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## CHINA - INDIA PARTNERSHIP THE ROAD AHEAD



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## *From the Editor's Desk*



We are happy to present to the readers the January - March 2014 Issue of the World Trade Research and Information Report. This issue carries an interview of Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai.

As you are aware China is the largest trading partner of India. Dr. Youfa presents his views on prospects of India partnering with the Chinese economy. According to Dr. Youfa, India and China have embarked the road of peaceful development. Going forward, the recently concluded India-China Strategic Economic Dialogue has opened avenues for two-way trade and investment.

The section on Global Economy highlights the World Bank's aspirations towards achieving the Millennium Development Goals. Also, the OECD's "Going for Growth" Report suggests structural reforms towards strong, sustainable and balanced economic growth globally.

On the domestic front, the Moody's rating agency signals risk of a possible downgrade following political uncertainty, inflation and rising import bill. Also, forecasts of an impending draught by weather scientists following signs of an El Nino year looms large on the Indian economy.

The Issue also covers news on WTO's Post-Bali discussions and deliberations and its sector-specific impact.

We hope you find the journal insightful and welcome your valued views and comments.

Best wishes,

A handwritten signature in black ink, appearing to read 'Y. R. Warkerkar'.

Y. R. Warkerkar



# Focus

## China - India Partnership - The Road Ahead

(An interview with Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai)



China is the growing second largest economy, whose annual GDP stood at more than \$8 trillion in 2013, and is set to grow by 7% per year in the mid-term. China has surpassed the United States to become the largest trading nation, whose foreign trade registered at \$4.16 trillion in the same year. China is increasingly becoming an investing nation in the world, whose overseas direct investment is soon to reach the benchmark of \$500 billion. Equally important, China is already the major production center of the world where more than one million FDI enterprises have been operating across the country, and where more than half of the brand products of the transnational corporations are manufactured, assembled or processed. Therefore, China is a market India cannot afford to lose. China is a partner that India cannot afford to brush aside.

**Q1. During your tenure as Consul General of the People's Republic of China in Mumbai, what are your observations of Mumbai as the financial capital of India? Are there any similarities with Shanghai which commands a similar position?**

There is no doubt that Mumbai is the financial capital of India. The city has the two largest Indian stock markets, which have been providing steam for the national economy to grow in strength. The Reserve Bank of India and the Securities and Exchange Board of India are

both headquartered here in the city. Almost all the major banks have their major presence in this city. As one verse from a well-known school song in Mumbai says well: The city is “the gateway of India, a door of the East with its face to the West.”

It is a consensus that great countries must have great cities to bear national signatures. In this regard, Mumbai and Shanghai can proudly take the credit of being the financial capital of India and that of China. Both Mumbai and Shanghai are the commanding power houses of the national economic development. Both are modern metropolitan cities where the middle classes are converging. Both are financial centers which are increasingly having impacts on regional and global economies. Both cities are commercial centers which would serve as the indicators of the health status of the national economy. Both are port cities where the bulk of the imports and exports can be handled efficiently. Both are the cities where IT industries are flourishing, which would produce the steam for the national economies.

**Q2. Do you feel that India and China are still reaping the benefits of the Silk Route established centuries back?**

China and India are the two oldest civilizations of the world, which have coexisted in peace for more than two thousand years. The cultural and economic relations between China and India date back to two centuries BC. This was earmarked by the Silk Road which not only served as a major trade route between India and China, but also credited for facilitating the spread of Buddhism from India to East Asia including China. Since the founding of modern India and new China, the two countries kept building on the traditional trade and economic relations. Currently, China has become India's

biggest trade partner, and India has been the largest trade partner of China in South Asia. The two way investment and industrial cooperation are set to become new vehicles to power the bilateral relations

**Q3. June 2012 was witness to the most important bilateral partnership of the century, giving way for India and China to progress towards favorable trade relations, setting aside political disputes?**

It is true that in 2012, our bilateral trade hit the record high of \$74 billion. However, in the following two years, the trade volumes were hovering around \$65 billion respectively, which was due to many factors. First, our bilateral trade is subject to the impact of the global economy. Secondly, it is directly driven by the demand at the domestic markets. Thirdly, our trade is also greatly affected by policy measures of the two governments, which are the “road blocks” for the healthy development of the bilateral trade.

**Q4. A goal to reach bilateral trade of US\$ 100 billion by 2015 and US\$ 1 trillion by 2050 are some of the targets being set. Are these realistically achievable and if so, and how do you see both nations reaching them?**

As far as I can see, the above targets are doable. The reasons are simple. First, both China and India are fast growing consuming markets, from which both countries should and can take stock. Both countries need to boost imports to provide additional stem for economic growth at home. Thirdly, both countries are members at the SCO, the BRICS and the G20, which would warrant both countries to take further concerted efforts in the areas of trade and investment. Currently, both China and India have been working on the construction of the economic corridor among Bangladesh, Myanmar, India and China, which should facilitate conditions for closer bilateral cooperation in the above regard.

**Q5. In your view how fruitful is the BRICS Central Bank going to be to the BRICS nations?**

The BRICS Bank will mark the growing positions of the BRICS nations at the world arena both in terms of

financial game rules and global governance. The Bank will definitely provide the badly needed cash injection for infrastructure among the member countries, especially India. The Bank will play a major role in monitoring the economic health statuses of the member economies. It will provide the vehicle for the member nations to reduce their over dependency on the US dollar and eventually find ways and means to establish their own common currency.

**Q6. As an economist by profession as well, how should India approach the rising trade deficit with China which stands at US\$ 40 billion?**

From the outset, trade is carried out on the comparative advantages between or among relevant partners. This warrant trading partners to create and maintain strong manufacturing capabilities and the viable vehicles to promote trade. In this regard, the Indian side should join hands with the Chinese side to identify more tradable goods, more tradable sectors. More importantly, both sides should encourage the two way direct investment, which would allow partners from both countries to carry out joint production either in India, in China or in third countries. This would drastically address the trade deficit between India and China, in accordance with the international practice.

**Q7. What are some of the takeaways from the recently concluded India-China Strategic Economic Dialogue (SED)?**

During the recently concluded bilateral strategic economic dialogue, both governments agreed to further improve environment for trade and investment, encourage the two way investment, strengthen cooperation in infrastructure, information technology, environment protection, energy and finance. As I see it, both countries are faced with double pressure of readjustment of economic structure and economic reform. Therefore, both countries should take stock from the experience of the other side, and avoid the similar mistakes. Furthermore, both sides should carry out more dialogues and consultations in macro economic situation, fine-tune growth modality, etc.

**Q8. Chinese investments in India have been meager. Which are some of the sectors you propose for joint collaborations?**

As I said earlier, China has become a growing investing country over the recent years. Chinese direct investment has been flowing to more than 150 countries and economies around the world. The 12<sup>th</sup> five year economic plan launched by the Indian government has earmarked more than \$1 trillion for infrastructure construction, which would provide more opportunities for the two countries to step up collaboration. This sector could be another area for closer cooperation. However, manufacturing sectors should also be the key for business communities of both countries to take a close look at.

**Q9. India's need of the hour is investments in infrastructure to the tune of US\$ 1 trillion, how can China help in this aspect?**

It is a simple truth that China's success story over the past 35 years or so has been supported by the comprehensive networks of highway, railway and air transportation across the country. And, China has accumulated ample experience in this regard, to which India could take stock from. Currently, China has built-up and maintained very competitive engineering enterprises in up-grading the existing railway systems, the construction of high-speed railways, topnotch highways, cross-harbor bridges and terminals, etc. Chinese companies can also provide consultancy, designing, financing services to all the above regard.

**Q10. How do you see India being a part of China's economic growth story?**

Both China and India have now embarked on the road of peaceful development, and our countries have long established the strategic partnership relations. For that matter, the two countries are natural partners in trade, investment and industrial cooperation. The two countries could be the great market potentials for each other. The two countries could be the partners in research and development of commercial technologies. The two countries could take stock from each other in terms of economic development and national governance. And,

the two governments could be partners in the global governance, at which the two sides could join hands in protecting the common interests, put forward the common agendas.

**Q11. Are plans afoot towards a free trade agreement between India and China?**

China and India, which are the second and the sixth largest economy in the world respectively, have every reason to strive for closer economic cooperation, of which the free trade agreement is a natural choice. Plans are in the pipeline, and would take some more efforts by both sides in order to sign the agreement which would pave the way for even closer cooperation and effectively remove the visible and invisible barriers that have caused the growing trade deficit between India and China.

**Q12. What is China's share in the GDP of the Asian region viz-a-viz the rest of the world?**

By 2013, China's GDP was registered at RMB56.8845 trillion, roughly about \$9.4 trillion, which constitutes 12%. Meanwhile, China's GDP constituted about one third of that across the Asian region. And, according to one estimation, by 2050, Asian economy might add up to about half of the global total and Indian economy would certainly climb up the ladder in the world economy.

**Q13. What is your message to the Indian business community?**

Chinese economy is growing, and the Chinese market is growing by \$1 trillion per year in the five years down the road. However, the market opportunities are not standing there waiting for the Indian business communities alone. Therefore, while our two governments are still working on the long overdue free trade agreement, the business communities should not wait. The two business communities should identify more tradable goods for export to China. The two communities should seek partnership with each other in order to establish joint venture projects either in China or in India, which would help the government to effectively address the pending issue of trade imbalance and build up the mutual trust and confidence that is still the scarce commodity.

# Global Economy

## Global Macroeconomic Data (in %)

	GDP (Q4 2014)	Consumer Prices	Unemployment rate (%)	Current account balance (% of GDP)	Budget balance (% of GDP)
United States	2.5	1.6(Jan)	6.7 (Feb)	-2.2	-2.9
Japan	2.6	1.4 (Jan)	3.7 (Jan)	0.9	-8.1
Euro area	0.5	0.8(Feb)	12.0 (Jan)	2.1	-2.6
Germany	1.4	1.2 (Feb)	6.8 (Feb)	6.6	0.3
France	0.8	0.7 (Jan)	10.9 (Jan)	-1.7	-3.6
Britain	2.7	1.9 (Jan)	7.2 (Nov)	-3.2	-5.6
Canada	2.7	1.5 (Jan)	7.0 (Feb)	-2.9	-2.2
South Korea	4.0	1.0 (Feb)	4.5 (Feb)	4.4	0.5
Mexico	0.7	4.2 (Feb)	4.8 (Jan)	-1.6	-3.2
<b>India</b>	<b>4.7</b>	<b>8.1 (Feb)</b>	<b>9.9 (2012)</b>	<b>-2.9</b>	<b>-4.9</b>

Source: Haver Analytics

## World Bank Presents Views on Post-2015 Framework for MDGs

As the 2015 deadline for achieving the Millennium Development Goals (MDGs) gets closer, the World Bank Group (WBG) is setting ambitious targets and reforming the way it does business to support a sustainable post-2015 development framework.

The WBG is working with the United Nations (UN) and other multilateral development banks (MDBs) to make MDGs meet their objectives. While member states are the ones driving the Post-2015 agenda, the World Bank's contribution from its ability to push the "data revolution," or to help build a consensus on a new financing framework is being recognized by the international community.

The WBG is also committed to better leverage resources and knowledge to support strong economic growth and to tackle rising income equality, gender imbalance, climate change and fragility, according to World Bank Vice President

of External and Corporate Relations Cyril Muller, who spoke at a high-level seminar "The Post-2015 Development Agenda: Towards a New Partnership for Development," in Moscow.

The eight MDGs – eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and a global partnership for development – were adopted in 2000 by UN member states.

Since then, several MDG targets have been met or are close to being achieved. For example, the proportion of people living in extreme poverty has been halved globally, and over 2 billion people got access to improved sources of drinking water. But some other goals, including preventing maternal deaths and environmental sustainability, require more work going forward. A sustainable development agenda post 2015 is critical to accelerate work in these areas and to expand the results that have been achieved already.

The ability to finance such a framework depends on many factors.

Global development cooperation that attracts aid from diverse sources, emphasizes domestic resource mobilization, and capitalizes on the potential of the private sector is critical. So are good policies, the capacity to implement them, and credible institutions which increase the impact of scarce resources and leverage additional resources from domestic and foreign, public and private sources.

The WBG is working with the UN and regional counterparts to add value to this process with a strong emphasis on means of implementation, financing for development and data. In setting the twin goals of ending poverty and boosting shared prosperity, the WBG is also putting the focus on sustainable and inclusive growth at the center of country level operations and aiming to better leverage resources and knowledge to support the MDGs.

## GDP in G20 Economies Slows Down to 0.8% in Fourth Quarter of 2013

Quarterly Gross Domestic Product (GDP) in the **G20 area** grew by 0.8% in the fourth quarter of 2013, down from 0.9% in the previous quarter, according to preliminary estimates.

Among G20 economies, **China** recorded the strongest growth at 1.8%, compared with 2.2% in the previous quarter, followed by **Indonesia** with growth of 1.4%, the same rate as in the previous quarter.

In **Canada** and **Japan** GDP growth remained unchanged at 0.7% and 0.2% respectively.

In **South Africa** and **Australia**, GDP growth accelerated to 0.9% and 0.8% respectively, compared with 0.2% and 0.6% in the third quarter. In **Brazil**, GDP grew by 0.7%, rebounding from a contraction of 0.5% in the previous quarter.

GDP growth slowed in **Korea**, the **United Kingdom** and the **United States** yet remained strong at 0.9%, 0.7% and 0.6% respectively, compared with 1.1%, 0.8% and 1.0% in the third quarter.

In **France**, GDP increased by 0.3%, after remaining flat in the previous quarter while **Germany's** GDP growth accelerated slightly to 0.4%. In **Italy**, GDP increased by 0.1%, the first positive growth rate after nine consecutive quarters of decline.

In **India** and **Mexico**, GDP growth slowed significantly to 1.0% and 0.2% respectively in the fourth quarter of 2013 after 1.8% and 0.9% in the third quarter.

Compared with the same quarter of 2012, GDP for the **G20 area** expanded by 3.3% in the fourth quarter of 2013, up from 2.9% in the previous quarter. Among G20 economies, **China** recorded the highest growth rate (7.7%) and **Italy** the largest contraction (minus 0.9%).

For 2013 as a whole, GDP expanded by 2.8% in the G20 area, compared with 2.9% in 2012.

## Merchandise Trade Continues To Pick-Up across Most Major Economies in Fourth Quarter Of 2013

Merchandise trade grew in most major economies in the last quarter of 2013. Compared with the previous quarter, total imports and exports of the **G7 and BRICS** economies as a whole grew by 0.9% (imports) and 2.1% (export).

Export growth outpaced import growth in most major economies, including the **United Kingdom** (3.0% compared with 1.4% respectively), **Germany** (2.4% and 1.1%), the **United States** (1.7% and 0.4%), **China** (4.8% and 1.6%), **Brazil** (2.8% and 0.5%) and, to a lesser extent, **Canada** (0.7% and 0.5%). The growth in exports was also higher than that of imports, which contracted, in **Italy** (1.7% and minus 0.8%) and **South Africa** (1.7% and minus 3.3%).

Import growth outpaced export growth in **Japan** (3.2% and 1.0%) and **France** (1.3% and 0.9%). In **Russia**, import growth was also higher than that of exports, which contracted (2.8% and minus 2.4%).

Exports and imports both contracted in **India** (minus 2.6% and minus 1.6%).



For 2103 as a whole, imports and exports of the **G7 and BRICS** economies were 1.1% and 2.3% higher than in 2012. Imports and exports grew strongest in **China** (up 8% on 2012) while they contracted the most in **Japan** by 6% and 10%, respectively.

## Ambitious Structural Reforms Pave Return to Strong and Sustainable Growth

Adopting ambitious and comprehensive structural reform agendas will offer governments the best chance for a return to strong, sustainable and balanced economic growth that creates jobs and reduces inequality, according to the OECD's latest Going for Growth report.

The report assesses and compares progress that countries have made on structural reforms since 2012 and takes a fresh look at what else can be done to revive growth and make it more inclusive. The OECD shows that most governments have continued enacting reforms, despite the challenges posed by a subdued growth environment, and highlights actions that can still be taken to boost productivity, raise public sector efficiency, improve educational outcomes, and strengthen labour markets.

"Signs of a broad-based recovery are becoming more tangible, but governments of advanced and emerging economies now face the risk of falling into a low-growth trap," OECD Secretary-General Angel Gurría said during a launch event in Sydney.

"Australia has focused its G20 Presidency on promoting stronger economic growth and employment while making the global economy more resilient to deal with future shocks. The structural reform recommendations the OECD puts forward today offer governments practical ways to boost productivity, lift growth, create jobs and avoid the low-growth trap," Mr Gurría said.

Going for Growth 2014 points to countries where reform action has been taken as well as where more needs to be done:

- The intensity of reform has remained highest in southern euro area countries like Greece, Italy, Portugal and

Spain, which are suffering from high long-term unemployment and youth joblessness. Considerable action to reform the labour market and break down barriers to job creation and mobility has been taken, in particular in Spain in Portugal, which have begun growing again.

- Many emerging economies have yet to launch comprehensive structural reform agendas, and should implement wider efforts to improve education, address physical and legal infrastructure bottlenecks and bring more workers into formal sector employment. Mexico stands out among emerging economies for its adoption and ongoing implementation of broad-reaching reforms in competition policy, education, energy, financial services and telecommunications.
- In OECD countries which face particularly rapid population ageing, such as Japan, Korea and Germany, bringing more women into the labour market and ensuring that they are fully integrated remains a key challenge.
- Advanced and emerging economies are both encouraged to boost competition across their economies. Another country hard hit by the crisis – Ireland - has made the most progress on bankruptcy reform and toward creating a more competitive business environment.

A special feature of Going for Growth 2014 assesses the progress countries have made since 2008 toward reducing regulatory barriers. The new OECD Product Market Regulation indicators show that while governments have continued to move towards more competition-friendly regulation, progress has only been modest in most cases.

Competition in network industries and professional services like accounting, architecture, engineering and legal services continues to be held back by regulatory barriers to entry. Where regulatory settings have been improved, the legislated changes need to be fully implemented, to ensure the effective easing of administrative burdens on companies and the entry of new firms.

# BRICS News

## BRICS Macroeconomic Data (in %)

	GDP (Q4 2014)	Consumer Prices	Unemployment rate (%)	Current account balance (% of GDP)	Budget balance (% of GDP)
Brazil	1.9	5.7 (Feb)	4.8 (Jan)	-3.6	-4.0
Russia	1.2	6.2 (Feb)	5.6 (Jan)	1.9	-0.5
<b>India</b>	<b>4.7</b>	<b>8.1 (Feb)</b>	<b>9.9 (2012)</b>	<b>-2.9</b>	<b>-4.9</b>
China	7.7	2.0 (Feb)	4.1	1.7	-1.9
South Africa	2.0	5.8 (Jan)	24.1	-6.3	-4.4

Source: Haver Analytics

### BRICS Economies Have Not lost Luster Say Policy Makers

Senior policy makers from Brazil, Russia, India, China, and South America refuted the contention that the BRICS economies had lost their lustre and asserted that most of them would get back to healthy growth rates.

At the same time, there was recognition of the fact that the world had perhaps moved to a “new normal”, and it would be difficult for any country, developed or emerging, to return to the heady growth rates of the pre-economic crisis period. Growth rates of the BRICS economies remain at half their pre-crisis levels, prompting concern that the golden age of these countries is over.

Jim O’Neill, the former Goldman Sachs economist who popularised the BRIC acronym, has now identified Mexico, Indonesia, Nigeria, and Turkey, or MINT as the new promising investment destination.

But at Davos, the BRICS economies exuded confidence. Finance Minister P Chidambaram said “The economy has stabilised and investment is back. In calendar 2014, the Indian economy will grow by 6 per cent. We will get back to high growth in the near term.”

Liu Mingkang, the former chairman of China Banking Regulatory Commission, said his country was following a deliberate policy of slowing down its economic growth. “It is our own willingness to reduce speed. If we grow at 6.9 per cent for the next seven years, by 2020, we will fulfill our goal

of doubling our GDP in 10 years from 2010. A 7 per cent growth is OK for China.” China wanted to reduce over capacity as well as reduce its dependence on credit-fuelled fixed asset growth and export growth. “We are changing our growth model. We will increase domestic consumption by increasing productivity and per income capita income. We want to reduce our focus on cheap labour and focus on innovation and technology,” he said.

Russia’s Deputy Prime Minister Arkady Dvorkovich said his country had to improve its internal business environment: “Our investment rates are low. We have to cut bureaucracy and red tape and improve access to finance.”

### BRICS: From FDI Destination to Departure Point

According to the World Investment Report, in 2012, the BRIC countries managed to absorb nearly USD \$263 billion of FDI, or 20% of the global total. The report also forecast this trend to intensify in the coming years, despite the concerns regarding the economic prospects of the BRIC nations.

While BRIC countries welcome the influx of funding, the mismatch between the needs of the recipient economy and the preferences of foreign investors persist. India, for example, has attempted to woo foreign money into infrastructure projects such as power stations and roads. Yet these sectors account for only 6% of inbound FDI.

In 2011, 50% of all FDI into China went into its real estate sector, fuelling a property bubble. Consequently China's top economic planning agency has officially discouraged foreign investment in areas it deems "oversaturated", such as housing and automobile. On the other hand, though Chinese government classified its renewable energy industry as a priority investment sector, there has been a lukewarm response from foreigners.

Brazil and Russia, in particular, have failed to attract foreign investment into their high tech and manufacturing sectors, which is necessary to diversify their economies from their dependence on commodities.

There is now a growing consensus amongst BRIC policymakers on the need to channel foreign capital into knowledge industries such as biotechnology, nanotechnology and robotics in a bid to move their economies up the value chain. Judging by current trends, this is no easy task, as BRIC countries are perceived to lack economic freedom.

According to the Economic Freedom Index (EFI) compiled by the Heritage Foundation, which tracks country performance on 10 criteria such as protection of property rights to fostering entrepreneurship, the BRIC countries are clustered at the bottom of the ranking. Economists have found a positive correlation between a nation's EFI score and the amount of FDI it can secure for its high tech industries.

The threat of expropriation in Russia, as seen in the Yukos case, retrospective taxation over investments by Vodafone into India, Apple's struggle for intellectual property rights in China and Brazil's partisan judiciary are some examples undermining economic freedom within the BRICs.

Lack of competitiveness, complex bureaucracy and uncertain policies are other reasons why BRIC countries fail to attract FDI in sectors deemed important by their policy makers. In the latest Global Competiveness Report published by the World Economic Forum, none of the BRIC countries featured among the top thirty most competitive economies. With the exception of Brazil, every other BRIC country saw a decline in their competitiveness over the past year.

These factors not only deter foreign investors but also domestic investment. In the past decade, the BRIC's share in global FDI outflow has increased exponentially from a miniscule one percent to ten percent. While rising economic prosperity and global aspirations of domestic firms have

fuelled outward FDI to an extent in BRIC countries, high costs and lack of investment opportunities at home have also contributed to the surge in outbound FDI.

In some cases, FDI outflow from BRICs has begun to resemble a capital flight. For instance, 2011 saw \$10 billion worth of Russian capital flow into property in EU countries. In Brazil, outward FDI has exceeded the value of inbound FDI. One of India's largest conglomerates, the Tata Group, has publicly acknowledged that there are better investment opportunities outside India. A survey conducted last year indicated that 60% of Chinese millionaires would consider immigrating abroad due to uncertainties over government policies.

Aside from these systemic challenges, foreign investors continue to face structural barriers when investing in BRIC countries. A lot of industries where foreigners would like to invest continue to be out of reach. Analysts say FDI flows into BRIC countries could be adversely affected if their governments continue with protectionist policies.

## BRICS Pack a Good Initiative by Emerging Nations: Joseph Stiglitz

Nobel laureate Joseph Stiglitz said the creation of BRICS was a good initiative by emerging market economies as they have resources to have better economic growth.

"The one good news is the BRICS pack. That is the one initiative that has come from the emerging markets...The BRICS, their GDP is today better than the advanced world, they have the resources to do it and the also there is a need (for them to grow)," said Stiglitz.

Stiglitz, who is also a professor at the Columbia University, was addressing a seminar on 'Global Financial Crisis: Implications for Developing Economies' organised by the United Nations ESCAP (Economic and Social Commission for Asia and the Pacific).

BRICS which is a grouping of five developing or newly industrialised countries are distinguished by their large and fast-growing or emerging market economies. However, he said that the emerging countries should rely on each other and internal demand for their growth to keep going as the world economy is not growing well.

## Commercial Performance of China During January and February 2014

### I. Commercial Performance in Domestic Market

According to National Bureau of Statistics, in January-February 2014, retail sales of consumer goods were 4.2281 trillion yuan, up by 11.8% year on year, 0.5 percentage point slower than that of the previous year, and an actual growth of 10.8% with the price fluctuation excluded, 0.4 percentage point higher than that of the previous year. In general, consumer market saw a steady beginning in 2014. The main features of consumer market in January-February are as follows:

1. Consumer demands for communication and automobile speeded up. According to NBS, among the enterprises above designated size, the retail sales of automobile were up by 11.5% year on year, 4.6 percentage points higher than that of the same period of last year, and the retail sales of communication equipment increased by 2.5 percentage points. In the 5,000 key enterprises monitored by MOFCOM, the growth rate of sales of communication equipment was 0.7 percentage point higher than that of the same period of last year, among that, the sales of 3G mobile phones were up by 18.3%.
2. Catering consumption picked up. In the first two months, catering revenue was up by 9.6%, 1.2 percentage points higher than that of the same period of last year, among that, the revenue of catering enterprises above designated size was down by 0.5% year on year, 2.8 percentage points slower than that of the same period of last year.
3. Sales of large and medium size circulation enterprises slowed down. According to NBS, in January-February, sales of consumer goods of enterprises above designated size were up by 9.5%, 0.7 percentage point slower than that of the same period of last year, and 2.3 percentage points slower than the national average. The sales of 5,000 key retail enterprises monitored by MOFCOM were up by 5.4%, 2.5 percentage points slower than that of the same period of last year, among that, the sales of department stores were up by 3.2%,

and those of the special stores were up by 6.1%, 4.8 and 1 percentage point slower than that of the same period of last year respectively.

4. Consumer prices saw a little fell. Consumer price in January-February was up by 2.2%, among that, consumer price in February was up by 2%, 0.5 percentage point slower than that of January. According to monitoring by MOFCOM, in 36 medium and large sized cities, price of agro-foodstuff in February was up by 0.3%. Among that, prices of milk, beef and mutton were up -by 10.2%, 8.7% and 8.5% respectively; prices of pork, aquatic product, soy-bean oil and egg were down by 16.4%, 6.2%, 5.1% and 4.2% respectively.

### II. Foreign Trade

According to Customs, China's total import and export in January-February 2014 were RMB 3.87 trillion, going up by 0.9% on a year-on-year basis (the same below). Among that, exports amounted to RMB1.96 trillion, a decrease of 4.3%; imports amounted to RMB1.91 trillion, a growth of 7%. Trade surplus was RMB 55.06 billion, a decrease of 79.5%.

In USD terms, in January-February, the total import and export were USD 633.57 billion, going up by 3.8%. Among that, export was USD 321.23 billion, down by 1.6% and import was USD 312.34 billion, increasing by 10%. Trade surplus was USD 8.89 billion, going down by 79.1%. The main features of foreign trade in January-February are listed as follows:

1. Trade with the EU, the U.S. and Japan maintained good momentum. In January-February, China-EU, China-U.S., and China-Japan trade rose by 6.3%, 4.8% and 2.9% respectively, and China-ASEAN trade was up by 4%; over the same period, Mainland-Hong Kong trade decreased by 23.6%.
2. Export by middle and western China grew rapidly. In January-February, the export and import of 11 provinces and cities in eastern China decreased by 0.9%. Among that, the export and import of 7 eastern provinces and cities including Guangdong and Jiangsu took up 77.5%

of the total export and import, with a proportion decreasing by 2.2 percentage points. Over the same period, import and export of 8 middle provinces decreased by 0.8%, while those of 12 western provinces, districts and cities were up by 29.7%. In terms of export, the growth rate of Sichuan, Chongqing, Jiangxi and Guangxi was respectively 24.8%, 31.5%, 23.5% and 53%, obviously over the overall growth rate.

3. The proportion of general trade was up and that of processing trade was down. In January-February, import and export by general trade were RMB 2.17 trillion, going up by 8.6%, accounting for 56% of China's total volume of export and import in the same period, 4 percentage points higher than the previous year. Import and export by processing trade were RMB 1.2 trillion, a decrease of 4.7% or 31.3% in proportion.
4. Exports of mechanical and electronic products saw a decrease, and the growth rate of traditional labor-intensive products was lower than the average. In January-February, the exports of mechanical and electronic products registered RMB 1.1 trillion, going down by 5.7% or 56.6% of China's total exports over the same period. Over the same period, total export of textiles, clothing, bags & suitcases, footwear, toys, furniture and plastic products decreased by 6.4% to RMB 409.16 billion.
5. Import volume of some major bulk commodities increased while the price decreased. Import volumes of copper not forged, soybean, copper ore, primary shape plastic, iron ore, crude oil and coal were respectively up by 41.2%, 40.1%, 25.3%, 22.6%, 21.8%, 11.5% and 9%, while their prices were down respectively by 10.7%, 11%, 11.1%, 0.5%, 4%, 3.8% and 13.9%. Besides, import of mechanical and electrical products was RMB 733.96 billion, down by 0.9%.

### III. Foreign Investment in China

From January to February 2014, a total of 2,764 foreign-invested enterprises were newly approved, down by 5.18% year on year; utilized FDI reached USD 19.31 billion (equivalent to RMB 119.057 billion), up by 10.44% year on year (excluding data of banking, securities and insurance). The main features of foreign investment in January-February are as follows:

1. Utilized FDI in service sector maintained a growth, and that of agriculture, forestry, animal husbandry, and fishery saw a relative fast growth. From January to February 2014, utilized FDI in service sector registered USD 10.606 billion, up by 25.54% year on year, accounting for 54.9% of the national total; of which utilized FDI in transportation services industry and IT application were USD 646 million and 597 million respectively, up by 16.68% and 70.27% respectively. Utilized FDI in agriculture, forestry, animal husbandry, and fishery amounted to USD 262 million, up by 47.85% year on year, accounting for 1.35% of the national total. Utilized FDI in manufacturing sector was USD 7.019 billion, down by 6.06% year on year, accounting for 36.3% of the national total, of which utilized FDI in electronic equipment manufacturing including communications equipment and computers were USD 1.237 billion, up by 38.23%, and those of chemical materials and chemical products manufacturing and general equipment manufacturing were USD 534 million and USD 594 million respectively, down by 41.12% and 10.73% respectively.
2. FDI by ten countries/regions in Asia and the U.S. grew fast. From January to February 2014, utilized FDI from ten countries/regions in Asia (Hong Kong, Macao, Taiwan, Japan, the Philippines, Thailand, Malaysia, Singapore, Indonesia and ROK) amounted to USD 16.937 billion, up by 11.58% year on year; of which utilized FDI from Hong Kong reached USD 13.315 billion, up by 17.63% year on year; that from ROK, USD 834 million, up by 223.62% year on year. Utilized FDI from the U.S. amounted to USD 711 million, up by 43.26% year on year, and that from 28 EU countries reached USD 1.046 billion, down by 13.82% year on year.
3. Utilized FDI in Central and Western China maintained a relatively fast growth, and the proportion in national total increased. In January-February 2014, utilized FDI in Eastern China was USD 15.304 billion, up by 2.63% year on year; utilized FDI in Central China was USD 2.619 billion, up by 75.02% year on year; and utilized FDI in Western China was USD 1.387 billion, up by 28.98% year on year. In January-February 2014, utilized FDI in Central China, Eastern China and Western China accounted for 79.26%, 13.56% and 7.18% of the national

total respectively, and those of Central and Western China were over 20%, and maintained a growth momentum compared with that of 2013.

#### IV. China's Investment and Economic Cooperation Overseas

Direct investment overseas. From January to February 2014, Chinese investors made direct investment in 1,393 overseas companies in 135 countries and regions, and total direct investment in non-financial sectors (the same below) reached USD 11.54 billion (equivalent to RMB70.54 billion), down by 37.2% year on year. By the end of February 2014, China's non-financial direct investment overseas reached USD 537.2 billion (equivalent to RMB 3.2838 trillion).

In January-February, Chinese investment in seven main economies of Hong Kong, China, ASEAN, the EU, Australia, the U.S., Russia, and Japan reached USD7.55 billion, taking up 65.4% of China's total overseas direct investments over the same period of time. Among that, Investment in Hong Kong, China, EU, and ASEAN decreased by 62.9%, 11.6% and 2.2% respectively; investment in the U.S. and Australia maintained a momentum of rapid growth, rising up by 45.6% and 31% respectively; investment in Russia and Japan saw a double growth.

In January-February, 2014, Chinese overseas direct investment made by local governments reached USD6.44 billion, growing by 89.4% on a year-on-year basis, taking up 55.8% of the national total over the same period. Beijing, Guangdong province, Shandong province, Jiangsu province, and Zhejiang province took the lead.

Contracted projects overseas. In January-February, the turnover of China's contracted projects overseas amounted to USD 15.9 billion, going up by 21.9% on a year-on-year basis; the value of newly-signed contracts was USD20.86 billion, going up by 3.1% on a year-on-year basis. The projects each with a contract value of above USD50 million were 72 (91 over the same period of last year) with a total contract value of USD16.9 billion, taking up 81% of the total value of newly-signed contracts. Among that, the projects each with a contract value of above USD100 million were 41, 8 less than that over the same period of last year.

As at the end of February, the contract value of China's contracted projects overseas totaled USD1.1907 trillion, with a turnover of USD808.6 billion.

Foreign labor cooperation. In January-February, 2014, the labor service personnel dispatched overseas by China reached 63,000, an increase of 6,000 over the same period of last year. Among that, labor service personnel dispatched for contracted projects were 27,000 and that those for labor cooperation projects were 36,000. As at the end of January-February, all labor service personnel dispatched overseas were 883887,000, which were 6468,000 more than that those over the same period of 2013. As at the end of February, labor service personnel dispatched overseas for labor cooperation totaled 6.98 million.

#### V. Service Outsourcing

According to the statistics by the Department of Service Trade and Commercial Services of MOFCOM, in January-February, 2014, the contracts on service outsourcing totaled 23,784, with a contract value of USD15.81 billion, going up by 75.5% on a year-on-year basis; the value of contracts executed reached USD10.43 billion, going up by 51.3% on a year-on-year basis. Among that, the total value of contracts with clients overseas reached US\$D9.77 billion, up by 48.7% year-on-year; realized value amounted to US\$D7 billion, up by 42.7% year-on-year.

ITO service took the lead. In January-February, 2014, information technology outsourcing (ITO), knowledge process outsourcing (KPO) and business process outsourcing (BPO) accounted for 59.3%, 26.9% and 13.8% of China's total service outsourcing respectively, of which TIO ITO took the lead. The knowledge process outsourcing (KPO) like pharmaceutical and biotechnology R&D and testing, industrial design and project design grew rapidly.

Major markets of service outsourcing were the U.S., the EU, Hong Kong, China and Japan. In January-February, the executed contract value in service outsourcing from the U.S., the EU, Hong Kong, China and Japan were US\$D2 billion, US\$D1.06 billion, US\$D890 million and US\$D610 million, accounting for 28.5%, 15.1%, 12.7% and 8.7% respectively in of the total contract value.

Jobs in service outsourcing steadily increased. In January-February 2014, newly increased employees in service outsourcing sector reached 75,000. As of the end of February, 2014, enterprises in service outsourcing

sector totaled 25,130 with 5,436,000 employees, including 3,622,000 undergraduates and graduates from college, accounting for 66.6% of the total.

## India-China

### Bilateral Trade

#### India's Export to China

Values in US\$ Million						
S.No.	Country	2012-2013	%Share	2013-2014(Apr- Dec)	%Share	%Growth
1	CHINA P RP	13,534.88	4.5056	10,688.72	4.6676	
<b>India's Total Export</b>		<b>300,400.68</b>		<b>228,999.92</b>		

#### India's Import from China

Values in US\$ Million						
S.No.	Country	2012-2013	%Share	2013-2014(Apr- Dec)	%Share	%Growth
1	CHINA P RP	52,248.33	10.6469	38,717.08	11.3659	
<b>India's Total Import</b>		<b>490,736.65</b>		<b>340,641.76</b>		

Source: Ministry of Commerce & Industry, Government of India

### Third India-China Strategic Economic Dialogue Meeting in Beijing

The third round of the India-China Strategic Economic Dialogue was held in Beijing on March 18, 2014. The Dialogue was co-chaired by Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission of India and Mr. Xu Shaoshi, Chairman, National Development and Reform Commission of China. It included participation from senior officials of India and China.

Both delegations had extensive and in-depth discussions on bilateral trade, investment, and economic cooperation and on the regional and global economic situation with a view to enhancing macro-economic policy coordination and to join hands to address issues and challenges. Bilateral cooperation in sectors like railways infrastructure, information technology, energy, and finance was emphasized. The two sides agreed to continue deepening bilateral coordination and engagement in multilateral frameworks like the United Nations, Group-20 and BRICS.

Under railways, the two sides agreed to pursue specific collaboration arrangements in heavy haul, station redevelopment and raising speed of existing trains in India. Nodal agencies have been designated to work out implementation modalities in this regard.

Both sides decided to set up a task force under the SED to enable Chinese companies to invest in industries and industrial zones in India.

Memoranda of Understanding on (i) Sustainable Urbanization and on (ii) Cooperation in Information and Communications Technology were signed at the Dialogue. Action Plans on joint studies in sustainable urbanization and energy planning were also signed for completion before the next round of the Dialogue.

The first two rounds of the SED were held in Beijing in September 2011 and in New Delhi in November 2012 respectively. The fourth round will be held in India next year.

# WTO Highlights

## WTO Agriculture Negotiators Begin Charting Post-Bali Course

Weeks after the WTO's ninth ministerial conference in Bali, Indonesia, talks on the organisation's farm trade agenda remain shrouded in uncertainty, officials say. Key questions, include which issues the membership should tackle next, and what is the best approach to take.

A meeting of the "regular" Committee on Agriculture - the body tasked with monitoring WTO members' commitments under current rules - reportedly led to some progress in setting out how the Bali agreements on farm trade should be implemented.

But members remain unclear over how separate talks on the future of the Doha Round will proceed, trade sources said. These are normally held in "special sessions" of the committee, convened by the chair, New Zealand Ambassador John Adank.

### Food stockholding

As part of a decision on public stockholding for food security purposes, WTO members agreed in Bali to establish a work programme in the Committee on Agriculture to pursue "this issue," with the aim of making recommendations for a permanent solution.

Led by India, the G-33 coalition had called for more flexibility for developing countries to be able to purchase food for public stockholding at "administered prices" set by the government. The group argued that price inflation in the two decades since WTO subsidy ceilings were agreed had effectively eroded their ability to provide schemes of this sort.

In Bali, WTO members agreed that they would refrain from challenging these programmes, so long as certain conditions were met. The conditions include reporting its farm subsidy programmes to the WTO, and notifying the Committee on Agriculture if the country is exceeding - or risks exceeding - current limits on farm support spending.

However, no country has yet provided the additional information required to the committee, sources said. The committee has also yet to begin discussing what a "permanent solution" in this area might look like.

Some members questioned whether this work should take place in the regular session of the committee, or instead in the "special session."

### Export competition

Export subsidies and similar measures, grouped together at the WTO under the heading of "export competition," are slated to be the focus of the committee's third meeting this year, in June.

WTO delegates told that the secretariat is due to compile a report, drawn from the results of a questionnaire being sent to all members. An annex to the Bali declaration on export competition provides the basis for this questionnaire, sources said.

At the December ministerial, members agreed that they would prioritise work on those issues on which legally binding outcomes could not be achieved - such as export competition.

### Tariff quota administration

The third area of the Bali package on agriculture- tariff rate quota administration - does not require any immediate action by the Committee on Agriculture, sources said.

The agreement reached by ministers would allow members to start monitoring import quotas in the committee if these are consistently underfilled.

However, the body does not have a specific role to play, beyond its normal work, until a country raises a concern about a particular tariff quota and asks the committee to look into this further.

### Doha dynamic

Trade sources told that the fate of the broader Doha Round



is also preoccupying delegates - and could even have an impact on how negotiators engage on implementation of the Bali package.

In Bali, ministers gave the Trade Negotiations Committee twelve months to prepare “a clearly defined work programme” on the remaining Doha issues.

However, negotiators acknowledged that there was still a lack of clarity over whether members would continue to seek agreements on “small packages” of the Doha agenda that seem politically more manageable, or seek agreement on a more comprehensive deal.

The Bali package itself was intended to be a down-payment or “early harvest” of progress that had been achieved to date.



## India, China Fault Cairns Group Agri Subsidy Calculations

An informal paper by the Cairns Group of farm exporters has found that trade-distorting agricultural subsidies in developed countries are four times those of poorer countries, as a share of the value of production. However, the paper, which was presented at an informal WTO meeting last week, has sparked concern from India and China, who question the methodology used to calculate their own farm support levels.

Trade sources told that the two developing country trading powers were upset that the Cairns Group analysis conflated subsidies that are capped under WTO rules with others that are not subject to any current ceiling on spending.

The Cairns paper shines a spotlight on agricultural subsidy trends in ten major farm trading countries, by looking at how these domestic support patterns have evolved over time. The WTO members included in the analysis are Australia, Brazil, Canada, China, the EU, India, Indonesia, Japan, the US, and Russia.

### Data gaps

The Cairns Group noted that backlogs and delays in official data reporting to the WTO have meant that significant holes remain in the analysis.

At the WTO's ninth ministerial conference in Bali last December, members agreed to refrain from bringing trade disputes over public stockholding programmes for food security purposes in developing countries, so long as they provide new data on spending levels to the global trade body.

However, to date no country has formally asked to take advantage of the additional flexibility that was agreed at the conference. Members have also pledged to work towards a “permanent solution” to the constraints on public stockholding identified by developing countries in the run-up to the Bali meeting.

Farm support in the EU and US has declined “dramatically,” the group finds, when defined as the current total aggregate measure of support - in other words, the “amber box” spending, including “de minimis” support, that is seen as most trade distorting under WTO rules.

EU support fell from US\$35.3 billion to US\$8.5 billion from 2001 to 2010, while in the US payments fell from US\$14.5 billion to US\$4.7 billion from 2001 to 2011.

Trade-distorting payments in the EU have fallen as successive reforms have moved the bloc away from market price support and “coupled” farm payments that link subsidies to production, and towards decoupled income support payments.

In the US, high prices for farm goods in recent years have also meant that government schemes to support farmers when prices drop have not paid out as they have in earlier periods.

At the same time, both trading powers have greatly expanded their reliance on green box payments, which are exempt from any ceiling under WTO rules, on the basis that they cause not more than minimal trade distortion.

While some green box schemes, such as food stamps for poor consumers, are widely seen as minimally trade-distorting, other types of payments - such as investment aids or decoupled income support payments - are viewed by some analysts as having a more significant impact on trade and production.

## Low-income, resource-poor producers

India and China have objected to the use of a new measure of “total trade distorting support” (TTDS) to calculate subsidy levels, trade sources said.

While current WTO rules allow developing countries to provide unlimited amounts of input and investment subsidies to resource-poor, low-income producers, the Cairns Group figures include these payments along with other types of farm support that would be capped by the “de minimis” ceiling on trade-distorting support.

This is set at ten percent of the value of production for most developing countries, with separate provisions for payments that are product-specific and those that are not. Exceptionally, China is subject to a lower ceiling of 8.5percent.

Both China and India have large populations of small farmers, although to date only India has made substantial use of the provisions allowing developing countries extra leeway to provide input and investment subsidies to these producers.

Cairns members report that TTDS levels in China rose from US\$320 million in 2001 to US\$13.9 billion in 2008, and in India from US\$8.2 billion in 2001 to US\$37.6 billion in 2008.

Using the same measure, they found that support in the EU fell from US\$36.1 billion in 2001 to US\$10.3 billion in 2010, and in the US from US\$21.5 billion to US\$14.4 billion between 2001 and 2011.

While there is no precedent at the WTO for using TTDS to measure support, a draft deal negotiated under the Doha Round would have included cuts to overall trade distorting support - in other words, the sum of trade-distorting amber box, blue box, and de minimis payments. It would also have provided for separate cuts to each of these categories, and new limits on product-specific payments.

## Indian Subsidy on Sugar Exports Questioned in WTO

India's new support programme for sugar sparked comment among a number of delegations with some urging India to

remove immediately what they described as export subsidies. It was said that this will impact world trade. These discussions took place when WTO members met as the Agriculture Committee on 21 March 2014.

The discussion was about one of 31 sets of questions and answers, a key part of the agenda of the committee, whose major responsibility is to oversee the present Agriculture Agreement and members' commitments in agriculture.

## Costa Rica too on the mat

The largest number of comments from delegations were on India's sugar programme. The topics that also aroused interest included Costa Rica's on-going breach of its domestic support limit resulting from its guaranteed rice prices and its intention to correct this breach in 2015 (the US said it appreciated the fact that Costa Rica had shared information consistently but that breaches of commitments are always a serious concern), Thailand's rice support programme known as “paddy pledging”, Canada's reclassification of pizza toppings to prevent traders avoiding import duties, and India's domestic support for rice and wheat and its food security programme.

And a voluntary solution has been found to the long-running question of how to update the 1995 list of significant exporters - used to define who should provide information on their exports in order to help members monitor whether exports might have hidden subsidies. The solution is voluntary because members have failed to agree on a formal decision.

## India's Export Subsidies for Sugar

Australia, Colombia, Brazil and the EU asked India about a new policy announced in February involving incentive payments to Indian sugar exporters. Along with the facts and figures they sought, some of them asked what the legal basis under the WTO was for the export subsidies. Several pointed out that India has agreed not to subsidize exports.

India said the policy is designed to encourage diversification away from white sugar to raw sugar and that no intervention payments have been paid yet. India said export subsidies will be notified to the WTO.

Australia said the 3,300 rupees per tonne incentive payment is the equivalent of 14-16% of the world price. Since India is

the third largest exporter of sugar this threatens to seriously distort trade, Australia said and it asked India to remove export subsidies immediately. It said that the amount envisaged could potentially finance all its own exports half way across the Pacific Ocean.

The Agriculture Agreement allowed developing countries to subsidize marketing costs and internal transportation costs during the agreement's "implementation period" (under Article 9.4).

Brazil asked how India could justify the subsidies since there has been no consensus to extend these special provisions for developing countries. Previously, in response to similar questions raised in the past, India argued (see the 2012 question-and-answer document G/AG/W/103) that developing countries are still allowed to use the special provision because the 2005 Hong Kong Ministerial Declaration says, "developing country Members will continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture for five years after the end-date for elimination of all forms of export subsidies" - and export subsidies still have not yet been eliminated.

Sharing the concerns were Paraguay, Thailand, El Salvador, Canada, the US, Pakistan and New Zealand.

**India's domestic programmes** (AG-IMS ID **73003**, **73039**, **73053**, and **73066**): Members continued to question India about details of its support programmes for rice and wheat and its stockholding programme for food security. Some asked when India is going to circulate more up-to-date information on its domestic support - the most recent notification is for the 2003/04 year. India said the notifications are being prepared.

## US Anti-dumping Cases under WTO Scanner as China Complains

The US-China row over the use of trade remedies escalated another notch on Wednesday, after a WTO panel was established to review whether a series of US anti-dumping measures is in line with Washington's international obligations.

This particular complaint (DS471) involves 13 separate anti-dumping measures imposed by the US on Chinese products, such as oil-well pipes. Beijing initially requested consultations on the matter in December.

In its panel request, China alleges that the US Department of Commerce inappropriately used "targeted dumping" methodology - including the controversial practice of "zeroing" - in calculating dumping margins. In trade law jargon, targeted dumping refers to a situation where dumping - the practice of selling products overseas at prices lower than their domestic value - is targeted to a specific region, period, or purchaser.

If targeted dumping is found, an importing country can use an alternative method of calculating dumping margins that determines normal value using an average of market prices, which is permissible under WTO rules as long as certain conditions are met. Beijing alleges that Washington has not complied with these requirements.

Under the practice of zeroing, the US then ignores certain data when calculating anti-dumping duties. Specifically, it "zeroes out," or ignores, instances where the good in question is actually being sold at a higher price in the US than in its home market. Washington's practice of zeroing has been subject to a large number of WTO disputes, with members hoping that the dispute settlement system can help clarify whether this practice is indeed in line with international trade rules, in the absence of progress in the Doha Round talks.

Beijing also disputes the validity of the US Commerce Department's "single rate presumption" for countries designated as "non-market economies" (NMEs) - which itself is another long-standing sticking point between the two sides. China charges that presuming all producers and exporters are one single entity under state control - as the NME designation does - and then assigning them a single dumping rate unfairly ignores relevant information from producers and exporters.

An earlier panel request was made in February, which was blocked at the time by Washington. Under WTO rules,

respondents to a complaint are allowed to block an initial request for a panel. However, when a second request is made, a panel is automatically established.

### Revised WTO Government Procurement Deal between 43 WTO Members to Take Effect in April, India Not a Signatory Yet

The revised WTO Government Procurement Agreement (GPA) will enter into force on 6 April 2014, trade officials confirmed. The changes to the pact are expected to generate US\$100 billion in increased market access, in addition to the US\$500 billion already covered by the existing deal.

The Government Procurement Agreement commits participants to certain core disciplines regarding transparency, competition, and good governance, covering the procurement of goods, services, and capital infrastructure by public authorities.

While under the umbrella of the WTO, the GPA only covers a subset of the organisation's membership - specifically, those who sign onto its commitments. The deal's current participants number at 15, with the EU and its 28 member states counting as one participant - effectively meaning that the group has 43 countries.

While the original government procurement deal entered into force in 1996, negotiations to streamline and modernise the Agreement - including by expanding its coverage - began just a few years later, and dragged on for over a decade. The talks were completed just minutes before the launch of the WTO's Eighth Ministerial Conference in December 2011, marking one of the few concrete deliverables from what was otherwise a relatively quiet event.

The 2011 version of the pact adds new entities to its coverage, such as government ministries and agencies. The agreed-upon revisions also bring more services and goods into the Agreement. In addition, new and simpler rules on transparency and due process - designed to stymie corruption or protectionism - are included.

Since the 2011 ministerial, the parties to the Agreement have been working to ratify these changes domestically in order to bring them into force. To do so, ratification by two-thirds of the group was required, at minimum.

Sources say that the ten participants who have approved it were, in order of ratification, Liechtenstein, Norway, Canada, Chinese Taipei, the US, Hong Kong, the EU, Iceland, Singapore, and Israel.

"The fact this has been achieved so quickly shows the importance that the parties attach to the GPA and is further evidence, after the successful Bali Package, that the WTO is back in business," WTO Director-General Roberto Azevêdo said.

Many had hoped that the ratification of the revised GPA could happen in time for last December's ministerial conference in Bali, Indonesia, which also saw the global trade body's first multilateral agreement in nearly 20 years. Weeks before the Bali conference, however, officials confirmed that the ratification process would need to continue through early 2014.

With the new GPA set to enter into force within weeks, one question on trade observers' minds will be how this may help in bringing in additional participants, especially given the inclusion of new provisions aimed at facilitating accessions to the pact.

"The modernised text of the revised GPA and the expanded commitment to market access should prompt other WTO members to consider the potential advantages of joining," Azevêdo remarked.

China has been one of the most high-profile WTO members attempting to sign on to the deal in recent years, but its offers to date have been deemed insufficient by current participants. Others negotiating GPA accession include Armenia, Jordan, Moldova, Montenegro, New Zealand, and Ukraine, to name a few.

# Indian Economy

## Moody's Flags Risks from Policy Uncertainty, Inflation

India risks foreign funds outflow if there is policy uncertainty post-elections as the economy remains uncompetitive globally due to high inflation according to Global Ratings firm Moody's.

India's current account deficit, which widened to 4.7% of GDP in FY 2012/13, represents vulnerability. The deficit declined to an estimated 0.9% of GDP in latter months of 2013, as a combination of currency depreciation and a global growth recovery spurred exports while controls on gold imports lowered the import bill.

But continued high inflation poses risks, as it lowers international competitiveness and keeps demand for gold high such that any easing of controls will result in a widening of the current account deficit. Moreover, if the outcome of the general election in April/May 2014 heightens policy uncertainty and erodes investor confidence, it could lead to capital outflows and renewable pressure on the currency.

High inflation and already wide fiscal deficits limit the monetary or fiscal stimulus that can be applied to revive GDP Growth, which has decelerated significantly since 2011. Lower growth has reduced domestic banks asset quality and profitability. Banking sector stress could exacerbate and prolong the slowdown, which would then risk significant international capital outflows as well.

The rating firm also highlighted some positive aspects of the economy. Indian authorities are able to enlist a variety of policy tools, including increased controls in some areas and liberalization of controls in others, to stem the adverse impact of international market volatility. India's foreign exchange reserves, equivalent to around 17% of GDP, remain adequate to cover current account and external debt repayment needs. Monetary policy has been assertive in addressing inflation, and if effective, it will keep a key source of medium-term growth and balance of payments risk in check. Although the government's debt and annual financing needs are high, its debt structure benefits from a robust domestic private savings rate and the statutory liquidity requirement for banks, which mandates banks to hold a certain of government securities.

## El Nino Risks Alert Indian Economy

Weather scientists from Australia to the US are seeing ominous signs of El Nino that heightens the risk of a drought in South Asia this year, although India's weather office has been accusing them of conspiring to rattle the country's commodities and stock markets. The consensus GDP growth for FY15 is close to 5.6 per cent and any impact of El Nino could shave off 0.4-0.5 per cent of the GDP. El Nino, or little boy in Spanish, refers to changes in the direction of winds and the flow of warm water currents that raise the surface temperature of parts of the Pacific Ocean. It shakes up global rainfall and storm activity, causing droughts and floods in different parts of the world. In India, it coincided with droughts in 2002, 2004 and the driest monsoon in four decades in 2009.

Brokerage Jefferies has said global meteorological departments have shown that El Nino risks are rising and uncertainties surrounding around whether the event actually occurs, its strength and impact on India stay high. The report says that given the average -4.7 per cent historical agricultural growth during strong El Nino years, investors should pay close attention to developments.

In a poor monsoon year, revenues of companies that are dependent on rural consumption remain under pressure. In the three years FY03, FY05 and FY10, when there was an El Nino impact, the Sensex gave -5.1 per cent, 14 per cent and 13 per cent, respectively, in the same period.

In the previous eight instances of El Nino effect since 1983, the rainfall deficit had averaged 14 per cent while average agricultural GDP growth dipped 1.89 per cent. This year, the Southern Oscillation Index (SOI), an indicator of the El Nino impact, comes off as an index that gauges the intensity of El-Nino. It dipped to -12.5 in March 2014. A further decline, especially below -8, would mean a greater possibility of El Nino.

## India Ratings Maintains Stable Outlook on Finances of State Governments

India Ratings and Research Pvt. Ltd maintained a stable outlook on the consolidated finances of Indian state administrations, saying there was no threat to the debt sustainability of these local governments.

The Fitch Group Rating Agency projected the consolidated fiscal deficit of the state governments to decline marginally to 2.2% of gross domestic product (GDP) in 2014-15 from 2.3% in the year ending 31 March.

It, however, put the Andhra Pradesh government guaranteed debt programme on rating watch following the Union government's decision to bifurcate the state into Telangana and Seemandhra.

India Ratings expects the consolidated state debt-to-GDP ratio in 2013-14 at 21.7%, marginally higher than the budgeted 21.4%. However, economically and financially weaker states and highly leveraged states would continue to feel the pressure of higher debt on their finances.

States such as Maharashtra, Gujarat and Tamil Nadu are likely to benefit more from industrial recovery. Similarly, higher agricultural growth is likely to lend more support to agrarian states such as Punjab and Haryana.

Also, a global recovery is likely to lend more support to states such as Maharashtra, Gujarat and Karnataka as they have significantly higher share in the merchandise exports of the country than other Indian states.

It, however, cautioned that a prolonged slowdown, loose fiscal policy in the run-up to the upcoming general election and risks from high concentration of state taxes from petroleum products could change the outlook for state governments.

## Industrial Output Depicts Sluggish Recovery

As per the data released by the Central Statistics Office the Index of industrial production rose 0.1% in January compared with a decline of 0.16% in the previous month and 2.5% growth in January 2012.

### Sectoral Performance:

- Mining sector registered a positive growth of 0.7% in Jan'14, as against contraction of 1.8% during the same period last fiscal.
- Manufacturing sector, continued to contract by -0.7% during the month.
- Within the manufacturing segment, 11 out of the 22 industry groups have shown positive growth during the

month of January'14 compared with the corresponding month of the previous year.

- The industry group 'Medical precision and instruments, watches and clocks' have showed the highest positive growth of 17.6% followed by 15.2% in 'Electrical machinery' and 14.4% in 'wearing apparel'
- On the other hand, the industry groups 'Radio, TV and communication equipment' recorded a negative growth of -28.2% followed by -14% in 'Motor vehicles', and -9.5% in 'Fabricated metal products except machinery and equipment.'
- Growth in electricity recorded a significant growth of 6.5% in January'14, as against 6.4% in same period last year.

### Use – based Performance:

- As per Use - based classification, the growth rates in January'14 over January'13 are 0.9% in Basic goods, -4.2% in Capital goods and 3.4% in Intermediate goods. Negative growth in capital goods was more due to the decline in production in the auto space as both electrical and non-electrical equipment showed positive increase this month.
- Consumer durables and Consumer non-durables have recorded growth of -8.3% and 4.4% respectively, with the overall growth in Consumer goods being -0.6%.

The Eight Core Industries recorded a positive growth for the third straight month at 1.6% in January'14, which is much lower than the 8.3% growth recorded in the corresponding period last fiscal.

The growth in industrial output continues to remain subdued with a growth rate of merely 0.1% for the month of January'14. Weak domestic demand, higher raw material costs on account of high inflation, interest rate hikes; supply side bottlenecks, low business sentiment and slow movement in implementation of reforms have impaired the performance resulting in weak industrial activity.

## WPI at a Nine-month Low

The Wholesale Price Index (WPI) based inflation declined to nine-month low of 4.68% in February 2014 from 5.05% in January 2014.

### Inflation across product groups (year on year basis)

- All commodities WPI stood at 4.7% in February 2014 as against 7.3% in the corresponding month of previous year.
- Primary articles inflation declined sharply from 10.5% in February 2013 to 6.3% in February 2014.
- Within the primary articles segment, food inflation moderated to 8.1% as against 11.9% in February 2013
- Inflation in the Non food articles segment moderated to 5.1% as against 10.7% in February 2013
- For the Fuel and power segment, inflation moderated to 8.8% in February 2014 compared with 10.6% for the corresponding month last year. The decline in this category could be attributed to Liquefied petroleum gas which witnessed negative growth of 4.1% as against an increase of 24.4% in the corresponding month last year.
- Manufactured products segment registered moderation in inflation, moving down to 2.8% in February 2014 from 4.8% in February 2013. The easing of manufactured price index was lead by cheaper food products, cement & lime, rubber products, plastic products, leather goods, etc.

### Retail Inflation

The retail inflation as measured by the Consumer Price Index (CPI) stands at 8.1% for February '14 on a y-o-y basis edging lower than the 8.79% it recorded in January '14.

CPI, the RBI's target index reins above 8% although the easing of WPI for three consecutive months (since December) does provide some relief to the RBI. Although inflation is on a downward trend, it is expected that the RBI will maintain policy rates unchanged in the April 2014 policy to ensure that the decline in inflation continues before turning the course of the monetary policy.

## India's Foreign Trade: March, 2014

### A. Exports (including re-exports)

Exports during March, 2014 were valued at US \$ 29578.43 million (Rs.180469.82 crore) which was 3.15 per cent lower

in Dollar terms (8.61 per cent higher in Rupee terms) than the level of US \$ 30541.44 million (Rs. 166159.46 crore) during March, 2013. Cumulative value of exports for the period April-March 2013 -14 was US \$ 312355.45 million (Rs 1892892.23 crore) as against US \$ 300400.69 million (Rs 1634318.84 crore) registering a growth of 3.98 per cent in Dollar terms and growth of 15.82 per cent in Rupee terms over the same period last year.

### B. Imports

Imports during March, 2014 were valued at US \$ 40085.76 million (Rs.244579.27 crore) representing a negative growth of 2.11 per cent in Dollar terms and growth of 9.79 per cent in Rupee terms over the level of imports valued at US \$ 40947.77 million (Rs. 222774.70 crore) in March, 2013. Cumulative value of imports for the period April-March, 2013-14 was US \$ 450949.04 million (Rs. 2719206.15 crore) as against US \$ 490736.66 million (Rs. 2669161.96 crore) registering a negative growth of 8.11 per cent in Dollar terms and growth of 1.87 per cent in Rupee terms over the same period last year.

### C. Crude oil and Non-oil Imports:

Oil imports during March, 2014 were valued at US \$ 15783.8 million which was 17.7 per cent higher than oil imports valued at US \$ 13408.2 million in the corresponding period last year. Oil imports during April-March, 2013-14 were valued at US \$ 167624.6 million which was 2.2 per cent higher than the oil imports of US \$ 164040.6 million in the corresponding period last year.

Non-oil imports during March, 2014 were estimated at US \$ 24302.0 million which was 11.8 per cent lower than non-oil imports of US \$ 27539.5 million in March, 2013. Non-oil imports during April-March, 2013-14 were valued at US \$ 283324.4 million which was 13.3 per cent lower than the level of such imports valued at US \$ 326696.1 million in April-March, 2012-13.

### D. Trade Balance

The trade deficit for April-March, 2013-14 was estimated at US \$ 138593.59 million which was lower than the deficit of US \$ 190335.97 million during April-March, 2012-13.

# India & World Markets

## India's Export to Saudi Arabia Needs to Be Diversified

India and Saudi Arabia agreed to work towards deeper economic engagement including through more investments, joint ventures and technology transfers. In a meeting between Union Minister of Commerce and Industry Shri Anand Sharma and Dr. Tawfiq bin Fawzan Al Rabiah, Minister of Commerce and Industry of Saudi Arabia, both the Ministers stressed on the need to transform the buyer-seller relationship, into one of deeper energy partnership with investments in petro-chemical complexes, modernization of refineries, and joint ventures.

Both the Ministers pointed out the need to ink a free trade agreement between the Gulf Cooperation Council (GCC) countries and India for boosting trade. The GCC countries - Oman, UAE, Bahrain, Kuwait, Qatar and Saudi Arabia - and India have identified sectors like petroleum and oil, gas and fertilizers and information technology among other to be given focus.

The Indian Minister highlighted the need to diversify India's export to Saudi Arabia mentioned the list of items of potential export for India i.e. pharmaceuticals, automobiles, textiles, sugar and wheat etc. The Saudi side, on the other hand, highlighted the need for logistics and transportation under the services sector on their part.

The Saudi side raised the issue of anti-dumping duty imposed on various items of their industry is detrimental for the trade relation between the two countries. The Indian side explained that the anti-dumping duties in India are imposed after due diligence and is a quasi judicial exercise. Shri Sharma said that India had withdrawn anti-dumping duties from two items i.e. Polypropylene and Pentaerythritol.

Shri Sharma and Dr. Al Rabiah also discussed about the priority sectors which ought to be put under focus for the forthcoming India Show in Riyadh. Shri Sharma also invited Saudi investors to actively participate in the construction projects for highways, ports, airports, metros, supply chains & warehousing and power plants which are being regularly launched in India.

The bilateral trade between India and Saudi Arabia rose from USD 42.048 billion in 2012 to USD 48.172 billion in 2013.

## 259 % Growth in Bilateral Trade between India and Namibia In 2013

India has offered to provide Buyer's Credit of US\$ 100 million to Namibia for taking up infrastructure projects. This will be in addition to the US\$ 100 million Lines of Credit which India had offered during the State visit of the President of Namibia to India in 2009. This offer was made by Shri Anand Sharma, Union Minister of Commerce and Industry, who was on a two-day visit to Namibia from February 4, 2014.

India conveyed to Namibia its commitment to be a close partner for achieving the goals of the development agenda being pursued by Namibia. While drawing attention to the important role being played by the India-Africa Forum Summits, Shri Sharma conveyed that it had been decided to set up an ICT Training Institute and an Entrepreneurship Development Centre in Namibia. It was agreed to speed up the setting up of these institutions.

In his meeting with Prime Minister Dr. Hage Geingob, Shri Sharma offered to set up an SME Skill Centre, for which National Small Industries Corporation will be the designated agency. The Prime Minister appreciated the important role being played by the ITEC programme in enhancing human resource development of the Namibian participants. In order to provide specialized training to trade negotiators from Namibia Shri Sharma offered to organize a dedicated course for 60 participants at the Centre for WTO Studies in Indian Institute of Foreign Trade. Dr. Geingob renewed the offer for supply of Uranium to India.

While reviewing the bilateral trade between the two countries, it was agreed that the full potential had not been realized. Shri Sharma offered India's full support in the priority sectors of cooperation namely, drugs and pharmaceuticals, small and medium industries, agriculture and infrastructure. Mr. Schlettwein appreciated the role of Indian investors in Namibia. In particular, he mentioned Vedanta Resources who had undertaken value addition by setting up a Zinc



refinery and also provided skills training to young Namibians. Shri Sharma reaffirmed India's commitment to capacity building, job creation and value addition while taking up new investments in Africa in general and Namibia in particular. Shri Sharma also expressed with great satisfaction the 259% growth in trade for the year 2013 as compared to 2012, with Namibia. While the total trade between India and Namibia was US\$ 65.03 million in 2012, it rose to US\$ 233.62 million in 2013. India's top items of exports to Namibia are drugs, pharmaceuticals and fine chemicals, transport equipments, electronic goods, miscellaneous processed items, manufactures of metals, rice (other than Basmati), marine products, plastic & linoleum products, meat and preparations etc. on the other hand, major items imported by India from Namibia are metaliferous ores and metal scrap, non-metallic minerals manufactures except pearls, pearls, precious, semi-precious stones, electronic goods, machinery except electronic and electric, petroleum, crude and products, leather, medicinal & pharmaceutical products etc.

The progress of India- Southern African Customs Union (SACU) Preferential Trade Agreement negotiations was also discussed between the two Ministers. Both sides agreed that there was need to come to an early conclusion. This was necessary so that the India-SACU – MERCOSUR trilateral could be concluded.

### **India Invites Japanese Companies to Establish Chip and Semiconductor Manufacturing Units**

India extended a package of incentives to Japan in order to encourage Investment in Electronic System Design and Manufacturing (ESDM) in the country. In a meeting with Mr. Hiromasa Yonekura, Chairman, Keidanren (Japan Business Federation) along with the top Japanese Business representatives in India, the Union Minister of Commerce and Industry Shri Anand Sharma said, "Government of India has decided to offer a package of incentives to attract domestic and global investments into ESDM sector within Electronic Manufacturing Clusters (EMC) Schemes. In addition, the Government has recently approved the proposal for setting up of two Semi-conductor Wafer Fabrications (FAB) manufacturing facilities in the country." Shri Sharma invited all Semi Conductor Wafer Fabrication (FAB)

manufacturers in Japan to avail subsidy/other benefits/support being offered by Government of India for establishing FAB facilities in India.

The Indian Minister conveyed that Information Technology Agreement (ITA) (now also known as ITA-1), a plurilateral agreement of WTO has not benefitted India as far as manufacturing in the domestic hardware industry is concerned. It has led to sharp decline in investments in manufacturing of components, raw materials, parts and even electronic sub-assemblies, loss of investment in high value added manufacturing, decline in the share of domestically manufactured electronic components. In light of this many measures have been taken by the Government to build a sound manufacturing environment in the field of Electronics and Information Technology and Japanese companies can benefit from them.

Shri Sharma also stressed strengthening of cooperation in creative industries, which ranges from design, apparel, fashion, food, house-hold goods, music, movies, animation and traditional craft would further promote and deepen mutual understanding of the two countries. Shri Sharma and METI Minister Mr Edano met on 30th April 2012 in New Delhi and reached the common recognition that enhancing bilateral cooperation in the area of Creative Industries will be regarded as an important new pillar of Japan and India industry cooperation. Secretary DIPP Shri Saurabh Chandra met his counterpart in May 2013 and December 2013 to take the process forward. Six MOUs between Japanese companies and Indian companies in areas such as traditional/regional products, animation, apparel/fashion, lifestyle/luxury products and food were signed in recent past. National Institute of design (NID), Ahmadabad is taking lead in implementing the tasks assigned to them as regards to cooperation on Creative Industry.

Shri Sharma also told Mr Yonekura about the progress in DMIC where Japan is the main partner. Shri Sharma said that Japan is India's biggest development partner and India is the biggest recipient of Japan's Overseas Development aid. DMIC CEO Shri Amitabh Kant briefed the delegation. DG CII Shri Chandrajit Banerjee asked for Japan's cooperation in developing Manufacturing culture. He also called for a collaborative framework to realize the full potential of India Japan CEPA.

# MSME Update

## Global MSME News

### SMEs to Benefit from Transatlantic Trade and Investment Partnership

The European Union (EU) and the United States (US) published a document focusing on SMEs, as a fourth round of negotiations on a trade and investment agreement concluded on Feb 2014. At the week-long talks, the EU's chief negotiator Ignacio Garcia Bercero confirmed that he and his US counterpart Dan Mullaney, were committed to explore how to make it easier for smaller firms to take advantage of the gains from the agreement, known as the Transatlantic Trade and Investment Partnership (TTIP). The negotiating teams discussed all three pillars of the future agreement, including market access, the regulatory cluster and the so-called rules issues, the statement said. It was reaffirmed by both the EU and US chief negotiators to make steady progress in all areas of the negotiations throughout 2014. They also agreed to hold a further round of talks in Washington before summer. Talks on the EU-US trade deal started in Jul 2013 and are set to continue throughout 2014. An EU-US trade agreement would cut businesses' costs and generate enough growth and jobs to boost the EU economy by up to EUR120b (US\$167b). And it would do so whilst respecting both sides' environmental, labour and consumer protection standards.

### SMEs in Vietnam Register Impressive Growth: Vietnam Report

Vietnam Report Joint Stock Company (Vietnam Report) announced the FAST 500 rankings in 2013, a list of 500 businesses achieving the fastest growth rates in Vietnam, of which top 10 SMEs posted an impressive growth rate of 88.3%. The rankings showed that the average growth rate of 500 businesses in the 2009-2012 period stood at 44.7%, lower than that recorded in 2008-2011. Top of the FAST 500 rankings was Intimex Nha Trang Import- Export Joint Stock Company, while Duong Hieu Mineral Exploration Joint Stock Company secured the first place among leading SMEs. Sectors achieving highest growth included seafood (65.1%), construction and real estate (59.2%) and transport (58.6%). Most surveyed businesses stressed the need to stabilize macro-economy, simplify administrative procedures aiming to create a healthier business climate and adopt a preferential tax policy, according to the report.

### Chinese SMEs Depict Slowdown

The Softening growth momentum of the Chinese Economy with SMEs being highly impacted was reinforced by China's official manufacturing activity index and a separate survey. The manufacturing purchasing managers' index (PMI), compiled by the National Bureau of Statistics and the China Federation of Logistics and Purchasing, dropped to a six-month low of 50.5% in Jan, from 51% in Dec. A HSBC/Markit survey which mainly questions SMEs showed the final reading of China's manufacturing PMI dipped to 49.5% in Jan from 50.5% in Dec 2013, indicating that SMEs are suffering the most. A PMI reading above 50% indicates expansion, while a reading below 50% indicates contraction. While overall economic activity begins to ease, small enterprises are facing a more challenging business environment, J.P. Morgan China chief economist Zhu Haibin. On the growth outlook, Zhu expects relative stable consumption growth and a moderate improvement in exports. But these positive factors will be offset by a slowdown in fixed investment, which can be attributed to lingering manufacturing overcapacity, tighter local government financing conditions and a slowdown in the housing market. Zhu said despite the same policy language, such as a proactive fiscal policy and prudent monetary policy, the tendency will be more on tightening this year. China's gross domestic product (GDP) expanded 7.7% year on year in 2013, above the official target of 7.5%. GDP growth was 7.7% in the Q4 of 2013, down from 7.8% in the Q3.

### SMEs Must Take More Initiatives towards Developing a Green Economy

A survey by the European Commission named "The Eurobarometer 2013" showed that green jobs, products and services were no longer restricted to multinational corporations. The survey included as much as 11,207 SMEs across all 28 European Union (EU) states, as well as Albania, Iceland, Liechtenstein, Macedonia, Montenegro, Norway, Serbia, Turkey and the United States, in attempts to understand their attitudes towards green jobs, resource efficiency and green markets. The survey revealed that 42% of these SMEs had at least one green job, 93% were taking action to become more resource efficient and 26% offered green products or services.

## Indian MSME News

### North Indian States Top the Charts in MSME Growth

The growth performance of 3,850 micro, small, and medium enterprises (MSMEs) has been analyzed and rated by CRISIL across India from FY 2010-11 to 2012-13. The analysis reveals that the average sales per enterprise of these CRISIL-rated MSMEs grew from Rs 1,668.80 lakh in 2010-11 to Rs 2,505.30 lakh in 2012-13, at a compound annual growth rate (CAGR) of 22.53 per cent. The top 10 states, where enterprises registered the highest growth, are Delhi, Punjab, Rajasthan, Haryana, Gujarat, Andhra Pradesh, West Bengal, Maharashtra, Uttar Pradesh, and Tamil Nadu, in the descending order. Enterprises in these states grew at a higher CAGR of more than 15 per cent. It is interesting to note that the top three states are from northern India. MSMEs in these states enjoy the benefits of being close to a large market and the fast-growing urban centre of Delhi NCR. They also benefit from a strong agricultural base and a growing population across northern India, which is fuelling demand for various products and services.

### State Government of Odisha to Invest Rs 1600 Crores towards MSME Growth

State government has unveiled Rs 1600 crore investment plan aimed at creation of 32,000 new units in the MSME sector in the 12th Plan period. The cumulative credit flow to the MSME sector is expected to reach Rs 15,387 crore by the end of 2013-14, meaning a growth of approximately 10% over Rs 13,989 crore disbursed till last fiscal. "For the current fiscal, we have targeted to create 7000 new units in the MSME sector, promising employment for 37,000 people said secretary (MSME) Panchan Dash. He said the state government would soon sign a memorandum of understanding (MoU) with National Small Industries Corporation (NSIC) to facilitate credit linkage for the MSMEs. Since NSIC has signed MoU with various nationalized banks for credit facilitation to the MSMEs under its bank tie-up scheme, the units in Odisha can also avail credit under the arrangement. NSIC has agreements with 23 major banks in the country including the nationalized and private banks. MSMEs in the state that have gone into production have invested Rs 4969.59 crore. Food and allied industries leads the pack with an investment of around Rs 1349.93 crore. There are about 26,498 food and allied units in the state that have generated 1,42,016 jobs. This is followed by repairing and servicing industry with an investment of about

Rs 966.23 crore. Also, the MSMEs in the state have provided employment opportunities for 7,06,342 persons. Odisha is among the 10 leading states in the country in terms of employment generated by the MSME sector, according to Union ministry of MSME's annual report for 2012-13. As many as 3.32 million people are employed in the MSME sector in the state.

### West Bengal Leads Credit Flow in MSME Sector

West Bengal has become the leading state in India in terms of credit flow in the Micro and Small Scale Industries (MSME) sector, says Chief Minister Mamata Banerjee. "We are number 1 in credit flow in the MSME sector in the country. During the period April-September 2012, the credit flow from banks in MSME sector in Bengal was the highest at Rs 4331 crore," Banerjee said. She said the state was also leading during the period April-September 2013. This was more than 105 percent increase on year-to-year basis, she said while pointing out that few other states like Gujarat, Tamil Nadu, Maharashtra, Karnataka, Andhra Pradesh, Jharkhand and Chhattisgarh have recorded an average growth below 50 percent. She also added, "This has been possible due to the persistent follow up of the West Bengal government in providing entrepreneurs all necessary assistance for setting up and running business successfully."

### More Than 20 Lakh Jobs Generated Under PMEGP Scheme

The government has released Rs 5,381.63 crore for the Employment Generation Programme (PMEGP) scheme which generated over 20 lakh jobs since 2008-09. "More than 20 lakh persons have been provided employment under the PMEGP which is being implemented by the Ministry of MSMEs," an official statement said. The allocation for 2013-14 is Rs 1,418.28 crore. For the country as a whole, the outlay for 12th Five Year Plan under PMEGP has been kept at Rs 8,060 crore which is 70 percent higher than the allocation of 11<sup>th</sup> Plan for the scheme. The PMEGP is a credit-linked subsidy program aimed at generating self-employment opportunities as well as wage employment through establishment of micro-enterprises in the non-farm sector. Khadi Village Industries Commission (KVIC) is the nodal agency at national level to implement the scheme across the country. Under the PMEGP, any project in the manufacturing sector costing up to Rs 25 lakh and in the

service sector up to Rs 10 lakh is eligible for assistance. The assistance is in the form of margin money subsidy for mobilizing bank credit.

### PM Seeks Innovative Solutions for MSMEs

Prime Minister Manmohan Singh has asked industry chambers and associations to come up with innovative solutions to address problems of the MSME sector and provide inputs for policy formulation. Singh also emphasized the need to promote exports from MSMEs. The MSME sector is of vital importance to the national economy, he said, adding the government's initiatives can be successful only with the participation of the private sector and civil society. He requested the industry associations and chambers of commerce in India to come forward with innovative solutions to address constraints that still hinder the development of the MSME sector and provide constructive inputs for policy formulation and implementation. "Only a fraction of enterprises today has the skills, risk appetite and resources to avail of the opportunities offered by globalization. We need to change this state of affairs," Singh said. The MSME sector accounts for 8 percent of the country's GDP, 45 percent of its manufactured output and 43 percent of its exports. It employs over 8 crore people. According to him the government believes that strong performance in the sector is necessary for India to achieve rapid and inclusive growth. "It is a matter of satisfaction for us that the MSME sector has grown at a healthy rate of 10 percent in recent years," he added.

### SME Foundries Shut Shop Due To Sluggish Demand

Several small and medium-sized foundries across the country have been forced to stop production, owing to a demand slump. Industry insiders inform that most of these units cater to automotive manufacturers and ancillaries, and that 10-15 percent of them have either closed down or stopped production temporarily. About 80 percent of India's \$12 billion foundry industry comprises SMEs, 15 percent are medium-sized players and only five percent are large units. Reena Bhagwati, joint managing director of Bhagwati Autocast Ltd and president of the Institute of Indian Foundrymen (IIF), said that while average capacity utilisation in the overall foundry industry is around 70 percent, for those supplying to automotive players, especially manufacturers of heavy commercial vehicles and passenger cars, average

utilization is down to 50-55 percent. The automotive segment consumes 32 percent of the foundry industry's output - much higher than power (5%), railways (6%), industrial machinery (7%), and sanitary ware (9%). Added to this is the issue of lack of trained manpower. "Finding skilled manpower is an issue, as there is no sustained demand and people tend to drift off," said the owner of a unit in Bhavnagar, Gujarat. Bhagwati feels that the foundry industry needs mechanization and automation of processes, in order to improve quality standards and reduce human error. However, with inadequate capital inflow, units are not in a position to invest in plant and machinery.

### New Industrial Estate to Be Set Up at Lal Kuan, Uttarakhand

The Uttarakhand government is getting ready to set up a new industrial estate exclusively for the MSME sector at Lal Kuan in the Kumaon region, Uttarakhand, with a draft industrial policy for MSMEs being fine-tuned and the Centre extending a capital subsidy scheme. This announcement has been made by the former chief minister, Vijay Bahuguna, after the Centre extended the capital investment subsidy scheme under the special industrial package of 2003 for Himachal Pradesh and Uttarakhand with retrospective effect from January 7, 2013 until March 31, 2017. The Cabinet Committee on Economic Affairs (CCEA) had put its seal of approval on the capital investment subsidy for the two states in the January 2014. Immediately after the announcement on the capital subsidy, the government said the incentive is being extended only for the MSME sector at the rate of 15 percent, with a cap of Rs 50 lakh, for setting up new units or sizeable expansions. It also added that it would make full use of the capital subsidy scheme by setting up the new industrial estate at Lal Kuan, for which it has already identified land. Ajay Pradyot, secretary, state ministry of MSME said that the industrial estate would come up on 60 acres of land. There is a rider in the capital subsidy scheme - industrial units can avail themselves of only one such scheme, either from the Centre or the State government. However, he said, "We will chalk out a plan in such a way that new units should get the benefit of both the capital subsidy schemes being offered by the Central government as well as the State government." But, the new units will not get the benefit of other tax incentives such as excise and income tax, which have since expired under the special industrial package.

# WTC Mumbai Events

## **Proactive Political Leadership and Progressive Industrial Policy to Benefit India Says Mr. Joseph Owen**

An interactive meeting with Mr. Joseph Owen, President, Development and investment Advisory Services and Former Director, World Bank was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 3 January, 2014. During the meeting Mr. Owen said, "The Indian economy currently growing below 5% GDP has huge potential for probable development. However roadblocks in the form of fragile leadership, lack of competent governance and poor infrastructural facilities play hindrance. Proactive leadership, progressive industrial policy and a conducive investment climate will fast pace economic growth of the nation".

The demographically large Indian nation should look forward to diversifying its economy. The rapidly progressing South American, Central American and Caribbean markets hold tremendous prospects for the Indian business community. This region is home to a large middle income consumption markets with access to formal credit institutes. The region is rich in natural resources such as iron, coal, oil and natural gas which may be tapped by potential investors. Also, the region commends itself for a stable political climate and conducive commercial atmosphere, said Mr. Owen. Prospective investors must study the macroeconomic scenario, the political situation and foreign investment norms before investing in an economy.

The Latin American region and India must look forward to enlarging bilateral ties for mutually beneficial relationship in the long run. The Latin American region which is rich in natural resources such as iron ore, coal, oil and natural gas and agricultural products such as coffee, soya, sugar, pulp and paper may export the same to India. India may utilize these resources to boost its manufacturing sector and serve its large population, Mr. Owen said.

Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre Mumbai and President, All India Association of Industries said that the Indian economy in its pursuit towards growth needs to address lingering issues in the form of sluggish industrial growth, rising inflationary pressures, lack of infrastructural facilities and deficient capital. Also, establishing transparency in government norms is vital. In order to boost its manufacturing sector and addressing the inflationary concerns India may import raw materials and crude oil from the Latin American countries. Also, a conducive investment climate and able political leadership will attract foreign capital from the Latin American countries into India.

## **India Canada Bilateral Trade Expected to Surpass US\$ 15 Billion by 2015**

An interactive meeting with Mr. Naval Bajaj, President, Indo Canada Chamber of Commerce was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 14 January, 2014. Mr. Bajaj said, "India and Canada have all along maintained long standing cordial bilateral relations. This expanding relationship has only been possible by the contributions made by the million plus Indians in Canada". He mentioned that the states of Gujarat, Rajasthan and Maharashtra were responsible for businesses to Canada. In the wake of this he urged Mr. Kalantri to organize delegation visits to Canada frequently to explore untapped areas for joint collaboration.

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Mr. Bajaj emphasized the importance of the Canada-India Corridor and the Free-Trade Agreement. He elicited concerns over the delay of the FTA which was now rescheduled for 2014. He stressed that the Canada-India File had big opportunities for both countries in terms of branding and synergies, in areas such as agri-foods, cold chain, energy, oil & gas and education. The cities that the delegation was visiting posed different opportunities to bring about successful collaboration. He congratulated AIAI as being a key partner in moving this file ahead.

Present on the occasion was Mr. Richard Bale, Consul General, Consulate General of Canada, Mumbai.

Earlier in his welcome address, Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre and President, All India Association of Industries said that India and Canada shared outstanding bilateral trade relationship which had now tripled to US\$ 5 billion and was further slated to increase to US\$ 15 billion by 2015. However due to the current slowdown in the Indian economy chances were this figure could only be reached by 2016. Some of the focus sectors where there is scope for joint collaboration are in the areas of agriculture, education and energy.

### **Bulgaria and India to Complement Mutual Complementarities says Mrs. Anna Yaneva**

An interactive meeting with Mrs. Anna Yaneva, Deputy Minister of Economy and Energy of the Republic of Bulgaria was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 21 January, 2014. Mrs. Yaneva said, "Bulgaria proposes to intensify bilateral trade and economic cooperation with India. The rapidly growing Indian economy is an important strategic partner in the Asian region for Bulgaria. Complementing mutual complementarities, Bulgaria seeks to invite Indian business community to its region as well".

Elaborating on the bright prospects for Indian business players in Bulgaria Mrs. Yaneva said that the region is an important transit hub to the markets of the European Union, Russia and the Mediterranean region. The region displays ease of doing business with low tax rates, educated and skilled workforce, low operating costs and well developed transport and logistics facilities. Also, the economy of Bulgaria has emerged unscathed from the great economic crisis of 2008 thereby displaying low budget deficit and public debt. The Government of Bulgaria promotes FDI into the region through preferential treatment in the form of tax incentives and subsidies, Mrs. Yaneva added.

Present on the occasion was H.E. Mr. Borislav Kostav, Hon'ble Ambassador Extraordinary and Plenipotentiary of the Republic of Bulgaria. Trade and economic ties have constituted an important component of the cordial relations between Bulgaria and India. The bilateral cooperation between the countries encompasses science and technology, information and communication technology, defense, education, culture, sports, etc. In order to extend this mutually beneficial relationship it is vital to encourage bilateral contacts and meetings, participation in trade fairs, exhibits, etc Mr. Kostav said.

Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre Mumbai and President, All India Association of Industries said that the bilateral trade between two countries stands at mere US \$140.2 million in which includes Indian exports worth US \$ 96.40 million and Indian imports of US \$ 43.80 million. Indian exports to Bulgaria comprise of organic chemicals, articles of plastics, aluminum, medicaments, ferro-alloys, tobacco; cotton yarn, cotton fabrics, etc. Major Bulgarian exports to India include electronic laboratory instruments, animal feeding preparations, aluminum waste & scrap, copper waste & scrap, ferrous waste & scrap, kraft paper, engines & motors, copper articles,

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electrical equipment, cosmetics, etc. However, there exists potential for expansion of bilateral trade, investment and economic cooperation, Mr. Kalantri added.

MOUs between Bulgarian Small and Medium Enterprises Promotion Agency & All India Association of Industries, Bulgarian Small and Medium Enterprises Promotion Agency & MVIRDC World Trade Centre Mumbai and Bulgarian Small and Medium Enterprises Promotion Agency and The Council of EU Chambers of Commerce in India were signed during the event.

The participants from the high level business delegation deliberated on prospects for mutually beneficial business ties between India and Bulgaria.

### **Cameroon Looks Forward to Cooperation with Indian Companies says Mr. Manga Laurent**

An interactive meeting with Mr. Manga Laurent, Head of the Cooperation Department, Centre National De Promotion Des Exchanges (National Centre for Promotion of Exchanges of Cameroon), Cameroon was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 21 January, 2014. Mr. Laurent said, "India and Cameroon enjoy cordial and friendly relations. The gradually developing Cameroonian economy seeks to undertake learning lessons from the rapidly growing Indian counterpart. Cameroon looks forward to deepen economic and trade ties with India by partnering with competent Indian companies in the sectors of civil engineering, mechanical engineering, textiles, food, agro products, pharmaceuticals among others". Elaborating on prospects for corporation with Indian companies, Mr. Laurent said that Cameroon looks forward to dual partnership in the form of technical assistance and financial assistance. The Government of Cameroon intends to develop its infrastructural status in the form of bridges, dams, roads, highways, construction, etc. Cameroon looks up to India to supply the heavy machinery required and train its personnel in its pursuit to develop its infrastructural status. It may be noted here that the infrastructural sector is marked by long gestation periods requiring large amount of capital. Cameroon seeks financial assistance from India as well in its journey towards economic growth.

### **Currency Markets Do Not Contribute to Rupee Volatility says The National Stock Exchange**

A Seminar on "Currency hedging and SME Listing at the Exchange" was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries in association with the National Stock Exchange of India Limited at the latter's premise on 29 January, 2014. Ms. Deepa Aggarwal, Head - Corporates and Insurance Companies Business Development, National Stock Exchange of India Limited, in her presentation said, "India is a globalised economy. The policy decisions in the US, European Union and other emerging nations have bearing on the Indian economy as well. The gradually recovering US economy has threatened to taper its quantitative easing programme thereby causing flow of foreign capital from emerging markets to the US".

Enumerating on the consequences of the outflow of foreign capital from India Ms. Aggarwal said that the Rupee rapidly depreciated following announcements by the Fed to taper quantitative easing. However, it was the formal currency markets that were blamed for generating volatility in the Rupee.

Ms. Aggarwal clarified that currency markets merely offer a formal trading platform for hedging currency risk. Before the existence of currency markets trading in currency forwards had limited transparency on pricing. Also, individual proprietors, exporters and MSMEs did not have access to currency markets. Currency Futures and Options are an asset class available to all with Price Transparency as an effective instrument to hedge against volatile currency movements. As per the SEBI rule currency futures trading is permitted in standardized contracts of USD/INR, EUR/INR, GBP/INR and JPY/INR while currency options may be traded in USD/INR.

Ms. Khyati Shah, Chief Manager, National Stock Exchange of India Limited, in her presentation, enlightened the audience on SME Listing on Exchanges. SMEs lack access to formal credit institutes such as banks due to lack of effective collateral. Also, SMEs cannot be listed on the Main Board of NSE due to limited paid up capital. However, research studies indicate that SMEs hold high growth potential. Thus NSE has formed an SME board for SMEs with paid up capital less than 25 crores to enable access to equity markets.

The SEBI has simplified compliance norms for the SMEs. The basic mandatory norms include three years of track record with at least two years of profitability and positive net worth. Thus the SME Board is an ideal platform for small growing companies to raise capital from equity markets, Ms. Shah noted.

### **Serbia Extends Invite to Competitive Indian Business Participants says H.E. Mr. Jovan Mirilovic**

An interactive meeting with H.E. Mr. Jovan Mirilovic, Ambassador of the Republic of Serbia to India was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 30 January, 2014. Mr. Mirilovic said, "India and the Republic of Serbia have enjoyed good geo-political relations in the past years. Going forward, Serbia intends to build on the economic ties with the nation. We invite Indian business companies to invest in the sectors of energy, film industry, food production, machinery industry, tractor and automobile manufacturing, irrigation mechanisation, IT, education, pharmaceutical industry and health tourism in Serbia".

Speaking about the current economic situation in the country, H.E. Mr. Mirilovic said that Serbia is in the process of restructuring its economy towards a comprehensive business philosophy. Privatization has been an important manifesto in its agenda towards restructuring. Thus the Serbian economy holds numerous projects in need for capital. We want to see Indian business participants in the role of investors in Serbia, and involved in profitable projects related to infrastructure, industry, electronics, agriculture, tourism and film making industry, Mr. Mirilovic noted.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre Mumbai said the bilateral trade between India and Serbia stands at US\$ 159 million with Indian exports worth US\$ 154 million and Serbian exports worth US\$ 5 million. India's chief exports to Serbia include soybean oilcakes, coffee, sesame seeds, food products, pharmaceuticals & chemical products, textile yarn, garments & footwear, products of iron & steel and industrial machinery. Serbia's exports to India consist of cigarettes, tobacco, organic chemicals, industrial machinery, footwear & apparel, metal waste and scrap.

Mr. Kalantri proposed the signing of MOU to cooperate in furthering the mutually beneficial trade and economic relation with Serbia.



## **Mozambique Seeks Assistance from India Towards Economic Development**

An interactive meeting with Mr. Oliveira Amimo, Commercial Counsellor, High Commission of the Republic of Mozambique was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 30 January, 2014. Mr. Amimo said, "India and Mozambique enjoy close, friendly relations built upon traditional links dating back to pre-colonial period. As of date, the Indian economy has actively assisted Mozambique in its struggle towards economic development. Going forward, Mozambique invites Indian business community to develop its industrial base, the MSME sector, infrastructure, exports, among others".

Enumerating on the assistance provided by India Mr. Amimo said that India has been assisting Mozambique in various ways through Line of Credits (LOCs). India had offered credit assistance of US\$500 million to Mozambique during the State visit of Mozambican President to India in 2010. Also, India had extended LOCs earlier towards setting up the Technology Development & Innovation Centre in the S&T Park and setting up of the solar photovoltaic manufacturing plant.

Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre Mumbai and President, All India Association of Industries said that the bilateral trade between the nations amounted to US\$ 1,281.41 million during 2012-13 registering an impressive increase of 102.41% compared 2011-12. Indian exports to Mozambique are petroleum products, drugs & pharmaceuticals, rice, machinery and instruments, transport equipment, cotton yarn & fabrics, manufactures of metals, plastic & linoleum products, primary & semi-finished iron & steel, paper & wood products, man-made yarn fabrics, wheat, rubber manufactured products, electronic goods, inorganic & organic agro chemicals, glassware, sugar, processed minerals, paints & enamels, miscellaneous processed items, etc. The main exports from Mozambique to India are pulses, raw cashew, coconut, metal ores and scrap etc. Also, India, with a total approved investment of US\$120 million as of July, 2013, is the 8th largest investor in Mozambique, with Brazil, Portugal & South Africa occupying the first three places.

## **IT Gurus and Experts Gather to Applaud the Efforts of Bombay Technology Club**

An interactive reception for the Bombay Technology Club was hosted by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 6 February, 2014. Mr. Vijay Mukhi, the initiator of the Club and a prominent IT personality said, "Information technology has revolutionized the world today and having changed the lives of even the common man, it is all set to move on to the next level. It has enabled people to regularly meet, interact and discuss with each other how IT would move in the future. More professionals are getting together to discuss how innovation can lead the future of IT. It has enabled us to network with each other". Over 100 professionals were present at the reception to discuss the future of IT in an informal setup. They cited various areas to work together with the help of IT.

Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre Mumbai and President, All India Association of Industries said that information technology has transformed the world into a global village. IT has enabled branding globally. Mr. Kalantri emphasized that Indian rebranding started with the use of information technology. Application of IT has been across all sectors of the Indian economy, making business processes efficient and streamlined. It has penetrated right down to the village level providing proper connectivity amongst the people, thereby integrating the rural sector to be a part of the growth story of India, he said.

### **Australia and India Examine Areas for Mutually Beneficial Cooperation**

An interactive meeting with Ms. Michelle Rowland, MP, Federal Member for Greenway, Shadow Minister for Citizenship and Multiculturalism, Shadow Assistant Minister for Communications, New South Wales, Parliament of Australia was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 7 February, 2014. Ms. Rowland said, "India is now widely regarded as an economic power house registering GDP growth rate of above 5%. Indians attach great value to education and the power of learning. The Indian community in Australia from the sectors of engineering, medicine, research and teaching have contributed substantially to the Australian economy. Australia seeks to carry forward its economic relations with the Indian diaspora".

Examining the areas for mutually beneficial cooperation Ms. Rowland said Australia exhibits a competitive edge in the sector of infrastructure. The Indian economy intending to invest US\$ 1 trillion in infrastructure may seek assistance from Australia to upgrade its infrastructure sector. The Public-Private-Partnership model may be a viable option in this regard. Also, the Indian economy may benefit from cooperation in the sectors of minerals & mining, banking & financial services among others. Indian investors have made huge investments in the mining sector in Australia, Ms. Rowland added.

Further, Ms. Rowland said that Australia may undertake learning lessons from India as it seeks to upgrade its National Telecom Policy. Also, Australia called upon Indian investments in the sectors of education and healthcare.

Ms. Kilmeny Beckering Vinckers, Deputy Consul-General, Australian Consul-General was present on the occasion.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre Mumbai said that India and Australia have enjoyed long standing relations since ancient times. The bilateral trade between the countries stands at US\$ 19.16 billion with India's exports worth US\$ 3.45 billion and Australian exports worth US\$ 15.73 billion. Major exports of Australia include gold, chickpeas, coal, copper, ores, lead and wool. India's exports to Australia include pearls and gems, jewellery, medicaments and passenger motor vehicles. The economies may collaborate successfully in the areas of education, shipping, logistics, mining, infrastructure and IT, Mr. Kalantri observed.

### **Poland Invites Two-Way Flow of Joint Ventures, Foreign Investment and Knowledge Sharing with India**

An interactive meeting with Mr. J.J. Singh, President, Indo Polish Chamber of Commerce and Industry, Poland was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 15 February, 2014. Mr. Singh said, "Indo-Polish relationship has been characterized by goodwill and cooperation. Poland seeks to deepen economic and trade ties through two-way flow of joint ventures, foreign direct investments and sharing of knowledge and technical know-how".

Recognizing potential for Polish companies in the mining sector of India Mr. Singh said the sector is in its infant stages of development. The sector lacks technical knowledge and access to capital. The Polish companies may invest in the sector which will bring about its technological upgradation. However, Mr. Singh marked the need for transparency in mining norms.

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Mr. Singh enlightened the audience about "Made in India Expo" to be hosted in Lodz during September, 2014. The exhibition is to witness participation from nearly 50 Indian companies. The Government of Lodz has extended support and cooperation towards the Expo.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said the bilateral trade between India and Poland stands at US\$ 1.905 billion with Indian exports worth USD 1.240 billion and Indian imports worth USD 0.665 bn. Indian exports to Poland include cotton, textiles, chemical products, electromechanical appliances, vehicles, air ships and vessels. Major exports from Poland are electromechanical appliances, mineral products, chemical products, etc.

### **MSMEs May Innovate or Perish Concludes the Design Awareness Seminar**

A Design Awareness Seminar was jointly organized by MVIRDC World Trade Centre, All India Association of Industries (AIAI), Ministry for Micro, Small and Medium Enterprises (MSME) and the National Institute of Design at WTC Mumbai on 19 February, 2014. Mr. Ganesh Iyer, MD, SSA Techknowlogies (P) Ltd, who made a presentation said, "With the advent of globalization, economies have been brought closer. It has led to far reaching effects on the MSMEs. The MSME sector which is in its infant stages of development has been subject to cross-border competition. It is imperative for the MSMEs to innovate, produce cost-competent, standardized and user oriented products and services in order to sustain in the day's competitive scenario".

Emphasizing on the need to innovate, Mr. Kumar Parmar, Field Executive, Design Clinic Scheme-MSMEs, National Institute of Design who presented said the Ministry of Micro, Small and Medium Scale and the National Institute of Design have initiated the "Design Clinic Scheme" under the National Manufacturing Competitiveness Programme. The Design Clinic Scheme scheduled for implementation through the Eleventh Plan, is structured to enhance Design awareness by exposing beneficiaries to the critical nuances of process, operation, manufacturing and business aspects of Design. The total Design Clinic Scheme budget of Rs.73.58 crores, enjoys a Rs.49.08 assistance from the Government of India. The Design Clinic Scheme offers an enriching opportunity to the large sector of MSME (Associations and Units) as well as the Indian Design fraternity, including consulting firms, independent Designers, Design institutes as also Design students, to engage in assisting the country's large and significant MSME sector.

Further, Mr. Vivek Amberkar, Principal Designer, Vivek Amberkar Product Design shared his experiences of successfully upgrading the design of the sandwich toaster, drop box and mouth freshener.

Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre and President, All India Association of Industries said MSMEs contribute to nearly 8% of country's GDP, 45% of manufacturing output, 40% of exports and 60% employment. However, MSMEs suffer setbacks due to unavailability of adequate and timely financial assistance, no efficient marketing scheme and lack of innovative capabilities. The Design Awareness Program is an initiative of MVIRDC World Trade Centre and All India Association of Industries in inculcating innovative capabilities in the MSMEs.

## India and China Must Join Hands to Sustain Growth Momentum

A seminar was held on "Trade and Investment Opportunities in China" with Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai was organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries along with the Consulate of the People's Republic of China in Mumbai at WTC Mumbai on 25 February, 2014. Dr. Youfa said, "India and China have been posed with the challenge of sustaining their growth momentum. In order to promote growth the two nations must join hands. The two economic super powers comprise the global growth engine besides being the largest consumption and manufacturing markets world over. To address the sluggish growth prospects posed by economic slowdown the economies must collaborate rather than compete".

Enumerating on the need for complementing mutual complementarities Dr. Youfa said that China holds expertise in the manufacturing sector while India is home to a thriving services industry. The manufacturing sector of China contributes to nearly 47% of Chinese GDP while India contributes meager 24%. India must tap the surplus manufacturing capacity of the Chinese manufacturing hub. On the similar lines China can look forward to sharing expertise of the Indian medical, IT and education sector.

Touching upon other areas of mutual cooperation Dr. Youfa said a precondition to economic progress is infrastructural development. The Indian economy intends to invest US\$ 1 trillion in its infrastructural sector. Chinese entrepreneurs must explore investments in this sector. Also, cooperation in the areas of capital market investments, modern agriculture, tourism, education, etc may be explored.

Further, Dr. Youfa addressed the critical question of trade imbalance between India and China. The bilateral trade worth US\$ 65.8 billion is highly skewed in favour of China with a trade surplus of US\$ 38.7 billion. To address the trade imbalance it is vital that India identifies tradeable goods with China. Secondly, India holds a potential trade surplus with the Chinese economy if it is to explore services trade export. Lastly, two-way flow of FDI between the two economies (into sectors such as infrastructure, education, IT, medicine) will address the gap in the trade imbalance, Dr. Youfa noted.

Present on the occasion were Mr. Arun Sehgal, President, Chempro Group and and Mr. Haresh Advani, CEO, Basant Enterprise who shared their business and working experiences with China.

Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre and President, All India Association of Industries said trade and economic relationships between India and China have shown rapid progress in the last few years. The bilateral trade worth US\$ 3 billion in the year 2000 has crossed US\$ 65.8 billion in 2012-13. However, the issue of trade imbalance in favour of China lingers. It may be addressed through cross border capital flight and diversifying areas of mutual cooperation to services, tourism, medicine and education, Mr. Kalantri added.

## Emerging Markets Need to Guard against Departure from Easy Credit Policy Regimes Globally cautions CARE

A seminar on "Global Financial Outlook and India's Position" was organized by MVIRDC World Trade Centre and All India Association of Industries with Business Standard at WTC Mumbai on 26 February, 2014. Mr. D.R. Dogra, Managing Director & CEO, Credit Analysis & Research said, "The global economy showing signs of revival is estimated to grow at 3.7% during CY2014 from 3% in the present year. The growth is led by revival of the US and the Euro zone which may see a halt in the easy credit policy regimes followed by them. The emerging markets need to be guard against capital flight towards these developed economies triggered by arrest on monetary easing".

Enumerating on the far reaching impact of withdrawal of foreign investments from emerging markets Mr. Dogra said that private enterprises will lack access to easy credit facilities. The same is expected to draw a vicious circle of

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slowdown in domestic spending capacities, sluggish consumption demand, cost cuttings and slash in salaries. Overall, the crowding out of capital formation is expected to drag down growth prospects for emerging economies.

However, Mr. Dogra cautioned that the recovery of the developed markets is a gradual process. The withdrawal of monetary stimulus may be preliminary and may harm its growth prospects. The economies must be closely tracked for symptoms of geopolitical tensions and deflationary risks.

Elaborating on prospects for domestic capital formation in emerging markets in the wake of foreign investment withdrawal Mr. Shankar Jadhav, Head - Strategy, Bombay Stock Exchange Ltd said that the Government and SEBI should encourage investments in equity and debt markets. A slash on Security Transaction Tax may make investments in equity markets a viable option.

Further, Mr. Jadhav added that SMEs are the backbone of the Indian economy. SMEs contribute to 8% of GDP, 45% of manufacturing goods, 40% of exports and nearly 10 crore employment opportunities. In the era of domestic meltdown following withdrawal of easy credit regimes globally an impetus to the SME sector will prove favorable. Thus, BSE intends to promote the SME sector and has thereby conceptualized the SME Trade Exchange. The BSE SME platform has listed 47 SME companies on its exchange while nearly 16 companies are in pipeline.

Listing of SMEs on the exchange enables an opportunity to raise equity without offering effective collateral. Also, it enables branding and marketing of the listed SMEs by broadcasting information in the press and websites. The SMEs attain guidance from merchant bankers on creation of liquidity with a 2-way bid price thereby enabling access to market funds. Also, the SMEs are under the effective vigilance of the regulators signaling effective governance, Mr Jadhav said.

In addition to allowing SMEs and start-up companies to raise capital, the BSE SME Institutional Trading Platform provides easier entry and exit options without initial IPO for informed investors like angel investors, VCFs and PEs etc. The new platform offers better visibility and wider investor base while offering tax benefits to long term investors, Mr. Jadhav added.

Present on the occasion was Mr. Jairaj Purandare, Chairman, JMP Advisors Pvt Ltd., commenting on the overtly optimistic growth prospects for the global economy and fears of capital flight, Mr. Purandare said that the last few months have demonstrated the preparedness of the Indian Government and the RBI in dealing with capital flight. The fluctuating Indian Rupee has been stable in comparison to other emerging market currencies. However, the future scenario for the Indian economy depends on the emergence of political stability, control of inflationary pressures and generating business confidence.

Elaborating further on the recent macroeconomic projections for India Mr. Purandare noted that the Interim Budget has met the fiscal deficit targets. However, the hopes of tax revenues registering 18% growth in the coming financial year may fall short of expectations. The rollover of oil subsidies, dividends on mutual funds and cut in planned expenditure for the next year may prove disastrous for the economy. The need of the hour is to proceed with GST, DTC and better tax administration reforms, Mr. Purandare noted.

Mr. Vijay Kalantri, Vice-Chairman, MVIRDC World Trade Centre and All India Association of Industries said that the economic activity has demonstrated gradual recovery in the US and the European markets. The same accompanied by structural and political issues in India may prove fatal for its growth prospects. Transparent policies, political stability, impetus to infrastructural sector and investment proposals, curbs on inflationary pressures and a stable currency will improve prospects for the economy in the near future. The same will serve vital in making India an attractive foreign investments destination, Mr. Kalantri advised.

### **Indo-US trade to get a fillip through Investor Programme**

An interactive meeting was held with Mr. Anthony Hemstad, President, WTC San Francisco organized by MVIRDC World Trade Centre Mumbai and All India Association of Industries at WTC Mumbai on 1 March, 2014. Mr. Hemstad

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said, "India-US trade having reached an all time high of over US\$ 63.7 billion in 2013, with a nearly US\$ 20 billion balance in favour of India, was all set to further bilateral relations".

While explaining the EB-5 Investor Programme of Access The USA (AUSA) project, promoted by WTC San Francisco, Mr. Hemstad said that the project would be a revenue generating venture for all WTCs who were willing to promote and bring in investors interested in USA and thereafter migrate to the country. He further added that the EB-5 programme allows foreign investment into the US in exchange for a green card for an investment worth US\$ 1 million. AUSA is currently offering EB-5 projects in oil, real estate and bonds.

Welcoming Mr. Hemstad, Mr. Vijay Kalantri Vice Chairman, MVIRDC World Trade Centre and President, All India Association of Industries said that the initiative of WTC San Francisco was a unique one and offered all the assistance from WTC Mumbai in promoting the project here in Mumbai. During the discussion Mr. Kalantri mentioned that even though USA was the major trading partner of India for quite a long time, it is now in the 3rd position next to China.

During the meeting MoU between WTC Mumbai and WTC San Francisco and an MoU between AIAI and WTC San Francisco were signed.

### **Lithuania and India Should Foster Mutually Beneficial Ties Says Indian Baltic Chamber of Commerce**

An interactive meeting was held with Mr. Gediminas Citukas, President, Indian Baltic Chamber of Commerce of Lithuania which was organised by MVIRDC World Trade Centre and All India Association of Industries with the Indian Baltic Chamber of Commerce at WTC Mumbai on 3 March, 2014.

Mr. Citukas said that the bilateral trade between India and Lithuania stands at mere US\$ 193 million biased in favour of India. The Indian Baltic Chamber of Commerce works towards fostering regional ties between India and Lithuania besides other European economies. The Lithuanian economy specializes in the production of fertilizers, laser technology, biotechnology, optical components and food products. The thriving consumption markets of the India may be explored to export these productions of Lithuania. On the similar lines, India may trade products of its comparative advantage namely organic chemicals, textiles, leather and leather products, metal ores, etc with Lithuania, he said.

In this pursuit the Indian-Baltic Chamber of Commerce signed an MOU with the MVIRDC World Trade Centre Mumbai and All India Association of Industries to promote cross border trade and investment between the two economies.

Further business meetings from the sectors of construction, food products, consumer products, durable goods, etc were held.

### **"Free and Fair Pricing For All Through CPI" Recommends Mr. Vijay Kalantri**

An Index Users' Conference on Consumer Price Index was organized by the Labour Bureau, Government of India in association with the Labour Commissioner, Government of Maharashtra at WTC Mumbai on 4 March, 2014.

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Mr. Vijay Kalantri, Guest of Honour said, "The Consumer Price Index has a well calibrated scientific approach towards estimating the inflation index. The parameters considered under the CPI are well framed with intensive work by the Labour Bureau of the Government of India. However, despite efforts on the part of the Government and the RBI, industrial laborer's bear the brunt of rising inflationary pressures in the economy. The need of the hour is to identify the roadblocks in arresting the price rise", he said.

Suggesting recommendations towards a consumer inclusive price index, Mr. Kalantri said it is vital to break the huge value chain of middle man between the goods and customers. An efficient public distribution system will aid the same. Despite the passage of the food security bill, only an efficient public distribution system can ensure trickle down of benefits of the food security bill to the end consumer, Mr. Kalantri clarified.

Mr. Kalantri recommended establishing workers stores in their townships and colonies on the similar lines of military owned stores. The stores may be managed by the Government but run by the workers thereby enabling collective bargaining and fair prices for all. It shall set a good example of self regulation and administration.

Further, Mr. Kalantri called upon narrowing the difference between the WPI & CPI as effective price indices for the economy.

Mr. H.K. Jawale, Labour Commissioner said the CPI-IW is a flagship activity of Labour Bureau of Government of India. The index initiated globally in 1921 was adopted by the Indian government in the year 1949. The multiple uses of the CPI-IW are the determination of dearness allowance, formulation of policy on wages, price, taxes, computation of real wages and price adjustments in business, individual and contracts. The steps in the price collection include selection of markets, shops, products and their varieties. The price collector's, price supervisors and state coordinators are appointed by Labour Bureau for CPI compilation. The various agencies involved in the dissemination of CPI include the Labour Bureau, Ministry of Labour Bureau and Employment, N.S.S.O, Ministry of MOSPI, trade unions, state and union territories.

Mr. Daljeet Singh, I.E.S, Director General, Ministry of Labour and Employment, Government of India said the Labour Bureau proposes updating the CPI with a new series. The proposed series will increase the number of centers covered from 77 to 88 and coverage of state and union territories will be hiked from 22 to 27. The agenda for today's Index Users' meet is to create awareness amongst different stake holders about the base updation exercise and initiating corporation from the State Government, Central Government, trade unions and Employee organizations towards the same. The new series of CPI-IW includes a compressed time frame, formalized consultations with stakeholders and increased coverage of sectors, centers, states and union territories.

### **Bright Prospects for Indian Business Players in Luxembourg says Ambassador Mr. Stronck**

An interactive meeting was held with H.E Mr. Gaston Stronck, Ambassador of the Grand Duchy of Luxembourg organized by MVIRDC World Trade Centre and All India Association of Industries with the Ambassador at WTC Mumbai on 20 March, 2014. Mr. Stronck said, "Luxembourg, the world's second largest nation in terms of GDP Per Capita welcomes Indian companies to invest in its booming economy. The economy exhibits ease of doing business with strong geo-political situation, stable macroeconomic framework, optimal tax rates, access to financial capital and thriving R & D activities", he said.

Enumerating on the bright prospects for Indian business players in Luxembourg Mr. Stronck said that the strategic location of the country gives access to the large consumption markets of the European Union. The country boasts of state of art logistics distribution system to aid the same.

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# WTC MUMBAI EVENTS

## Proactive Political Leadership and Progressive Industrial Policy to Benefit India Says Mr. Joseph Owen



From (L-R) : Mr. Joseph M Owen, President, Development & Investment Advisory Services and Former Director, World Bank, Mr. Vijay Kalantri, Vice Chairman, MVIWRC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Capt. Somesh Batra, Vice Chairman, MVIWRC WTC Mumbai during an interactive meeting on "Tapping the Lucrative South and Central American and Caribbean markets - avoiding pitfalls and finding cost effective entry strategies" organized by MVIWRC WTC Mumbai and AIAI. (Report on page 27)

## India Canada Bilateral Trade Expected to Surpass US\$ 15 Billion by 2015



From (L-R) : Dr. R. Gopal, Director - Department of Business Management, Padmashree Dr. D. Y. Patil Vidyapeeth, Mr. Naval Bajaj, President, Indo-Canada Chamber of Commerce (ICCC), Mr. Vijay Kalantri, Vice Chairman, MVIWRC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. Richard Bale, Consul General, Consulate General of Canada in Mumbai, Ms. Rupa Naik, Director - Projects, MVIWRC WTC Mumbai and Executive Director, AIAI during an interactive meeting with high profile business delegation from Canada. (Report on page 27)

## Cameroon Looks Forward to Cooperation with Indian Companies says Mr. Manga Laurent



From (L-R) : Mr. Manga Laurent, Head of the Cooperation Department, Centre National De Promotion Des Exchanges, Cameroon, Ms. Rupa Naik, Executive Director, All India Association of Industries (AIAI) and Director - Projects, MVIWRC World Trade Centre (WTC) Mumbai, Mr. Niwa Long Othon, Director General, Matgenie during an interactive meeting organized by MVIWRC WTC Mumbai and AIAI. (Report on page 29)

## Bulgaria and India to Complement Mutual Complementarities says Mrs. Anna Yaneva



From (L-R): H.E. Mr. Borislav Kostov, Hon'ble Ambassador Extraordinary and Plenipotentiary of the Republic of Bulgaria, Mr. Vijay Kalantri, Vice Chairman, MVIWRC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), H.E. Mrs. Anna Yaneva, Deputy Minister of Economy and Energy of the Republic of Bulgaria, Mr. Stefan Ionkov, Head of Commercial and Economic Office, Embassy of Republic of Bulgaria during an interactive meeting organized by MVIWRC WTC Mumbai and AIAI with Commercial and Economic Office of Bulgaria and Embassy of the Republic of Bulgaria. (Report on page 28)

## Currency Markets Do Not Contribute to Rupee Volatility says The National Stock Exchange



From (L-R) : Ms. Queenie Nair, Director, All India Association of Industries (AIAI), Ms. Khyati Shah, Chief Manager, National Stock Exchange of India Limited (NSE) and Ms. Deepa Aggarwal, Head - Corporates & Insurance Companies Business Development, NSE at the Seminar on 'Currency Hedging and SME Listing at the Exchange' jointly organized by AIAI and MVIWRC WTC Mumbai in association with NSE. (Report on page 29)

## Serbia Extends Invite to Competitive Indian Business Participants says H.E. Mr. Jovan Mirilovic



From (L-R) : Mr. Y. R. Warerkar, Executive Director, MVIWRC World Trade Centre (WTC) Mumbai, Mr. Zoran Bojovic, Adviser to the President, Chamber of Commerce and Industry of Serbia, Mr. Vijay Kalantri, Vice Chairman, MVIWRC WTC Mumbai and President, All India Association of Industries (AIAI), H.E. Mr. Jovan Mirilovic, Ambassador of the Republic of Serbia to India, Ms. Rupa Naik, Executive Director, AIAI and Director - Projects, MVIWRC WTC Mumbai, Mr. Taizun Patheria, Honorary Consul of the Republic of Serbia in Mumbai during an interactive meeting organized by MVIWRC WTC Mumbai and AIAI with a high level business delegation from Serbia. (Report on page 30)



# WTC MUMBAI EVENTS

## Mozambique Seeks Assistance from India Towards Economic Development



From (L-R) : Mr. Vicente Paulo Chihale, Former Commercial Commission Councilor of Republic of Mozambique, High Commission of the Republic of Mozambique, Mr. Vijay Kalantri, Vice Chairman, MVIWDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. Oliveira Amimo, Commercial Counsellor, High Commission of the Republic of Mozambique, Mr. Y. R. Warekar, Executive Director, MVIWDC WTC during an interactive meeting organized by MVIWDC WTC Mumbai and AIAI with High Commission of the Republic of Mozambique. (Report on page 31)

## IT Gurus and Experts Gather to Applaud the Efforts of Bombay Technology Club



From (L-R) : Mr. Vijay Mukhi, Managing Director, Vijay Mukhi's Computer Institute, Mr. Vijay Kalantri, Vice-Chairman, MVIWDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. Nanik Rupani, Chairman, Neutron Electronic Systems Pvt Ltd and Mr. Y. R. Warekar, Executive Director, MVIWDC WTC Mumbai at the annual gathering of the Bombay Technology Club members. (Report on page 31)

## Australia and India Examine Areas for Mutually Beneficial Cooperation



From (L-R) : Mr. Y. R. Warekar, Executive Director, MVIWDC World Trade Centre (WTC) Mumbai, Ms. Kilmey Beckering Vinckers, Deputy Consul-General, Australian Consulate-General, Mr. Harish Velji, Chairperson of the Sub-Continent Friends of the Labor Organisation, Capt. Somesh Batra, Vice Chairman, MVIWDC WTC Mumbai, Mr. Vijay Kalantri, Vice Chairman, MVIWDC WTC Mumbai and President, All India Association of Industries (AIAI), Ms. Michelle Rowland, MP, Federal Member for Greenway, Shadow Minister for Citizenship and Multiculturalism, Shadow Assistant Minister for Communications, New South Wales, Parliament of Australia, Ms. Aisha Amjad, Board Member of the Sub-Continent Friends of the Labor Organization during an interactive meeting with Ms. Rowland organized by MVIWDC WTC Mumbai and AIAI. (Report on page 32)

## Poland Invites Two-Way Flow of Joint Ventures, Foreign Investment and Knowledge Sharing with India



From (L-R): Mr. J. J. Singh, President of Indo-Polish Chamber of Commerce and Industry, Poland, Ms. Joanna Mazurkiewicz, Office Director, Indo-Polish Chamber of Commerce and Industry, Poland, Mr. Adam Bisek, India and Russia Center, Mr. Vijay Kalantri, Vice Chairman, MVIWDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI) during an interactive meeting with Indo-Polish Chamber of Commerce and Industry, Poland organized by MVIWDC WTC Mumbai and AIAI. (Report on page 32)

## MSMEs May Innovate or Perish Concludes the Design Awareness Seminar



From (L-R) : Mr. Vijay Kalantri, Vice-Chairman, MVIWDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. Ganesh Iyer, MD, SSA Technologies (P) Ltd, Mr. Y.R. Warekar, Executive Director, MVIWDC WTC during the Design Awareness Seminar jointly organized by MVIWDC WTC Mumbai, AIAI, Ministry for Micro, Small and Medium Enterprises (MSME) and the National Institute of Design (NID). (Report on page 33)

## India and China Must Join Hands to Sustain Growth Momentum



From (L-R) : Mr. David Sinate, Chief General Manager, Export-Import Bank of India, Mr. Arun Sehgal, President, Chempro Group, Dr. Liu Youfa, Consul-General of the People's Republic of China in Mumbai, Mr. Vijay Kalantri, Vice-Chairman, MVIWDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. Hareesh Advani, CEO, Basant Enterprise and Ms. Rupa Naik, Executive Director, AIAI and Director - Projects, MVIWDC WTC Mumbai during a seminar on "Trade & Investment Opportunities in China" organized by MVIWDC WTC Mumbai and AIAI with the Consulate of the People's Republic of China in Mumbai. (Report on page 34)

# WTC MUMBAI EVENTS

## Emerging Markets Need to Guard against Departure from Easy Credit Policy Regimes Globally cautions CARE



From (L-R) : Mr. Jairaj Purandare, Chairman, JMP Advisors Pvt. Ltd, Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI), Mr. D. R. Dogra, Managing Director & CEO, Credit Analysis & Research Ltd. (CARE), Mr. Shankar Jadhav, Head - Strategy, Bombay Stock Exchange Ltd. during a Seminar on 'Global Financial Outlook and India's Position' jointly organized by MVIRDC WTC Mumbai, AIAI and Business Standard. (Report on page 34)

## Indo-US trade to get a fillip through Investor Programme



From (L-R): Mr. Anthony Hemstad, President, World Trade Centre San Francisco and Mr. Vijay Kalantri, Vice Chairman, MVIRDC World Trade Centre (WTC) Mumbai and President, All India Association of Industries (AIAI) during the signing of the MoU between WTC Mumbai and WTC San Francisco on the former's visit to promote EB-5 Investor Programme of Access The USA (AUSA). (Report on page 35)

## Lithuania and India Should Foster Mutually Beneficial Ties Says Indian Baltic Chamber of Commerce



From (L-R) : Mr. Y. R. Warekar, Executive Director, MVIRDC World Trade Centre (WTC) Mumbai, Mr. Povilas Staigis, Head of Business Development and Innovation, Tegra, Ms. Rupa Naik, Executive Director, All India Association of Industries (AIAI) and Director-Projects, MVIRDC WTC Mumbai, Mr. Gediminas Citukas, President, Indian Baltic Chamber of Commerce during an interactive meeting with Indian Baltic Chamber of Commerce organized by MVIRDC WTC Mumbai and AIAI. (Report on page 36)

## "Free and Fair Pricing For All Through CPI" recommends Mr. Kalantri



Mr. H.K. Jawale, Labour Commissioner, Government of Maharashtra felicitating Guest of Honour Mr. Vijay Kalantri, President, All India Association of Industries (AIAI) and Mr. Y. R. Warekar, Executive Director, MVIRDC World Trade Centre (WTC) Mumbai. Looking on is Mr. Daljeet Singh, I.E.S, Director General, Ministry of Labour and Employment, Government of India at a conference organized by the Ministry of Labour & Employment and Government of Maharashtra on the Index User's Conference on Consumer Price Index Numbers for Industrial Workers/Trade Unions/Employers in Mumbai. (Report on page 36)

## Bright Prospects for Indian Business Players in Luxembourg says Ambassador Mr. Stronck



From (L-R): Mr. Y. R. Warekar, Executive Director, MVIRDC World Trade Centre, (WTC) Mumbai, Mr. Vijay Kalantri, President, All India Association of Industries (AIAI), Mr. Sharad Upasani, MVIRDC Vice Chairman, WTC Mumbai, Mr. Kamal Morarka, Chairman, MVIRDC WTC Mumbai and H.E Mr. Gaston Stronck, Ambassador of the Grand Duchy of Luxembourg during an interactive meeting organised by MVIRDC WTC Mumbai and AIAI with the Ambassador. (Report on page 37)

## Partnership in Priority to Address Indo-Kenyan Trade Imbalance says Ambassador Mr. Varma



Mr. Sharad P. Upasani, Vice Chairman, MVIRDC World Trade Centre (WTC) Mumbai felicitating Ambassador Mr. Yogeshwar Varma - IFS, High Commissioner of India - Designate Kenya. Others looking on (L - R) : Mr. R. A. Goenka, Honorary Consul of Republic of Kenya, Mr. Vijay Kalantri, Vice Chairman, MVIRDC WTC Mumbai and President, All India Association of Industries (AIAI), Capt. Somesh C. Batra, Vice Chairman, MVIRDC WTC Mumbai at a meeting on Indo-Kenyan Trade. (Report on page 38)

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Mr. Stronck noted that the Luxembourg Stock Exchange is the world's leading financial centre. Investment funds worth Euros 2,615 billion have been raised world over in multiple sectors such as infrastructure, industrial development, renewable energy to name a few. Mr. Stronck encouraged Indian companies to trade on the exchange. Mr. Stronck applauded the presence of nearly 170 Indian companies on the Exchange. Prominent Indian companies such as Ranbaxy, Tata, Larsen & Toubro, and Reliance are registered with the exchange and have raised capital from time to time.

Elaborating on prospective sectors for Indian companies Mr. Stronck said that the competent IT and ICT sectors of Luxembourg present bright business opportunities for the services driven Indian economy. The steel sector, satellite industry, cargo transportation were identified as other sectors for gainful investment.

Mr. Vijay Kalantri, President, All India Association of Industries said the annual trade between India and Luxembourg stands at US\$ 56.29 million with India's imports from Luxembourg worth US\$ 48.09 million while its exports worth US\$ 8.20 million. The major items of India's exports to Luxembourg include textiles and garments, engineering products and chemicals. The major items of India's imports from Luxembourg are engineering goods, metals, plastics, textiles and garments, etc. Also, India is a leading foreign investment destination of Luxembourg with investments worth Euros 26.4 billion.

### **Partnership in Priority to Address Indo-Kenyan Trade Imbalance says Ambassador Mr. Varma**

An interactive meeting was held with Ambassador Mr. Yogeshwar Varma - IFS, High Commissioner of India - Designate Kenya organized by MVIRDC World Trade Centre and All India Association of Industries with the Ambassador at WTC Mumbai on 29 March, 2014. Mr. Varma said, "India's bilateral trade with the African continent stands at US\$ 67 billion. Narrowing down to the Indo-Kenyanian bilateral ties, the economies registered trade worth US\$ 3.9 billion imbalanced in favour of India. India's exports to Kenya stand at US\$ 3.77 billion while the imports stand at a mere US\$ 0.1 billion. It is of paramount importance that we address this trade imbalance", he said.

Examining measures to address the trade imbalance Mr. Varma said that the rapidly growing Indian economy falls under the top 10 global economies bracket. India is a US\$ 2 trillion economy with global trade deficit worth US\$ 100 billion comprising of large trade basket. India should favour the Kenyanian economy by diverting tradeable imports from Kenya. The same shall enable healthy trade relations setting a case for partnership in priority.

Enumerating on the prospective tradeable goods between the economies Mr. Varma said that Kenya is a rich source of raw materials such as minerals, metal scrap, agricultural products, leather, etc.

Also, Kenya invites the Indian business community to set up base in the country. Indian businessmen can set up production centers in Kenya to give impetus to its manufacturing while exporting the manufactured products at competent prices to India.

Mr. Vijay Kalantri, President, All India Association of Industries and Vice-Chairman, MVIRDC World Trade Centre said Kenya is an important trade and investment partner for India. Principal Indian exports to Kenya include pharmaceuticals, steel products, machinery, yarn, vehicles and power transmission equipment. Kenyan exports to India include soda ash, vegetables, tea, leather and metal scrap. Indian firms have invested in telecommunications, petrochemicals and chemicals, floriculture sectors in Kenya and have executed engineering contracts in the power and other sectors in the country. It is necessary that India make laudable efforts in expanding trade with the emerging markets of the African continent.