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**LatAm
Healthcare**

**The Fast
Flourishing
Pharma
Market**

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Chairman: R. K. Prasad
Managing Editor: Satya Swaroop
Director: B.K. Sinha
Group Editor: Dev Varam
Executive Editor: C.P. Nambiar
Consulting Editors:
Prabhoo Sinha & Rajiv Tewari
Editorial: Tripti Chakravorty
Sr. Manager: June Fernandes
Asst. Manager: Anand Kumar
Asst. Project Manager: Amit Verma
Accounts Asst.: Vrunda Gurav
Circulation: Jawaharal

Art Director: Santosh Nawar
Visualizer: Maya Vichare

BRANCHES:

Kolkata:

Anurag Sinha, Branch Manager, A-7/1, Satyam Park,
2nd Lane, Near 3A Bus Stand,
Thakurpukur Kolkata- 700 104
Tel: 098300 15667, 033-24537708
Email: anurag@newmediacomm.biz

Ranchi:

Dr. Sambhu Prasad, 22 Anjuman Plaza,
2nd Floor, Main Road, Ranchi- 834001.
Tel: 0651-3095103, Telefax: 2246742

Pune:

Geeta Khaladkar, Regional Head, Sahyog Apartments
508, Narayan Peth, Patrya Maruti Chowk
Pune 411 030. Telefax: 020 24454642
Email: pune@newmediacomm.biz

Thiruvananthapuram:

Murugan, Branch Manager, TC-27/1915,
MBRRA - 70, Mathrubhumi Road, Thiruvananthapuram
Tel: 09846555000, 0741-2468421
Email: murugan@newmediacomm.biz

Australia Office:

Bandhana Kumari Prasad, 129 Camboon Road, Noranda, Perth, W.A.
6062 Tel: 0061 892757447
Email: bandhana@newmediacomm.biz

International Marketing:

G. Biju Krishnan

E-mail: biju@newmediacomm.biz

New Media Communication Pvt. Ltd.,

B/302, Twin Arcade, Military Road, Marol,
Andheri (E), Mumbai - 400 059 India

Tel: +91-22-28516690 Telefax: +91-22-28515279

E-mail: enquiry@newmediacomm.biz www.newmediacomm.com

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Dear Reader,

Greetings. When countries prosper, their governments tend to spend more on their peoples' welfare and healthcare. This is what the governments of Latin American countries have started doing, taking advantage of their political and economic stability after decades of oppressive military dictatorships. The current issue of Indo-LAC Business focuses on the growth of the pharmaceuticals market in Latin America and the prospects that it holds for Indian companies and exporters. In a detailed write-up, Arijit Saraswati, Chief Manager, Export Import Bank of India, who had recently attended an Indo-Chilean seminar on healthcare, argues that Indian pharmaceutical companies must seize the opportunity to build a base in that country. In a separate article, Saraswati also writes about the tremendous strides that the Chilean economy has made, powered by exports and substantial inflows of foreign direct investments. We also carry the gist of a study by Pricewaterhouse Coopers, which says that Latin America holds considerable untapped business potential for the pharmaceuticals industry. Indian pharmaceutical companies have already realized the importance of the growing Latin American market. Some of them have already pitched in and launched joint ventures and many more may do the same in the near future. To highlight the strength of the Indian pharmaceuticals industry, we present some of the success stories. These include brief write-ups of Ranbaxy, JB Chemicals and Wockhardt. There are other Indian companies such as Strides Arcolab and Sun Pharma, which have entered the European market. We also carry a study, which says that pharmaceutical companies of the West, burdened by high costs, are looking towards India and China for outsourcing Research and Development work. When the pharmaceuticals industry flourishes globally, the supporting sectors such as packaging and packaging machinery, also thrive. We carry a report each on the two sectors. The resource-rich Latin America should interest India, one of the world's fastest growing economies, which will require raw material them to sustain its future growth. R. Viswanathan presents a well-argued case saying that India should buy up strategic assets in the areas of oil, gas, minerals and metals in Latin America to meet its future needs. Of course, some companies like ONGC are already aware of this aspect. ONGC is all set to tap Latin America. We carry a report. The issue also presents a report on an exhibition coming up in Mexico in October 2005, organized by the Engineering Export Promotion Council (EEPC) to showcase India's achievements in the field of auto components, power equipment, etc. In tourism, we offer Chile, a narrow ribbon of a country that has everything-snow-capped mountain peaks, volcanoes, valleys, deserts, lakes and glaciers. It is a great destination for the global tourist. Plus we have other regular features.

Wish you happy reading

Satya Swaroop

Managing Editor

satya@newmediacomm.biz



LatAm Healthcare The Fast Flourishing Pharma Market

During the time when Chile was reeling under the yoke of dictatorship in the early 1970s, the country's most celebrated poet and Nobel Laureate Pablo Neruda poured his heart out. "Rice, bread, apples, everywhere / In Chile, wire, wire, wire, wire." The obvious reference was to the barbed wire that separated people from the rulers, whose oppression and cruelty it crudely symbolized. Much water has since flowed down the Bio-Bio river. Chile is no more under dictatorship. It is a throbbing democracy. The horrifying Chilean experience is common to most other Latin American countries, which have time and again fallen prey to military rule. These countries have since shaken off decades of oppressive military rule. The people have asserted their will through democratic movements, often in the form of street protests. The region's political stability has led to a surge in the growth of their economies, triggered by reforms and globalization. With the region's prosperity growing, the governments of the Latin American countries have come under pressure to pass the economic benefits to their people. Social spending, especially on healthcare, has become an important ingredient of their fiscal budgets. This has triggered a region-wide demand for pharmaceutical products. For instance, Venezuela is going to step up its social spending steeply in 2006 drawing from the huge earnings from soaring oil prices. The trend is similar in other Latin American countries. Today the fast-growing Latin American market is worth over \$28 billion at retail prices. This offers immense opportunities to manufacturers the world over, especially

in low-cost countries such as India and China. Indian pharmaceutical companies have entered the region to take advantage of the opportunities thrown up. Seven Latin American countries - Venezuela, Mexico, Chile, Argentina, Brazil, Colombia and Peru - represent a market of 427 million people with a total GDP of US\$1.8 trillion in 2005. After China they are the fastest growing markets and are expected to grow at an annual rate of up to 10 percent between 2005 and 2010, touching an estimated market value of over \$45 billion at retail prices by 2010.

LatAm healthcare reforms

Overall, healthcare reforms across the Latin American region are encouraging institutional drug expenditure. In Argentina, the REMEDIAR programme is improving the access to essential medicines for 15 million Argentines in the lower income line while in Colombia, the first national pharmaceutical policy was published in December 2003. In Peru, new recommendations on drug prices and access were issued in April 2005 and in Chile, a new national pharmaceutical policy was presented in April 2004. September is the month of celebration for Chileans who attained their independence from Spain in 1810. This year they will also indulge in the celebration of another freedom, the removal from their constitution, the last vestiges of the 1973-1990 dictatorship, through the deletion of portions that seek to perpetuate the armed forces' political power in a civilian government. Now the government's focus is on the people's welfare, their healthcare being one of its most important priorities. Which brings back to memory Neruda's happy first line Rice, bread, apples everywhere. And one may be tempted to add, healthcare, to make it complete.

- Dev



Scope immense for Indo-Chilean pharma tie-ups Emerging Partners in Healthcare

Chile's growing wealth and ageing population offer rich opportunities for Indian pharmaceutical companies to forge tie-ups with their counterparts in the Latin American country. **Arijit Saraswati**, Chief Manager, Export-Import Bank of India, who was recently in Chile to participate in a seminar that focussed on healthcare, argues that Indian companies must seize the opportunity and build a strong base in that country for tapping the entire Latin American market for pharmaceuticals in general, and generic products in particular.

Chile is one of the most resilient economies in Latin America. During the recent period of economic depression in the region, Chile's performance was impressive. Particularly, in 2004, Chile has grown by an estimated 6.1 per cent, driven by export performance as well as domestic demand. With a population of around 15.4 million and per capita GDP of more than US\$ 6100, Chile is classified as an upper middle-income country by the World Bank. Chile is also highly trade oriented, which is reflected by a trade GDP ratio of around 60 per cent. A number of free trade agreements, including those with the United States and the European Union, corroborate Chile's strong inclination towards globalisation. It may be noted in this regard that Chile and India have initiated a process of strengthening bilateral trade ties with the signing of a Framework Trade Agreement in January 2005. Negotiations are currently underway regarding transforming the agreement into a Preferential Trade Agreement.

Recent visits of the President of Chile and the Minister of Health to India attest the growing momentum in bilateral commercial relations. Particularly, as a follow-through of the visit of Dr. Pedro Garcia, Chile's Minister of Health to India in February 2005, a seminar was organised in Santiago, Chile in June 2005, titled "*Chile and India: Partners in Health*". The seminar, organised by Chile's Health Ministry in association with the Embassy of India in Chile, provided a platform to the pharmaceutical sector representatives of both the countries to initiate business linkages and explore possibilities of joint

ventures.

Pharmaceuticals are one of the major export items from India to Latin America accounting for around 15 per cent of India's total exports to the region. It was also the second major item in India's export basket to Chile in 2004-05. However, its share in India's total exports to Chile in the last five years is less than 8.0 per cent compared to that of 22 per cent in case of Brazil and 20 per cent in the case of Mexico. Given the increasing recognition for India as a partner in the pharmaceutical sector by the Latin American region, it is therefore, imperative for the Indian exporters to enhance their presence in the Chilean pharma market exploring opportunities in trade and investment.

Overview of the Chilean Health System & Pharmaceutical Market

Total health expenditure in Chile was estimated to be





US\$ 5 billion in 2004 with the public sector accounting for half of it. Public sector health spending includes expenditures made by the National Health Service System (NHSS) covering the hospital services and primary care services, and spending under the public health insurance scheme Fondo Nacional de Salud (FONASA). According to Ministry of Health estimates, around 70 per cent of Chile's population is covered under FONASA. Private sector spending is dominated by those undertaken by the Private Health Insurance Superintendence (ISAPRE) schemes, which cover mostly the affluent section of the society. The Ministry of Health regulates both the public and private health sectors in Chile and also the working of the CENABAST, which is the central purchasing agency and the Public Health Institute (ISP).

The healthcare sector spending in drugs, medical devices and others amount to around US\$ 275 million annually and CENABAST is the largest buyer in the public healthcare sector, intermediating 50 per cent of the sector's spending. CENABAST clients include the hospitals, primary healthcare centres as well as the Ministry of Health for their complementary feeding programs and other requirements to public health goods. Depending on the demand, CENABAST prepares purchasing processes which are published in the government purchasing website and procurement takes place on the basis of competitive bidding.

The Public Health Institute (ISP) of Chile is the apex body responsible for pharmaceutical regulation in the country, particularly registration. The institute is also engaged in sanitary surveillance, public health promotion and public health research. In recent times, the institute has been active in implementing Good Manufacturing Practices (GMP) in the Chilean pharmaceutical industry. GMP certification is being treated as a priority in the country, thereby drawing considerable investments into it. ISP has been also active towards promoting bio-equivalence tests, the scopes of which are limited in the country at present. Registration process is usually lengthy in Chile and the ISP has taken up this issue towards enabling easy and faster process of registration for new products.

Chile has achieved considerable improvements in health conditions over the past few decades. This is reflected in better health indicators such as the life expectancy at birth, which has improved from an

average of 60 years during 1965-70 to 76 years during 2000-05. There has been a simultaneous increase in vaccination, which has resulted in the eradication of diseases like measles. However, there are areas which are crucial to the present as well as future health status of the country. One of the challenges facing the system is the ageing of the population. It is projected that 9.0 per cent of the total population of Chile will be over 65 years of age by 2010 compared to 4.3 per cent recorded in 1950. With the growth in older population, demand for health services is expected to increase as older people are more exposed to chronic illness. A second concern is the inequality present in most illness across the regions and sections of people. With a view to meet the challenges facing the Chilean health system, the government has announced the Chilean Healthcare Planning objectives 2000-2010. It aims to reduce health inequalities and meet the needs of ageing population among others. Poverty alleviation is also central to this new reform initiative. The reforms have paved the way for a new healthcare network management with self managed hospitals, modernisation of health systems with IT implementation and opportunities for health training and education. It is also expected that with the reforms in place the demand for pharmaceuticals would also increase in the days to come.

The pharmaceutical market in Chile was estimated to be around US\$ 1.1 billion in 2004. Leading market players include companies like LabChile, Recalcine, Saval, Andomaco, Bago, Novartis, Bayer and Abbott. The domestic manufactures together account for over half of the market and mainly concentrate in generics. The foreign manufacturers however, focus primarily on branded and OTC drugs. With regards to retail pharmacy the market is dominated by the presence of three pharmaceutical chains namely, SalcoBrand, Farmacias Ahumada and Cruz Verde. The market is

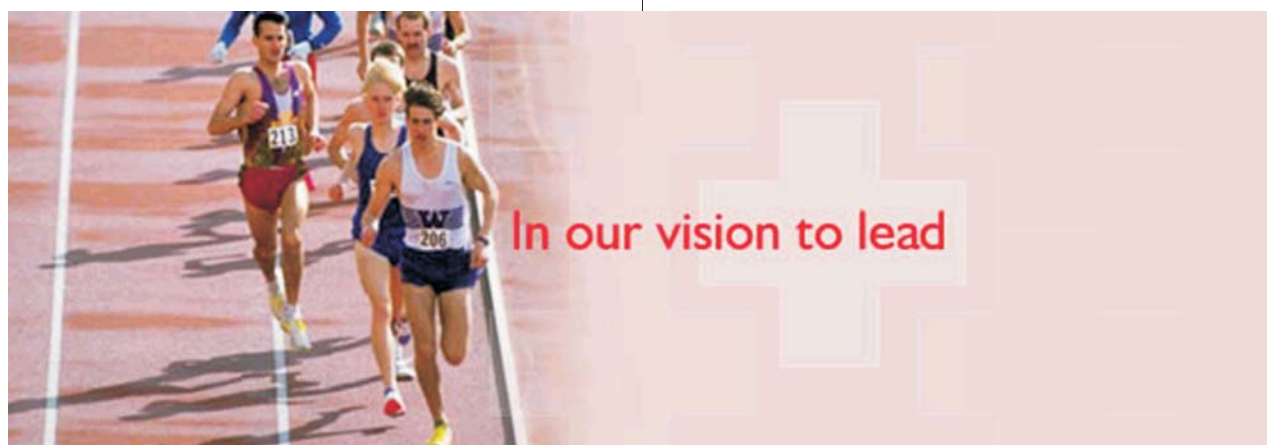


dominated by generic and copycat products. According to an estimate, generic and copycat products together accounted for 80 per cent of the market by volume and 57 per cent by value in 2001. Though in terms of volume generic and copycat products had almost equal shares, in terms of value the generic products accounted for less than 10 per cent of market share. Though generic substitution was not authorised earlier there have been recent developments, which have paved the way for generic substitution subject to the approval of bio-equivalence tests.

With regards to international trade in pharmaceuticals, Chile is a net importer. As per latest available figures, Chile's imports of pharmaceutical products were of the tune of US\$ 260 million in 2002, while exports were

presence. Companies such as Ranbaxy, Wockhardt, Aurobindo Pharma, Strides Arcolabs, Cipla, Zydus Cadila, FDC Ltd., Unique Pharmaceuticals and a host of others have penetrated different markets in the Latin American region and in various cases have set up manufacturing bases in the region with a view to enhance their business operations. Given the economic stability of Chile, strengthening of trade and investment ties with the Chilean pharmaceutical market is therefore, worth exploring. In this regard, an attempt has been made in identifying opportunities for the Indian pharmaceutical industry in doing business in Chile.

The Indian pharmaceutical industry is characterised by strong chemistry skills and low manufacturing costs. Currently, pharmaceutical exports account for around



around US\$ 45 million. It may be noted that Chile primarily imports finished medicaments, with raw materials and semi-finished medicaments together accounting for one-fourth of total imports. Argentina, USA, Germany, France, Switzerland, Mexico, UK, Italy, Colombia are the major sources for pharmaceutical imports of Chile, while Chile's exports of pharmaceutical are mostly directed towards Latin American countries like Ecuador, Peru and Bolivia.

Considering specific products of pharmaceuticals primarily traded by Chile, vitamins & provitamins, vaccines for human & veterinary use, oestrogens & progestogens, penicillins, antisera & other blood fractions, erythromycins, antibiotics, hormones etc. form majority of the import basket. It may be noted that India is a major source for imports of erythromycin for Chile having accounted for almost 45 per cent of total imports of the same in 2002. With regards to exports, antibiotics, vitamins & provitamins and hormones form majority of the country's export basket.

Opportunities for India

The Indian pharmaceutical players have made a successful entry across the Latin American region and are in a process of further enhancing their market

45 per cent of production in India. However, revenue growth in the coming years is believed to be driven by exports. With the current amount of low penetration in most of the regulated markets and the fact that a number of drugs are going off patent in regulated markets (estimated at around US\$ 65 billion as per current sales value), it is expected that there is a significant potential for rise in exports of generic products from India. In this regard, it may be noted that Chilean market has an edge with respect to generic products compared to other Latin American markets. Therefore, there is immense opportunity for mutual collaboration between Indian and Chilean pharmaceutical players in exploring the rising demand for generic products worldwide. Setting up manufacturing bases in Chile would facilitate targeting not only the Chilean market but also the markets of US and EU, taking advantage of the free trade agreements Chile has in place with them. According to an estimate, the US generics market is expected to grow from US\$ 12.5 billion in 2003 to US\$ 22.5 billion by 2008. This will be aided by the fact generics are being increasingly considered as a low cost alternative in the US towards cutting down on their high healthcare expenditures. The USFDA has already announced several initiatives to ensure faster entry of generics. The EU countries have also taken initiatives in

developing their generic markets. Mutual recognition of registration process makes it easier for expanding the reach of generic products in the EU markets. However, it is important for the Indian pharmaceutical companies to increase investment in plant & machineries as well as in research & development in order to rise to the emerging demand for generic products. As mentioned earlier, due to the ageing of the Chilean population, demand for low cost pharmaceuticals are expected to go up, which again brightens the prospect for generic products in Chile.

Given the government's ongoing initiatives in expanding the reach of GMP certifications in Chile, investment in modernisation and upgradation of Chilean pharmaceutical companies are evident. This surely gives an opportunity for the Indian pharmaceutical industry to invest in developing the GMP standards of Chile. With the ongoing reforms, opportunities also exist in collaborating with Chilean partners towards developing the infrastructure of the Chilean health system, viz. in constructing super speciality hospitals, in training and education, and in enhancing the technological requirements of the health system.

With regards to trading, it may be noted that as medicaments form majority of Chile's imports of pharmaceuticals, they also have a dominant share in India's export basket of pharmaceutical products. Given a matching in Chile's demand and India's supply capability, initiatives should be undertaken in further

enhancing the exports of medicaments from India to Chile. Also, with regards to raw materials India should expand its focus from only erythromycin and target other products like vitamins and vaccines.

Opportunities also exist for the Indian contract research firms in exploring the initiative undertaken by the Ministry of Health of Chile in conducting several bio-equivalence tests. India has emerged as a knowledge economy and is increasingly being identified as an efficient outsourcing partner. Chile recognises the expertise of the Indian contract research and manufacturing firms and therefore, opportunities in this area appear attractive. The Indian System of Medicines, better identified as Ayurveda, also has considerable prospect in Chile as well as in other countries of Latin America. With minimum side effects and affordability, Ayurvedic products from India are gradually penetrating into the Latin American markets and Chile should not be considered separate from this emerging opportunity.

As a conclusion it may be stated that, the Indian pharmaceutical industry should take initiatives in enhancing its presence in the US\$ 1 billion Chilean pharmaceutical market and towards developing the Chilean health system. In addition to this, it is important to look beyond Chile and target other Latin American markets, the EU and US by setting up manufacturing bases in Chile. Chile offers a stable economy and a conducive investment climate, which is worth exploring. ■

Exploration of hydrocarbons

India, Venezuela discuss joint ventures

A 13-member Parliamentary goodwill delegation led by Union Minister of Parliamentary Affairs and Urban Development **Ghulam Nabi Azad** held wide-ranging discussions with Venezuelan Ministers and Members of the National Assembly of Venezuela, during a three-day visit to Venezuela recently.

The delegation held extensive discussions with National Assembly Vice President Pedro Carreno, followed by a meeting with the Foreign Minister Ali Rodriguez Araque. At the meeting, several issues of bilateral interest were discussed, including the forthcoming inaugural meeting of the bilateral Indo-Venezuela Joint Commission, India's participation in exploration and exploitation of hydrocarbons resources in Venezuela and transfer of technology.

During the meeting, Azad, pointed out the improvement in bilateral trade, which had increased by more than 100 per cent in 2004 over 2003, and expressed optimism over future prospects, particularly the possibilities for undertaking large economic projects in the fields of hydrocarbons, and construction industry, setting up of a Centre for Technology Demonstration for low-cost housing, transfer of technology for agro-processing and railways projects to be carried out by India.

The Indian delegation also visited Guyana and Chile during its 10-day tour of Latin America. ■



Healthcare for LatAm's Rising Population

The Prescription for Growth

Latin America shows considerable and untapped business potential for the pharmaceutical industry, according to new research conducted by Pricewaterhouse Coopers.

The report, entitled *Latin America Prescription for Growth*, identifies the region as one pharmaceutical industry leaders should be targeting, both as an area for research and development and as a market for innovative drugs.

The economic recovery of Argentina and Brazil and the strong manufacturing base developing in Mexico are all

The region's pharmaceuticals market is a fraction of the size of the US market but the number of clinical trials conducted in the region has risen tenfold between 1995 and 2000.

Simon Friend, global pharmaceutical leader at PwC, commented: *"The pharmaceutical industry's main markets are under serious pressure and experiencing sluggish growth so there is a real need to diversify. China may be the popular target for other industries but in some parts of Latin America per capita expenditure on pharmaceuticals is more than double that of China."*



The report also outlines approaches to breaking into the region, pointing out that Latin America is as diverse as it is vast and effectively consists of sub regions each with distinctive and different characteristics. It is essential, says PwC, to understand the particular features of the target country. Brazil and Mexico are the two biggest markets and have stable economies, manufacturing experience and potential for growth so are good first targets.

As a means of testing the market it is advisable to form an alliance with a local company. Once companies have an established base they can use it as a gateway from which to move into other Latin American countries.

making Latin America much more appealing as a place in which to conduct development and production, according to PwC.

And the market is showing strong scope for growth. The United Nations projects the overall population of the region will increase by about 23 per cent over the next 20 years, from 504 million to 623 million, and mortality rates for cancer, heart disease and strokes and the incidence of diabetes are all increasing as a result of more sedentary lifestyles, smoking, drinking and obesity.

Demand for prescription drugs is consequently increasing as are therapy classes for cardiovascular and central nervous system illnesses. Classes for treatment of asthma are also experiencing similar growth, and this rising demand is mirrored by an increase in the number of clinical trials being undertaken in the region.

Meanwhile, rather than set up separate marketing and sales operations in numerous different places it is worth outsourcing these activities to domestic firms with a sound understanding of the local market, says the report. This has the advantage of minimising the risks and costs associated with trading in a new territory.

Luis Madasi, PwC's Brazil & Latin America pharmaceutical leader, said: *"This is a thriving and dynamic region which has so much to offer the global pharmaceutical industry and yet we are currently being overlooked."*

The top 10 pharmaceutical companies account for only 42 per cent of sales in Brazil and 47 per cent of sales in Venezuela and Argentina. This compares with their half-share of the UK and French markets and almost 60 per cent in the US and Canada.

Ranbaxy

The Forerunner in the Global Race



Ranbaxy Laboratories Limited, India's largest pharmaceutical company, manufactures and markets brand and generic pharmaceuticals and active pharmaceutical ingredients. Ranbaxy's continued focus on R&D has resulted in several approvals in developed markets and significant progress in new drug discovery research.

Ranbaxy's foray into novel drug delivery systems has led to proprietary "platform technologies" resulting in a number of products under development. The company is selling its products in over 100 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 44 countries and manufacturing operations in seven countries.

With an aim to reach out to the world and provide the best pharmaceutical products, services, research and manufacturing facilities at par with International standards, Ranbaxy Laboratories Limited has spread to embrace different locales and cultures across the globe, setting up manufacturing units and research facilities and putting together a work force and intellectual pool of some of the best minds in the world.

Ranbaxy's pharmaceutical business encompasses five main regions around the world. Ranbaxy had entered the US market in 1995, with the launch of Ranbaxy Pharmaceuticals Inc. Today the company has a well-established global active pharmaceutical ingredients (API) business and has made forays into OTC (Over The Counter). More importantly, Ranbaxy has become a major force in the US Healthcare system and the pharmaceutical market.

Ranbaxy in Latin America

Moving fast in its foray into Latin America, Ranbaxy initiated operations in Brazil in November 2000, through its majority-owned entity - Ranbaxy SP Medicamentos Ltd.

In the year 2003, Ranbaxy Farmaceutica was ranked as the 5th largest generic company. Twenty one new products were registered in Brazil, out of which 12 were commercialized, as most of the approvals received from National Agencia de Vigilancia Sanitaria (ANVISA) were towards the last quarter of 2003.

Simvastatin, Amoxy-Clav, Levofloxacin, Norfloxacin and Lisinopril were the major selling products. More exclusive generic products are in the pipeline for commercialization, which will further strengthen the market share of Ranbaxy in Brazil.

An expanded Quality Testing Laboratory was also established during the year, leading to in-house testing of all the products marketed, some of which were being outsourced earlier.

A string of firsts in Brazil by Ranbaxy

- The first Indian company to get its plants approved by the regulatory authorities of Brazil
- The first company from Asia to get its Generic dosage forms approved by Ministry of Health, Brazil
- The first Indian company to market its Bio-equivalent Generics in Brazil

Recently, Ranbaxy has announced that it will be divesting its allied business portfolio in India and concentrating only on the core pharmaceuticals sector and research.

Says Ranbaxy CEO & Managing Director Brian Tempest: "In line with the Ranbaxy vision of becoming a research based international pharmaceutical company, Ranbaxy has decided to divest its allied businesses. This will enable Ranbaxy to focus more on its core pharmaceutical business in the future."

Ranbaxy's allied businesses comprise Fine Chemicals, Animal Health Care and part of the Diagnostics business (excluding the Dade Behring diagnostic assets), which will be bought by ICICI Venture. ■



Wockhardt

The Business Superbrand



blocks of our global footprint in biopharmaceuticals with majority joint ventures in Mexico, South Africa and a subsidiary in Brazil," Wockhardt chairman Habil Khorakiwala said. "We have already received nine approvals for our biopharmaceuticals and we expect another 25 approvals during the year in Russia, former CIS countries, South America, South East Asia and North Africa."

Biotechnology is now a strategic business unit and Dinesh Dua, with over 20 years of experience in chemical and pharmaceutical industries, will now lead the business as its President.

A world-scale biopharmaceuticals complex at Aurangabad, inaugurated by President Dr. APJ Abdul Kalam in September 2004, has been fully stabilised. The company is creating front-end marketing organisations in various parts of the world to market its products.

Mexico

In Mexico, Wockhardt has signed a joint venture agreement with Representaciones E Investigaciones Medicas, S.A. de C.V., one of Mexico's leading national companies. Wockhardt Mexico S.A. de C.V., 51 per cent owned by Wockhardt and 49 per cent by the local firm, will initially market all forms of insulins manufactured by Wockhardt. At a later stage, it will market other diabetology products and biopharmaceutical products.

The pharmaceutical market in Mexico is valued at \$7 billion, much bigger than India, and growing at 10 per cent. The disease profile is characterised by a high incidence of diabetes and cardiovascular diseases.

Brazil

Wockhardt has established a sales and marketing subsidiary Wockhardt Farmaceutica do Brasil Ltda in Brazil to market its pharmaceutical and biopharmaceutical products. Brazil, with a population of 150 million, is a \$5 billion pharmaceutical market. The generic market has been growing at over 30 per cent per annum. Brazil has an estimated diabetic population of 10 million, nearly a third of whom have

Wockhardt is one of India's premier research and technology-based pharmaceutical companies and a front-runner in biotechnology. Wockhardt has a wide global reach and over the past two years, it has made two successful acquisitions in Europe and established its own sales and marketing organisation in the US. About 50 per cent of Wockhardt's sales come from US and Europe. Sales in dollar terms have grown from \$25 million 10 years ago to \$250 million.

Wockhardt became the only pharmaceutical company in India to be selected as a Business Superbrand by a UK-based organisation tracking reputed consumer as well as corporate brands across the world in 45 countries including US, France, Germany, Australia and Canada. The Superbrands are selected by a council of independent experts in recognition of emotional and tangible benefits to the stakeholders

In early 2005, Wockhardt announced the formation of majority joint ventures in Mexico and South Africa and the launch of a wholly owned subsidiary in Brazil.

"We are now establishing building



little access to medication.

South Africa

Wockhardt South Africa Pty Ltd. is a 51:49 joint venture between Wockhardt and Pharma Dynamics, the 10th largest generic pharmaceutical company in South Africa. The joint venture will use the regulatory, sales and marketing expertise of Pharma Dynamics to commercialise the growing pharmaceutical and biopharmaceutical portfolio of Wockhardt.

"This marks a new milestone in Wockhardt's global journey," Mr. Khorakiwala said. "We now have a ground presence in almost all major markets of the world."

Corporate performance

Pharmaceutical and biotechnology major Wockhardt Ltd. has reported a 55 per cent rise in net profit for the second quarter ended June 30, 2005. Sales, at Rs. 377 crores, showed a 29 per cent increase over the corresponding quarter of 2004.

"These sales and profit numbers reflect Wockhardt's constant endeavour to deliver a consistently strong performance despite the challenges in the market," Wockhardt chairman Habil Khorakiwala said.

"The company's core objective of enhancing shareholder value achieved a significant milestone with Wockhardt's market capitalisation crossing the \$1 billion mark on the back of our sustained robust financial performance," Mr. Khorakiwala added.



In 2994, Wockhardt announced consolidated net profit of Rs. 214 crores for the year ended December 31, 2004, recording a 50 per cent increase over 2003. Consolidated global revenue for the year, at Rs. 1239 crores, showed a 32 per cent growth over the previous year. The quantum of dividend has been doubled over the previous year.

International Operations

International business continued to be the key growth driver during the year. US and Europe accounted for 50 per cent of Wockhardt's sales, with sales in these two markets growing by 55 per cent.

Wockhardt USA, began commercial operations during the year. Wockhardt became the market leader in bethanechol chloride in US by capturing a 40 per cent share of the market. Three products have been launched in the US under own banner, enabling the company to capture higher value from its US operations.

The company launched the Wockhardt corporate brand in UK by establishing Wockhardt UK Ltd., by consolidating the businesses of CP Pharmaceuticals and Wallis Laboratory. The rationalisation of capacities between India and UK, and the integration of Wockhardt UK into the group's IT-enabled supply chain contributed to rejuvenation of the UK business.

Wockhardt has turned around the operations of its German subsidiary esparma within months of acquisition, and appointed a managing director to head its operations.

European Union (EU) is now Wockhardt's largest market, accounting for 42% of sales. The EU sales have crossed the Rs. 500 crore-mark.

Esparma GmbH, Wockhardt's German subsidiary, launched anti-epileptic lamotrigine on the first day following its patent expiry in the German market on June 1. Manufacture of some of Esparma's products was shifted to Wockhardt

UK's Wrexham plant during the quarter. Wockhardt UK commenced manufacture of anti-diabetic exenatide for Amylin / Ely Lilly.

Wockhardt's Biotech SBU received three more registrations for biopharmaceuticals in overseas markets, taking the total registrations received so far to 20. ■

JB Chemicals

Unique in many ways

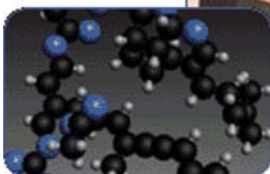
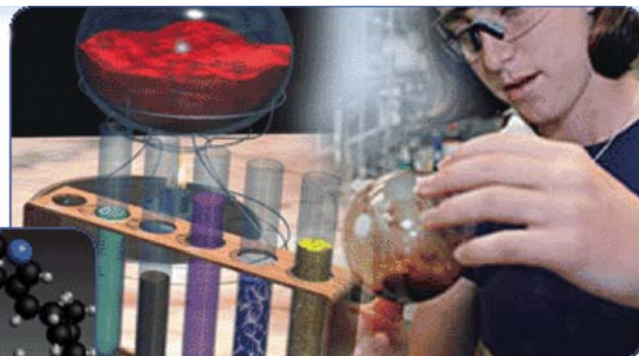
J. B. Chemicals & Pharmaceuticals Ltd. (JBCPL) is one of India's fastest growing, professionally managed, global pharmaceutical companies manufacturing a wide range of innovative specialty medicines for domestic and international markets. A flagship company of the Unique Group, it is also known to many as "Unique".

J B Chemical is a customer driven, financially sound company, consistently enhancing value for its shareholders by rewarding them with healthy dividends year after year. Headquartered in Mumbai, it has a large global presence with operations in over 50 countries across the globe.

As much as 52 of the Company's revenue comes from exports to USA, Europe, Latin America, Africa, SE Asia. To further enhance its strength in foreign markets, JBCPL has also entered into joint venture and strategic tie-ups with key partners in USA etc.

Its product portfolio consists of pharmaceutical specialties in various dosage forms, herbal remedies, diagnostics, generic drugs, active pharmaceutical ingredients (APIs). Some of the products within these categories enjoy leadership positions in the Indian and foreign markets.

The Company is strategically focused on R&D and totally committed to respond promptly to market needs by developing quality products at affordable



prices for the masses. With a strong base of 11 state-of-the-art manufacturing units (including three US FDA approved Tablet & API plants) and two DSTC approved R&D centers, the company has entered a dynamic phase of expansion into newer and faster growing therapeutic segments such as anti-diabetics, CNS and Respiratory.

JBCPL has its presence in the International market for over two decades. Its operations span over 50 countries around the globe. The company exports drug intermediates, bulk drugs and formulations to USA, Europe, Africa, CIS countries, Middle East, and South East Asia.

The company was quick to respond to the opportunity of a liberalized Russian economy by establishing its representative office in Moscow & Kiev in 1994. This facilitated administrative and regulatory procedure for a smooth entry in the Russian market. Unfulfilling needs in these markets gave rise to a strong sales force of 45 medical representative and 35 distributors / Importers in Russia and CIS alone. A similar activity came up with opening of representative offices in Vietnam, Uganda, Tanzania & Sudan.

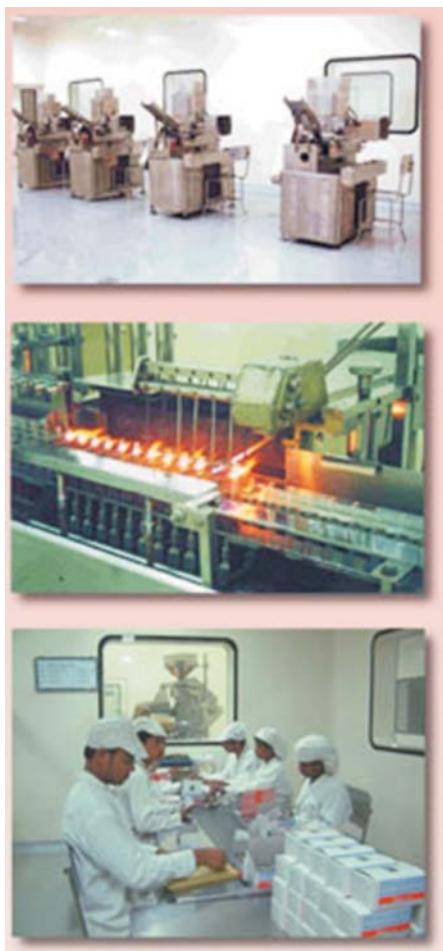
The company has gone global with its strong marketing tie-ups in Sri Lanka, Malaysia, Vietnam & Myanmar to promote its specialty formulation. The company also has

a technical collaboration in Austria to manufacture and market their products.

The company is



geared to meet the challenges of Post-GATT ERA having a strong regulatory team, which supports the international Division and helps in formulation development, analytical testing, quality assurance and medical.



Success comes through achievements. So is our regulatory team who are successful in filling dossiers in more than 50 countries around the globe.

- NDDS patents granted in United States of America for controlled release formulations of Ranitidine and Tropical dental formulation of Metronidazole and Chlorhexidine for Periodontal treatment.
- Metronidazole - Approved by US FDA and Therapeutic Goods Administration (TGA), Australia.
- US Patent for novel pharmaceutical formulation of Metronidazole for dental application.
- Patents also granted in South Africa for controlled release formulations Ranitidine and Nifedipine 30 mg extended release tablets.
- Patent application submitted "Pharmaceutical composition for controlled drug delivery systems" covering new NDDS formulations of Ciprofloxacin OD and Ofloxacin OD.
- ANDA's filled for Ciprofloxacin and Flucanazole.

With a formidable turnover of Rs. 162.29 crs it is contributing to 52% to the company's total turnover, thus JBCPL is truly an International Marketing Company.

Company's continuous focus on brand building has reaped rich dividends, due to which many of our brands have attained leadership status in their respective markets.

With consistent and focused promotion, JBCPL has ensured whopping growths year after year which is evident from the sales graph shown below

Mumbai to host Pharma Expo 2005 in October

Pharma Expo 2005, the second edition of CII's international pharmaceutical exhibition and conference will be held on 20-22nd October in Mumbai.

The three-day event will bring together the manufacturers and suppliers of process, plant and equipment for the growing pharmaceutical industry. As a dedicated platform for the pharmaceutical manufacturing industry, the exhibition will provide a great opportunity for service providers to showcase their products and services to decision makers.

Pharma Expo 2005 will deliver national and international industry professionals from Plant & Equipment for Pharma Production; Packaging Machinery & Materials; Lab Equipment, Analytical Instruments, Labware; Process Control & Instrumentation; Effluent Treatment and Waste Management Systems; Refrigeration, Cold Rooms, Clean Rooms; Bulk Drugs, Drug Intermediates; Excipients, Additives etc.

The exhibition will attract CEOs and top executives from pharma manufacturing industry/sr executives from production, quality control, R&D & purchase departments/professionals from R&D institutions/pharmacists from trade & profession/biotechnology specialists/top officials from regulatory agencies of central & state governments/pharma consultants/academicians from medical & pharmacy colleges. Further information can be obtained from: anil.padwal@ciionline.org

Production of HIV/AIDS drugs

Brazil, Argentina sign pact



Brazil and Argentina have recently agreed to jointly produce generic antiretroviral drugs. Officials from the two countries said they will begin sharing information and technology and will arrange meetings between experts.

The Brazilian Ministry of Health said it is again requesting that Abbott Laboratories lower the price of its antiretroviral drug Kaletra or Brazilian manufacturers will break the drug's patent and produce it for 41 cents

Venezuela, Colombia, Mexico, Paraguay and Uruguay. Abbott, GlaxoSmithKline, Merck, Bristol-Myers Squibb, Roche and Bayer were among the companies involved in the agreement, and discounts range from 15 to 66 per cent, depending on the medicine..

The objective of the agreement between Argentina and Brazil is "guaranteeing our inhabitants access to these medicines," Argentine Minister of Health and Environment Gines Gonzales Garcia said adding, "what comes first are the interests of the citizens of each country."



per pill, compared with Abbott's price of \$1.17 per pill. In July, Brazil's health ministry and Abbott said they had reached an agreement for Abbott to keep the government's annual expenses on Kaletra at current levels for the next six years and that Brazil would not break Abbott's patent to produce a generic equivalent of the drug. However, less than a week after the agreement was announced, incoming Brazilian Health Minister Jose Saraiva Felipe dismissed the agreement and said the country would continue to negotiate for a lower price.

Abbott said it submitted a revised pricing proposal last week. Officials from Argentina, Brazil and nine other Latin American countries earlier this month reached an agreement with 26 pharmaceutical companies to secure discounts of as much as 66 per cent on antiretroviral drugs. The other countries participating in the agreement include Chile, Bolivia, Ecuador, Peru,

Saraiva Felipe said, "there is no predisposition to gratuitously violating intellectual property, but if Brazil goes so far as to develop medicines, especially antiretrovirals, we could come to adopt this attitude."

Gabriela Hamilton, director of Argentina's HIV/AIDS program, said, "the agreement with Brazil goes beyond another strategy to negotiate lower antiretroviral prices."

Pact with Clinton Foundation

Saraiva Felipe has also signed a memorandum of understanding with the Clinton Foundation recently that will allow the country to obtain generic antiretroviral drugs at lower prices. Under the agreement, the foundation will provide technical support to help the Brazilian government obtain the raw materials necessary to produce generic antiretrovirals. The agreement also will help Brazil purchase diagnostic tests and monitor the spread of HIV.

With current estimations of bringing one new molecule into the market amounting to at least \$800 million, pharmaceutical companies looking for effective solutions are turning their attention to outsourcing to low-cost, developing countries rather than persisting with expensive R&D efforts.

The cost is certain to rise in the future. The European Federation of Pharmaceutical Industries and Associations (EFPIA) recently estimated in a report that, on an average out of 10,000 molecules developed in laboratories, only one or two will successfully pass all stages of drug development and be commercialized.

despite the benefits, there has been a relatively low level of utilisation of the opportunities in both countries due to various concerns with respect to quality and infrastructure.

Companies are worried about probable loss of control in processes and proprietary knowledge. The report recommended, proper management was needed to utilize complicated and long-distance collaborative third-party relationships. Delays can even happen due to regulatory hold-ups.

As a result, recent amendments to Schedule Y of Drugs

Now West starts outsourcing R&D to India, China

The cost-effective benefits and research standards set to become international has added to the attraction of outsourcing R&D to India and China two developing nations that are set to ease the ever-increasing cost pressures, shorter product life cycles and numerous regulatory challenges in the West.



Current business strategies include forming alliances with local companies, contractual outsourcing arrangements and establishing local subsidiaries.

Underlining the growing appeal of these two regions, several European pharmaceutical/biotechnology companies are looking to expand their presence. At the start of last year, Switzerland's Roche set up an R&D centre in Shanghai in a move, which reflected the growing importance of the country as both a market for pharmaceutical products and a site for drug research.

Roche now intends making India one of its larger sourcing hubs for active ingredients and bulk intermediates. Novartis is investigating clinical trial opportunities in both countries while big pharmaceutical companies such as Eli Lilly, Pfizer and Roche have established their clinical trial programmes in India.

Indeed, these outsourcing activities in developing countries amount to 20 to 30 per cent of total global clinical trials. Access to specialized skills in both countries and work hours on a 24/7 basis underpins their competitive advantage. In addition, better management from the start reduces development risks.

A report prepared by Frost and Sullivan pointed out that

and Cosmetics Rules of India, 1945, signify a progressive attitude on the part of the Indian Government, clarifying the environment for clinical research in the country.

It is the same case in China. Regular monitoring of clinical trials ensures good clinical practice (GCP)-compliant research centres established by the government. These steps will enable the two countries attain international standards in pharmaceutical research.

"Government commitment in India and China to improve access to high-quality healthcare is a bonus for R&D outsourcing," said an analyst, adding, "the regulatory environment in both countries is gradually changing in favour of clinical research."

The report said that for companies wishing to leverage the regulatory changes and high-quality research, alliance strategies and identifying regions of opportunity should be priorities.

"Embracing these changes through innovative strategies and flexible approaches will allow international pharmaceutical enterprises to capitalise on these new attractive propositions," said the report.

After LatAm & US, India's Strides enters European market



Strides Arcolab has become the latest Indian pharmaceutical company to announce acquisitions aimed at boosting its presence in overseas markets.

Strides also operates production facilities in India, Brazil, Mexico and the US. The company reported first-half 2005 revenues of 1.31 billion rupees (€24m), up 30 per cent year-on-year, with net income rising by a third to 138 million rupees.

The Indian company plans to boost its presence in the European generics sector with the purchase of a sterile manufacturing facility in Poland and a majority stake in Italian contract pharmaceutical manufacturer Beltapharm SpA, which specialises in the production of generic drugs.

Strides' announcement comes after string of other acquisitions involving Indian companies. In June, Torrent Pharmaceuticals agreed to buy German generics house Heumann Pharma for an undisclosed sum, while Matrix Laboratories unveiled plans to buy a 22 per cent controlling stake in Belgium's Docpharma for €217m - thought to be the largest overseas acquisition yet for the Indian pharmaceutical sector. Earlier, Malladi snapped up US active pharmaceutical ingredient supplier Novus Fine Chemicals for €19m,

while in May UK-based contract researcher Synprotec was acquired by India's Dishman Pharmaceuticals and Chemicals.

Discussing the significance of its purchases, Strides' group's chief executive, Arun Kumar, said that the acquisition "represents a unique opportunity for the company to establish a manufacturing presence in Central Europe," as well as expand the firm's portfolio of finished forms.

The Polish facility specialises in the manufacture of small-volume parenterals and sterile and non-sterile semi-solids products. "The Polish facility will give easier access to Europe at a low operating cost," he added. The company will pay around \$8 million (€6.5m) for the unit.

Meanwhile, Strides decision to acquire a stake of up to 70 per cent in Milan-based Beltapharm, for around \$1.9 million, brings it control of a facility that recently received a European Union Good Manufacturing Practice (GMP) approval.

The Italian acquisition will help Strides to meet its manufacturing commitments arising out of the development and manufacturing contracts concluded in the recent past in the semi-solids space, according to Kumar. ■

Sun Pharma buys Hungarian plant



Sun Pharma has become the second Indian drugmaker to announce the purchase of a manufacturing facility in Eastern Europe that will serve as a springboard for expansion into the broader European marketplace.

Sun Pharma said it had bought raw materials and dosage form manufacturing operations in Hungary from Valeant Pharmaceuticals for an undisclosed sum. Earlier this week, In-PharmaTechnologist.com reported that Strides Arcolab was purchasing a facility in Poland specializing in the manufacture of small-volume parenterals and sterile and non-sterile semi-solids products.

Dilip Shanghvi, Sun Pharma's managing director said the purchase will give the fifth-ranked Indian drug company an opportunity to enter the European generic market, 'building on our strengths in bulk actives and product development'.

Facilities in Eastern Europe are being targeted because they offer low operating costs but easy access to the large pharmaceutical markets of Western and Central Europe. With Hungary and Poland now part of the European Union as of 1 May 2004, Sun Pharma and Strides Arcolab stand to benefit from the free movement of goods in the EU, and also tap into the fast growth in the EU accession states' pharmaceutical sector. This is currently expanding at around 16 per cent a year, twice the rate of the 'old' EU states.

"This will complement our European entry strategy with our UK Medicines and Health products Regulatory Agency (MHRA) approved plant in India, and will allow

for a quick product roll out," he added.

The move marks the current trend for Indian drug companies to increase their marketing of finished pharmaceutical products in Europe and the US, to complement the Indian industry's already-strong presence in bulk active pharmaceutical ingredient (API) supply.

Meanwhile, Valeant said the sale of the Hungarian plant is one of the final pieces of its programme of divesting non-core operations, which includes a plan to reduce its production network to four manufacturing sites by the end of 2006.

Sun Pharma's move follows a number of other overseas acquisitions by Indian firms. In June, Torrent Pharmaceuticals agreed to buy German generics house Heumann Pharma for an undisclosed sum, while Matrix Laboratories unveiled plans to buy a 22 per cent controlling stake in Belgium's Docpharma for €217m - thought to be the largest overseas acquisition yet for the Indian pharmaceutical sector.

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Indian packager eyes European market

India's largest pharmaceutical packaging company, Bilcare, is planning to open a subsidiary in Germany, shortly after announcing a major acquisition in the US, in a move that underlines its international ambition.

Bilcare,, which specializes in film packaging for the pharmaceutical industry, has founded Bilcare GmbH in Frankfurt, its first operation in Europe. Up to now, the company, which also views itself as a service provider for drug development and offers auditing for the corresponding packaging processes, has been active in its home market, but this year opened facilities in Singapore and Sao Paulo in Brazil.

In the summer, Bilcare boosted its presence in the US with the acquisition of ProClinical, a Pennsylvania-based pharmaceutical services and packaging company.

Bilcare says it is the only company in India focused on providing packaging solutions solely for the pharmaceutical industry, offering solutions using polymers/plastics, paper and aluminum. It has shown rapid sales growth over the last few years, with revenues

swelling from 321 million rupees in 2000 to 1.03 billion rupees in 2004.

Now, the company is firmly focused on developing its overseas business and expanding exports well above the current level of around 5.0 per cent of turnover, with the stated aim of becoming a global leader in pharmaceutical packaging by 2010.

The company's business model already successfully applied in India and now rolling out overseas - is to provide not just pharmaceutical packaging materials to its clients but an integrated service including advice on the right packaging material and importing, processing and printing the material for the client. ■



Drug sales in India were \$4.7 billion in 2004 and have grown at a 20 per cent compound annual growth rate since 2000. India is the 4th largest drug market by volume, but only 13th largest by value.

The new R&D centre is housed in a brand new building in the same campus as RLL's earlier research facilities. The new R&D centre will focus on New Drug Discovery and the Development Functions of Medicinal Chemistry, Analytical Development (NDDR), Pharmacology, Molecular Technologies, Infectious Diseases, Metabolism & Pharmacokinetics

RLL has a total of 19 manufacturing facilities spread across 7 countries. These include 10 plants in India (3 Active Pharmaceutical Ingredients Facilities & 7 Dosage Forms Facilities), 4 Dosage Forms (DF) plants in the US and one DF plant each in Ireland, China, Malaysia, Vietnam and Nigeria.

Western pharmaceutical companies have increasingly focused on the country, allocating a considerable portion of time and costs in establishing a base there as well as bringing out a number of drugs.

Ranbaxy opens third Indian facility

Ranbaxy Laboratories (RLL) has opened its third state-of-the-art drug discovery research centre in India, boosting the country's profile as a key destination for pharmaceutical-related R&D by drug companies, which are attracted by its low wage costs/operating expenditure.



RLL has the largest R&D budget in India amongst pharmaceutical companies. It has spent a cumulative \$166 million on R&D since the beginning of its research efforts in 1994 and expects to spend 10 per cent of sales on R&D going forward.

With the commissioning of the new R&D centre, Ranbaxy now has in place a total of three modern research facilities in the same campus. R&D centres I and II focus on the development of generics and Novel Drug Delivery Systems; the new R&D centre III, is dedicated to New Drug Discovery Research.

Besides these, RLL has another R&D building, which houses its regulatory and administrative departments. The focus areas for research for RLL are infectious diseases, urology, respiratory/inflammatory and metabolic diseases.

The Company presently has around 8-10 NDDR programs including two NCEs (New Chemical Entities) in the clinical phase of development.

According to a Goldman Sachs (GS) Global Investment Report, the country's impressive growth has forced existing drug companies to revise core strategies and target generic opportunities overseas.

Aided by India's cost advantage (one-fifth of western costs) this has resulted in a surge of Abbreviated New Drug Applications (ANDA) being filed from India.

Currently, Indian companies enjoy a decisive 'cost advantage' over western drug firms. Estimated Indian drug costs range from one-fifth to two-fifths of western costs.

As a consequence, there has been a surge of ANDAs being filed by Indian companies (a quarter of all US ANDAs filed in 2004 compared with only five in 1997). GS estimate products totalling around \$35-40 billion (€27-30.5 billion) in innovator sales are being targeted by India's generic industry at present.

Pharma

'fastest-growing packaging sector'

Worldwide demand for packaging equipment for the pharmaceutical and personal care products sector is forecast to post the strongest gains of any market through 2008, reaching \$4.4 billion in that year.

This represents annual growth of 5.4 per cent, a little better than the 5 per cent increase seen across all packaging sectors, according to a new report from Freedonia. Overall, the world packaging machinery market will reach \$31bn in 2008, with the greatest growth coming from developing countries.

This represents a substantial improvement over the 1998-2003 period, reflecting accelerating economic growth in developing regions and Eastern Europe. Improving economic fundamentals will bolster most packaging machinery consuming sectors in these regions, notes the report, and as a result manufacturing output will increase, creating opportunities for packaging machinery suppliers.

The most promising markets are those emerging in Latin America and the Asia/Pacific region, where faster population growth and more rapidly increasing levels of industrial output will stimulate demand for packaging machinery. China will record some of the strongest increases, with packaging machinery demand rising over 8 per cent annually through 2008, and India will also post strong gains, according to Freedonia.

For pharmaceuticals/personal care, rising standards of living in the developing world will increase the number of consumers that can afford packaged products. Meanwhile, in the developed world, the sector will benefit from the rising average age of the population in places like the US and Japan, which will spur demand for packaged medicine and personal care products.

As with the food and beverage markets, pharmaceuticals require proper sealing is essential to prevent leakage and to make sure the product is tamperproof. However, many pharmaceutical items require childproof packaging in markets such as the US, and the development of childproof packaging that is also easy-to-use for senior citizens is an ongoing area.

Across all industries, the US is the largest producer of packaging machinery, with 2003 shipments of \$4.9bn, followed by Japan with \$4.1bn. Other leading producers include Germany, Italy and China, all with annual shipments in excess of \$1bn. The major net exporters of packaging equipment in 2003 were Germany and Italy, followed by Sweden and Japan.

Among product groups, labeling and coding machinery will remain the fastest growing segment, driven by the increasing number of labelling regulations in many parts of the world, as well as shippers' need to track products. Filling and form/fill/seal equipment will remain the largest product group, due to their widespread use across a range of industries. New product development activity will continue in all types of equipment, with packaging machinery manufacturers continuing to introduce smarter, faster and more flexible units, predicts the report.

Freedonia also predicts that the machinery market will reach \$40.1bn in 2013, with pharmaceuticals and personal care items accounting for \$5.7bn of that total. ■



Global packaging machinery demand on the rise

Pharma packaging is one of the fastest growing sectors. Worldwide demand for packaging equipment for the pharmaceutical and personal care products sector is all time high, growing at the rate of 5.4 per cent. The sector is forecast to post the strongest gains of any market through 2008, reaching \$4.4 billion in that year.

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The pharma packaging industry in India is considered a sunrise industry with a great scope for entrepreneurship and marketing. Packaging industry, here, is a heterogenous phenomenon which is only partly organized. The concept of packaging in general came into existence in India during 1950s, which became noticeable in 1960s, grew in size in 1970s, revolutionized in 1980s, developed in 1990s.

Currently, the industry is worth about Rs 65,000 crore. It is growing at a rate of 15 per cent annually, which is just double to the global packaging industry growth, according to the Indian Institute of Packaging (IIP), Hyderabad.

LatAm's rich resources of oil, gas, minerals & metals

India buy up Strategic Assets Now!

If the Indian economy powers towards fastest growth in the next 50 years, as predicted by some analysts, the huge spurt in consumption will push demand for raw materials to a level that can hardly be met through domestic resources. Instead of merely importing, Indian companies are being encouraged to invest abroad, so that stable, long-term supplies are assured. The obvious region of focus is Latin America. And, for several reasons, the best time is now, says **R. Viswanathan**.

ACCORDING to the BRIC report of Goldman Sachs, "India has the potential to show the fastest growth over the next 50 years. Growth could be higher than five per cent over the next 30 years and close to five per cent as late as 2050". High growth means consumption of more raw materials and resources, and India will need to supplement domestic resources through sourcing from abroad. In this context, the Ministry of External Affairs, as part of economic diplomacy, encourages Indian companies to invest in foreign resource bases.

One of the obvious regions of focus is Latin America, which is blessed with abundant natural and mineral resources. Indian companies should consider investment in oil-fields, mines, forests and land. This will not only assure stable long-term supplies but will also help avoid upward fluctuation in prices.

The priority among the raw materials needed by India is petroleum. Venezuela, Ecuador, Colombia, Argentina, Trinidad and Tobago and Cuba offer opportunities for acquisition of oil-fields. Bolivia, Trinidad and Tobago and Venezuela have large reserves of gas, which should be of interest to GAIL and other companies.

With the increase in demand for copper, India's imports from Chile jumped from \$100 million in 2000 to \$400 million in 2004. Indian companies should venture into copper mining in Chile, Peru and Bolivia. Latin American production is almost half the global output, and Chile is the world's largest producer.



Bauxite can be sourced from Brazil, Jamaica, Venezuela, Suriname and Guyana, which have large deposits. Latin American production accounts for one quarter of the world output.

Iron ore can be sourced from Venezuela, Brazil, Chile and Peru. Brazil is the largest producer, accounting for 22 per cent of global production. Venezuela, with proven reserves of over four billion tonnes, is easier for Indian companies to enter.

Venezuelan public sector undertakings are looking for partners for mining of gold and diamonds, among other minerals. India should make use of this opening.

There are opportunities for entering silver mining in Mexico (the largest producer in the world), Peru (the second largest), Chile, Bolivia and Argentina. Nickel is available from Cuba. Other minerals that can be sourced from the region include tin, lead, zinc, vanadium and bismuth.

India's imports of wood in 2003-04 were worth over \$700 million and will increase. Indian companies are already importing wood from Colombia and Panama. Countries such as Chile, Argentina and Brazil offer land for commercial forestry. Indian companies can invest in this and bring back wood and paper pulp. At present, India's imports of pulp are over \$1 billion per year. Brazil is the most competitive in wood and pulp production in the world. One hectare in Brazil produces 50 cubic metres of wood a year compared to five cubic metres in Scandinavia. The cost of production of a tonne of pulp is \$120 in Brazil, while it is \$400 in Scandinavia.

Agricultural land is available in Argentina, Chile and Uruguay. The cost of land in Argentina is about \$1,000 per hectare, and land is available in large parcels of 1000 hectares.

These farms can be used for raising crops and cattle and soya oil, leather and wool can be brought back to India; these are now anyway imported from South America. India imported \$485 million of soya oil from Argentina in 2004.

American and European companies and individuals own large farms and ranches, some of them over one hundred thousand hectares.



Indian entrepreneurs can tap the abundant availability of inexpensive oil and gas in Venezuela, Bolivia, Ecuador and Trinidad and Tobago, and inexpensive hydroelectric power in Venezuela, Brazil and Paraguay, to set up energy-intensive industries such as production of aluminium and steel in those countries and import the products into India.

China, which is in a similar situation to India, with much greater demand for raw materials, has acquired considerable assets in Latin America and is continuing to do so, systematically and aggressively. The Chinese President announced in November 2004 that \$100 billion would be invested in the next 10 years in Latin America. Chinese imports from Latin America went up from \$3 billion in 1999 to \$22 billion in 2004.

It is encouraging to see that some Indian corporates, such as ONGC Videsh Ltd, Reliance, and the Essar and Jindal groups, have taken the lead in exploring the opportunities for acquisition of resources in Latin America. Others should follow.

The Exim Bank of India supports the acquisition of assets abroad with loans, equity participation, guarantees and advisory services. It has supported 122 foreign ventures by 100 Indian companies in 43 countries.

Three factors make the present moment opportune for the entry of Indian companies into the Latin America. At this time, the Latam countries are seeking foreign investment in the mining and other sectors for modernisation, increase in production and generation of employment. Not much investment has taken place in the last two decades because of the crises.

Second, companies from a developing country such as India would be more welcome than the multinational corporations which evoke memories of exploitation and political meddling. The Latin American governments are, therefore, consciously trying to diversify the sources of investment as well as markets for their commodities.

Third, the cost of assets in countries that have undergone devaluation of their currencies in recent years, such as Brazil, Venezuela and Argentina, are almost half what they were before the devaluation. It is, therefore, a good time to buy assets before the currencies strengthen.

(The author is with the Ministry of External Affairs. The views are personal. Feedback may be sent to rv@rviswanathan.com) ■

FDI & Exports Zoom to New Highs

Chile Rides the Crest of Economic Success



Chile has made great strides in recent years on the economic front, thanks mainly to its liberal policies and open trade agreements with major countries and blocs, which include the United States and the European Union. **Arijit Saraswati**, Chief Manager, Export-Import Bank of India, narrates Chile's success story and presents it from the perspective of reputed financial institutions across the globe.

Chile has emerged as a coveted investment destination in Latin America on account of its stable economy, global integration and strong institutional framework. During the period 2000-2004, while growing at an average of 4.0 per cent, Chile has been successful in maintaining an average annual inflation rate of less than 3.0 per cent, in minimising its public debt burden and in building up sufficient reserves, which presently reflect an import cover of almost two years, undeniably among the highest in the world.

Foreign Direct Investment (FDI)

Chile's commitment to economic liberalization and free-market policies, aided by strong fundamentals, have together contributed in enhancing the investment worthiness of the country. Total foreign direct investment (FDI) into Chile zoomed to US\$ 7.1 billion in 2004, the highest in the LAC region after Mexico. Traditionally, FDI has been most prominent in the mining sector, followed by electricity, gas and water, industry, transport and communications and financial services. FDI into the mining sector is primarily directed towards copper. Chile is the world's largest copper producer and the state copper commission, Cochilco, has forecast investments of around US\$ 15 billion by 2008 in copper and gold mining.

Chile is highly integrated with the global economy. Foreign trade, which represented around 40 per cent of Chile's GDP in the late '70s, accounted for around 60 per cent its GDP in 2004. While intermediate goods continue to dominate Chile's imports, the export basket has diversified. Apart from copper and other mining products, Chile currently exports substantial quantities of cellulose, paper and printing materials, fresh fruits, wine and methanol. As a consequence, exports have almost doubled to US\$ 32 billion between 1996 and 2004, in the process transforming Chile into a net exporter since 1999. According to Chile's Exports Promotion Bureau (ProChile), while in 1975 Chile exported 200 products to 50 countries, by the end of 2003, Chile exported 3854 products to 165 countries, which reinstates the spectrum of diversification that has taken place.

Free Trade Agreements

Chile, in its endeavour towards international integration, has actively set in place several bilateral and regional trade agreements. Within the LAC region, Chile has an associate membership of the MERCOSUR bloc, has entered into trade agreements with Central American countries, Venezuela, Colombia, Ecuador and Bolivia. However, Chile's inclination towards global integration is all the more evident from its extensive network of Free Trade Agreements (FTAs) with the non-LAC countries. Chile has in place FTAs with Canada, US, EU and South Korea. Chile is also negotiating FTAs with China, Singapore and New Zealand. With India it has entered into Framework Trade Agreement in January 2005, and is currently holding talks towards transforming the agreement into a Preferential Trade Agreement in the near future. Under the Chile-EU FTA, since February 2003, 85 per cent of Chilean exports to EU enjoy tariff-free access. Similarly, under Chile-US FTA signed in January 2004, 87 per cent of Chile's exports to the US are duty-free. In the near future, these agreements would enable 100 per cent duty free access to Chile's exports to EU and US. Therefore, Chile's expanding global linkages reflect significant opportunities for investments. Investments towards setting up manufacturing bases in Chile would not only cater to the Chilean market, but would also open up a horizon of opportunities to explore the markets of Latin American countries, EU and US, among others by virtue of the trade agreements.

With a view to attracting foreign investment in Chile, the government has set up the Foreign Investment Committee (FIC) comprising the Ministers of Economy, Finance, Foreign Relations and Planning, and the President of the Central Bank. The FIC contributes to position Chile as an attractive destination for foreign investment and international business. It conducts all operational tasks related to the management of the legal framework that regulates foreign investment; engages in various promotional activities; and participates in international negotiations that pertain to investment issues.

Incentives & Institutional Acclaim Such an institutional setup facilitates and enhances the inflow of foreign investment into Chile. FIC also extends several incentives to attract investment in Chile. These incentives may be in the form of grants & tax incentives, which differ according to geographic locations. The Chilean Economic Development Agency (CORFO) also extends a number of additional incentives such as co-funding of pre-investment studies, co-funding of investment costs and credit guarantees. CORFO also has in place a special incentive package for high-technology projects including biotechnology and IT. Moreover, Chile has two tax-free zones, one in the northern port of Iquique and the other in Punta Arenas. These tax-free zones provide exemptions from corporate taxes, VAT and custom duties. Goods can be re-exported without paying taxes, but goods sold within Chile must pay import duties and VAT upon leaving the zone unless, in the case of import duties, they are from a country with which Chile has a Free Trade Agreement (FIC, Chile). Such an institutional support has considerably contributed towards enhancing the investment attractiveness of Chile. Several international recognitions attest to this. Some of them may be highlighted below:

- The Institute of Management Development (IMD), in its World Competitiveness Scoreboard 2005 has placed Chile in the 19th place out of 60 select economies, the best among the LAC economies. The report has identified Chile as the most competitive country in terms of its pro-business image abroad. The 2005 ranking also shows an improvement of seven places as compared to 2004.
- According to the Growth Competitiveness Report 2004-05, published by the World Economic Forum, Chile ranks at 22 out of a select 104 countries, the best among the LAC economies.
- According to the 2005 Risk Ranking, published by the Economist Intelligence Unit (EIU), Chile is one of the lowest risk countries in the world, with the best position in Latin America and behind only Singapore and Hong Kong.
- EIU has also placed Chile at the 15th place, only behind Brazil in Latin America, in its 2005 Offshoring Environment Ranking. The report mentions that "Chile outshines its neighbours, luring investment with educated workers and strong IT skills".
- In addition to these, EIU's 2004-08 Business Environment Ranking of 60 select countries has placed Chile at the 17th position, ahead of all other economies in Latin America.
- A. T. Kearney has ranked Chile 9th out of the 25 best destinations in the world in its 2004 Offshore Location Index. It says "Chile offers the best business environment and infrastructure in the region".
- According to a recent survey of top businessmen by the Inter-American Development Bank, Chile has emerged as the best country for investing in Latin America.
- Chile also stands as one of the most transparent countries in the world with the 20th position among 146

economies ranked by the Transparency International in its 2004 Corruption Perception Index.

- The America Economia business magazine has identified Santiago, the capital of Chile, as the best city to conduct business in Latin America in its Best Cities for Doing Business in Latin America, published in May 2005.
- The Institutional Investor has placed Chile in the 32nd position in its risk ranking of 173 countries in March 2005. Like in other cases, Chile holds the best ranking in Latin America.

The above examples clearly corroborate Chile's superior



ECONOMY

investment climate and establish a firm reason for exploring investment opportunities in Chile. Opportunities exist in several areas including mining, manufacturing, agribusiness, transport infrastructure, health and IT. The open regime and the institutional as well as infrastructural facilities extended by Chile calls for greater investments in the country, both for the domestic market and the other international markets having trading agreements with Chile.

With inputs from,

1. Foreign Investment Committee, Chile (<http://www.foreigninvestment.cl>)
2. Economist Intelligence Unit

INDO-LAC BUSINESS

ONGC Videsh is all set to tap Latin America

OIL & Natural Gas Corporation Ltd (ONGC), through its wholly-owned subsidiary ONGC Videsh Ltd (OVL), is on the lookout for exploration opportunities in Latin America. The oil exploration major is looking for exploration contracts in Chile, Cuba, Venezuela and in the vicinity of Sudan, where it already operates an oilfield. ONGC Videsh already has a presence in eight foreign countries, including Libya, Sudan, Syria, Iraq, Iran, Myanmar, Vietnam and Russia.

According to Gautam Sen, Executive Director and Head of ONGC's Institute of Management Development, ONGC Videsh is constantly on the lookout for opportunities not only in countries where it already has its operations but in other countries as well. Negotiations with regard to several potential investments are at an advanced stage.

The company's estimated international crude reserves as of April 1, 2003 totalled approximately 673 million barrels of crude oil and approximately 97 billion cubic metres of natural gas. For the nine months ended December 31, 2003, ONGC Videsh's international production amounted to approximately 18.67 million barrels of oil and approximately 0.34 billion cubic metres of natural gas, representing an average production of approximately 66,098 barrels of oil and 1.22 million cubic metres of natural gas per day.

Ecuador could be ONGC Videsh Ltd's next big catch

with the largest one-time investment by an Indian firm abroad. Although aware that it may have to shell out \$1.5 billion in one go, OVL has decided to bid for EnCana Corp's producing blocks, either with a foreign partner or alone.

Though OVL's endeavor would be to identify a foreign partner to jointly bid for the EnCana's share, in case a "tie up with the partners does not become feasible within the time limit available, then OVL would bid alone".

The reason for OVL's desperation is that the acquisition would provide India 900,000 barrels per day as well as an opportunity to expand its operations in Latin America that accounts for 10 per cent of world's proven oil reserves.

EnCana's 2003 production in Ecuador averaged 62,300 bpd and the current production is reportedly about 90,000 bpd, which is slated to reach 115,000 bpd in 2005.

As on July 1, EnCana's share of equity reserves was estimated at 329 million barrels with proven reserves pegged at 217 million barrels. Additional possible and risked exploration reserves are estimated in excess of 267 million barrels.

EnCana has put on offer its equity in five oil blocks, of which four are producing, and 36.3 per cent stake in the 500-km Oleoducto de Crudos Pesados crude pipeline that has a capacity of 450,000 barrels per day.

The reason for the share sale is that it recently acquired US firm Tom Brown for \$2.35 billion and plans to divest its oil assets in Ecuador to cover the debt taken on this purchase. The share transfer would involve sale of the three holding entities through which it owns these shares.

EnCana's 100-percent owned Tarapoa block produced an average of 59,785 bpd in April 2004. The 2004-05 development plan includes the drilling of 21 wells in the undeveloped eastern portion of the 90,000-acre block. It has a 40 percent non-operated interest in Block 15 that entitles it to about 30,000 bpd, after royalties.



INDEE - Mexico, 2005

India to showcase engineering Pride

EEPC is pleased to announce "Indian Engineering Exhibition" INDEE - Mexico, 2005 in Mexico City from 12th to 14th October, 2005.

INDEE - Mexico, 2005 is an International Exposition of Indian Engineering Products and Technology will be held at World Trade Centre, Ciudad De Mexico, Mexico City, coinciding with **Fabtec-Canacintra Expo**. Fabtec-Canacintra Expo is being organised by GRUPO MFV, Mexico under the aegis of National Chamber for Manufacturing Industry.

FOCUS-LAC

Engineering exports from India to Latin America have increased from US\$ 91 million in 1995-96 to US\$ 240 million in 2003-04 thereby showing a growth of 163 per cent in a span of seven years. This clearly indicates the achievement of objectives set under the integrated programme 'Focus LAC' launched by the Government of India in 1997 in which eight countries i.e. Argentina, Brazil, Chile, Colombia, Mexico, Peru, Trinidad & Tobago and Venezuela were given added emphasis.

Mexico's special status

Mexico enjoys a special status among Latin American countries with the highest trade volume in the region and a



strong
NAFTA
influence.

The domestic industry is highly developed in certain sectors and the automobile industry is a major success story of Mexico. Very clearly there exists a large import demand for engineering products in all spheres but USA, Europe and Latin American countries are the major suppliers. Mexico

vigorously pursues Free Trade Agreements with many other nations with the objective of reaping maximum benefits from trade liberalization and mitigating its dependence on the US Market.

Thrust Products

Major product groups having potential for export to Mexico in particular and Latin America in general are as follows:

- Auto Parts
- Bicycle & Parts
- Bright Bars
- Chemical and Pharmaceutical Plant & Machinery
- Compressors
- I. C. Engines & Diesel Engines
- Electric Power Equipment & Parts
- Electrical Appliances
- Hand, Small & Cutting Tools
- Industrial Machinery
- Machine Tools
- Scientific & Surgical Instruments
- Sewing Machine & Parts
- SS Utensils

- Steel & Steel based products
- Textile & Jute Mill Machinery
- Tractors & Agricultural Equipment
- Two/Three Wheelers

FLAT LENS & YELLOW LENS ACCORDING TO YOUR CHOICE



Publicity

Council will undertake wide publicity of this event through various

media in Mexico and neighbouring Latin countries. Besides, extensive mass mailing campaign will also be undertaken to the buyers in the region.

Exhibitor's Profile

Exhibition Authorities will publish official show magazine in Spanish and English which will carry details of exhibiting companies.

For further details: E-mail : eepecto@eeepc.gov.in, eeepc@spectranet.com ■

EVENT

INDO-LAC BUSINESS



Democratic Movements Sweep Latin America People have the Final Say

By R. Viswanathan

Latin America's political elites need to accept the new reality that power has passed from the drawing room to the street.

ECUADOR PRESIDENT Lucio Gutierrez was forced out of power on April 20, 2005 by mass protests. He fled from the roof of his residence in a helicopter to escape the wrath of the surrounding mob.

Gutierrez' ouster, before the completion of his four-year term, was not unusual in Ecuador's political history. Two of his predecessors were forced out of power by popular uprising. In 1997, President Abdala Bucaram, just six months into his term, was ousted. President Jamil Mahuad was forced to exit within two years. Although the Presidents were legitimately elected in free and fair elections, the people got angry with their policies and abuse of power and decided to show them the door ahead of their terms.

The same thing has happened in Argentina, Bolivia, Peru, Haiti, and almost happened in Venezuela. In December 2001, President De La Rúa of Argentina had to quit amidst bloody popular protests. He also had to fly out of the Presidential Palace in a helicopter since his residence was surrounded by mobs. The masses were enraged by his policies that aggravated the economic crisis.

In 2003, President Sanchez Lozada of Bolivia was forced out of office by popular demonstrations against his free market economic policies. He took a helicopter to the military airport and fled to Miami.

Mass protests not only oust presidents; sometimes they also help them to power as happened in Mexico. The President and Congress tried to keep out Lopez Obrador, the Mayor of Mexico City, from contesting in the 2006 Presidential elections. The ruling party had pressed charges against him for violating a court injunction against building of an access road to a public hospital. But this was not a serious case of corruption or of political consequence. However, on technical and legal grounds, Congress removed the immunity of Obrador. He was to be sent to jail and disqualified from contesting in the Presidential elections. They were afraid because he was leading all the other Presidential candidates by a clear margin of at least 10 points. A march by about a million people in the last week of April 2005 forced President Vincent Fox to withdraw the case and let Obrador contest the elections. This is a clear victory for the people vis-à-vis the all-powerful President and the Congress.

People's power prevailing over Presidential power?

Direct democracy? Mob rule? Democracies under threat? Questions like these are inevitable. Before searching for answers, it should be noted that it is the people's will, not the barrel of the gun, which is changing the governments. Significantly, the people who overthrew Gutierrez and Sanchez were unorganised groups of students, labourers, and the middle class.

Maturing of democracy

The overthrow of elected Presidents does not mean the weakening of democracy. Democratisation has indeed taken strong roots in Latin America in the last two decades. The power of the ballot has replaced that of the barracks irreversibly. Power has passed to the masses from the elite. Not only do the people elect Presidents but they also choose to oust them when they see a violation of the mandate, without waiting for the end of the term. This is part of the maturing of democracy in Latin America.

People's protests have emerged as the new check and balance on the power wielded by Presidents. Middle class people and the indigenous populations resent the fact that the gains of liberalisation, and exploitation and export of natural resources go mainly to foreign companies and local elite. The roots of the public impatience and protests lie in poverty, disparity and marginalisation. When Presidents, Congress and the political parties do not address these issues, the people have started raising their voice and resorting to direct action.

The people's power displayed in some countries is a warning to the political elites of Latin America. They need to accept the new reality that power has passed from the drawing rooms to the streets. The military coup may be thing of the past, but the people's coup is here to challenge and change unpopular governments and policies. The rulers who used to keep an eye on the barracks need to look out for the mobs in the streets now. The sound of beating of pots and pans by street protesters have come to signal a greater danger for unpopular governments than the guns and bombs of the past. The message is clear. The Presidents need to address the concerns of the masses. Or else, keep the helicopter ready.

(The author is with the Ministry of External Affairs. Views expressed here are personal.)

Chile

A Destination for the Global Tourist

A country that is politically stable, economically prosperous, culturally rich and blessed with Nature's bounty is bound to attract the global tourist.

Chile, a long ribbon of land lying between the high peaks of the Andes and the Pacific Ocean, running over 4,500 km, along the south - west coast of South America, measures an area of about 757,000 sq km. Never more than 180 km wide, it is hard to imagine that such a small country can boast so much diversity - peaks, some rising to 20,000 ft high, snow-capped volcanoes, valleys, deserts, fjords, lakes, and glaciers. Chile has them all, and much more.

Santiago



Begin at the city's civic center, the focal point of which is the neoclassical La Moneda Palace, the site of many a historical event. Completed in 1805 (after more than 20 years of off-and-on construction), the building was the home of Chilean presidents until 1958 and today is the seat of the government.

Proceed to the Plaza de Armas, a picturesque square surrounded by the 18th-century Cathedral Metropolitana, the National Historical Museum, and the central post office. Visit the Pre-Columbian Museum, which is considered one of the world's best with a permanent collection of more than 1,500 ceramics, textiles.

Leaving downtown, head toward Parque Forestal, which leads to the Fine Arts Museum, and Bellavista, the artsy, bohemian center of Santiago. Ascend to San Cristóbal hill, a beautiful public park whose peak is crowned with a 118-foot statue of the Virgin Mary.

Nearby, housed in an exquisite 19th-century wrought-iron building, is the Central Market, a colorful conglomeration of seafood, fruits, vegetables, and flowers.

Meat pies at Artisan Centre

At the top of Apoquindo Avenue, to the right of Los Dominicos Church, lies this entertaining artisan center. Here, artisans get together to make and sell their works in stone, lapislázuli,

cane, copper, leather and ceramic. There are also antique shops, painters and young songwriters who come and sing on weekends, small restaurants and a typical mud oven where "empanadas" (Chilean meat pies) are cooked.

Descend and travel the other direction to the neighborhoods of Pedro de Valdivia Norte, Las Condes and Vitacura, a shoppers' paradise.

Pablo Neruda's Isla Negra



Enjoy the ride out of Santiago, through beautiful Central Valley. At the coast, visit the summer villages of Costa Azul, Las Cruces, El Tabo and last stop: the peaceful Isla Negra, a small resort made famous by its most famous inhabitant, the renown poet Pablo Neruda. Neruda won the Nobel Prize for literature in 1971. He passed away in 1973, and this, reputedly his favorite of his three houses, is now a museum, an eclectic assembly of the

poet's many collections, miniatures, vessels, colored bottles, fine glassware and seashells, to name a few as well as his manuscripts.

Valparaíso

Visit Valparaíso, a port christened by the Spanish in 1536. Climb up, down and around these narrow twisty streets - the city is balanced on some 40 hills - and pause at the water front to watch the ships, boats and fishermen in the bay.

The tour proceeds to the heart of the city, the Plaza Sotomayor, a pleasant sanctuary, opposite the Maritime Authority. Inside the plaza is the Monument to "Héroes de Iquique", a memorial for those killed during the War of the Pacific. Just beyond this is Muelle Prat, the pier complete with small crafts market.

Visit La Sebastiana, another of poet Pablo Neruda's homes-turned-museums, ride one of the city's many elevators, an effective mode of moving about this largely verticle port back at the turn of the century. Ascensor Artillería, built in 1898, is one of the oldest still in operation and offers a beautiful view of the ocean.



Wine Region

Chile's wine region includes eight separate valleys, each with its own characteristics and wines. The Casablanca Valley is generally considered the finest producer of whites, principally Chardonnay but with a growing reputation for Sauvignon Blanc. The Maipo valley, meanwhile, is Chile's most traditional wine region and producer of the country's finest Cabernets and Merlots. The wine and gourmet tours generally combine wine tastings with tours of historic haciendas and bodegas (wine cellars), some of which have been declared national monuments. Near Santiago, Chile's capital, they make a great weekend escape or luxury vacation all on their own.

Concha y Toro

Concha y Toro winery, founded in 1883, the country's largest wine exporter. A complete guided tour of the facility begins in the vineyards, some of which were planted by founder (and noted winemaker) Spanish nobleman Don Melchor de Concha y Toro himself, covers every step of the wine-making process and includes a wine tasting.

Travel out of Santiago past the vineyards, farms, orchards and olive plantations of Curacavi and Casablanca valleys. Viña del Mar, a town Chileans refer to as "Ciudad Jardín" due to its parks, flowerbeds and gardens. The beach is the



resort's main draw, however, and visitors and locals alike make use of Costanera Avenue and the oceanfront promenade in the shadows of the imposing Casino Municipal.

More wine

Drive south out of Santiago past La Florida, a new suburb, in the southern districts of Santiago. The excursion includes a visit to Cousiño Macul winery: Founded in 1856, at the foot of the Andes. The winery is one of the most traditional and still owned by the direct descendants of Matias Cousiño, after six generations. The main construction is one of the most beautiful and was designed by a French architect. Wine tasting including.

Colchagua Museum

Day devoted to visit two wineries of the valley and the private Colchagua Museum: The wine circuit of Colchagua Valley is a must for any wine enthusiast. Taste the wines and tour the wineries Bisquertt and Viu Manent and enjoy a delicious lunch at one of the wineries (20 participants as a minimum) or at the hotel (less than 20 participants).

Viña Bisquertt:

The Bisquertt name is associated with the production of good wines. For five generations, the Bisquertt family has cultivated land in the area and, 15 years ago, Don Osvaldo Bisquertt decided to practice viticulture. There are 400 hectares under cultivation in the Colchagua Valley dedicated to Cabernet Sauvignon, Merlot, Chardonnay, and Sauvignon Blanc. The winery has a modern infrastructure and a storage capacity of five million liters.

Viña Viu Manent:

The winery is one of the oldest in Chile, established in the middle of the 19th century. However, its recent history goes back to 1966 when the San Carlos Estate was purchased by Miguel Viu Manent. This is when it began producing and selling wine to the large Chilean wineries. In 1990, the winery underwent a radical change with the decision to bottle and export their own wines. There are 150 hectares in Cunaco divided between Cabernet Sauvignon, Merlot, Malbec, Chardonnay, Sauvignon Blanc and Semillon, and 50 hectares in Peralillo cultivated with Cabernet Sauvignon, Merlot and Chardonnay.

The winery has modern technology, now has a capacity of seven million liters, including wooden, stainless steel and epoxy-lined tanks, and oak barrels. After lunch, visit the Colchagua Museum, an private museum created in 1994 and renown for its pre-Columbian artifacts, gold pieces from the Moche culture, amber exhibit, and historical documents.



Representatives from governments and industry have strongly backed a call given by the World Tourism Organization (WTO) to step up tourism and take advantage of it to help realize the United Nations' Millennium Development Goals.

Meeting at the invitation of WTO Secretary-General Francesco Frangialli in New York on the eve of the Special United Nations General Assembly, they agreed

- Mobilization of financing for tourism infrastructure, market access, human capacity and technology in developing states as well as local level micro credit schemes.

- Support for the WTO ST-EP initiative to use Sustainable Tourism for Elimination of Poverty (ST-EP) through ecotourism, sports tourism and rural tourism programs at community level.

Leaders support call to use tourism as war against poverty



that a declaration that calls on the United Nations and public, private and civil society decision makers worldwide to encourage tourism will be one of the most effective tools for sustainable growth in the world's poorest countries.

UNICEF, ICAO, NEPAD, UNDP, UNCTAD as well as Ministers of Tourism, industry leaders and NGO's joined with the World Tourism Organization (WTO).

"Tourism needs greater recognition by governments and development institutions for its capacity to generate economic, environmental and social benefits," Frangialli said. "It is also a sector that promotes inter-cultural understanding and peace among nations."

"For poor countries and small island states, tourism is the leading export often the only sustainable growth sector of their economies and a catalyst for many related sectors. It can play a key role in the overall achievement of the Millennium Development Goals by 2015"

The Declaration calls for:

- Tourism to be integrated into all development and poverty reduction strategies, with an emphasis on positive linkages with local economic activities.
- Increased recognition of the role of tourism in national economies, using Tourism Satellite Accounts to measure the scale of the sector and its linkages with other sectors.
- Good governance by host countries and tourism providers, with a strong emphasis on social and cultural development, built around the WTO Global Code of Ethics and the campaign against exploitation of children.

- Recognition of the interrelationship of aviation and tourism as well as the need to increase air service access to poor countries, and special measures and funding to meet safety, security and facilitation standards for those markets.

- Action to harness the human resource potential of poor people in the delivery of quality service through the tourism value chain.

- Higher priority for tourism liberalization in the Doha Development Round, to capitalise at the forthcoming Hong Kong Summit on its potential as an export and economic driver for small island and poor states.

- Support for the 2003 Djerba Declaration on Climate Change and Tourism so that the industry can effectively play its role in greenhouse gas reduction and destinations are protected from adverse impacts of climate change.

- Endorsement of the UN Secretary-General's initiatives to introduce innovative financial support mechanisms for development, while urging that any voluntary taxes aimed at air travel respect international aviation accords and avoid burdening tourism flows to poor countries.

- Improved access to the UNDP's GEF (Global Environment Facility) funding for tourism development projects - particularly ecotourism and water development projects.

The Declaration was transmitted to all States and Organizations participating in the 60th Session of the General Assembly of the United Nations. ■

Chile ha emergido como destino codiciado de la inversión en América latina a causa de su economía estable, su integración global y una fuerte estructura institucional.

Durante el período 2000-2004, mientras crecía con una media del 4.0 por ciento, Chile ha conseguido mantener una tasa de inflación anual media de menos del 3.0 por ciento, reducir al mínimo su deuda pública y acumular suficientes reservas, las cuales reflejan actualmente una cobertura de las importaciones de casi dos años, innegablemente entre las más altas del mundo.

Inversión Extranjera Directa (IED)

El compromiso de Chile con las políticas de liberalización económica y libre mercado, junto con bases fuertes, han contribuido juntos a realzar la valía del país para inversiones. La inversión extranjera directa total en Chile subió a 7.1 miles de millones de dólares americanos en

Acuerdos de libre comercio

Chile, en su esfuerzo hacia la integración internacional, ha establecido activamente varios acuerdos comerciales bilaterales y regionales. Dentro de la región LAC, Chile es miembro del bloque MERCOSUR, ha entrado en acuerdos comerciales con países de Centroamérica, Venezuela, Colombia, Ecuador y Bolivia. Sin embargo, la inclinación de Chile hacia la integración global es la más evidente dada su extensa red de acuerdos de libre comercio con países no latinoamericanos. Chile tiene establecidos acuerdos de libre comercio con Canadá, los EE.UU., UE y Corea del Sur. Chile también está negociando acuerdos de libre comercio con China, Singapur y Nueva Zelanda. Con la India ha entrado en un acuerdo comercial marco en enero de 2005 y actualmente está teniendo negociaciones para transformar el acuerdo en un acuerdo comercial preferente en un futuro cercano. Bajo el acuerdo Chile-UE,



La inversión extranjera directa y las exportaciones alcanzan nuevas cotas

Chile en la cresta de la ola del éxito económico

Por Arijit Saraswati, Gerente, Export-Import Bank of India

2004, la mayor en la región LAC (países latinoamericanos) después de México. Tradicionalmente, la inversión extranjera ha sido más prominente en el sector minero, seguido por la electricidad, gas y agua, industria, transporte y comunicaciones y servicios financieros. Chile es el mayor productor de cobre del mundo y la comisión estatal del cobre, Cochilco, ha pronosticado inversiones en la minería de cobre y oro de alrededor de 15 mil millones de dólares americanos antes de 2008.

Chile se encuentra muy integrado en la economía global. El comercio exterior, que representó alrededor del 40% del PIB a finales de los años 70, montó alrededor del 60 % de su PIB en 2004. Mientras que los productos intermedios continúan dominando las importaciones de Chile, su cesta de exportaciones se ha diversificado. Aparte del cobre y otros productos mineros, Chile exporta actualmente cantidades importantes de celulosa, papel y materiales de impresión, frutas frescas, vino y metanol. Como consecuencia, las exportaciones casi se han duplicado hasta 32 mil millones de dólares americanos entre 1996 y 2004, en el proceso de transformación de Chile en un exportador neto, desde 1999. Según la oficina de fomento de las exportaciones de Chile (ProChile), mientras en 1975 Chile exportó 200 productos a 50 países, antes del fin de 2003, Chile exportó 3854 productos a 165 países, lo cual muestra el espectro de diversificación que ha tenido lugar.

desde febrero de 2003, el 85 por ciento de las exportaciones chilenas a la UE gozan de acceso libre de aranceles. Del mismo modo, bajo el acuerdo Chile-EE.UU. firmado en enero de 2004, el 87 por ciento de las exportaciones de Chile a los EE.UU. son libres de aranceles. En un futuro cercano, estos acuerdos permitirán el acceso libre del 100 por cien de las exportaciones de Chile a la UE y a los EE.UU. De este modo, los vínculos globales en expansión de Chile, reflejan importantes oportunidades de inversión. Las inversiones dirigidas a la instalación de centros de fabricación en Chile no abastecerían solamente al mercado chileno, sino que también abrirían un horizonte de oportunidades para explorar los mercados de los países de Latinoamérica, la UE y los EE.UU., entre otros, en virtud de los acuerdos de comercio.

Con objeto de atraer la inversión extranjera en Chile, el gobierno ha establecido un Foreign Investment Committee (Comité para la Inversión Extranjera, FIC) que abarca a los ministros de economía, finanzas y relaciones extranjeras y planificación y al presidente del banco central. El FIC contribuye a la ubicación de Chile como un destino atractivo para la inversión extranjera y los negocios internacionales. Dirige todas las tareas operativas relacionadas con la gestión del marco jurídico que regula la inversión extranjera, se involucra en diversas actividades

promocionales y participa en negociaciones internacionales relativas a temas de inversión.

Incentivos y apoyo institucional, tal disposición institucional facilita y ayuda a la afluencia de la inversión extranjera en Chile. El FIC también aporta varios incentivos para atraer la inversión en Chile. Estos incentivos pueden ser en forma de concesiones e incentivos fiscales, diferentes según la localización geográfica. La agencia chilena de desarrollo económico (CORFO) también aporta una serie de incentivos adicionales tales como la financiación conjunta de los estudios de la preinversión, financiación conjunta de los costes de inversión y de las garantías de crédito. CORFO también ha dispuesto un paquete de incentivos especiales para los proyectos de alta tecnología incluyendo la biotecnología y la informática. Por otra parte, Chile tiene dos zonas exentas de impuestos, una es



el puerto norteño de Iquique y la otra en Punta Arenas. Estas zonas exentas de impuestos proporcionan exención de los impuestos corporativos, del IVA y de aduanas. Las mercancías pueden ser reexportadas sin pagar impuestos, pero las mercancías vendidas dentro de Chile deben pagar aranceles y el IVA al salir de la zona, a menos que, en el caso de los aranceles, sean de un país con el que Chile tiene un acuerdo de libre comercio. Este tipo de ayuda institucional ha contribuido considerablemente a mejorar el atractivo de la inversión en Chile. Varios reconocimientos internacionales lo atestiguan. Algunos de ellos los destacamos como sigue:

- El Institute of Management Development (IMD), en su World Competitiveness Scoreboard 2005 ha situado a Chile en decimonoveno lugar entre 60 economías seleccionadas. El informe ha identificado a Chile como el

país más competitivo en términos de imagen exterior pro-negocio. El ranking de 2005 también muestra una mejora en siete puestos con respecto a 2004.

- Según el informe Growth Competitiveness Report 2004-05, publicado por el World Economic Forum, Chile se sitúa en el puesto 22 de 104 países seleccionados, el mejor entre las economías latinoamericanas.

- Según el Risk Ranking de 2005, publicado por la Economist Intelligence Unit (EIU), Chile es uno de los países de menor riesgo del mundo, con la mejor posición de Latinoamérica y sólo por detrás de Singapur y Hong Kong.

- EIU también ha situado a Chile en el quincuésimo puesto, sólo después de Brasil en Latinoamérica, en su Offshoring Environment Ranking de 2005. El informe menciona que "Chile brilla por encima de sus vecinos, tentado a la inversión con trabajadores formados y fuertes habilidades informáticas".

- Además de éstos, el Business Environment Ranking de 2004-08 de la EIU, entre 60 países seleccionados ha situado a Chile en el puesto 17, por delante del resto de economías en Latinoamérica.

- A. T. Kearney ha situado a Chile en el puesto 9 de entre los 25 mejores destinos en el mundo en su Offshore Location Index de 2004. Dice: "Chile ofrece el mejor ambiente e infraestructura de negocios de la región".

- Según un estudio reciente sobre personalidades de los negocios realizado por el Banco de Desarrollo Interamericano, Chile ha surgido como el mejor país para la inversión en América latina.

- Chile también se mantiene como uno de los países más transparentes del mundo, con la vigésima posición entre 146 economías, según el ranking de Transparency International en su Corruption Perception Index de 2004.

- La revista de negocios The AmericaEconomía ha identificado a Santiago, la capital de Chile, como la mejor ciudad para hacer negocios en Latinoamérica en su Best Cities for Doing Business in Latin America, publicado en Mayo de 2005.

- El Institutional Investor ha situado a Chile en la posición 32 de su ranking de riesgo entre 173 países en Marzo de 2005. Como en otros casos, Chile mantiene la mejor posición en Latinoamérica.

Los anteriores ejemplos corroboran claramente el gran clima de inversión en Chile y establecen un motivo firme para explorar las oportunidades de inversión en Chile. Las oportunidades existen en diversas áreas, incluyendo la minería, fabricación, negocio agrícola, infraestructura de transporte, salud e informática. El régimen abierto así como los servicios institucionales y de infraestructura dispuestos por Chile son una llamada a mayores inversiones en el país, tanto hacia el mercado interno como con otros mercados internacionales que tengan acuerdos comerciales con Chile.

Con las aportaciones de:

1. Foreign Investment Committee, Chile (<http://www.foreigninvestment.cl>)
2. Economist Intelligence Unit

Tata: La India hoy, mañana el mundo

Tata, el imperio líder de la industria privada de la India, está pisando el acelerador con fuerza para alcanzar el rápido crecimiento internacional



El reluciente prototipo plateado de una todoterreno con desempeño dentro y fuera del asfalto fue una de las estrellas del último motor show en Ginebra. El hecho particularmente notable fue que, en un lapso de dos años, será parte de

la producción no de Wolfsburg, Stuttgart, Detroit o Tokio, sino de Pune, ubicada a dos horas de Mumbai, la capital comercial de la India.

Hace cinco años hubiera sido inconcebible que un vehículo manufacturado en la India causara tal conmoción en un evento internacional de ese tipo. En aquel entonces, la jugada del grupo Tata para ingresar al mercado automotor hacía ver el claro debilitamiento de su empresa bandera Telco (ahora Tata Motors). Telco creció gracias a la producción de camiones y componentes de ingeniería. Su primer auto indígena, el pequeño Indica, tuvo problemas de calidad y la participación que pudo lograr en el creciente mercado interno de la India no llegó ni a la mitad de lo que se esperaba. Telco sufrió grandes pérdidas durante el período 1998-99. Sin embargo, Ratan Tata, presidente del conglomerado de 80 firmas que es la empresa privada más grande de la India (su rendimiento supera ligeramente al del grupo Reliance), se mantuvo firme. Los autos son parte importante de su ambiciosa visión para Tata. Siguiendo los pasos de sus ancestros, pioneros de la industrialización de la India (construcción de su primera planta de laminación de acero y estaciones de energía hidráulica), Tata quiere demostrar que la producción de la India puede competir en el escenario mundial.

Ratan Tata es sobrino de J.R.D. Tata, un industrialista

líder de los días del dominio británico y los años de la subsiguiente autarquía socialista. Sucedió a su tío en 1991 como presidente del holding del grupo, cuando la India comenzaba a liberalizar su economía. Tata era un imperio bastante extendido, cuyas 300 firmas, muchas de ellas cotizadas, tomaron cada una su propio rumbo. La participación que los Tata poseían en ellas a través de fideicomisos familiares casi siempre caía por debajo del 5%. Tata decidió tomar las riendas del grupo, logrando así incrementar su participación y ganar suficiente influencia. Renunció a los mercados atestados, como textiles y cemento, y le dio forma a otras empresas. Pero su astuta movida hacia los autos marcó un hito, a la vez que el grupo se hacía temiblemente expansionista.

En el año 2000, Tata invirtió \$435 millones en la compra de Tetley Tea, un negocio británico con una marca global - la primera gran adquisición extranjera por parte de una empresa india. La idea fue pasar de sólo vender hojas de las plantaciones de té de Tata.



Otras adquisiciones internacionales de camiones, telecomunicaciones y acero también representan una oportunidad mucho mayor para Tata a fin de hacerse de un lugar fuera de la India, tal como lo hace el floreciente negocio de la TI. Las ventas del grupo en el exterior ya alcanzan el 22%. Cuatro empresas del grupo son dirigidas por estadounidenses y un británico, Alan Rosling (antes en Jardine Matheson, una empresa de comerciantes de Hong Kong) ostenta el cargo de director internacional de la junta del holding.

Nada de esto habría sido posible si la apuesta por los autos hubiera demostrado ser un fracaso. Las pérdidas de Telco fueron ocasionadas en parte por una severa fase de contracción del mercado camionero. La respuesta de Tata fue reducir un 40% de empleos y cortar por mitad el número de proveedores hasta tener sólo 600. No fue una tarea fácil de hacer en la India, considerando sus rígidas leyes laborales. Después de una lucha de 3 años, el Indica y su versión más grande, el Indigo, empezaron a superar los problemas iniciales y ahora representan aproximadamente la cuarta parte de los mercados de vehículos pequeños y medianos. Tata recuerda que en 1995, cuando decidió ingresar al mercado de los autos de paseo, pudo haber tomado la ruta usual con un joint venture. Tanto Toyota como Volkswagen habían tenido conversaciones con él. Actualmente el productor líder de autos en la India es Maruti, creado a partir de un joint venture entre el gobierno y la japonesa Suzuki, que todavía posee un 54%. En efecto, en los días remotos del proteccionismo, Tata se ganó la vida fácilmente como el socio local de sus pares Mercedes-Benz, IBM, CBS y Honeywell. Tata sintió que era tiempo de crecer.

Hacia delante

Fue tras su sueño de convertir a Tata Motors en la empresa bandera de su imperio valorizado en \$14 mil millones. Hoy en día es el grupo comercial más grande en ventas y, a sólo siete años de haber producido su



primer auto, logra un margen de utilidad neta antes de impuestos de aproximadamente 10% - lo cual lo coloca al nivel de las productoras líderes de autos en volumen de Japón y Corea del Sur y por delante de su principal rival nacional. Ahora se está moviendo en Sudáfrica, fabricando autos para exportarlos a Europa, y vendiendo algunos otros en Turquía y Gran Bretaña (identificados como MG Rovers).

En la actualidad, las firmas del grupo participan en ocho sectores. La participación promedio de Tata en cada firma es de 25%, pero en sus empresas bandera, tales como Tata Motors, Tata Steel y Tata Consulting Services (TCS), representa un 65% o más. El verano pasado Tata finalmente dejó fluctuar un 14% de las acciones de TCS, una empresa de TI creada por ingenieros de Tata en 1968, mucho antes de oír hablar de los comerciantes de la tercerización de Bangalore como Infosys y Wipro Technologies. La fluctuación hizo valorizar a la empresa en \$11 mil millones. Tata obtuvo



más de mil millones de dólares, logrando que el grupo volviera a la cumbre de la industria india.

No sólo el jugoso 24% de margen de utilidad de TCS hace atractivo al grupo. El éxito del primer tramo de acciones que se dejaron fluctuar ha estimulado a Tata a considerar próximas cesiones de TCS para financiar otros nuevos riesgos. Un primer paso, afirma, será lograr que las acciones de TCS sean negociadas en Estados Unidos. El primer uso del dinero el verano pasado fue destinado a pagar la deuda contraída en Tata Sons, el holding del grupo. Sin embargo, las ventas posteriores podrían ser usadas para financiar el desarrollo de las empresas de telecomunicaciones de Tata, VSNL (otrora monopolio estatal para las telecomunicaciones internacionales) y Tata Tele Services.

Tata posee la mayor participación (46%) en VSNL, mientras que el gobierno mantiene un 26%. La desregulación justo después que Tata adquiriera su parte en el 2002 dejó a VSNL luchando contra un colapso de índices y una serie de nuevos competidores. No obstante, el valor de su inversión de \$530 millones se elevó, aún a pesar de la caída de las utilidades, al tiempo que el mercado se centró en su



potencial. Las probabilidades también le han ganado terreno a la realidad de los teléfonos celulares, sector en el que Tata todavía se está recuperando de un lento inicio. Así como la participación en el mercado automotor, esta diversificación está ocasionando problemas iniciales: la diferencia, según lo comentó irónicamente un director de Tata, es que el Indica fue una jugada de \$400 millones, pero ahora es más de diez veces mayor.

Gracias al dinero obtenido de la fluctuación de TCS, Tata debe invertir \$4 mil millones en la integración de los servicios de VSNL y TCS para ofrecer a sus clientes globales no sólo soluciones de software (por ejemplo, produce un software de última tecnología que escribe software), sino también entregarlas globalmente vía redes seguras. Esto ha sido factible gracias a que el pasado noviembre VSNL compró la antigua red de cable submarina de fibra óptica AT&T a Tyco, por sólo \$130 millones, haciéndose de un activo que a su dueño original le costaba \$3 mil millones desarrollar.

Las adquisiciones también están ayudando a Tata Steel a crecer fuera de la India. El pasado agosto Tata invirtió unos \$300 millones en la compra de NatSteel de Singapur. La planta de Tata Steel en el nordeste de la India ya es una de las más productivas del mundo, pero su alcance se extenderá al enviar lingotes de hierro y acero a las plantas de NatSteel para su enrollado y finalización en varillas, barras y láminas destinadas a los constructores y productores en aumento de Asia Oriental.

Tata ha considerado dejar fluctuar acciones en Tata Sons, pero su compleja estructura de propiedad (los dos bloques de acciones más representativas pertenecen a las beneficencias de Tata controladas por él mismo, y el tercero es de un viejo amigo de la familia) juega en contra suya. Las empresas operativas cotizadas también poseen acciones en el holding. Afortunadamente, TCS está demostrando ser una gran fuente alternativa de efectivo.

Ratan Tata se jubilará en menos de tres años, a la edad de 70. Antes de retirarse, desea lanzar un revolucionario "auto de 1 lakh" - vendible a 100,000 rupias (\$2,000). Tata produciría la estructura externa por partes y las vendería a empresas pequeñas que crearían puestos de trabajo para ensamblar los autos en talleres rurales. La idea es tener un "auto del pueblo" hecho por el pueblo. "Cuando veo cuatro o cinco miembros de una familia apiñados en una pequeña motocicleta, siento la determinación de ofrecer un auto familiar de bajo costo entre la motocicleta y los modelos normales", afirma Tata, haciendo de ésta su última jugada. Podría continuar como asesor del proyecto después de su jubilación.

No habrá una sucesión incómoda una vez que se vaya. Sólo existe un miembro de la familia Tata, Noel, quien dirige una pequeña parte del grupo. Para convertirse en un serio candidato, primero tendrá que demostrar sus cualidades en un empleo de mayor envergadura. Mientras tanto, no se ha pensado en él como uno de los candidatos que Tata tiene en mente. Aunque eso también es probable. Las batallas de sucesión familiar han hundido al rival de Tata, el grupo Reliance, desde la muerte de su fundador. ■

Tata Consultancy Services

ha sido elegida para integrar la Comisión Nacional de Desarrollo y Reformas, órgano del gobierno chino, como parte de un crucial joint venture que tiene como objetivo satisfacer las necesidades de software y servicios habilitados con TI, inclusive la tercerización de los procesos comerciales, de China, la región Asia Pacífico y el mercado internacional.

Los ingresos por exportaciones de ITeS-BPO posiblemente alcanzarán los \$7.3 mil millones en el 2006

El segmento de ITeS-BPO representa el 30% del total de las exportaciones de tecnología de la India. En el año fiscal 2005, los ingresos por exportaciones de ITeS-BPO crecieron en 44.5% hasta llegar a los \$5.2 mil millones. Se espera que durante este año fiscal alcancen los \$7.3 mil millones. En la India existen alrededor de 400 empresas de ITeS, la mayoría de las cuales se dedican a los centros de llamadas y a los dominios de BPO.

Infosys ocupó el 8° lugar de empresas TI de más rápido crecimiento en EEUU

La empresa de software más grande de la India, Infosys, ocupa el 8° lugar de la lista B2 100 entre las empresas de tecnología de más rápido crecimiento en EEUU, según la revista Business 2.0.

La industria india de la biotecnología se une al grupo de los mil millones de dólares en el 2004-05

El más reciente millonario en el bloque es la industria de la biotecnología de la India, pues acaba de facturar \$1,068 mil millones en el 2005.

La India muestra el camino hacia la computación de bajo costo



NUEVA DELHI.- Es más pequeña que un maletín de oficina, más ligera que una laptop, hace todo lo que una computadora personal puede hacer, y cuesta tanto como una iPod.

Bienvenidos al último invento tecnológico de la India - una computadora portátil que rompe la barrera del precio de las PC y ofrece el mundo de la computación, incluso navegar en la web, oír música y ver películas, a millones y millones de personas que nunca hubieran podido adquirir este producto bajo otras circunstancias.

El reconocido líder mundial de TI está asfaltando el camino hacia la democratización del uso de las computadoras y llenando de manera real el vacío digital.

Mobilis, nombre del invento, pesa medio kilo y sólo costaría aproximadamente \$220 cuando sea lanzado al mercado en unos tres meses. Mobilis está disponible no sólo en inglés, sino también en idiomas vernaculares como kannada, hindi y marathi. Se están trabajando las versiones en tamil y telugu.

"Con el procesador de textos, la navegación en Internet así como la interfaz en idiomas locales y las facilidades de texto-habla sin recargo alguno, Mobilis es simplemente la solución para el alumno promedio, vendedor, profesional u oficinas pequeñas", dijo Vinay Deshpande, presidente y CEO de Encore Software.

Éste es el segundo proyecto de Encore para la provisión de servicios de computación a precios razonables. Hace tres años, Encore, con sede en la capital tecnológica de la India, Bangalore, desarrolló el Simputer, un aparato portátil que sirve para conectar masas rurales con los mercados.

Mobilis, que no posee un disco duro sino una memoria incorporada y la facilidad de insertar tarjetas de memoria y una batería recargable de seis horas de duración, nace de la idea de una computadora adelantada sin accesorios.

"Con una pantalla de 7.4 pulgadas y diversas características innovadoras, Mobilis es una computadora de tecnología de punta para usuarios que

reclaman la libertad de trabajar en cualquier lugar y momento", añadió Deshpande.

Las características innovadoras de Mobilis ya han captado la atención de clientes en la India, Sudáfrica y Estados Unidos dentro del rango de \$230 - \$280.

El tercer producto, Sofcomp, es una computadora diseñada para oficinas que realmente no necesitan el costo y volumen de las PC de velocidad GHz para las tareas diarias.

Si el Simputer (\$200) ayudara a llevar la TI a poblados a un bajo costo, se esperaría poder extender aún más el uso de las nuevas computadoras desarrolladas con apoyo financiero del Consejo para la Investigación Científica e Industrial (CSIR) según su Iniciativa de Liderazgo Tecnológico en la India para el Nuevo Milenio.

"Las computadoras satisfacerían las necesidades de las personas con sus cada vez más agradables características para los usuarios", acotó el director general del CSIR, R.A. Mashelkar.

"Ha sido pensada en el usuario básico y no en el experto en tecnología. Quisimos ser muy claros en el hecho que la computadora apunte al hombre común, quien no está acostumbrado a las muchas características de las computadoras de tecnología avanzada", dijo Deshpande.

La compañía espera que Mobilis logre un mayor éxito comercial que el modesto éxito de Simputer, incluso en el extranjero, cuyo principal acceso es una cubierta sensible al tacto en el panel de visualización de cristal líquido.

Asimismo, tendrá Ethernet incorporado y un módem análogo, así como un sensor de huellas digitales incorporado opcional para usarlo como terminal kiosko, y hacerla apta como herramienta educativa.

Una vez iniciada la producción y aumenten los volúmenes, se espera que el costo de Mobilis baje considerablemente y sea más atractivo para el comprador promedio.

When **GOOD** Will Is Also **Business**

In the recent past, the world has experienced more disasters than it could cope with. In December 2004, an unprecedented Tsunami had devastated the coastal regions of seven Asian countries, killing nearly 300,000 people and rendering millions destitute. On July 26 this year, the century's heaviest rainfall to lash Mumbai in a single day had caused heavy flooding of the city in which more than 1000 people had died. Memories of Hurricane Katrina ripping through New Orleans towards the end of August, leaving thousands of people dead, are still fresh in mind. During and in the aftermath of every disaster, the responsibility of providing relief to the victims and rehabilitating them is left largely to concerned government and other international agencies. However, of late, corporate sector companies have begun to get more and more involved in relief work, realizing that the goodwill thus earned is also good business for them in future. We present an article from the New York Times about how large corporate companies have gone about helping the people in the US after Hurricane Katrina devastated parts of that country. Corporate good will in the aftermath of Hurricane Katrina has been anything but run-of-the-mill. Amgen, the biotechnology company, is donating \$2.5 million to relief efforts, focusing on dialysis and cancer patients. On top of millions of dollars in cash and equipment, General Electric donated a mobile power plant to restore capacity to a fuel transfer station in Louisiana. Emigrant Savings Bank deposited \$1,000 into the account of each customer in the areas hardest hit. Employees of Papa John's spent the last week in Biloxi, Miss., in a pizza trailer handing out thousands of six-inch pies.

Employees at many companies are also collectively matching, sometimes surpassing, direct corporate contributions. Even many companies that are geographically removed from the disaster are responding with remarkable largess. Amid all this, it seems that cash donations, especially anything less than \$1 million from the largest companies, are considered tight-fisted.

As companies reach into their coffers in a time-honored gesture of corporate good will, they have grown increasingly creative, even strategic, about the way they approach their philanthropy. Many are tapping their particular realms of expertise, and in contrast to the government's initial response, they have applied hallmark speed and efficiency to the process of sending in goods and services.

Corporations are rising to the challenge out of a spirit of charity but also to burnish their image. The money spent not only redounds in good will but also serves to publicize a company's products or business.

"It seems like companies are being more responsive in these crises and perhaps using this as an opportunity for better branding and



positioning relative to their day-to-day philanthropy," said Patrick Rooney, director of research at the Center on Philanthropy at Indiana University.

The sheer volume of donations has been overwhelming. In the last two weeks, Georgia Pacific sent 65 truckloads of consumer goods - toilet paper, paper towels, paper plates, cutlery - to relief organizations, more than three times the amount it sent all last year during hurricane season. In addition to its \$17 million in cash donations to relief agencies, Wal-Mart has shipped more than 100 truckloads of goods - diapers, wipes, toothbrushes, even beds - to the Gulf Coast.

If the pace of corporate donations continues - at \$312 million and counting, according to The Chronicle of Philanthropy in Washington - it is likely that the dollars given by businesses will surpass those given after disasters like the Sept. 11 attacks and the Asian tsunami.

"The response has been really quite stunning," said Peter Hero, president of the Community Foundation Silicon Valley in San Jose, Calif. "Even though many of those companies don't have plants or business operations in the South."

Even where the quantity remains the same as in previous disasters, the quality of the help seems to be changing, as companies tailor their giving in a way that strives for a particular public image.

"This is an interesting time, because it's the third wave, after 9/11 and the tsunami," said Brad Googins, director of the Center for Corporate Citizenship at Boston College. "And now companies can say, 'Let's step back and become more strategic and ask, What could we do that we could begin to leverage differently from what others can do?'"

Leading the pack is Wal-Mart. After an initial response that was widely considered miserly, the retail giant has donated the use of 18 vacant buildings to various relief agencies; others are being evaluated for possible use. This is in addition to the cash and the donated goods - the company valued the goods at \$3 million.

In Silicon Valley, Mr. Hero said, the great outpouring may derive from a recognition that, perched on seismic uncertainty, it, too, is a region vulnerable to disaster.

Intel, based in Santa Clara, Calif., whose gift of \$1 million

has been matched by more than \$2 million from employees and the company's foundation, continues to pay the 200 employees who are volunteering at home or around the affected areas. And Intel's chief executive, Paul S. Otellini, has used his blog to discuss company relief efforts.

"People weren't really realizing the magnitude of the trauma at first," said Shelly Esque, director of corporate public affairs at Intel. "But once CNN put it into the living room, I saw tremendous action. Our employees were e-mailing and phoning, saying, 'What are we going to do as a company?'"

With two disasters behind them, some companies are applying lessons they have learned to their hurricane-related philanthropy. G.E. is a case in point. During the tsunami, the company put together a team of 50 project engineers - experts in portable water purification, energy, health care and medical equipment.

After Hurricane Katrina, G.E. executives took their cues from Jeffrey R. Immelt, G.E.'s chief executive, and reactivated the same tsunami team for New Orleans. "Jeff told us, 'Don't let anything stand in the way of getting aid where it's needed,'" said Robert Corcoran, vice president for corporate citizenship.

When one engineer reported that the pumping station that feeds oil to 40 percent of the refineries in the nation had no power, G.E. sent a generator that had been sitting idle in Pensacola, Fla., to Louisiana.

"I think there is even more learning going on in the corporate world and we're trying to bring our expertise to bear to help in a crisis," said Jean Lim, president of the Amgen Foundation, which is working with the National Kidney Foundation to give patients access to dialysis services. "We could make a very generalized gift, but if we happen to know who's on the ground to get to





customers, to say nothing of the public relations coup, went a long way toward compensating for the expense.

Philanthropy specialists expressed concern over how long the generosity would

patients, why wouldn't we partner with them?"

Although few executives will publicly criticize the Federal Emergency Management Agency or other government agencies for slow responses, many are trying to add corporate efficiency to government efforts.

Transportation companies like United Parcel Service and Yellow Roadway have assigned logistics specialists to serve as liaisons for FEMA and to the governors of Louisiana and Mississippi to help direct people and supplies. G.E. was so quick to set up temporary housing for the engineers it sent to help that the New Orleans Water and Sewer Board has asked the company to help it set up temporary housing for its own people.

As with G.E., at many companies the impetus to help is coming from the top.

"Our senior management said, 'This is a disaster of historical magnitude, do what you have to do,'" said Robert Mallett, senior vice president for corporate affairs at Pfizer.

Pfizer has not only sent a steady stream of drugs into the affected areas, but has also collaborated with retailers, government agencies and hospitals to set up systems for storing and distributing drugs to evacuees. The company has invited academic researchers whose labs were ruined to carry on their experiments in Pfizer labs.

As Howard P. Milstein, the chief executive of Emigrant Savings, saw it, there was no question but that an outsize gesture was called for. So last week, dismissing the concerns of his advisers, Mr. Milstein ordered that \$1,000 be deposited into the accounts of customers living in areas hit hardest by the hurricane. Mr. Milstein said he had thought there were only a few hundred customers in the area, but when he found out there were closer to a thousand, he stood by his decision.

The bank's total donation - \$1 million - cut straight into the company's bottom line. "This would have been profit that we get to keep," Mr. Milstein said.

But the outpouring of gratitude from Emigrant's

continue. "It's a big problem for the victims and the families," said Mr. Rooney of Indiana University. "Will the donors and funders still be there when the disaster relief phase ends and it's time to rebuild the community and culture of the region?"

A few companies are adopting a long-term strategy.

On top of a \$2 million contribution to the Centers for Disease Control and Prevention Foundation, Kaiser Permanente has pledged \$1 million for long-term recovery, though it has not yet decided specifically where the money will go.

And in addition to a \$350,000 cash contribution, and clothing valued at \$1.5 million wholesale, Levi Strauss & Company is setting \$150,000 aside for future use in the stricken areas.

The company did the same thing after the tsunami. "We just monitored and looked to see what was happening," said Theresa Fay-Bustillos, executive director of the Levi Strauss Foundation. "We looked at some of the structural inequities in place before the tsunami and how that played out in the relief and in the reconstruction, and we identified gaps that needed to be addressed."

The company recently used the money it had set aside to make grants to organizations focused on women's issues.

"We're going to monitor what's happening in very poor regions and we'll be looking for the gaps and the holes," Ms. Fay-Bustillos said. "But I can guarantee you that if I try to predict what those might be today, we'll be looking in the wrong places."

Mr. Googins applauded such an approach. "It's not just, 'Here's stop-gap financing because we want to help,'" he said. "The question is how can companies contribute toward creating a more sustainable New Orleans, and address some fundamental issues around infrastructure and education."

The authors of the above article are Katie Hafner and Claudia H Deutsch

