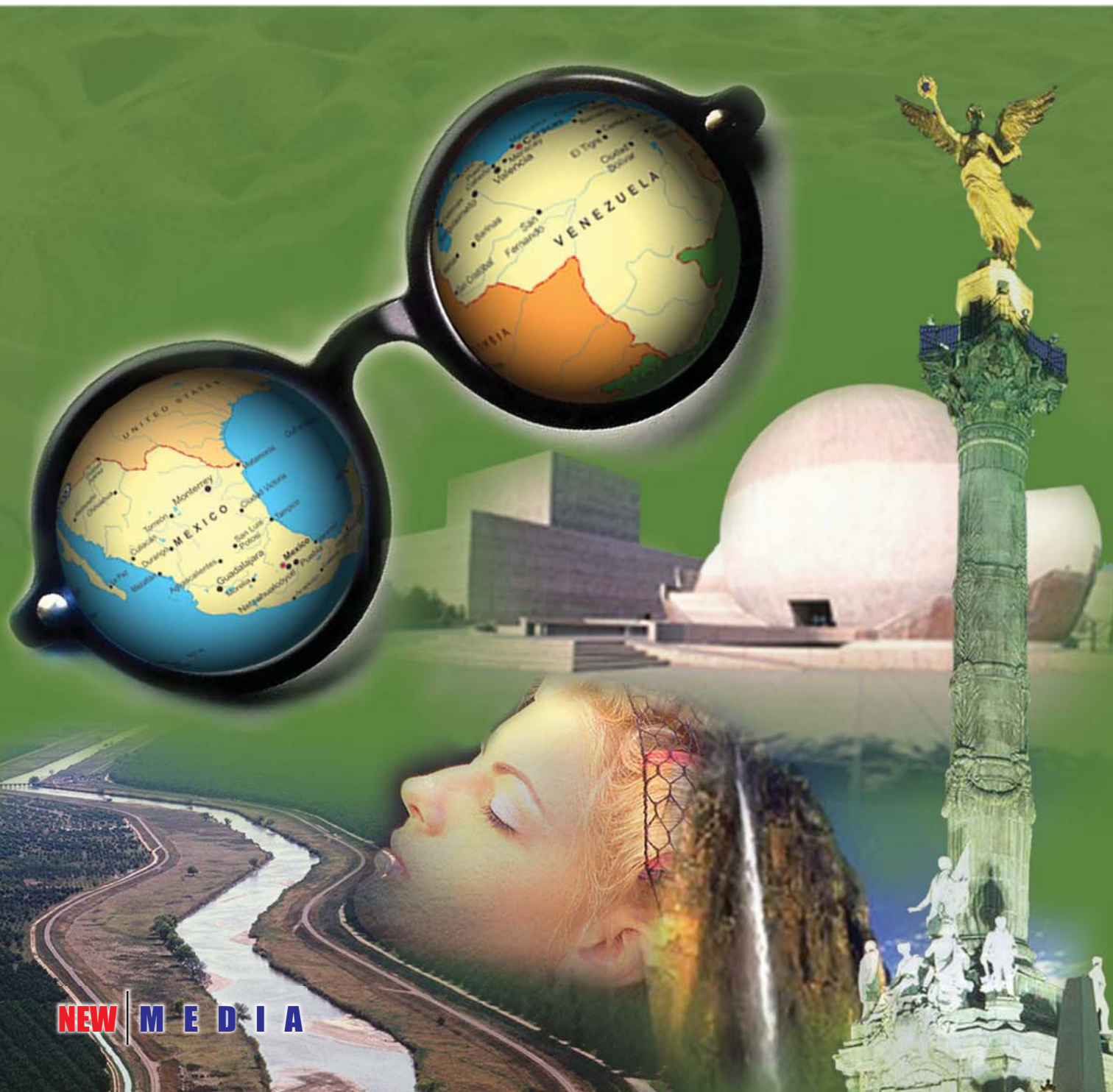




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- President of Brazil,
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INDO-LAC Business



Dear Friends,

Greetings!

It gives us immense satisfaction at LAC Business to note the synergy that is developing between India and the Latin American countries, whose cause the magazine endeavors to serve. This synergy, displayed effectively by India and Brazil at Cancun last year, came into sharp focus again during the recent visit of the Brazilian President H.E. Luiz Inacio Lula de Silva to India. Keeping this in mind, we had facilitated a high level meeting of ambassadors of Latin American & Caribbean region, senior officials of Exim-Bank, policy makers and industrialists recently in Mumbai. The purpose of this meet was to bring closer both the business communities of India and LAC countries to accelerate the process of bi-lateral trade and commerce. This occasion was also marked by the launch of the website of New Media Communication. Taking this mission forward, in the current issue of Indo-LAC Business we are carrying, an exclusive interview of Mr. Arvind Sonmale, Chief General Manager, Export Import Bank of India where he points out that India and Brazil are racing ahead in economic development, tackling crucial global issues together. The magazine also takes an in-depth look at Mexico and Venezuela, the two countries, recovering from internal problems and moving on to the path of progress. Apart from articles on industry and trade, we have also delved on tourism and entertainment. India's Ambassador to Mexico, Mr. S.S. Gill and Mr. Deepak Bhojwani, Ambassador of India to Venezuela, have contributed valuable information to the current issue. We had an important visitor from Peru, Mr. Ing. Cesar E. Espinoza Soto, Executive Director, Project Huascarán, Ministry of Education, Peru. He visited our office, taking time off from his busy schedule. We grabbed a brief interview with Mr. Soto, which we carry in the current issue. We also have an exclusive interview with Mr. F.C. Kohli, father of the Indian software industry, who chartered the course for the Indian IT industry to be a world winner.

Happy reading.

Satya Swaroop

Managing Editor

satya@newmediacomm.biz



Satya Swaroop addressing the Meet



Dear Readers,

Venezuela passed through two turbulent years in 2002 and 2003. The economy is understood to have contracted 18 to 20 per cent, as a result of the two-month strike in December 2002-January 2003, which shut down even the crucial oil industry and had an effect on the economy for months thereafter.

The Government's imposition of exchange controls from February 2003 made imports very difficult for Venezuelan business and also had an adverse impact on business with Venezuela. Several Venezuelan companies are understood to have shut down as a result of the political and economic crisis.

Projections for 2004, however, by the IMF and other agencies, indicate possibility of as much as 7 per cent growth, recovery in the oil and petroleum sector, and lowering of inflation. With the easing of the political climate in 2004, business is expected to recover its pace and, for optimists, it can be expected to turn into an excellent market, having been deprived for quite some time of essential imports.

Indian business is primarily active in pharmaceutical sector, although textiles, engineering, software and chemicals hold great promise.

The Embassy is available at all times, either directly or on e-mail, to help Indian businessmen establish contacts with Venezuelan counterparts. To this end, the Embassy has been actively coordinating the conclusion of several economic agreements between the Governments of India and Venezuela, including agreements on investment, taxation, preferential tariffs, scientific collaboration, etc.

The Embassy has a Business Centre which can be used by business visitors, both Indians and Venezuelans. It has computer, internet, phone, fax and multimedia projection facilities and can be used for business meetings. Venezuelan importers, who deal with India for the first time, feel more confident when they meet Indian exporters in the Business Centre of the Embassy. Mr. Sebastian Fuentes will be happy to receive and assist the visitors at the Business Centre.

Deepak Bhojwani

India's Ambassador to Venezuela



“The XXI century belongs to India, Brazil, Russia, China and South Africa”

- President of Brazil, H.E. Mr. Luiz Inacio Lula da Silva

India and Brazil are on the verge of forming a political block. The recent visit of the President of Brazil can be seen as an endorsement of this fact in the light of the various agreements that

were signed between the two nations. A brief overview of history must precede an understanding of the present. Therefore, before touching upon the significance of each, let us take a look at the relations shared between India and Brazil in the recent past.

Brazil and India have shared similar perceptions on issues of interest to developing countries and have cooperated in multilateral fora on issues such as international trade and development, environment, reform of the UN and the UN Security Council expansion. Both are members of G-15 and G-20. Following the visit of EAM to Brazil in June 2003, the Foreign Ministers of India, Brazil and South Africa launched the “India-Brazil South Africa (IBSA) Dialogue Forum” popularly known as G-3.

The visit of the Brazilian President Mr. Fernando Henrique Cardoso to India as the Chief Guest in the Republic Day Celebrations of January 1996 and the return visit of President of India Mr. K.R. Narayanan in May 1998 led to signing of agreements on cooperation in the areas of health, medicine, science & technology, etc.

Prime Minister A.B. Vajpayee met President Lula on June 2, 2003 during G-7 Summit in Evian and on September 24, 2003 on the margins of the UNGA in New York. The meetings gave an added impetus to the growth of closer relations with Brazil. India and Brazil adopted a common approach during the WTO ministerial meeting in Cancun, Mexico in September 2003 to ensure an equitable international trade.

Bilateral economic relations between India and Brazil have been growing steadily in recent years. The two-way trade between the two countries reached a record \$ 1.227 billion (exports from India were \$ 573.25 million while Brazilian exports to India were \$ 653.6 million) during the year 2002. The bulk of Brazil's exports to India constitute crude oil, soya oil, auto parts, sugar and inorganic chemicals. The bulk of Indian exports to Brazil constitute diesel oil, pharmaceuticals, engineering goods and related products, textiles, dyes and pigments, and rubber. India-Brazil trade in 2003, approximately reached \$ 986.63 million (exports from India \$ 461.30 million and Brazilian exports to India \$ 525.33 million).

In April 2002, India and Brazil established the India-Brazil Commercial Council comprising officials and businessmen to promote bilateral trade and investment. The Council had

its first meeting in New Delhi in April 2002. India has also proposed a Preferential Trade Agreement with MERCOSUR. India has organized two Trade Fairs in Sao Paulo in 1996 and 2001. An Indian Engineering Exposition (Indiatech) was also held in Sao Paulo from 11-14 November 2003. Indian companies and export promotion bodies regularly participate in trade fairs in Brazil, mostly in Sao Paulo.

Brazil has acknowledged India's proven expertise in diverse knowledge-based industries, including Software, Biotechnology, Oceanography, Space, etc. and is interested in working with both, Indian government agencies and the private sector in related areas.

In the context of the above relationship, the visit of President Lula to India has offered an excellent opportunity to widen and deepen the bilateral cooperation in a number of areas, including tourism, science & technology, space, agriculture, railways, pharmaceuticals, education, multilateral economic cooperation, etc.

President of Brazil, H.E. Mr. Luiz Inacio Lula da Silva, accompanied by a high-powered delegation paid a visit to India from January 24-28, 2004. He was also the Chief Guest for the Republic Day Parade.

The President of India hosted the state banquet in the honour of President Lula on January 25. Mr. Lula's meeting with Prime Minister the same day was followed by delegation-level talks and signing of agreements. External Affairs Minister, Minister of Commerce and Industry, and Defence Minister called on the visiting dignitary. The President inaugurated a seminar “India-Brazil: Sustainable Development Challenges and Opportunities” and attended a business luncheon meeting organized by CII/FICCI on January 27. He visited Agra and Mumbai on January 28. In Mumbai he attended a business seminar organized by the Brazilian Embassy and Indo-Brazilian Chamber of Commerce. This power packed visit of the president of Brazil, to India was very eventful. In one visit the president accomplished tasks of great significance.

The Highlights:

The first being mutual support to each other's claims for permanent seat in the United Nations Security Council.

“India, South Africa and Brazil will back each others claim for permanent seats in the United Nations Security Council”, said the Brazilian president. The three have already agreed to work together to counter trade policies of the rich countries, an idea that harvested its first success last September during the Cancun World Trade Organization negotiations, when they strongly demanded the reduction of US and EU farm subsidies.

Next March officials from the three countries will be meeting in New Delhi to advance the India-Brazil-South Africa dialogue forum.

The President also forecasted that the XXI century belongs to India, Brazil, Russia, China and South, countries who will

contribute to “re-writing the economic and trade geography of the world”.

“United States and the European Union will eventually have to recognize our great unity and power”, as was shown in the recent Cancún negotiations said the president.

“We must commit ourselves to a globalization that is sensitive to social and environmental concerns, whatever is more fair both, politically and economically”, insisted the Brazilian president, arguing that too many developing countries are treated as second class citizens by the main trading blocks.

India and Brazil don't want a reduction of trade with the US or EU, “but these two important trade blocks have forced us to fight for the exclusion of new issues and obstacles from the multilateral trade agenda”.

Witness to the signing of a historic agreement between India and Mercosur, President Lula also called for a “strategic alliance” between the two nations.

He affirmed that with a combined population of more than 1.2 billion people, India and Brazil, both have ambitions to take a leading role on the world stage and the two governments face similar problems alleviating hunger and reducing poverty.

Lula also said, “I believe that India and Brazil together can build a strong political force that is capable of making a contribution, so that the trade geography of the world can change for the better.” He said such an alliance would “meet the needs of the poorest people of the planet.” He further stated, “growth needs to include income distribution, the distribution of wealth, because I don't believe that in this century, India and Brazil will continue being developing countries.”

Two Memorandums of Understanding(MoUs) were also signed in his presence.

The first MoU was signed between the CII and The National Confederation of Industry (CNI), Brazil, on Environment. The CNI is the apex industry association of Brazil, formed by 27 State Federation of Industries and voices the interest of the Brazilian Industry.

The MoU provides a framework of cooperation between the two Confederations and aims at strengthening technological and commercial ties between industries of both countries. The two organisations agreed to cooperate on:

- Exchange of researchers and experts from both institutions for capacity building;
- Promotion of events for commercial and technological exchanges;
- Providing consultancy services on a mutual basis;
- Support to both governments in carrying out programmes arising from the existing MoU on Environment;
- Consultations on policy issues particularly in the area of international conventions.

The Second MoU was signed between Bhartiya Yuva Shakti Trust (BYST), an NGO in India and Instituto Negocios da Juventude (INJ), an NGO in Brazil.

BYST and INJ are part of Youth Business International, UK. The BYST was set up in 1992 and ING, Brazil was set up in 2002.

With 2.8 billion people living at incomes below \$2 a day and one third of the world's work force unemployed or underemployed, the human race is facing major challenges as they enter the 21st century. A disproportionate number of the

vulnerable groups are young people - 54% of India and 47% of Brazil.

This MoU seeks to maximise the support that the two organisations give to young disadvantaged job seekers to become job creators through - exchange of best practices, sharing technology and tools; building trade links between the young entrepreneurs; engaging socially responsible corporates and advocating and developing youth friendly policies.

The purpose of this memorandum is to maximise the help that the two organisations can give to disadvantaged young people seeking to become entrepreneurs in India and Brazil.

India and Brazil also signed a Framework Agreement on January 25, 2004 at New Delhi for cooperation in the field of outer space. The agreement was signed by Mr Yashwant Sinha, Minister of External Affairs, on behalf of Government of India and Mr Celso Amorim, Minister of External Relations, on behalf of Government of Brazil in the presence of the Prime Minister of India and the President of Brazil.

Besides the Framework Agreement, an agreement on the programme of cooperation between the two space agencies was also signed. This agreement, signed by Mr G Madhavan Nair, Chairman, Indian Space Research Organisation (ISRO) and Mr Luiz Bevilacqua, President, Brazilian Space Agency (AEB), envisages joint research in space and atmospheric sciences, exchange of proposals for remote sensing applications, launch of a Brazilian micro-satellite for atmospheric studies by India and setting up of a ground station in Brazil for receiving remote sensing data from ISRO's remote sensing satellite, RESOURCESAT-1.

It may be recalled that ISRO and AEB signed an MOU in March 2002 to provide an umbrella for cooperation between the two countries in the area of space. Several discussions have been held for identifying areas of mutual interest. The Framework Agreement signed today is expected to strengthen the ties already established under the MOU and demonstrate the support of both governments.

The CII and CNI came together to form Brazil India CEO's Forum.

The Confederation of India Industry and its counter part in Brazil, National Confederation of Industry (CNI) signed an MoU to form the Brazil India CEO's forum. Dr. J J Irani, Past President CII and Co-Chairman Brazil India CEO's Forum and Mr. Robson Braga de Andrade, Vice president CNI signed the agreement in the presence of H. E Luiz Fernando Furlan. Over the last few years the relationship between India and Brazil has been growing steadily with both nations having several similarities and complementarities on which they can join efforts and consolidate partnerships.

Recognizing that there lies a need to encourage and assist the respective private sectors to further develop business relations and define tools to increase trade and investment between the two countries, the two organizations CII and CNI have formed the Brazil India CEO's Forum.

The main objective of the Forum is to provide a cooperative platform to deepen ties between the business communities of both sides and facilities regular contacts between their respective members.

GROWING Mexican Market A DREAM Destination for INDIA Inc.

-S.S. Gill



In the aftermath of the signing of the North American Free Trade Agreement (NAFTA), which came into force in 1994, the Mexican economy has undergone a major quantitative and qualitative change. NAFTA has led to an unprecedented economic growth and stability and strengthening of the institutional framework. With an estimated GDP of more than US\$ 600 billion (2003), the Mexican economy is currently the largest in Latin America. With a population of a little over 100 million and a per capita income exceeding US\$ 6,000, Mexico has emerged as one of the ten largest markets in the world. It also has an unparalleled network of free trade agreements (FTAs) with some 30 countries including North America and the European Union. As a result, Mexico offers a range of opportunities for traders and investors looking for greater market access through this gateway.

Global Trading Giant:

The NAFTA has launched Mexico into the big league of global trading countries. Exports went up from around US\$ 60 billion in 1994 to an impressive US\$ 166 billion in the year 2000, whereas imports for the same period jumped from US\$ 79 billion to US\$ 174 billion. Subsequently, because of the global economic downturn, mainly in the US, there has been some fall in the overall trade, but an estimated two-way trade of US\$ 335 billion in the year 2003 would still be higher than the cumulative figure for the other Latin American majors, namely, Brazil,

Argentina and Venezuela. In the post-NAFTA period, Mexico has also become one of the top destinations for investors with the cumulative FDI figure for the period 1994-2002 reaching a colossal US\$ 125 billion. During 2003, for the first time after the signing of NAFTA, FDI is expected to fall below 1994 levels to around US \$ 7-8 billion. A slow-down in the US and competition from China are the key factors.

Mexico-A country endowed with rich resources and a fast growing market offers enormous investment and trading opportunities to India Inc. especially in the fields of IT software and pharmaceuticals, in which India is a world leader. In a well-researched article, written exclusively for Indo-LAC Business, S.S. Gill, Indian Ambassador to Mexico, offers a ringside view of one of the world's most dynamic and resurgent economies, a Gateway to Latin America. He explains how in the last one decade, a series of free trade agreements with as many as 30 countries have changed the face of the Mexican economy, starting with North American Free Trade Agreement (NAFTA) signed in 1994. Mexico has since emerged as one of the ten largest markets in the world. The country offers a range of opportunities for traders and investors looking for greater market access. For a country of 100 million people, Mexico's GDP has touched US \$ 600 billion and its per capita income US \$ 6,000.

Rich Resource Base:

Mexico is also richly endowed with industrial and other raw materials. Besides being one of the top producers and exporters of crude, it has rich deposits of gold, silver, copper, iron ore and zinc. The country also has a fairly well developed infrastructure for transport and communications. Compared to its principal trading partners, Mexico offers a fairly large pool of qualified work force at competitive cost, though this advantage is now being somewhat undermined by other

regions, including China and Central America.

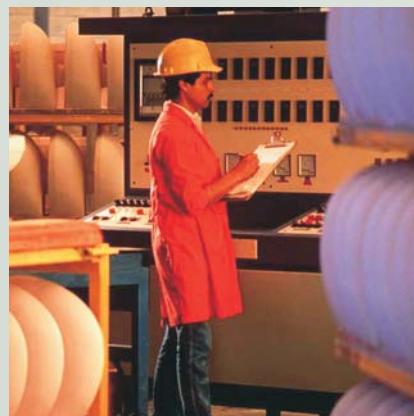
Macro-economic Stability:

A key impact of Mexico's free trade arrangements has been the emergence of macro-economic stability, supported by institutional backup. In spite of the ongoing slowdown and recent regional economic volatility, Mexico has maintained full stability without any foreseeable risks. The gross public deficit is currently around 0.7% of the GDP, whereas the inflation seems to be stabilizing around 5%. The interest rates are falling and are expected to operate around 6%. The

foreign exchange reserve of over US\$ 55 billion, and growing, is a source of additional business confidence. The Mexican currency peso has undoubtedly graduated out of the earlier syndrome of cyclical fluctuations, which still mar the Latin American region. Urban unemployment remains under control, around 3%, though the income disparities are on the increase, an obvious cause for concern. Mexico is also one of the few regional examples to have managed to reduce its debt burden progressively.

A Promising Business Partner: The above factors convert Mexico into a very promising business partner. The Mexican economy broadly offers everything that an external business partner should look for. Large size, stable, significant growth potential and well-evolved physical and institutional infrastructure. It also has fairly open, transparent and predictable trade and investment regimes providing much greater efficiency and confidence. Ten years of NAFTA have led to a close integration of the Mexican economy with that of the US so much so that it has started following the US

economic cycle. This linkage, though somewhat risky, does provide a certain degree of insurance against a abrupt fluctuations. Mexico is also the only Latin American member of the OECD.



INDO-MEXICAN TRADE & ECONOMIC RELATIONS

Indo-Mexican Trade: Progressive Growth:

In spite of the overall economic slowdown including trade stagnation over the last three years, Indo-Mexican bilateral trade has been growing at a remarkably stable rate. Indian exports to Mexico in the year 2003 are expected to grow by over 16%, reaching an estimated figure of US\$ 530 million. Compared to the year 2000, Indian exports to Mexico would register a cumulative

growth of nearly 85% in the year 2003. Though the Mexican exports to India, mainly crude, have also increased substantially over the last three years, the overall trade balance still remains in favour of India. In the year 2003, Mexican exports to India are expected to touch a US\$ 400 million mark resulting in an estimated trade balance of US\$ 130 million in favour of India. At this rate, Mexico would regain its position as the top destination for Indian exports in Latin America, hoping to overtake Brazil this year. (Please see Table1)

MARKET TREND & INDO-MEXICAN TRADE

Economic Aspect	2000	2001	2002	2003 Estimates*
GDP Growth in Mexico (percentage)	6.6	0.3	0.9	1.2
Global Mexican Imports (US \$ bn)	174.5	168.4	168.7	169.3
Percentage Growth	23	(-) 3.5	0.17	0.35
Imports from India (US \$ mn)	288	392	459	530
Percentage Growth	24	36	17	16
Market Share (percentage)	0.17	0.23	0.27	0.32
Global Mexican Exports (US \$ bn)	166.5	158.5	160.7	161.3
Percentage growth	22	(-) 4.8	1.4	0.4
Mexican Exports to India (US \$ mn)	60	160	312	400
Percentage growth	200	166	95	28
Total Indo-Mexican Bilateral Trade (US \$ mn)	348	552	771	930
Percentage Growth	38	59	40	21
Trade Balance in favour of India (US \$ mn)	228	232	147	130



Balance Export Basket:

Indian export basket to Mexico is quite diverse and balanced. Indian exports to Mexico are expected to be led by chemicals and pharmaceuticals accounting for around US\$ 168 million (32%) followed by gems and jewellery at US\$ 148 million (28%), engineering and allied



products at US\$ 98 million (18%), textiles at US \$84 million (16%), agriculture and farm products at US \$21 million (3.8%) and leather, wood and paper at US\$ 10 million (1.7%). (Please see Table 2)

Local Value Addition Can Open New Possibilities:

While commodity exports should continue to grow in consonance with the general

growth trend, Mexico's real potential lies in the possibility of greater market access to NAFTA and its other FTA partners. This benefit could accrue only through joint ventures and investments. The Indian business community needs to progressively assess this potential. Simultaneously, it needs to be kept in mind that the Mexican market is one of the difficult places for a new entrant to establish it self. However, these are challenges that the business community should be willing to accept. So far, people of Indian origin have invested over US\$ 1600 million in nearly 50 joint ventures, though a lion's share is accounted for by the Ispat Group.

Knowledge-Based Industry Holds Potential:

The future economic cooperation with Mexico is expected to be driven by knowledge-based industry viz. IT, software, pharmaceuticals, biotechnology, new chemicals, etc.

Being next to the world's largest software and IT market, United States and a part of NAFTA, Mexico has a fairly large

computer and electronic hardware industry. The Mexican government and industry are also attaching high priority for promotion of e-solutions for improving the government functioning, health, education, banking & finance, transportation, energy, manufacturing, etc. Hence, the demand for software services would continue to grow. Mexico is also aiming to become a hub for software development for Spanish-speaking market. However, they are obviously deficit in the trained technical manpower, which opens opportunities for India to become a promising partner. Bilateral cooperation in IT / software may come in the form of industry joint ventures, development of training facilities and joint maintenance of round-the-clock call centres. There have been several high level exchanges between the two countries for exploring enhanced cooperation in this sector and a couple of joint ventures have already emerged. There has been steady interest in attending INDIASOFT event in India, despite the distance involved. Four Mexican companies are attending INDIASOFT 2004. The Mission is examining various options in carrying this process forward

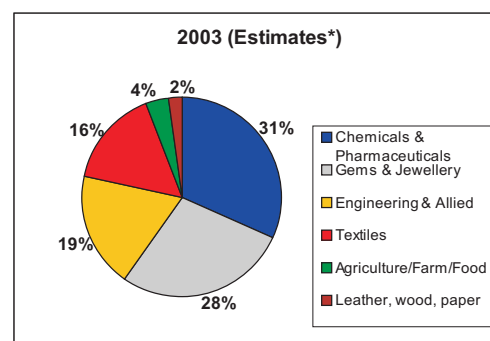
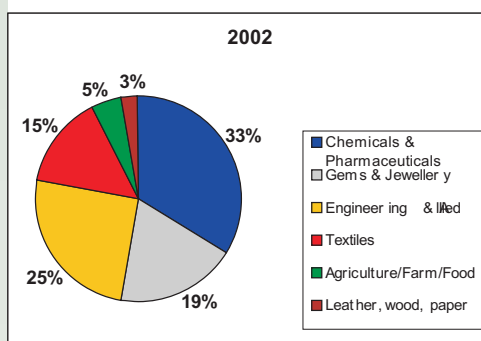
• **The Mexican pharmaceutical market** is the largest in Latin America and is fast growing. Given India's quality and price competitiveness in this sector, Mexico offers considerable opportunity for future expansion. The cooperation could be by way of export of basic raw materials and joint ventures in Mexico for manufacturing finished formulations. A couple of Indian joint ventures have already become operational and we expect to see substantial growth.

Policy Initiatives:

With a view to creating greater mutual confidence, a number of bilateral initiatives have been taken or are under consideration. We are trying to establish a joint

SECTORAL PERFORMANCE OF INDIAN EXPORTS TO MEXICO

Sector	Figures in US \$ Millions	
	2002	2003
Chemicals & pharmaceuticals	155 million (34%)	168 million (32%)
Gems & Jewellery	85 million (18%)	148 million (28%)
Engineering & Allied	115 million (25%)	98 million (19%)
Textiles	68 million (15%)	84 million (16%)
Agriculture/Farm/Food	21 million (4.5%)	21 million (3.8%)
Leather, wood, paper	12 million (2.6%)	10 million (1.7%)
Total	459 million (100%)	530 million (100%)



business group to keep the business community on both sides fully engaged in the future planning and implementation of new ideas. A Double Taxation Avoidance Agreement has been finalized and is expected to be signed shortly. Once this is signed, we would be initiating negotiations for a bilateral investment promotion and protection agreement. The EXIM Bank has extended a credit line of US\$ 10 million for promotion of Indian

exports to Mexico. This instrument seems to be facing some operational difficulties at the Mexican end and which we would try to resolve in the near future. We also have a proposal to open a business promotion office in the northern industrial town of Monterrey. These endeavours would, undoubtedly create an enabling framework for enhanced trade and economic exchanges between the two sides.

Problem of Business Visa:

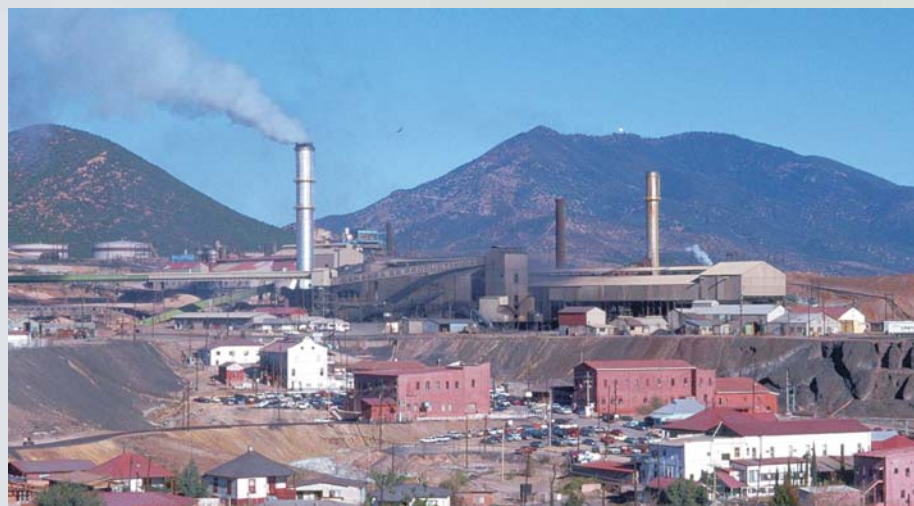
The problem of business visa for Mexico is one of the major hurdles, which we are trying to address in consultation with the Mexican authorities. At present, Mexican visa is granted on a clear authority from their National Institute of Migration (NIM), which needs to be processed by a local sponsor. The NIM needs such documents as (i) photocopies of the passport(s) along with important visas, namely, US, Schengen and any earlier Mexican visa etc.; (ii) a sponsorship letter from one of the apex chambers or EPCs, duly attested by the Consular Division of the Ministry of External Affairs, New Delhi and counter-attested by the Mexican Embassy in New Delhi; (iii) invitation letter from the Mexican business



counterpart, if any and (iv) a letter from the concerned Indian company undertaking responsibility for any financial or other liability arising out of their representative's visit to Mexico. This is a cumbersome and time-consuming procedure. However, till such time as we find a better alternative, the business community will need to abide by existing regulations and plan ahead by a seven to eight weeks' time span. The mission acknowledges the dampening effect of such delays on business propositions. We are actively pursuing various options with the Mexican authorities for an early solution.

In a nutshell, Mexico represents a large, stable and growing market, both, for trade and investment. It is already the largest destination for Indian exports in Latin America with a steady upward trend. The core strength of this market is its stability without abrupt fluctuations of the past, thereby permitting medium to long-term business planning. Though commodity trade would remain a key activity in the short-term, in view of Mexico's FTA network, the Indian businessmen would be well advised to explore long-term linkages by way of joint ventures and investments. We also need to

appreciate that trade is a two-way route and explore possibilities of sourcing some of our needs from Mexico, especially in those areas where they are competitive and strong. These areas are crude, petrochemicals, non-ferrous minerals, some engineering products, food processing etc. Possibilities are real and substantial, but the key lies in planning and focused sustained approach on our side.



INDO-VENEZUELAN BILATERAL TRADE

Indian Pharma going STRONG, Chemicals pitching in



R. Viswanathan

India's bilateral trade with Venezuela has been going through ups and downs due to uncertain political and economic conditions in the oil-producing Latin American country. India's exports to Venezuela crossed \$ 49 million in 2001 but fell to \$ 33.04 million in 2002 and to \$ 15 million in the first eight months of August 2003. The political and economic climate has since stabilized and the bilateral trade between India and Venezuela is expected to pick up in 2004.

Indian business in Venezuela is primarily active in the pharmaceutical sector, though textiles, engineering, software and chemicals hold great potential. Several economic agreements, including those on investment, taxation, preferential tariffs, scientific collaboration, etc., have been concluded between the two countries with the Indian embassy as the facilitating agency.

There was a significant increase in the number of visits of trade delegations and exporters to Venezuela in 2001, but in 2002 the pace slowed down due to the April 11 coup, the counter-coup of April 14 and later the two-month long general strike called by the opposition in December 2002-January 2003, which plunged the country into economic and political turmoil.

Indian pharma units in direct deals

Irrespective of developments in Venezuela, the Indian pharma industry has made a mark in that country and a number of reputed companies, such as Dr. Reddy's Labs, Aurobindo Pharma, Cipla, Core Health Care, Strides Arco Labs and Ipca Laboratories Ltd., have been operating in Venezuela. Several other companies are planning to open offices or appoint agents in Venezuela.

Pharmaceuticals, has been the fastest growing area of Indian exports because of a good reputation of the Indian companies as suppliers of bulk drugs. Earlier, Venezuela was importing Indian bulk drugs through European traders. Now the Venezuelans have started buying directly from India. Since Venezuela does not produce any bulk drugs, they have to import all their requirements.

The sales of pharmaceuticals in Venezuela are about \$ 1.5 billion of which generic medicines account for \$250 million. As the Venezuelan Government has now started promoting generic medicines, the scope for Indian exporters who are strong in this segment, has increased.

Indian companies can also consider joint ventures with the Venezuelan national companies (which control about 30 per cent of the market) or invest in production in Venezuela.

Even Indian Ayurvedic medicines are



popular in Venezuela. The government has recognised Ayurveda as an alternative system of treatment. Indian companies such as Himalaya Drugs and Dabur have made an entry into Venezuela.



Chemicals

Chemicals are the second most important component of India's exports. The large mining industries of Venezuela import a wide variety of chemicals needed for extraction and processing. There is enormous potential for export of chemicals, which go into exploration, production and refining of petroleum. Generally, chemicals for the

petroleum sector have come from India through the traders in Houston who have a monopoly of supply of chemicals and other inputs to the Venezuelan petroleum industry. However, there is possibility to make a breakthrough and start supplying directly to the Venezuelan petroleum industry from India.

Chemicals, which go into industries in areas of mining, textiles, leather, food processing, beverages, petrochemicals, cosmetics etc. have started coming increasingly from India.

Mining

Mining is the second most important economic



activity after petroleum. Aluminum, iron, gold, diamonds and copper are the main mining industries. There is scope for Indian companies to export inputs for the mining industry, such as chemicals, equipment and machinery. Indian companies can also have the possibilities of investment and joint ventures.

Engineering Products

Bajaj and LML Vespa scooters are common sights on Caracas streets. These companies have paved the way for introduction of Indian brand names in Venezuela. Auto parts, equipment and machinery, particularly for small scale industries, (the government is attaching priority to promotion of small scale industries) machine tools, electrical items for domestic and industrial use, electronic hardware and components, two-wheelers, agricultural machinery, printing and packaging machinery, construction material, etc. offer good scope for exports to Venezuela.



The Venezuelan Government is giving priority to modernization of transportation, utilities, telecommunications and mining. This means opportunities for turnkey contracts, consultancies and sub-contracts, besides supply of equipment and machinery.

Agro-business

Venezuela imports 60 per cent of its food requirements. This provides long-term scope for export of rice, spices, tea and other food items.

There are opportunities for consultancy services and



OPPORTUNITY

INDO-LAC Business

supply of agricultural equipment and machinery. There are also prospects for contracts in the ongoing modernization of the sugar industry.

Venezuelan cattle farmers are interested in importing buffalos from India. They are keen to develop cooperatives on the lines of Anand-type of dairy in Gujarat, which produces the popular brand of Amul. A Venezuelan delegation visited India in January 2002 to study the functioning of the Indian cooperative.

Textiles



Ready-made garments from India are popular in the shopping malls of Venezuela. The Venezuelans generally follow the fashions in the US. This makes it easy for our exporters to the US to make an entry in this market. AEPC organizes a Buyer-Seller Meet (BSM) in Caracas every year.

Bed, bath and linen materials, fabrics and yarn have good

potential

for exports. Indian silk fabrics have a special appeal for the Venezuelan consumers, especially women.

The Venezuelan textile industry has generally declined and consequently imports have been increasing. Our exporters have to compete with the Chinese, Korean and Colombian exporters.

Handicrafts

The Venezuelan admiration for Indian culture has helped us in the marketing of Indian handicrafts, carpets and incense sticks. Even in small cities all over Venezuela, Indian handicrafts and incense sticks are sold.

Venezuela as entry point for the region

Venezuela is the gateway to the markets of Andean Community, CARICOM,



and the Central American Common Market. Venezuela along with the Andean Community has signed a Free Trade Agreement with Mercosur (April 1998). Venezuela has also signed a Tripartite Free Trade Agreement with Mexico and Colombia.

Indian Imports

India's annual imports from Venezuela were less than \$ 5 million until 2000. These went up to \$150 million in 2000 due to increased import of crude oil. The non-oil imports from Venezuela have been \$ 4.07 million for 2001, \$ 2.764 million for 2002 and \$ 3.25 million for the first nine months of 2003.

Author R. Viswanathan is Joint Secretary (ITP) Ministry of External Affairs Government of India.

Export Import Data

Values in US\$ Million

S.No.	Year	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
1.	EXPORT	26.34	23.34	42.29	55.55	40.54
2.	%Growth		-11.39	81.23	31.35	-27.02
3.	India's Total Export	33,218.72	36,822.49	44,560.29	43,826.73	52,719.43
4.	%Growth		10.85	21.01	-1.65	20.29
5.	%Share	0.08	0.06	0.09	0.13	0.08
6.	IMPORT	6.60	2.57	14.44	2.58	3.71
7.	%Growth		-61.06	461.97	-82.10	43.42
8.	India's Total Import	42,388.71	49,738.06	50,536.46	51,413.29	61,412.13
9.	%Growth		17.34	1.61	1.74	19.45
10.	%Share	0.02	0.01	0.03	0.01	0.01
11.	TOTAL TRADE	32.93	25.91	56.73	58.13	44.25
12.	%Growth		-21.34	118.99	2.47	-23.89
13.	India's Total Trade	75,607.44	86,560.55	95,096.75	95,240.01	114,131.56
14.	%Growth		14.49	9.86	0.15	19.84
15.	%Share	0.04	0.03	0.06	0.06	0.04
16.	TRADE BALANCE	19.74	20.77	27.85	52.97	36.83
17.	India's Trade Balance	-9,169.99	-12,915.57	-5,976.16	-7,586.56	-8,692.70
	Exchange rate: (1US\$ = Rs.)	42.0706	43.3327	45.6844	47.6919	48.3953

Note: The country's total imports since 2000-2001 does not include import of Petroleum Products (27100093) and Crude Oil (27090000)



Luiz de Silva's visit boosts bilateral trade

India & Brazil Share a Synergy in Global Economic Race

When India and Brazil collaborate, the result is the synergy of two fast-growing economies. As demonstrated at Cancun, it can benefit both the countries as well as the entire developing world. This new-found bond further strengthened during the recent visit to India of the Brazilian President, Mr. Luiz Inacio Lula de Silva. The Export-Import Bank of India, which is closely involved in promoting business between the two countries has a bigger role to play in view of the fast-rising trade volumes. *Mr. Arvind Sonmale, Chief General Manager of Exim Bank, who visited Brazil in December 2003 says in an interview with Satya Swaroop, that Indo-Brazilian collaboration will encompass newer areas, including Information Technology and biotechnology.*

Brazil and India are slated to be leading economies of the world. How do you see the visit of the President of Brazil H.E. Luiz Inacio Lula de Silva to India with high-level business delegation?

Brazil is a large and highly industrialised country, with an economy of comparable size to India. It is about 2.5 times the size of India with almost one-sixth of India's population. It is one of the largest economies in Latin America and as a developing country, shares many similarities with India. India and Brazil have historically maintained cordial relations with each other and have worked together in harmony in raising concerns of the developing countries. Recently, in the Cancun Summit of the WTO, both these countries have played a vital role in putting forward the case of the developing countries against unfair trade practices of the US and the EU. The two have also formed the IBSA (India-Brazil-South Africa) Forum. India has signed the Framework Trade Agreement with Mercosur of which Brazil is a major member. This Agreement will pave the way to negotiate a Preferential Trading Agreement with Mercosur enhancing Indo-Brazil trade relationship. With this backdrop, the recent visit of President of Brazil to India with a high-level business delegation can be identified as a significant development towards strengthening Indo-Brazil bilateral relations. It would not only contribute towards bringing the two countries closer in addressing issues related to developing countries, but would also lead to opening up avenues for increased bilateral cooperation on social, cultural, economic and technological fields. If the recent report by Goldman Sachs titled "Dreaming with BRICs: The Path to 2050", is to be believed, Brazil and India are set to become two of the six largest economies in the world by 2050. Therefore, it is important that both these countries enhance the present level of commercial cooperation to realise greater returns from economic development.

Brazil being the largest economy in the LAC region and the trade figures between India and Brazil are not as they should be. What potential do you see for the Indian businessmen and investors in this country?

Brazil and India can be seen as similar economies considering that GDP of both the countries are over US\$ 500 billion and international trade accounts for around 22-25 percent of GDP in both the cases. However, bilateral trade amounts to less than a billion US dollars indicating that the present level of trade is extremely modest compared to the potential. Imports from India today represent 1 percent of total Brazilian imports. One reason may be a lack of focus by Indian companies on the entire Brazilian



import need basket. Engineering goods, pharma and bulk drugs, high tech/software are sectors holding high promise of growth for Indian exports to Brazil. A comforting factor, however, could be that bilateral trade is growing rapidly and in 2002-03 India's exports to Brazil have more than doubled. Moreover, Brazil is India's second major trading partner in the LAC region after Mexico. However, the quantum of bilateral trade and investment can only grow if a larger section of Indian business community from varied sectors consider venturing into Brazil and exploit the wide gamut of opportunities. In this regard, the signing of the preferential trade agreement between Mercosur group and India during President H.E. Lula da Silva's recent visit is a notable development. It would encourage Indian exporters to enhance their presence in the Mercosur group, in general and Brazil, in particular.

Looking at the business opportunities in the LAC region, the Government of India has started the "Focus LAC programme." What are the various initiatives, which Exim Bank has taken to facilitate trade and commerce between India and Brazil?

Since the introduction of the Focus LAC programme in November 1997, India's trade with the LAC region has almost doubled. The success of the programme has come from various initiatives like the setting up of Joint Business Councils, Joint Commissions, through trade missions and trade promotion measures, market development assistance and through certain Exim policy initiatives. Apart from these, certain institutional initiatives have also contributed for enhancing trade and investment relations between India and the LAC region. Exim Bank's Lines of Credit (LOC) are a good example of a significant contributor to enhancing two-way trade.

Exim Bank extends Lines of Credit to overseas Commercial Banks, Financial Institutions, Regional Development Banks and other overseas entities to provide a safe mode of non-recourse financing option to Indian exporters, particularly SMEs. Exim Bank has extended six credit lines in the LAC region since 2001, of which five are operational at present. The operational credit lines have been extended to three national banks namely Banco Bradesco, Brazil, Banco de Comercio Exterior de Colombia, Colombia, Bancomext, Mexico and two regional banks, Central American Bank for Economic Integration, with headquarters at Honduras (covering five countries in the Central America namely, Costa Rica, Honduras, Nicaragua, Guatemala and El Salvador) and Andean Development Corporation, with headquarters at Venezuela (covering five countries belonging to the Andean group namely, Bolivia, Colombia, Ecuador, Peru, Venezuela). The LOCs are expected to

facilitate import of goods from India thereby, contributing to an increase in India's exports to the LAC region. Exim Bank has also published a research study titled "*Strategy for Quantum Jump in Exports: Focus on Africa, Latin America and China*". According to the findings of the study, with adoption of proper strategies, India could achieve exports worth US\$ 1.8 billion to the LAC region from the current level of US\$ 0.58 billion, in an identified set of 100 products at 4-digit SITC code level, by 2007. There are some other studies conducted by the Bank, which have attempted to identify avenues to increase trade and investment between India and the LAC region. Details of these studies can be obtained from the Bank's website

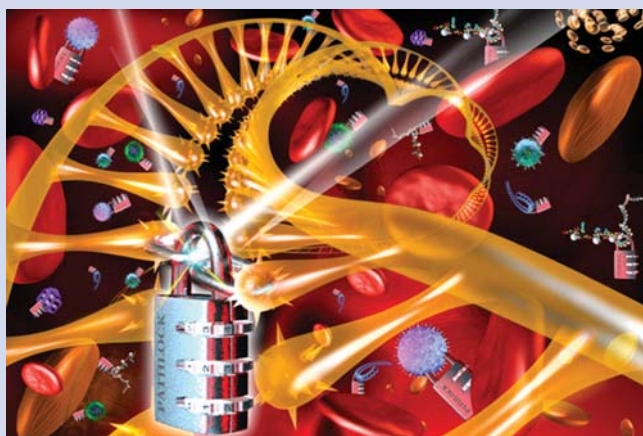
www.eximbankindia.com.

What are the specific sectors where India and Brazil can work together?

Though opportunities exist in a number of areas where India and Brazil can work together. The following key sectors can be considered significant. For instance, Indian Pharmaceutical companies have already made an entry in Brazil in bulk drugs as well as in finished formulations. Brazil is the biggest importer of pharmaceuticals in the region and according to an estimate, per capita consumption of pharmaceuticals is about US\$ 50 in Brazil compared to around US\$ 3 in India, which indicates the size of the potential market. Another related area is Ayurveda, which is now recognised legally as an alternative therapy in Brazil. Opportunities for trade and investment also exist in organic and inorganic chemicals like hydrocarbons, sulphates, carbonates and inorganic acids. Another potential sector is automobiles and transport equipment as automobile production is a major industrial activity in Brazil. Most of the major car manufacturers have their production units in Brazil. The sector appears even more attractive as Brazil and Argentina have reached an agreement to phase out all car tariffs by 2006. Engineering goods, in general, hold a high degree of promise for Indian exports to Brazil. Again, given India's expertise in software/high tech the need to diversify software exports outside North America, Brazil can be looked upon as a favourable destination. E-commerce is a promising option in Brazil as it is attracting considerable foreign investment. Indo-Brazil collaboration is also required to grow in infrastructural projects like electricity transmission, telecommunications, oil and gas. Areas like Biotechnology, agribusiness, textile and garments also appear bright.

Today biotechnology is one of the emerging areas and both countries have done considerable research work in this field. Do you think it will be a potential area where both the countries can share their expertise for their mutual benefit?

Biotechnology is a promising



area with a high growth potential and according to a study conducted by CII, the Indian biotechnology market is expected to grow to US\$ 408 million by 2007. India has several comparative advantages in this sector like in terms of knowledge, skills, RandD facilities and cost structures and as a consequence, several major global biotech companies are showing increasing interest in developing partnerships with Indian counterparts. India's core competence in biotechnology spreads over human and animal healthcare to agricultural as well as industrial biotechnology and initiatives like the Biotechnology policy, biotech parks would only contribute towards realising the high growth potential of this sector. Brazil also has a huge market for biotech related products. The market primarily includes supplies and instruments used in biotech research, biopharmaceuticals, vaccines and human and animal diagnostic tests. It is therefore only natural that India and Brazil can work together towards manufacturing products derived from biotechnology and also as research collaborators. Opportunities exist in manufacturing vaccines, bioactive therapeutic proteins, laboratory supplies and equipment. Bioinformatics is also a prospective area of mutual collaboration. Finally, contract-research in segments of new drug discovery, clinical trials, and bioinformatics related services could strengthen the synergy between the pharmaceutical and biotechnology sectors.

Agriculture is the biggest business in Brazil and so is it in India. Exim Bank has taken several initiatives to boost the export of Indian agricultural products. Could you highlight the steps taken in this field to step up exports to Brazil as well as the LAC region?

Indeed, agriculture plays a pivotal role in both these economies, and sharing a considerable degree of similarity the agricultural sector has registered strong growth performance in both the countries in 2003-04. Agribusiness is a major foreign exchange earner for Brazil and in India several initiatives, at both central and state levels, have been considered in recent times to give a boost to agricultural exports. In Exim Bank, the following initiatives have been launched. An Agri Business Group that spearheads the Bank's initiative in the agricultural sector has been set up. Under this initiative, Exim Bank provides finance to exporters entering into backward linkages with farmers through contract farming and also for developing strategic forward linkages by identification of overseas markets/market segments, overseas business opportunities and opportunities for direct marketing of products. Exim Bank has launched an 'Agri portal' to provide information and advisory services. The Bank also brings out a bimonthly bulletin called 'Agri Export Advantage' in English, Hindi and ten regional languages. Considering the potential of the agri sector, the Bank has plans to associate

itself with the various Agri Export Zones (AEZ) spread across the country. This has been initiated with signing agreements with several stakeholders of agri exports such as NABARD, APEDA, Ministry of Food Processing Industry (MOFPI) and Small Farmers' Agri-business Consortium (SFAC). Agricultural products also come under the coverage of Exim Bank's LOCs, and therefore, there are substantial possibilities of supporting Indian agriculture through the various credit lines operating in the LAC region, particularly that in Brazil.

Brazil is one of the pioneers in mixing ethanol with petrol. What are the benefits, which India can draw from this technology? Could you highlight steps taken in this direction?

The use of Ethanol or ethyl alcohol as an automobile fuel is a well-known practice in Brazil. Usually the blending of 5percent of ethanol with gasoline does not require any engine modifications. However, in Brazil at present 20-25percent of ethanol is mixed with petrol for automobile fuel. In India, mixing ethanol with petrol is a recent phenomenon. The mechanism is beneficial in at least three aspects a) it would reduce India's import dependence on crude oil, b) it would reduce the level of carbon monoxide in auto emissions and therefore, would be more environmentally acceptable and c) Ethanol is primarily obtained from farm products like sugarcane and molasses. A greater demand for ethanol would therefore result in a simultaneous welfare of the sugar industry. Considering the above advantages, the recent initiatives of mixing of ethanol with petrol appears to be an appropriate development. India has already signed a MoU with the Ministry of Development, Industry and Foreign Trade of Brazil with a view to gain from the technological expertise of the Brazilians in this area. In India, to begin with, blending of 5percent of ethanol with petrol was implemented in nine states in 2003. It is likely to cover other states in a phased manner. The Government is also considering raising the limit of ethanol from 5percent to 10percent in the near future. In addition, given the greater demand of diesel than petrol, unlike Brazil, the Government is also planning to set up a bio-diesel pilot project in Haryana.

Please talk about the two-way investment potential.

Let me conclude by saying that Indo-Brazil trade and investment relations are at a very nascent stage compared to the potential. Government of India has been taking initiatives to promote bilateral commercial relations and the recent visit of the Brazilian President has reconfirmed their urge to develop a

sound and healthy relationship with India in economic as well as in social spheres of development. Exim Bank has been playing an important role in enhancing and facilitating India's international trade. With a wide spectrum of export financing and advisory services and a number of institutional linkages in the LAC region, the Bank is well equipped to support India's exporting community in venturing into the LAC market.



Exim Bank-Lac Ambassadors' Meet, Calls For Greater Action

The first, ever meeting of Ambassadors of Latin American Caribbean Region with EXIM Bank was held in Mumbai at the ballroom, Taj Mahal Hotel. Facilitated by New Media Communication, the purpose of this meet was to promote business relations between Latin American countries and India. On stage were the Ambassador's from Venezuela, Walter Marquez, Ambassador of Chile, Jorge Heine, from Colombian Embassy was Olga Bula, Charge d'Affaires, Ambassador of Cuba, Juan Carretero Ibanez, Ambassador of Mexico, Julio Faesler Carlisle, Ambassador of Peru, Benjamin Ruiz, and from the Embassy of Uruguay, Imelda Smolcic, Charge d'Affaires and the Chairman and Managing Director of EXIM Bank, T C Venkat Subramanian.

From the Indian industry sector, there were representatives of DATAMATICS, PRAJ Industries and AyuShakti amongst others.

The presentation on Indo-LAC Trade Relations by S.Prahalathan, the Deputy General Manager, EXIM bank, set a background for the discussion which highlighted the ongoing trade relations between India and the Latin American Countries, commodities involved, share of different nations of Latin America and thereby indirectly hinted on the great potentials hidden within, for expanding the trade between the two sub-continent.

This was followed by an interactive session on the opportunities on lines of credit offered by these countries. The string that ran through each of the remark underlined the focus on action and implied holding more of such interactive sessions. The emerging recovery of Latin America as seen in debt profile improvement of Uruguay and decent performance of resilient economies like Chile and Mexico in 2003, could be used to forge better ties in the sectors of IT and Agriculture. The Ambassador of Chile, Jorge Heine, also stressed that the developing infrastructure in India could benefit from the existing physical infrastructure of these countries.

The Chairman, EXIM Bank on his part welcomed the suggestions of the Ambassadors and promised to implement the proposal of holding greater interactive sessions. He also emphasized on the tremendous trade potential of India.

The occasion was also marked by the launch of the website of New Media Communication. The Managing Editor, Satya Swaroop, spoke in brief about the Indo-LAC Business publication and the purpose it serves.

He also expressed the hope of bringing closer both the business communities of India and LAC countries to accelerate the process of exploring commercial opportunities in the bilateral relations.

S.R.Rao, Chief General Manager, EXIM Bank conducted the conference.

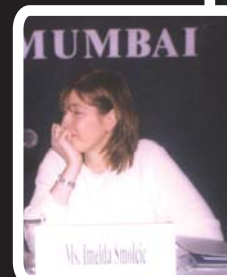


PHOTO FEATURE

INDO-LAC Business



T.C. Venkat Subramanian, CMD, Exim Bank addressing the meet

S.R. Rao, CGM, Exim Bank anchoring the function



Audience at the function

Mrs. Naram sharing her experience in the LAC region with the audience



T.C. Venkat Subramanian
launching the
New Media's website
www.newmediacomm.com



Prabhoo Sinha of Satyam
Computers with T.C. Venkat
Subramanian



T.C. Venkat Subramanian and
Victor Muñoz discussing
with the guests



Satya Swaroop
addressing the meet

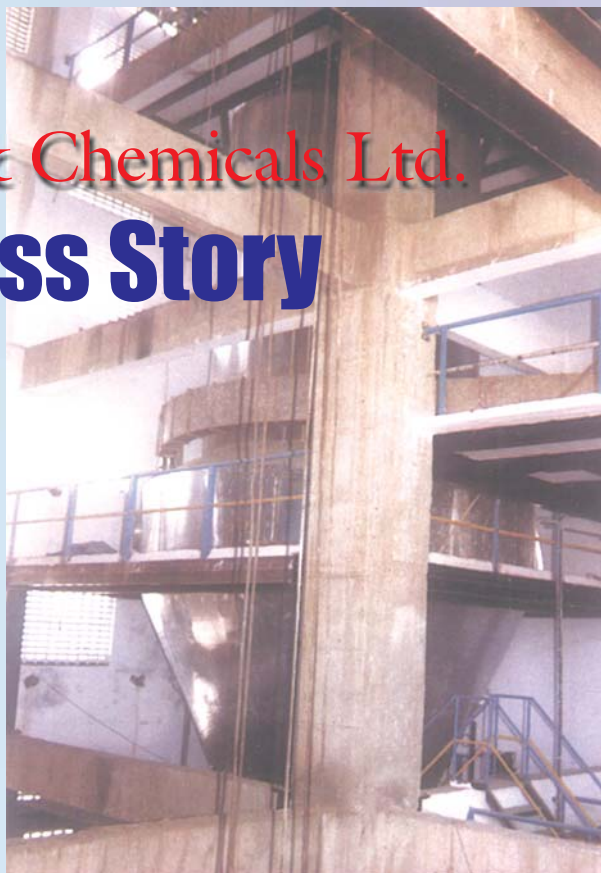




Paramount Minerals & Chemicals Ltd.

An Indian Success Story

Paramount Minerals and Chemicals Limited (PMCL), a pioneer in the manufacturing of optical brighteners, belongs to the Rajkamal Group, promoted by the families of Siyaram Poodar Group & Sanghai Group, based at Ambarnath, near Mumbai. The company has played a sterling role for nearly two decades in developing a wide range of products for meeting the whole gamut of optical brightener needs of the detergent, paper and textile industries. From a humble beginning, the Group has forged ahead and has been serving global customers for more than a decade.



Paramount has recently completed a project for upgrading the manufacturing technology of its plant for increasing its production capacity at a cost of several million dollars. The project has boosted the company's ability to meet the requirements of its customers to their optimum satisfaction. Emphasis has been laid on stringent quality standards. Besides, the project has equipped the company with flexibility to further expand its production capacity rapidly.

Powered by innovative marketing, Paramount has been able to sell its products to multinational detergent producers, paper mills and textile industries across the world.

The commissioning of a plant for the manufacture of Di-amino Stilbene Di-Sulphonic Acid (DASDA), a vital input used in the production of optical brighteners, will greatly bolster the company's ability to produce its own raw material.

Paramount has strived to adopt the ISO 9001:2000 Quality Management System to provide its customers world quality products. The company has also constantly laid stress on R&D and has been able to develop new products of high light fastness and best quality to meet the growing needs of customers and offer them at competitive prices.

Paramount's customer portfolio includes reputed



PRABHAS SANGHAI
Director

WHAT IS AN OPTICAL BRIGHTENER ?

Optical Brighteners are a class of dyes that absorb ultraviolet light and re-emit light in the blue region of the visible spectrum. This makes whites appear whiter. Optical Brighteners are used for brightening / whitening of Paper, Textiles and for blending in Detergents. They are used extensively in the Paper, Detergent & Textile industries through out the world. Optical Brighteners are also known as Fluorescent Whitening Agents (FWA).



RAHUL SANGHAI
Director

multinational giants and it is the company's earnest desire to be available to serve them through its agents and representative across the world.

ACTIVITIES

Located ideally in the Chemical Zone of the Maharashtra Industrial Development Corporation, with an easy access to Mumbai's seaport and the international airport, the plant is best equipped to ensure the prompt shipment of finished goods.

The Parawhite range of Optical brighteners are largely used in the three industrial segments, namely, textile, paper and detergents while DASDA is used in dyestuff manufacturing.

The Group's production activities include processing of fabrics to manufacturing ready-made garments, suitings, and shirtings. The finished products are exported to countries across the Gulf, Europe and the U.S.

Presently, the manufacturing capacity of Optical Brightening Agents (OBA) is 6,000 tonnes and of DASDA is 600 tonnes per annum. There is good potential to increase the production capacity of OBA and DASDA to 15,000 tonnes and 1,500 tonnes respectively. Plans are also underway to widen the product range by manufacturing other dye intermediate like Metanilic Acid to meet the growing demand for quality products.

PRODUCTS

Paramount manufactures a wide range of Low, Medium and High affinity Stilbene based Optical Brightening Agents for the cotton, textile, paper and detergent industries. These products are available in both powder and liquid forms. The company also manufactures DASDA, required for the production of OBA's.

Moreover, for companies having processing

facilities, Paramount also offers concentrated crude powders in the free acid form for some of the products, which can be neutralised into liquid by a simple neutralisation procedure laid down by the company itself. This helps to cut freight costs.

QUALITY CONTROL

The key to the company's success and continuing growth lies in its commitment to quality in all areas of activity. After having achieved the ISO 9001: 2000 certification, Paramount is on constant look-out for opportunities to improve quality of its products and systems with a view to enhancing customer satisfaction.

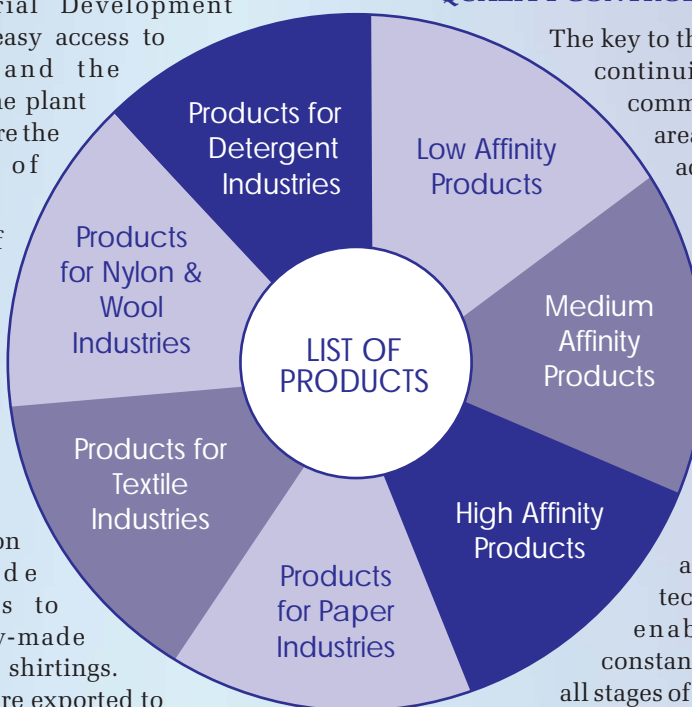
The elaborate laboratory facilities armed with state-of-art technology and equipment enable the company to constantly monitor its products at all stages of production. Although the lab functions in close co-ordination with various departments, it is totally independent in order to ensure the specified quality parameters of products. Besides, the R & D wing undertakes the task of bringing out new products and to achieve constant improvements in the Company's range of products as well as processes.

Paramount's lab team consists of highly qualified professional with vast experience in the field and staff members are regularly trained to ensure that they understand the relevance and importance of their activities and how they contribute to the company's overall achievement.

Paramount's products are packed in HMHDPE, fiber drums, tanks or ISO Tanks of very high standard to ensure that there is no damage or contamination to the materials during transit to the customers.

QUALITY POLICY

The Company's quality policy is to continually innovate, improve customer satisfaction and explore domestic as well as global markets &



resources and to make the organisation capable of producing value-added products of international standards. The features are:

1 ADHERING TO THE UNIVERSALLY ACCEPTED QUALITY MANAGEMENT SYSTEMS, IN TRUE SPIRIT.

2 PERSISTENT EFFORTS TO PRODUCE & DEVELOP THE PRODUCTS THROUGH ENVIRONMENT-FRIENDLY TECHNIQUES.

3 CONSTANT RESEARCH & DEVELOPMENT AND UP-GRADATION OF THE MACHINES, MATERIALS, PROCESSES & END-PRODUCTS.

4 CONTINUOUS DEVELOPMENT OF HUMAN RESOURCES AND THEIR SKILLS THROUGH PROACTIVE TRAINING AND MOTIVATION.

TOLL MANUFACTURING OR JOINT VENTURE WITH BUY-BACK ARRANGEMENT

Paramount welcomes proposals from reputed manufacturing companies worldwide or Individuals with high technical experience, who can share technology on buy-back arrangement or joint marketing efforts.

THE COMPANY'S SCOPE FOR TIE-UP ASSOCIATES:-

Variety of Reaction Facilities

Past experience with reputed companies worldwide

Low cost infrastructure availability in terms of land & labour

Liberal Indian Government policies

Long-term secrecy agreements with strict confidentiality

LOOKING FOR INTERNATIONAL AGENCIES & DISTRIBUTIONSHIP

The company desires to work together with experienced marketing companies, agents or individuals who have sound knowledge of the market and relations with customers to promote Paramount products in industries such as detergents, paper & textiles. Contact:

Tel: +91-22 - 22018562, 22039302, 56334471, 56334472.

Fax: +91-22 - 22054108, 22083690, 24935420.

E-mail: whitener@vsnl.com

website: www.pmcindia.com



Pawan Sanghai of R.J. Knitwears Ltd. receiving an award from Prime Minister Atal Behari Vajpayee

Sanghai Group Company R.J Knitwears Ltd. was given the Export Award for exports of Knitted garments globally. They have recently developed superior quality garments by blending the yarn with TENCIL AND MODAL fiber and such other products, which are new innovatives in the field of garments.

“Be the

front office,

INDIA...

not back-office”

- F.C. Kohli



**Indian
companies
should
graduate
to a
value-
added**

role and not stop at being a mere transaction engine mechanism. IT & ITES have specific roles to play & India should make use of the situation in generating employment too.

“I want India to be the front office of information technology, not the back office for multinational companies wanting to take advantage of our prowess,” is the assertive statement of the pioneer of Indian IT industry, **Mr F.C. Kohli**, former deputy chairman and currently member of the executive committee of Tata Consultancy Services. “We must occupy the driver's seat as there is no alternative. And we have to keep on exploring as technology is fast changing,” he adds.

In a freewheeling interview with *OutSourcing* for its inaugural issue, Mr Kohli, who chartered the course for the Indian IT industry to be a world winner, feels that many software firms seem not to understand technology. “Technology is not static. It is fast changing. Every year there is a new bus. Every organization wanting to be in the field of technology must be prepared to catch the bus.”

He says IT-enabled services have a specific role, and Indian companies should make use of the situation, especially in generating jobs for the unemployed. But these are jobs that do not require technological precision. So, an engineer should never be aspiring to be part of a BPO outfit.

Does he think that India, being in the IT field in a big way for so many years, and having English as a widely used language, has an edge over other ITES destinations, say for example, China, Taiwan or even Australia?

“I do not see these as an edge over other countries mentioned. Yes, competitive technology has a role, but as in a manufacturing concern, it is a question of business model, question of leadership, question of adoption of appropriate technology and also a question of value system, especially in terms of deliverables. Any company with these qualities can aspire to be a successful venture in this field.”

He reiterates his contention that technology is changing very fast. He foresees that some of the manufacturing

companies like General Motors or GE or other multinationals which have been big outsourcing companies would be able to develop and adapt changing technologies so that they would be capable of creating their own processing centers in their own backyards in a cost-effective manner, thus dispensing with the Indian service organisations. This situation may happen in about five years.

Mr Kohli says any technology-intensive organization should be able to act with vision. Its leaders must think at least 48 months in advance. Then only will they survive in this fast-changing world. “That is how TCS worked way back in the 1980s and created credibility. If TCS has not been there, I would say the IT scenario in the country would have been different. In fact, TCS has been a great facilitator for the IT to happen.”

Recounting the problems every Indian IT firm had to face in the early years of the IT revolution, he said “When TCS was started in 1968, it faced huge problems”. Information technology or software was not known at all. Even the government attitude had not been helpful. “But we slowly worked our way up and overcame these problems and reached this position. What I am stressing is that we knew there would be problems and at the same time we also knew that solutions are there and that we will succeed in surmounting those problems.

“Sometimes not having a particular sophisticated computer system becomes advantageous, because you learn from experience. I can tell you about an instance. One of our first projects in 1974, which was done in India, required the use of a Burroughs computer system. The government had naturally rejected import of the system. We did the work on an ICM machine and our software engineers wrote a program, which acted as a filter converting ICM Cobol into Burroughs Cobol. We checked it, perfected it and installed it on the Burroughs machine in the US. The system worked fine. And the end result Burroughs bought that filter from us, because in the UK, ICM machines were to be replaced by Burroughs machines and using the filter was the easiest way to migrate from ICM programs to Burroughs programs. I am sure Burroughs would not have been able to develop the filter. It is adversity that made us design and develop a filter to serve a particular purpose. But, being innovative helped us because ultimately the filters became a source of revenue for us.”



Mexican ECONOMY on RECOVERY PATH, Driven By Higher US Demand

Mexico is highly dependent on exports to the U.S., which account for almost a quarter of the country's GDP. The result is that the Mexican economy is strongly linked to the U.S. business cycle. With the downturn in the U.S. economy in calendar 2001, the growth rate crashed to 0.3 per cent in Mexico in that year from 6.6 per cent in 2000. It started recovering as the US started reviving and posted a growth of 0.9 per cent in 2002, which estimated to have risen to 1.2 per cent in 2003. Mexico is expected to register further growth in 2004.



Mexico has a free market economy with a mixture of modern and old industry and agriculture, increasingly dominated by the private sector. The number of state-owned enterprises in Mexico has fallen from more than 1,000 in 1982 to fewer than 200 in 1999.

A strong export sector helped to cushion the economy's decline in 1995 and led the recovery in 1996-99. Private consumption became the leading driver of growth, accompanied by increased employment and higher wages. Mexico still needs to overcome many structural problems as it strives to modernize its economy and raise living standards. Income distribution is very unequal, with the top 20 per cent of income earners accounting for 55 per cent of income. Trade with the US and Canada has nearly doubled since NAFTA was implemented in 1994. Mexico is pursuing additional trade agreements with most countries in Latin America and has signed a free trade deal with the EU to lessen its dependence on the US. The government is pursuing conservative economic policies in 2000 to avoid another end-of-term economic crisis, but it still projects an economic growth rate of 4.5 per cent because of the strong US economy and high oil prices.

Mexican trade policies are among the most open in the world, with Free Trade Agreements with the United States, Canada, the EU, and many other countries.

Since the 1994 devaluation, the Mexican government has improved the country's macroeconomic fundamentals. Moody's (in March 2000) and Fitch IBCA (in January 2002) have issued investment-grade ratings for Mexico's sovereign debt.

NATION DEPENDENT ON TRADE

Mexico is one of the world's most trade dependent countries, and it is particularly dependent on trade with the U.S., which buys approximately 85 per cent of its exports. Top U.S. exports to Mexico include motor vehicle parts, electronic equipment, and agricultural products. Top Mexican exports to the U.S. include petroleum, cars, and electronic equipment. There is considerable intra-company trade.

Mexico is an active and constructive participant in World Trade Organization (WTO) matters, including the launch of the Doha Trade Round. The Mexican government and many businesses support a Free Trade Area of the Americas.

Given the overall size of trade between Mexico and the United States, there are remarkably few trade disputes, involving relatively small dollar amounts. These disputes are generally settled in WTO or NAFTA panels or through negotiations between the two countries. The most significant areas of friction involve trucking, sugar, high fructose corn syrup, and a number of other agricultural products.

SIGNIFICANT LAND REFORMS

Mexico's agrarian reform program began in 1917, when the government began distribution of land to farmers. Extended further in the 1930s, delivery of land to peasants continued into the 1960s and 1970s at varying rates. This cooperative agrarian reform, which guaranteed small farmers a means of subsistence livelihood, also caused land fragmentation and lack of capital investment, since commonly held land could not be used as collateral. Regionally poor soils, several recent years of low rainfall, and rural population growth have made it difficult to raise the productivity and living standards of Mexico's subsistence farmers.

There have been programs that provide money to pay off loans and help banks with their debt burdens. While high credit costs are still a major problem impeding agricultural development, the burden of debt has been reduced. High interest rates for loans have compounded the difficulty for producers, and the 1994 peso crisis exacerbated the decline in productivity. Agriculture accounted for 5.8 per cent of GDP in 1999.





In the past, the government encouraged production of basic crops such as corn and beans by maintaining support prices. In order to stimulate its agricultural sector, Mexico is restructuring its support price scheme. The government in 1996 crafted federal-to-state agreements targeted at each states' most urgent needs, with the goal of increasing the use of modern equipment and technology in order to increase per-acre productivity. In addition to this new initiative, the government is continuing PROCAMPO, the rural support program which provides approximately 3.5 million farmers, who produce basic commodities--about 64 per cent of all farmers--with a fixed payment per hectare of cropland.

MANUFACTURING AND FOREIGN INVESTMENT

Manufacturing accounts for about 22 per cent of GDP grew by 9.4 per cent in 2000. Manufacturing probably fell or was stagnant in 2001 because exports to the U.S. probably fell. Construction grew by almost 7.0 per cent in 2000 but was probably stagnant in 2001.

Foreign Direct Investment (FDI) presents a bright picture in the Mexican economy. In 2000, Mexico was the largest recipient of FDI (\$22.5 billion) in Latin America. Net U.S. FDI in Mexico in 2000 was \$3.2 billion, and the 2000 U.S. stock of FDI in Mexico was \$34.5 billion. U.S. FDI is concentrated in the manufacturing (mostly maquiladora or in-bond plants) and financial sectors. Final numbers for 2001 have not been published; the largest U.S. investment in 2001 was Citigroup's \$12.2 billion acquisition of Banamex. This investment was the main reason Mexico received more FDI than Brazil in 2001.

OIL AND GAS

In 2000 Mexico was the world's fifth-largest oil producer, its 10th- largest oil exporter, and the fourth-largest supplier of oil to the United States. Oil and gas



revenues are expected to provide about one-third of all Mexican Government revenues in 2002.

Mexico's state-owned oil company, Pemex, holds a constitutionally established monopoly for the

exploration, production, transportation, and marketing of the nation's oil. Since 1995, private investment in natural gas transportation, distribution, and storage has been permitted, but Pemex remains in sole control of natural gas exploration and production.

SERVICES MAIN PROP FOR GDP

Mexico's GDP in terms of purchasing power parity was estimated at \$920 billion in 2001. With services accounting for 69 per cent, followed by industry with 26 per cent and agriculture, 5.0 percent. The per capita purchasing power parity was \$9,000 (2001 est.) The population below the poverty line was estimated at 40 per cent (2001 est.) Inflation rate was as low as 5.7 per cent. The country has a work force of more than 40 million.

MAIN INDUSTRIES

Food and beverages, tobacco, chemicals, iron and steel, petroleum, mining, textiles, clothing, motor vehicles, consumer durables and tourism. The electricity produced was estimated at 194.367 billion kWh (2000)

Agriculture - products: corn, wheat, soybeans, rice, beans, cotton, coffee, fruit, tomatoes; beef, poultry, dairy products; wood products

Exports: \$161.3 billion (f.o.b., 2003)

Exports - commodities: manufactured goods, oil and oil products, silver, fruits, vegetables, coffee, and cotton.

Exports - partners: US-88.4 per cent and the rest is accounted for, by other countries.

IMPORTS

Imports: \$169.3 billion (f.o.b., 2003)

Imports - commodities: metal-working machines, steel mill products, agricultural machinery, electrical equipment, car parts for assembly, repair parts for motor vehicles, aircraft, and aircraft parts.

Imports - partners: US 68.4%, Japan 4.7%, Germany 3.6%, Canada 2.5%, China 2.2%, South Korea 2.1%, Taiwan 1.6%, Italy 1.3%, Brazil 1.1% (2001 est.)

DEBT

Debt - external: \$191 billion (2001)

Economic aid - recipient: \$1.166 billion (1995)

Currency: 1 Mexican peso (Mex\$) = 100 centavos

Fiscal year: calendar year



An ANCIENT CULTURE in quest of MODERN IDENTITY

Mexico belongs to one of the ancient native American civilizations, such as the Maya and the Aztecs. In the early 16th century, Spaniards arrived and defeated the Aztecs in 1521, marking the beginning of the colonial period. Mexico became part of New Spain.

The struggle for freedom started at the start of the 19th century and in 1810 independence from Spain was declared. This led to a long war and eventually independence in 1821. After independence, Mexican territory slowly decreased in size, losing and selling ground to the United States. In the 1860s the country suffered a military occupation by France, fought off by Mexican patriot Benito Juarez.

The long, despotic rule of Porfirio Diaz led to the Mexican Revolution in 1910. Revolutionary forces defeated the federal army, but were left with internal struggles, leaving the country in conflict for two more decades. At the end of the revolution, the Institutional Revolutionary Party (IRP) controlled the country until the end of the 20th century.



The 1917 constitution provides for the federal republic with powers separated into independent executive, legislative and judicial branches. Historically, the executive is the dominant branch, with power vested in the president, who promulgates and executes the laws of the parliament, the National Congress or *Congreso de la Unión*.

The parliament has played an increasingly important role since 1997 when opposition parties first made major gains. The bicameral National Congress is composed of a Senate (*Cámara de Senadores*) and a Chamber of Deputies (*Cámara de Diputados*).

Mexico borders the Pacific Ocean to the west and on the east the Gulf of Mexico and the Caribbean Sea that leads to the Atlantic Ocean. Here are found coastal plains. Central Mexico consists of high plateaus and rugged mountains, including volcanoes, the highest of which is the Pico de Orizaba at 5,700 m.

The terrain and climate vary from deserts in the north to tropical rain forest in the south. Mexico's major rivers include the Rio Grande (known to Mexicans as the *Rio Bravo*), the Grijalva, the Balsas and the Yaqui.

Mexico has a free-market economy with a mixture of modern and outmoded industry and agriculture, increasingly dominated by the private sector. The number of state-owned enterprises in Mexico has fallen from more than 1,000 in 1982 to fewer than 200 in 1999. The administration of President Ernesto Zedillo Ponce de Leon continued a policy of privatizing and expanding competition in sea ports, railroads, telecommunications, electricity, natural gas distribution and airports, which was initiated by his predecessors Miguel de la Madrid and Carlos Salinas de Gortari.

A strong export sector helped to cushion the economy's decline in 1995 and led the recovery in 1996-1999. Private consumption became the leading driver of growth, accompanied by increased employment and higher wages. Mexico still needs to overcome many structural problems as it strives to modernize its economy and raise living standards. Income distribution is very unequal, with the top 20 per cent of income earners accounting for 55 per cent of income.

Following 6.9 per cent growth in 2000, real GDP fell 0.3 per cent in 2001, with the US slowdown as the principal cause. Positive developments in 2001 included a drop in inflation to 6.5%, a sharp fall in interest rates, and a strong peso that appreciated 5% against the US dollar. Trade with the US and Canada has tripled since NAFTA was implemented in 1994. Mexico is pursuing additional trade agreements with most countries in Latin America and has signed a free



trade deal with the European Union, putting more than 90% of trade under free trade agreements and lessening its dependence on the US.

Mexico is the most populous Spanish-speaking country in the world and the second most-populous country in Latin America after Portuguese-speaking Brazil. Some 60% of the population is of a mixed ethnicity known as *mestizo*, with 30 per cent being Amerindian and some 9% of European descent. The country is predominantly Roman Catholic (89 per cent), with some 6.0 per cent adhering to various Protestant faiths and the remaining 5.0 per cent either to other smaller religions or is unaffiliated.

A blend of Hispanic Cultures

Mexican culture reflects the complex blending of Pre-Hispanic indigenous civilizations, Hispanic culture, and later influences from France, Germany, and the United States. African and Asian influences also play an important part in Mexican culture.

Spanish is the official and predominant language of Mexico, spoken to some extent by nearly the entire population. Mexican Spanish, while having a diverse array of regional dialects, is distinguished by its extensive borrowings from earlier indigenous languages particularly Nahuatl. This is especially evident in the names of common plants and animals.

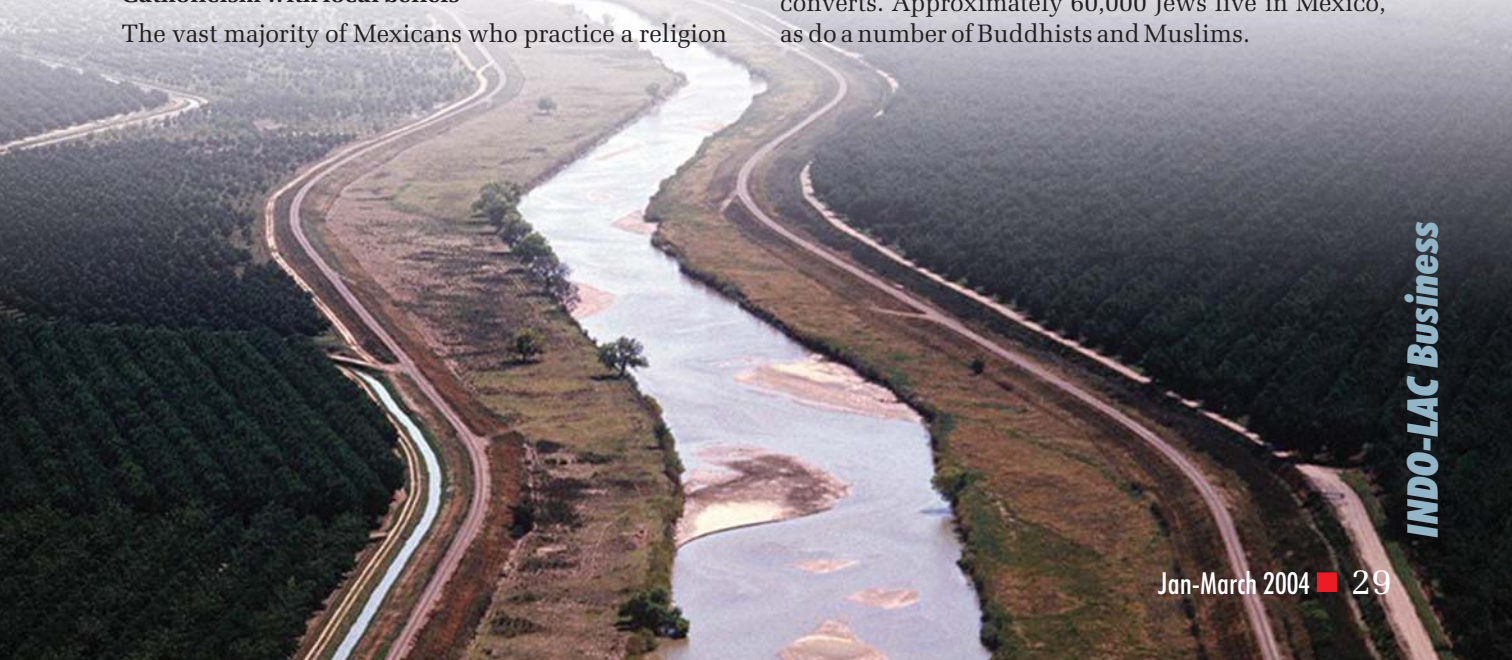
Catholicism with local beliefs

The vast majority of Mexicans who practice a religion

are Christians. During the Spanish conquest of Mexico, Roman Catholicism was established as the dominant sect. While Mexico has been an explicitly secular society since the Mexican Revolution, Catholicism remains the nominal religion of over 90 per cent of the population. As with the cultural expression of language, Mexican Christianity -- especially at the popular level -- incorporates many indigenous beliefs.

Perhaps the most striking example of this fusion of different traditions is the widespread veneration of the Our Lady of Guadalupe. The Day of the Dead is another example of religious syncretism, in which the European Catholic All Saints Day is combined with indigenous rites of ancestor veneration. In many Mexican communities, *curanderos* (traditional healers) use indigenous folk medicine, spiritual and Christian faith healing to treat ailments and "cleanse" spiritual impurities.

Protestantism was introduced by settlers and missionaries from Europe and the USA after the 19th century. The number of evangelical and Pentecostal Mexicans in particular has grown in recent years. The Church of Latter Day Saints, originally introduced by Mormons, fleeing religious discrimination in 19th-century, United States, has also gained numerous converts. Approximately 60,000 Jews live in Mexico, as do a number of Buddhists and Muslims.



The MYSTIQUE of Mexican TOURISM



The mystique of Mexican identity perhaps manifests itself most clearly if one travels overland across the border with the United States. This is the only place on earth where a single step will take the traveler from the "First" world to the "Third". It's a small step that really is a giant leap.

Mexico enjoys a cultural blend that is wholly unique. Among the fastest growing industrial powers in the world, its vast cities boast modern architecture to rival any in the world, yet it can still feel, in places, like a half-forgotten Spanish colony from the past, while the all-pervading influence of native American culture, five hundred years on from the Conquest, is extraordinary.

Each aspect can be found in isolation, but more often than not, throughout the Republic, the three co-exist. Indigenous markets, little changed in form since the arrival of the Spanish, thrive alongside elaborate colonial churches in the shadow of the skyscrapers of the Mexican miracle. Occasionally, the marriage is an

uneasy one, but for the most part it works unbelievably well. The people of Mexico reflect it, too; there are communities of full-blooded indígenas, and there are a few - a very few - Mexicans of pure Spanish descent. The great majority of the population, though, is mixed, combining both traditions.

Despite encroaching Americanism, a tide accelerated by the NAFTA free trade agreement, and close links with the rest of the Spanish-speaking world (an avid audience for Mexican soap operas), the country remains resolutely individual. Its music, its look, its sound, its smell rarely leave you in any doubt about where you are, and the thought "only in Mexico" - sometimes in awe, sometimes in exasperation but most often in simple bemusement - is rarely far from a traveller's mind.

One has to be prepared to adapt to travelling in any country that is still "developing" and where change has been so dramatically rapid. Although the mañana mentality is largely an outsiders' myth, Mexico is still a country where timetables are not always to be entirely trusted, where anything that can break down will break down (when it's most needed) and where any attempt to do things in a hurry is liable to be frustrated. You simply have to accept the local temperament - that work may be necessary to live, but it's not life's central focus, that minor annoyances really are minor, and that there's



always something else to do in the meantime. At times it can seem that there's incessant, inescapable noise and dirt. More deeply disturbing are the extremes of ostentatious wealth and absolute poverty, most poignant in the big cities where unemployment and austerity measures imposed by the massive foreign debt have bitten hardest. For the most part though, this is an easy, a fabulously varied, and an enormously enjoyable and friendly place in which to travel.

Physically, Mexico resembles a vast horn, curving away south and east from the US border with its final tip bent right back round to the north. It is an extremely mountainous country; two great ranges, the Sierra Madre Occidental in the west and the Sierra Madre Oriental in the east, run down parallel to the coasts, enclosing a high, semi-desert plateau. About halfway down they are crossed by the volcanic highland area in which stand Mexico City (or México) and the major centres of population. Beyond, the mountains run together as a single range through the southern states of Oaxaca and Chiapas. Only the eastern tip - the Yucatán peninsula - is consistently low-lying and flat.

MEXICO CITY

Mexico City: Set over 2400m up in its shallow mountain bowl and crammed with over 20 million people (from fewer than five million in 1960), Mexico City is one of the world's most densely populated urban areas, said to receive a thousand immigrants each day from the rest of the country. At times frustrating, the longer you spend there the more



rewarding it can become, with unstructured wandering throwing up all sorts of surprises, and in a few days you can get around the main sights and soak up a good deal of the vibrant atmosphere.

As you fly in or arrive by bus over the mountains, you'll catch glimpses of Popocatepetl and Ixtaccíhuatl, the volcanoes which every visitor used to admire. Today, it is more often perceived as a threat, with the international press depicting its recent activity as a major menace to the capital. In reality, the volcano is 65km away, and though dust may temporarily close the airport during major outpourings, the city is highly unlikely to get smothered. The volcanoes are now rarely visible from the centre, courtesy of the city's pollution, which compensates by diffracting the light and producing wonderful golden sunsets. It's in the highlands, north of and around the capital, that the first really worthwhile stops come, with the bulk of the historic colonial towns and an enticingly spring-like climate year-round. Coming through the heart of the

country, you'll pass the silver-mining towns of Zacatecas and Guanajuato, the historic centres of San Miguel de Allende and Querétaro, and many smaller places with a legacy of superb colonial architecture. Mexico City itself is a nightmare of an urban sprawl, but totally fascinating, and in every way - artistic, political and cultural - the capital of the nation. Around the city lie the chief relics of the pre-Hispanic cultures of central Mexico - the massive pyramids of

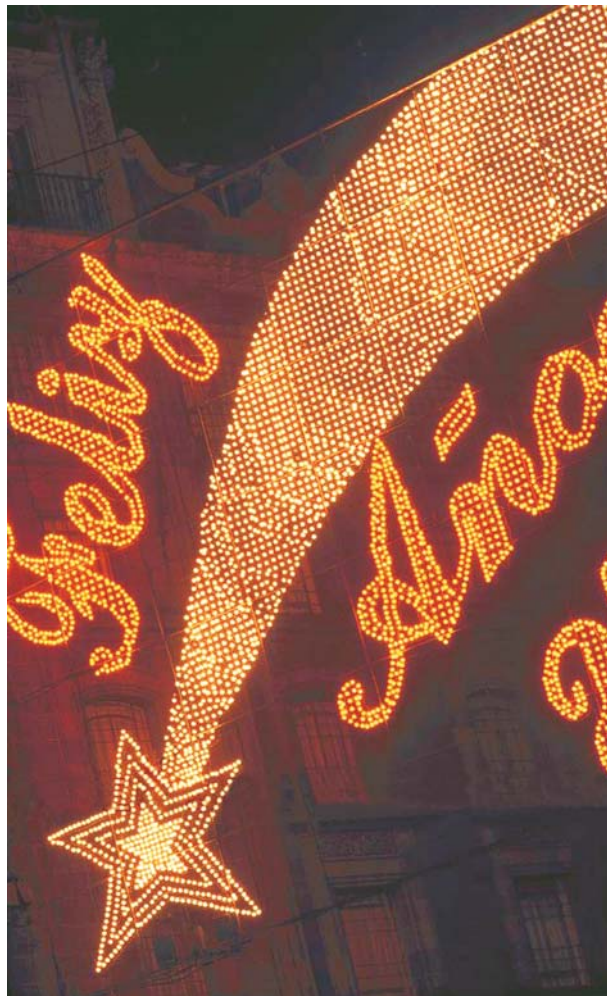


Teotihuacán ; the main Toltec site at Tula ; and Tenochtitlan , heart of the Aztec empire, in the capital itself. Guadalajara , to the west, is a city on a more human scale, capital of the state of Jalisco and in easy reach of Michoacán : between them, these states share some of the most gently scenic country in Mexico - thickly forested hills, studded with lakes and ancient villages - and a reputation for producing some of the finest crafts in a country renowned for them.

South of the capital, the states of Oaxaca and Chiapas are mountainous and beautiful, too, but in a far wilder way. The city of Oaxaca , especially, is one of the most enticing destinations in the country, with an extraordinary mix of colonial and indigenous life, superb markets and fascinating archeological sites. Chiapas was the centre of the Zapatista uprising, though visitors are little affected these days, and the strength of indigenous traditions in and around the market town of San Cristóbal de las Casas , together with the opening-lip of a number of lesser-known Maya cities, continue to make it a big travellers' centre. East into the Yucatán there is also traditional indigenous life, side by side with a tourist industry based around the magnificent Maya cities - Palenque, Chichén Itzá and Uxmal above all, but also scores of others - and the burgeoning new Caribbean resorts that surround Cancún . The capital, Mérida continues its provincial life remarkably unaffected by the crowds all around.

FUN & FIESTA

Stumbling, perhaps accidentally, onto some Mexican village **fiesta** may prove to be the highlight of your travels. Everywhere, from the remotest Indian village to the most sophisticated city suburb, will take at least one day off annually to devote to partying. Usually it's the local saint's day, but many fiestas have pre-Christian origins and any excuse - from harvest celebrations to the coming of the rains - will do.



Traditional dances and music form an essential part of almost every fiesta, and most include a procession behind some revered holy image or a more celebratory secular parade with fireworks. But the only rule is that no two will be quite the same. We've listed the most famous, spectacular or curious in this guide, but there are many others and certain times of year are fiesta time almost everywhere.



Carnival, the week before Lent, is celebrated throughout the Roman Catholic world, and is at its most exuberant in Latin America. It is the last week of taking one's pleasures before the forty- day abstinence of Lent, which lasts until Easter. Like Easter, its date is not fixed, but it generally falls in February or early March. Carnival is celebrated with costumes, parades, eating and dancing, most spectacularly in Veracruz and Mazatlán, and works its way up to a climax on the last day, Mardi Gras or Shrove Tuesday, when the only thing the

inhabitants of certain other countries can manage, is to toss the odd pancake.

The country's biggest holiday, however, is **Semana Santa** - Holy Week - beginning on Palm Sunday and continuing until the following Sunday, Easter Day. Still a deeply religious festival in Mexico, it celebrates the resurrection of Christ, and has also become an occasion to venerate the Virgin Mary, with processions bearing her image, a hallmark of the celebrations. During Semana Santa, expect transport communications to be totally disrupted as virtually the whole country is on the move, visiting family and returning from the big city to their villages of origin: you will need to plan ahead if travelling then. Many places close for the whole of Holy Week and certainly from Thursday to Sunday.

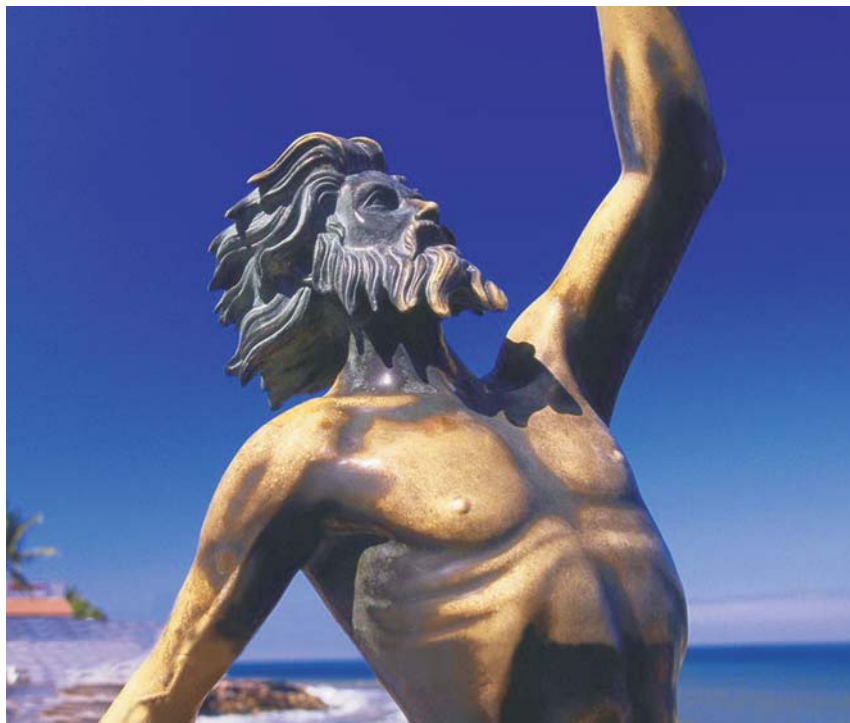
Secular Independence Day (Sept 16) is in some ways more solemn than the religious festivals with their exuberant fervour. While Easter and Carnival are popular festivals, this one is more official, marking the historic day in 1810 when Manuel Hidalgo y Costilla issued the Grito (Cry of Independence) from his parish church in Dolores, (now Dolores Hidalgo), Guanajuato, which is still the centre of commemoration today. You'll also find the day marked in the capital with mass recitation of the Grito in the zócalo, followed by fireworks, music and dancing.

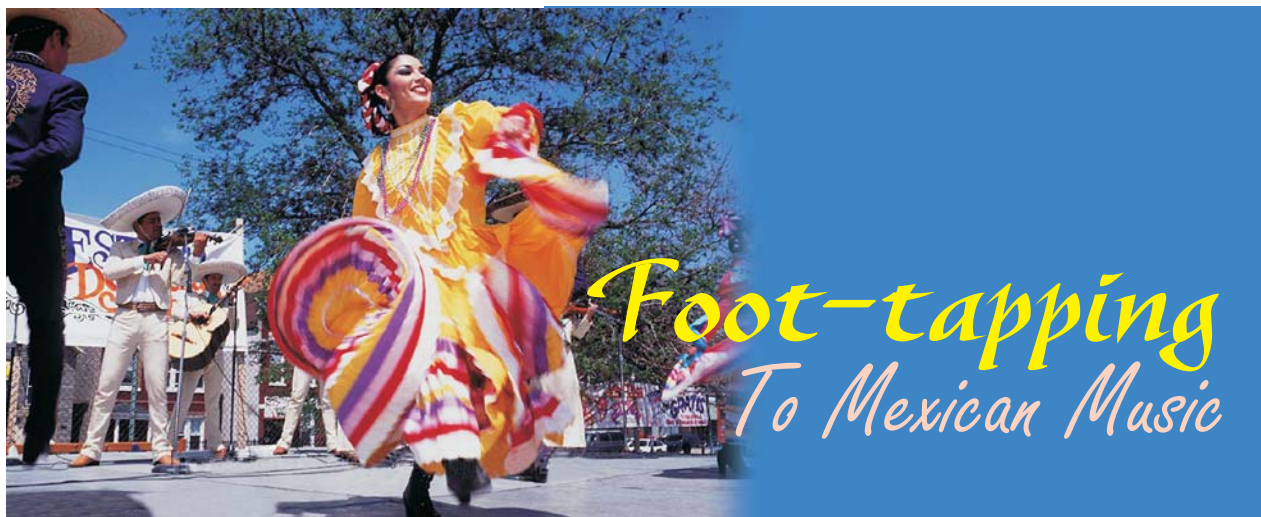
The **Day of the Dead** is All Saints or All Souls' Day and its eve (Nov 1-2), when offerings are made to ancestors' souls, frequently with picnics and all-night vigils at their graves. People build shrines in their homes to honour their departed relatives, but it's the cemeteries to head for if you want to see the really spectacular



stuff. Sweetmeats and papier-mâché statues of dressed up skeletons give the whole proceedings rather a gothic air.

Christmas is a major holiday, and again a time when people are on the move and transport booked solid for weeks ahead. Gringo influence nowadays is heavy, with Santa Claus and Christmas trees, but the Mexican festival remains distinct in many ways, with a much stronger religious element (virtually every home has a nativity crib). **New Year** is still largely an occasion to spend with family, the actual hour being celebrated with the eating of grapes. Presents are traditionally given on Twelfth Night or Epiphany (Jan 6), which is when the three Magi of the Bible arrived bearing gifts - though things are shifting into line with Yankee custom, and more and more people are exchanging gifts on December 25. One of the more bizarre Christmas events takes place at Oaxaca, where there is a public display of nativity cribs and other sculptures made of radishes.





Mexican music was popularized internationally in the late 1970s as part of a revival of mariachi music in the United States; this was led by U.S. performers like Linda Ronstadt.

The earliest known appearance of *mariachi* in reference to music is from 1852. By the turn of the century, mariachi was popular across Mexico. Rural subgenres have largely died out, and urban mariachi from Mexico City has dominated the field since the 1930s. It became known as the national music of Mexico after the Revolution of 1910. Cornets were added to mariachi in the 1920s; they were replaced by trumpets ten years later. Mexican immigrants in the US made Los Angeles the American mariachi capital by 1961.

Mexican immigrant communities in the United States have a distinctive music scene which has also spread south to Mexico itself. Tex-Mex and Tejano music, as they are known, arose in the 1930s and 40s.

Southern Mexican folk music is centered around the marimba, which remains popular in Chiapas and Oaxaca. Spanish-derived ballad, are also popular here.

MEXICAN SON In the 1940s, Mexican music began its rise to international fame, just as Cuban music was topping charts across the globe. Since then, Mexico has absorbed influences from across Latin America, most especially Colombian cumbia, which is now as much or more known as a Mexican trend than a Colombian one.

Mexican pop music derives from a mixture of Spanish, African and Aztec or other indigenous sources. Related to Cuban son montuno and Venezuelan joropo, Mexican son arose in the 18th century. It is similar to, but historically and characteristically distinct from, Cuban son montuno, despite the similarity in nomenclature. Nine or ten styles of Mexican son have been popular, including mariachi. Mexican son has been rural for most of its history, and requires audience participation for zapateado, or foot-staping done in a counter-rhythm. Most bands use string instruments and improvised lyrics.

JALISCIENSES AND MARIACHI: Jalisco's folk music (*jaliscienses*) is the source of the internationally-revered mariachi genre, after it was popularized by Mexican cinema.

Mariachi bands became common in Jalisco around the beginning of the 20th century, originally playing at weddings. It is said that General Porfirio Díaz, in 1907, ordered a mariachi band to play for the United States Secretary of State, only if they wore charro suits, which were worn by the poor musicians' bosses. This is the source of traditional dress for mariachi bands and is considered the beginning of modern mariachi.

The golden age of mariachi was in the 1950s, when the ranchera style was common in American movies. Mariachi Vargas played for many of these soundtracks and the long-lived band's long career and popular acclaim has made it one of the best-known mariachi bands.

JAROCHOS: Jarochos music comes from the Veracruz area, and is distinguished by a strong African influence. International acclaim has been limited, including the major hit "La Bamba". The most legendary performer is Graciana Silva, whose Discos Corason releases made inroads in Europe. Southern Veracruz is home to a distinct style of Jarochos that is characteristically lacking a harp, is played exclusively by requinto or jarana guitars and is exemplified by the popular modern band Mono Blanco.

ARRIBEÑO: Sierra Gorda's villages are home to *trovadores* who play arribeño music. Known for lyrical innovation, the genre is competitive in nature, and is accompanied by guitars and violins. Guillermo Velázquez is the best-known exponent of arribeño.

CALENTANOS: It is the melodically complex violin music from the Balsas River Basin of Western Mexico. Juan Reynoso is especially popular, and has won the National Prize for Arts and Sciences.

ARPA GRANDE: Sones de arpa grande developed in an arid, hot area of western Mexico. It is dominated by a harp, accompanied by violins and guitars. Originally confined to poor rural areas and urban brothels, sones

de arpa grande is now popular among the suburban and urban middle- and upper-class audiences. Juan Pérez Morfín and Beto Pineda are the most well-known performers.

ABAJEÑOS AND ISTMEÑOS: Indigenous communities have produced their own variants of Mexican son, which is otherwise primarily of mestizo genre. The Purépecha (from Michoacán) are known for the sones abajeños, which are often played alongside pirekaus, a form of native love song. Famous bands include Atardecer and Erandi.

The Zapotecs of Oaxaca have produced some extremely famous love songs and the people's sones istmeños, which are sung in both Zapotec and Spanish. The music has been popularized, primarily by pop stars from outside the area, including Lila Downs.

SON HUASTECO: Son huasteco music, a style developed by Mexico's Huastec people, is a genre which has been gaining in popularity in recent years. Two guitarists sing in a falsetto with accompaniment by a violin. Improvisation is common. Los Camperos de Valle and Trio Tamazunchale are especially influential performers.

RANCHERA AND POP MUSIC: The first major international trend from Mexico was the popularization of ranchera, which had developed early in the 20th century out of mariachi, and became popular after being used in several American films. Divas like Lucha Reyes established a tradition of major female stars, which only changed near the end of the century, when male stars like Alejandro Fernández and Juan Gabriel arrived.

Norteño music (known as *Tex-Mex* in the United States) is an outgrowth of corridos, which told tales of the Mexican War. In the late 1920s, the corridos entered a golden age when Mexicans on both sides of the border recorded in San Antonio, Texas-area hotels, revolutionizing the genre alongside Mexico's political revolution. By the time the golden age ended, Narciso Martínez and Santiago Jimenez had introduced the accordion, which had been introduced by Bohemian miners who immigrated to the country in the late 19th century. Alongside the accordion came the polka, which, alongside waltzes, chotis and mazurka, mixed with corridos to form modern norteño in the early 1950s. Later in the century, bands like Los Tigres del Norte and Los Cadetes del Norte added influences from cumbia, rock music and other influences to great popular acclaim.

By the early 1990s, norteño music had evolved into banda by adding elements imported from brass bands. This style was popularized by Banda del Recodo and other major stars.

The 1980s saw Colombian cumbia become even more popular in Mexico than its native land, and it was by far the dominant genre throughout the decade, before banda overtook it in the 1990s. Mexican cumbia bands like Los Bukis topped the charts, and helped inspire grupera bands in the end of the decade. These included Yonics, Bronco and Banda Machos. The same period saw a relaxation of regulations that restricted importation of foreign music. The result was the appearance of Mexican rock bands like Los Caifanes, Café Tacuba, Maná and Maldita Vecindad.

BLEND OF LOCALS & SPANISH FOLK ART:

Mexico is known worldwide for its folk art traditions, mostly derived from a combination of indigenous and Spanish crafts. Between the Spanish conquest and the early Twentieth Century, Mexican fine arts were largely in imitation of European traditions. After the Mexican Revolution, a new generation of Mexican artists led a vibrant national movement that incorporated political, historic and folk themes in their work. The painters Diego Rivera, José Clemente Orozco and David Alfaro Siqueiros became world famous for their grand scale murals, often displaying clear social messages. Rufino Tamayo and Frida Kahlo (Diego Rivera's wife) produced more personal works with abstract and surreal elements. Mexican art photography was largely fostered by the work of Manuel Álvarez Bravo.

Mexico has a long and distinguished literary tradition. Sor Juana la Cruz (1651-1695), a nun in Colonial Mexico, wrote many fine poems and won fame for her defense of women's rights. J. Fernández de Lizardi (1776-1827) is often considered the first important Hispanic American novelist, for his satirical novel *The Itching Parrot* (c. 1816).



EXIM POLICY Initiatives to Make India a **GLOBAL HUB** for **QUALITY GOODS & SERVICES**

The Directorate General of Foreign Trade (DGFT), Department of Commerce, through a series of measures announced on January 28, 2004, aimed at fine-tuning the 2002-07 EXIM Policy so as to consolidate and accelerate incremental growth rate of exports and make India a manufacturing hub for producing quality goods and services. These path-breaking EXIM facilitation initiatives coupled with the ballooning foreign exchange reserves, upgradation of India's international credit rating and the increasing confidence of the international markets in the Indian economy will not only enhance international competitiveness and acceptability of Indian exports but also lead to focused international investment in areas of India's core competence. The salient features are:

- Allowing Capital Goods (CG) imports, based on a Chartered Engineer's certificate for establishing nexus with the export product under Export Promotion Capital Goods (EPCG) scheme without the need for an examination by an Expert Committee.
- Permitting exports of alternate products and services made by Group Companies for the purpose of discharge of export obligation under EPCG scheme will help create additional export markets, enhance operational efficiency of the exporting community, remove procedural impediments and help expand the manufacturing base in the country.
- Re-determination of Export Obligation of the past EPCG licences on the principle of 8 times the duty saved instead of 5 times the CIF value, will go a long way in correcting the distortion of the past EPCG licence holders vis-à-vis the licensees under the present liberalised Policy.
- Import of spare refractories, catalyst and consumables under EPCG has also been allowed.
- Duty free fuel will be allowed to be imported with actual user condition under Duty Free Replenishment



Certificate (DFRC) scheme to offset the high power costs faced by the manufacturing industry.

- Extension of new benefits relating to Advance Licence for intermediate supplies under Duty Free Replenishment Certificate (DFRC) scheme, facility of grant of export obligation period extension and revalidation facility for Advance Licence for annual requirements being availed by Status Holders, reduction in payment of composition fee for extension of Export Obligation & linking it to duty saved amount and re-introduction of Advance Licence for free of cost material will go a long way in meeting the demands of the industry.
- Some of the procedural bottlenecks relating to 'deemed exports' benefits have been removed through procedural simplifications. Deemed export benefits for items attracting zero percent basic customs duty shall be granted.
- Deemed export facility shall also be extended to Fertiliser & Refinery projects spilled over from 8th and 9th Plan periods.
- Fixation of Drawback brand rates for deemed exports has been decentralised and delegated to DGFT regional offices in a bid to reduce transaction costs.
- Equity base of ECGC is being raised from Rs 500 crores to Rs 800 crores to help the Indian exporters in better risk management.

- In addition, to underwrite high value projects being implemented by Indian companies abroad, a National Export Insurance Account is being created for ECGC. Details are being worked out in consultation with Ministry of Finance.

- A Gold Card Scheme for credit worthy exporters with good track record is also being finalized by RBI to enable them to obtain export credit without difficulty. This would ensure easy availability of export credit to Indian exporters at best terms and enhance the competitiveness of Indian goods and services.

- Rupee payments received for Port handling services shall be counted for discharge of export obligation under EPCG scheme to promote export related infrastructure.

- Import of prototypes shall be also allowed to actual users for R & D purposes without any limit (presently restricted to 10 Nos. per annum). Annual ceiling on export of gifts has been raised from Rs one lakh to Rs five lakhs.

- The government has also liberalised the import of gold and silver in a significant move. This will provide freedom to procure inputs by jewellery exporters and add to the cost competitiveness of the Indian jewellery exports.

- Non tariff barriers applicable on imports for export production have also been rationalised for food & textile items.

- Increased focus has also been made on procedural simplification by introducing e-Commerce initiatives like Digital Signature, Electronic Fund Transfer & Message exchange with community partners like customs, banks etc. All these will not only reduce transaction costs for the exporting community but also impart greater transparency and reduce discretion while availing various benefits under the EXIM Policy.

HIGHLIGHTS OF EXIM FACILITATION MEASURES EXIM POLICY 2003-2004

Promotional measures

To promote export related infrastructure, rupee payments received for port handling services admissible for discharge of export obligation under EPCG.

To boost R & D activity, import of prototypes shall be allowed to actual users without any limit (presently restricted to 10 nos. per annum).

Boost to Tourism

Heritage hotels, 1 and 2 star hotels and stand alone restaurants have been extended the benefits of duty free imports admissible to tourism sector.

Import of all kinds of capital goods including office and professional equipment allowed under the Duty

Free Entitlement scheme. However, import of agriculture/dairy products and cars shall not be permitted.

Duty Free Entitlement Certificate scheme liberalized

Duty Exemption Scheme

To offset the high power costs faced by the manufacturing industry, duty free fuel shall be allowed to be imported with actual user condition under DFRC.

Sensitive list under DFRC pruned down with downward revision of custom duties.

Payment of composition fee for extension of export obligation reduced and linked to duty saved amount.

EPCG

NEXUS procedure done away with.

Flexibility to discharge the export obligation not only from export of alternative products manufactured or services rendered by the firm but the scope extended to include exports of products/services by group companies also.

Refixation of export obligation of past EPCG licences in line with present policy i.e. EO to be 8 times the duty saved (instead of 5 times the CIF value).

Deemed Exports

Deemed export facility extended for items having zero% basic customs duty.

Deemed export facility extended to fertiliser & refinery projects spilled over from 8th and 9th Plan periods.

Removal of Quantitative Restrictions

Imports allowed freely for gold and silver

Technical Regulations on Imports

Technical regulations applicable on imports for export production rationalised for food & textile items.

BIS Mandatory Quality Certification scheme on imports amended for importers having captive consumption and in-house testing facilities.

Project Exports

Equity base of ECGC being raised from Rs 500 crores to Rs 800 crores for a better risk management of Indian exporters.

National Export Insurance Account being created for ECGC to underwrite high value projects implemented by Indian companies abroad. Details will be worked out in consultation with Ministry of Finance.

Gold Card Scheme for credit worthy exporters with good track record for easy availability of export credit on best terms being worked out by RBI.

Liberal Policies & Higher Cap in Key Sectors **PUSH FDI TO A NEW HIGH**

The flow of Foreign Direct Investment (FDI) into India touched a new high of US \$ 6.131 billion in 2001-2002 up from the previous year's \$ 4.029 billion after the Indian government further liberalized policy measures and raised the ceiling on foreign capital in the equity of Indian companies.

The Indian Government had recently set up a committee for purposes of adopting FDI figures to the existing international system. After reviewing the international best practices, as also some select country experiences, the committee had decided to include equity capital, reinvested earnings and other capital in the FDI definition.

Thus, the in revised data (provisional) for 2001-02, FDI amounted to US \$ 6.131 billion, up from the previous year's US \$4.029 billion. In future, reinvested earnings and equity capital of unincorporated bodies would be included in FDI data on an annual basis.

India's share in world FDI has been steadily increasing from 0.17% in 2000 to 0.41% in 2001 and to 0.53% in 2002 (latest available data) though there had been a fall in the FDI inflows across the world during the same time.

Factors responsible for the spurt in FDI were:

- Progressive liberalization of FDI policy has strengthened investor confidence. The steps taken

included opening-up of new sector (integrated townships, defence industry, tea plantations etc); sectoral reforms/deregulation in telecom sector etc.

- A large number of foreign companies have converted their joint ventures into wholly-owned subsidiaries by buying out Indian partners (Escorts, Videocon etc). Many widely held companies made open offers to acquired shares held by Indian public (Philips, Cadbury etc).

- Public Sector divestment has emerged strongly, e.g., the government's decision to renounce its shares in favour of Suzuki Motor Corporation has brought in \$ 300 million.

- A pro-active role played by the Foreign Investment Implementation Authority (FIIA) and other facilitation measures like electronic filing of applications, online chat facility, dedicated e-mail facility for queries etc.

- The Inter-Ministerial Committee set up in



September 2001 to simplify procedures and expedite process for investment approvals and implementation. Part I of report has been submitted.

Other Important Measures to boost FDI include:

1) Higher FDI cap in Banking & Oil Sectors

The Union Cabinet, at its meeting held on January 15, 2004, approved a proposal to permit Foreign Direct Investment (FDI) and Portfolio Investments (FII and NRI) up to 74 per cent on the automatic route in private sector banks. IPOs, private placements, ADRs/GDRs and acquisition of shares from existing shareholders, will also be included, while determining the ceiling of 74 per cent. The requirement of FIPB approval for proposals requiring prior government approval in terms of the FDI policy will continue.

The revision in FDI limits will create enabling environment for higher FDI inflows along with infusion of new technologies and management practices. It will also result in enhanced competitiveness.

At the same meeting, the Cabinet also approved a proposal to permit FDI up to 100 per cent automatically in public sector oil refineries, oil marketing sector, small and medium sized fields and petroleum product pipelines, subject to government policy & regulations thereof. Also 100 per cent FDI has been approved via the FIPB route, in respect of Natural Gas and LNG.

The revision in FDI limits will create an environment for higher FDI inflows along with infusion of new technologies and management practices. It will also result in enhanced competitiveness.

The Cabinet also approved the proposal to permit foreign direct investment up to 100 per cent via the FIPB route in printing of scientific and technical magazines, periodicals and journals subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by the Ministry of Information & Broadcasting.

The revision in FDI limits is expected to boost the inflow of FDI inflows along with new technologies and management practices. It will also result in enhanced competitiveness.

2) Patents (Second Amendment) Bill

In order to simplify and rationalize the procedure governing grant of patents, the government has introduced the Patents (Amendment) Bill 2003, in December, 2003, in Parliament to further amend the Patents Act, 1970, so as to make the system more user-friendly. Moreover, the Patents Rules 2003, have come into force with effect from May 20, 2003. The Geographical Indications of Goods (Registration and



Protection) Act, 1999, and the Trade Marks Act 1999, also came into force on September 15, 2003, along with setting up of the Intellectual Property Appellate Board in Chennai.

An amendment to the Patents Act, 1970, namely, the Patents (Amendment) Act 2002, was passed by Parliament and subsequently notified in the Gazette of India on June 25, 2002. This Act makes the Indian Patent Law not only TRIPs compliant but also incorporates safeguards for protection of public interest and public health as provided in the Doha Declaration. It also incorporates provisions for protection of bio-diversity and traditional knowledge.

Apart from legislative changes in relevant IP laws, the government's initiatives have included major upgradation and modernisation of the administrative framework covering patents, designs, trade marks and geographical indications. Projects to modernise the Patent Office, the Design Offices, the Trade Marks Registries and the establishment of a new Geographical Indications Registry at a cost of over Rs 85 crore, have been taken up. Comprehensive computerisation has been undertaken in order to improve the functioning of Patent Offices. Two modernised patent offices in Delhi and Chennai were brought into operation in July and August, 2001, respectively, and a modern Geographical Indications Registry (GIR) inaugurated at Chennai in August, 2001.

Further, appropriate initiatives have been taken and intellectual property related legislations enacted/amended in several other areas. These include the Geographical Indications (Registration & Protection) Act 1999; the Trade Marks Act, 1999; the Designs Act, 2000; the Copyright Act, 1957 as amended up to December 1999; the Semi-conductor Integrated Circuits Layout Designs Act, 2000; and the Protection of Plant Varieties and Farmers' Right Act, 2001.

Bitten By IT Bug, LAC Looks For Partners **GO INDIA, GO FOR IT**

There is tremendous awareness among the Latin American countries about the benefits of Information Technology and its connectivity as the network of the world. It helps them in their pursuit to go global. When they look for collaborators, India sprouts into their view. The Latin American Countries not only admire India's accomplishments in the IT sector but would also like to share its knowledge.

The admiration of the Venezuelans for the achievements of India in the IT sector goes back to 2000, when a 14-member software delegation from that country visited India for the first time. Another software delegation from Venezuela visited India in February 2002. The delegations have gone back with very good impressions. Some of them have already started placing orders with Indian companies. Others are interested in collaborations and joint ventures. A software delegation was expected to visit IndiaSoft 2004.

Brazil has been interacting with India in the field of IT and is constantly striving to move ahead in this area. Brazil is one Latin American country, which is keen on upgrading its IT know-how in every field, especially in the training sector.

On February 23, 2004, Brazil's Embratel (Empresa Brasileira de Telecomunicacoes), its largest telecommunications provider, has gone live with Saba, the leading provider of Human Capital Development and Management (HCDM) solutions. Embratel has deployed the Saba Enterprise Learning Suite, which enables the former to boost its organizational learning activities while improving its ability to serve its customers throughout Brazil.

The impact of IT in Latin America goes well beyond the impact of the Internet in the region, for instance, e-Commerce. Profit making is a central component in the growth and development of IT and the Internet in Latin America. Perhaps this is nowhere more evident than in the development and penetration of the Internet as a means to offer and sell services and goods to new and larger markets. E-commerce lies at the heart of the development of the Internet.

Although governments, advocates, NGOs and scholars have pointed to the wide range of public goods that IT and the Internet can bring about, particularly in Latin America, the involvement of the business sector and private capital in helping develop and increase Internet penetration in the region is motivated by the desire to conduct business and ultimately make profits. E-business initiatives have been leaders in promoting the development of Internet in the region and experimenting with different revenue-generating models to use the Internet as a means to conduct successful business.

In the Internet language, there are two leading e-commerce models: **B2C** (Business to Consumers) and **B2B** (Business to Business). In the past, the taxonomy has been used for other exchanges, such as to G2C (Government to Consumers), C2C (Consumers to Consumers) and G2B (Government to Business).

However, from a strictly revenue-generating model for

private enterprises, B2C and B2B are the two models that matter.

B2B RATHER THAN B2C AS THE DOMINANT MODEL IN LATIN AMERICA

In the U.S. and in other industrialized nations, B2C emerged as the most active and utilized model at the outset, but eventually lost ground to B2B initiatives.

Although the data is at best sketchy, B2B initiatives have made considerable progress in the U.S. as they have grown in number and sales volumes faster than B2C initiatives. In Latin America, B2B initiatives were popular from the start and have maintained a strong leadership in terms of sales and profits over B2C models. This makes Latin America different than the U.S. and other industrialized nations.

There are several explanations for the dominance of B2B in the region. Some have to do with consumers' needs and others with businesses themselves. Consumers in Latin America have a more limited access to Internet than their counterparts in the U.S. Internet penetration is still very low in the region, including among the wealthy and those with purchasing power.

Connection costs are still high as most individuals still pay a per-minute fee on their telephone bills. Broadband access has grown in recent months but it still lags behind penetration rates in the U.S. and other industrialized nations. Consumers also lack some of the tools needed to conduct e-commerce transactions. Credit Card penetration rates are low, and confidence on secured Internet transactions is not very high in many countries.

Delivery systems, such as public or private delivery services, are either non-existent or highly inefficient. It is easier to have a packaged delivered from many Latin American cities to a U.S. city than to have it delivered to another city within the same country. In addition, high levels of inequality and widespread poverty pose structural limits in the number of individuals who can be targeted as consumers for B2C initiatives. Provinces have also lagged behind in Internet penetration when compared to metropolitan centers. In Brazil, for example, only 15 per cent of the population owns a credit card. Household delivery services are often inefficient, expensive and do not have a national presence.

In Brazil as well as in the rest of Latin America, it is B2B rather than B2C where the bulk of e-commerce lies. In Brazil, for example, 80 per cent of total e-commerce transactions are in the B2B category. It is not just the weaknesses and shortcoming of a plausible market of consumers for E-Commerce initiatives that explains the dominance of B2B initiatives in the region. The needs and characteristics of existing businesses and enterprises in the region makes the development and consolidation of a B2B market much more plausible. Asymmetries of information in the past have

prevented many businesses from competing in otherwise open markets. The privatization wave of the 1980s and 1990s in the region was intended to open many opportunities for private entrepreneurs and small businesses, but those opportunities went often unfulfilled because of the red tape and the corrupt practices that flourished as many private companies developed strong ties with democratically elected officials at all levels and secured government contracts and procurements. In that regard, e-commerce and online government procurement is an excellent mechanism to fight and combat corruption, particularly petty corruption at the middle management level. Small businesses and new enterprises had a difficult time competing with established and well-connected companies for government contracts and procurement. In that sense, the development of E-Commerce and in particular B2B (or in this case B2G) initiatives came to fill a gap. Privatization plus freer and more open competition via e-government initiatives has opened a wide array of opportunities for small and new entrepreneurship that are not connected to the historic sources of political patronage and influence. This is particularly important in countries where the government still plays a significant role as a producer and consumer. In Brazil, for example, government expenditure accounts for 16 per cent of GDP. In other countries where privatization and private initiatives have lagged behind, government expenditure is even higher.

DESPITE THE DIFFICULTIES, e-commerce IS GROWING IN THE LAC REGION

Due to the small size of the market, the downfall of B2C initiatives, the so-called dot-com companies, in the region was not as dramatic as in the U.S. However, the public has perceived the collapse of national companies to be as dramatic as that of their U.S. counterparts. True, there has been a major shake-up of dot-com companies. Yet, just as some of the dot-com start-ups have vanished, established brick-and-mortar players have recently entered the e-business market in the larger nations (Brazil, Mexico, Argentina, Chile, etc.). In Brazil, for example, banks have successfully leveraged their strong branch-name recognition to position themselves in the e-market. Online banking in Brazil has consolidated rapidly and it has served as a platform for the development of several e-commerce initiatives. The entry of brick-and-mortar companies to the e-commerce arena solves the venture capital dry-up that led many dot-com start-ups into bankruptcy. Established companies can invest and withstand losses in the e-business initiatives at levels that dot-com startups can no longer withstand. Yet, that problem also reduces the social mobility effect that would come along with the rise of e-commerce initiatives. As the established players have risen to dominate the market, less social mobility should be expected from success of e-commerce in the region. Online transactions are taxed in most, if not all, Latin American countries. Since the Value Added Tax (VAT) is a central component of the income generating system of most Latin American countries, and it is often higher than sales taxes in the U.S., it is unlikely that Latin American e-commerce initiatives will benefit from a moratorium on sales taxes. Despite those shortcomings and obstacles, Internet penetration continues to expand in the region. Although estimates differ, it should reach 20-25 per cent of the population

within 18-24 months. By that time, all the high-income people will be connected. The penetration of Internet is directly linked to falling prices of telephone connections and to improvements in the quality of life of the population.

REGIONAL DEVELOPMENTS WITH A GLOBAL VISION

IT and e-commerce in particular poses a monumental challenge to Latin American companies. Only those that can become globally competitive will survive. Due to the nature of e-commerce, companies are competing with multinational companies that have proven business models and experience. This is certainly true in Argentina, Brazil and Mexico than in the rest of the region. Smaller countries are less attractive to multinational companies and therefore the companies that operate in those markets are not under as much pressure to be fully competitive.

Governments are also required to be more competitive in their ability to update the legal framework to respond to changing needs and demands. For example, the lack of an electronic signature legal framework in many Latin American countries hinders the development and penetration of e-commerce. Governments that are more responsive to the changing needs of the market and to the new challenges posed by IT will foster the development and penetration of IT and the Internet while those who respond more slowly will represent a barrier to the development of e-commerce initiatives in particular and to IT in general.

There is growing concern that some Latin American governments are moving in the wrong direction as they adapt their legal frameworks to IT and Internet penetration. Rather than facilitating and fostering the development of e-commerce, some countries are developing regulatory frameworks that hinder such development. Colombia has taken decisive steps to adopt a perverse regulatory framework for the development of Internet companies. In Mexico and Chile, some legislators have also expressed their intention to introduce more regulations to the Internet. The regulatory experiences of European countries might negatively affect the development of Internet in some Latin American countries that use Europe as a reference point.

Other governments, including those mentioned above, have expressed their desire to foster the development of the Internet rather than hinder it. Perhaps it should be an objective of the study group to discuss ways in which governments can proactively foster the development of the Internet and to identify ways in which, although their intention might be to foster Internet and IT development, they actually hinder it through excessive regulations and legal hurdles.

PROPOSALS FOR ACTION

Technological cooperation to smaller countries to aid Internet penetration, training of government officials on the many uses of Internet and IT and procurement advice for small businesses are some of the initiatives that would help the expansion and growth of e-commerce.

Although government (both, domestic and foreign) participation is necessary in promoting, fostering and advancing the development and penetration of IT and the Internet, philanthropy must also play an important role. Philanthropic initiatives from abroad and domestic initiatives as well are crucial in expanding access and use of the Internet and IT. An example is Endeavor, a non-profit organization based in New York with established operations in Brazil,

Argentina, Uruguay and Chile, which promotes entrepreneurship to bring about economic and social development. Endeavor promotes the idea that entrepreneurship is a positive value and that together with new venture creation it is the "key driver behind economic growth, social mobility and cultural change."

Initiatives such as those promoted and financed by Endeavor are essential if IT and the Internet are to be the necessary catalysts to bring about greater economic development, poverty reduction and opportunities for Latin American countries. The term, e-commerce is flourishing and its growth will be driven by the profit-making strategies of the companies involved in the process. However, entrepreneurship in e-commerce initiatives and beyond is an objective that should be promoted by national governments and, more importantly, by private enterprises already involved in the development and penetration of IT and Internet in the region.

INDIAN EXPORTERS TO LATIN AMERICA SHOULD LOOK AT THE BRIGHTER SIDE OF THE CURRENT SITUATION

News from Latin America is not good these days. Headlines such as "Argentinian economy has collapsed", "Brazil seeks IMF rescue" "Military coup in Venezuela", "Resumption of guerrilla war in Colombia" have revived bad old memories. Understandably, the Indian exporters, who have started venturing successfully into the Latin American market in the last few years are worried. A critical analysis, based on a purely Indian perspective, however, reveals a window of opportunity for our exports. During these difficult times, the Latin American businessmen have started looking at countries such as India more seriously. In the prosperous days of the past, the Latin Americans would not care much about the price and go for the best things money could buy from the developed world. Now they have been forced to become more price conscious. They have started exploring new supplier countries such as India for products at affordable prices. The Latin American businessmen, particularly from the bigger and richer countries such as Argentina, Brazil and Venezuela, who, earlier, would not find time to meet Indian exporters, are now eager to meet them. This was evident during the visit of a FIEO delegation in May and a leather delegation from Council for Leather Exports in July this year to Venezuela. The response to these delegations from the Venezuelan importers were notably more enthusiastic than to the delegations received from India last year.

In recent years, the Latin American manufacturing industries are, in general, struggling to cope with the sudden liberalization of the markets and the onslaught of competition from imports. Cost of production has gone up due to the high interest rates and the tight money supply. These manufacturers, as part of their strategy to reduce cost of production have started importing more inputs for their industries from countries such as India. It should be noted that more than 50% of India's exports to Latin America are basically inputs into industries such as chemicals, bulk drugs, fabrics, yarn, equipments and machinery, spare parts, etc.

This is, therefore, the right time to penetrate this market, while many of our competitors are "waiting and watching the headline news". If Indian businessmen want to buy up

local companies for strategic presence in the region, this is the most opportune time to do so.

In any case, even during these hard times, the total imports of Latin America are not expected to go down below US\$ 320 bn from the total imports of US\$ 350 bn in 2001. Even this is worth our efforts.

Exports to Brazil reached US\$ 542 mn in 2001. This is almost 1% of the total imports of Brazil which were US\$ 55 bn in 2001. In the first seven months of 2002, our exports reached 330 million US dollars. Brazil is the most challenging market for Indian exporters since it is a large manufacturing market with over 400 "Fortune 500" companies operating there. If we are able to succeed in the most challenging market of Latin America, it should certainly be easier to repeat the success in the other countries of Latin America.

Outsiders, who are not following carefully the "changing Latin America", might be tempted to the facile remark "déjà vu", but the truth is that Latin America has truly and fundamentally changed for the better since the late 1980s. The Latin America of today is totally different from what it was in the last 400 years, politically, economically, culturally and socially. The Latin Americans have joined the mainstream of the world and have become confident and assertive. Latin America has, without doubt, become stable and is poised to grow and become more prosperous in the long term. The problems witnessed these days are temporary. The Latin Americans of today have the ability, resolve and the resilience to come out of the present situation. Except in the case of Argentina, where it would take more time for economic recovery, the other countries should be able to get back on the path of growth in 2003.

The prospects of India's exports to Latin America should be seen in the light of the change in the perception about India. The Latin Americans have become impressed by the emergence of India as a super power in Information Technology. The other development which has opened their eyes is the entry of Indian pharmaceuticals in most of Latin America. Indian companies have established their presence in Latin America through supply of bulk drugs and finished formulations. In Brazil our companies such as Ranbaxy, Core Healthcare and Dr. Reddy's Laboratories have started local production. It should be remembered that pharmaceuticals are the most difficult products for marketing, for obvious reasons. Many barriers of mindset have to be overcome at the level of the government, doctors, pharmacies and most important- the patients who have to risk their lives for pharmaceuticals made in India. However, we have managed to breakthrough all these barriers successfully. This has made the job of marketing of other products easier.

India's exports to Latin America were around US\$ 400 million until 1995. These have increased three-fold to US\$ 1.2 billion in a matter of six years. Much of the credit for this should go to the "Focus LAC" programme of the Ministry of Commerce. Under this programme Ministry of Commerce encourages Indian exporters with incentives for visit of delegations, participation in trade fairs, market surveys, etc. The Indian Embassies in the region have given top priority to promotion of our exports and welcome the exporters with information and assistance.

The target of India is to get 1% of the total imports of Latin America. With sustained aggressive export promotion, we should be able to achieve this in the next five years.

TIPS TO INDIAN TRADERS

If Chinese Can do it, WHY CAN'T YOU ?

Businessmen usually say Venezuela is too far and talk about the language barrier. These barriers are even greater for China and Korea, who do billions of dollars of business here. If they can overcome the so-called barriers, the Indians can also do so certainly. Indian exporters should stop talking about the barriers and start looking at the opportunities in Venezuela.

Focus on LAC

The Indian Commerce Ministry launched a "Focus on LAC" programme in November 1997 to promote exports to Latin America. It draws up an annual programme of activities in consultation with various export promotion councils and chambers of commerce and embassies. Under this programme, incentives and subsidies are given to exporters and EPCs to bring delegations to Latin America, to participate in Trade Fairs, to do market surveys and to organize promotional events in India. The exporters might like to check this out with EPCs. Details of the programme are given in the home page of the Commerce Ministry:

www.commin.nic.in/doc/flac/focuslac.htm

'They're rich, want only the best'

Venezuelan importers and businessmen have only recently started looking at India seriously for business. They are used to dealing with North America (Miami is three hours away by flight) and Europe and are used to their standards, quality and practices. Venezuela is a rich country and is used to the best things money can get. The Indian exporters should keep these in mind and try to capture the attention of the Venezuelans and convince them about the advantages of buying from an Indian source. If you are a software company, there is no credibility problem, but for other products, the exporters have to work hard.

Do not get frustrated if you do not get prompt replies. In the case of textiles and other fast moving products, the Venezuelans are flooded with offers from so many companies of India, China and many other countries. The Venezuelans would take time to shift from a traditional supplier to a new source. You need to persevere.

Some Indian companies, in their correspondence, simply say they are exporters of such and such

products and expect placement of orders. This will not do. The exporters have to give complete profiles of their companies, information about exports, particularly to developed countries and other information which will capture the attention and inspire confidence. Venezuelans generally consider seriously those Indian exporters who already export to USA and Europe.

Advantage Large Indian Firms

In general, Venezuelan companies prefer to deal with large manufacturers who have export experience. They avoid dealing with merchant exporters unless they are very large trading houses.

Enter the Gateway to LAC

Venezuela is the gateway to the markets of Andean Community, CARICOM, and the Central American Common Market. Venezuela along with the Andean Community has signed a Free Trade Agreement with Mercosur (April 1998). Venezuela has also signed a Tripartite Free Trade Agreement with Mexico and Colombia.

How to avoid shipping delays?

India's export consignments for Venezuela can be transshipped through Singapore, Miami, European ports and Durban. Shipping takes about six weeks. Cost of freight for a 20-foot container is around US\$ 1800 and for a 40-foot container, it is around US\$ 3000. The air shipments can come through European transshipment points such as Frankfurt, London, Paris and Madrid.

Indian companies can consider stocking their goods in bonded warehouses in Venezuela. The distributors can clear the goods as and when they get orders and pay the Indian exporter. This arrangement will be useful to supply to clients quickly avoiding the long shipping time.



Love for Indian culture, spirituality

The Venezuelans have a high regard for Indian culture, philosophy, religions, Mahatma Gandhi and spirituality. There are over fifty Sai Baba centres in Venezuela. Sai Baba devotees charter flights to go to India. There are also hundreds of followers of Brahma Kumaris, Radha Swami and a number of other gurus and religious and spiritual groups of India. Yoga is also popular in Venezuela. The Venezuelans are impressed with the achievements of India in Information Technology, Space Research and Science & Technology in general.

Curacao Calling

The Indian Embassy in Caracas is accredited to the islands of Curacao, Aruba, St. Marten and Bonair, which constitute the Netherlands Antilles. There are about 4,000 Indians in these islands and most of them are importers and retailers of jewellery, diamonds, electronics and garments, which are sold to the high-income tourists visiting these islands in cruise ships.

Curacao has a Free Trade Zone, which imports goods worth about US\$ 800 million annually for re-export to the Caribbean and Central American region, besides Venezuela and Colombia. There are over 50 Indian companies in the zone, which import goods (garments, textiles, stainless steel items, toys, electronics and such consumer goods) worth US \$20 million, every year from India. These Indian merchants are interested in increasing and diversifying their imports from India. For further information contact Curacao

Industrial and International Trade Development Company (CURINDE) at web: www.curinde.com.

These islands are close to Caracas, from where there are daily flights. There are also direct flights to these islands from Amsterdam and Miami.

Markets & Trade Agreements

Venezuela, Colombia and Mexico have signed a Preferential Trade Agreement seeking increase in trade among the group members.

Mercosur

Brazil, Argentina, Uruguay and Paraguay comprise members of Mercosur, while Chile and Bolivia are associate members. Venezuela too has sought associate membership of Mercosur. Mercosur, established in 1991, has become a successful regional market of 200 million people, 1 trillion dollars of GDP and 150 billion dollars of trade. It is the third largest integrated market after EU and NAFTA. Intra-Mercosur trade is duty-free, while there is Common External Tariff for imports from other countries. The average CET is 14 percent. Mercosur's ambitious programme of further integration (common citizenship, common currency, etc.) has got stalled since 2001 because of the crisis in Argentina and the general economic problems of the other member countries of Mercosur. The Secretariat of Mercosur is located in Montevideo, Uruguay.

A Free Trade Agreement between the Andean Community and Mercosur was signed in



Montevideo on December 16, 2003. Although the agreement will take time to be fleshed out, it will boost efforts to achieve greater coordination between South American governments in their negotiations with the USA on the Free Trade Area of the Americas (FTAA). The trade agreement between Mercosur and the Andean Community is expected to link more than 350 million people with a combined gross national product of US\$ 1 trillion.

For information visit: www.mercosur.org.uy

NAFTA (North American Free Trade Agreement)



The U S , Mexico and Canada have formed this trade bloc in January 1994 under the N A F T A Agreement. Restrictions on trade and investment

are to be gradually removed over a period of 15 years. Tariffs on automobiles and textiles are to be phased out in 10 years. NAFTA does not have a Common External Tariff like Mercosur and Andean Community. Thanks to NAFTA, Mexico has emerged as the largest trading nation in Latin America, with annual trade exceeding US dollars 230 billion. Many US companies have shifted their production units to Mexico.

For more information visit www.nafta-sec-alena.org

FTAA (Free Trade Area of the Americas)

This is a US initiative to form a Free Trade Area of 34

countries of the hemisphere, except Cuba. Since the first FTAA Summit in 1994, negotiations have been going on through working groups and ministerial meetings and these are to be concluded by December, 2005. However, skeptics doubt the real shape of FTAA that would emerge and the timetable for achievement of this. There are lot of differences between Latin America and USA on issues such as agriculture and antidumping. Brazil and Venezuela are not very enthusiastic about FTAA. Even after FTAA comes into effect, regional blocs, such as NAFTA and MERCOSUR, would continue to exist.

CAIS (Central American Integration System)

Formed in 1991, this consists of seven countries namely Costa Rica, El Salvador, Guatemala, Honduras, Panama, Belize and Nicaragua. This has a combined population of 30 million. A general secretariat located in San Salvador coordinates the process of political, economic, social and environmental integration. Summit meetings and ministerial meetings are held periodically to give political impetus for the integration process. A Central Bank for the Economic Integration of Central America has been established. Venezuela has Preferential Trade Agreement with this group.



For information see website www.sgsica.org

CARICOM (Caribbean Community)

Fourteen countries constitute this group, which was established in 1973 but activated in 1995, to achieve regional integration and a single market. These are Antigua & Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher, St. Lucia, St. Vincent & Grenadines, Surinam, Trinidad & Tobago and Bahamas. The total population of this group is 15 million. Venezuela has observer status in CARICOM. For information visit www.caricom.org



Free Trade Area of America™

A Beautiful Business

Think of Venezuela, the image that comes to mind is that of gorgeous women, prancing on the flood-lit stages of beauty contests, walking a way with diamond tiaras; the remote, fairyland, where girls are groomed into beauty queens, exotic export commodities and earners of huge amounts of foreign exchange. If oil is the country's largest industry, beauty is its best-known business. The creator of these beauty queens is not God as mistakenly believed. He is Osmel Sousa, the world's most successful creator of beauty queens -- four Miss Universes and five Miss Worlds in the past two decades. Thanks to Sousa, the Venezuelan girls have always figured in the top five to ten. India, with a population of one billion, has not won the beauty titles as many times as Venezuela, which has only 25 million people! How come? Well, the girls are among the prettiest in the world, no doubt. But it's Sousa's brilliant brain, which is behind their spectacular success on the world's beauty stage. It is Sousa, who calls shots at the Miss Venezuela contest at home. A former dress designer, the balding, scheming man has understood the immense monetary potential. He enrolls girls with potential to his Miss Venezuela Academy. Aided by his beauty spotters, Sousa scouts around the country for what he calls, rough stones. Some of the most likely places where the young chicks are found are discotheques, posh shopping centers, schools, colleges and even the streets.

The Academy, operating out of a swanky business district of the capital city of Caracas, attracts scores of hopefuls, clutching at photo albums and dreams in their eyes, seeking admission. The hopefuls must be in the age group of 17-24, should have a decent education so they could field "personality" questions. Height is a plus point, the minimum being 1.70 metres (5ft 7ins). A selection is made as if they are contesting in their finals, in swim suits and all. About 100 are chosen for further short-listing by Sousa and his men, including plastic and dental surgeons. The rough stone's thus selected are chiseled, cut, polished and packaged to dazzle the world. Technicians take over, assessing the would-be queens for body fat, cellulite and their potential for cosmetic surgery. The happy finalists are chosen in March, so that surgery can be performed and can heal before the contest in September. Noses, chins, bosoms, eyebrows, nothing is left to chance. Many contestants undergo dental surgery, a painful business that involves peeling the gums back to produce a dazzling, white flash! All these body improvements, some of them very painful, are borne with fortitude by the queen-hopefuls in anticipation of the fame and fortune that awaits them at the end of the dream rainbow. Besides, everything comes free. Rewards are too tempting. Even if you lose the crown, there are gains, like a career in modeling, broadcasting, acting in TV soaps. Some of them even enter public or political life. The annual Miss Venezuela pageant is the biggest show on television with profits to match.

LANDSCAPE WITH INCREDIBLE DIVERSITY

“LITTLE VENICE” that grew into VENEZUELA, BECKONS

It was called "Little Venice", by the first explorers when they saw houses over the Sinamaica lagoon (Zulia State), which reminded them of Venice. So, they called it in Spanish, Venezuela. It is the most accessible of the South American countries. With cheap flights from both Europe and the USA and an excellent road network, the incredible diversity of the Venezuelan landscape is well within the reach of most travelers.

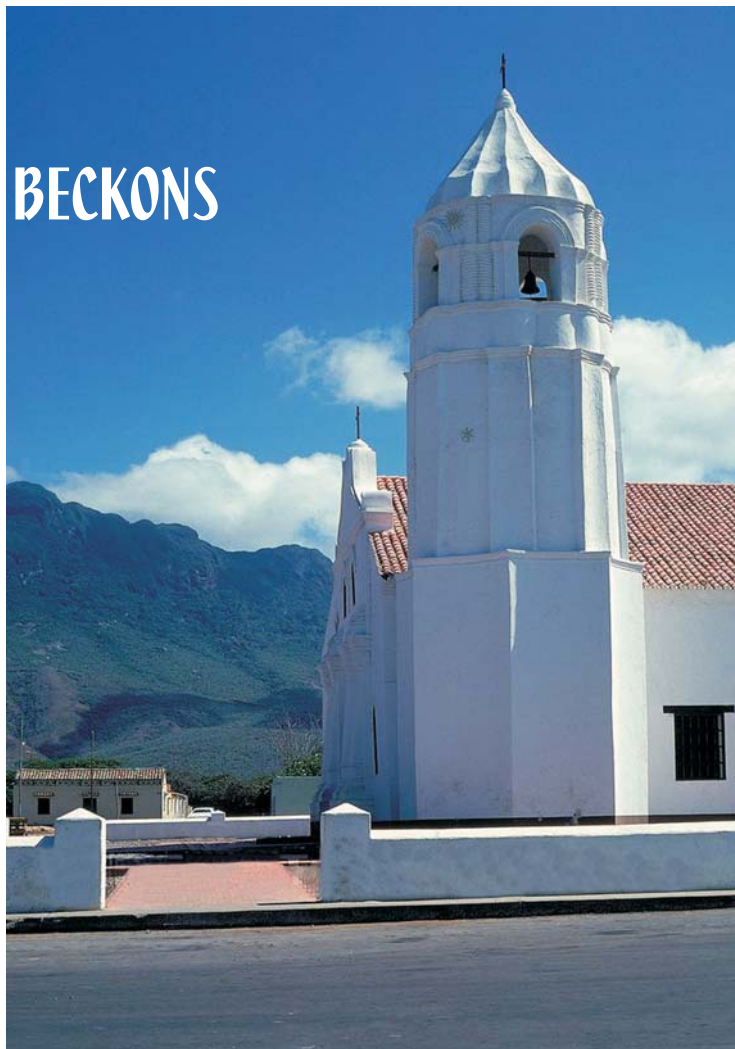
Close to 90 percent of the population lives in the northern part of the country, while the rest of the land features great tracts of wilderness and mountains to explore; there is something for everyone.

Venezuela has a diverse geography: beaches, plains, and mountains. The weather also varies very much from one place to another. Venezuela has wonderful beaches (playas), especially at the east (Playa Colorada), in the islands (Margarita, Coche) and in the central-west region (Morrocoy and Choroní).

In the Caribbean, north of Caracas is located the Archipelago of Los Roques with its white sand beaches and its crystalline waters. One of the interesting regions in Venezuela is the Gran Sabana. Located in the southeast - Bolívar State - this region has flat top mountains called "Tepuy". "Angel" Falls (3000 ft), the highest cataracts in the world, are located here.

Bolívar Peak is the highest point in Venezuela (5002 meters). A cable car can take you, in one hour, from the city of Mérida, the "Pico Espejo".

Venezuela has also deserts and dunes also. One of the most interesting trips you can make is to the Coro Dunes (Medanos de Coro). Next to the highway, from Coro to Punto Fijo,



you can slide from the top of these sand hills.

Venezuela's cities are full of life. Caracas, the capital, with more than 4 million inhabitants, is the political and economic center of the country. In the west are located Maracaibo (the oil capital), Barquisimeto (the city of the sunsets), Mérida (tourist and student center), San Cristobal, Valencia, and Maracay. In the east are Maturín (challenging Maracaibo's oil leadership), and Puerto La Cruz (tourist center). To the South are located Ciudad Bolívar and Ciudad Guayana (steel center).

Venezuela has a rich and varied fauna. Its tropical birds (toucans, flamingos, guacamayas); mammals, reptiles (crocodiles or snakes), and fishes (attention! snorkeling lovers) delight nature lovers.

Venezuela is a country with many natural resources. In addition to oil, the major resource in Venezuela, there is gold, bauxite, iron, coal, hydroelectric resources and others.

LAND OF ANCIENT TRIBES

The pre-Hispanic Indian cultures of Venezuela, which arose from approximately 14,000 BC, did not form part of the better-known Andean or Central American civilizations and were primitive in comparison. From



around 2,000 BC, the isolated tribes settled extensively in the coastal and Llanos (plains) regions, and developed into culturally distinct groups of different ethnic origins.

It was on his third voyage of discovery that Christopher Columbus sighted Venezuela and on discovering the mouth of the Orinoco river, realized he had come across something far greater than another island. The following year, Spanish explorers sailed up to the western tip of the country and into Lake Maracaibo. There, observing Indian houses sitting on wooden stilts above the waters' edge, they christened the land 'Venezuela', meaning 'little Venice'.

After its discovery, Venezuela became a colony run by Spanish bureaucrats and the clergy. The earlier colonists originally searched for gold, but soon turned their attention to agriculture, using Indian labor and imported black slaves. Rebellions against colonial rule were few, and for the next 300 years Venezuela's history was not characterized by any major event.

Between 1820-1825, Simón Bolívar led the South American independence movement previously started by Francisco de Miranda, which resulted in the defeat of the Spanish and liberation of Venezuela in 1821. From 1830-1858, Venezuela found itself controlled by a succession of military dictatorships, and underwent a period of political strife and civil war. Military rule continued into the 1900s, and under the regime of General Juan Vicente Gómez the country became stabilized, thanks mainly to the discovery of oil. Venezuela soon became the world's leading oil exporter, and prospered. The country found its way to democracy with Rómulo Bertancourt's election as President. The first Venezuelan president to serve a full term, he enjoyed popular support and his programs marked the beginning of economic and political stability. Five presidents took office over the next 25 years, all

constitutionally elected.

Today, Venezuela is under the presidency of Hugo Chavez Frías, who won the elections in December 1998.

A COASTLINE WITH AMAZING BEACHES

Venezuela's tourist industry plays a major role in the country's economy. Today, tens of thousands of foreign tourists visit the country from Europe and North

America, and Venezuelans also frequent the country's beaches and tourist attractions every year.

The growth in tourism is a relatively recent development. Throughout the 1960s and 1970s, the Bolívar was a formidable currency. It was, therefore, considerably cheaper for Venezuelans to holiday abroad, mostly to Miami and other North American destinations. However, the 1980s saw the fall of the Bolívar against the Dollar, with a drop so dramatic, that Venezuelans could no longer afford to visit the now expensive North American resorts and instead began to holiday at home.

Among the most popular tourist destinations in the country are the Angel Falls, Isla Margarita, the Caribbean islands, Los Llanos, the Gran Sabana, the Orinoco Delta, the Andes and Amazonas.

A growing number of travel agents, hotels and posadas



can be found in all towns and cities. Facilities at resorts are developing fast and now package deals to the country are being sold in Europe and North America.

A CONFLUENCE OF NATIVE & SPANISH CULTURES

In the years that followed the conquest, the Spanish colonists came to entirely shape the national culture of Venezuela. The influence of the native, pre-Hispanic communities was marginal, as they were soon assimilated by the strong cultural and political unity of the Spaniards.

After the Spanish conquest, Venezuelan music evolved as a blend of Spanish, African and Indigenous rhythms. Today, an African influence is particularly apparent in the music of the northeast coast, formerly the 'slave coast'. The *Gaita* is the traditional music of Zulia State and consists of improvised rhyming vocals over four-string guitars and maracas. The *Gaita* is featured in festivals throughout the year and has now become Venezuela's traditional Christmas music. The national Venezuelan dance is the *Joropo*, which is associated with the Llanos region and, like the *Gaita* is a rhythm accompanied by improvised vocals, four-string guitars, maracas and harps. However, the *merengue* of the Dominican Republic and the Puerto Rican *salsa* are the most popular dances in Venezuela.

OUTSTANDING MODERNISM

Colonial architecture in Venezuela did not really compare to the grand buildings of Colombia, Peru and Ecuador. Churches and houses were simple, and most buildings were constructed in a Spanish style. However, Venezuela stands out for its modernism today. Modern architecture came in two phases, the first under the regime of Guzmán Blanco in the 1870s, and second and most significant in the mid 1900s, when much of the new-found oil wealth was invested in the renovation of Caracas. Today, Caracas is one of the most modern cities in the world.

Pre-Columbian art in Venezuela consisted mainly of rock carvings and cave paintings in the form of petroglyphs. The colonial era was characterised by religious painting and sculpture in Spanish style, of which notable examples include the sculpture of *St Peter the Apostle* by Enrique Antonio Hernández Prieto, and Antonio José Landaeta's painting, *The Immaculate Conception*. In the years following independence, history took over from religion as the dominant theme of art, a genre best illustrated by the exceptional work of Martín Tovar y Tovar. 20th century art has been marked by modernism and many changes of style occurred in the 1930s and 1940s. There are many museums in Caracas, including the Museum of Fine Art, the Museum of Colonial Art, the Natural Sciences Museum and the Simon Bolívar Museum.

Venezuela's theatre tradition began in the late 1700s and has been progressively growing ever since. The national theatre became established some thirty years ago, and is now based in Caracas. Venezuela is not noted for its cinema; few films are made and foreign

films are favoured.

Venezuela has a strong folk and popular culture. Many regions have well-known symbolic icons which personify their cultural roots. Most significant are the *andinos*, the hardy mountain folk; the *Guayanés*, the tough frontiersman following a dream; the *Llanero*, the cowboy of the Llanos and the *Maracucho*, the energetic entrepreneur of the Maracaibo area.

Venezuela is located entirely in the tropics. The temperature varies very little during the year and most parts of the country maintains an average of over 25°C (77°F). Its capital, Caracas, has an average annual temperature of 22°C (72°F) and varies by only 4°C (8°F) over the year. However, the temperature drops with altitude. The mountainous regions can get cold, especially at night and there is even snow in the highest parts of the Andes if even snows.

Like all tropical countries, Venezuela only has two seasons, the dry season, known as *verano* and the rainy season, known as *invierno*, which are marked by the difference in rainfall rather than temperature. Generally, the dry season is from December to April/May and the rainy season lasts for the rest of the year. Rainfall, however, can occur during the dry season and the rainy season often has dry months.





Peru embarks on ambitious education



project, Seeks India's help

Ing. Cesar E. Espinoza Soto, Executive Director, Project Huascarán, Ministry of Education, is a jovial man with a smiling face. He has been looking after the country's most ambitious education project and is on his first visit to India where he met people connected with computer education and Information Technology. At the end of his brief visit, Mr. Soto thinks very high of India and its people. "Indians are fantastic and wonderful people, very friendly," he says, bursting into laughter. He took some time off his busy schedule to drop by at the offices of New Media, publishers of LAC Business and five other transnational magazines. Here is a brief interview.

"Peru has embarked on an ambitious project to improve the quality of the country's education. The aim of the project is to raise the level of education much higher, which has been named after Huascarán, one of the highest mountain peaks of Peru"

"Our intention is to take the education that high," Mr. Soto raised his hand in a gesture to indicate the importance of the project. He was visiting India to seek help from Information Technology companies in developing computer education suitable for schools in Peru.

"We need to connect all public schools through the Internet and provide content of quality, especially in areas, such as environment," Mr. Soto said. "Our challenge is to create the content first and train the teachers."

According to Mr. Soto, features of the project are:

1. Upgradation of technology.
2. Incorporation of

technology into the curriculum

3. Designing of learning activities by teachers using technology
4. Making the technology profitable
5. Taking education into the rural areas
6. Making teachers use the technology to produce own content to deliver to students

Mr. Soto said India, as a leader in Information Technology could be of great help to Peru in carrying out its computer-driven education project.

He said the embassies of Peru and India had signed an agreement in September last year, specifying that India would support the programme of Huascarán by training the teachers in developing the content.

Mr. Soto said the Association of Peruvian Software (APESOFTE) had been having discussions with Indian IT companies, which were keen on entering Latin America.

He said collaboration between India and Peru in agriculture education could be one area that needed exploration.





Visita de Luiz de Silva fortalece el comercio bilateral

India & Brazil comparten sinergias en la carrera económica global

Cuando India y Brasil colaboran, el resultado es la sinergia de dos economías que crecen muy rápido. Como ha sido demostrado en Cancún, esto puede beneficiar a ambos países así como a todo el mundo en desarrollo. Este recién descubierto lazo ha sido fortalecido durante la reciente visita a India del Presidente, Mr. Luiz Inacio Lula de Silva. El Export-Import Bank of India, el cual está muy comprometido en la promoción de negocios entre ambos países juega un importante papel en vista del rápido crecimiento de en los volúmenes de comercio. Mr. Arvind Sonmale, Gerente General del Exim Bank kkkkdice en una entrevista a Indo-LAC Business, que la colaboración Indo-brasilera abarcará nuevas áreas, incluyendo Tecnología Informática y biotecnología.

Brasil e India están en camino de ser economías líderes del mundo. Cómo ve la visita del Presidente de Brasil, Su Excelencia Luiz Inacio Lula de Silva a India con una delegación de importantes hombres de negocios?

Brasil es un país grande y altamente industrializado, con una economía de talla comparable a la de la India. Es aproximadamente 2 veces y media el tamaño de este país con casi una sexta parte de la población de la India. Es una de las mayores economías de Latinoamérica, y como país en vías de desarrollo, comparte muchas similitudes con la India. India y Brasil han mantenido, históricamente, relaciones muy cordiales y han trabajado juntos en armonía en preocupaciones comunes de los países en vías de desarrollo.

Recientemente, en el Encuentro en Cancún organizado por la Organización Mundial del Comercio (WTO), estos dos países han jugado un papel vital presentando el caso de los países en vías de desarrollo contra las injustas prácticas comerciales de Estados Unidos y la Comunidad Europea. Ambos países han formado también el Forum IBSA (India-Brasil-Sudáfrica). India además ha firmado el Acuerdo del Marco de Negocio con MERCOSUR, del cual Brasil es miembro importante. Este acuerdo alisará el camino para negociar un Acuerdo de Comercial Preferencial con MERCOSUR mejorando las relaciones de negocio entre India y Brasil. Con este telón de fondo, la reciente visita del Presidente de Brasil a la India con una delegación de importantes personalidades del mundo del negocio brasilero, puede ser identificada como un importante desarrollo hacia el fortalecimiento de las relaciones bilaterales Indo-brasileras. Esto no sólo contribuirá a un acercamiento para tratar sobre temas relacionados con países en vías de desarrollo sino que también conducirá a abrirse a espacios para aumentar la cooperación bilateral en el campo social, cultural, económico y tecnológico.

Si creemos en el reciente informe hecho por Goldman Sachs titulado "Soñando con BRISs: el camino hacia 2050", Brasil e India están llamados a convertirse en dos de las seis economías más grandes del mundo en el 2050. De esta manera, es importante que ambos países aumenten el actual nivel de cooperación comercial para obtener mayores beneficios del desarrollo económico.

Brasil siendo una de las mayores economías en la región Latinoamericana y del Caribe y no siendo las figuras de comercio exterior entre India y Brasil como debieran, ¿Qué potencial ve usted para los hombres de negocios indios e inversionistas de este país.?

Brasil e India pueden ser vistas como economías similares teniendo en cuenta que el PBI de ambos países están sobre los US\$ 500 billones y las cuentas de comercio internacional alrededor del 22-25% del PBI en ambos casos. Sin embargo, al comercio bilateral le corresponde menos



de un billón de dólares indicando que el nivel de comercio actual es expremadamente modesto comparado con el potencial existente.

Las importaciones indias representan el 1% del total de importaciones del Brasil. Una de las razones sería que las compañías indias no han puesto su atención en muy completa canasta de importaciones del Brasil. Los bienes de ingeniería, medicamentos farmacéuticos y a granel, software de alta tecnología son sectores que dan buenas promesas de crecimiento para las exportaciones indias a Brasil. Sin embargo, un aspecto consolador, podría ser que el comercio bilateral está creciendo rápidamente y en el año 2002-2003 las exportaciones indias a Brasil ha aumentado más del doble. Es más, después de México, Brasil es el segundo mayor socio en la región de Latinoamérica y el Caribe. Sin embargo, el monto del comercio bilateral e inversiones podrá aumentar sólo si un mayor número de hombres de negocios indios de distintos sectores deciden arriesgarse en Brasil y aprovechar la amplia gama de posibilidades. En este aspecto, la firma del acuerdo de comercio preferencial entre el Mercosur e India durante la visita del Presidente Lula da Silva es un notable avance. Esto debería animar a los exportadores indios a aumentar su presencia en el Mercosur en general y en particular en Brasil.

En vista de las oportunidades de negocio en la región de Latinoamérica y el Caribe, el Gobierno de la India ha iniciado el programa "Focus Latinoamérica". ¿Con qué iniciativas cuenta?, cuál de ellas ha elegido Exim Bank para facilitar el comercio y el negocio entre India y Brasil?

Desde que se inició el programa en noviembre de 1997, el comercio entre India y la región de Latinoamérica y el Caribe se ha doblado. El éxito del programa se ha debido a varias iniciativas tales como establecimiento de consejos de negocios unidos, comisiones de uniones a través de misiones de negocios y medidas de promoción de negocios, ayudas para el desarrollo de negocios y mediante ciertas iniciativas en pólizas de importación y exportación. Aparte de estas, también han contribuido a mejorar el comercio y las inversiones entre India y la región de Latinoamérica y el Caribe algunas iniciativas institucionales. Las líneas de crédito del Exim Bank (LOC) son un buen ejemplo de contribuyente importante en el mejoramiento del comercio de dos direcciones.

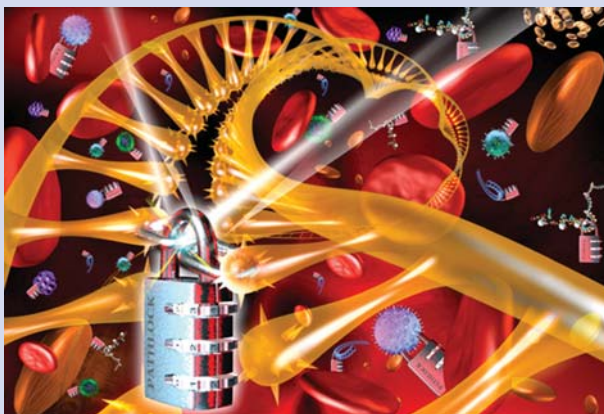
Exim Bank extiende líneas de crédito a bancos comercial a nivel mundial, instituciones financieras, bancos de desarrollo regional y otras entidades a nivel internacional presentando una opción segura de financiamiento a los exportadores indios, particularmente a las pequeñas y medianas empresas. Exim Bank ha extendido seis líneas de crédito en Latinoamérica y el Caribe desde el año 2001, de las cuales cinco están actualmente operativas. Las líneas de crédito operativas se han extendido a Banco Bradesco de Brasil, Banco de Comercio Exterior de Colombia, Bancomex de México y a dos bancos regionales: Banco Centroamericano para la Integración Económica con sede en Honduras (cubriendo

Costa Rica, Honduras, Nicaragua, Guatemala y El Salvador), y Corporación Andina de Fomento con sede en Venezuela (cubriendo Bolivia, Colombia, Ecuador, Perú y Venezuela). Las líneas de crédito están destinadas a facilitar la importación de bienes de India contribuyendo al incremento de las exportaciones indias en Latinoamérica y el Caribe. Exim Bank también ha publicado una investigación titulada "Estrategia para Aumentar Cuantitativamente las Exportaciones: Hacia Africa, Latinoamérica y China". De acuerdo a los resultados de este estudio, con la adopción de estrategias adecuadas, India puede lograr exportar por un valor cercano a los US\$ 1,800 millones a Latinoamérica y el Caribe desde la cantidad actual de US\$ 58 millones, dentro de un rango de 100 productos de con código 4 digit SITC, para el año 2007. Otros estudios realizados por el banco se han concentrado en identificar modalidades para incrementar el comercio y las inversiones entre India y dicha región. Detalles de estos trabajos pueden ser obtenidos en la siguiente página web www.eximbankindia.com

Cuáles son los sectores específicos en donde India y Brasil pueden trabajar juntos?

A pesar que las oportunidades existen en un número de áreas, creemos que sectores como el farmacéutico son claves: empresas farmacéuticas indias están operando en Brasil tanto en genéricos como en formulaciones terminadas. Brasil es el importador más grande de productos farmacéuticos en la región y se estima que el consumo per cápita de los mismos está cerca de US\$ 50, comparado con los US\$ 3 en India; lo cual es indicativo del tamaño potencial del mercado. Otra área relacionada es el Ayurveda, el cual es ahora reconocido legalmente como una terapia alternativa en Brasil. Las oportunidades para el comercio y la inversión también existen para productos químicos orgánicos e inorgánicos como hidrocarburos, sulfatos, carbonatos y ácidos inorgánicos. Otro sector con potencial es el automotriz y equipos de transporte, considerando que la producción automotriz es una actividad grande en Brasil. La mayoría de fabricantes de autos tiene unidades de producción en Brasil. El sector se presenta aún más atractivo si consideramos que Brasil y Argentina han acordado eliminar los aranceles para automóviles para el 2006. Materiales para la ingeniería en general representan también un gran potencial para las exportaciones indias a Brasil. Nuevamente, dado el grado de desarrollo alcanzado por India en software y alta tecnología y la necesidad de diversificar nuestras exportaciones de software fuera de América del Norte, Brasil puede ser considerado como un destino favorable. El comercio electrónico es una opción promisorio en el Brasil ya que está atrayendo cantidades considerables de inversión extranjera. La colaboración bilateral entre India y Brasil también es requerida para proyectos de infraestructura como transmisión eléctrica, telecomunicaciones, petróleo y gas, biotecnología, agronegocios, textiles y confecciones.

Hoy en día la biotecnología es una de las áreas emergentes y ambos países han realizado apreciables trabajos de



investigación en la misma. Cree usted que ésta sería un área potencial en la que ambos países puedan compartir su experiencia buscando un mutuo beneficio?

La biotecnología es un área promisoría con mucho potencial y de acuerdo con un estudio realizado por CII, se espera que el mercado de biotecnología en India alcance los US\$ 408 millones para el 2007. India tiene muchas ventajas comparativas en este sector en términos de conocimiento, habilidades, facilidades para investigaciones y costos; y como consecuencia muchas compañías a nivel mundial de biotecnología están mostrando creciente interés en desarrollar alianzas con sus contrapartes indias. El fuerte principal de India en esta rama va desde áreas como salud humana y animal, agricultura y biotecnología industrial, hasta iniciativas como una política en biotecnología, zonas industriales, las cuales contribuirán a concretar el crecimiento potencial del sector. Brasil por su parte tiene un gran mercado para productos derivados de esta ciencia. Dicho mercado principalmente incluye instrumentos usados en investigación biotecnológica, biofarmacéutica, vacunas y diagnóstico y pruebas para seres humanos y animales. Es entonces lógico que India y Brasil puedan trabajar juntos en la fabricación de productos derivados de la biotecnología así como también en investigaciones. Las oportunidades existen en fabricación de vacunas, proteínas terapéuticas bioactivas, equipos de laboratorios. La bioinformática es también otra área potencial. Finalmente, acuerdos de investigaciones en segmentos como descubrimiento de nuevas medicinas, tratamientos clínicos y servicios relacionados en bioinformática pueden fortalecer esta sinergia entre los sectores farmacéuticos y biotecnológicos.

La agricultura es el sector más grande en Brasil así como en India. El Exim Bank ha tomado varias iniciativas para promover las exportaciones agrícolas indias. Podría señalar los pasos dados en este tema destinados a dirigir las exportaciones a Brasil así como a Latinoamérica?

Verdaderamente la agricultura juega un rol fundamental en ambas economías y comparten un considerable grado de similitud, habiendo registrado un gran crecimiento en ambos países en el periodo 2003-2004. Los agronegocios son un gran generador de divisas para Brasil y en India varias iniciativas se han considerado tanto a nivel central como a nivel de los Estados para promover las exportaciones. En Exim Bank, hemos lanzado las siguientes: constitución de un grupo de Agronegocios, el cual cataliza las iniciativas del banco en el sector agrícola. Bajo el mismo, el Exim Bank provee el financiamiento a los exportadores para asociarse con los productores campesinos a través de contratos específicos y también para desarrollar alianzas estratégicas a través de la identificación de mercados externos/segmentos de mercado, oportunidades de negocios y de marketing directo de productos. Exim Bank ha creado el "Agri portal" el cual provee información y servicios de consultoría. El banco también edita un boletín bimensual titulado "Agri Export Advantage" en Inglés, Hindi y 10 idiomas regionales. Considerando el potencial de sector agrícola, el banco tiene planes de asociarse con varias Zonas de Exportación



Agrarias (ZEA) en todo el país. Esto ha sido iniciado con la firma de acuerdos con varios accionistas de algunas de ellas como NABARD, APEDA, el Ministerio de Procesamiento de Industrias Alimentarias y pequeños agricultores. Los productos agrícolas también se encuentran considerados en las líneas de crédito del Exim Bank y, por lo tanto, hay posibilidades concretas de apoyar a la agricultura india a través de dichos instrumentos financieros.

Brasil es uno de los pioneros en mezclar etanol con petróleo. Cuáles son los beneficios que India podría obtener de esta tecnología? Podría señalar los pasos que se han dado en este sentido?

El uso de etanol o alcohol etílico es un combustible para automóviles muy conocido y práctico en Brasil. Usualmente la mezcla de de 5% de etanol con gasolina no requiere modificaciones en el motor. Sin embargo, en Brasil actualmente el 20-25% del etanol es mezclado con petróleo para dar el combustible automotriz. En India, la mezcla de etanol con petróleo es un fenómeno reciente. El mecanismo es beneficioso en por lo menos 3 aspectos a) reduciría las importaciones de petróleo crudo; b) reduciría los niveles de monóxido de carbono en las emisiones y sería por ende beneficioso para el medio ambiente; y c) el etanol es principalmente obtenido de productos agrícolas como la caña de azúcar y molazas. Una mayor demanda de etanol resultaría, entonces, beneficioso para la industria del azúcar. Considerando estas ventajas, las recientes iniciativas de mezclar etanol con petróleo se tornan en un desarrollo apropiado. India ha celebrado ya un Memorándum de Entendimiento con el Ministerio de Desarrollo, Industria y Comercio Exterior de Brasil con la vista puesta en beneficiarnos de la experiencia brasileña en este tema. En India, se está comenzando con la mezcla de 5% de etanol con petróleo en 9 Estados. Se espera cubrir otros Estados en forma escalonada. El gobierno está también considerando elevar los niveles de etanol de 5% a 10% en el futuro cercano. Adicionalmente, debido a la gran demanda de petróleo, a diferencia de Brasil, el gobierno está también planeando establecer un proyecto piloto de bio-diesel en el Estado de Haryana.

Por favor, hablemos del potencial de inversiones en ambos sentidos

Déjeme concluir diciendo que las relaciones comerciales y de inversiones entre ambos países se encuentran en una fase temprana comparado con su potencial. El gobierno de India ha estado tomando iniciativas para promover las relaciones comerciales bilaterales y la reciente visita del Presidente de Brasil han reconfirmado la urgencia de desarrollar una saludable relación con India en la esfera económica y otras áreas de desarrollo. El Exim Bank ha estado jugando un importante rol en fortalecer y facilitar el comercio internacional de India. Con un amplio espectro de servicios financieros y de consultoría y un número de vínculos institucionales con la región, el banco está bien preparado para apoyar a la comunidad exportadora india en su empresa hacia Latinoamérica y el Caribe.



Perú desarrolla un ambicioso proyecto educativo.

Busca la colaboración de India

El Ing. Cesar Espinoza, Director Ejecutivo del Programa Huascarán-Ministerio de Educación del Perú, estuvo recientemente en India. El tiene a su cargo el proyecto educativo más ambicioso en Perú y en esta su primera visita a India se ha reunido con personas relacionadas con el uso de tecnologías de la información en la educación, tanto del sector público como privado. Pese a su recargada agenda, se dio tiempo para visitar las oficinas de New Media, editora de Indo-Lac Business. Aquí extractos de la entrevista.

“El Perú se ha embarcado en el desarrollo de un ambicioso proyecto para mejorar la calidad de la educación en el país. El objetivo del mismo es elevar el nivel educativo”, señala. El nombre Huascarán, que proviene del pico de montaña más elevado en el Perú, es un indicativo de dicho propósito.

“Nuestra intención es llevar la educación así de alto”, señala el Ing. Soto mientras eleva su mano en un gesto ilustrativo de la importancia del proyecto. El estuvo visitando Nueva Delhi y Mumbai para auscultar modalidades de cooperación por parte de la industria del software india en la implementación del Programa Huascarán, en concordancia con la voluntad política expresada por los Cancilleres de India y Perú en la Declaración Conjunta firmada por ambos en Lima en junio de 2003, durante la visita oficial realizada por el señor Yashwant Sinha a Perú. En ese sentido, sostuvo reuniones de trabajo con algunas empresas indias y con funcionarios de la Cancillería y del Ministerio de Tecnologías de la Información de India.

“Debemos conectar las escuelas públicas a través del soporte tecnológico (internet)

y proveer contenido de calidad, especialmente en áreas educativas como lenguaje y medio ambiente” indica el Ing. Soto. “Nuestro reto es crear el contenido y capacitar a los profesores después”.

De acuerdo al Ing. Soto, las principales áreas de desarrollo del proyecto son:

1. Nivelación de la tecnología.
2. Incorporación de la tecnología en la curricula.
3. Diseño de actividades de aprendizaje por los profesores usando la tecnología.
4. Hacer de la tecnología algo útil.
5. Llevar la educación a las áreas rurales.
6. Hacer que los profesores usen la tecnología para producir su propio contenido, el cual debe ser comunicado a los estudiantes.

El Ing. Soto señala que India, como líder en Tecnologías de la Información, puede colaborar en gran manera con el Perú, tomando parte en la implementación de este programa. Por otra parte, India puede proyectar de una manera decisiva su imagen en Latinoamérica como potencia en la industria del software, ya que el Programa Huascarán tiene también una proyección regional.



India Launches e-Fund Transfer Facility To Boost Exports

India has launched a Digital Signature and Electronic Fund Transfer facility to boost exports. The facility, launched by Union Minister of Commerce & Industry, Mr. Arun Jaitley on January 28, 2004 in New Delhi, will enable exporters to submit online import/export applications to the Directorate General of Foreign trade (DGFT).

DGFT has tied up with M/S Safescrypt, a licensed certifying authority, to provide technical and related support for integration of the Public Key Infrastructure (PKI) and encryption technology to its EDI network. A Memorandum of Understanding has been signed with ICICI Bank and HDFC Bank and is expected to be signed shortly with the State Bank of India for providing Electronic Fund Transfer Facility for depositing the import/export license fee as per the requirements of the EXIM policy.

To encourage electronic filing of applications by the exporting community, DGFT has reduced the licence fee to 50 per cent in cases where online digitally signed applications with electronic fund transfer are submitted on its website, www.nic.in.eximpol.

With this facility, the exporter will not be required to submit paper applications while interacting with the office of DGFT. Such e-commerce initiatives will not only reduce transaction costs for the exporting community but also impart greater transparency and reduce discretion while availing various benefits under the EXIM Policy.

India has been making conscious efforts to introduce electronic governance in its operations and a road map for integrating the activities of various international trade community partners like Customs, Banks, CONCOR, AAI etc. through electronic message exchange has been prepared. It is being monitored by the high level Export Promotion Board chaired by the Cabinet Secretary for a time-bound implementation.

DGFT is the only organization covered by the EDI programme, which has implemented the programme as per schedule supplemented by automation of its internal processes.

Ministry of Communications & Information Technology has also mentioned the EDI project of the Directorate General of Foreign Trade as a model project in the government.

A brief summary of the EDI initiatives in DGFT is as under:

1. User-friendly DGFT website www.nic.in/eximpol

which is updated on a daily basis. EXIM Policy and its related procedures are available on the web for information and downloading.

2. All 33 DGFT offices are computerised and networked through high-speed VSATs/leased lines.

3. Web based e-commerce modules for all Export Promotion Schemes are available on our website for submitting online import/export applications. More than 80 per cent of the applications are received online and licences are issued on the same working day.

4. Query based facility to determine the importability of various items under the 8 digit ITC (HS) Classification of Export & Import Items is available online.

5. On line Chat facility with DGFT on important EXIM Policy issues is there on a monthly basis.

6. There is EDI Message Exchange on Import/Export data from 23 EDI Custom ports initiated with Customs and DGCI&S to reduce the time lag in compilation of trade statistics.

7. EDI Message Exchange facility for transmission of Shipping Bill data on Export Promotion Schemes like DEPB etc. is available. DGFT Licensing data is exchanged with Customs on a test basis, are there.

8. MOU with various banks to provide Electronic Fund Transfer (EFT) facility for payment of online application fee for import/export permissions.

9. PKI enablement of DGFT e-commerce environment i.e. digital signature facility has been introduced in the e-commerce modules for various Export Promotion Schemes in a phased manner. It will do away with the need to submit paper based import/export licence applications to the licensing authorities and herald an era of paperless environment.

10. Data on realisation of export proceeds (Bank Realisation Certificate) is exchanged with some banks on a pilot basis.

11. Application fee for digitally signed online applications has been reduced to 50 per cent to encourage e-filing and facilitate creation of IT infrastructure at exporters end.

12. Importer-Exporter Code Number (IEC), a prerequisite for undertaking commercial import/export activity, is being transmitted online to Customs on a real time basis.