitutional responsibility of provinces to determine their budgets with the constitutional entitlement of citizens to education and health services.

Real growth in public spending over the next three years is about 2.0 percent a year. This is lower than the rapid growth in public spending over the previous three years, but it still provides for substantial increases in our key spending programmes.

In October, the government announced an additional R5.4 billion for spending on our HIV and Aids programme to be able to take on more people and improve the effectiveness of our treatment programmes. Taking into account further policy measures to broaden access to those co-infected with TB and women and children with CD4 counts lower than 350, a further R3 billion is allocated in this budget. Presently, about 920 000 people are on anti-retroviral treatment. The budget provides for the number to rise to 2.1 million in 2012/13.

In addition, we will continue to broaden the use of public private partnerships in the health sector, in particular to improve our hospital system. The flagship PPP hospital project will be Chris Hani Baragwanath, for which a feasibility study is now complete. In addition, the new George Mkhari and Polokwane academic health complexes are being fast-tracked. Alongside longer term reforms to the financing of health care, a closer partnership between the public and private health care systems is a prerequisite for the introduction of a national health insurance system. Our total national and provincial health spending is projected to be R105 billion next year.

Education spending remains our largest item of spending, giving meaning to our commitment that it is our number one priority. The total budget for education next year is R165 billion.

Rural Development

Parliament, in its report on the Medium Term Budget Policy Statement correctly identified the need for more spending and better coordination in the important area of rural development. In addition to the funds allocated

to the Department of Rural Development and Land Affairs for the Comprehensive Rural Development Strategy, we are setting up a new grant to support on-site water and sanitation infrastructure as part of the rural housing programme. An initial R1.2 billion over three years is provided.

The human settlements grant is one of the faster growing items in the budget. Supported by rising spending on water and sanitation, these investments are critical to reshaping our townships, cities, informal settlements and rural areas. The State of the Nation address correctly identified a key gap in the housing market where middle income people cannot access sufficient finance to afford homes. Government and the banks will work together to find appropriate financing support measures so that more people can access home loans.

An additional R3.6 billion is allocated to the Department of Trade and Industry for industrial policy interventions consistent with government's new Industrial Policy Action Plan. In particular, these funds go to support investment and production in the automotive components and clothing and textile industries.

Over the 2009-2014 period, the second phase of the expanded public works programme aims to create 4.5 million short-term job opportunities. An estimated total of R52 billion is available for various expanded public works projects over the next three years. The MTEF allocations include an additional R2.5 billion that will support labour-intensive projects in the social, non-state and environmental sectors, largely targeted at rural areas.

In 2010/11, R89 billion will be spent on social grants. Provision has been made for the phased extension of the child support grant up to a child's 18th birthday. The state old age pension and the disability grant rises by R70 to R1 080 a month. The child support grant increases by R10 to R250 a month. We recognise that the increase in the child support grant is slightly below the inflation rate, but the social benefit and the cost of bringing in two million more children implies that we have to adjust this grant more moderately.

Infrastructure Investment & Development Finance

Public sector investment is a crucial component of development as it provides the infrastructure through which we transport goods, power the economy and connect households and businesses to services and markets. Over the next three years, the public sector aims to spend R846 billion on its infrastructure programme. Extensive planning and consultation is in progress on infrastructure programmes for the next 10-20 years, in recognition of our long-term development challenges.

A significant proportion of the public-sector infrastructure investment programme will be undertaken by state owned enterprises and is not directly financed from the fiscus. Eskom's construction of power plants makes up about a third of the total. Upgrading our transport infrastructure and water supply capacity makes up much of the balance. The costs of these investments are largely met by users, and will in several cases require higher tariffs to be phased in over the period ahead.

We have taken steps to recapitalise our development finance institutions to allow them to step up their lending to municipalities, land reform programmes and businesses in distress due to the economic crisis. Including provisions in this budget, we have made allowance for the recapitalisation of the Land Bank to the value R2.5 billion. A guarantee of R15.2 billion has been approved for the Development Bank of Southern Africa, enabling it to extend capital to poorer municipalities for infrastructure projects. The Industrial Development Corporation is well capitalised and will continue to play a key role in implementing government's Industrial Policy Action Plan. ■

High GDP & Infrastructure Growth Give Boost…

Indian Cement Industry Prospects Bright

- Exim Bank study

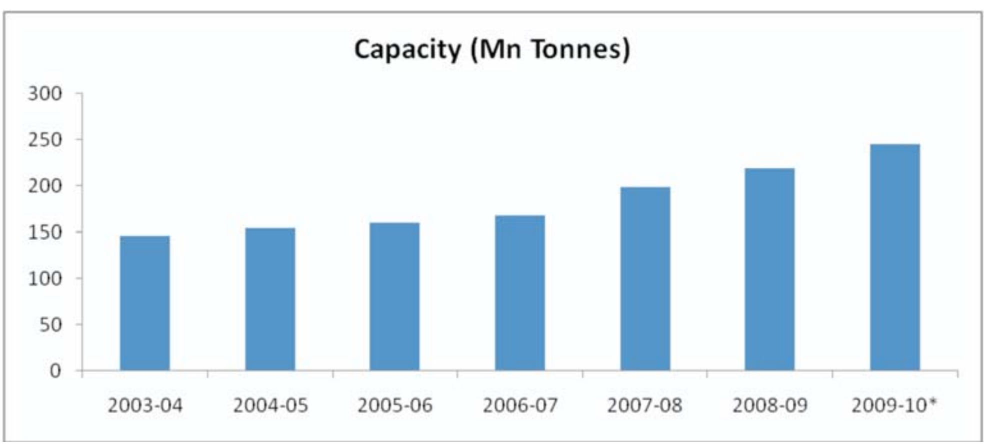
The growth of the cement industry is a barometer of a country's economic development. With recession receding slowly and India's annual economic growth projected at an average 9.0 percent the outlook for the cement industry in the coming years is bright, says a study by the Export Import Bank of India (Exim Bank). The ongoing stress on infrastructure development is expected to give an added impetus to the Indian cement industry, which is today the world's second largest after its Chinese counterpart, says the study.

Production and Consumption

Cement production in India expected to touch 205 MT by the end of the financial year 2009-10. The 11th Five-Year Plan projects cement production in India to touch 269 MT by 2012.

Cement production has grown at a CAGR of over 8.0 percent during the period 2003-2009. According to the Cement Manufacturers' Association (CMA), cement dispatches were 14.13 MT in December 2009, and showed a growth of 13 percent as compared to 12.48 MT in December 2008. During December 2009, cement production was 13.91 MT, registering a growth of 13 percent as compared to 12.31 MT in December 2008. Between April to December 2009, cement production totaled 116.01 MT while cement dispatches totaled 115.31 MT.

Production Trends in Indian Cement Industry



*Source:CMA * estimated*

In India, about 25 percent of the cement production is Ordinary Portland Cement (OPC), 66 percent is Portland Pozzolana Cement (PPC), 8.0 percent is Portland Blast Furnace Slag Cement (PBFC) and the remaining 1.0 percent is special cement. Aditya Birla Group, Holcim and India Cements are the leading players in the cement production accounting for around half of the total installed capacity and production.

According to CMA, cement consumption, which increased from 149 MT in 2006-07 to 164 MT in 2007-08 is expected to touch 205 MT by 2009-10.

All India Demand-Supply Scenario

Category	Units	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Capacity	Mn tones	153.97	160.37	167.96	198.30	219.20	245
Production	Mn tones	127.57	141.81	155.66	168.32	181.42	205
Capacity Utilization	Percent	82.9	88.4	92.7	84.9	82.8	83.7

Source: CMA

Exports

Export of cement from India has declined from 6.86 million tonnes in 2004-05 and is expected to decline to touch 4 million tonnes in 2009-10, a decrease of nearly 9.0 percent CAGR. The fall in exports is mainly attributed to capacity additions in Middle East countries (which is a large export market for India) and healthy demand pattern in the domestic market. Further, Government of India has also been moderating the policies related to export of cement to meet the growing domestic demand and restraining the price increase in the domestic market. India's cement exports are primarily in the form of Portland cement, cement clinkers, white cement, limestone flux and refractory cements, mainly exported to Middle East countries like Qatar, Iraq, UAE and Yemen. Some of the other export markets are Nepal and Bangladesh.

Evolving Trends in the Cement Industry

• The cement industry has witnessed substantial reorganization of capacities during the last couple of years. There have been instances of several mergers and take-overs in the industry, including the interest evinced by the foreign cement majors.

• There has been a mismatch of growth in production and consumption in various regions. Cement, a bulky commodity, involves significant transportation cost, and thus led to demand-supply mismatch and price differentials at regional level.

• With the spurt in domestic demand, the cement industry is witnessing increased investment activities. The cement industry is planning to increase capacity by 118 million tonnes during the 11th Plan period.

Outlook

• Cement companies continue to face high cost pressure due to increasing prices of coal leading to escalation in power and fuel costs. Further, the hike in petroleum prices is adding to the woes of the cement manufacturers with the rising transportation costs as well.

• The Middle East region, which accounted for a significant share in India's cement exports, is expected to have decline in import demand due to new capacity additions in the region. Apart from this, cement firms like Lafarge are vying with an option of setting up plants in countries like Sri Lanka and Bangladesh to take advantage of the growing market demands in these countries.

• A sharp slowdown in cement off-take following the completion of the projects related to the Commonwealth Games and withdrawal of stimulus by the Government may tilt the odds against the sector.

• On the positive side, the robust growth in GDP and industrial production coupled with renewed impetus on the need for infrastructure and real estate development in India may boost the demand for cement in the days to come.

• Growing momentum in consolidation amongst the players is also expected to bring rationality in capacity addition.

To conclude, with the recession getting over, the future outlook for the cement industry looks promising and optimistic. According to Government estimates, India would require 600 MT of capacities by 2020. On an average, 1 MT of greenfield project needs Rs 400 crore. The cement industry will therefore require over Rs 100,000 crore of investment to build enough capacity to cater to the rising demand in the years to come. ■

Exports Projected to Cross $7 bn by 2013-14

Recession-Hit Indian Leather Industry on Path of Recovery

- Exim Bank Study

The Indian leather industry, an important segment of the economy, is recovering from the impact of the global recession and is poised to gain the lost ground in the next few years with exports expected to cross $7bn by 2013-14, says a by the Export-Import Bank of India (EXIM Bank).

The Indian leather industry is spread over the formal as well as informal sectors and produces a wide range of products from raw hides to fashionable shoes and luxury goods such as leather garments. The industry comprises firms in all capacities starting from small artisans to prominent global manufacturers and exporters. The industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and is among the top 10 foreign exchange earners for the country. With an annual turnover of over US$7billion, exports of leather and leather products increased manifold over the past few years and touched US$3.5 billion in 2008-09.

The leather industry in fact, is bestowed with an affluence of raw materials as India is endowed with 21 percent of world cattle and buffalo and 11 percent of world goat and sheep population. Added to this are the strengths of skilled manpower, innovative technology, increasing industry compliance to international environmental standards, and the dedicated support of the allied industries.

Though India is the second largest producer of footwear and leather garments in the world, India accounts for a share of close to 1.2 percent in the global leather import which is to the tune of US$ 360.35 million (2008-09).

The major production centers of leather and leather products are located in Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul in Tamil Nadu; Kolkata in West Bengal; Kanpur, Agra and Noida in Uttar Pradesh; Mumbai in Maharashtra; Jalandhar in Punjab; Bangalore in Karnataka; Hyderabad in Andhra Pradesh; Ambala, Gurgaon, Panchkula and Karnal in Haryana; and Delhi.

Export Scenario of Leather

Footwear is the engine of growth of the leather industry, currently accounting for an export value of US$1.5 billion, holding a major share of 42 percent in India's total leather trade. The European Union and the United States are the major markets for Indian footwear accounting for 62 percent and 10 percent share respectively in India's total footwear export. The major markets for Indian footwear are Germany 18 percent, UK 15 percent, Italy 16 percent, France 8.0 percent, Spain 8.0 percent, Netherlands 5.0 percent, UAE 3.0 percent and Denmark 2.0 percent.

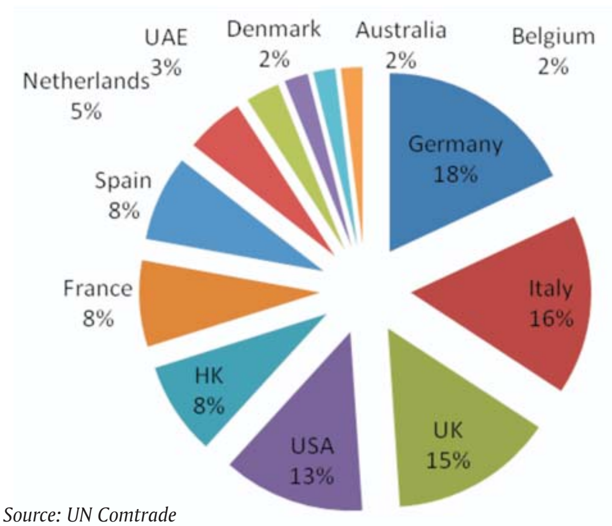
India's Export of Leather and Leather Products

Value in US$ Mn

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Finished Leather	555.71	607.73	636.27	724	807.19	673.37
Footwear	767.73	910.77	1045.2	1236.9	1489.4	1533.7
Leather Garments	301.08	329.44	333.3	309.91	345.34	426.15
Leather Goods	539.21	585.72	660.17	706.28	800.46	873.3
Saddlery & Harness	52.71	61.71	77.52	82.33	106.18	92.15
Total	2216.45	2495.37	2752.5	3059.4	3548.5	3598.6
% Growth	18.20%	12.58%	10.30%	11.15%	15.99%	1.41%

Source: DGCIS

Country-wise share in Total Leather & Leather Products Exports (2008-09)



Source: UN Comtrade

Outlook

The industry is on the path of recovery from the slowdown of 2008. Between April and November 2009 leather exports stood at US$1.53 billion, which was almost 23 percent lower than the previous year's US$2.01billion in the same period. According to the Leather Export Council, the leather industry expects to end 2009-10 with a 10 percent decline in exports over the previous year's US$3.6 billion. However, with a pickup in demand from the markets in the West, with factories getting a healthy order inflow from December 2009, the next financial year may bring back healthy revenue and thereby bring down the decline in growth.

Export Projections for 2009-10 to 2013-14

The Government of India has also identified the leather sector as a Focus Sector in its Foreign Trade Policy 2004-09 in view of its immense potential for export growth prospects and employment generation. Accordingly, the Government is also implementing various Special Focus Initiatives under the Foreign Trade Policy for the growth of the leather sector. With the implementation of various industrial developmental programmes as well as export promotional activities, and keeping in view the past performance, and industry's inherent strengths, the Indian leather industry is aiming to augment the production, thereby enhancing exports to US$7.03billion by 2013-14, and resultantly create additional employment opportunities for more than one million people. The Government has recently approved for the development of a leather park under the Indian Leather Development Programme (ILDP) and earmarked Rs300 crore for the same. ■

Export Projections for 2009-10 to 2013-14

Value in US$ Mn

Product	2009-10	2010-11	2011-12	2012-13	2013-14
Leather	890.35	1023.9	1101.91	1245.16	1407.03
Footwear	1865.5	2194.07	2534.4	2926.13	3376.87
Leather Garments	423.98	438.81	495.86	498.06	492.46
Leather Goods including	1059.9	1218.93	1377.39	1556.45	1758.79
Total	4239.8	4875.72	5509.56	6225.8	7035.15

Source: DGCIS

African Agriculture: An Abiding Investment Avenue for India

By Dr. Suresh Kumar

Author Dr. Suresh Kumar is Head, Department of African Studies, University of Delhi. He is also the Chief Editor of Africaindia.org & Indian Journal of African Studies published by University of Delhi and has traveled widely in Asia and Africa on research and teaching assignments. Dr. Kumar has been a delegate to India-Africa Partnership Conclaves right from the beginning (since 2005) and raised a number of issues concerning agricultural sector at these forums.

The post 1990 global challenges focus on 'three Fs' i.e. Food, Fuel and Finance. To deal with these challenges, India firmly believes that developing countries are not accepting the Concept of Aid in terms of quantity and demand quality to be an integral part of economic development. Science and Technology (S&T) of India shaped a new vision on the economic front, necessitating modifications in India's foreign policy in the post 1990s. India adopted market economy and presented itself as an emerging entrepreneur under global economy. Indian foreign policy believes in self-reliant economic growth in developing countries. The development cooperation should not be based on donor-recipient basis but stand on equal partnership.

The Africa-India Summit 2008 endeavors capacity building in the agriculture sector in terms of best practices. India adopted collective engagement in Africa to promote infrastructure and agro-industry. African regional approach will give the member states greater opportunities to attract foreign investment. The process of creating a free trade area that incorporates the East African Community, the Common Market for Eastern and Southern Africa, and the Southern African Development Community is underway, bringing together nearly 600 million people into a single market. Such a development will have a major bearing on India-Africa economic exchanges.

Is India a Threat in Africa?

Today, Africa is the hub of natural resources with leading world powers eyeing the continent for them.

Only an average 3.0 percent of cultivatable land in Africa is being used now, which is not sufficient to feed the entire population of Africa. It is imperative to incorporate the development of the agriculture sector as a prerequisite to an African country's progress and overall prosperity.

The trade and investment in agriculture and agro-infrastructure are inter-linked and need mutual support, which persuaded Africa to share Indian experience in this sector. Indian scientific and agricultural research institutions have assisted around 5,000 entrepreneurs for developing their business ideas in the African countries. Today, India's foreign policy is being questioned while dealing with agriculture sector in Africa. The issues being raised are:

Table 1: Cumulative share of outward FDI towards Developing (Southern) Countries

Outward FDI to Developing Countries			
Country	Total FDI (1996-2008) (Rs. Million)	Share of Total (Percent)	Cumulative share (Percent)
Mauritius	175132.52	31.25	-
Russia	122381.55	21.84	53.09
Sudan	54528.93	9.73	62.83
China	37185.79	6.64	69.46
Egypt	32293.95	5.76	75. 23
Brazil	21946.94	3.92	79. 14
Liberia	7584.66	1.35	82.85
Kenya	6033.78	1.08	88. 90
Libya	5772.95	1.03	89. 93
Other Countries Vietnam, Indonesia, Thailand, Sri Lanka & Kazakhstan *			
Total	**560343.6349**	**100**	

** It does not require detailed information as the discussion is focused on agriculture.*
Source: Ministry of Finance and www.icrier.org

1. Is India accused of 'neo-colonialism' in Africa using its agriculture land to cater to the Indian population at home?

2. How best can India work with African countries in facing the challenges of food sufficiency?

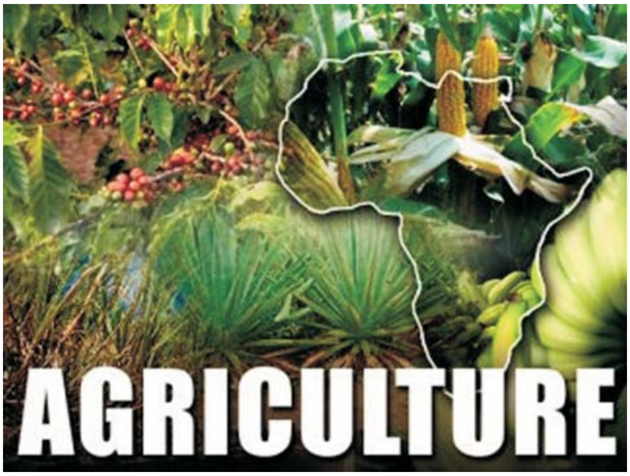
3. Are there any S&T measures that can ensure a long-term benefit that is adaptable for the local requirements?

4. Are there any institutional links and processes by which this knowledge can be shared with African states?

1. India and New Colonialism in Africa

The academic circles in Africa worry about India's role as a neo-colonial power. Dean Nelson observed that Karuturi Global (KGL), an Indian company, one of the world's largest producers of cut roses, has been accused of neo-colonialism in Ethiopia and Kenya. Refuting these allegations, KGL has outlined its agriculture investment policy clearly, listing a number of welfare measures the company has initiated in both the countries to improve the living conditions of the rural people. The investment in agriculture sector in Kenya and Ethiopia has created employment opportunities for skilled and unskilled workers. A good number of sugarcane factories have been started by Indians in Ethiopia according to the region's demand. They are sowing sugarcane locally and producing sugar to cater domestic as well as regional market.

The Indian Ministry of Finance's data on Foreign Direct Investment (FDI) in African countries refutes the negative propaganda and shows the real picture. Figures in Table- 1 show that Mauritius and Russia are at the top of the figure of cumulative share of FDI towards the developing countries for the period 1996-2008, followed by Sudan, China, Egypt and Brazil. The government approved sector wise FDI in manufacturing, financial & non-financial services and trading. The data does not indicate the intention of Indian FDI as being used for land grabbing. Indian corporate houses are making overseas investments through countries like Mauritius that either have low tax rates or allow tax-free remittance of income. Despite the fact that outward FDI is moderately concentrated for the developing world, the African countries may follow different trends. Similarly, John Heine expressed, “Yet,



contrary to what some might surmise from this new version of the Scramble of Africa, if African countries play their cards right, they have much to gain. Indian companies are more willing to invest in infrastructure and in the downstream facilities needed to bring products to port than western ones."

It is observed that India focuses on bilateral, multilateral and regional economic cooperation acting as bridging power with all the major powers as a part of its foreign economic policy. But being seen as the bridging power, it should not be misused by multinational corporations using India in Africa for their self interests and assigning a proxy label of new-colonialism to India. Following suggestions may help curb misnomer of new colonialism on India.

1. Public-Private Partnership (PPP) in Africa is concerned about the relative decline of agricultural production of domestic food and industrial requirements. It is estimated that the use of 15 percent of the total land in Africa is sufficient for the domestic consumption including having food stock for the emergency. Indian investors are buying land in Africa for agricultural purposes. The sharing of the total produce should be in the ratio of 70:30, where 70 percent should be reserved for the export & industry and only 30 percent should be used for domestic consumption.

2. African governments should adopt a method of assessing the quantity of food production required for local market versus production for exports. Along with it, similar method should be used for local agro-industrial activities. These measures will help to develop mutual understanding among PPP.

2. Indian Investors & Africa's Food Sufficiency

The question raised that are there any S&T measures that can ensure a long term benefit that is adaptable for the local requirements shows a genuine concern of local users and investors. The answer lies in the India's transfer of knowledge/technology that could help Africa deal with the problem of food crisis. The importance of small farm mechanization and India's expertise in small tractor production by good number of companies is highly relevant to Africa. Indian investors provide agricultural mechanisation such as seed cum fertilizer drill that facilitates seed and fertilizer saving, enhancement in cropping intensity and increase in gross income and return to farmer in Africa. India manufactures agricultural tractors, mould board plough, disc plough, sub-soiler as primary tillage, spring loaded tillers, harrow, leveller, bund former, scraper, rotary tiller as secondary tillage, back hoe with tractor, laser grader, graders, scrapers with tractors as earth moving equipments and sowing machinery.

Indian investors promote agro-processing firms, joint ventures in horticulture, storage facility and technology transfer with African governments to address world markets. Besides the other areas, India should focus on the Africa's need for quality infrastructure and micro financing to enhance the farm productivity in the African countries. Along with it, Sanjay Kirloskar stated that 'African women are the real workers on small farms. The experience of Indian women working with micro finance in developing self-help groups (SHGs), co-operative societies producing number of food, medicine, beverages and cosmetic items for the urban market will be the real input for the African women. Africa having small holding can use this micro finance for better seed, agriculture implements, irrigation systems and natural pesticides. Along with farm-related partnerships, African countries hope to replicate India's success in microfinance. Indian microfinance institutes could

assist Africa to build this sector. And, a system of sharing of expertise in microfinance could be developed with the participation of India's leading microfinance companies. Africa could become the world's food basket with Indian expertise and farm technologies.

3. Indian Institutional Links & Knowledge Sharing with Africa

The Focus Africa Programme of India initially emphasized on seven major trading partners of the region, namely Ethiopia, Nigeria, South Africa, Mauritius, Kenya, Tanzania and Ghana that account for around 69 percent of India's total bilateral trade with the sub-Saharan Africa. NEPAD shares the developmental approach with India and Indian institutional partners. The institutional entrepreneurship in Africa represents through CII, FICCI, Export-Import Bank of India (EXIM Bank), IOR-ARC, and Focus Africa. India's economic engagement in Africa is working as per their local needs. Different turnkey contracts have been undertaken in Tanzania, Uganda and others. It enables import of Indian equipment and technology on deferred credit terms extended through EXIM Bank, PTA Bank, BOAD, EADB and EBID. Joint Ventures of Indian companies are engaged in Africa through Line of Credit (LoC). A visible change in perception with access to greater knowledge of the region has helped in promoting economic relations between the Indian industry members and the African countries. CII's effort is to develop a long term sustainable relationship with the private sector in the African countries. The participants in March 2009 Conclave was remarked by 483 African delegates and 318 Indian delegates who discussed more than 193 projects worth $17.2 billion in technology, agriculture, human resources and energy in the COMESA regions.

CII Africa Committee has Institutional Agreements with Africa's Small and Medium Enterprises (SMEs) and signed Memorandum of Understanding (MoU) in the fields of soap plan, water management and infrastructure related projects during this Conclave of 2009. A strong structure that supports a continuing dialogue, transparent access to opportunities, interaction with the government and the African Heads of Missions has now been institutionalized. Indian institutions such as NRDC, CFTRI, CSIR & ICAR and NEPAD (New Partnership for Africa's Development) should approach the Forum for Agriculture Research in Africa (FARA), the Southern African Centre for Cooperation in Agricultural and Natural Resources Training (SACCAR), the Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA) and the African Centre for Agricultural Research an Development (CORAF) in North Africa to address agricultural strategy for development. Indian investors are training human resource of Africa and imparting knowledge in agricultural sector strengthening the overall food security. There is an active participation of Indian investors in Africa in agriculture sector and in related activities.

African Priority in Agriculture Sector & Indian Investors

The agriculture sector faces the changing environment that demands higher food quality, productivity improvements and environment friendly agricultural methods. This sector needs sophisticated equipments for agronomy concerns optimized yield, precision farming, fuel saving, less soil compaction and safety. Africa needs Green Revolution for achieving food security as the population will reach 1.8 billion by 2050. Table-2 highlights the Afro-Asian particulars about the irrigated land area and the potential through irrigation in this sector. More than 90% of agriculture in Africa is rain dependent. Africa has abundance of water across the continent. The major water bodies across the African continent includes major rivers such as Blue Nile, White Nile, Limjpopo, Niger, Volta, Senegal and Chari and lakes such as Lake Chad, Victoria and Malawi. There are 73 other major rivers and Lakes, 1300 small lakes, 13 major river basins and 104 small river basins across Africa. Only 20% of it is required to make the continent food secure. It is thus essential to enhance irrigation facilities equipped with extensive infrastructure to fulfil the basic needs' (Kirloskar: 3-6). Africa needs water pumping system and water management techniques from India. The requirement of little training to African HRD will help installation of pumps for handling it that will change even the deserts into green areas. More than '100,000 Kirloskar pump sets are greening 200,000 ha of desert land along the Nile for the last 40 years and are in operation at more than 50 large pumping stations in Egypt. These pumping systems are also used in South Africa, Lesotho, Angola, Ghana, Ethiopia, Sudan, Kenya, Tanzania,

Table-2 Irrigated Area Vs. Potential Agriculture land

Particulars(ha)	World	Asia	Africa
Total Area	13.4 Bn	3.1 Bn	3.0 Bn
Cultivated Area	1.5 Bn (11.3%)	560 Mn (17.6%)	200Mn (6.6%)
Irrigated Area	277 Mn (18%)	194 Mn (34%)	13 Mn (6%)

Uganda, Zambia and Zimbabwe making a difference in key sectors of economy' (Kirloskar, 2008: 14-15). Indian investors in Agriculture sector in Africa offer better seed technology, irrigation, scientific instruments, etc. (Annexure-1) to get more output supporting poverty alleviation programmes. Mr. Felix Matati, Minister for Commerce, Trade and Industry, Zambia pointed out, 'African countries would prefer Indian investment as we understand each other. You have cost-effective technology, which we want. We are able to understand each other better as we are both from the south. India-Africa trade has been lacking clear visibility. We want to change that' (I T Christie: 2005).

Table-3 Approved FDI by Sector -Investment in Million Birr

Sector	Approved Projects		Operational Projects		% Share	
	Projects	Investment	Projects	Investment	Projects	Investment
Hotel & Tourism	8	236	1	1162	12.5	492.4
Agriculture	31	2711	4	1243	12.9	45.8
* Education & Health Services, Construction, trade, Mining & others						
Total	**276**	**13914**	**51**	**3285**	**18.5**	**23.6**

** It does not require detailed information as the discussion is focused on agriculture.*
Source: Ethiopia: Trade and Transformation Challenges Study, 2004.

Africa offers different key areas of investment that may start in different provinces/districts/zobas/villages. These areas include Fruit & Vegetable, Agriculture Engineering, Fish and Fish Farming Industry, Livestock Industry, Food & Beverages and Dairy Sector. The experiences of African visits and five Conclaves on India-Africa Partnership enriched detailed knowledge on agriculture sector of some African countries that are discussed here as case studies.

1. Investment in Burkina Faso

Burkina Faso is second largest producer of cotton in West Africa and ranks third in Africa. Agriculture plays a key role in this country's economy that accounts for over 40% of the country's GDP, 80% of export revenue and 85% of employment. The agriculture investment exists in the following sectors such as Industrial units of manufacturing tractors, manufacturing pump sets for irrigation, manufacturing agro-food products, agro-chemicals (fertilizers and pesticides), manufacturing textiles (Cotton fabrics, garment production and yarn) and setting up commercial farming units (fruit, vegetables, Arabic gum and cotton).

2. Investment in Ethiopia

Ethiopia adopted an agriculture and rural-centered development strategy known as Agricultural Development-Led Industrialization (ADLI). ADLI focuses on the development of smallholder farm productivity and the expansion of commercial farms. One suggests the structure of cooperative farming should be like that of West & South India and Kenya may be replicated in Ethiopia. If successfully implemented, it has the potential to reduce food insecurity, absolute poverty and environmental degradation. Ethiopian agriculture, second largest sector of investment focuses on FDI since 2004 and received number of projects as mentioned in Table-3.

3. Investment in Ghana

The government gives incentives by way of tax rebates for manufacturing in certain locations, tax holders, ranging from 5 to 10 years depending on sectors, custom import duty exemption for plant machinery, equipment and parts thereof and double taxation agreements. Ghana is searching for an investment location and offers opportunities such as agriculture (Cassava, Cotton, Sugarcane, Soya Beans, Oil Palm, Pineapples, etc.), agro-processing (Cocoa, Fruits,

Vegetables, etc.), general infrastructure (Agricultural and Industrial Estates, Roads, Railways and Ports) and fisheries.

4. Investment in Senegal

Senegal has become a leading exporter of cherry tomatoes, fine green beans, basil, green asparagus, onions, potatoes and aubergines. 70% of Senegalese population is involved in agriculture sector that is central to the country's development. Senegal is highly dependent on import of rice. As an alternative, the Senegal government offers investment opportunities in this sector particularly in Senegal River Valley region. An upper limit of CFA F 15 million is the condition of investment in this country. There are export opportunities facilitated by AGOA visa in the agri-business sector in 'floriculture, fruit cultivation, market gardening, thousands of hectares of cashew nut plantation, diversification of the industrial processing of groundnut, fish cultivation, support to the development of horticultural exports, improvement of the condition of market operation, support to agro-business producers & operators for a better adaptation of products to the market, development of private irrigation and land-related activities.

5. Investment in Uganda

Uganda is east Africa's food basket with over 80% of the population relying on agriculture for its livelihood. The 32 million hectares of arable land in Uganda is lying untapped. The agro-processing can improve the livelihood of low income groups as it produces cereals, root crops, coffee, tea, livestock, fish and forestry. There is a lot of scope for business in processed agro products. India and Africa are starting quota free trade and thus Ugandan products will be sold duty free in India. The linkage potential in the plantation and agro-industry includes:

• Outsourcing the field operations including seed-bed preparation.

• Supply of produce to processors.

• Maintenance of machinery.

This agro-industry needs strong infrastructure such as roads, railway, etc. in Uganda. It requires a more efficient railways network to connect Kenya, Tanzania, Rwanda, Burkina Faso and Southern Sudan. This is a very important area of investment for Indian investors.

6. Investment in other African Countries

A. Angola- It has introduced development programmes for rural economy and is expecting more cooperation in private sector in terms of 'investment in mostly cereals, coco, cane sugar and tobacco from India'.

B. Botswana- It is looking forward to setting up units of production of commercial farming such as fruits, vegetables, Arabic gum and cotton. The opportunities in this sector include the setting up of small industrial units of milk processing (dairy plants) breweries, production of animal feeds, veterinary pharmaceutical products, meat processing, leather tanning and products, cattle rearing-ranching and poultry.

C. Cameroon- The Government is stressing upon 'PPP to promote farm productivity and Indian private investors could supply equipment to small farm holders'.

D. Eritrea- The Government of Eritrea announced new economic investment policy that is known as Proclamation No.159/2007 regarding Foreign Financed Special Investments (FFSI) Proclamation. It applies to all FFSI of more than Twenty Million US Dollars (20,000,000 USD) or its equivalent in other convertible currency. The Eritrean government policies give priority to agriculture sector.

E. Mozambique- It uses 15% of total cultivatable land. It plans to begin a 'Green Revolution through farm mechanisation and formulated a Food Production Plan for 2008-2011. India could be a partner in providing the infrastructural support and transfer of skills to facilitate the revolution as it has rich experience in capacity building, research and technical training in this field.'

F. Southern Sudan- The government offers policy of concession for 'private companies to initiate affirmative business atmosphere that is conducive for Indian companies to take a lead'.

G. Mali- Angelique International has been engaged in for the 'manufacturing and assembling of tractors. The plant was handed over to the client organisations in 2007. The company later entered into a separate joint venture with the Government of Mali with 51% shareholding' (CII: 2009: emphasis mine).

H. Tanzania- Zanzibar, part of Tanzania is known as the Spice Islands. It offers investment opportunities in horticulture and floriculture, agro-processing, fruit processing & canning, cloves, cinnamon, cardamom, nutmeg, black pepper, chillies, etc.

Suggestions

Following suggestions will help to strengthen

Africa's development and their collaboration with the Indian partner reflects the following advantages of scientific agriculture such as:

1. African agricultural trade is controlled by the developed world. Africans should persuade for intra-African trade serving common man's needs. The resource mobilization should be from the domestic, regional and international markets.

2. As a result of population growth, there is a need to introduce more agricultural land and introduce applications of S&T in Africa. The S&T methods like better seeds, dwarf plantations, demand of less water crop, rotation patterns, minimum period of crop production and preference for the use of natural insecticides will help African agricultural system.

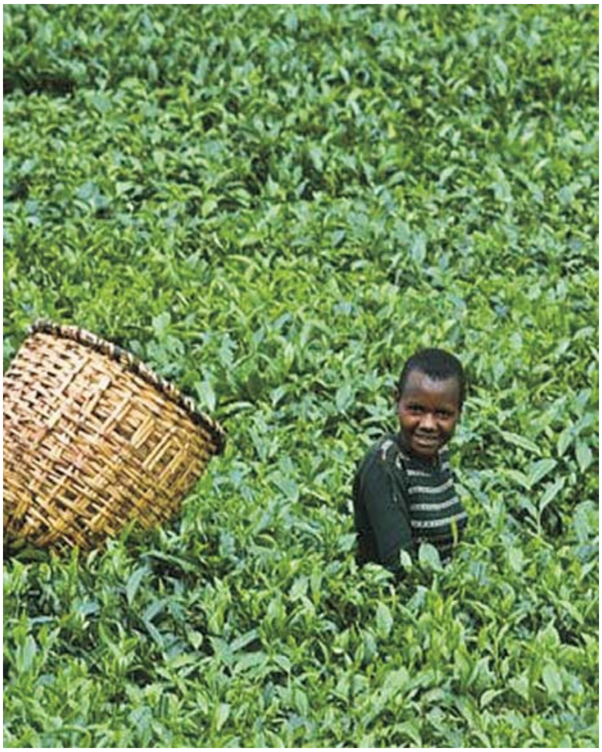
3. There is widespread inequitable land distribution biased against small farmers. The need of community farming under Collective Land System should be promoted, which will help in using scientific agricultural implements in Africa. It will strengthen market based land reform and give more bargaining power to the community farmers as it is successfully working in some states of India.

4. The scientific agriculture system will persuade and promote the farmers to join agriculture education, literacy programmes and other awareness programmes. Moreover, agriculture extension is an important component of agriculture universities throughout the world, which will help Africa Agriculture Education System to strengthen in rural areas.

5. Different programmes like Diary Farms, Poultry, Piggery, fisheries, Sericulture, Horticulture, Floriculture and Shrimp & Prawn cultivations should be introduced in Africa as an alternate food resource. It needs commercial feed to save grazing areas and build Veterinary Hospitals accordingly. It will help in fulfilling the mutual needs and establish mutual cooperation among rural and urban areas.

6. Africa needs more agriculture scientist and practitioners, who will help African youth to get training in agriculture sciences and develop technology as per local needs. It will enhance field of research and teaching in Agriculture Colleges and University and generate self-employment among educated youth.

7. African governments should initiate the process of Rural Cooperative Banks. These banks may provide different loan schemes for modern mechanical support like tractors and other implements, credit to farmers (to buy good seeds, fertilizer, pesticides, etc) insurance schemes on crops and subsidized technical guidance and other financial assistance (building concrete houses, potable water pipes, electricity, cooking gas stoves and kerosene oil stove, etc.) to rural society.



8. Importance of growing trees/plants needs to be communicated through PPP to the people that will help them become aware of soil erosion and land protection promoting Green Environment. The permission to cut trees be made stringent to save plants. The PPP and government should persuade farmers to receive agricultural training courses, awareness of information technology in agriculture sector, use of animal husbandry and building scientific civic society.

9. Finally, the governments should adopt programmes such as food for work and cash for work programmes in the agriculture and related sectors. The related sectors involve road building network, dam construction, boring wells, small channels from river for irrigation purposes, installation of power projects, etc. This relationship between government-farmers-market-consumers will provide a right direction to agriculture sector that will fulfill the needs of African society & promote today's Investment, tomorrow's Prosperity in true sense.

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Indian Seed Exporters to Tap SAARC & African Countries

The Indian seed companies are eyeing the export markets in SAARC (South Asian Association for Regional Cooperation) and African countries with a host of hybrid seeds and best farm practices. The seed producers, who are seeking to expand their horizons, are cashing in on the poor market infrastructure in East and West African countries and appetite for hybrid seeds in the SAARC region.

Some of the Indian companies like J K Seeds, Namdhari Seeds, Nuziveedu Seeds, Nath Seeds, Rasi and Vibha Seeds have already entered the markets in Bangladesh, Pakistan, Sri Lanka and Nepal in the SAARC region and East and West African countries. While most of them have already commenced exports to the SAARC region, many of them are actively engaged in carrying out field trials in the East and West African markets.

According to V N Kulkarni, scientist and head of international business at Hyderabad-based JK Seeds, “SAARC as a region is a huge market because; the germ plasm which is adaptable in West Bengal and Punjab can be easily adapted in Bangladesh, Pakistan and Sri Lanka. Many crops grown in India are also grown in these countries. So without any extra R&D cost, expansion can be done in these countries.”

The seed market in Bangladesh and Pakistan put together is worth Rs 500 crore and growing at the rate of 15 per cent annually. It is expected that the entire seed market in SAARC region including India is of the order of $1.5 billion (about Rs 7,000 crore) currently and expected to reach $2.5 billion (about Rs 11,250 crore) by 2013-14. The absence of hybrid seeds in these countries offers a huge opportunity for Indian companies, as most of them have developed expertise in hybrids, he said.

In these countries, germ plasm and biotech trials play a very important role. The knowledge of growing hybrid and packing technology into hybrid seeds is not comparable to India's. SAARC countries, except India, are still using open pollinated varieties. India, fortunately, is one of the world leaders in hybrid seed production. These countries can access this technology from India. It works out to be more economical and friendly for them, he noted.

According to C L Laxmipathi Gowda, Global Theme Leader, Crop Improvement and Management, International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), the opportunities for Indian seed companies in Africa are immense. Mostly, because the infrastructure for markets are really not well developed. Particularly, in West Africa, the market infrastructure in general and then the input market like pesticides and fertilisers is very poor.

“If the farmers want to buy the fertilizers or seeds, they will have to go long distances. They don't have markets nearby. So in that situation, if Indian seed companies who have very good experience of larger market base with many traders and good network of traders, can go and establish seed marketing network now, they can expand their market share very quickly,” he said.

The Indian companies should partner with the local small traders and train them and try to see that this network of marketing chains gets established. Companies like JK Seeds and Pioneer International have sent hybrid seeds for experiment in Africa, he said.

Gowda said some companies have formed an Alliance for Green Revolution in Africa (AGRA), which is funded by Bill and Melinda Gates Foundation and Rockefeller Foundation together. They have formed this alliance for green revolution in Africa. They are trying to train and develop traders for input supply of seeds and fertilizers.

“Indian seed companies have much better chance of success. Farmers in Africa are spending lot of money for hybrids, which are coming from Europe or USA. These varieties are not very adaptable to tropical conditions of Africa. Whereas Indian hybrid varieties can be adapted as weather conditions are similar. They can be adapted to west and east African countries,” Gowda said.

The Indian seed firms are presently experimenting hybrid seeds in East and West African countries. Sorghum, pearl millet, rice, maize, sunflower and vegetables are under experiment stage. “It's a continuous process and within three to four years time, Indian seed companies can have a foothold in African markets as the arable land in Africa is of the order of 200 million hectares. So, the opportunities are huge for us," Kulkarni added.

However, he said the Indian seed companies need to overcome the problem of lack of harmonization in seed laws among SAARC countries. SAARC as an entity, should allow free trade of seeds for Indian companies to taste greater success.

"Unnecessary plant quarantine measures should not be put as hurdle for seed trade. Whatever we are doing in India was applicable to the SAARC region. So there should not be any hurdle on crops. For example, Sri Lanka does not allow Indian corn and hybrid rice to be experimented in their land. However, they allow the same from Thailand and China. Pakistan does not allow Indian cotton. Rice is a notified crop in Bangladesh. If we harmonise the seed laws in the region, there is a huge market for Indian companies to look beyond the boundaries," he added.

Indian companies are also involved in knowledge and capacity building in these countries. They are currently multiplying seeds in India and exporting. Currently, Indian seed exports to all SAARC countries are of the order of Rs 50 crore. It is expected to reach the Rs 200 to Rs 300 crore within two years.

The MNCs operating in India like Syngenta, Monsanto and Pioneer are also trying to expand their business in these regions with the help of the germ plasm developed in India. They are using India as a hub to enter other markets.

Pakistan and Bangladesh are emerging as big markets for Indian seed companies. Presently, the government of Pakistan has allowed Bt cotton for experiments only, although close to 70 per cent of its 3 million hectares of cotton area is covered with illegal Bt cotton. They have allowed companies like Bayer and Monsanto to carry out experiments.

S V R Rao, Senior Vice President, Nuziveedu Seeds Pvt Ltd of Hyderabad said, "We have sent our Bt cotton samples to Pakistan for trials in Lahore area to test for resistance against cotton leaf curl virus. Once the trials are succeeded, we will apply to the government of Pakistan for commercial launch."

Another firm, JK Seeds is in advanced talks with Pakistan government for permission to export Bt cotton seeds. "Within next four years there will be some change in Pakistan. Opportunities for Indian companies are huge, but restricted presently," Kulkarni said.

Indian firms are also experimenting vegetable seeds in Sri Lanka, as their plant quarantine regime does not allow Indian corn and rice.

West Asia is another potential market for Indian seed companies to export. For example, three grammes of tomato seeds fetch $180 in Turkey and one watermelon seed is priced at $2 in many countries, Kulkarni added.

PNB Plans Entry into S. Africa to Expand Global Operations

punjab national bank

Public sector lender Punjab National Bank (PNB) plans to enter South Africa and Indonesia to expand its international business operations and raise its share in the total business to 7.0 percent in next three years.

The outstanding international business was $3 billion at end of December 2009, which amounts to about 3.0 percent of total business (deposits and advances).

The bank's intention to enter Africa and Indonesia was to benefit from business opportunities due to growth in bilateral trade. The Delhi-based bank would choose routes (branch, subsidiary or acquisition) based on regulatory norms and business prospects, PNB's Chief General Manager Ranjan Dhawan said on the sidelines of a function to commence merchant acquisition business in New Delhi recently.

The bank is in the process of establishing a subsidiary in Canada. It operations are expected to start by end of 2010. Initially, it would invest $25 million as regulatory capital for the Canadian subsidiary.

Meanwhile, the bank said it would scale up its automated teller machine (ATM) base to 8,000 units from the present 3,075 units by 2013. It may incur an expenditure of Rs 400 crore to ramp up its ATM network.

On point of sale terminals, its Chairman and Managing Director KR Kamath said the bank would first cover 10 cities and then gradually extend it to other business centres.

Botswana to Bail Out Debt-Hit De Beers 'thru Right Issue

The cash-strapped Botswana Government has agreed to spend US $150 million (P1 billion) in helping to cut De Beers' debts which currently stand at $3 billion.

According to a statement from the mining company, Government and the two other shareholders in De Beers, Anglo American Corporation and the Oppenheimer family, have agreed to pump US $1 billion (P6.7 billion) into the company through a rights issue as additional equity capital in proportion to their existing equity holdings in the company.

Government has a 15 percent stake in De Beers, while Anglo American Corporation and the Oppenheimer family hold a 45 percent and 40 percent stake respectively.

"De Beers is pleased to confirm that the shareholders of the De Beers Group being Anglo American Corporation plc, the Oppenheimer family and the Government of Botswana agreed to subscribe for additional equity capital of US$1 billion in proportion to their existing equity holdings in the company.

"The shareholders of De Beers, including the Government of Botswana have benefited significantly from the investment in the De Beers Group. For instance, as at November 2009, the Government of Botswana had earned in excess of US$507million (BWP3,5 billion) in dividends from its investment," said a statement from De Beers Botswana.

The decision to bail out De Beers comes at a time when government itself is heavily in debt having posted a P13.39 billion budget deficit last year and expect to borrow a further P12 billion this year to finance both its recurrent and capital obligations.

The P1 billion rights issue comes after government again gave a P570 million shareholder loan to De Beers, according to the 2010/11 national budget statement presented by Finance Minister Kenneth Matambo to parliament last Monday.

However, it is still unclear how Government is going to fund this rights issue as the obligation was not factored into either the 2009/10 or the 2010/11 national budget.

Asked to comment on the source of the funds, Permanent Secretary in the Ministry of Minerals, Energy and Water Resources Gabaake Gabaake could only confirm that the funds are supposed to be paid by March this year, but referred all other questions to the Ministry of Finance. Efforts to get a comment from Finance Permanent Secretary Solomon Segwagwa proved futile.

Meanwhile, De Beers last week announced their results for the year ended December 2009, in which the company posted a net loss of $743 million in 2009, compared with net earnings of $90 million for the previous year.

Group sales fell 44 percent to $3.84 billion, with rough sales conducted through the Diamond Trading Company (DTC) down 45 percent to $3.24 billion.

"The combination of three principle factors - high stock levels throughout the diamond pipeline, constricted liquidity in the industry and lower levels of retail and consumer demand - led to substantially lower demand for rough diamonds," De Beers MD Gareth Penny said in a statement released on Thursday.

The company says in spite of exceptionally difficult trading conditions, which saw sales decline from US$6.89 billion in 2008 to US$3.84 billion in 2009, De Beers exceeded its cost-reduction targets, enabling the company to remain cash positive for the year. Looking into the future, De Beers say that Demand for rough diamonds has been much improved at the first Sight of the year and expectations are for this to continue in the upcoming February Sight.

"However, De Beers will continue to take a cautious and prudent approach to production and sales levels for 2010. Consumer demand for diamond jewellery is beginning to recover, driven in part by the strength of the developing markets of China and India.

"However, with the fragility of the world economy and perceived weakness of the global recovery post recession, the company would only expect a gradual increase in production levels, sales and prices.

"Desire for diamonds remains strong and, given the improvement of industry fundamentals, the Directors are cautiously optimistic about medium-term prospects," says the mining giant.

Uganda Attracts Investment in Oil Reserves

Kampala Russian, Chinese, French, Italian, Indian and other oil companies are among firms that have already expressed interest in investing in Uganda's oil reserves estimated at 2 billion barrels to date.

A press statement from the State House recently said President Yoweri Museveni had met a delegation from Tullow Plc, led by Mr. Paul McDade, the Chief Operating Officer and Mr. Elly Karuhanga, the president of Tullow Uganda.

Tullow is the major oil explorer with oil fields in the Albertine Rift Valley 250 kilometres west of the capital, Kampala.

The statement said the Tullow Plc delegation was later joined by a group from the China National Offshore Oil Corporation which expressed interest in joining Uganda's oil and gas sector by partnering with Tullow.

It quoted President Museveni as saying the "government will discuss all proposals by companies operating in the oil and gas sector adding that the country looks forward to welcoming prospective investors.

Earlier, Russian Lukoil also expressed its interest through its Vice President for Business Development, Mr. Andrei Sapozhnikov, who presented proposals to President Museveni.

"Sapozhnikov expressed interest in the oil exploration, refinery and the training of local manpower to facilitate the development of the sector," a statement from State House said.

Lukoil, according to the firm's website, is Russia's second largest oil company and the second largest private oil company worldwide by proven hydrocarbon reserve. it understood that Libyans and Italians have long had an interest in Uganda's oil.

Earlier the London Sunday Times newspaper had reported that CNOOC was negotiating to buy 50% of Tullow's holdings in blocks 1, 2 and 3A in the Albertine Graben at a US$2.5billion.

Last week, Italian Eni SpA withdrew its offer to Heritage Oil and Gas Company for its 50% of shareholding in Blocks 1 and 3A after Tullow had exercised its pre-emption rights as partner to take over that share for US$1.5billion.

French oil giant Total was also reported to be in the running for Tullow's stake. It had been a favourite with Tullow all along.

Sources close to the oil industry said contracting agreements in the oil industry are complicated.

"The process of getting oil contracts completed is a complicated business and people should not just jump to conclusions about company A or B getting this or that tuff," the source said.

"It is, however, definitely a good thing if many interested firms make offers for Uganda's oil.

Some of the firms making offers may be just rivals trying to spoil the market for other players, carrying on their rivalry here," the source said.

They also explained that it could be easy to jump to unjustified conclusions. "These arrangements do take time and have complex legal and serious financial implications," the source said.

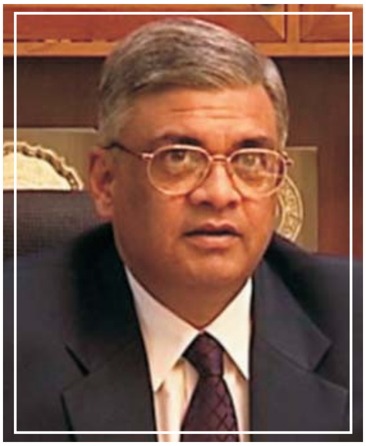
"The parties to them are not like any firm because they have interconnections so anything hastily done may unravel a deal which takes so long to weave, and the country might find itself stuck with nobody willing to risk dealing with you or your oil."

Uganda's oil is sweet and waxy meaning it contains little sulphur, which is good but being waxy means it solidifies at room temperature making it very expensive to transport as crude and its location, is far and difficult to extract.

Developing the infrastructure needed to get the oil out of the ground to the market, is very expensive business which involves a lot of planning.

Oil exploration has been going on for sevearl years but the first oil discovery was found in 2006. ■

PME-Transforming India's Power Sector for a Better Tomorrow



A. K. Aggarwal
Managing Director

A Pioneer in the transformer industry with strict adherence to exacting standards of excellence and being one among the first transformer manufacturing industries to be certified as an ISO 9001:2000 company, PME Transformers (India) Limited is committed to ensure manufacture and supply of products strictly in conformity with specified requirements of customers with continual improvement in quality and performance.

Established in 1986, PME leverages over two decades of experience and has transformed from a single product company to a multi-product and solutions provider for transmission and distribution, becoming India's leading manufacturer exporters of Power and Distribution transformers and developing a productive insight and expertise in the regime of EPC Activities, EHV distribution Systems, Restoration of Grid lines and Sub-stations and attaining expertise in Solar products, Solar Power Generation turnkey projects.

PME over the years has achieved pursuit of excellence for being Centenarians in Energy Consultancy and have made a mark in merchandising of electrical equipments and components as well.

Backed by strong research & development with the benefit of state of the art infrastructure and technology, PME has proved to be lucrative in being successful to produce more than 100,000 transformers in assorted ratings up to 40,000 KVA (40 MVA)/132 KV class. The company has grown by leaps and bounds in terms of revenue growth and is in the process of expanding its capacity from 40 MVA, 132 KV class to 200 MVA, 220 KV class. On top this, the company hails the distinction of having presence in an entire chain of transformers vis - a - vis power, distribution and dry type transformers and special type transformers including furnace transformers and catering to mining industries.

PME has made its presence felt in more than 20 countries including Middle East, Africa, South East Asia, Mauritius, Ghana, Kenya, Nepal, Nigeria, Oman, UAE and Zimbabwe and the Indian Subcontinent. It has a reputed roster of international clientele from power utilities, oil & gas sector, mining, EPC contractors & such

like industries and for various power utilities i.e. State Electricity Boards, Projects, Independent Power Producers, Private Customers within the country as well as overseas.

PME added one more feather in its cap by signing and executing an agreement with ZESA Enterprises (Private) Limited, which is a wholly owned subsidiary of ZESA Holdings (Private) Limited, a utility of Govt. of Zimbabwe, responsible for all developmental, engineering and maintenance activities in relation to Transmission and Distribution carried out by other subsidiaries of ZESA Holdings (Private) Limited and Rural Electrification Programme works in Zimbabwe.

To count upon the company's recognitions and achievements, the company has been awarded National Productivity Council's Recognition for productivity performance in 1992-93. The company has been granted Certificate of Recognition as an Export House by Ministry of Commerce & Industry, Govt. of India in the year July 2009. PME has received recognition from the Engineering Export Promotion Council (EEPC), India, being awarded the "Star Performer National Award" for Exports Excellence in 2008-09.

What prevails at PME is a continuous urge to stay ahead, preserve, innovate and make a qualitative difference through sincere efforts. It is the overriding commitment that has seen the company staying miles ahead of others. PME transformers are designed and engineered to stand the test of time. The most exacting ambient conditions will test fundamental values, which we classify as quality inputs. Today, as path breaking technologies redefine the products of tomorrow, PME is continuously adapting, assimilating & activating a self defined vision.

A VISION THAT WILL EMPOWER NOT ONLY INDIA, BUT THE WORLD AS WELL! ■

Netxcell in JV with African Co Offering Sanitation Solutions

Netxcell, a Chennai-based value added service (VAS) provider for mobile companies, has joined hands with AquaSanTec Limited to form a joint venture company Netxcell Mauritius Limited (NML). AquaSan is an Africa-based company offering water and sanitation solutions.

Addressing the media in the city recently, Netxcell CEO Debasis Chatterji said the joint venture, to be based at Mauritius, would help Netxcell enter the African markets. Netxcell would hold 51 percent and AquaSanTEc the remaining 49 percent in the JV. "The companies differ in technologies. With AquaSanTec's presence there, it would be easy to tap the markets and also reduce infrastructure costs," he said.

netxcell™ Refreshing Mobile Solutions

Under the agreement, the JV would bill the operators in the African market directly and in turn Netxcell would bill NML for its services and technology. To begin with, Netxcell would help NML have its base in Kenya and deploy its sales and technical experts.

The reason for choosing Africa, Chatterji said, was its mobile telephone market, which was close to $3,000 million and the VAS market estimated to be about seven per cent of it at $220 million. VAS is growing at 15 percent per annum in Africa.

"Netxcell is targeting three percent market share in the next 18 months," Chatterji said, adding the average revenue per user was higher in Africa at $8 as compared with $4 in India.

The company would focus on Kenya, Rwanda, Tanzania, Burundi, Uganda, South Sudan and Ethiopia where Zen, MTN, Vodafone and a regional company were the major mobile players. The scope of VAS would increase with the launch of 3G services and mobile number portability in the country. The VAS market in India is pegged at over Rs 12,000 crore. ■

NEPAD Intégré avec la Structure AU

La Nouvelle Agence avec la Plus large Vision Créée pour l'Afrique

Les chefs d'Etat de pays comprenant l'Union africaine (AU) ont approuvé la création de l'Agence de Coordination et de Planification de NEPAD (NPCA), qui intègre officiellement NEPAD (la Nouvelle Association pour le Développement de l'Afrique) dans la structure de l'AU.

Un Sommet AU récent tenu dans la Capitale éthiopienne d'Addis Abeba a donné une autorité à la nouvelle agence pour faciliter et coordonner l'implémentation de programmes et de projets et mobiliser les ressources exigées pour ce but.

Le NPCA coordonnera aussi la recherche et contrôlera et évaluera l'implémentation de programmes conformément à la vision et évidera des valeurs de l'AU et de NEPAD.

En accueillant la décision AU, le directeur général du NPCA, Dr Ibrahim Assane Mayaki, a décrit l'approbation des chefs comme un mouvement positif, qui est conformément à la vision générale et à la mission de l'Union africaine.

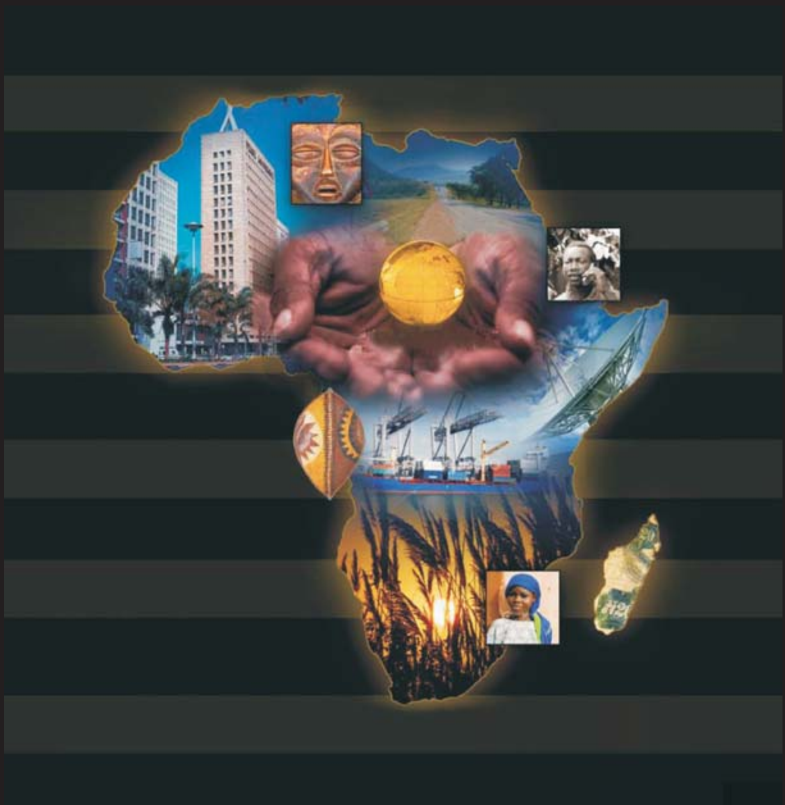
Le Sommet a aussi endossé l'intégration de NEPAD dans les structures et les processus de l'AU et a autorisé le Président de la Commission d'Union africaine à exercer l'autorité de supervision sur le NPCA, 'tandis qu'en donnant la nouvelle agence les flexibilités adéquates et nécessaires pour réaliser son autorité et en maintenant ainsi l'identité de marque d'entreprise du Programme de NEPAD dans l'Union africaine.'

'Cette décision a renforcé NEPAD. Nous avons maintenant une autorité claire et adéquate de se concentrer plus sur l'implémentation de projet dans les pays africains,' a dit Dr Mayaki.

Dr Mayaki a demandé au personnel d'ancien Secrétariat NEPAD de redoubler leurs efforts d'être fidèle aux attentes des chefs africains, qui ont approuvé la transformation du Secrétariat dans une Agence exécutante véritable.

En parlant aux journalistes couvrant le sommet, l'Ambassadeur de Mozambican à Manuel Lubisse AU a dit que le retard dans le fait d'incorporer officiellement NEPAD dans l'AU était parce que l'AU lui-même avait subi la transformation.

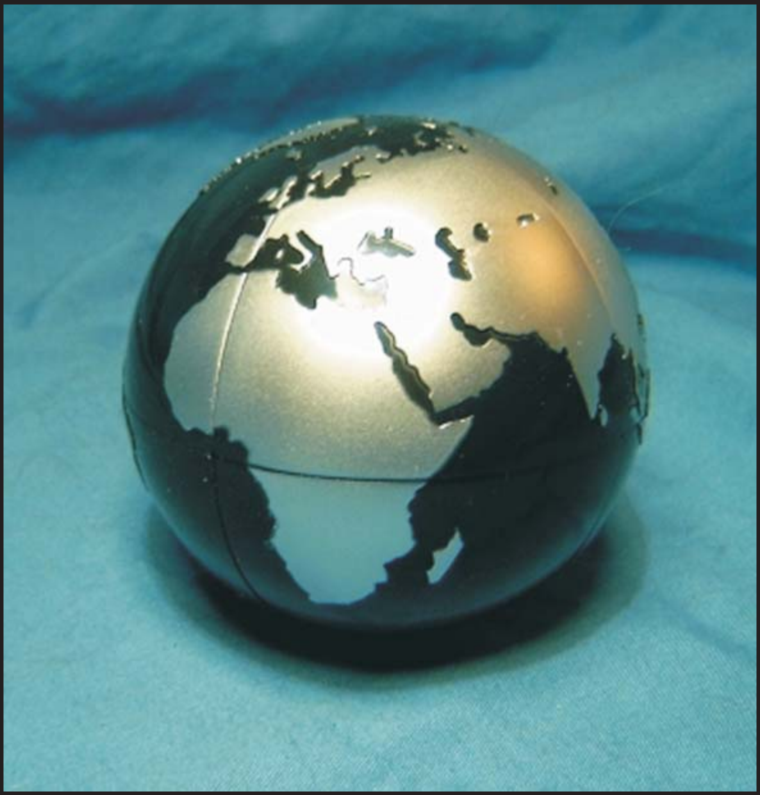
NEPAD est né avant que l'Organisation d'Africain Unité (OAU) a été transformée dans l'AU. 'Plus de temps a été nécessaire pour la Commission d'AU pour se structurer mieux, pour qu'il puisse absorber NEPAD, qui avait



fonctionné à l'extérieur de l'AU, mais toujours dans la perspective de créer de meilleures formes d'articulation', a dit Lubisse.

L'intégration était réalisée dans les phases, le premier de cela était l'harmonisation de programmes et de procédures, maintenant suivies par l'intégration physique d'éléments de NEPAD, en créant la nouvelle planification et le corps de coordination.

Lubisse a considéré comme l'événement le plus important au sommet le fait que la chaise de l'AU avait passé dans les mains africaines du sud avec le Président Malawian Bingu wa Mutharika supposant g le poste et le fait de durcir de la position de l'AU contre les changements inconstitutionnels de gouvernement comme le coup au Madagascar en mars dernier.



Le Sommet a discuté et a adopté le Budget AU pendant 2010, qui est plutôt plus que le million US$101. L'argent sera fourni des contributions par les pays de membre et les sommes supplémentaires des partenaires externes de l'AU.

Quant au scepticisme vers l'AU montré par la chaise sortante, le chef libyen Muammar Gaddaffi, qui a été mis en colère par le refus du reste de l'Afrique pour adopter sa proposition pour la création immédiate de 'États-Unis de l'Afrique', Lubisse a souligné que 'la course à pied n'est aucune garantie que nous atteindrons la destination'.

'Nous avons défendu le besoin pour le mouvement graduel, en reposant sur la conviction que tous les pas que nous prenons devraient être certains et les pas sûrs', a-t-il dit. Mozambique a cru que les états africains devraient bouger progressivement vers le but de plus grande unité continentale.

'Ce mouvement devrait reposer sur les valeurs que nous partageons en commun comme un continent, en tenant compte que nous ne pouvons pas tous avancer à la même vitesse', a-t-il dit. 'Notre position n'est pas définie selon les positions d'entre d'autres, mais est fondée sur que nous pensons est le sentier juste pour suivre," a ajouté Lubisse.

Avec la formation de NCPA, les projets de croissance économique clé, en incluant l'oléoduc de Kenya-Ouganda, en modernisant du terminus à conteneurs au port de Mombasa et les projets maritimes autour du Lac Victoria, seront promus.

L'agence tirera du budget statutaire de l'Union, mais il continuera à recevoir des contributions volontaires des Etats membres. Auparavant, les états individuels ont été tenus de contribuer à NEPAD selon leur produit intérieur brut. Le Kenya a payé du million Sh7,8 (de $100,000) annuellement.

'Le NCPA devient maintenant un corps technique de l'Union africaine, dont l'autorité de base est de coordonner l'implémentation de programmes de développement régionaux et continentaux,' a dit à un briefing de la nouvelle autorité de l'agence mardi.

Un autre projet qui recevra le soutien de l'agence est l'expansion de port de Djibouti, qui profitera aux Kényans comme le Marché commun de l'Afrique de l'est s'ouvre en juin cette année, selon le Ministre Planifiant Wycliffe Oparanya du Kenya.

Il a dit que le Kenya avait maintenant été soulagé de financer les programmes d'agence, mais que le pays déterminerait s'il continuera à financer l'agence volontairement.

Il était le briefing la presse à son bureau à la Trésorerie

Construisant ensemble avec NEPAD (le Kenya) le patron Grace Ongile.

'Nous accueillons la transformation de NEPAD comme c'est une façon de renforcer l'agence et promouvoir le développement dans la région,' a dit Mme Ongile.

NEPAD a été établi en juillet de 2001 avec l'objectif primaire d'éradiquer la pauvreté et promouvoir la prospérité économique. La nouvelle agence sera coordonnée de Midrand, l'Afrique du Sud.

Pendant ce temps, les Nations Unies (l'ONU) la Ki-lune d'Interdit de Secrétaire général ont demandé une plus forte association pour le développement de l'Afrique, selon une déclaration par l'organisation globale.

Dans un nouveau rapport, il a averti que les aliments globaux et les crises énergétiques et le changement climatique et se sont accouplés avec les crises financières et économiques, ont érodé des augmentations économiques et sociales faites en Afrique pendant la décade passée.

Dans son rapport entité les Dimensions Sociales de Nouvelle Association pour le Développement de l'Afrique (NEPAD), le Secrétaire général a écrit que les conséquences sociales hostiles de ces crises resteront probablement pour beaucoup plus longues en Afrique, même après que la récupération cueille le pas dans les pays développés.

'Les économies africaines connaîtront probablement la croissance décélérée, le haut chômage et les taux de pauvreté et les perspectives diminuées pour accomplir des buts NEPAD et d'autres buts de développement dans le monde entier concordés, en incluant les Buts de Développement de Millénaire,' l'Interdit a écrit.

Pour atténuer ces effets, le Secrétaire général a recommandé que les pays africains portent la majorité de responsabilité pour leur propre développement en continuant à s'intégrer et les priorités de NEPAD principales - comme l'infrastructure, l'agriculture et la sécurité d'aliments, la science et la technologie, le commerce et l'environnement - dans leurs plans de développement nationaux.

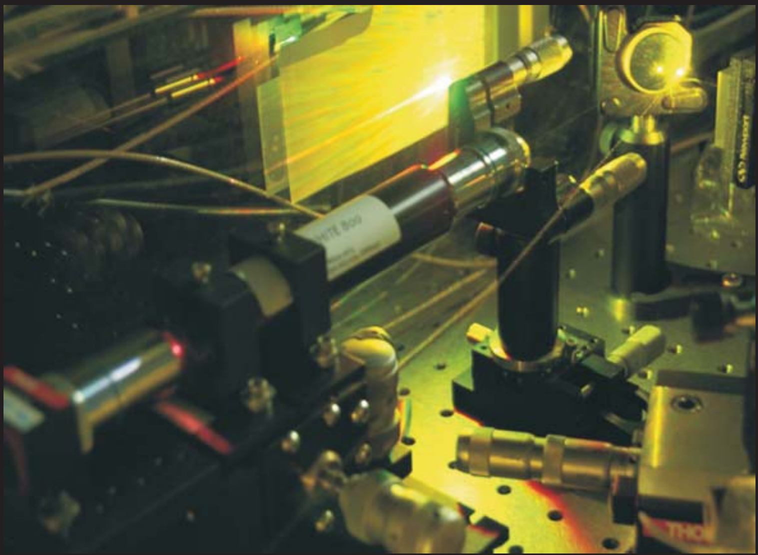
Les gouvernements concernés devraient aussi profiter Nord-sud et les expériences Sud-sud et les meilleures pratiques, il a davantage réprimandé.

Le rapport a aussi demandé aux partenaires de développement de l'Afrique de continuer à intégrer des priorités NEPAD, des valeurs et des principes dans leurs programmes d'assistance de développement.

Particulièrement la communauté internationale a été conseillée d'aider les pays africains dans le fait d'adresser le défi de changement climatique en levant les ressources devaient soutenir des actions de mitigation et une adaptation.

'Pour l'Afrique au saute-mouton les solutions d'énergie sales, renforcez sa capacité adaptable et poursuivez des stratégies de croissance de-carbone-basses durables, il aura besoin de l'assistance financière et des transferts de technologie. La région aura besoin pas du financement seulement supplémentaire, mais la livraison aussi à propos et prévisible de l'existant des engagements d'ODA,' a écrit le Secrétaire général.

Le rapport l'a noté bien que les pays africains contribuent le moindre à l'augmentation de niveau de la mer et au changement climatique. Les phénomènes météorologiques extrêmes s'ensuivent dans des 'nombres grandissants de réfugiés de climat, la désintégration sociale à la suite de l'instabilité sociale et politique et des conflits sur les ressources à base de terrain et les nouvelles menaces de santé qui émergent à la suite de la fréquence changeante et de l'intensité d'événements météorologiques extrêmes comme les inondations et les sécheresses.'



Le rapport de NEPAD est à l'ordre du jour de la 48ème séance de la Commission pour le Développement Social qui a été tenu à New York récemment. ■

Les Exportations Projetées Traverser $7 milliards par 2013-14

L'indien de coup de récession l'Industrie de Cuir sur le Sentier de Récupération

- Étude de Banque d'Exim

L'industrie indienne de cuir, un segment important de l'économie, se rétablit de l'impact de la récession globale et est pleine d'assurance de gagner la terre perdue dans quelques années prochaines avec les exportations s'est attendue traverser $7 milliards par 2013-14, dit un par la Banque d'Importation D'exportation de l'Inde (la Banque d'EXIM).

L'industrie indienne de cuir est étendue sur les secteurs formels aussi bien qu'informels et produit une large gamme de produits des matières premières se cache aux chaussures chic et aux articles de luxe comme les vêtements de cuir. L'industrie comprend des sociétés dans toutes les capacités commençant de petits artisans aux fabricants globaux proéminents et aux exportateurs. L'industrie tient un endroit proéminent dans l'économie indienne. Ce secteur est connu pour sa consistance dans de hauts profits d'exportation et est parmi les 10 premiers salariés de commerce des devises pour le pays. Avec un chiffre d'affaires annuel de sur US$7billion, les exportations de produits de cuir et de cuir ont augmenté le collecteur au cours des quelques dernières années et ont touché le milliard US$3.5 en 2008-09.

L'industrie de cuir en fait, est accordée avec une abondance de produits de base comme l'Inde est accordée avec 21 pour cent de bétail mondial et bufflesse et 11 pour cent de chèvre mondiale et de population de moutons. Ajouté à cela sont les forces de main-d'œuvre adroite, technologie innovatrice, en augmentant l'acquiescement d'industrie aux normes internationales de l'environnement et au soutien dévoué des industries alliées.

Bien que l'Inde soit le producteur deuxième en valeur de chaussures et de vêtements de cuir dans le monde, les comptes d'Inde d'une part de près de 1.2 pour cent dans l'importation globale de cuir qui est à l'air d'US$ des 360.35 millions (2008-09).

Les centres de production importants de produits de cuir et de cuir sont trouvés à Chennai, Ambur, Ranipet, Vaniyambadi, Trichy, Dindigul dans Tamil Nadu; Kolkata dans Bengale Ouest; Kanpur, Agra et Noida dans Uttar Pradesh; Mumbai dans Maharashtra; Jalandhar dans Punjab; Bangalore dans Karnataka; Hyderabad dans Andhra Pradesh; Ambala, Gurgaon, Panchkula et Karnal dans Haryana; et Delhi.

Scénario D'exportation de Cuir

Les chaussures sont le moteur de croissance de l'industrie de cuir, en représentant actuellement une valeur d'exportation de milliard US$1,5, en tenant une part importante de 42 pour cent dans le commerce total de cuir de l'Inde. L'Union Européenne et les États-Unis sont les marchés importants pour les chaussures indiennes représentant la part de 62 pour cent et de 10 pour cent respectivement dans l'exportation de chaussures totale de l'Inde. Les marchés importants pour les chaussures indiennes sont l'Allemagne 18 pour cent, 15 pour cent britanniques, l'Italie 16 pour cent, la France 8,0 pour cent, l'Espagne 8,0 pour cent, les Pays-Bas 5,0 pour cent, UAE 3,0 pour cent et le Danemark 2,0 pour cent.

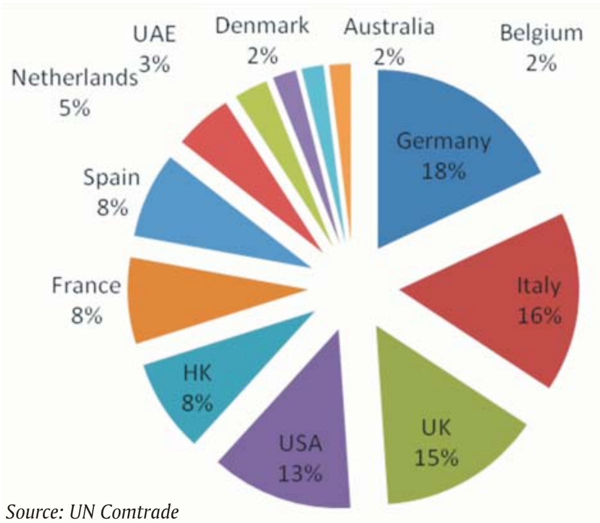
L'Exportation de l'Inde de Produits de Cuir et de Cuir

La valeur en US$ Mn

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Cuir Fini	555.71	607.73	636.27	724	807.19	673.37
Chaussures	767.73	910.77	1045.2	1236.9	1489.4	1533.7
Vêtements de Cuir	301.08	329.44	333.3	309.91	345.34	426.15
Marchandises de Cuir	539.21	585.72	660.17	706.28	800.46	873.3
Sellerie et Harnais	52.71	61.71	77.52	82.33	106.18	92.15
Total	2216.45	2495.37	2752.5	3059.4	3548.5	3598.6
% Croissance	**18.20%**	**12.58%**	**10.30%**	**11.15%**	**15.99%**	**1.41%**

Source: DGCIS

Part sage de pays dans les Exportations de Produits Totales de Cuir et de Cuir (2008-09)



Source: UN Comtrade

Perspective

L'industrie est sur le sentier de récupération du ralentissement de 2008. Entre l'avril et les exportations de cuir de novembre de 2009 levées au milliard US$1,53, qui était à presque 23 pour cent plus bas que US$2,01billion de l'année précédente dans la même période. Selon le Conseil D'exportation de Cuir, l'industrie de cuir s'attend finir 2009-10 avec un déclin de 10 pour cent dans les exportations sur le milliard US$3,6 de l'année précédente. Pourtant, avec un pick-up demandé des marchés à l'Ouest, avec les usines recevant un afflux d'ordre en bonne santé du décembre de 2009, l'exercice suivant peut rapporter le revenu en bonne santé et renverser ainsi le déclin dans la croissance.

Les Projections d'exportation pour 2009-10 à 2013-14

Le Gouvernement de l'Inde a aussi identifié le secteur de cuir comme un Secteur de Foyer dans sa Politique de Commerce extérieur 2004-09 en vue de son potentiel immense pour les perspectives de croissance d'exportation et la génération d'emploi. En conséquence, le Gouvernement exécute aussi des Initiatives de Foyer Spéciales différentes sous la Politique de Commerce extérieur pour la croissance du secteur de cuir. Avec l'implémentation de programme industriel différent du développement aussi bien qu'exportent des activités promotionnelles et gardant en vue la performance passée et les forces inhérentes d'industrie, l'industrie indienne de cuir a l'intention d'augmenter la production, en améliorant ainsi des exportations à US$7,03 milliard par 2013-14 et créer résultant des opportunités d'emploi supplémentaires pour plus d'un million de personnes. Le Gouvernement a récemment apprécié pour le développement d'un parc de cuir conformément au Programme de Développement indien de Cuir (ILDP) et a désigné Rs 300 crore pour le même. ■

La valeur dans US$ Mn

Produit	2009-10	2010-11	2011-12	2012-13	2013-14
Cuir	890.35	1023.9	1101.91	1245.16	1407.03
Chaussures	1865.5	2194.07	2534.4	2926.13	3376.87
Vêtements de Cuir	423.98	438.81	495.86	498.06	492.46
Inclusion de Marchandises de Cuir	1059.9	1218.93	1377.39	1556.45	1758.79
Total	**4239.8**	**4875.72**	**5509.56**	**6225.8**	**7035.15**

Source: Conseil d'Exportations de Cuir