



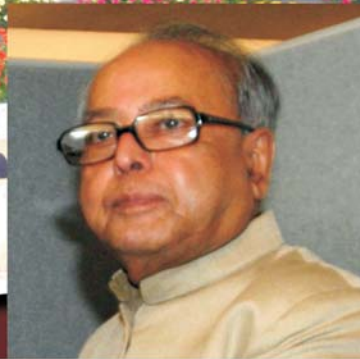
INDO-AFRICAN BUSINESS

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Taking Trade Ties To

A New Summit



Issue in This



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Taking Trade Ties To
A New Summit

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from various sources, which are considered to be reliable. Readers are
however requested to verify the facts before making business decisions
using the same.

Dear Reader,

Greetings. India has always regarded Africa as one of its most important trading partners. For that reason, the vibrant continent has been elevated to the status of a "Focus" region. In order to step up the two-way trade between India and resource-rich Africa, the Export-Import Bank of India (Exim Bank) and the Confederation of Indian Industry (CII), supported ably by the Indian government, have been jointly organizing India-Africa Partnership Conclaves, the fourth of which was held in March 2008. Six regional conclaves had also been held in different African countries since 2006. As a logical corollary towards consolidating the previous gains India, in association with the African Union Commission and all other agencies concerned, organized the first-ever India-Africa Forum Summit in April 2008. The Summit was also a strategic move on India's part to counter China's growing influence in Africa. Addressing the Summit, which was attended by 14 Heads of State, a large number of diplomatic personnel and business delegates from India and Africa, Prime Minister Manmohan Singh announced a slew of economic measures aimed at further boosting trade between the two sides. These include duty-free tariff preferences for least developed African countries and the promise to double the Lines of Credit (LoCs) to Africa to \$5 billion. The Summit issued a Delhi Declaration, further cementing the economic relations between India and Africa for all times to come. The current issue of Indo-African Business details the Summit outcome. The Summit did not in any way reduce the importance of the 4th India-Africa Partnership Conclave held a few days earlier. In his valedictory address to the Conclave, External Affairs Minister Pranab Mukherjee emphasized that the two-way trade, which had risen five-fold in the five-year period to 2006-07, held much bigger potential and awaited tapping. We report. In our Focus section, we have highlighted the annual G8 Summit held in Japan, at which the world's eight rich countries reiterated their commitment to step up aid to Africa to \$25 billion a year by 2010. Export-Import Bank of India has reported an improved overall performance for fiscal 2007-08. The issue carries the highlights. We also reproduce an in-depth study made by Exim Bank on the immense export potential of the Indian mining sector. India and Egypt, trading partners since time immemorial, have concluded yet another agreement under which the latter promised to set up an exclusive Indian industrial zone in that country. We carry a report. UNIDO Chief Kandeh Yumkella believes that an agricultural collaboration between India and Africa can help feed the entire world. The issue carries a report in its news section. Besides the regular features, the magazine carries the usual French section.

Wish you happy reading



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भारत - अफ्रीका
मंच शिखर सम्मेलन
नई दिल्ली
8-9 अप्रैल, 2008



India-Africa
Forum Summit
New Delhi
8-9 April, 2008



Dr. Manmohan Singh addressing the First India-Africa Forum Summit, in New Delhi.

**Framework for Cooperation Adopted;
Duty-Free Tariff Preference for
African LDCs;
Doubling of LoCs to \$ 5 billion
in 5 years;**

Taking Trade Ties To A New Summit

The First India-Africa Forum Summit has been remarkable in its ramifications for India. In a crucial bid that can counter China's growing clout in Africa, Prime Minister Manmohan Singh has announced a number of key initiatives that India will take to win over the continent of countless opportunities. Inaugurating the two-day Summit, the first of its kind, coming after a series of India-Africa Partnership Enclaves, on April 8, Prime Minister Singh announced preferential market access to exports from 34 Least Developed Countries (LDCs) in Africa and agreed to more than double financial package to \$5 billion through Lines of Credit (LoCs) for the development of the resource-rich continent.

Welcoming leaders from 14 African countries at the Summit, which began with drum beats, Prime Minister Singh called for working closely with Africa to build a "more equitable global economy and polity" and turning the 21st century into a "century of Asia and Africa".

He stressed the intensification of trade and investment, energy security, capacity-building and infrastructure development as key components of New Delhi's engagement with Africa.

Two documents, including the Delhi Declaration and the Africa-India Framework for Cooperation, which had been adopted at the end of the two-day summit on April 9, provide what Prime Minister Singh had referred to in his inaugural speech, as the "blueprint for India-Africa dialogue and engagement in the 21st century."

Describing Africa as "our mother continent" and the "land of awakening", the Prime Minister said: "It is our intention to become a close partner in Africa's resurgence."

Pitching vigorously for Africa's rightful place in an expanded UN Security Council, the Prime Minister said: "No one understands better than India and Africa the imperative need for global institutions to reflect current realities and to build a more equitable global economy and polity."

"The time has come to create a new architecture for our engagement in the 21st century. We visualise a partnership that is anchored in the fundamental principles of equality, mutual respect and mutual benefit," he said.

"Working together, the two billion people of India and Africa can set an example of fruitful cooperation in the developing world," Prime Minister Singh told the African leaders.

He also stressed the need for India and Africa to have cooperative mechanisms on common challenges like the UN reforms, terrorism, climate change, multilateral trade negotiations, reform of international

financial institutions, food security and energy security.

Prime Minister Singh announced a slew of measures aimed at invigorating ties with Africa. These include more than doubling lines of credit to \$5.4 billion over the next five years and increasing 'Aid to Africa' budget by investing over \$500 million in projects related to capacity building and human resource development.

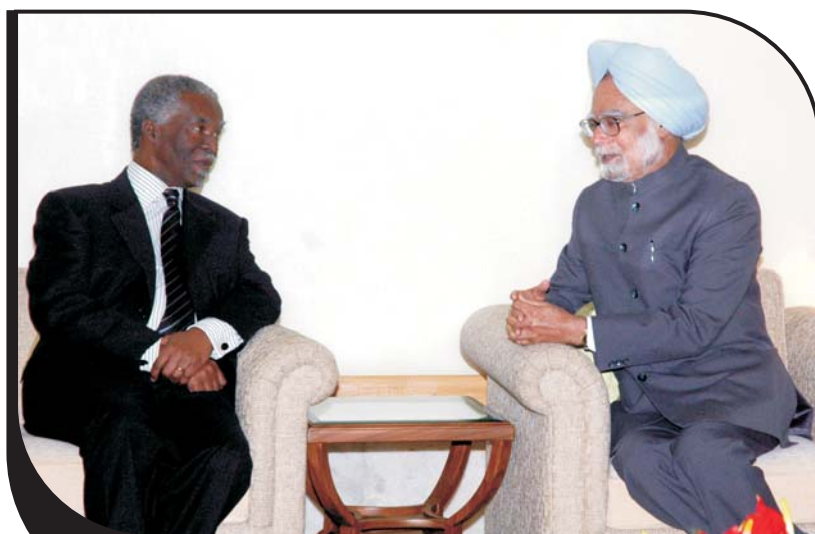
Other key steps designed to underline India's focus on education and development in Africa included doubling long-term scholarships for higher education, increasing the number of training slots under technical assistance programmes from 1,100 to 1,600 every year, and developing infrastructure projects in the continent.

Leaders from many African countries lauded India's ground-breaking decision to grant preferential market access to exports from 34 least developed African countries - a long-standing demand from African countries and one that was granted by China a while ago. This has the potential of multiplying bilateral trade between the two sides.

The duty-free tariff preference scheme, under which India will unilaterally provide preferential market access for exports to 50 LDCs, including 34 African countries, will cover 94 percent of India's total tariff lines.

African exports of cotton, cocoa, aluminium and copper ores, cashew nuts, sugar, readymade garments, fish fillets and non-industrial diamonds will receive a big boost from the new regime of preferential market access.

This combination of enhanced developmental package and human resource development aimed at the empowerment of Africa could prove to be an effective counter against China's growing economic clout in



The Prime Minister, Dr. Manmohan Singh meeting with the President of South Africa, Thabo Mbeki.

the African continent.

India's trade with Africa is estimated to be around \$30 billion which is half of what China has with the continent. China has also struck lucrative energy and infrastructure deals in the oil-rich countries like Sudan, Angola, Mozambique, Nigeria and Chad.

African leaders also acknowledged India's development-oriented approach towards Africa and recalled India's special bonds with Africa, going back to shared struggle against apartheid and colonialism.

South African President Thabo Mbeki lauded India for its help in the reconstruction of African countries and stressed on increased cooperation between the two sides in areas of the UN reforms.

"We are looking forward to a synergy that will enable us to fight disease, hunger and ignorance," said Joseph Kabila, President of the Democratic Republic of Congo.

Meanwhile, a survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI) on 'Strengthening Economic Engagement between India and Africa', concluded that exports to Africa could be doubled.

The survey was carried out among 41 Indian



The Prime Minister, Dr. Manmohan Singh meeting with the President, Democratic Republic of Congo, Joseph Kabila Kabange, in New Delhi.

companies which have significant business presence in the continent in diverse fields, ranging from automobiles and energy to gems and jewellery. FICCI released the survey findings a day before the India-Africa summit.

The meet is part of India's concerted effort to increase its

When Ancient Indian Dancing Rhythm Matched African Entertainment Energy

It was energy dancing with abandon to a matching ancient rhythm. There was total synergy in entertainment. Against the magnificent lighted ruins of the Purana Quila, the 16th century Old Fort in New Delhi, the untamed spirit of Africa and the ancient dances of India fused in a brilliant synergy on the eve of the first India-Africa summit beginning April 7.

The hour-long show, titled "A Tribute To Africa", was presented by the Indian Council for Cultural Relations (ICCR).

"This is the first time such a show is being organised in the country," dancer Sangeeta Ishwara, who choreographed the show, said. As many as 89 artistes from 12 African countries took part in the concert showcasing their traditional dances and music.

More than 2,000 people sat spellbound watching the dancers from Africa decked in their traditional attires, ethnic jewellery and elaborate headgears perform to the symphony of an array of percussion and string instruments from Africa and India, sounds of which reverberated through the ruins of what was once a mighty empire.

The lighted façade of the fort's ramparts and the landscaped garden added to the exotic aura - as if a slice of the past had come alive after nearly 500 years. For the crowd in the capital, the concert was a cultural feast.

The highlight of then were the 'jugalbandis' (duets) between the Mohiniattam dancers from India and the native dancers from Ghana, and South Africa, while the

imprint on the continent, as it faces stiff competition from China flexing its economic muscle to tap Africa's considerable resources in energy and minerals.

The India-Africa trade volume has increased by 285 percent to \$25 billion in the last four years. This has raised Africa's share in India's global trade from 5.8 percent in 2002-03 to 8 percent in 2006-07.

"Given such optimism in trade with African nations, it is felt that doubling of trade to Africa to \$50 billion by 2012 is a distinct possibility," the FICCI said in a statement.

According to the survey, the Indian companies felt that the Indian government should adopt more pro-active measures to encourage trade, like entering into preferential trade agreements with individual countries and regional economic communities and enhancing the lines of credit to African countries. They called for a special package to push Indian exports into the African markets.

Besides, the survey called for strengthening the trade promotion cells and economic sections in Indian embassies and high commissions in Africa.

A public-private partnership initiative to create "Africa Promotion Council" was recommended, which could have sub-councils focusing on each of the five

regions in the African continent.

Further, the Indian companies called attention to barriers encountered in fully reaching the potential of trade with Africa - from prohibitive costs of shipping, shortage of shipping line, high transaction costs and delay in obtaining visas.

"Brand India is still in infancy in many of the African countries. There is a need to promote products from India in the African countries. This is particularly important if we are to add more and new products to our export basket," said the survey report.

India also underlined its "distinct" approach towards Africa reiterating its support for the continent's place in an expanded UN Security Council. Speaking on the eve of the Summit, India's Minister of State for External Affairs Anand Sharma said, "India's ties with Africa are time-tested, distinct and different. It can't be compared with those of any other country." He was responding to a question whether India's engagement with Africa was to counter the growing Chinese presence in the continent.

He underlined India's unique approach towards Africa that aims at empowerment of the African people through capacity building and skills development as opposed to commerce-driven approach of some countries.

Dolkundita dancers of Karanataka shared space with a troupe from Kenya. A Kathak troupe danced to beat of Sub-Saharan Africa.

Drummers from temples of South India played the panchavadyam, or the combination of five instruments, mostly percussions and horns in duet with percussionists from Ghana and Libya. A troupe from Uganda presented the traditional Bakisimba dance.

"India and Africa share several cultural similarities and the fusion performance is an attempt to showcase the common traits that bind music and dances of India and Africa," Ishwara said.

"African dances are very grounded. They worship the earth through their dance forms like Indians. Just as we invoke panchabhoot (five elements) in our traditional dance forms, Africans, who are animistic by nature, also worship their spirits of earth, life, air and nature through their ritual dances. In fact, Africa has a dance for every

occasion," Ishwara explained.

Another aspect that binds Indian dance forms to those of Africa is the predominance of the body. According to Indian religious tradition, body is one of the 16 offerings made to god and in the African dances, the gyrations of the body convey the emotions.

Dancers from Nigeria narrated the country's rituals of love and courtship through their performance, while the Ethiopians showed what it was to be possessed by spirits of nature in their trance dance recital. The Bakisimba dancers from Uganda were raucous in contrast to the Sopera flautists and the Manipuri percussion dancers from India.

"We have never seen African dances. ICCR has done the capital a favour by providing space to performers from both lands to collaborate and bring to us the traditions of both the land," said Preeti Mishra, a teacher, who was at the concert with her children. ■

"India is helping Africa develop its own infrastructure and in value addition of its resources. India believes in the philosophy of jointly developing resources to the mutual benefit of both India and Africa," Sharma said.

"Wherever Indian private sector or public sector enterprises have gone in Africa, they are creating opportunities for the African people to be employed in these projects," he said after a meeting of the foreign ministers of 14 African countries participating in the Summit.

"This scepticism originates from those who are not adequately informed about the history of India-Africa engagement," Sharma said while stressing that India has no vested interests in Africa but is guided by the overarching desire to empower the continent and its people.

While bilateral trade between India and Africa is growing and is estimated to be around \$30 billion, it is still half of the China-Africa trade. China's presence in the hydrocarbon sector in Africa far surpasses that of India.

To illustrate India's development-centred approach, Sharma alluded to India-assisted Pan-African e-network that seeks to digitally connect 53 countries of the African Union by linking universities and super-specialty hospitals in India and Africa.

"All African countries acknowledge India's steadfast support to Africa's development," he said.

"There is complete agreement between India and the African leadership on the steps needed to consolidate the partnership. Two documents have been frozen and finalised, which will be unveiled by Prime Minister Manmohan Singh at the end of the summit Wednesday," said Sharma.

"The summit is not only historic, but will also give a new dimension and

direction to the partnership that is evolving between India and Africa," he said. "India will support the African Union consensus on African nations' candidate for the UN Security Council," Sharma said.

"There has been unanimity in African position at the country-level and at the level of regional communities for India's rightful place as the world's largest democracy in an expanded UN Security Council," he said.

The 53-nation African Union is crucial to the success of any plan to expand the UN Security Council. India is trying to reach an understanding with African leaders on presenting a common plan, along with other G4 countries including Japan, Germany and Brazil, for an expansion of the UN council.

The Delhi Declaration

After the two-day deliberations, the Summit culminated in an Africa-India Framework for Cooperation and a Delhi Declaration which included an action plan for deepening India's strategic and economic engagement with the resource-rich continent. Following is the text of the Delhi Declaration.

1. We, the Heads of State and Government and Heads of Delegation of Africa, representing the Continent, the African Union and its Institutions along with the Prime Minister of the Republic of India, have met today in New Delhi, India, to consolidate the process of deliberations and discussions with a view to redefining and re-invigorating the decades-old partnership and historical and civilizational links between the African continent and India.

2. We recognize that Africa and India have undergone enormous positive changes, in particular over the last two



The Prime Minister, Dr. Manmohan Singh releasing a quarterly magazine "Resurgent India and Africa: Partners in 21st Century", brought out by ICCR, at the India-Africa Forum Summit. The President of Tanzania, Jakaya Kikwete and the AU Commissioner, Professor Alpha Konare are also seen.

Experts Identify Areas for Cooperation in JVs

Intellectuals from India and Africa met in New Delhi on 2 and 3 April, a few days ahead of the first India-Africa Forum Summit, held on 8 and 9 April 2008 in the Indian Capital.

The Indian Council of World Affairs (ICWA) took the initiative to organize the two-day conference on the theme - Africa-India Partnership in the 21st Century. It was organised in cooperation with Research and Information System and for Developing Countries (RIS) and African Studies Association of India (ASA).

The conference mainly focused on the future of India-Africa partnership and to spread ideas that could promote an environment in which the relations between a resurgent Africa and rising India could further be strengthened for mutual benefits.

Experts on Indo-African relations, 12 from Africa and 21 from India participated in the conference, which was also attended by large number of other intellectuals who had either worked in Africa or have great interest in African affairs.

The inaugural session was addressed by Nalin Surie, Secretary (West), Ministry of External Affairs. Welcoming the guests, Ashok Kumar, Acting Director General, ICWA, said that India looked forward to a comprehensive engagement with Africa.

The Dean of African Diplomatic Missions in New Delhi Carlos Agostinho Do Rosario said India and Africa had several profound reasons for strategic, balanced and responsible partnership in the 21st century. He said India and Africa should work together to narrow the gap between their positions related to United Nations reforms. He expressed deep appreciation of the contribution of India in the human resource development and capacity building in Africa.

The Indian Technical and Economic Cooperation programmes offer more than 1000 training positions per annum to countries from Sub-Saharan Africa.

In his inaugural address, Surie pointed out that opportunity for India and Africa to work together through public-private partnerships, joint ventures were enormous. They covered sectors such as agriculture, small and medium enterprises, health, education, infrastructure, Information Technology and Communications (ICT), automobiles and other transportations system, manufacturing and development of railways, he added.

and half decades, and that Africa and India have historically been close allies in the struggle for independence, equality, human rights, freedom and democracy. We are neighbours across the Indian Ocean. We note that there has been significant positive transformation of the political, economic and social environment in Africa and the strengthening of democracy, particularly with the adoption of the Constitutive Act and the establishment of the African Union with its institutions, such as the Pan-African Parliament, the Economic, Social and Cultural Council, the African Court on Human and People's Rights as well as its programme the New Partnership for Africa's Development (NEPAD) and the African Peer Review Mechanism (APRM) and the Peace and Security Council. During this period, the Indian economy has evolved into a more mature and fast growing economic mode and Indian democracy has further strengthened. We have, therefore, decided to build upon these positive achievements with a view to helping each other to become more self-reliant, economically vibrant, at peace with ourselves and the world and to work together to strengthen our close partnership.

3. Bearing in mind that African countries and India have enjoyed close, cooperative and multi-sectoral partnership encompassing political, security related, economic, science and technology, human resource development, social, cultural and other areas of mutual interest, we have adopted today a Framework for Cooperation which will further strengthen our partnership in all these and other areas for our mutual benefit.

4. This partnership will be based on the fundamental principles of equality, mutual respect, and understanding between our peoples for our mutual benefit.

5. The international community is today addressing a series of critical issues such as environmental degradation, including climate change and desertification, multilateral trade negotiations, reform and democratization of international institutions, particularly the United Nations and the Bretton Woods Institutions, respect for human rights and fundamental freedoms, the fight against terrorism, combating illicit trafficking in small arms and light weapons, non-proliferation of nuclear and other weapons of mass destruction, the fight against

Editors Favour Stronger Media Interaction

A conference of editors from India and Africa was held on 3 April 2008 in New Delhi on the theme - Building Bridges, Connecting Cultures.

The Conference was organized by the External Publicity Division of the Ministry of External Affairs and the Indo-Asian News Service. The Conference was aimed to enrich the media debate leading up to the India-Africa Forum Summit which was to be held on 8-9 April 2008.

Senior editors from 12 African countries, Algeria, Burkina Faso, Congo, Ethiopia, Ghana, Kenya, Libya, Nigeria, Senegal, South Africa, Tanzania and Zambia participated in the Conference. Senior editors from Indian print media and influential journalists from the Indian audio-visual media participated from the Indian side. The Conference was structured under three broad themes:

- Trends in Media Growth: Creating Understanding and Linkages;
- Democracy, Accountability and Media; and
- Media and Challenges of Development.

The Conference was inaugurated by Anand Sharma, Minister of State for External Affairs, who in his remarks recalled the long association between India and African nations. He highlighted the emphasis laid by India on capacity-building and human resource development in Africa. He stressed the importance of joint action between India and Africa in handling the four great challenges of the present day world food security, energy security, health security and climate change.

The valedictory address was delivered by Pranab Mukherjee, Minister for External Affairs. He stated that both India and Africa, with high rates of growth and the huge potential of their economies, were ideal partners. He laid emphasis on the fact that Indian involvement in African economies had always been cost effective and had provided appropriate technologies;

India's development assistance to African nations had taken a multi-pronged approach, with creative use of lines of credit and with the creation of assets in Africa and the establishment of high-tech projects by India. He called upon the media of India and Africa to continue to play an important role in the political as well as socio-economic growth of their countries.

There were brief but in-depth presentations by several editors from the Indian and African side on the various themes. The discussions that followed were lively and informed. Many suggestions for further cooperation and more positive interaction between Indian and African mediapersons and media organizations emerged from the Conference. The Conference was felt to have been a most useful exercise in generating ideas and in building contacts between media professionals of India and Africa.

drugs and most importantly, promotion of pluralism and democracy, the pursuit of sustainable development underpinned by social justice, eradication of hunger, poverty as well as combating diseases. Africa and India reiterate their intention to ensure that in all these matters, the interests of developing countries are kept uppermost and the socio-economic developmental requirements of our countries are guaranteed.

6. We recognize that climate change is a global challenge but one that will be particularly severe for developing countries given their vulnerabilities, inadequate means and limited capacities to adapt to its effects. We reaffirm that development is the best form of adaptation and that the foremost priority for developing countries is to ensure accelerated social and economic development. We note that sustainable development is essential to enable effective adaptation. We stress the importance for adaptation to be adequately financed through additional resources and not from funds meant for development.

7. We note with regret the lack of demonstrable progress by developed countries on Green House Gas (GHG) reduction commitments in the first commitment period under the Kyoto Protocol. We emphasize the need for equitable and fair burden sharing in mitigation which must take into account historical emissions. In this regard, we take note of the proposal of the Prime Minister of India on convergence of per-capita emissions of developing and developed countries.

8. We urge the international community to give real and immediate effect to commitments on climate change, especially in the areas of technology transfer, financing and capacity building. There is also need for a closer look at the Intellectual Property Rights (IPR) regime to

ensure cost-effective transfer of appropriate and advanced clean technologies to developing countries.

9. We are determined to participate effectively in the negotiations under the Bali Action Plan towards comprehensively addressing climate change.

10. We take note of the state of play in the World Trade Organization (WTO) -Doha round of trade negotiations. We reiterate the importance of the development dimension of the Round and welcome the strengthened engagement, solidarity and cooperation among developing countries in that process. Agriculture remains the key to the conclusion of this round. We are convinced that any acceptable agreement must adequately protect the livelihood, food security and rural development concerns of developing countries. There are equally important issues also to be addressed on Non-Agricultural Market Access (NAMA) services and rules. The promise of a development round must be fully realized.

11. We also reaffirm our commitment to providing meaningful market access to the Least Developed Countries (LDCs). We call upon the members of WTO to implement duty-free and quota-free market access for all products originating from the LDCs and to take additional measures to provide effective market access to them through simplified and transparent Rules of Origin.

12. We attach priority to providing trade related technical assistance and capacity building to LDCs to help mitigate the effect of their marginalization in the present globalised trade structure and enable them to maximize the benefits resulting from the multilateral trade liberalization process.

13. We agree on the urgent need to reform the international financial architecture, especially the International Financial Institutions (IFIs), to reflect the changing global situation. In this context, we emphasize the need for the effective voice and participation of developing countries, including in the quotas and voting rights in the IFIs. This would enhance the IFIs' accountability, legitimacy, credibility and effectiveness.

14. We are committed to multilateralism and to strengthening the democratic structure of the United Nations.

15. We reaffirm our commitment to further strengthen Africa-India cooperation at the United Nations, the G77

and in other multilateral fora with a view to addressing issues of common concern.

16. India notes the common African position and the aspirations of the African countries to get their rightful place in an expanded UN Security Council as new permanent members with full rights. Africa takes note of India's position and its aspirations to become a permanent member with full rights in an expanded UN Security Council.

17. We believe that the security of all nations would be enhanced by the global, non-discriminatory and verifiable elimination of nuclear weapons and other weapons of mass destruction.

18. We unequivocally condemn terrorism in all its forms and manifestations. We agree to make concerted efforts towards expeditious finalization of a Comprehensive Convention on International Terrorism at the UN.

19. We affirm that cooperation between Africa and India has been, from its inception, a useful example of South-South cooperation. It has been our endeavour at this Summit to devise ways and means of enhancing this South-South partnership, taking into account the new capabilities that have emerged in Africa and India. Bearing this in mind, we have drawn up and adopted a Framework for Cooperation that would provide the avenue for further and dynamic development of the Africa-India partnership. African Leaders deeply appreciate the initiatives that have been announced at this Summit by the Prime Minister of the Republic of India, Dr. Manmohan Singh, that would provide an input for the implementation of this Framework for Cooperation. We have agreed that Africa and India will strengthen not only their bilateral linkages, but that India will also progressively strengthen its partnership with the African Union and the Regional Economic Communities of Africa.

20. We have also agreed that in addition to high level political exchanges between us in the bilateral, regional and multilateral contexts, Africa and India should meet every three years. We have accordingly, agreed that the next Africa-India Summit will be held in 2011 in Africa.

21. Without prejudice to India's on-going and future programmes at the bilateral, REC and other levels, we agree to develop jointly, within a period of one year, a joint plan of action at a continental level and an appropriate follow-up mechanism to implement our Framework for Cooperation. ■

4th India-Africa Partnership Conclave

Tap Full Potential of Two-Way Trade - Pranab



India's External Affairs Minister Pranab Mukherjee has called for exploring the true potential of the two-way trade between India and Africa, though it had risen five times to touch US\$25 billion in the five years to 2006-07. In his valedictory address to the 4th India-Africa Project Partnership Conclave held in New Delhi from 19 to 21 March 2008, he said India is looking at the possibility of signing a Comprehensive Economic Cooperation Agreement (CECA) with the Common Market for Eastern and Southern Africa (COMESA). The Conclave was attended by Ministers and 600 delegates from more than 30 African countries, their Ambassadors and High Commissioners in India, besides a large number of Indian businessmen. The following is the full text of Mukherjee's speech

It gives me immense pleasure to be present here today at the valedictory session of the 4th India-Africa Project Partnership Conclave organized by the Confederation of Indian Industry. Since the last such conclave held in Delhi in October 2006, there have been six equally successful regional conclaves, held in Lusaka, Addis Ababa and Accra in 2006, and in Kampala, Maputo and Abidjan in 2007. All of them have played an important role in bringing together our policy and business communities to greater mutual benefit. This is therefore an initiative to which we attach great importance and which enjoys the fullest support of my Ministry, the Ministry of Commerce & Industry and the Export Import Bank of India. I would like to place on record my deep appreciation for the Confederation of Indian Industry (CII) whose officials have been untiring in their efforts in organizing this event and the earlier nine conclaves.

I am also particularly delighted to have the opportunity of speaking at this conclave with Africa in the run-up to next month's India Africa Forum Summit, which India will have the honour of hosting. I am confident that the Summit will give a renewed thrust to the centuries-old partnership between India and Africa. We are grateful to the Governments of Africa for their response to this initiative and I take this opportunity to thank them once again for their support.

Today, however, I would like to express my gratitude to Their Excellencies the Vice Presidents of Tanzania and Ghana for having taken the time to grace these proceedings with their presence and to share their wise counsel with us. My special thanks also go out to Their Excellencies the Ministers from more than thirty African nations, who have provided leadership to over 600 delegates from their countries. Thank you for traveling all the way to be with us. I understand that these conclaves have helped our governments as well as public and private sectors to better understand and meet each others' aspirations and developmental needs and priorities. I trust all of you have found value in this ongoing partnership exercise to

develop the trade and economic relationship between India and Africa.

India is fortunate to enjoy long-standing and warm links of brotherhood and affinity with the African continent. The waters of the Indian Ocean unite us. Indian traders and seafarers reached the shores of Africa centuries ago and made Africa their home. Our shared experience of colonialism and India's unstinting support in the African struggle against apartheid and colonialism helped us establish a close political relationship. Apart from our common civilizational heritage, we are united by common ideas, ideals and icons. Indeed, India and Africa are natural allies and we eagerly look forward to a comprehensive engagement with Africa, which has always enjoyed an important position in our foreign policy priorities.

Far-Reaching Changes

Today, Africa is witnessing far reaching changes. In recognition of this, India and the countries of Africa have, for some time now, been in the process of providing a contemporary character to our relationship. The economic growth paradigm in Africa has altered with real GDP estimated to have grown by almost 6.0 percent and a large number of countries growing at an average rate of 5.0 percent over the years. Several countries have benefited from debt write-offs through the HIPC initiative and resultant improvements in credit ratings. Ideas of democracy and good governance are taking root. There is recognition that achievement of stability and peace are key for socio-economic development and that partnership amongst the Africans themselves is an imperative. Nevertheless, the international community's supportive role remains vital.

It is in this context that there is substantial scope for cooperation between Africa and India in order to help provide a better quality of life for the people of both nations. Both sides are home to a wealth of biodiversity, substantial natural resources and hard working populations. What we need is to identify areas of our core competence and match these with the economic and societal needs of a particular nation. Knowledge sharing, knowledge creation and knowledge dissemination must be a vital component of our cooperation.

I am gratified to note that India's trade with Africa has been increasing in recent years. Two-way trade has risen from US\$5.0 billion in 2001-02 to nearly US\$25 billion in 2006-07, a five-fold growth in as many years, even though it does not include the import of gold bullion. Nevertheless, I am sure that all in this room share my

belief that our trade flows are still to achieve their true potential. In order to do so, India has signed Trade Agreements with 29 countries in Africa. India and the Common Market for Eastern and Southern Africa (COMESA) have also decided to set up a Joint Working Group to study the possibilities of signing a Comprehensive Economic Cooperation Agreement (CECA). Negotiations are ongoing as well for a Preferential Trade Agreement with the Southern African Customs Union.

Trade & Investment

Let me take this opportunity to make what I think are four thematic points as we explore the way ahead for a new India-Africa partnership. First, for India, trade and investment go hand in hand. It is with this in mind that Indian companies are making robust investments in Africa in sectors ranging from horticulture and agriculture to power generation and mining. I take this opportunity to urge our African friends present here to encourage Indian industry even more in their efforts.

Infrastructure Technologies

Second, as a continent, Africa is generating enormous demand for appropriate infrastructure technologies, products, engineering services and capacity building, especially for setting up manufacturing capabilities for local value addition as well as for generating employment. India has made strides in manufacturing and technology by pursuing a model of development that we believe is appropriate, affordable and relevant in the African context. We have offered the benefits of our experience to African countries and are committed to continue our support in areas of our strength, including human resource development and capacity building programmes. Africa is today the largest recipient of India's ITEC programme. We are extending and diversifying the programme to cater to special needs of individual countries and groups of nations. Projects such as the Pan African e-Network are an illustration of our genuine effort at sharing our progress in the knowledge sector and helping bridge the digital divide in Africa.

Third, India has, in recent years, extended many bilateral and regional lines of credit on concessional terms to the countries of Africa. These have been used mainly for developmental projects chosen by and in the interest of the recipient countries. We are in a position to do more in this field and our focus will be on fostering sustainable socio-economic development in our partner countries.

Regional Integration

The fourth and last theme I want to touch upon is the fact

that Africa has found merit in regional integration and is increasingly seeking to consolidate its regional economic communities. India's engagement with African countries has in the past focused on bilateral engagement. Of late, however, we have also taken initiatives for establishing relationships with the regional economic communities. We have made progress with COMESA, SADC, ECOWAS and EAC and hope to make progress with ECCAS, IGAD and others. I see this as a most promising area for our larger cooperation.

India has always had a vision and a message for the world. From the very beginning of our civilization, we have believed that humanity is a single family. We are committed to establishing ties of friendship and co-operation with all countries. Our ties with Africa are special and we will continue to work with Africa and the international community to create a better world - a world free of terror, poverty, disease, ignorance and inequality. In this context, I would like to highlight some aspects of the international situation that all of us are called upon to face.

Terrorism constitutes a grave threat to the civilized world. India believes that this is an evil that can only be combated by exercising zero tolerance for all kinds of terrorist violence and by significantly enhancing the levels of international cooperation in this area. India looks forward to enhancing its cooperation with African

countries on this matter, both bilaterally and in various multilateral fora. The conclusion of a Comprehensive Convention on International Terrorism is important in this regard.

The reform of the United Nations remains high on our agenda and we seek the support of the African countries for overall reforms, including democratization and expansion of the UN Security Council in both permanent and non-permanent categories. India also attaches great importance to the Doha Round of trade negotiations currently underway and we seek the continued support of African countries to ensure that the vision of the Doha Round as a developmental round becomes a reality.

Climate change is another subject which figures increasingly in our discussions. Our commitment to solutions based on common but differentiated responsibility and respective capabilities remains steadfast. We seek a convergence of per capita GHG emissions between the developed and the developing world. Transfer of technologies at affordable prices is a key factor in this process.

India is committed to work in partnership with Africa. May I, on behalf of the Indian delegates as well as my own behalf, thank you all for your presence here today and reassure you of our continuing commitment to the further development of India-Africa relations. ■



A Mauritius-based company plans to hire 500 youths from the Industrial Training Institutes (ITIs) in Bihar. The announcement comes a month after Mauritius Prime Minister Navinchandra Ramgoolam visited Bihar, the land of his ancestors, some time in February 2008.

"Filcon Cavra Limited, a Mauritius based company,

Mauritius Firm to Hire 500 ITI-Trained Skilled Workers

has sent a proposal to the Bihar government seeking services of 500 ITI-trained youths," official sources in the Chief Minister's office said recently. Deputy Chief Minister Sushil Kumar Modi held a meeting of the labour department officials following the Mauritius company's proposal.

"In the first phase, 250 ITI-trained youths would be appointed on positions like block layer, tiller, plaster form worker, carpenter, steel fixer and skilled labour and the rest would be appointed in the second phase," said Modi. According to sources, the company's joint managing director Philipo Sinti sent the proposal to the state government.

Navinchandra Ramgoolam had said during his visit to the Bihar state capital of Patna that Mauritius was facing an acute shortage of skilled professionals and had sought the state government's cooperation in meeting the shortfall.

Ramgoolam during his three-day visit, his first to Bihar, announced \$250,000 for the development of roads and a hospital in his ancestral village in Bihar and also annual scholarships to two students from the state. ■

Rich Reiterate Commitment to Raise Aid by \$25 bn a Year by 2010

Private Sector-Driven Growth Mooted for Africa



The group of eight rich countries G8 has reiterated its commitment to increase the Official Development Assistance (ODA) to Africa by \$25 billion a year by 2010. Following is the statement issued from the Hokkaido Island of Japan, where G8 had met for their three-day summit from 7 to 9 July, 2008.

At the mid-point to the Millennium Development Goals (MDGs), although progress has been made, significant challenges remain. We renew our commitment to these goals by reinvigorating our efforts, and by strengthening our partnerships with, as well as encouraging the efforts of, the developing countries based on mutual accountability.

We commend the successful replenishments of the resources of the International Development Association, the African Development Fund and the Asian Development Fund in which G8 countries provided nearly 75 percent of donor's contributions and we acknowledge that ODA from G8 and other donors to Africa should be reassessed and may need to be increased for the period after 2010, beyond our current commitments.

We expect that the UN High-level Meeting on MDGs in September will provide a timely and important opportunity to demonstrate commitment, to review progress, and to identify remaining challenges and

necessary coordinated international and country-led actions to overcome them. We look forward to the UN Secretary-General's MDG Africa Steering Group's recommendations. We also reiterate that our focus on development cooperation should be on the promotion of good governance and self-sustained, private sector-led economic growth in developing countries.

We renew our commitment to support the development agenda agreed in the Monterrey Conference on Financing for Development which underscored the importance of mobilizing all available sources for development including ODA, foreign direct investment and other private flows, trade, debt relief, innovative financing, and domestic resources. We will contribute to the success of the Follow-up Conference on Financing for Development in Doha thereby giving fresh impetus to the Monterrey Agenda and the global partnership launched there.

Peace and security are fundamental to states' ability to meet the needs of their people. Fragile and post-conflict

states remain farthest from reaching the MDGs. Overcoming fragility and successful recovery requires comprehensive, integrated and sustained international assistance, including peacekeeping and peace building efforts where necessary, tailored to the particular context. Coherent and complementary responses of all relevant countries including the G8, and international organizations can break the cycle of misery and despair and help set countries on the track to MDG attainment.

Towards a Vibrant Africa

Africa in recent years has made an impressive rise with an average annual growth rate of more than 5.0 percent, attracting increased foreign investment and trade flows. We encourage African countries to improve their investment climate and to continue their efforts for economic and governance reform to stimulate the increased flows of private capital, domestic and foreign, necessary to sustain their growth and vibrancy, to make their progress on development irreversible. We are committed to working with Africans to create conditions that can lead to an increase of private investment through various measures including strategies to build institutional capacity in financial markets, public private partnerships to develop infrastructure, financial and technical assistance and risk-sharing guarantees for entrepreneurs, and support of investment funds. In this regard, we endorse the G8 Action Plan for Private Sector Led Growth adopted by the G8 Finance Ministers. This will also help countries take advantage of the opportunities and address challenges of growing capital inflows.

Reaffirming that principles of ownership and partnership are essential for African development, we agree that the following points, inter alia, are critical both to generating private sector-led economic growth and achieving the MDGs:

- (a) working with other donors and international organizations to support appropriate, country-led strategies aimed at increased rates of sustainable growth,
- (b) improvement of business environment, and strengthening the financial sector including increase of domestic savings and SMEs access to financial services,
- (c) improvement of domestic revenue generation capacity by African countries and of transparency in the use of resources,
- (d) development of infrastructure, in particular road and power networks, focusing on trans-national solutions

and coordination through the Infrastructure Consortium for Africa together with private financing,

- (e) increasing access to electricity in order to overcome energy poverty,
- (f) support for agriculture and sustainable land-use and natural resource management mainly through the Comprehensive Africa Agricultural Development Programme (CAADP), and productivity enhancement through development of agriculture infrastructure (irrigation etc), new crop varieties such as NERICA rice, livestock systems, post-harvest processing and research, human resources, and improvements to link small farmers to markets while encouraging African governments to increase investment in agriculture in line with the Maputo Declaration,
- (g) facilitation of free and open trade through the multilateral trade system with due consideration of the African situation, effective implementation of the financial commitments regarding spending on Aid for Trade including trade related technical assistance, made at the WTO Hong Kong Ministerial Conference, which we expect to increase to US\$4billion including the support for marketing of African products. We are fully committed to provide duty-free and quota-free market access for products originating from Least Developed Countries (LDCs) as agreed at the Hong Kong Conference,
- (h) support to continental and regional integration and cooperation will be a key element to build larger integrated market, attract more investment, and address challenges with a trans-national dimension,
- (i) encourage companies to consider how, in pursuing their business objectives, they can contribute to poverty reduction, and

- (j) support for good governance, including promotion of anti-corruption measures, through the African Peer Review Mechanism.

We welcome the important contributions of the Fourth Tokyo International Conference on African Development (TICAD IV) which adopted the Yokohama Declaration. In the spirit of partnership which characterizes our relations, we will reflect views of African partners in our future cooperation.

We endorse the progress report on our cooperative efforts for African development submitted by our Africa Personal Representatives (APRs). We encourage them to strengthen the G8-Africa partnership and to discuss the possible evolution of the Africa Partnership Forum

together with other participants. We have asked our APRs to enhance reporting on actions and progress on commitments by G8 members.

Peace and Security in Africa

Peace and security in Africa is fundamental to its sustainable development. Therefore we will promote peace and security through supporting the African Union and Regional Economic Communities in enhancing Africa's peacekeeping capabilities in particular the African Peace Security Architecture (APSA), including the African Standby Force (ASF) including training and equipment; through working with the African Union on assuring sustainable and flexible funding for African-led peace support operations; as well as through enabling seamless peace building support, including to humanitarian, reconciliation, stabilization, recovery and reconstruction efforts and increased capacity of deployable civilian expertise. In this context, we look forward to the recommendations of the UN-AU High Level Panel that will consider solutions for enhanced support to the AU.

Expanding Partnership for Development

Better coordination among various partners, particularly with the private sector, along with emerging donors and NGOs, is of vital importance for more effective aid in the context of new sources of assistance. The G8 will therefore strengthen ties with those partners by deepening aid dialogues. Debt cancellation initiatives by the G8 have extensively relieved many African countries of their unsustainable debt burdens. Developing countries long-term external debt sustainability should be supported by encouraging lenders and borrowers to pursue sustainable lending practices. Cooperation between developing countries and joint efforts bringing together developing countries, emerging economies and developed countries into a partnership should also be promoted.

African leaders have urged the Group of Eight nations to keep their promises to assist the continent, saying soaring oil and food prices were making their poverty worse.

Speaking during the official opening of the G8 Summit, African Union chairman Jakaya Mrisho Kikwete said rich nations should nurture and fulfil their promises if they were really concerned about the continent's development.

He also urged the G8 countries to help the continent to improve its dilapidated infrastructure, which is a vital sector in Africa's efforts to attain strong economic growth

and reduce poverty.

President Kikwete told the leaders of the world's richest countries that without improving the continent's infrastructure "it would be a pipedream to achieve real economic development".

The G8 has been accused by activists of reneging on the promise made at its 2005 summit in Gleneagles, Scotland, to double aid by 2010 to \$50 billion, half of which would go to Africa.

"Some African leaders just wanted to emphasise that while appreciating G8 leaders' commitment to help Africa in past G8 summits, they just wanted to point that they would like to see these commitments fully implemented," Japanese Foreign Ministry spokesman Kazuo Kodama said.

The push towards fulfillment of previous summits' promises was expected to be African leaders' additional agenda, with analysts and advocacy group considering it the most important part of this year's summit in Hokkaiko, Japan.

Instead, the G8 leaders referred further dialogue and monitoring of implementations to other forums involving African countries and respective members of the rich nations.

African countries will now have to use forums like United Nations conferences to further their agenda on the Millennium Development Goals. Others include the World Bank, European Union instruments and African Partnership Forum and the Tokyo International Conference on Africa Development (TICAD) annual ministerial meetings.

G8 leaders from Japan, Britain, Germany, France, Canada, Italy, Russia and the US attended yesterday's opening session, meant to incorporate African views in today members-only talks. The heads of state of Tanzania, Algeria, Ethiopia, Ghana, Nigeria, Senegal and South Africa represented Africa.

Speaking during a press briefing on Africa-G8 leaders' discussions, press secretary of Japan's Foreign Affairs ministry Kazuo Kodama said the next summit - to take place in Italy - would review progress made through such forums.

With two years to go, activists are worried that G8 leaders will not meet their \$25 billion additional aid for Africa, they promised in Gleneagles, Scotland in 2005.

Kodama said the rich nations were prepared to continue supporting the agriculture sector, including small-scale



farmers. No specific figure has been committed, said Kodama, who is also director general for press and public relations, said.

Oxfam International estimates aid support for African agriculture at \$2 billion. The G8 has not made concrete commitments on agriculture in recent years.

Led by AU chairman President Kikwete, African leaders urged G8 leaders to help provide appropriate technology and inputs, especially seeds and fertilizers, if the continent was to successfully tackle the food crisis.

African leaders commended Japan for its plan to double rice production in the continent. They also warned that it would be difficult for African countries to achieve MDGs by 2015, if no intervention was made.

Their fear was also echoed by United Nations secretary general Ban Ki-moon, who said at a press conference in Hokkaido that he hoped to have renewed commitment from the donor community before the UN Summit scheduled for September 25.

An activist on African affairs, James Shikwati, said the meeting provided an opportunity for leaders to bring their agenda to the limelight.

"I think African leaders should not boycott such summits; however, they ought to meet

prior to going to such summits and develop their own game plan for Africa.

"As it is now, each one goes to the summit seeking individual interest and with divided attention, whereas the G8 team focuses on the continent in its totality," Mr Shikwati, who is the director of the Nairobi-based Inter Region Economic Network, said.

Earlier, Japanese Prime Minister Yasuo Fukuda presented his country's position and commitments derived from the TICAD4 summit held in Yokohama in May. Japan announced that it will double aid to Africa from \$900 million to \$1.8 billion by 2012.

On environment, Japan said it would set aside \$10 billion in support of countries ready to adopt environmental friendly technology. The support will be both in terms of funds and technology.

Fukuda said Japan would fully mobilize policy tools to double investment in five years. He also briefed leaders on the action plan prepared after the Yokohama summit, which was adopted, before he assumed his role as chair to the summit.

The leaders took the opportunity to raise the prospect of more sanctions against Zimbabwe unless quick progress is made to end the political crisis following a run-off election in June in which Robert Mugabe was the only candidate.

Many critics and even member countries suggest the G8, formed in 1975 with just six members in the wake of the first oil crisis, should expand to take in large developing nations to better represent the world.

On the Summit's opening day hundreds of demonstrators from Japan and other countries marched in heavy rain toward the summit venue, carrying signs slamming the rich nations' cosy club.

Heavy security meant that they were kept several kilometres away. Two groups tried to take unauthorised routes but were turned back by dozens of police.

Global warming will be the focus of an expanded meeting on July 9 that will include China and India, two fast-growing economies that are pumping out more and more greenhouse gases.

But deep divisions within the G8 as well as between rich and poor nations have raised doubts about the chances for progress beyond last year's summit, where the G8 agreed to "seriously consider" a global goal of halving greenhouse gas emissions by 2050.

The European Union and green groups are piling pressure on a reluctant United States to agree to a target to halve global greenhouse gas emissions by mid-century and back the need for 2020 targets for rich countries as well.

As many as 22 heads of state and government, including 14 from outreach countries, are attending the three-day summit, the largest group ever. ■

India's Strengths to Help Forge Trade & Investment Linkages

Minister of Commerce and Industry Kamal Nath has said that India is willing to strengthen trade and investment linkages with its trading partners through its knowledge advantage, its pool of skilled resources, its young population, its potential of being a manufacturing hub and a base for high-end R&D.

Addressing General Debate of the UNCTAD XII Ministerial Conference at Accra (Ghana) recently, he said that India's regional and inter-regional trading agreements, partnerships and economic ties with other countries of the South also formed an important element in India's development diplomacy.

"To further promote the South-South trade, we are committed to work towards exploring the full potential of the GSTP. We are looking forward for a successful conclusion of the third round of negotiations which takes into account the views of all its members", Kamal Nath said. The Conference was also attended by G.K. Pillai, Commerce Secretary; senior officials from the Ministry of Commerce & Industry, External Affairs and Ambassador & Permanent Representative to World Trade Organisation, Geneva.

Kamal Nath said India is fully supportive of having a focus on Africa which provides "all of us with an opportunity to highlight our contributions to the development of the continent and our partnership with Africa for mutual benefit. We would be willing to work on developing present as well as future corpus of projects/activities with Africa, not only with individual countries, also with regional African organizations as well", he said.

He said that India and Africa are building a genuine partnership based on the principles of mutual benefit, mutual respect and equality. While highlighting the market access initiatives, Kamal Nath stated: "We recognize that for the LDCs, especially those in the Africa region need market access for ensuring the development dimensions of international trade. It is in this regard that only a few days ago, in the India-Africa Summit in New Delhi, which most of the dignitaries present here attended, "we announced our decision to implement a Duty Free Tariff Preference Scheme for all the LDCs on a non-reciprocal basis. On 85 percent of the total items, we will be bringing our duties to zero in a time frame of five years and on additional 9.0 percent items there will be fixed tariff preferences. This Scheme would be implemented from 1st May, 2008 and we are sure that the African LDCs would reap the benefit of this scheme to their advantage".

On the multilateral trade front, Kamal Nath said: "The Doha Development Agenda is one of the most ambitious attempts at ensuring that the issue of development is firmly at the core of the multilateral trading system. The fundamental principles of the multilateral trading system, namely, non-discrimination, predictability, stability and transparency are fully supportive of development. Since development issues lie at the heart of the current Round of Negotiations, the key to the Negotiations, therefore, should be, firstly, to ensure that this Round



delivers for development and secondly, helps developing countries to integrate into the world trading system and take advantage of opportunities since many developing countries also need assistance in building up their capacity to make use of multilateral trade liberalization. Given the present interface that exists between national development strategies and international process and disciplines, we firmly believe that there is a need for creating an international enabling environment that is conducive to the growth of developing countries in a manner that best suits their circumstances and national priorities. Therefore, within the framework of international disciplines, each country must have the policy space to choose what is most appropriate for its circumstances and for the overall welfare of its people".

Earlier, Kamal Nath had also had various bilateral meetings with the Trade Ministers of UK, China, Pakistan, Argentina, Sweden, Senegal, Vietnam, Sri Lanka, Brazil, Thailand and Mali and discussed various matters including the bilateral relations and economic cooperation. During the course of the discussions, he informed the Ministers that FDI policies in India have been further liberalised and many new sectors have been opened recently and added that infrastructure sector in India is an opportunity for investment. ■

Pact to Step Up Two-Way Trade Signed

Exclusive Indian Industrial Zone in Egypt Proposed

India and Egypt have agreed to explore possibilities of exchanging industrial know-how and formation of joint ventures in the following industrial sectors - : textiles, iron & steel, cement, building materials, automotive and its components, chemicals, petrochemicals & fertilizers, drugs & vaccines, communication & IT, new & renewable energy and organic fuel for industrial use, infrastructure, housing and real estate development projects.

Both countries arrived at this conclusion during the bilateral talks that India's Commerce & Industry Minister Kamal Nath had held with Egypt's Minister of Trade & Industry Rachid Mohamed Rachid on 15 April, 2008 in New Delhi. Rachid was paying an official visit to India from 14 to 17 April. Both the Ministers were assisted by senior officials during the meeting.

The meeting was attended by G.K. Pillai, Commerce Secretary; Ajay Shanker, Secretary (Industrial Policy & Promotion); senior officials from the Ministry of

Commerce and Industry and a large business delegation from both the countries.

During the discussions, Kamal Nath welcomed the Egyptian proposal for exploring the possibility of entering into a Framework Agreement on Economic Cooperation which will provide opportunity to the two countries for greater interaction in the field of trade and investment. He said that both countries could benefit by cooperating in the field of pharmaceuticals and possibilities of setting up of joint ventures should be explored to exploit the markets in Middle East and Africa. Kamal Nath also welcomed the Egyptian proposal for an Indian Industrial Zone in Egypt exclusively for Indian companies to attract Indian investments targeting domestic market as well as nearby international markets in Europe, Africa and the Middle East.

Kamal Nath told the Egyptian Minister that India has allowed foreign equity participation up to 100 percent,



The Egyptian Trade Minister, Engr. Rachid Mohamed Rachid and the Union Minister for Commerce & Industry, Shri Kamal Nath are signing the agreed minutes at the delegation level talks, in New Delhi on April 15, 2008.

through automatic route, in the textiles sector and suggested that Egyptian manufacturers / exporters of readymade garments could source their requirements of fabrics from India.

Speaking at the bilateral meeting, the Egyptian Minister stated that his aim of the visit was to boost bilateral trade and investment between Egypt and India, encourage opportunities between private sector on both sides, and strengthen a new platform for economic cooperation, including a proposed free trade agreement between the two countries.

Egypt is India's largest trade partner in North Africa accounting for 40 percent of India's trade in the region. In terms of value, India's trade turnover with Egypt has grown nearly nine-fold in 2006-07 as compared to 2000-01. India imports a diversified product basket from Egypt comprising of oil, inorganic chemicals and fertilizers (crude).

In a joint statement, both the Ministers expressed satisfaction at the level of bilateral trade which is approaching the US \$2.5-billion mark. It was noted that India's exports to Egypt have grown by 51 percent last year and Egypt's exports to India by 35 percent. Both the Ministers expressed the view that the trade basket is required to be expanded to tap the enormous potential.

Both the Ministers appreciated the economic reforms being vigorously pursued by India and Egypt and felt that these are catalytic to expansion of bilateral trade and investment and will facilitate strengthening of bilateral economic and commercial relations. Kamal Nath welcomed the Egyptian initiative for establishing an Indian Industrial Zone in Egypt exclusively for Indian companies to attract Indian Investments targeting domestic market as well as nearby International markets in Europe, Africa and the Middle East.

The two sides agreed on the following:

- Both sides will consider participation in various international trade fairs and specialized exhibitions held by each other and will keep each other informed to enable significant participation.
- Egypt will provide to India details of benefits and incentives that would become available to Indian companies on their participation in the Industrial Zone of Egypt.
- Both sides will explore possibilities of exchanging industrial know how and formation of joint ventures in the sectors of Textiles, Iron and Steel, Cement, Building

Materials, Automotive and its components, Health, Hospitality, Petrochemicals, Chemicals and Fertilizers, Drugs and Vaccines, Communication and Information Technology, New and Renewable Energy and Organic Fuel for Industrial Use, Infrastructure, housing and real-estate development projects. Egypt will identify specific areas / products of JVs.

- Egypt will look into the prospect of Egyptian Banks establishing Lines of Credit, on mutually beneficial commercial terms, with EXIM Bank of India.
- The Indian Institute of Foreign Trade (IIFT) will arrange either in India or in Egypt training, on mutually agreeable terms, to Egypt Government personnel in subjects related to Dumping measures, WTO Issues, organizing commercial activities in domestic markets (anti monopoly measures, quantitative analysis and cost benefit analysis, macro economic analysis, commercial diplomacy and export promotion, consumers protection, price monitoring) etc.
- India will examine within two months the Joint Action Plan on Trade and Technical Cooperation, and Indian Technical Experts for Egyptian Industry.
- The Egyptian side will look into India's request for accelerating the process of registration for WHO/GMP certified Indian pharma companies and will also consider the Indian offer for supply of technical know-how for manufacture of bulk drugs by Indian companies and training of drug regulatory personnel of Egypt.
- Egypt will also consider India's suggestion for setting up an Indo-Egyptian Joint Working Group on Pharmaceuticals.
- Egypt will consider the proposal of RITES for assistance in modernization of the rail system and infrastructure in Egypt.
- Egypt will consider the proposal of TCIL for assistance in the ICT sector.
- Egypt will consider the offers of M/s. MECON and SAIL for technical assistance in upgrading steel sector of Egypt.
- Egypt will consider the proposals of the Ministry of MSMEs and MSMEDO/ NSIC for assistance in the SMEs sector on paid basis.
- Egypt will consider the offer of BMTPC for technical assistance in the sector of low cost housing. ■

Net up 11 pc at Rs 333 crore

Exim Bank Posts Overall Growth in 2007-08



Export-Import Bank of India (Exim Bank) Chairman and Managing Director T.C. Venkat Subramanian has announced that the country's premier financial institution had posted an overall improvement in its performance in fiscal 2007-08 (April-March), that included an increase of 11 percent in its net profit at Rs 333 crore during the year.

He told a press conference in Mumbai recently that the loan approvals and disbursements had increased by 23 percent each and the loan assets 25 percent during the Bank's 26th year of operations.

Profit before tax at Rs. 533 crore showed an increase of 36 percent over the previous year and the Net Profit (after tax) at Rs. 333 crore, an increase of 11 percent over the previous year. Capital Adequacy (Capital to Risk Assets Ratio) stood at 15.13 percent.

Loan Approvals

Loan approvals aggregated Rs. 32,805 crore during 2007-08 as compared to Rs. 26,762 crore in the previous year, an increase of 23 percent. Disbursements aggregated Rs. 27,159 crore, as compared to Rs.

22,076 crore during the previous year, an increase of 23 percent. Loan Assets increased by 25 percent moving upwards to Rs. 29,152 crore as on March 31, 2008 from Rs. 23,274 crore as on March 31, 2007.

Net NPAs decreased to 0.29 percent of net loan assets as on March 31, 2008, as compared to 0.50 percent in the previous year.

During the year, the Bank extended 17 Lines of Credit (LOCs), aggregating US\$ 704 million, covering 39 countries to support export of projects, goods and services from India. 89 LOCs covering 89 countries in Africa, Asia, CIS, Europe and Latin America, with credit commitments aggregating US\$ 2.96 billion are currently available for utilisation, while a number of prospective LOCs are at various stages of negotiation. The Bank lays special emphasis on extension of LOCs as it is an effective market entry mechanism especially for small and medium enterprises.

Project export contracts supported amounted to Rs. 26,926 crore and were secured by 31 companies in 30 countries.

During the year, 41 corporate companies were

sanctioned funded and non-funded assistance aggregating Rs. 5,029 crore for part financing their overseas investments in 20 countries. Exim Bank has so far provided finance to 223 ventures set up by over 180 companies in 61 countries including Austria, Canada, Germany, Ireland, Indonesia, Italy, Malaysia, Mauritius, Morocco, Netherlands, Romania, Sharjah, Singapore, Spain, Sri Lanka and USA.

As on March 31, 2008, guarantees on book were at Rs. 3,456 crore.

Foreign Currency Resources

The authorized capital was increased by the Central Government from Rs. 1,000 crore to Rs. 2,000 crore. During the year, the Bank received share capital of Rs. 100 crore from the Government of India, increasing the paid-up capital to Rs. 1,100 crore as on March 31, 2008.

During the year, the Bank raised borrowings of varying maturities aggregating to Rs. 14,040 crore comprising rupee resources of Rs. 8,905 crore and foreign currency resources of US\$ 1,280 million equivalent.

Foreign currency resources of US\$ 1,083 million equivalent were raised through bilateral/club loans and US\$ 197 million by way of FRNs. As on March 31, 2008, the Bank had a pool of foreign currency resources equivalent to US\$ 3.53 billion and outstanding Rupee borrowings including bonds and commercial papers of Rs. 18,890 crore.

The Bank introduced Flexi Deposit Scheme and added 6000 fresh depositors to its investor base and had mobilized over Rs. 280 crore as of March 31, 2008. Market borrowings as on March 31, 2008 constituted 88 percent of the total resources of the Bank.

The Bank's domestic debt instruments continued to enjoy the highest rating viz. 'AAA' rating from the rating agencies, CRISIL and ICRA.

During 2007-08, Standard & Poor's and Fitch Ratings have upgraded the Bank's credit rating from BB+ to BBB-. The Japan Credit Rating Agency (JCRA) enhanced the Bank's credit rating to BBB+ and enhanced outlook from stable to positive. Taken together with the Baa3 rating from Moodys, the Bank at present holds investment grade rating on par with the India sovereign from four international credit rating agencies.

Focus on West African Region

The Bank opened a representative office in Dakar, Senegal. The Dakar office of Exim Bank is expected to play a key, catalytic role in enhancing trade and

investment between India and the West African Region. The Dakar office has been conferred with special status 'Accord de Siege' by Government of Senegal on par with multilateral institutions located in Senegal.

Global Trade Finance Programme

Exim Bank signed an agreement with International Finance Corporation (IFC), Washington, under the Global Trade Finance Program (GTFP). Under this arrangement, Exim Bank will be able to confirm Letters of Credit (L/Cs), guarantees and other trade instruments issued by approved banks in more than 40 developing countries of Central Asia, Central and Eastern Europe, Latin America & the Caribbean, Middle East & North Africa as also other regions of Asia and Africa, and which constitute an attractive market for Indian exporters. Some of the countries have a higher risk profile due to absence of a proper credit enhancement mechanism for carrying out documentary credit trade. The role of Exim Bank as 'Confirming Bank' would enable Indian exporters to access such markets without payment risks.

Rural Grassroots Business Initiatives

The Bank has in place an innovative facility to support globalisation of rural industries through its Grassroots Business Initiative. The programme builds upon the Bank's other support programmes and seeks to address the needs of relatively disadvantaged sections of society while creating expanded opportunities for traditional crafts persons and artisans, and rural entrepreneurs of the country. The Bank has consciously sought to establish, nurture and foster various institutional linkages. Towards this end, a Memorandum of Cooperation (MOC) was signed between the Bank and the Ministry of Panchayati Raj (MOPR) which aims at enhancing the export promoting activities of MOPR through the Rural Business Hub (RBH) initiative and is in line with Exim Bank's initiatives in supporting exports from rural India.

Rural Technology Export Development Fund: The Bank promotes rural Indian technology to other developing countries in Asia, Africa and CIS under the umbrella of South-South cooperation. The Bank has earmarked funds for setting up a Rural Technology Export Development Fund to promote exports as also enhance the export-worthiness of rural grassroots innovative technologies from India. Thus, Exim Bank's efforts are not only aimed at facilitating the visibility of rural products in the international market but also to find alternative channels through partnership arrangements with institutions and corporates in India. Corporate Social Responsibility

Support for Rugby Team

Exim Bank is supporting the Rugby Team of the Kalinga Institute of Social Sciences, which won the Under-14 International School Rugby Championship held in London, UK, in September 2007. The Kalinga Institute of Social Sciences (KISS) provides a combination of formal education with vocational education for more than 5000 tribal children of Orissa. The mission of KISS is to bring a paradigm shift from mere schooling to innovative learning for the poorest tribal children from different parts of Orissa, with focus on formal and livelihood education and scope for all-round development. As part of its endeavours in supporting social causes, Exim Bank's support to the Rugby Team of KISS would encompass training facilities with associated infrastructure, participation in select domestic/ international tournaments.

Innovative Programme for SMEs

The Bank has entered into a cooperation arrangement with International Trade Centre (ITC), Geneva, for implementing a unique Enterprise Management Development Services (EMDS) program, which is an IT based solution provider to enable small enterprises to prepare business plans with international market in focus. This is a pioneering initiative for supporting SMEs and for providing term loans and export finance facilities to the identified units to help them in their globalisation efforts. The Bank has partnered ITC in implementing this project. The Bank thus supports small enterprises through capacity building and assistance in formulation of viable proposals. It is envisaged that the learning from this programme would be transferred to other developing countries, and thus assist in capacity creation and institution building in the global arena.

The Bank has partnered the Commonwealth Secretariat in the Commonwealth-India Small Business Competitiveness Development Programme. The objective of the programme is to undertake capacity development initiative that promotes economic development (increased employment, investment, trade and economic activity) in Commonwealth member states by providing competitive strategies and policies on SME development to practitioners and policy makers, and to build and develop institutional capacity. US Dollar 1 billion Medium Term Note (MTN) Facility.

During 2007-08, 5-year Floating Rate Notes for JPY 24 billion (US\$ 197 mn.) were issued under the Bank's US\$ 1 billion Medium Term Notes (MTN) programme.

Research and planning

Five Occasional Papers were published by the Bank during the year, namely, Trade and Environment: A Theoretical and Empirical Analysis; Indian Pharmaceutical Industry: Surging Globally; Regional Trade Agreements: Gateway to Global Trade; Knowledge Process Outsourcing: Emerging Opportunities for India; and Indian Mineral Sector and Export Potential.

A publication titled "Healthcare Tourism: Opportunities for India", was brought out, which highlights opportunities and challenges, and delineates strategies for India to emerge as a major healthcare tourist destination.

Global Network

The Global Network of Exim Banks and Development Financial Institutions (G-NEXID), was set up in Geneva in March 2006 through the Bank's initiative, under the auspices of UNCTAD. With the active support of a number of other Exim Banks and Development Financial Institutions from various developing countries, the network has endeavoured to foster enhanced South-South trade and investment cooperation, characterised among others, by the launching of the G-NEXID's website (www.gnexit.org) and annual meetings of the Forum. 'Observer Status' in UNCTAD underscores support for the Forum, while acceptance of the vision of the Forum by developing countries can be assessed from the fact that the membership of the Forum has reached 23 by March 2008.

ADFIAP Development Award

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Award recognises and honours ADFIAP member institutions, which have assisted projects that have created a development impact in their respective countries. Awards are given to member institutions, which have implemented or enhanced outstanding and innovative development projects during the year.

The Bank has been conferred the 2008 "SME Development Award". The Award is in recognition of the Bank's "Enterprises Management Development Services (EMDS)" programme, which is an IT based solution provider to enable small enterprises to prepare business plans with international market in focus. The Bank, through this innovative programme developed through close interaction with the International Trade Centre (ITC), Geneva, has created an enabling environment for SME development, and seeks to support small enterprises through capacity building and assistance in formulating viable proposals. ■

EXIM Bank Study on Indian Minerals Sector

A Strong Case for Expanding Export Base to Tap Full Potential

In a detained study of the Indian mining sector, Export Import Bank of India looks at its problems and challenges and makes suggestions as to how to exploit the full potential of this crucial area of the economy.

Minerals constitute the backbone of economic growth of any nation. India is endowed with significant volumes of mineral deposits. It is an established fact that India holds abundant reserves of minerals such as non-coking coal, iron ore, bauxite (metallurgical grade), dolomite, gypsum, limestone and mica; adequate levels of reserves of minerals such as lignite, chromite (metallic), manganese, UIK and graphite; but deficient in mineral reserves such as coking coal, chromite (refractory grade), bauxite (chemical grade), copper, lead, apatite, rock phosphate and kyanite.

Production

India has a unique blend of large, medium and small, manual and mechanized, opencast and underground mines. The total value of mineral production (excluding atomic minerals) is estimated at Rs. 99,533 crore in 2007-08. Fuel minerals (Rs. 68,229 crore) accounted for largest share (69 percent) in total mineral production

in India, followed by metallic minerals (20 percent Rs. 19,755 crore), non-metallic minerals, including minor minerals (11 percent - Rs. 11,548 crore). Foreign Direct Investment (FDI) is being encouraged in the Indian mining sector. FDI up to 100 percent is permitted under automatic route for coal and lignite mining for captive consumption and setting up of infrastructure relating to marketing in petroleum and natural sector. For exploration of mining of diamonds, gold, silver and precious stones, FDI is allowed up to 100 percent under automatic route. During the period April 2000 to December 2007, the mining sector has attracted FDI inflows of US \$ 478 million (Rs. 19.35 billion).

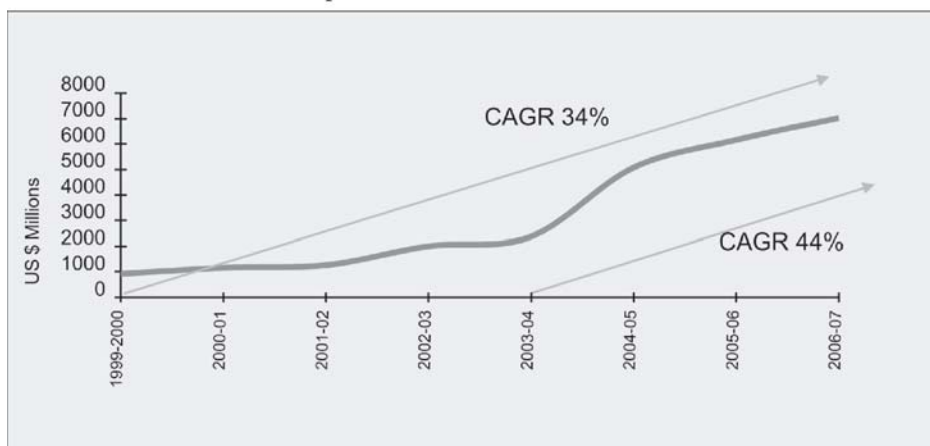
Trade

Exports of ores and minerals from India have grown from US \$917 million in 1999-2000 to US\$ 7028 million in 2006-07, a CAGR of 34 percent. The CAGR of exports of mineral between 2003-04 and 2006-07 had been 44 percent. Iron ore is the largest exported minerals from India accounting for 55 percent of total export of ores and minerals. Iron ore contributes much of the growth witnessed in export of ores and minerals. Other major ores exported from India include zinc ores (5 percent), chromium ores (2.5 percent), aluminium ores (2.3 percent), lead ores (1.4 percent), and titanium ores (0.6 percent). Compounded annual growth rate of India's export of zinc ores, chromium ores, and aluminium ores (73 percent, 34 percent and 50, respectively) have also been significant during the analyzed period.

World import of select minerals and India's export potential

Analyses have been carried out to know about the India's position in export of select minerals in major markets and compared it with the position of competitor countries.

Growth in Exports of Ores and Minerals from India



Source: Directorate General of Commercial Intelligence and Statistics, Government of India.

Zinc Ores and Concentrates



Zinc ores and concentrates are one of the leading export items of India in the minerals category. India exported zinc ores and concentrates worth US \$ 382 million in 2006-07. World imports of zinc ores and concentrates were estimated to be US\$ 9.3 billion in 2006. Major importers were South Korea (US \$ 1554 million), Spain (US \$ 1236 million), Japan (US \$ 1149 million), and Belgium (US \$ 927 million). Australia, Peru, USA and Canada have served as major source countries for most of the top importers of zinc ores and concentrates. India has mainly exported to South Korea. It may thus be mentioned that Belgium, Japan, Spain and Canada, the other three largest, importers of zinc ores and concentrates in the world, hold further potential for exports from India. At present, India's export of zinc ores and concentrates to Japan and Spain are insignificant. In 2006-07, India did not export zinc ores and concentrates to Belgium.

Aluminium Ores and Concentrates

World import of aluminium ores and concentrates amounted to around US \$ 2.3 billion in 2006. Major importers were USA, Ukraine, Ireland, Spain and Italy.

Brazil, Guinea and Guyana have served as major source countries for top importing countries. USA mainly sourced from the Latin American region, especially Jamaica, Brazil and Guyana. Ukraine sourced mainly from Guinea, Australia and India. Amongst the top importing countries of aluminium ores and concentrates, India mainly exported to Ukraine in 2006. However, in 2006-07, India's exports to other top importers were insignificant.

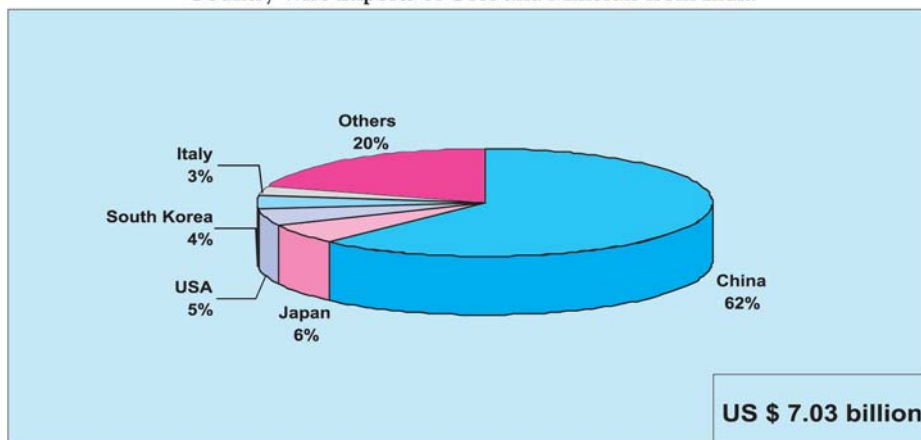
Lead Ores & Concentrates

World import of lead ores and concentrates amounted to US \$ 2.1 billion in 2006. Major importers were China, South Korea, Germany, Japan and Belgium. Major importers principally sourced from Peru, Australia and USA. Germany principally sourced from European countries such as Poland, Ireland and Sweden, in addition to Australia and South Africa. India's export of lead ores and concentrates were mainly directed to



China and to some extent Sri Lanka. In the case of lead ores also, India needs to diversify its export markets and concentrate on other Asian countries such as South Korea and Japan.

Country-Wise Exports of Ores and Minerals from India



Source: Directorate General of Commercial Intelligence and Statistics, Government of India.

Manganese Ores and Concentrates

World import of manganese ores and concentrate - amounted to US \$1.5 billion in 2006. Major import markets include China, Japan, Ukraine, Norway and South Korea. These countries principally sourced from countries such, as Australia, Gabon, Ghana, Brazil and South Africa. Except Japan,

other major importing countries have not sourced from India. India's exports of manganese ores and concentrates were mainly targeted to Japan and China in the year 2006-07. It is important that India diversify its export basket to explore the potential of new markets. Ukraine, Norway and France, which are major importers in 2006, should thus be targeted for export diversification.

Titanium Ores and Concentrates

World import of titanium ores and concentrates amounted to US \$ 1.09 billion in 2006. USA was the largest importer accounting for imports of more than US \$ 200 million. Other major importers were Germany (US \$ 146 million), Japan (US \$ 91 million), Taiwan (US \$ 81 million) and UK (US \$ 70 million). Major importers principally sourced in Australia, South Africa, Ukraine and Canada. India was the largest source country for Japan, with exports amounting to 44 percent of India's total export of titanium ores and concentrates in 2006-07. Other major target markets of India were Malaysia, Korea, and Australia. India's export of titanium ores and concentrates to other major import such as USA, Germany, Taiwan and UK were insignificant. India thus needs to concentrate penetrating in such markets.

Chromium Ores and Concentrates

World import of chromium ores and concentrates amounted to US \$ 1.09 billion in 2006. Major importers were China, Russia, USA, Germany and Japan. India, Turkey and South Africa were the main source countries for these major importers. India's export of chromium ores and concentrates were principally directed to China. In the year 2006-07, over 88 percent of India's total exports of chromium ores and concentrates were directed to China. Japan (8.0 percent), UAE (2 percent) and Indonesia were other major destinations for India's chromium ore exports. India, thus, needs to broaden and diversify its export base, targeting countries such as Russia and Germany.



Mica

Mica forms an important constituent of the export basket of Indian ores and minerals. The world market for Mica was valued at US \$ 114 million and the major importers were mostly the developed nations of the world like USA, Japan, Germany and the United Kingdom. China, USA and Japan have been playing the role of both importer and exporter. India has been a major exporter, catering over 20 percent of the world's total imports. All major importers have been sourcing from India. However, India could endeavor to broad-base the market share in these countries.



Graphite

World import of graphite was around US \$ 235 million in 2006. Major importers were Japan, USA, Germany, UK and South Korea. Germany and USA have been importing as well as exporting graphite in 2006. Brazil is another major source country catering to the import requirements of Japan, USA and UK. India, holding third largest reserve base in the world (next to China and Czech Republic), and second largest producer (next only to China) lags behind in terms of exports. This is another potential item, the production of which could be strengthened to increase exports.

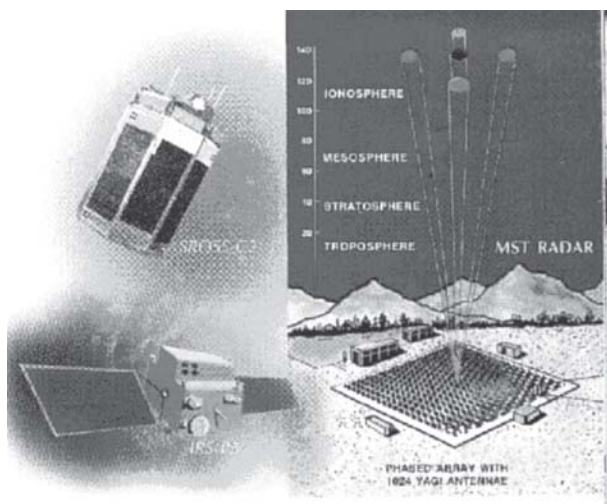


Challenges & Competitive Landscape

The mining industry is largely a capital-intensive industry, which acts as a significant barrier to entry and also raises the exit costs. In the world-mining scenario, there is a growing tendency towards consolidation, with a few multinationals dominating in several segments. The consolidation also led to backward or forward integration, especially with, the metals producers (steel and aluminium) joining the minerals segment, principally to defend the margins against escalating raw material prices.

Technological Challenges

The mining sector in the country is an age-old sector. Although the sector has been opened for private foreign



investments since 1991, most of mining firms in India still fall under the public sector domain, and require significant investment for technology infusion. Obsolete equipment is leading to lower productivity and diseconomies of scale.

Infrastructure Bottlenecks

Inadequate infrastructure, both on-site and off-site, remains another bottleneck for the growth of the Indian



mineral sector. The infrastructure requirement for the Indian mining industry is not met fully due to insufficient capital funds for investments.

Investment Requirements

The mining sector has not attracted major investments despite liberalization of this sector for private and foreign investments. It may be mentioned that apart from right policy initiatives, challenges associated with land acquisition, onsite infrastructure development and transportation systems are acting as deterrent to investment in this sector. Another fallout is the insufficient knowledge base about mining resources, mainly due to inadequate funds for exploration activities.

Insufficient Budget for Exploration Activities

The vast pool of mineral resources in the country is still very much untapped due to inadequate exploration initiatives, it may be noted that the Latin American and Australian regions have spent, in the year 2006, about US \$ 1700 million and US \$ 800 million, respectively, on exploration. India, which has an identical geological terrain, spends, on an average only US \$5 million on promotional exploration.

Procedural Bottlenecks

Procedural complexities, especially the multi-level approval procedure, under different statutes and rules, are acting as major deterrent for investment growth in the Indian mining sector. Industry sources reveal that procedural complexities involving statutory and non-statutory clearances consume more than a year to get mining license in India.

Inadequate Database on Mineral Concessions

It is being felt that there is inadequate information about areas available for different types of mineral concession in India. Such inadequacy in information-base also acts as a deterrent for potential investor. Though there are provisions under the MMDR Act to maintain information/database of prospecting licenses, mining leases, reconnaissance permits etc., it is not widely available for public knowledge.

Environmental Challenges

Mining activities involve various phases such as exploration and development, extraction, processing, transportation and transshipment. Each of these phases involve specific activities that can adversely affect environment. The mining industry causes air pollution,

water pollution, deforestation, degradation of land, noise and ground vibration, disturbance to local ecology; flora and fauna, and generation of waste, all of these causing huge impacts in and around the mining areas. The expenses associated with mitigating such challenges are significant,

Social Challenges

Social unrest happens in the absence of responsible mining activities. In many parts of the country; mining activity is 'often undertaken without the consent of the local people. Responsible mining practices should include paying due regard to cultural circumstances of the local people and loss of access to common resources.

Policy Initiatives

It may be worth considering some short to medium term policy measures so as to improve the investment climate to promote broad-based growth in this sector. According to industry sources, clarity is limited in the rules governing the sector, specially with regard to grant or denial of concessions. The rules and regulations at the Centre and State levels are at times conflicting and confusing the investors. There should be a seamless transition from the stage of reconnaissance permit through prospective license to mining lease and security of tenure should be guaranteed to the maximum extent possible. The conditions for resettlement must also be made transparent and the rights of those whose lands are acquired must be suitably compensated.

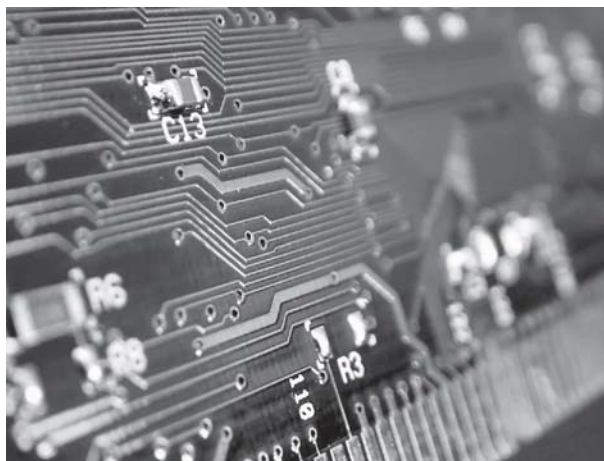
Stimulating Investment

Appropriate fiscal concessions may encourage investment flows into the Indian mineral sector. Internationally, several mineral-rich countries are offering tax relief for investments made in the mineral sector. In India, under the New Exploration Licensing policy the oil sector gets 100 percent deduction in depreciation cost of exploration equipment within the first year and about 50 percent on certain capital machinery during the production stage. Such measures may also be extended to other minerals to encourage investment.

Coordination Committee for Clearances

It is perceived that the existing procedures for obtaining reconnaissance permit through prospective license to mining lease were time-consuming and cumbersome. It may be more effective if a Multi-Department Coordination Committee is set up to clear the proposals and grant various authorizations/licenses.

Technology Upgradation



The world over, technological changes are driving the profitability of the mining industry. Mine developers/prospectors in several developed countries are using laser measurement technologies, global positioning systems, modern extraction technologies and use of information technology in mine design and planning. In the development, advancement and utilization of such innovative technologies are very important for the Indian mining sector to be cost effective and globally competitive.

Infrastructure Development

The infrastructure requirement for the Indian mining industry is not met fully due to insufficient capital funds for investments. In addition to orienting the policies to attract investments for creation of mining infrastructure, the Government may have to encourage formation of joint ventures and alliances for shared infrastructure such as dedicated rail lines and power transmission networks. Further, an appropriate institutional in-line-work is also required for planning and promotion of mining related infrastructure.

Establishment of On-line Registries

In order to make available the information related to mineral title systems to the prospective investors and to ensure adequate transparency while choosing; areas for mineral concessions, it is important to establish on-line registries, as available in many resource-rich nations such as Australia and European countries.

Increasing Competitiveness

The Indian mineral sector needs to improve the quality and productivity in order to compete effectively in international markets. Competitiveness could be enhanced through efficiency in operations and prudent

cost-cutting measures, through technology infusion.

Strengthening Human Resources

Majority of the personnel available in India are required get requisite exposure in international practices. There is need for continuous upgradation to technology skills, thereby the productivity in the sector could be upgraded.

Value Addition

Many state governments link the value addition clause with the mining leases, and insist that the concession holder should set up the mineral processing unit within the boundaries of the state. It may be mentioned that source of raw materials (mineral base) alone is not a determinant factor for investment intentions. There are host of other issues such as availability of power, labor and technology that influence investment decisions. Such conditions may have to be introduced in phases as the prospective investors have unprecedented opportunities across the world to access prospective geological areas in almost every region of the world.

Environment Friendly Approach

Extraction and development of minerals are closely interlinked with other natural resources like land, water, air and forest. The areas in which minerals are often present, have other resources presenting a choice of utilization of the resources. Some such areas are ecologically fragile and some are biologically rich. It is necessary to take a comprehensive view to facilitate the choice or order of land-use keeping in view the needs of development as well as needs of protecting the forests, environment and ecology.

Sustainable Development

One of the major challenges faced by the Indian mining sector is integration of economic activity with social

concerns. It may be worth realising that the objective of sustainable development in the mining sector should be to maximize the investment returns and to ensure an equitable distribution of the costs and benefits to the existing generation without reducing the potential benefits for the future generations to meet their own needs.

Social Issues

Though enabling provisions are made through law, it should be the responsibility of the mining companies to obtain the consent of local people to gain access to land. While doing so, the cultural circumstances as also the living standards of the local population are taken into consideration.

Conclusion

India's exports have largely been confined to only few minerals, with iron ore accounting for a significant share. It is therefore wise to diversify its export basket with mineral products that have a longer life index or with a larger reserve-base. India may, at the same time, identify the markets that can be tapped for such expanded list of products. This would not only help the country to have a diversified export base, but also avoid depletion or exhaustion of specific ores that may be critical for the development of the country in the years to come. This could be achieved through a more pro-active approach to undertake exploration activities. It is a matter of fact that the players in this sector have to increase their investments in exploration activities and make the mining activity as a composite business and not as a stand-alone business. Once exploration is given a greater emphasis in the business models of the players in this sector, mining would become a lucrative activity with an increasing volume of proven mineral reserves across the country. An appropriate incentive framework may also need to be

developed in order to attract private sector foreign investment in exploration related activities in the country. Mineral Exploration Tax Credit, as has been extended in some mineral-rich countries, may be one such measure to attract exploration-oriented investment in the Indian mineral sector.

Full study is available with Dharmendra Sachan, Chief Knowledge Officer, EXPORT-IMPORT BANK OF INDIA, Centre One Building, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai - 400 005, India.
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Arjun Jayadev Wins Exim Bank's IEDRA Award 2007

Arjun Jayadev is the winner of Exim Bank of India's International Economic Development Research Annual (IEDRA) Award 2007 for his doctoral dissertation titled "Financial Liberalisation and its Distributional Consequences: An Empirical Exploration".

The Award was announced by Exim Bank Chairman and Managing Director T.C. Venkat Subramanian at a function held on June 26, 2008 in Mumbai. The Award, which carries a cash reward of one lakh rupees and a citation, was presented by Guest of Honour Y.R. Warerkar, Executive Director, MVRDC World Trade Centre, Mumbai, who also released Exim Bank's Occasional Paper titled "Financial Liberalisation and its Distributional Consequences", based on the Award winning thesis. Dr. (Ms.) Pushpa Trivedi, Professor in Economics, Department of Humanities and Social Sciences, Indian Institute of Technology, Bombay, provided key insights on the subject.

Subramanian, in his opening remarks highlighted the features of the Award, instituted in 1989 and is given for doctoral dissertations in the area of international economics, trade & development and related financing by Indian nationals from Indian or foreign universities. The year 2007 was the 19th year of the Award.

Commenting on the Award winning thesis, Subramanian said the distribution of national income between capital

and labour had always been of interest to economists and policymakers, as it measured how benefits from growth were shared across the factors of production.

About Thesis

Dr. Jayadev has obtained his doctorate from the University of Massachusetts, Amherst, U.S.A in 2005 and at present is working as an Assistant Professor, in the Department of Economics, University of Massachusetts, Boston, U.S.A. In his thesis, Dr. Jayadev has undertaken an empirical exploration of the distributional impacts of external and domestic financial liberalization using a cross-country analysis and case studies of two developing countries namely India and Indonesia.

This study attempted to account for and trace the distributional consequences of a liberal financial regime raising several important questions such as second generation banking reforms and their impact on financial intermediation, ways to expand resource base to meet the burgeoning public expenditure needs and impact of explosion of credit availability at the upper ends of the income distribution on social outcomes. The empirical results suggest that the effects of capital account openness on distributional outcomes are significant, robust, and therefore merit serious attention. A decline in labour shares in many countries, over the last two decades, has been associated with capital account

openness. However, these negative effects cannot be generalised across all country groups and appear to increase with the level of income. Structural differences between countries clearly remain important in outcomes for labour.

Entries are invited for IEDRA 2008. All entries must be received by Exim Bank on or before 30th September 2008. For details log on to www.eximbankindia.in ■



Dr. Arjun Jayadev received Exim Bank's IEDRA Award 2007 from Y.R. Warerkar, Executive Director, World Trade Centre at the Award Function held in Mumbai on June 26, 2008

Exim Bank's \$30 mln LoC to Afreximbank to Fund Indian Exports

Exim Bank of India (Exim Bank) has agreed to provide a Line of Credit (LOC) of US\$30 million to African Export-Import Bank (Afreximbank) for financing India's exports to Africa. An agreement to this effect was signed by Exim Bank Chairman & Managing Director T.C. Venkat Subramanian and Afreximbank President Jean-Louis Ekra recently in New Delhi, on the occasion of the 4th India-Africa Project Partnership Conclave 2008. The LOC will facilitate and boost India's exports to member states of Afreximbank in which Exim Bank is a non-regional shareholder.

Cairo-based Afreximbank is a pan-African international financial institution, established to stimulate a consistent

expansion, diversification and development of African trade while operating as a first class profit-oriented financial institution and a centre of excellence in African trade matters. Currently, Afreximbank represents 38 member States across Africa.

Exim Bank of India has now in place 88 Lines of Credit, covering 85 countries in Africa, Asia, Latin America, Europe and the CIS, with credit commitments amounting to US\$ 2.88 billion, available for utilization for financing exports from India. Exim Bank's LoCs afford a risk-free, non-recourse export financing option to Indian exporters. ■

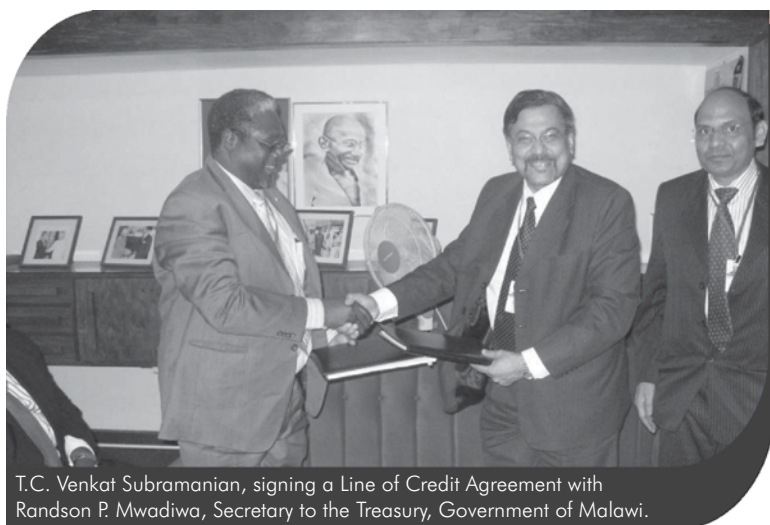
Exim Bank extends \$30 mln project finance LOC to Malawi

Export Import Bank of India has extended a Line of Credit (LoC) of US\$30 million to Malawi. The LoC will be utilized to finance supply of irrigation, storage and tobacco threshing in Malawi. The Agreement was signed on the sidelines of the 2008 Annual Meetings of the African Development Bank Group being held in Maputo, Mozambique recently by Exim Bank Chairman and Managing Director T.C. Venkat Subramanian and by Secretary to the Treasury of Malawi, Randson P. Mwadiwa. Under the LOC, Exim Bank will reimburse 100 percent of contract value to the Indian project

exporter (s), upfront upon the shipment of goods/ provision of services.

This is the first ever LOC extended by Exim Bank to Malawi, located in Southern Africa. Tobacco is the largest item, contributing 48.8% of the total exports of Malawi followed by sugar, tea and cotton. Main products exported from India to Malawi are: drugs & pharmaceuticals, machinery & instruments, manmade yarn & fabrics, transport equipment and plastic and linoleum products.

Besides promoting India's exports, Exim Bank's LOCs enable demonstration of Indian expertise and project execution capabilities in emerging markets. With the signing of this LOC Agreement, Exim Bank has now in place 90 Lines of Credit, covering 89 countries in Africa, Asia, Latin America, Europe and the CIS, with credit commitments amounting to US\$ 2.992 bn, available for utilization for financing exports from India. Exim Bank's LOCs afford a risk-free, non-recourse export financing option to Indian exporters. ■



T.C. Venkat Subramanian, signing a Line of Credit Agreement with Randson P. Mwadiwa, Secretary to the Treasury, Government of Malawi.

\$20 mln Exim Bank LoC to Mozambique

Export Import Bank of India has entered into a Line of Credit (LoC) Agreement for US\$20 million with Mozambique for financing transfer of water drilling technology and equipment from India to Mozambique. The agreement was signed on the sidelines of the annual meetings of the African Development Bank Group held in Maputo, Mozambique recently by T.C. Venkat Subramanian, Chairman and Managing Director on behalf of Exim Bank and Dr. Antonio Fernando Laice, National Director of Treasury, Ministry of Planning & Finance, on behalf of the Government of Mozambique, in the presence of Minister of Finance of Mozambique Manuel Chang.

This is the third LoC extended by Exim Bank to Mozambique. The first LoC of \$20 million was extended to Mozambique in September 2004,

which has been utilized to finance export of items like electricity equipment, water drilling machinery equipment, agro-inputs and drip irrigation, vegetable oil refining plant and machinery, oil storage tank, blending & filling, workshop machinery. The second LoC of \$20 million was extended to that country in August 2006, for an electrification project.

Under the LoCs, Exim Bank reimburses 100 percent of contract value to the Indian exporter, upfront upon the shipment of goods/services. Besides promoting India's exports, Exim Bank's LoCs enable demonstration of Indian expertise and project execution capabilities in emerging markets. With the signing of this LoC Agreement, Exim Bank has now in place 91 Lines of Credit, covering 89 countries in Africa, Asia, Latin America, Europe and the CIS, with credit commitments amounting to \$3 billion, available for utilization for financing exports from India. Exim Bank's LOCs afford a risk-free, non-recourse export financing option to Indian exporters. ■



T.C. Venkat Subramanian, signing a Line of Credit Agreement with Dr. Antonio Fernando Laice

Cote D'ivoire Gets \$25 mln LOC As Project Finance

Export-Import Bank of India (Exim Bank) has extended a Line of Credit (LoC) of \$25.50 million to Côte d'Ivoire. An agreement to this effect was signed in Abidjan, Côte d'Ivoire recently by Exim Bank Deputy General Manager Nadeem Panjetan and Côte d'Ivoire's Minister of Economy and Finance Diby Koffi Charles.

The LOC has been earmarked for financing (i) Mahatma Gandhi IT and Biotechnology Park, (ii) Fisheries Processing Plant and (iii) Coconut Fibre Processing Plant. Exim Bank will reimburse 100 percent of contract value to Indian exporters, upfront upon the shipment of goods.

Exim Bank already has in place a Line of Credit amounting to \$26.8 million that has been extended to

Côte d'Ivoire. The LoC was utilized for renewal of an urban transport system in Abidjan and for agricultural projects in the field of vegetable oil extraction, production of cocoa, coffee etc. Main products exported from India to Côte d'Ivoire are: vehicles and transportation equipments, drugs, pharmaceuticals and fine chemicals, plastic and linoleum products and manufactures of metals and meat and preparations.

Exim Bank has in place 95 Lines of Credit, covering over 90 countries in Africa, Asia, Latin America, Europe and the CIS, with credit commitments of over US\$ 3 billion available for financing exports from India. Exim Bank's LoCs afford a risk-free, non-recourse export financing option to Indian exporters. ■



India & Africa Can Feed Entire World: UNIDO Chief

"If half the harvest is spoilt in transit, the result will be gross inefficiency in processing and low-quality products - a socio-economic and business failure," he added.

Speaking about the current scenario where world was facing food shortages and rising commodity prices, Yumkella said the reason for this was a sharp decline in global food stocks that were the lowest since 1980.

"One way to go is to definitely reduce post-harvest losses," said the former Trade Minister of Sierra Leone and a PhD in agricultural economics from the University of Illinois.

Yumkella, who is also chairperson of UN-Energy, an initiative of the agency to address energy security, said the UNIDO was proposing to jointly host with the Indian government a global conference to address all concerns in the area.

"This conference will see the participation of as many as 18 UN organisations. It is proposed either next year or in 2010 and will look at issues like energy efficiency, conservation, new technology, green energy," he said.

The UNIDO chief also maintained that there was also the need for econometric modelling to examine the relationship between food and fuels to find out how much and how adversely the land use patterns were changing.

"There is a close link between 'energy poverty and 'income poverty'. We need to find that out," Yumkella added. ■

India-Africa cooperation in agriculture has the potential to feed the entire world, especially in the current global context of rising prices and stagnant productivity, the chief of a United Nations agency has said.

"A collaboration between India and African countries can create granaries for the entire world," said Kande K. Yumkella, Director-General of the United Nations Industrial Development Organisation (UNIDO).

"This is, indeed, possible. India has the capacity and technology and Africa has land and labour," Yumkella, who was in New Delhi recently for an international conference on agro-industries and its role in development and poverty reduction, said.

According to the UNIDO Chief, the Indian green revolution of the 1970s and 1980s had demonstrated how technology can boost productivity and could push production of foodgrain in a short period of time.

"But the huge advances brought about by the continuing green revolution must be accompanied by similar advances in processing efficiency, reductions in post-harvest losses and improvements in quality levels of products."

Accordingly, he said, the importance of agro-industry in terms of post-harvest activities of processing and preserving agricultural products for intermediate or final consumption should be self-evident.



NIIT, CII Join Hands to Help Build Africa's ICT Capacity

National Institute of Information Technology (NIIT) and the Confederation of Indian Industry (CII) will join hands to "help develop ICT (Information and Communication Technology) capacity in the African continent", the Mumbai-based technology training and software solutions company has announced in Bangalore recently.

NIIT and the CII would share "high quality education resources" from India, the company said on the eve of the two-day India-Africa Forum Summit on April 8 and 9, 2008. They also plan to involve "other appropriate players" from the Indian industry to specifically help Africa develop human capital for the global IT industry.

A cooperation agreement has been signed by CII Director and Africa head Shipra Tripathi and NIIT Chief Operating Officer P. Rajendran.

Several business leaders, government officials and media representatives from African countries attended the first India Africa Summit.

NIIT said it would provide "relevant IT curricula in line with international IT trends", and content for IT, soft skills and entrepreneurship for training in universities and colleges in Africa. CII, on the other hand, will facilitate internship with the Indian industry.

CII, founded over 112 years ago, has a direct membership of over 7,000 businesses from both private and public sectors, including small and medium enterprises (SMEs) and multinational corporations (MNCs), and an indirect membership of over 90,000 companies from around 362 national and regional associations.

NIIT calls itself "Asia's No 1 trainer" and says it offers learning and knowledge solutions to five million students across 32 countries.

NIIT's Shivanjali Singh said the company and CII would work together and explore modalities of "embedding" NIIT's industry-endorsed IT training programs in the curriculum of universities and colleges in Africa. They will also look at the possibilities of establishing "centres of excellence" for talent development in different African countries.

The software education major has been running IT training centres in Africa for over a decade. NIIT, which set up its first African IT education centre in Botswana in 1997, claims that it has trained nearly 150,000 students till date.

It currently reaches over 20,000 African learners every year, through 36 learning centres in eight African countries - Nigeria, Ghana, Senegal, Libya, Sudan, Botswana, South Africa and Zimbabwe.

The government of Botswana has awarded accreditation of Tertiary Education Council (TEC) to NIIT's industry-recognised IT training programmes.

The company said its flagship DNIIT programme - focussed on internet and e-commerce technologies - was the most popular training program in many African countries. NIIT offers scholarship programmes, which have gained good responses in countries like Nigeria and Ghana.

NIIT

It says its innovative learning project Hole in the Wall Education (HiWEL) has been implemented in Rwanda, Namibia, South Africa, Botswana, and Mozambique.

NIIT chairman Rajendra S. Pawar is a member of Presidential International Advisory Council (PIAC) in South Africa, and has been helping the government develop a growth strategy for its ICT industry, said NIIT.

The 1981-founded company, which was formerly known as National Institute of Information Technology, has diversified into software services. In 2004, the firm split into NIIT Ltd and NIIT Technologies Ltd. While NIIT Ltd focuses on training, NIIT Technologies focuses on software development and business process management.

It claims to be among the top 20 Indian software exporters, with operations in some 42 countries. It has also tied up with Chinese universities for training engineers from that country.

NIIT said it recently launched the state-of-art training campus in Botswana, which would accommodate 7,000 students in various IT streams by 2010. ■

North America Losing Automobile Production Bases to BRIC Nations

North America will lose the top slot in auto production to the BRIC (Brazil, Russia, India and China) nations this year, says Canada's Scotiabank in a report in Toronto.

BRIC nations would produce 20 million vehicles in 2008 as against 17.4 million by both America and Canada, Scotiabank's auto industry specialist Carlos Gomes said in a study released recently.

The surpassing of North America by BRIC nations in auto production, Gomes said, had great implications for the Canadian auto industry as the North American market consumed 95 percent of Canadian-built auto parts.

"When production goes to India or China, we get hit. The future growth will be in BRIC nations," Gomes said. He said the North American production has come down by two million units from the peak of 19.6 million units in 2002. "The fall-off reflects plant closures by the traditional North American automakers."

On the other hand, Gomes said, assembly capacity in emerging nations has gone up by 15 percent per year over the past five years. He said this happened as Ford and General Motors have built almost 90 percent of their new plants since 2002 in emerging markets that offer greater growth potential as well as a lower-cost structure.

"We estimate that vehicle assembly capacity in emerging nations now totals more than 30 million units, roughly 36 per cent of the global total and more than double the installed capacity in Canada and the United States," Gomes said.

But the rising production in emerging nations, he warned, was a troubling development for the Canadian auto parts sector as it remains exclusively focussed on the domestic and US markets.

"These two markets absorb more than 95 percent of all Canadian auto parts shipments, but are increasingly becoming a smaller piece of the global auto industry," he said.



Gomes added that China would capture about 20 percent of all new global assembly capacity over the next five years.

However, both India and Russia would also garner an increased share, with assembly capacity in each country expected to surge by about 70 percent over the next five years.

"India produced 600,000 units in 2000, and now the turnout was 1.2 million in 2007. With sales soaring because of a huge middle class and major players like Nissan, Ford and GM setting up plants there, India will emerge as a big player on the world auto market," he said.

About the Tatas' acquisition of British luxury brands of Jaguar and Land Rover and their Nano car, he said: "They have credibility and they will make India a major production centre for supplies around the world."

Global vehicle purchases continue to climb to record highs, as strengthening emerging markets more than offsets weak sales in the US, he said.

Global car sales rose three percent year-on-year in February, led by surges of more than 30 percent in Brazil and 20 percent in China. These two countries have sold more than 1.2 million cars in the opening months of 2008.

Gomes said Canada assembled 2.58 million vehicles in 2007, down from a peak of 3.1 million in 1999.

"Faced with slumping sales in the US, automakers have slashed their second-quarter production plans for Canada and the United States to an annualised 12.7 million units, one of the lowest levels since the economic downturn of the early 1990s," said Gomes. ■

Centre for India Studies Set Up in Johannesburg



Spurred by rising business interest in trade and investment across the Indian Ocean, the University of the Witwatersrand in Johannesburg has recently set up a Centre for Indian Studies in Africa (CISA) to encourage research, teaching and public debate about India and its growing presence across the African continent.

The centre, believed to be the first academic institution of its kind in Africa, follows the growing trend of South African corporate companies to increase their presence in India and vice versa.

"Wits is totally committed to stronger South-South relations," said Loyiso Nongxa, vice chancellor of the university, popularly known here as 'Wits'.

"India has become a leading player in the global economy and global politics, with higher education institutions which are models for the developing world.

CISA is one of our flagship projects and will connect us with world-class researchers in many disciplines."

Nongxa and three colleagues visited universities and research institutions in Delhi, Bangalore, Pune and Mumbai in November 2008 as a prelude to setting up the centre.

Faculty and student exchanges are expected to start later this year, as the university gears up to teach courses on Indian politics, economics and history.

Projects in the planning stage will examine common problems on either side of the Indian Ocean as a result of the common British colonial history of India and South Africa. These include issues such as social divisions of caste, community and race.

CISA's establishment is also expected to give a boost to applied research collaborations between Wits and Indian universities. Projects already under way include one by Wits Deputy Vice Chancellor Yunus Ballim as he seeks to find stronger and more durable concrete together with colleagues at IIT-Madras.

In the education faculty at Wits, Pippa Stein is working with the University of Delhi on the impact of second-language English teaching, which is common to both countries, in high schools in Johannesburg and Delhi.

CISA will also put Wits in a strong position to support economic ties through research, academic teaching and short courses for managers from both countries in legal issues, the business environment, indigenous languages and culture. ■

Godrej acquires S. African hair firm

Godrej Consumer Products Ltd (GCPL) said the company has acquired 100 percent stake of South Africa-based hair company Kinky Group at Rs.13.25 billion (\$331.8 million).

Commenting on the acquisition, GCPL Chairman and Managing Director Adi Godrej said: "The acquisition gives us the opportunity to enter a new line of business and diversify our hair product



portfolio."

Kinky offers a variety of products, which include hair, hair braids, hairpieces, wigs and wefted pieces.

The products are manufactured at plants located in South Africa at Johannesburg and Durban and the final products are sold through cash-n-carry outlets and owned stores. ■



23rd Exim Bank Annual Commencement Day Lecture Emerging South Must Change Global Economic Governance

- Kemal Dervis, UNDP Administrator

Kemal Dervis, Administrator of the United Nations Development Programme, delivered an address on the theme “Perspectives on the New Structure of the World Economy” on the occasion of the 23rd Annual Commencement Day Lecture of the Export-Import Bank of India on March 18, 2008 in Mumbai. Dervis, who visited India along with a UNDP delegation, argues that Emerging South, which includes India, must change global governance in order to improve the world economy. Excerpts.

My last visit took place in the autumn of 2005. I recall that at that time my Indian friends were debating whether an 8 percent growth rate was a sustainable medium term target or whether perhaps 7 percent was a more realistic and likely goal. International experts were generally projecting a somewhat lower growth rate for India, closer to 6 percent over the next decade or so. Today the debate has shifted: most projections, national or international, have climbed into the 8 to 9 percent range, for the coming years at least.

India has joined China as one of the two new emerging giants in the world economy, bringing great hope to its own people, but also hope to hundreds of millions of

citizens of developing countries who now can start to believe that it is actually possible to catch up with the rich advanced countries, that the world will not forever be divided between have and have not countries, that our new 21st century can be one of economic convergence rather than further divergence.

There have been cases of very rapid growth before: Japan in the four decades following World War II, and the Republic of Korea more recently. But the scale of these examples was limited and did not result in an improvement in the world size distribution of income if we view the world “as if” it was one country. Such an improvement is now occurring, although the often massive rise of within-country inequalities almost everywhere in the world is counteracting the equalizing effect of Indian and Chinese growth. The lack of progress in many of the poorest countries, most in Sub-Saharan Africa, is a further factor contributing to the stubborn persistence of worldwide inequality.

Since the summer of 2007 a different type of hope has emerged in connection with the rapid growth of India and China: could this “Asian growth” help avoid a significant world economic slowdown, even if close to recessionary conditions were to prevail in 2008 and 2009 in many of the rich economies, particularly in the



United States, after the spread of the sub-prime mortgage crisis?

I will focus on two dimensions of the world economy today which also have some relevance to India. First I will share with you some thoughts on the role the financial sector has played in recent world economic events and on what some call “financial capitalism” as opposed to the “industrial capitalism” of earlier times.

Analysts from across the world are wondering and debating how, what started as the sub-prime mortgage crisis in the United States and has since developed into a serious financial sector crisis in the US and parts of Europe, will affect for the world economy as a whole and the developing countries including India in particular. So I wanted to share some personal thoughts with you tonight on the recent financial sector events within a longer term perspective. I then would like to address another aspect of the recent debate, relating to the changing structure of the world economy and look at the increasing share of the “emerging South” in macroeconomic aggregates and what this means for both income distribution and growth in the world economy. Finally, in conclusion, I will say a few words about the global economic governance issue in light of recent developments and the new structure of the world economy.

Global growth acceleration and the financial sector

It seems clear that the last two decades have been characterized by rapid and accelerating world growth, with the trend interrupted three times: around 1997, around 2001 and now again around 2008, although we do not know yet how serious this interruption will be. All three of them have been caused by financial sector difficulties of a more or less global nature. The first of these financial sector shocks was the Asian Financial crisis that spread to Russia and Latin America.

We are still in the middle of living through the third financial sector shock the world economy is experiencing since the early 1990s.

The fact, however, is that the financial sector can never be a purely private affair. It is at the heart of the modern market economy and plays an organizing role that is a public good. Its failure affects the whole economy and all citizens. The public policy maker cannot let the financial

sector fail in a systemic manner and has to, in one way or another, rescue it. It is important and fair, therefore, that it is regulated in a way that encourages responsibility, a longer term horizon and an evaluation of risk by its managers, that is not truncated by the unavoidable need for the socialization of large losses.

These considerations are based on events in the most advanced and richest economies as well as on the capital flow reversals experienced by many emerging market economies in the past.

They are perhaps not yet directly applicable to a country like India, where the financial sector is being liberalized only gradually, where public financial institutions still play an important role, and where the capital account is still only partially open. India is likely to be affected by the turmoil, however. Moreover, for India's own development, a further strengthening of the financial sector's ability to mobilize and intermediate resources, including foreign resources, to support growth will be beneficial. In doing so it may be useful to analyze some of the excesses that have occurred worldwide and to build a modern regulatory system that combines incentives for dynamism and innovation with incentives for responsibility and longer term horizons.

The Changing Structure of the World Economy

Let me now turn to some remarks on what the current slowdown in the rich economies means for world growth and growth in the developing economies in light of the structural changes that have taken place.

Some argue that despite the serious nature of the slowdown in the advanced economies triggered by the financial sector difficulties referred to above, the worldwide slowdown will be very limited because of the new economic weight gained by the “emerging South”, and by India and China in particular. Let us look, therefore, at changes in structure and convergence trends in the world economy.

At the start the ten richest countries were only about twice as rich on average as these ten comparator countries. The difference tripled over a century and a half. Starting in the 1960s, however, these ten fast growing countries did start to catch up, however and the income gap has now been reduced to three and is continuing to fall. After a long period of divergence, there have now been

several decades of convergence for these countries.

India was not over this long period one of the ten fastest growing countries in the "South". Can we say, therefore, that the modern era of globalization, is one of convergence? Unfortunately the story is not as simple.

The story here is one of massive and persistent divergence. Whatever is allowing some of the developing countries to profit from globalization and "catch up" with the richest countries is not "happening" in a large number of countries, many, but not all in Africa.

Nonetheless, thanks mainly to the huge populations of India and China, and the economic performance of these two giants, it is correct to say that the convergence trend, certainly when weighted by population, is stronger than the divergence trend and that for large parts of the emerging South, there is at last a "catch up" of per capita incomes.

There is also the increasing and impressive role of "Southern" multinationals, many of them Indian, and the role they will play in the world economy. Such an analysis is beyond the scope of my lecture tonight and indeed while there is much academic and professional work along these lines, the North-South linkages which have gained such an importance in recent years, appear to remain under-analysed.

Let me just stress, at this point, that the fact that the "emerging South" has gained much weight in the world economy, does not mean that there will be de-coupling of growth in the coming months and years. If the rich North experiences a more serious slowdown than what is currently projected, with growth averaging less than 1.5 percent in the 2008-2009 period, the consequences will be severe also for the "emerging South". It is important to remember in this context that the internal American market may shrink even if US GDP growth remains significantly positive, given the fall of the dollar and the likely reduction in the US current account deficit that is part of the overall adjustment process. I do not think we fully understand the complex linkages that are at work. In modelling exercises, much depends on what is assumed exogenous and what is treated as endogenous. Much will also, of course depend on policy reactions. As was recently pointed out by the new Managing Director of the IMF, there are many countries in the world with reasonably strong fiscal positions and these countries could help counteract the forces pushing the economy

into a slowdown. This statement surprised many, coming from the head of an institution known for its fiscal conservatism, but I think Dominique Strauss Kahn was quite right in stressing the need for an international approach to fiscal policy, with countries that have more fiscal headroom having a greater ability to help protect the world economy from recession.

We are at a moment of considerable uncertainty. Since the summer of 2007 almost every week has brought further bad news from the financial sector in the US and Europe, with the disease deepening and spreading across financial institutions. In an increasing number of cases, it now appears not just as a liquidity problem, but also as an insolvency problem. On the other hand, given the size of the financial sector turmoil, the real sector seems to be resisting rather well, so far at least. Rather surprisingly, we also see a continued upward surge in commodity prices, unprecedented in recent times, which in itself could be seen as another kind of "de-coupling": not a "de-coupling" of the South from the North, but a "decoupling" of real sector expectations from the mood in the financial sector! After all very rapid price rises in raw materials and commodities should signal strong future growth rather than a recession. I will not be imprudent enough to make strong predictions tonight. But it seems to me that as has been the case in the two previous recent financial sector rooted crises referred to above, the strong policy response triggered by financial sector panic, particularly in the United States, may help stop a slide into recession.

It may also be the case that the "autonomous" or purely regionally driven part of effective demand, particularly investment demand, has risen substantially, in China and India, and other parts of Asia. This deserves careful analysis. On balance chances are that this contribution from the "emerging" South, coupled with a truly vigorous Keynesian mix of expansionary policy in the United States, will have a strong effect and halt the slide some time during 2008, despite a much more conservative stance by the European Central Bank which is stubbornly sticking to its "inflation control is our only mandate" approach. So world growth may continue in the 2 to 3 percent range in the coming two years. Not the surge we saw in the growth acceleration of 2002-2006, but enough to stay away from a global recession and avoid the terrible pain it would bring to the world's poorest and most vulnerable people. This would allow Indian growth also to be hurt less by global circumstances and

hopefully maintain a pace not too far from the 8.0 percent neighborhood over the next two years, which would of course be a great achievement in a world economy that grows only in the 2 to 3 percent range (at market prices).

The strongly expansionist US macro-policy response does of course carry with it the dangers of an inflationary impulse and of causing again what happened three times in the last 10 years: replacing one asset bubble by another. After emerging market debt in the mid-1990s, dot com stocks at the turn of the century and mortgage backed securities in the 2004-2007 period, it may well be commodities that are now rising in price at an unreasonable and unsustainable rate, fuelled again by the underlying huge investment resources and accompanying liquidity available in Asia because of high savings rates, in the Middle East because of the oil bonanza and in the advanced economies because of a significant rise in the share of profits and high incomes in GDP. Each of these bubbles has had a root in real economic changes. Emerging markets did become more attractive destinations for investment as their governments undertook market friendly reforms and opened their economies to global forces. The dot com sector did open up new prospects for doing business and increasing productivity.

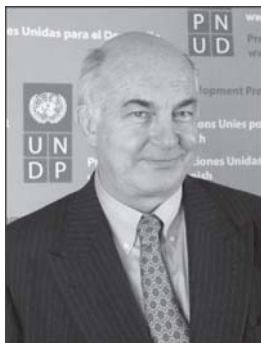
The impressive growth of India and China has increased the demand for raw materials, food and energy in a lasting way. But each time, financial markets overshoot and macroeconomic policies are forced to react to the ensuing bust by encouraging, unwittingly, another bubble somewhere else!

I would not be surprised, therefore, that two or three years from now we realize that the liquidity and macro-boost generated to fight the sub-prime housing crisis ended up fuelling a commodity bubble, and that we may again, then, be faced with fighting the negative consequences of an unforeseen downward adjustment, this time in commodity prices! Which brings me, again, to what I started with: if we want to reap the benefits of technical progress and global opportunities in a more steady fashion, rather than being subjected to continuously recurring shocks from the financial sector, it may be time to attack the root causes of these shocks in terms of financial sector regulation that focuses on the nature of the structural problems in the financial sector, rather than using rather blunt macroeconomic instruments which may work in the short term by bailing everybody out, but often prepare the next financial storm.

Concluding remarks

All this matters to India and to the developing world: regulatory troubles in the developed world may cause India's growth rate to decline substantially. It may rob Africa of the first real chance in decades to accelerate its progress. It may mean that hundreds of millions of vulnerable people are denied the chance to escape extreme poverty. I do believe, therefore, that the "emerging South" must weigh in, using all peaceful means at its disposal, to change the nature of global governance. It is also essential that the LDCs can increase their voice. It is difficult to understand that the Security Council of the United Nations reflects the world as it was in 1945. It does not seem right that Brazil and India have less of a vote in the Boards of the IMF and the World Bank than very small European countries. It does not seem right that the Financial Stability Forum remains a rich men's club. It does not seem right that countries such as India are invited to G8 meetings just for lunch. It does not seem right that the "emerging South" still is allowed only a minor role in the big decisions on the top management positions in the international system, including the chairmanship of committees such as the International Monetary and Financial Committee (IMFC).

On the one hand it is argued that the "emerging South" should save the world economy from recession, that it should accept and adapt to all the policies elaborated in the rich North, that it should now also take major responsibility in the fight against the very real challenge of climate change, and, at the same time the South is denied its natural place and weight in the decision making and coordinating institutions of the international community. I do believe it is time for change. I do believe that the rich countries cannot have their cake and eat it too. I do hope that India will engage in the overdue effort to build better and more equitable global governance, not least relating to the financial sector. I do hope India will lend its increasing weight to a reform and strengthening of the United Nations and the Bretton Woods institutions, so that the interdependent world we live in can provide benefits to all, can be regulated in a prudent and responsible manner, and so that the interests of the poorest women and men on our planet can receive equal attention to the interests of the richest and the most powerful. I do believe this is what the Mahatma Gandhi stood for when he fought for the new, modern, independent India. ■



23rd Conférence annuelle du commencement de la banque Exim

Le sud émergent doit changer la gouvernance économique mondiale

- Kemal Derviş, administrateur PNUD

Kemal Derviş, administrateur du Programme des Nations Unies pour le Développement, a prononcé une allocution sur le thème "Perspectives de la nouvelle structure de l'économie mondiale" à l'occasion de la 23e journée de conférence annuelle de commencement de l'Export-Import Bank of India le 18 mars 2008 à Mumbai. Derviş, qui s'est rendu en Inde avec une délégation de PNUD il y a longtemps, déduit que le sud émergent, ce qui comprend l'Inde, doit changer la gouvernance mondiale dans le but d'améliorer l'économie mondiale. Extraits.

Ma dernière visite a eu lieu à l'automne 2005. Je me souviens qu'à ce moment-là mes amis indiens étaient en train de débattre si un taux de croissance de 8 pour cent était un objectif durable à moyen terme - ou bien 7 pour cent était un objectif plus réaliste et susceptible. Des experts internationaux projetaient un taux de croissance un peu plus faible pour l'Inde, plus proche de 6 pour cent au cours de la prochaine décennie. Aujourd'hui, le débat s'est déplacé: la plupart des projections, nationales ou internationales, ont grimpé dans les 8 à 9 pour cent, pour les années à venir.

L'Inde a rejoint la Chine comme l'un des deux nouveaux géants de l'économie mondiale, ce qui porte beaucoup d'espoir à son peuple, mais aussi à des centaines de millions de citoyens des pays en développement qui peuvent maintenant commencer à croire qu'il est effectivement possible de se rattraper avec la richesse des pays développés, que le monde ne jamais sera pas toujours divisé entre les pays qui ont et les pays qui n'ont pas, que le 21ème siècle peut être celui de la convergence économique plutôt que de nouvelles divergences.

Dans le passé, il ya eu des cas de croissance très rapide: le Japon dans les quatre décennies qui ont suivi la Seconde Guerre mondiale, et la République de Corée, plus récemment. Mais l'ampleur de ces exemples était limitée et n'a pas eu de résultat d'amélioration sur les revenus dans le monde entier, si nous considérons le monde « comme si » il s'agissait d'un pays. Une telle amélioration se produit maintenant, bien que l'augmentation massive des inégalités à l'intérieur du pays presque partout dans le monde contre balance l'effet égalisateur de la croissance indienne et chinoise.

L'absence de progrès dans un bon nombre de pays les plus pauvres, la plupart en Afrique sub-saharienne, est un autre facteur contribuant à la persistance de l'inégalité dans le monde entier.

Depuis l'été 2007, un autre type d'espoir est apparu dans en lien avec la croissance rapide de l'Inde et la Chine: est-ce que cette « croissance asiatique » peut contribuer à éviter un ralentissement de l'économie mondiale ? Même si la récession économique devait dominer en 2008 et 2009 dans beaucoup de pays développés, notamment aux États-Unis, après la propagation de la crise des subprimes.

Aujourd'hui, je vais me concentrer sur deux dimensions de l'économie mondiale qui ont aussi une certaine pertinence pour l'Inde. Tout d'abord je vais partager avec vous quelques réflexions sur le rôle que le secteur financier a joué au cours des derniers événements économiques mondiaux et sur ce que certains appellent « capitalisme financier » par opposition au « capitalisme industriel » de l'époque.

Les analystes du monde entier se demandent et débattent sur comment et qu'est ce qui a commencé la crise des subprimes aux États-Unis et qui a depuis développé comme une grave crise du secteur financier aux États-Unis et dans certaines parties de l'Europe ? Est-ce que cela aura des incidences sur pour l'économie mondiale dans son ensemble et plus particulièrement sur les pays en développement dont l'Inde. Donc, je voulais partager avec vous, ce soir, quelques réflexions personnelles sur les événements récents du secteur financier dans une perspective à plus long terme. Je souhaiterais ensuite aborder un autre aspect du débat récent portant sur l'évolution de la structure de l'économie mondiale et je

chercherai à élaborer sur la part croissante du « sud émergent » dans les agrégats macro-économiques et ce que cela signifie à la fois pour la répartition des revenus et la croissance économique mondiale. Enfin, pour conclure, je dirai quelques mots sur la question de la gouvernance économique mondiale à la lumière de l'évolution récente et la nouvelle structure de l'économie mondiale.

I. Accélération de la croissance mondiale et le secteur financier

Il semble clair que les deux dernières décennies ont été caractérisées par la rapidité et l'accélération de la croissance mondiale, avec la tendance interrompue à trois reprises: vers 1997, autour de 2001 et à nouveau autour de 2008, bien que nous ne connaissons pas encore la gravité que cette interruption aura. Les trois d'entre eux sont les résultats des difficultés du secteur financier de niveau plus ou moins mondial. Le premier de ces chocs du secteur financier a été la crise financière asiatique qui s'est propagée à la Russie et l'Amérique latine.

Nous sommes toujours au milieu d'une troisième crise du secteur financier que l'économie mondiale connaît depuis le début des années 1990.

Toutefois, la vérité fait est que le secteur financier ne peut jamais être une affaire purement privée. Il est au cœur de l'économie du marché moderne et joue un rôle de l'organisation qui est un bien public. Son échec affecte l'ensemble de l'économie et tous les citoyens. Le décideur public ne peut pas laisser le secteur financier succomber d'une manière systémique et doit, d'une manière ou d'une autre, le sauver. Il est important et juste, donc, qu'il est réglementé d'une manière qui encourage la responsabilité, un horizon à long terme et une évaluation des risques par ses dirigeants, il n'est pas tronqué par l'inévitable nécessité de la socialisation des pertes importantes.

Ces considérations sont fondées sur les événements dans les économies les plus avancées et les plus riches ainsi que sur les flux de capitaux rencontrés par de nombreuses économies des marchés émergentes dans le passé.

Ils ne sont peut-être pas encore directement applicables à un pays comme l'Inde, où le secteur financier est en voie de libéralisation progressivement, où les institutions financières publiques jouent un rôle important, et où le compte de capital n'est que partiellement ouvert. Cependant l'Inde est susceptible à être affecté par l'agitation. En outre, pour le développement de l'Inde, un renforcement de la capacité du secteur financier afin de se mobiliser et de ressources intermédiaires, y compris

des ressources étrangers, à soutenir la croissance sera bénéfique. Ce faisant, il sera utile d'analyser certains excès qui se sont produits dans le monde entier et de construire un système de réglementation moderne qui combine des incitations pour le dynamisme et l'innovation des mesures d'encouragement de la responsabilité et des horizons à long terme.

II. L'évolution de la structure de l'économie mondiale

Permettez-moi maintenant d'aborder quelques remarques sur le ralentissement actuel de l'économie des pays riches pour la croissance mondiale et la croissance dans les économies des pays en développement à la lumière des changements structurels qui ont eu lieu.

Certains font valoir que, malgré la gravité du ralentissement dans les économies des pays riches déclenché par les difficultés du secteur financier évoquées ci-dessus, le ralentissement mondial sera très limité en raison du nouveau poids économique acquis par le « sud émergent », et par l'Inde et la Chine en particulier. Regardons les changements dans la structure et la convergence des tendances dans l'économie mondiale.

Au début les dix pays les plus riches ne sont qu'environ deux fois plus riches que ces dix pays de comparaison. La différence est devenue trois fois au cours d'un siècle et demi. Dès les années 1960, ces dix pays à croissance rapide ont commencé à rattraper leur retard, cependant l'écart de revenu a été réduit de trois et continue à diminuer. Après une longue période de divergence, il y a maintenant plusieurs décennies de convergence pour ces pays.

L'Inde n'était pas, au cours de cette longue période, parmi les dix pays avec une forte croissance dans « le sud ». Pouvons-nous dire, par conséquent, que l'ère moderne de la mondialisation, est celle de la convergence? Malheureusement, l'histoire n'est pas aussi simple.

L'histoire est une divergence massive et persistante. Tout ce qui permet certains pays en développement de tirer profit de la mondialisation et de « rattraper » les pays les plus riches, ne « se passe » pas dans un grand nombre de pays, beaucoup certes, mais pas en tout l'Afrique.

Néanmoins, grâce notamment à l'énorme population de l'Inde et de la Chine, et les performances économiques de ces deux géants, il est exact de dire que la tendance de la convergence, certainement quand prise en fonction de la population, est plus forte que la tendance de la divergence et ceci pour une grande partie du sud émergent, il y a enfin un « rattrapage » des revenus par habitant.

Il y a également le rôle croissant et impressionnant des multinationales « sud », dont de nombreux sont indiens, et le rôle qu'elles joueront dans l'économie mondiale. Une telle analyse est au-delà de la portée de mon exposé ce soir et même s'il existe beaucoup d'académique et de professionnelle dans ce domaine, les liens nord-sud, qui ont acquis une telle importance au cours des dernières années, semblent rester sous-analysés.

Permettez-moi de souligner que le fait que le « sud émergent » a gagné beaucoup de poids dans l'économie mondiale, ne signifie pas qu'il y aura un découplage de la croissance dans les mois et les années à venir. Si les pays riches du nord connaissent un ralentissement plus grave que ce qui est actuellement prévu, avec une croissance moyenne de moins de 1,5 pour cent dans la période 2008-2009, les conséquences seront graves aussi pour les « sud émergents ». Il est important de se rappeler dans ce contexte que le marché intérieur américain pourrait rétracter même si la croissance du PIB des États-Unis reste nettement positive, compte tenu de la chute du dollar et la réduction probable dans le déficit du compte courant américain qui fait partie de l'ensemble du processus d'ajustement. Je ne pense pas que nous comprenons très bien les liens complexes qui sont à l'œuvre. Dans des exercices de modélisation, tout dépend de ce qui est supposé exogène et ce qui est considéré comme endogène. Beaucoup aussi, bien sûr, dépendra des réactions de la politique. Comme l'a récemment souligné le nouveau Directeur général du FMI, il y a de nombreux pays dans le monde avec des positions budgétaires raisonnablement fortes et ces pays pourraient contribuer à lutter contre les forces qui entraînent l'économie dans un ralentissement. Cette déclaration a surpris beaucoup, venant de quelqu'un à la tête d'une institution connue pour son conservatisme fiscal, mais je pense que Dominique Strauss Kahn a eu raison de souligner la nécessité d'une approche internationale pour la politique fiscale, avec les pays qui ont plus de place pour des exercices fiscaux et ayant une

plus grande capacité pour aider à protéger l'économie mondiale de la récession.

Nous sommes à un moment de grande incertitude. Depuis l'été 2007, presque chaque semaine a apporté d'autres mauvaises nouvelles pour le secteur financier des États-Unis et de l'Europe, avec l'approfondissement de la maladie et la propagation à travers les institutions financières. Dans beaucoup de cas, il apparaît aujourd'hui non seulement comme un problème de liquidité, mais aussi comme un problème d'insolvabilité. D'autre part, compte tenu de la taille des troubles du secteur financier, le secteur réel semble résister plutôt bien, jusqu'à ce jour au moins.

Plutôt surprenant, nous voyons également une tendance de forte augmentation des prix des produits de base, sans précédent dans la période récente, ce qui en soi pourrait être considéré comme une autre sorte de « découplage »: pas un « découplage » du sud depuis le nord, mais un « découplage » des attentes du secteur réel de l'état d'esprit dans le secteur financier! Après tout très rapide des hausses de prix des matières premières et des produits de base devrait signaler plutôt une forte croissance future qu'une récession. Je ne vais pas être assez imprudent de faire des prédictions fortes ce soir. Mais il me semble que comme cela a été le cas dans les deux crises des secteurs financiers récents mentionné ci-dessus, la forte réponse politique déclenchée par la panique du secteur financier, notamment aux États-Unis, pourrait aider à arrêter une chute dans la récession.

Il pourrait également être le cas que les demandes effectives « autonomes » ou purement régional, en particulier la demande d'investissement, a augmenté sensiblement, en Chine et en Inde et dans d'autres parties de l'Asie. Cela mérite une analyse approfondie. Dans l'ensemble il y a des chances que cette contribution du sud « émergents », de pair avec une véritable mélange dynamique keynésienne de la politique expansionniste des États-Unis, auront un effet important et mettront un terme à la perte un certain temps pendant l'année 2008, malgré une position beaucoup plus conservatrice de la Banque Centrale Européenne qui tient obstinément à sa politique « maîtrise de l'inflation est notre seul mandat ». Ainsi, la croissance mondiale pourrait continuer dans les 2 à 3 pour cent pour les deux prochaines années. Pas l'élan que nous avons vu dans l'accélération de la croissance entre 2002-2006, mais assez pour rester loin d'une récession mondiale et d'éviter la terrible douleur qu'elle apporte au pays les plus pauvres et les plus vulnérables. Cela permettrait également à la croissance indienne à être moins atteinte par la situation mondiale et à continuer à un rythme pas trop loin du 8,0 pour cent pour les deux prochaines années, ce qui serait évidemment une grande réussite dans une économie



mondiale qui ne pousse que dans les 2 à 3 pour cent à la normale (aux prix du marché).

La réponse de la macro-politique fortement expansionniste des États-Unis porte avec elle des dangers d'une impulsion de l'inflation et de provoquer à nouveau ce qui s'est produit trois fois au cours des 10 dernières années : remplacer une bulle active par une autre. Après la dette des marchés émergents au milieu des années 1990, les stocks dot com, au tournant du siècle et les titres garantis par hypothèque dans la période 2004-2007, il y a bien des commodités qui sont en hausse aujourd'hui à un prix irraisonnable à un rythme insoutenable et alimenté de nouveau par d'énormes ressources d'investissement et d'accompagnement des liquidités disponibles en Asie en raison de taux d'épargne élevés, au Moyen-Orient à cause du pétrole et dans les économies développées en raison d'une hausse significative de la part des bénéfices et des revenus élevés dans le PIB. Chacune de ces bulles a une racine dans la réalité économique. Les marchés émergents ont devenu des destinations plus attrayantes pour l'investissement parce que leurs gouvernements ont engagé des réformes favorables au marché et ont ouvert leur économie aux forces mondiales. Le secteur de dot com a ouvert de nouvelles perspectives pour faire des affaires et l'accroissement de la productivité.

La croissance impressionnante de l'Inde et de la Chine a augmenté la demande pour les matières premières, les aliments et l'énergie de façon durable. Mais à chaque fois que les marchés financiers sont soumis à une hausse, des politiques macro-économiques sont contraintes de réagir à des cours du buste en encourageant, sans le vouloir, une autre bulle quelque part ailleurs!

Je ne serais pas surpris, donc, que deux ou trois ans d'ici nous nous rendons compte que la liquidité et macro-boost généré pour lutter contre les subprimes, la crise du logement, a fini par alimenter une bulle, et que nous pourrions encore, alors, faire face à une lutte contre les conséquences négatives imprévues d'un ajustement à la baisse, cette fois dans les prix! Ce qui m'amène, à nouveau, à ce que j'ai commencé avec : si nous voulons récolter les fruits du progrès technique et des débouchés mondiaux dans un mode plus stable, plutôt que d'être continuellement soumis à des chocs récurrents du secteur financier, il est l'heure d'attaquer les causes profondes de ces chocs en termes de la réglementation du secteur financier qui met l'accent sur la nature des problèmes structurels dans le secteur financier, plutôt que d'utiliser les instruments macro-économiques qui pourraient marcher à court terme, mais souvent prépare la prochaine tempête financière.

Observations finales

Toutes ces questions sont importantes pour l'Inde et les pays en développement: les problèmes de réglementation dans les pays développés pourraient provoquer une baisse substantielle dans le taux de croissance indienne. Il pourrait priver l'Afrique de la première vraie chance depuis des décennies pour accélérer ses progrès. Il pourrait également signifier que des centaines de millions de personnes vulnérables se voient refuser la chance d'échapper à la pauvreté extrême. Je pense, donc, que le « sud émergent » doit peser, en utilisant tous les moyens pacifiques à sa disposition, pour changer la nature de la gouvernance mondiale. Il est également essentiel que les PMA augmentent leur voix. Il est difficile de comprendre que le Conseil de Sécurité de l'ONU reflète le monde tel qu'il était en 1945. Il ne semble pas juste que le Brésil et l'Inde ont moins de votes que de très petits pays européens dans les conseils d'administration du FMI et de la Banque mondiale. Il ne semble pas juste que le forum de stabilité financière demeure un club des hommes riches. Il ne semble pas juste que des pays comme l'Inde sont invités à des réunions du G8 juste pour le déjeuner. Il ne semble pas juste que le « sud émergent » est accordé seulement un rôle mineur dans les grandes décisions sur les postes de direction dans le système international, y compris la présidence des comités comme le Comité monétaire et financier international (CMFI).

D'une part, il est dit que les « sud émergents » devraient sauver l'économie mondiale de la récession, qu'il doit accepter et s'adapter à toutes les politiques élaborées dans les pays riches du nord, qu'il devrait également prendre une responsabilité majeure dans la lutte contre la véritable défi du changement climatique et, en même temps le sud refusé sa place naturelle et le poids dans la prise de décision et de coordination des institutions de la communauté internationale. Je pense qu'il est temps pour le changement. Je pense que les pays riches ne peuvent pas avoir le beurre et l'argent du beurre. J'espère que l'Inde sera inclut dans l'effort de construire une gouvernance mondiale d'une meilleure qualité et plus équitable, pas moins relative au secteur financier. Je n'espère pas que l'Inde apportera son poids à une réforme du renforcement des Nations Unies et des institutions de Bretton Woods, afin que le monde interdépendant dans lequel nous vivons peut apporter des avantages à tous, peuvent être réglementé d'une manière prudente et responsable, et que les intérêts des femmes et les hommes les plus pauvres sur notre planète peut recevoir une attention égale aux intérêts des plus riches et des plus puissants. Je crois que c'est ce que le Mahatma Gandhi représentait quand il a combattu pour l'Inde nouvelle, moderne, indépendante. ■

Les PME pharmaceutiques : Petits moteurs avec de grandes performances

Dans la nouvelle ère de la mondialisation, la taille n'a pas d'importance. Les petites et moyennes entreprises (PME) sont souvent considérées comme moteurs de la croissance économique. Le réseau de commerce transfrontalière des entreprises permet aux PME d'étendre leurs marchés et leurs canaux de distribution, de réaliser des économies d'échelle et de la portée des produits et des processus, et offrent des possibilités de vente et de licences sur les actifs basés sur la technologie.

Les PME, dans le secteur pharmaceutique, ont entrepris des contrats de bas de gamme dans le secteur de la fabrication. La raison est qu'ils n'ont aucun choix, comme les grands joueurs ont déjà pris les contrats haut de gamme. C'est une occasion pour eux et ils essaient d'en tirer un maximum.

Les PME, dans l'industrie pharmaceutique, ont été de la fin de gain rapide et d'énormes revenus de la recherche contractuelle et de services de fabrication (CRAMS). Cette zone de culture a un énorme potentiel, non seulement dans le marché intérieur mais également au niveau mondial. La plupart des PME non seulement survivre mais également prospérer comme l'Inde crams marché est estimé à toucher les 900 millions \$-marque d'ici à 2010.

Les PME, dans l'industrie pharmaceutique, ont enfin commencé à gagner d'énormes revenus de la Recherche Contractuelle et de Services de Fabrication (CRAMS). Ce domaine croissant a un énorme potentiel, non seulement dans le marché intérieur mais également au niveau mondial. La plupart des PME non seulement réussissent mais également prospèrent comme le marché crams de l'Inde est estimé à

toucher \$ 900 millions d'ici 2010.

Pour les PME, CRAMS offre l'occasion de faire des recettes rapides parce que les PME doivent exister d'abord et ensuite se développer. Alors, quand ils mettent en place une usine, elle doit commencer à travailler et la capacité du travail doit être utilisée pour rembourser le prêt bancaire. Toutefois, les PME ont besoin de comprendre que ce n'est que la première étape en vue de leur croissance et non la dernière. Par conséquent, tout en soutenant leur existence, elles doivent également avoir des projets de croissance.

Dans l'industrie pharmaceutique indienne, les PME, à un stade précoce, ont besoin de soutien et du financement de grands acteurs de l'industrie afin de devenir des agents de la recherche et de l'innovation. Plusieurs pressions du marché présentent à la fois des défis et des opportunités pour les PME. Faire face à ces défis et de les transformer en opportunités exigent une vitesse, de l'innovation, de la spontanéité et de l'adaptabilité. Gardant ces attributs devient difficile comme une entreprise grandit et se développe dans de nouvelles régions ou secteurs d'activité et ouvre de nouvelles usines une infrastructure correcte de IT peut faire une différence.

Les problèmes des PME peuvent être classés dans les catégories suivantes :

Interne - En ce qui concerne les problèmes internes, ils sont associés à des questions de gestion. Les PME ont besoin de canaliser et de gérer leurs ressources dans une manière bien meilleure. Ce sera possible si elles se concentrent sur un certain nombre de choses au lieu de chercher à faire tout. Elles pourraient aussi faire mieux en améliorant leur gestion des finances et leurs compétences en matière



de gestion de marketing, qui sont d'une importance cruciale pour la survie de l'entreprise.

Finance - Les PME sont confrontées à des difficultés en raison de manque de moyens financiers pour prendre en compte les changements dans les règlements. Seules les PME, qui ont suffisamment de fonds pour l'expansion et sont impliqués dans la recherche et l'invention de nouveaux médicaments sont censés survivre à long terme.

Externe - Davantage de soutien est nécessaire de la part du gouvernement. Il existe d'innombrables initiatives déjà prises par le gouvernement. Mais en réalité, quand on vient au fait, il y a à peine des choses qui sont faites. L'argent est alloué aux PME, mais elles ne le touchent pas vraiment. En conséquence, le gouvernement croit que le système est sous-utilisé. Par exemple, on signale que le Vice-Président de la Commission de planification, a dit que les allocations de Rs. 6 milliards faites en vertu du régime CLCSS n'a pas été utilisé et, par conséquent, ils pensent sérieusement à supprimer le régime.

Le Ministère des Finances a prévu Rs 5 milliards pour la remise à niveau technologique des unités de productions pharmaceutiques sous le programme Pharmaceutical Technology Upgradation Fund Scheme (PTUFS) pour aider les petites unités de productions pharmaceutiques dans le pays à améliorer leurs unités utilisées pour satisfaire les normes de l'annexe M. Le conseil national de la productivité, chargé de préparer les modalités du programme Pharmaceutical Technology Upgradation Fund Scheme (PTUFS), va visiter certains des principaux groupes à petite échelle comme Indore, Thane, Kolkota et Ankleshwar.

La Confédération des Industries Pharmaceutiques PME (SPIC) a appelé à étendre le programme à tous les fabricants dans la formulation et le médicament en vrac.

Ressources humaines: Les ressources humaines sont un gros problème. Les grandes entreprises pharmaceutiques attirent le talent des PME en offrant des plus comme la répartition des actions et autres avantages. Les PME ne peuvent pas se permettre de payer de gros salaires à leurs employés et sont donc en train de les perdre aux grandes entreprises. Deuxièmement, les industries de IT et ITES ont également eu une incidence sur la rémunération dans le secteur pharmaceutique en général et les PME en particulier. Son impact est plus marqué dans le segment des PME dont l'accessibilité financière est bien moindre que les entreprises plus grandes.

Les PME font confiance de plus en plus à des solutions efficaces pour rationaliser les opérations afin d'améliorer l'efficacité et de mener en matière d'innovation. L'automatisation permet de réorienter les ressources au détriment des tâches administratives pour se concentrer sur les activités qui peuvent différencier leurs produits ou services sur le marché.

Afin de réduire le risque dans le développement de nouveaux médicaments, les entreprises indiennes hors-licence leurs molécules en cours de développement à de telles grandes multinationales qui peuvent soutenir leurs activités de recherche et des organisations énormes de commercialisation et de l'organisation des ventes. Les petites entreprises n'ont pas le budget nécessaire pour entreprendre le développement de nouveaux médicaments, qui est un des grands axes pour les entreprises pharmaceutiques à innover eux-mêmes.

Grâce à la stratégie de hors-licence, les petites entreprises pharmaceutiques indiennes peuvent se concentrer sur ce domaine par des partenariats avec des acteurs mondiaux qui ont une orientation en matière de R & D et inventer ainsi de molécules innovantes et profiter également des nouveaux marchés de croissance pharmaceutique. Les entreprises avec un capital petit et moyen peuvent tirer une meilleure partie de cette façon car elle répond à l'écart dans la production de produits et dans le portefeuille de planification de produits, qui est la base de la croissance.

Récemment, les petites entreprises pharmaceutiques dans le pays ont demandé l'intervention du Premier Ministre Manmohan Singh afin supprimer les anomalies dans l'exonération des limites de droits pour la SSI qui viennent de la réduction du taux d'abattement de 42,5 pour cent à 35,5 pour cent par le gouvernement central dans le dernier budget. Le gouvernement a augmenté la limite SSI de l'exemption de Rs 10 millions à Rs 50 millions dans le budget de l'Union de 2007, lorsque les taxes basées sur le prix (MRP : maximum retail price) était en vigueur avec un abattement de 42,5 pour cent, la réduction dans l'abattement dans le budget 2008 de 7,0 pour cent a enlevé le lustre de l'exonération des taxes à la SSI.

Aujourd'hui, si chaque PME peut se concentrer sur au plus cinq pays et peut répondre à leurs besoins par la fourniture de médicaments de bonne qualité et abordable. Il y aura un énorme effet multiplicateur en jeu et si cela est cheminé correctement, il deviendra certainement la croissance de l'industrie. ■

L'industrie du conditionnement pharmaceutique indienne attire de nouveaux horizons

Aujourd'hui l'industrie du conditionnement pharmaceutique indienne, d'une valeur d'environ 23 milliards de dollars, est considérée comme une industrie avec un avenir dans le domaine de l'entrepreneuriat et de la commercialisation. Elle croît à un rythme de 15% annuellement, ce qui est le double de la croissance de l'industrie mondiale de conditionnement.

Le conditionnement répond aux besoins de l'industrie pharmaceutique et les consommateurs de trois manières: Présentation, Protection et Préservation. Le conditionnement des produits pharmaceutiques n'est pas uniquement pour des fins esthétiques. L'emballage de la drogue sert à diffuser des informations importantes concernant les drogues c'est-à-dire le contenu ou la formule chimique, l'utilisation, l'entreposage, la posologie, les précautions relatives à l'utilisation des médicaments, les dates de fabrication et de péremption, le numéro de lot etc.

Les produits sophistiqués comme les drogues, les exigences rigoureuses du gouvernement et la présence de plus importants commerçants avec de nouveaux marchés émergents ont augmenté la demande pour les matériaux de conditionnement pharmaceutique. Selon un rapport publié par le Groupe Freedonia, la demande mondiale des emballages pharmaceutiques pour l'emballage primaire est prévu d'augmenter de 6,5% par an. Le marché est estimé à atteindre plus de 32 milliards de dollars en 2016. Il est également prévu que les États-Unis, l'Australie et l'Europe vont absorber la majorité de ce marché en raison de la présence des secteurs de production importants des traitements médicaux

L'industrie indienne du conditionnement offre une gamme variée d'emballage qui inclut l'emballage en vrac, l'emballage partiel par épis, l'emballage sous blister et l'emballage en aluminium (Alu). La force du secteur des machines d'emballage réside dans le fait que pratiquement tout doit être et peut être compressé, que ce soit les matières solides, granulés ou liquides.

L'industrie du conditionnement, pour cette raison, a abordé le problème avec un certain nombre d'options : en plastique, en verre, en aluminium, en bouteilles en PET, en aluminium, en blister ou en papier. En outre, il existe des solutions novatrices et efficaces, comme l'emballage et les hologrammes de sécurité pour lutter contre les défis de la contrefaçon etc.

Les machines modernes de conditionnement, d'autre part, ont pris l'industrie indienne du conditionnement un pas en avant parce que ces mécanismes jouent un rôle clé en assurant le conditionnement des médicaments et le dosage exact spécifique aux besoins de chacun.

L'industrie pharmaceutique a évolué avec le temps afin d'adopter les nouvelles technologies modernes et de fournir à la fois la sécurité et la commodité de l'emballage. Il y a un revirement majeur en faveur d'Alu-Alu et de l'emballage inviolable. Les raisons principales en sont la commodité, l'apparence et la prévention des vols

Comme un pas efficace vers le traitement des contrefaçons, Innovative Solutions Bilcare a récemment fait l'acquisition d'une Singular ID basée à Singapour à travers sa filiale Bilcare Singapour. Singular ID fournit



une garantie anti-contrefaçon et de la sécurité des produits et des services de marques sur la plate-forme de nanotechnologie.

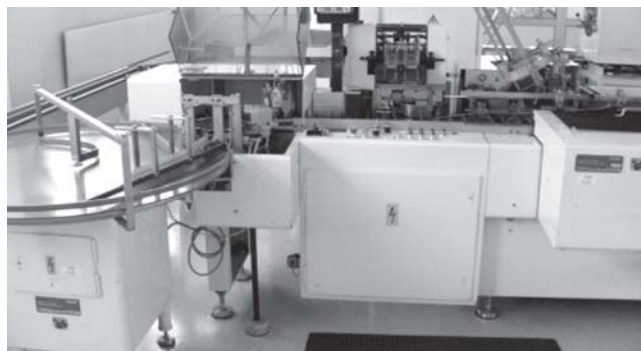
L'emballage est aussi important à l'édification d'une relation entre la drogue et le patient ou le consommateur. L'emballage dans le secteur pharmaceutique a un rôle supplémentaire à jouer, car elle est également liée à des questions relatives au respect et au confort du patient. Cette situation est aggravée dans le cas des patients des groupes pédiatriques et gériatriques.

L'industrie est en croissance, mais il y a certaines choses qui doivent être pris en charge. Contrefaçons de l'emballage affectent non seulement la marque mais aussi les patients. Une marque commercialisée dans une catégorie en particulier a une foule d'autres marques d'emballage imitant son format. Cela conduit à des pertes importantes de revenus en dehors de danger pour la vie des patients.

La compatibilité de l'emballage des produits est aussi un point essentiel que les entreprises pharmaceutiques doivent prendre en charge lors de l'emballage d'un médicament. Si le produit a des effets néfastes dus au contact des matériaux d'emballage, alors l'efficacité de la médecine est complètement vaincue.

L'innovation dans l'emballage est la nécessité de l'heure. L'emballage exige maintenant, à la fois, l'accomplissement de son rôle fonctionnel et être plus proche aux patients.

Les entreprises de conditionnement du monde entier s'emploient à étudier les moyens de développer des matériaux à base de la nanotechnologie. Certaines entreprises internationales ont tenté d'élaborer des films polymères, des bouteilles, des revêtements et des encres à la base des nanocomposites. Par exemple Mitsubishi Gas Chemical Company, Inc. (Mitsubishi) avec Nanocor Inc (Nanocor), une filiale de AMCOL International Corporation, a développé l'argile nanoclay/MXD6



mélange de nylon (nanocomposites polyamide) pour les utiliser comme couche barrière dans des bouteilles multicouches en PET. Il est également intéressant de noter qu'il y a 250 produits à la base de nanopackaging dans le marché. RFID va s'accroître à \$ 4,8 milliards (€ 3,8 milliards) en 2011 et va atteindre \$ 14,1 milliards en 2013, selon un rapport publié récemment par le cabinet de recherches NanoMarkets.

L'industrie du conditionnement pharmaceutique doit répondre aux deux exigences: un des sociétés pharmaceutiques domestiques qui veulent un rendement élevé, de simples machines à faible coût, faible entretien et haut rendement. Deuxièmement, les unités axées sur l'exportation exigeant un niveau de sophistication avec un haut niveau d'automatisation, de la fiabilité et de changement rapide dans le temps. Les machines doivent être adaptées à la fois pour des opérations courtes et longues, et devraient être en mesure de traiter les différentes conceptions de l'emballage pour répondre aux besoins spécifiques des pays. La validation de la documentation de soutien est un devoir-avoir. Le facteur esthétique joue un rôle également.

Le secteur des machines de l'emballage domestique se trouve devant un défi qui est de répondre aux exigences de la vocation des exportations sachant que le segment de l'industrie, sauf quelques entreprises, n'est pas encore prêt à 100%. Par conséquent, l'industrie pharmaceutique doit importer des machines d'emballage depuis l'Europe, les Etats-Unis et la Corée. Personnel qualifié n'est pas disponible et, par conséquent, les machines doivent être faciles à utiliser. Une autre caractéristique de ces machines, c'est qu'elles offrent peu de gaspillage de matériau d'emballage, ce qui réduit le coût de l'emballage

Des questions majeures comme l'augmentation de la contrefaçon peste l'industrie pharmaceutique indienne, la complaisance amaigrissante du patient, le besoin de confort, de la communication et de la stabilité des coûts de formulations. Les marques majeures pharmaceutiques souffrent des problèmes de la contrefaçon/faire passer et de la conformité. L'emballage efficace peut aider les patients à obtenir des médicaments d'origine, la réponse désirée, et donc de protéger les patients de ces problèmes. L'inclination constante de l'innovation, dans le sillage des préoccupations essentielles telles que les facteurs environnementaux, le transport et le stockage des drogues dans l'industrie de l'emballage est la nécessité de l'heure. ■

Logistique - vital pour l'industrie pharmaceutique

Aujourd'hui, les secteurs de la pharmaceutique, de la biotechnologie et des sciences de la vie ont émergé comme un favori et les industries de services et les entreprises de la logistique sont pressées d'offrir des solutions sur mesure.

La logistique joue un rôle important dans le cycle économique mondial car elle comble la différence entre le fabricant et le détaillant. C'est le processus de planification, de mise en œuvre et du contrôle efficace du flux et de l'entreposage des marchandises, des services et des renseignements connexes depuis le point d'origine jusqu'au point de consommation pour se conformer aux exigences du client.

La logistique est une partie cruciale de l'industrie pharmaceutique comme les activités sont très sensibles aux délais. Il est très critique de fournir des bons médicaments aux bons patients à la bonne heure, le lieu et la posologie et surtout au bon prix. Parce que la concurrence est très dure aujourd'hui, la réussite dépend largement de l'efficacité de la chaîne d'approvisionnement. La chaîne d'approvisionnement est très critique, car elle maintient le réseau complexe des relations entre les organisations (les fabricants de médicaments), les partenaires commerciaux à la source des matières premières, la livraison des produits, les détaillants et les hôpitaux.

L'industrie de la logistique et du transport indien a un potentiel énorme des perspectives de croissance pour des opérateurs locaux et étrangers semblables. L'industrie de la logistique en Inde devrait atteindre une taille de marché de plus de \$ 125 milliards en 2010. Selon Datamonitor, la logistique externalisée est prévue à croître à un taux de croissance annuel composé (TCAC) de plus de 16% depuis 2007-10. Le nerf de l'industrie pharmaceutique est l'innovation de nouveaux produits et de leur livraison. L'industrie se concentre sur les efforts de R & D afin de développer le produit et obtenir l'approbation de la gestion de la chaîne des activités liées à la fabrication de ce produit mis à la disposition des fournisseurs et des patients, peut sembler une réflexion après coup. Les produits pharmaceutiques ont besoin de la régulation de la température et de la distribution. L'industrie a donné de l'importance à la logistique en mettant l'accent sur la chaîne d'approvisionnement et de logistique au niveau des activités telles que la livraison du produit aux clients

finiaux et au bon moment, au bon endroit, dans un mode de sécurité et à un coût opérationnel compétitif.

Le facteur le plus important dans la chaîne d'approvisionnement de l'industrie pharmaceutique est la réduction des stocks et la réduction du temps de cycle. La raison en est que, la performance opérationnelle pourrait être directement liée à des coûts logistiques, tandis que la réduction des stocks et la demande de diminuer le temps de cycle sont liés aux livraisons juste-à-temps et de la chaîne de vitesse.

Il y a eu un changement paradigme dans le processus de la chaîne d'approvisionnement de l'industrie pharmaceutique indienne. Les taxes sur valeur ajoutée, de la consolidation des sociétés pharmaceutiques et de l'émergence des chaînes de distribution pharmaceutique sont parmi les facteurs qui sont responsables pour les changements dans le cycle de distribution.

Un rapport de Ernst & Young intitulé : La distribution pharmaceutique en Inde, révèle « Avec l'introduction de la TVA dans la plupart des états, la pression sur les marges internes et la pression croissante du gouvernement pour contenir les prix des médicaments au détail, une réforme de la chaîne d'approvisionnement pharmaceutique indienne est imminent ».

La taille du marché de la logistique pharmaceutique indienne était de \$ 199,5 millions en 2006 et l'industrie a augmenté à un taux annuel moyen de croissance de quatre pour cent depuis 2002. En 2006, il a enregistré un taux de croissance de 5,1% sur l'année précédente. Du point de vue de la composition des coûts, les principaux coûts de la logistique dans l'industrie pharmaceutique sont l'emballage, la distribution, etc. Ainsi, la logistique comprend 45-55% pour cent des coûts dans la chaîne de valeur pharmaceutique. L'industrie de la logistique, dirigée par UPS, FedEx, DHL et TNT Express, espère atteindre les organismes de recherche clinique avec des solutions sur mesure.

Le plus grand défi est d'intégrer avec les entreprises internationales. Un autre problème est le transport et l'infrastructure, en termes de routes, voies ferrées, ports, entrepôts, et beaucoup d'autres sont lamentablement insuffisant pour soutenir la demande croissante en fabrication du pays. Avec l'émergence de l'Inde comme une réserve des opportunités aux détaillants, les prestataires logistiques voient une belle occasion d'entrer



En Inde, les autorités de réglementation des médicaments n'ont toujours pas d'accès à une norme de processus logistique. En raison de l'absence de normes réglementaires et de la logistique des normes strictes, de nombreux fabricants pharmaceutiques préfèrent envoyer des médicaments à travers les transporteurs classiques et les routiers. En outre, la gestion des stocks périmés, leur destruction et la gestion des retours est une des tâches importantes qui prend un temps considérable. C'est là où les prestataires de services logistiques offrent des

sur le marché. Les prestataires logistiques abordent des problèmes spécifiques tels que

- sécurisation de la chaîne logistique de la contrefaçon de médicaments,
- a protection contre la contamination, etc sont les moniteurs à la température froide,
- emballages spécialisées, lecteurs de codes-barres,
- des enregistreurs de données pour le contrôle de la température,
- des alarmes de température (klaxons) pour surveiller les variations de la température,
- des indicateurs d'humidité relative (HR) une carte de température pour la zone de stockage avant de ranger les produits critiques et sensibles à la température (les vaccins)

Le temps nécessaire pour obtenir l'approbation réglementaire a un impact direct sur l'envoi des médicaments. Les autorités réglementaires dans de nombreux pays n'ont pas la possibilité d'augmenter leurs ressources internes pour faire face à la demande croissante pour les essais cliniques. Les réglementations gouvernementales sont strictes et créent souvent un problème du fait de son processus de documentation. Il y a un problème quand il s'agit de licences et de permis d'exportation. De plus, cela varie de pays en pays. Il y a trop de changements, trop souvent, ce qui créerait la confusion.

services à valeur ajoutée. La réglementation des douanes est complexe et appliqué à la lettre par le personnel des douanes.

En cas de l'essai clinique de la logistique, il existe d'autres préoccupations majeures. Principalement, les personnes qui manipulent ces médicaments sont moins conscientes de son efficacité et de l'impact qu'elle pourrait avoir si elle n'est pas « manipuler avec précaution ». Il existe un grand nombre de fonctionnaires non formés qui ont peu de connaissance du produit. Ils peuvent confondre avec le matériau d'emballage. Par exemple, au moyen d'emballage pour les échantillons infectieux avec des spécimens non-infectieux. On manque de connaissances des sites de l'étude. Le transport des médicaments est assujéti à la réglementation, ce qui rend le processus plus douloureux.

Le segment de la logistique de Healthcare est très spécialisé et très diverse avec leur propre lot de problèmes et de défis. Le scénario actuel de logistique dans le secteur des soins de santé dans une mesure est encore primitif. Le groupe pharmaceutique de détail est un segment très prometteur qui est en voie de développement constant. Les possibilités et les perspectives de la logistique sont très élevées car la plupart des pharmacies de détails approchent la logistique de tiers fournisseurs de services pour leur fournir des solutions efficaces de logistique pour le bon fonctionnement des opérations de la fin. ■