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GIFT brings out this quarterly publication GLOBAL VISTAS to provide analytical articles and commentaries on issues relating to international trade developments, and WTO and related trade issues. We at Global Vistas invite contributions with a word limit of 2000 words from academics, trade and industry that are of contemporary relevance.

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# *Emerging India's Demographic Opportunity*

*India's manufacturing sector is witnessing a major revival and is seen as a prime driving force for the country's economic development, especially employment generation. It is projected that the manufacturing sector growth could touch double digits as corporate India invests Rs.5,00,000 crores in fresh capacities in areas as diverse as energy and consumer goods, requiring more people. According to ASSOCHAM, the number of people employed in the manufacturing sector is likely to grow from the present 80 million to 100 million by 2010. High skill sectors account for almost 40% of manufacturing output of India. The nature of work for the blue-collar worker has also changed. And companies including sectors like ports, automobiles and textiles are looking for a more educated and alert workforce with at least high school education and a two-year technical education. The Services sector accounted for 4 per cent of India's GDP and 29 per cent of exports in 2004-05. This industry, it is said, "can do for India what automotives did for Japan and oil for Saudi Arabia. An India strategy has become pertinent for big international companies and some multinational companies have initiated forays seeing the vast domestic market about to take off. And India has consistently been ranked as the most preferred sourcing destination by AT Kearney, McKinsey Global Institute (MGI), Forrester, Gartner Inc. from time to time. Currently, more than 50 per cent of the Fortune 500 companies offshore to India.*

*Over the next 15 years, the developing world will have an additional 2 billion people. During the same period, working population (age group 15-59 years) in the U.S. will have a shortfall of about 17 million, Europe about 10 million, Japan about 9 million, Russia about 6 million, and China about 10 million. In 2020, India is projected to have a 'surplus' of 47 million workers. India is thus seen to be in a demographic gift phase and will continue to enjoy demographic 'dividend' until about 2025, as the share of working age population to the total continues to rise. At present, more than 550 million or 50 per cent of India's billion plus population is below 25 years. Thus, the current stage of demographic transition in India is being seen as an opportunity to leapfrog to a higher economic growth trajectory. India's youth have opportunities to fill the labour shortages in manufacturing and services.*

*While the unfolding dynamic growth paradigm is seen as a demographic opportunity for emerging India, the gain is not automatic. Having a large share of young population in the total population increases the responsibility for providing jobs to them. Thus, India was able to capitalize on the IT sector boom because of the availability of IT professionals – so to say "fortune favours the prepared". Emerging India is already facing shortages in availability of employable youth. The high attrition rates and rising pay structures show the demand - supply gap of skilled and talented workforce at all levels.*

*The demographic opportunity is unique and time bound. If there is no equity in job opportunities, problems of social cohesion and other challenges are bound to emerge. India's youth need to gain employability. The insatiable demand for talented, creative, educated and skilled human resource, therefore, is emerging as a critical factor for competing organizations. The demand for talented and skilled workforce has significant ramifications for the youth 'bulge'. Our demographic boon will become a curse if we do not give jobs to the 200 million entering the labour force in the next 10 years. An enabling environment that fosters education entrepreneurship is imperative to provide quality education and training.*

***The Editor***

# Malaysia's Hazy Future

**By Mukul G Asher[1]**

The annual recurrence of haze from the region's forest fires currently enveloping Malaysia is an apt metaphor for the country's economic future. Malaysia's manufacturing export and natural resource rich USD 130 billion economy (with per capita GDP of USD 4700) is facing several challenges in adjusting to globalization, and in particular in responding to the rise of China.

First, Malaysia is finding it difficult to translate current favorable macro-economic environment, and the commodity boom into sustainable competitive advantage in manufacturing and services.

There are indications that Malaysia's electronic exports (which were equivalent to 60 percent of GDP in 2005) are facing increasing competition from China and other lower cost producers. Malaysia's MNC dominated electronic capacity is older and therefore vulnerable to cyclical downturn. Moreover, China is also beginning to occupy medium technology activities which Malaysia hopes to occupy.

In services, except for travel, Malaysia's revealed comparative advantage has been declining. This is particularly pronounced in IT and communications. Regionally, Singapore and Thailand are Malaysia's key competitors at the medium and high-end, while Indonesia and Vietnam are key competitors at the lower end. Malaysia's traditional advantage in the plantations sector is also eroding.

Second, there is increasing divergence between Malaysia's political economy and the policies it needs to pursue to sustain economic dynamism and competitiveness in the 21st century.

As Malays dominate the political but not the economic power, public sector expenditure, particularly capital expenditure, has traditionally been high (around 30 to 35 percent of GDP). Moreover, the public sectors contracts have been channeled to favored business groups. This has created rent-seeking mentality and over-dependence on state patronage. This has hindered development of financial and capital markets; and has undermined economic efficiency in allocation of resources, including in selecting investment projects.

Third, Malaysia's political economy has since the late 1960s relied heavily on strong affirmative action programs in favor of Malays (who by constitution must follow Islam as a religion), reducing employment, education, and other opportunities for the Chinese and the Indian communities.

Inequalities in Malaysia are quite high (its Gini Coefficient is 0.51, far higher than India's 0.35). These programs however have also led to large inequalities within different ethnic groups. Not surprisingly, the "creamy layer" is particularly evident among Malays, the prime beneficiaries of these programs.

The Chinese control of business, reflected in a much higher per capita income, has permitted them to largely mitigate the adverse impact of these policies. But Indians numbering around 1.8 million, among the largest concentration of Indian diaspora, have been increasingly marginalized as a result of Malaysia's public policies. The Malaysian Indian leadership has been encouraged by the government to expand engagement with India. These efforts however need to be more focused and result-oriented.

As Chinese and Indians have traditionally emphasized professional education as an instrument of socio-economic mobility; and as they also exhibit strong entrepreneurial flair, their treatment deprives Malaysia of talent pool and dynamism needed to compete. This is an inescapable outcome of affirmative action programmes which are not time-bound, and which do not emphasize merit and excellence.

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India's public policy debates, particularly in reservations, should keep Malaysia's experience as what to avoid rather than as a positive example.

Fourth, the Malays are not united, as reflected in the Mahathir (Former Prime Minister)-Anwar (his then Deputy) split during the 1997 crisis; and the bitter acrimony between the current Prime Minister Badawi and Mahathir. There is suspicion, not without merit, that the acrimony is less about policies and principles, and more about which factions should benefit more from government contracts and from state patronage. The acrimony has also provided opportunity for those who advocate greater islamaziation of Malaysia, and less pragmatic policies in managing globalization.

Fifth, it is routine in Malaysia to regard socio-economic data as a strategic resource to be used by the authorities for tactical purposes rather than as a public good. This hampers not only high quality public policy research and dialogue, but also makes it difficult to develop a mind-set and retain or attract talent needed for knowledge-economy and for developing new growth niches.

The above however should not preclude India from strategically engaging resource-rich, middle-income Malaysia. India's soon to be USD 1000 billion dollar economy, and responsibilities to provide improving livelihoods to its 1.2 billion persons require taking advantage of all economic opportunities. Indian firms should aim to seek opportunities in resources, pharmaceuticals, education, and health sectors with Malaysian partners. In addition to strategically engaging Indian companies in IT and communications sector, Malaysia could also consider setting up offices of its state investment holding company Khazanah, and Malaysian Industrial Development Authority (MIDA). The market-led engagement should be the guiding principle.

Finally, both sides need to make efforts to develop mind-set and communication skills for deeper constructive engagement with a view to tapping win-win opportunities, and diversifying their global economic and strategic risks.

* * *

# Export Prospects of Technical Textiles from India

**G.P. Gandhi**[1]

## I. Introduction: Technical Textiles

Technical textiles also known as special textiles are defined as textile products that require special functionality such as those being used in industrial, aerospace, military, marine, medical, construction, geo-textile, transportation, and high-tech applications. These are also defined as Non-wovens such as flat structured fabrics in the form of sheets/ webs, not made by weaving but by bonding and entangling fibres by means of mechanical, thermal or chemical processes.

Technical textiles find their applications in a variety of areas such as filtration, abrasive materials, furniture, healthcare upholstery, thermal protection, blood absorbing materials, seat belts, adhesive tapes, carpets, floor coverings, diapers. tire cords and ropes, surgical gowns, diaper cover stocks, automotive linings, etc. These are also used in other segments like roads, buildings, rail tracks, canal linings, conservation and waste management.

India is presently engaged in the manufacture and export of only traditional technical textiles like ropes and tire cords. The country accounts for a meagre share of 1 per cent of the global production of technical textiles. Its domestic demand is reported to be of the order of US$6.7 billion of which it produces about US$1.9 billion and has to meet its requirements through imports.

Under the Technical Upgradation Fund Scheme of the Ministry of Textiles, Government of India, an incentive of 5 per cent reimbursement of interest is given to financial institutions which lend to textile units making technical textiles.

## II. Global Trade

**(i) World Imports.** World import of technical textiles n 2004, as may be seen from Table 1, registered a growth of 8.24 per cent over the previous year when the same reached a level of US$23,758 million as against US$21,949 million. USA continue to be the largest importing country. Its imports during the period shot up to US$23,758 million as against US$21,949 million showing an increase of 17.52 per cent. The other countries showing a significant growth during the period comprised: UK (14.37%), Germany (12.98%), China (12.69%) France (11.14%), and Italy (10.60%).

**Table 1. World Imports of Special Textiles By Major Countries (SITC Code: 657)**

**(US$million)**

| Country | 2003 | 2004 | %growth |
|---|---|---|---|
| USA | 2,117 | 2,488 | 17.52 |
| China | 1,757 | 1,980 | 12.69 |
| Germany | 1,710 | 1,932 | 12.98 |
| France | 1,140 | 1,267 | 11.14 |
| Mexico | 1,203 | 1,237 | 2.83 |
| UK | 877 | 1,003 | 14.37 |
| Italy | 755 | 835 | 10.60 |
| Hong Kong | 811 | 824 | 1.60 |
| Canada | 733 | 804 | 9.69 |
| Spain | 724 | 786 | 8.56 |
| **World Total** | **21,949** | **23,758** | **8.24** |

Source: Compiled from the data of UN, *"Yearbook of International Trade Statistics 2005"*, Volume II: *Trade by Commodity*, Geneva.

(ii) **World Exports.** World exports of technical textiles in 2004, as may seen from Table 2, showed a steep growth of 72.56 per cent over the previous year when the same reached a level of US$37,871 million as against US$21,946 million. Germany continue to be the largest exporting country. In 2004, its exports registered a negative growth of 10.42 per cent when the same nosedived to US$3,430 million as against US$3,829 million. On the other, the countries showing a steep growth during the period comprised: China (38.56%), Belgium (22.03%), Netherlands (15.90%), and Japan (15.48%).

[1] Formerly with the Indian Institute of Foreign Trade, New Delhi.

**Table 2. World Exports of Special Textiles By Major Countries (SITC Code: 657)**

(US$million)

| Country | 2003 | 2004 | %growth |
|---|---|---|---|
| Germany | 3,829 | 3,430 | (-)10.42 |
| USA | 2,657 | 2,838 | 6.81 |
| Italy | 1,828 | 1,979 | 8.26 |
| Korea Rep | 1,745 | 1,840 | 5.44 |
| China | 1,307 | 1,811 | 38.56 |
| Japan | 1,208 | 1,395 | 15.48 |
| France | 1,154 | 1,272 | 10.23 |
| Belgium | 885 | 1,080 | 22.03 |
| UK | 990 | 1,076 | 8.69 |
| Netherlands | 648 | 751 | 15.90 |
| **World Total** | **21,946** | **37,871** | **72.56** |

Source: Compiled from the data of UN, "*Yearbook of International Trade Statistics 2005*", Volume II: *Trade by Commodity*, Geneva.

## III. India's Exports

**(i)India's Exports—Segmentwise.** India's exports of technical textiles in 2005-06, as may be seen from Table 3, registered a growth of 28.80 per cent over the previous year when the same reached a level of Rs 724.51 crore as against Rs 562.51 crore. The "Twine, cordage, rope and cables" continue to be the leading segment of export. The segment during the period registered a record growth of 98.59 per cent when the same reached a level of Rs 161.49 crore as against Rs 81.32 crore. The other segments registering a steep growth during the period comprised: "Textile fabrics coated with gum or amyaceous substances" (353.95%), "Rubber thread & cord, textile covered; textile yarn etc impregnated, coated, covered, etc" (119.72%), "Rubberized textile fabrics (not tire cord)" (68.72%), "Knitted netting of twine etc; fishing nets etc of textile" (63.15%), and "Textile wadding & articles' textile fibres maximum length 5mm, textile dust and mill neps (44.54%). On the other, the segments registering a negative growth during the period comprised: "Rubberized textile fabrics (not tire cord" (96.92%)," Textile hose piping and similar textile tubing" 91.42%), "Textile wall coverings" (90.82%), "Tire cord fabric of high tenacity yarn of nylon etc" (27.54%), and "Textile products & articles for specific technical use" (21.93%).

**Table 3. India's Exports of Technical Textiles in 2004-05 and 2005-06**

(Rs crore)

| HS Code | Segment | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| 5607 | Twine, cordage, rope and cables | 81.32 | 161.49 | 98.59 |
| 5903 | Textile fabrics (not tire cord), impregnated, coated, covered, etc. | 114.49 | 135.58 | 18.42 |
| 5608 | Knitted netting of twine etc; fishing nets etc of textile | 72.15 | 117.71 | 63.15 |
| 5601 | Textile wadding & articles' textile fibres maximum length 5mm, textile dust and mill neps | 41.72 | 60.30 | 44.54 |
| 5902 | Tire cord fabric of high tenacity yarn of nylon etc. | 78.25 | 56.70 | (-)27.54 |
| 5906 | Rubberized textile fabrics (not tire cord) | 31.78 | 53.62 | 68.72 |
| 5901 | Textile fabrics coated with gum or amyaceous substances | 9.25 | 41.99 | 353.95 |
| 5911 | Textile products & articles for specific technical use | 36.07 | 28.16 | (-)21.93 |
| 5602 | Felt, impregnated, coated covered etc. or not | 14.81 | 14.81 | - |
| 5910 | Transmission/ conveyor belts of textile material | 10.18 | 13.17 | 29.37 |
| 5605 | Metalized yarn; textile yarn or strip with metal | 8.70 | 12.02 | 38.16 |
| 5609 | Textile hosepiping and similar textile tubing | 9.13 | 10.89 | 19.28 |
| 5907 | Textile fabrics impregnated, coated etc., theatrical scenery, back clothes, etc. | 8.40 | 7.56 | (-)10.00 |
| 5908 | Textile for lamps, stoves, etc., gas mantles, wicks | 3.95 | 4.22 | 6.84 |
| 5603 | Non-wovens, impregnated, coated, covered etc, or not | 3.31 | 2.79 | (-)15.71 |
| 5604 | Rubber thread & cord, textile covered; textile yarn etc impregnated, coated, covered, etc. | 0.71 | 1.56 | 119.72 |
| 5606 | Rubberized textile fabrics (not tire cord) | 31.78 | 0.98 | (-)96.92 |
| 5904 | Linoleum ; floor coverings with coat etc on a textile base | 0.47 | 0.43 | (-)8.51 |
| 5909 | Textile hose piping and similar textile tubing | 4.08 | 0.35 | (-)91.42 |
| 5905 | Textile wall coverings | 1.96 | 0.18 | (-)90.82 |
| | **Total (All India)** | **562.51** | **724.51** | **28.80** |

**(ii) India's Imports.** India is not self sufficient in meeting its requirements for technical textiles. To meet its requirement, the country imports an assorted varieties of technical textiles. As may be seen from Table 4, in 2005-06, the country imported technical textiles to the tune of Rs 1,977.04 crore as against Rs 1,358.87 crore in the previous year, registering thereby a steep increase of 45.49 per cent. The *"Tire cord fabric of high tenacity yarn of nylon etc"* continue to be the major segment of import. There was a steep increase in its imports during the period when the same hiked to Rs 849.87 crore as against Rs 621.10 crore, showing a growth of 36.83 per cent. The other segments showing a steep growth during the period comprised: Textile wall coverings (469.70%), Textile fabrics coated with gum or amyaceous substances (267.48%), Rubberized textile fabrics (not tire cord) (161.34%), Textile for lamps, stoves, etc., gas mantles wicks (137.10%), Transmission/conveyor belts of textile material (108.33%), Metalized yarn whether or not gimped; textile yarn or strip with metal (87.65%), Textile fabrics (not tire cord), impregnated, coated, covered, etc (74.10%), and Non-wovens, impregnated, coated, covered etc, or not (46.18%). On the other, the segments showing a steep fall during the period included: Textile hose piping and similar textile tubing (27.13%), Rubberized textile fabrics (not tire cord) (19.03%), floor coverings with coat etc on a textile base (17.22%), and Knitted netting of twine etc; fishing nets etc of textile (12.15%).

**Table 4. India's Imports of Technical Textiles in 2004-05 and 2005-06**

**(Rs crore)**

| HS Code | Segment | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| 5902 | Tire cord fabric of high tenacity yarn of nylon etc | 621.10 | 849.87 | 36.83 |
| 5903 | Textile fabrics (not tire cord), impregnated, coated, covered, etc | 292.32 | 508.92 | 74.10 |
| 5603 | Non-wovens, impregnated, coated, covered etc, or not | 141.33 | 206.60 | 46.18 |
| 5911 | Textile products & articles for specific technical use | 101.57 | 117.86 | 16.04 |
| 5607 | Twine, cordage, rope and cables | 40.61 | 78.17 | 92.49 |
| 5907 | Textile fabrics impregnated, coated etc., theatrical scenery, back clothes, etc | 46.20 | 71.04 | 53.77 |
| 5906 | Rubberized textile fabrics (not tire cord) | 39.26 | 31.79 | (-)19.03 |
| 5601 | Textile wadding & articles' textile fibres maximum length, 5mm textile dust and mill neps | 17.52 | 24.14 | 37.79 |
| 5602 | Felt, impregnated, coated covered etc. or not | 12.96 | 17.35 | 33.87 |
| 5604 | Rubber thread & cord, textile covered; textile yarn etc impregnated, coated, covered, etc | 11.07 | 15.01 | 35.59 |
| 5910 | Transmission/ conveyor belts of textile material | 5.88 | 12.25 | 108.33 |
| 5606 | Rubberized textile fabrics (not tire cord) | 4.32 | 11.29 | 161.34 |
| 5605 | Metalized yarn whether or not gimped; textile yarn or strip with metal | 5.99 | 11.24 | 87.65 |
| 5608 | Knitted netting of twine etc; fishing nets etc of textile | 7.41 | 6.51 | (-)12.15 |
| 5901 | Textile fabrics coated with gum or amyaceous substances | 1.23 | 4.52 | 267.48 |
| 5909 | Textile hose piping and similar textile tubing | 3.89 | 3.22 | (-)17.22 |
| 5609 | Textile hose piping and similar textile tubing | 3.76 | 2.74 | (-)27.13 |
| 5905 | Textile wall coverings | 0.33 | 1.88 | 469.70 |
| 5908 | Textile for lamps, stoves, etc., gas mantles wicks | 0.62 | 1.47 | 137.10 |
| 5904 | Linoleum ; floor coverings with coat etc on a textile base | 1.50 | 1.17 | (-)22.00 |
| | **Total (All India)** | **1,358.87** | **1,977.04** | **45.49** |

Source: Compiled from the data of DGCI&S, *"Monthly Statistics of Foreign Trade of India"*, *Volume I—Exports & Re-Exports*, March 2005 and 2006 issues, Kolkata.

**(iii) India's Exports—Countrywise.** In 2005-06, USA emerged as the major market for Indian technical textiles, thereby placing UAE in the second rank which happened to be the largest market in the previous year i.e. 2004-05. The markets showing a phenomenal growth during the period comprised: Malaysia (693%), Turkey (110.28%), Indonesia (106.11%), USA (62.62%), Sri Lanka (57.20%), Japan (49.36%), UK (42.49%), Taiwan (34.69%), and Saudi Arabia (26.53%). On the other, the markets showing a negative growth during the period included: Australia (62.90%), France (31.34%), and Yemen Rep ().13%).

**Table 5. India's Exports Of Technical Textles To Major Markets In 2004-05 And 2005-06**

**(Rs crore)**

| Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|
| USA | 54.55 | 88.71 | 62.62 |
| UAE | 78.45 | 80.51 | 2.63 |
| Japan | 31.85 | 47.57 | 49.36 |
| UK | 20.24 | 28.84 | 42.49 |
| Malaysia | 3.43 | 27.20 | 693.00 |
| Saudi Arabia | 21.26 | 26.90 | 26.53 |
| Indonesia | 12.44 | 25.64 | 106.11 |
| Sri Lanka | 15.70 | 24.68 | 57.20 |
| France | 23.10 | 15.86 | (-)31.34 |
| South Africa | 14.06 | 14.50 | 3.13 |
| Turkey | 6.71 | 14.11 | 110.28 |
| Taiwan | 7.12 | 9.59 | 34.69 |
| Yemen Rep | 7.69 | 7.68 | (-)0.13 |
| Australia | 12.05 | 4.47 | (-)62.90 |
| **Total (All India)** | **562.51** | **724.51** | **28.80** |

Source: Compiled from the data of DGCI&S, *"Monthly Statistics of Foreign Trade of India", Volume I— Exports & Re-Exports,* March 2005 and 2006 issues, Kolkata.

## IV. Recent Developments

**(i) Setting up of Inter-Ministerial Panel.** In a bid to promote technical textiles, the Ministry of Textiles, Government of India has constituted an Inter-Ministerial Committee to examine feasibility of regulations and mandatory use of such textiles. The Committee would make an in-depth study for technical textiles. The market is likely to increase to Rs 29,579 crore in 2007-08 as compared to Rs 19,130 crore in 2003-04. The Committee has drawn up a roadmap on various issues to suggest measures for implementation in a time bound manner. The Committee has identified 18 segments to facilitate entrepreneurial activity which include needle punch project, geogrid project, compression garment, conversion of healthcare disposables, fiberfill, safety and protective textiles. The Committee has also proposed theme-based parks, more funds for R & D and textile machinery under technology upgrade fund scheme. The Government has already placed major machinery for production of technical textiles in the confessional list with customs duty of 55 per cent. It will also suggest a regulatory framework to promote the use of geo-synthetics in infrastructure projects, fire retardant textiles in public places, textiles in landfill sites, and proactive gear for industrial workers.

**(ii) Global Meet on Non-Woven Textiles.** A 3-day international conference on technical textiles from 7-9 August 2006 was held at Coimbatore (Tamil Nadu). The event was sponsored by two US-based professional bodies: American Association of Textile Chemists and Colorists (AATCC) and Association of the Non-woven Fabrics Industry (INDA). It was jointly organized by the Kumrapalayam-based SSM College of Engineering in association with the Institute of Environmental and Human Health of the Texas Tech University from the US. It was participated by several leading global companies. These bodies will assess the potential of India in the area of non-woven textile manufacture and marketing.

**(iii) Technical Textile Summit.** A two day summit on Technical Textiles was organized by Confederation of Indian Industries (CII) in New Delhi in the first week of August 2006. Inaugurating the summit, Mr EVKS Elangovan, Hon'ble Minister of State for Textiles emphasized the importance of government agencies encouraging the use of geo-synthetics in controlling floods and geo-textiles in construction of roads and maintenance of railway tracks.

**(iv) Conference on Technical Textiles.** With a view to explore enormous potential of technical textiles, the Western Region Council of the Federation of Indian Chambers of Commerce and Industry (FICCI) in association with Silk and Art Silk Mills Research Association (SASMIRA) organized a Conference on "Technical Textiles 2006" in Mumbai on September

28, 2006. The event specially focused on meeting the specific requirements of industries such as agriculture, construction, healthcare, transportation, packaging and sports. It was participated by leading technology experts, policymakers, regulatory officials, and industry leaders.

## V. Concluding Remarks

India has the capability to take advantage of the developments in the field of technical textiles. With a large textile manufacturing base and technical manpower, India has the potential to become the leading exporter of various technical textile products. Against this background, Indian textiles industry can increase its share in the global technical textiles through value addition.

With greater investment, focused research and development and creation of state of the art common testimg facilities, India can emerge as a leading technical textile manufacturer and exporter.

Finally, there is a strong-felt need to conduct more and more awareness programmes, interactive marketing, workshops and exhibitions to promote technical textiles in different areas on a regular basis.

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**Annexure I. India's Exports of Major Technical Textiles in 2004-05 and 2005-06**

**(Rs crore)**

| HS Code | Segment | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| 5903.1010 | Imitation leather cloth of cotton laminated, | 66.07 | 79.41 | 20.19 |
| 5607.4900 | Other cordage etc. of polyethylene/propylene | 18.54 | 56.01 | 202.10 |
| 5601.2110 | Absorbent cotton wool | 28.91 | 49.89 | 72.57 |
| 5906.9990 | Rubberized textile fabrics of other materials except rubberized knitted/ crocheted goods | 27.07 | 46.83 | 73.00 |
| 5903.1090 | Other fabric impregnated, laminated plaited coiled with PVC | 33.27 | 45.93 | 38.05 |
| 5901.9090 | Other tracing cloth | 1.36 | 39.99 | 2840.44 |
| 5608.9090 | Other twine, cordage/rope | 15.14 | 34.17 | 125.69 |
| 5902.1090 | Tire cords of other fabrics | 72.28 | 32.22 | (-)55.42 |
| 5608.1110 | Made up fishing nets of nylon | 7.87 | 25.96 | 29.86 |
| 5608.1190 | Made up fishing nets other than nylon | 19.42 | 22.97 | 18.28 |
| 5608.1900 | Other knotted netting of twine cordage | 24.09 | 21.76 | (-)9.67 |
| 5607.5090 | Other rope made of other materials | 15.79 | 21.41 | 35.59 |
| 5607.5040 | Nylon rope | 5.25 | 19.53 | 272.00 |
| 5902.9090 | Tire cords of other fabrics' | 1.84 | 15.80 | 758.70 |
| 5608.9010 | Twine, cordage, rope etc. of cotton | 5.50 | 12.85 | 133.64 |
| 5602.2100 | Felt not impregnated, coated, covered by rope of manmade textile materials | 8.53 | 11.71 | 37.28 |
| 5607.2900 | Other twine rope etc. of sisal or other textile fibres of the genus agave | 8.73 | 11.44 | 31.04 |
| 5607.9090 | Other twine cordage, rope and cable | 3.85 | 10.62 | 175.84 |
| 5607.0010 | Cordage, cable rope and twine of jute | 8.91 | 9.96 | 11.78 |
| 5607.9020 | Cordage, cable rope and twine of cotton | 2.22 | 9.34 | 320.72 |
| 5607.0090 | Other imitation thread | 6.35 | 7.69 | 21.10 |
| 5909.0090 | Other imitation thread | 3.18 | 7.51 | 136.16 |
| 5911.3290 | Other textile fabrics used in paper making | 4.54 | 7.40 | 63.00 |
| 5605.0090 | Others | 2.96 | 6.13 | 107.09 |
| 5609.0090 | Articles made up of other materials | 3.86 | 5.83 | 51.04 |
| | **Total (All India)** | **562.51** | **724.51** | **28.80** |

Source: Compiled from the data of DGCI&S, *"Monthly Statistics of Foreign Trade of India", Volume I—Exports & Re-Exports,* March 2005 and 2006 issues, Kolkata.

**Annexure II. India's Exports of Major Technical Textiles to Important Countries in 2004-05 and 2005-06**
**(Rs crore)**

| HS Code | Item/Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| **5903.1010** | **Imitation leather cloth of cotton laminated, plaited etc. with PVC** | | | |
| | UAE | 34.05 | 28.73 | (-)15.62 |
| | Saudi Arabia | 7.98 | 16.54 | 107.27 |
| | Russia | 3.37 | 5.64 | 67.36 |
| | USA | 4.09 | 5.06 | 23.72 |
| | France | 2.13 | 4.51 | 111.74 |
| | Sri Lanka | 3.02 | 3.16 | 4.64 |
| | Sudan | 1.32 | 2.41 | 62.58 |
| | Mozambique | 0.73 | 1.32 | 80.82 |
| | Lebanon | 1.17 | 1.07 | (-)8.55 |
| | Algeria | 0.53 | 1.05 | 98.11 |
| | **Total (incl others)** | **66.07** | **79.41** | **20.19** |
| **5607.4900** | **Other cordage etc of polyethylene/propylene** | | | |
| | UAE | 4.31 | 12.36 | 186.77 |
| | Indonesia | 0.36 | 8.22 | 2183.33 |
| | Kuwait | 1.24 | 7.05 | 468.55 |
| | Singapore | 0.04 | 4.83 | 11975.00 |
| | Yemen Rep | 2.58 | 4.62 | 79.07 |
| | Norway | - | 4.15 | - |
| | Turkey | - | 2.30 | - |
| | Domincan Rep | - | 1.95 | - |
| | Sri Lanka | 1.56 | 1.77 | 13.46 |
| | USA | 1.15 | 1.73 | 50.43 |
| | Italy | 0.14 | 1.01 | 621.43 |
| | **Total (incl others)** | **18.54** | **56.01** | **202.10** |
| **5601.2110** | **Absorbent cotton wool** | | | |
| | Japan | 15.71 | 19.97 | 27.12 |
| | UK | 4.39 | 10.07 | 129.39 |
| | Australia | 2.88 | 6.40 | 122.22 |
| | Latvia | - | 4.17 | - |
| | Israel | 2.28 | 3.95 | 73.25 |
| | **Total (incl others)** | **28.91** | **49.89** | **72.57** |
| **5906.9990** | **Rubberized textile fabrics of other materials except rubberized knitted/crocheted goods** | | | |
| | Hungary | 10.21 | 10.67 | 4.51 |
| | Netherland | - | 7.82 | - |
| | Taiwan | 6.15 | 5.36 | (-)12.85 |
| | France | 0.40 | 3.69 | 822.50 |
| | Iran | 1.90 | 3.48 | 83.16 |
| | South Africa | 1.62 | 2.90 | 79.01 |
| | Australia | 1.64 | 2.02 | 23.17 |
| | Thailand | 1.26 | 1.90 | 50.79 |
| | Turkey | - | 1.52 | - |
| | Sri Lanka | 0.28 | 1.15 | 310.71 |
| | **Total (incl others)** | **27.07** | **46.83** | **73.00** |

| HS Code | Item/Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| **5903.1090** | **Other fabric impregnated, laminated, plaited, coated with PVC** | | | |
| | Russia | 1.86 | 6.18 | 232.26 |
| 4- | Saudi Arabia | 4.41 | 3.80 | (-)13.83 |
| | Sri Lanka | 1.78 | 3.00 | 68.54 |
| | South Africa | 1.24 | 1.52 | 22.58 |
| | UAE | 13.56 | 0.95 | (-)92.99 |
| | **Total (incl others)** | **33.27** | **45.93** | **38.05** |
| **5901.9090** | **Textile fabrics coated with other materials** | | | |
| | Malaysia | 0.03 | 16.97 | 56466.67 |
| | China | - | 13.21 | - |
| | Korea Rep | - | 8.33 | - |
| | USA | - | 0.72 | - |
| | **Total (incl others)** | **1.36** | **39.99** | **2840.44** |
| **5608.9090** | **Other twine, cordage, rope** | | | |
| | USA | 10.12 | 19.95 | 97.13 |
| | Malaysia | - | 7.11 | - |
| | Canada | 3.90 | 5.42 | 38.97 |
| | **Total (incl others)** | **15.14** | **34.17** | **125.69** |
| **5902.1090** | **Tire cords of other fabrics** | | | |
| | Japan | 8.94 | 8.97 | 0.03 |
| | Indonesia | 0.59 | 8.47 | 1335.59 |
| | Thailand | - | 2.28 | - |
| | Italy | 1.34 | 2.25 | 67.92 |
| | Czech Rep | 11.50 | 1.93 | (-)83.22 |
| | **USA** | **-** | 1.74 | - |
| | Luxembourg‘ | 13.14 | 1.36 | (89.65) |
| | Belgium | - | 1.33 | - |
| | Turkey | 6.00 | 1.21 | (-)79.83 |
| | **Total (incl others)** | **72.28** | **32.23** | **(-)55.41** |
| **5608.1110** | **Made up fishing nets of nylon** | | | |
| | Sri Lanka | 2.75 | 8.02 | 191.64 |
| | USA | 0.23 | 3.10 | **1247.83** |
| | Norway | 1.34 | 1.92 | 43.28 |
| | UK | 0.03 | 1.14 | 3700.00 |
| | Morocco | - | 1.13 | - |
| | **Total (incl others)** | **7.87** | **25.96** | **229.86** |
| **69.515608.1190** | **Made up fishing nets other than nylon** | | | |
| | USA | 2.46 | 4.17 | 69.51 |
| | Germany | 1.76 | 2.76 | 56.82 |
| | UAE | 2.19 | 1.91 | (-)12.79 |
| | Norway | 1.15 | 1.88 | 63.48 |
| | South Africa | 0.79 | 1.30 | 64.56 |
| | Netherlands | 1.27 | 1.18 | (-)7.09 |
| | **Total (incl others)** | **19.42** | **22.97** | **18.28** |
| **5608.1900** | **Other knotted knotting of twine, cordage or rope of manmade textile materials** | | | |
| | Indonesia | 6.38 | 5.99 | (-)6.11 |
| | UAE | 5.16 | 4.35 | (-)15.70 |

| HS Code | Item/Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| | Norway | 1.48 | 2.54 | 71.62 |
| | Turkey | 1.80 | 1.31 | (-)27.22 |
| | **Total (incl others)** | **24.09** | **21.76** | **(-)9.67** |
| **5607.5090** | **Rope made up of other materials** | | | |
| | USA | 1.66 | 3.10 | 86.75 |
| | UAE | 1.55 | 1.90 | 22.58 |
| | Italy | 0.80 | 1.49 | 86.25 |
| | South Africa | 0.25 | 1.30 | 420.00 |
| | **Total (incl others)** | **15.79** | **21.41** | **35.59** |
| **5607.5040** | **Nylon rope** | | | |
| | USA | 058 | 5.50 | 90.52 |
| | UAE | 0.87 | 2.65 | 4.60 |
| | UK | - | 1.14 | - |
| | Germany | 0.13 | 1.06 | 715.38 |
| | **Total (incl others)** | **5.25** | **19.83** | **277.71** |
| **5902.9090** | **Tire cords of other materials** | | | |
| | Japan | 0.35 | 8.03 | 2194.29 |
| | Portugal | - | 3.31 | - |
| | USA | 0.02 | 1.40 | 6900.00 |
| | Italy | 0.48 | 1.34 | 179.17 |
| | **Total (incl others)** | **1.84** | **15.80** | **758.70** |
| **HS Code** | **Item/Country** | **2004-05** | **2005-06** | **%growth** |
| **5608.9010** | **Twin, cordage, rope etc of cotton** | | | |
| | USA | 3.08 | 9.86 | 220.13 |
| | Canada | - | 2.61 | - |
| | **Total (incl others)** | **5.50** | **12.85** | **133.64** |
| **5602.2100** | **Felt not impregnated coated, covered, laminated of wool/fine animal hair** | | | |
| | UK | 0.50 | 1.48 | 196.00 |
| | USA | 1.26 | 1.17 | (-)7.14 |
| | Italy | 0.40 | 1.09 | 172.50 |
| | Germany | 1.21 | 0.95 | (-)21.49 |
| | **Total (incl others)** | **8.53** | **11.71** | **37.28** |
| **5607.2900** | **Other twine rope etc. of sisal or other textile fibres of the genus agave** | | | |
| | USA | 3.51 | 4.00 | 13.96 |
| | Turkey | 1.14 | 1.44 | 26.32 |
| | Germany | 0.11 | 1.24 | 1027.27 |
| | **Total (incl others)** | **8.72** | **11.44** | **31.19** |
| **5607.9090** | **Other twine cordage, rope and cable** | | | |
| | USA | 0.14 | 2.60 | 1757.14 |
| | UAE | 0.37 | 2.26 | 510.81 |
| | Morocco | - | 1.10 | - |
| | **Total (incl others)** | **3.85** | **10.62** | **175.84** |
| | **Total (All India)** | **562.51** | **724.51** | **28.80** |

Source: Compiled from the data of DGCI&S, *"Monthly Statistics of Foreign Trade of India"*, *Volume I—Exports & Re-Exports*, March 2005 and 2006 issues, Kolkata.

**Annexure III. India's Exports of Major Technical Textiles to Select Countries in 2004-05 and 2005-06**
**(Rs crore)**

| HS Code | Item/Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| | **USA** | | | |
| 5608.9090 | Other twine, cordage/rope | 10.12 | 19.95 | 97.13 |
| 5608.9010 | Twine, cordage, rope etc. of cotton | 3.09 | 9.86 | 219.09 |
| 5607.5040 | Nylon rope | 0.85 | 5.50 | 547.06 |
| 5903.1090 | Other fabric impregnated, laminated plaited, coated with PVC | 1.54 | 5.31 | 244.81 |
| 5903.1010 | Imitation leather cloth of cotton laminated, plaited etc. with PVC | 4.09 | 5.06 | 23.72 |
| 5608.1190 | Made up fishing nets other than nylon | 2.46 | 4.18 | 69.92 |
| 5607.9020 | Cordage, cable, rope and twine of cotton | 0.33 | 4.14 | 1154.55 |
| 5607.5090 | Other rope made of other materials | 1.66 | 3.10 | 86.75 |
| 5608.1110 | Made up fishing nets of nylon | 0.23 | 3.10 | 1247.83 |
| 5607.9090 | Other twine cordage, rope and cable | 0.14 | 2.60 | 1757.14 |
| 5607.0090 | Other imitation thread | 1.68 | 2.24 | 33.33 |
| 5903.2090 | Other fabrics impregnated, laminated, plaited and coated with polyurethane | 0.29 | 1.76 | 506.90 |
| 5902.1090 | Tire cord of other fabrics | 0.08 | 1.74 | 2075.00 |
| 5607.4900 | Other cordage etc. of polyethylene/propylene | 1.15 | 1.73 | 50.43 |
| 5902.9090 | Tire cords of other fabrics | 0.74 | 1.40 | 89.19 |
| 5602.2100 | Felt, not impregnated, coated, covered, twined, of wool, fine animal hair | 1.26 | 1.17 | (-)7.14 |
| 5907.0011 | Textile fabrics covered with textile flocks in the base fabrics of cotton | 0.09 | 1.06 | 1077.78 |
| 5609.0030 | Articles made up of wool | 0.94 | 1.01 | 7.45 |
| | Total (incl others) | 54.55 | 88.71 | 62.62 |
| | **UAE** | | | |
| 5903.1010 | Imitation leather cloth of cotton laminated, plaited etc. with PVC | 34.05 | 28.73 | 15.62 |
| 5607.4900 | Other cordage etc. of polyethylene/propylene | 4.31 | 12.36 | 186.77 |
| 5903.1090 | Other fabric impregnated, laminated plaited coated with PVC | 13.56 | 9.53 | (-)29.72 |
| 5608.1900 | Other knotted, netting of twine, cordage/ rope of manmade textile materials | 5.16 | 4.35 | (-)15.70 |
| 5607.5040 | Nylon rope | 0.87 | 2.65 | 204.60 |
| 5607.9090 | Other twine cordage, rope and cable | 0.37 | 2.25 | 508.11 |
| 5607.9020 | Cordage, cable rope and twine of cotton | 0.08 | 2.06 | 2475.00 |
| 5608.1190 | Made up fishing nets other than nylon | 2.19 | 1.91 | (-)12.79 |
| 5607.5090 | Other rope made of other materials | 1.55 | 1.90 | 22.58 |
| 5907.0011 | Textile fabrics covered with textile flocks in the base fabrics of cotton | 0.19 | 1.47 | 73.68 |
| 5909.0090 | Articles made up of other materials | 0.54 | 1.45 | 168.52 |
| 5607.1010 | Cordage, cable, rope & twine of jute | 1.03 | 1.34 | 30.10 |
| 5607.1090 | Other Cordage, cable, rope & twine of other fibres | 0.62 | 1.12 | 80.65 |
| 5609.0090 | Articles made up of other fibres | 0.67 | 1.07 | 59.70 |
| | Total (incl others) | 78.45 | 80.50 | 2.61 |

| HS Code | Item/Country | 2004-05 | 2005-06 | %growth |
|---|---|---|---|---|
| | **JAPAN** | | | |
| 5601.2110 | Absorbent cotton wool | 15.71 | 19.97 | 27.12 |
| 5902.1090 | Other tire cord fabrics | 8.94 | 8.97 | 3.36 |
| 5902.9090 | Other tire cord fabrics of other fibres | 0.35 | 8.03 | 219.43 |
| 5607.1010 | Cordage, cable, rope & twine of jute | 3.61 | 3.62 | 0.03 |
| 5902.1010 | Tire cord fabrics of nylon/other polyamides impregnated with rubber | - | 1.44 | - |
| 5607.5030 | Viscose tire cord | - | 1.11 | - |
| 5902.2090 | Other tire cord fabrics | - | 1.07 | - |
| | Total (incl others) | 31.85 | 47.57 | 49.36 |
| | **UK** | | | |
| 5601.2110 | Absorbent cotton wool | 4.39 | 10.07 | 129.39 |
| 5903.1090 | Other fabrics, impregnated, laminated, plaited, coated with PVC | 1.66 | 1.89 | 13.86 |
| 5911.1000 | Textile fabrics, felt & felt lined woven fabrics, coated, covered with rubber for other technical properties including naro fabrics | 0.94 | 1.67 | 77.66 |
| 5602.2100 | Textile fabrics, felt and felt lined woven fabrics, coated, covered with rubber textile for cord clothing | 0.50 | 1.48 | 196.00 |
| 5906.1000 | Adhesive tape of a width not exceeding 20 cm | 0.12 | 1.46 | 1116.67 |
| 5607.5040 | Nylon rope | - | 1.14 | - |
| 5608.1110 | Made up fishing nets of nylon | 0.03 | 1.14 | 3700.00 |
| | Total (incl others) | 2024 | 28.84 | 42.49 |
| | **MALAYSIA** | | | |
| 5901.9090 | Other textile fabrics | 0.03 | 16.97 | 56466.67 |
| 5608.9090 | Other twine, cordage/rope | - | 7.12 | - |
| 5909.0090 | Articles made up of other materials | 0.26 | 0.51 | 96.15 |
| 5911.3290 | Other textile fabrics and felts | 0.05 | 0.35 | 600.00 |
| | Total (incl others) | 3.43 | 27.20 | 693.00 |
| | TOTAL (ALL INDIA) | 562.51 | 724.51 | 28.80 |

Source: Compiled from the data of DGCI&S, *"Monthly Statistics of India's Foreign Trade": Exports & Re-Exports, March 2005 and 2006,* Kolkata

FOCUS AFRICA

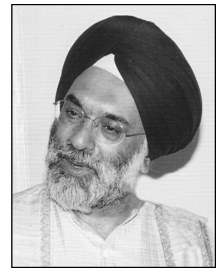
# India and COMESA
# A new emphasis on economic partnership

**H.E. Shri Gurjit Singh[1]**

India today is the 4th largest economy in terms of purchasing power parity with a per capita GNP of $3100/-. With a saving rate of nearly 32% and an investment rate of 33% India has had a sustained GDP growth rate of over 8% for the last three years. Foreign exchange reserves in India have risen to over $150 billion and external trade has crossed the figure of $250 million. India is a large and growing free market economy of more than a billion people out of which 52 million families have an annual income of between $2000 to $22,000. By 2012, 54% of the Indian population would be between ages of 20 and 55. India is also the second largest food producer in the globe and is attracting FDI and FII investments. In fact the booming stock market in India today has taken for the first time the market capitalization on the stock markets higher than the GDP of the country.

It is this India, emerging as an economic power house, with a stable democratic polity in a multi-cultural country that wishes to raise its engagement with the friendly countries of COMESA to new heights. Since its own independence in 1947 and earlier, India has stood by the struggle for freedom by the people of Africa and in this a close relationship between India and countries of Eastern and Southern Africa has developed. After decolonization in Africa, India was involved in a new partnership focusing on socio-economic development and sharing our own experience in creating economic prosperity in a democratic framework. Even while India has been a developing country it has always stood by its African brothers and tried to contribute to the development of capacities, infrastructure, education, ICT and small industries among others so that our own experiences could be shared substantively with the peoples and countries of Africa.

Today as we meet in the sylvan surroundings of Djibouti we just have to look across the Ocean to see that India is a friendly neighbour so close both in geography and in ideas. We are natural partners with a long heritage and a great future ahead of us.



In the 21st century, India is now moving to a stage of development under which we aim to carry our country and its people to become a developed nation by 2020. We can see that Africa, in general, and COMESA, in particular, is also moving in similar directions, to end conflict and deprivation and create a better future for their people. With its large natural resources and immense human potential we are confident that COMESA can become an even bigger and more vibrant partner of India.

India has had the fortune of well established and diversified relations with the countries of COMESA. As African countries have institutionalized themselves through the regional economic communities and pan-African institutions, India has sought to bring the vigour of its bilateral relationship into the new institutions. To this end we have developed a new relationship with the African Union and have also focussed on the regional economic communities among which COMESA has a pride of place.

The countries of COMESA have made progress in moving towards a common market and developing their institutions. India would like to enhance its engagement with COMESA and work on the priorities and sectors that it has identified including food security, tapping of natural resources, industrialization, food processing, development of water resources and appropriate and alternate technologies.

**India-COMESA MoU**

India has a longstanding relationship with the COMESA Secretariat. This was formalized by signing of a MoU for cooperation between India and COMESA on 3rd

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February 2003 when H.E. Mr. Anil Kumarsingh Gayan, Minister of Foreign Affairs and Regional cooperation of Mauritius, led a COMESA delegation to India. Since then, India has been extending assistance to COMESA countries including deputation of experts on irrigation to study the irrigation potential of some of the COMESA member countries, and training in pharmaceuticals for drug registration and harmonization processes.

COMESA, with 405 million people encompassing 20 countries stretching from Egypt and Libya, to Zambia, to Mauritius and Seychelles, is the single largest economic grouping in Africa. The organization has set ambitious goals to achieve economic integration through development of vital sectors like agriculture & irrigation, mining, infrastructural inputs like rail, road, water linkages and power. They are also moving towards forming a common market, a customs union and other steps to create a truly integrated regional grouping.

COMESA has identified India as its natural partner to assist it in its ambitious development programme. It is based on a long record of association, assistance and shared ideals and experiences. The rapid progress made by India in recent times has attracted the COMESA member countries who would like to replicate that success in their region.

According to the *Occasional Paper* recently brought out by Exim Bank of India, entitled *"Select COMESA countries: A study of India's Trade and Investment Potential"*, machinery and transport equipment, petroleum products, paper and wood products, textiles, plastics and linoleum products, rubber manufactured products, chemicals and related products, agro products and pharmaceuticals are the potential product groups for India's trade with COMESA region. Indian companies have set up a number of joint ventures/ wholly owned subsidiaries in the region. These include software development services, broadcasting and telecasting, plastics, chemicals, textiles, electricity generation and transmission, and investment management services. Exim Bank's aforesaid study highlights tourism, pharmaceuticals, electronics, computer software and accessories, IT and related services, financial services, and textiles as some of the common sectors across most COMESA countries that hold potential for Indian investors.

**COMESA Ministerial delegation visits India**

On invitation of the Government of India, a twelve-member high level delegation from COMESA, led by the current Chairman of the COMESA Council of Ministers H.E. Mr. Mitali Kabanda Portais, Minister of Industries, Commerce & Investment Tourism and Cooperation, Republic of Rwanda arrived in Delhi on 4th October, 2006. The COMESA delegation also included Ministers from Zimbabwe, Uganda and Mauritius, the Secretary General of COMESA and senior officials from the Secretariat. The Vice President of Burundi, who was in New Delhi on a bilateral visit, also joined the COMESA Meet. Official level delegation talks were held between the COMESA delegation and Mr. N. Ravi, Secretary, Ministry of External Affairs, on October 5, 2006. This was followed by ministerial level meeting on October 6, 2006, which was chaired by Mr. Anand Sharma, Minister of State for External Affairs.

During the discussions, the two sides expressed the desire to enhance and upgrade the bilateral relations and to explore areas of mutual cooperation. COMESA has expressed its strong desire to seek India's assistance in various fields including irrigation, enhancement of trade and investment, infrastructure projects like railways and power project. They have also sought India's assistance in capacity building in various fields including education, science & technology, low cost housing, agriculture, SMEs etc. A concrete plan of action would be formulated to carry out the various proposals that emerged in the course of discussions.

The COMESA delegation also participated in the Conclave on 'India-Africa Project Partnership' held in New Delhi from 9-11 October 2006, organized by the Confederation of Indian Industries (CII). It was attended by large number of delegations and participants from 32 African countries as well as several institutions and agencies. The Conclave provided for private sector linkages to the emerging partnership between India and COMESA.

The COMESA Business Council (CBC) signed a MoU with the CII during the visit in October 2006. The MoU is aimed at facilitating trade and investment, promote increased trade, transfer of technology and investment flows. It would also promote technical cooperation in different fields of economic activity including agricultural and mineral products, infrastructure development, exchange of information, collaboration in strengthening the business community, and development of SMEs.

**Indian credit lines to COMESA**

During the Conclave, the EXIM Bank of India signed an agreement to extend a fresh line of credit of US$10 million to PTA Bank based in Nairobi. Under the LOC, importers based in PTA Bank's member countries will make advance payment of 10% of contract value, and credit will be provided by Exim Bank for 90% of contract value to PTA Bank. Exim Bank will reimburse Indian exporters on shipment of goods. Credit period will be up to 5 years. Earlier this year, the Exim Bank had extended a fresh line of credit of US$ 250 million to ECOWAS Bank for investment and development purposes.

This is the seventh LOC extended by EXIM Bank to PTA Bank. The total value of LOCs extended to PTA Bank over the past years amounted to US$ 40 million, of which US$13 million has been repaid. Under the LOCs, member states of COMESA undertook projects like sugar plant, cement plant, tissue paper plant, medical equipment and pharmaceutical products which were catalyzed under the LOCs. The funds are available to the Member States for importation of materials and equipment.

The LOCs to PTA Bank are in addition to the 39 lines of credit amounting to US$2 billion already extended by the EXIM Bank of India to various African countries and institutions, covering areas such as agriculture, transportation, power, steel and cement industry. These lines of credit would provide an opportunity to Indian companies to share their technical and professional capabilities for development of Africa. Included in these LOCs are the lines of credit to the East Africa Development Bank and individual COMESA member countries like Angola, Djibouti, Ethiopia, Mauritius, Seychelles, Zambia and Zimbabwe which have served the purpose of building capacities and infrastructure within those countries. At present India has nearly $700 million in lines of credit operating within COMESA countries either bilaterally or through regional institutions. We would ideally like the LOCs to serve the purpose of infrastructure development in individual COMESA countries and also to look at similar projects across COMESA member states. Similarly, we would also like the LOCS, where they are used for trade finance, to support investment in COMESA member countries.

**Capacity Building**

Along side the financial arrangements India also has a steady capacity building programme called the Indian Technical and Economic Cooperation (ITEC). Under this nearly 2000 African applicants are received for a variety of courses in India for capacity building. Under this Programme India has also assisted in establishing several projects for capacity building in African countries. While most of these projects have covered Southern and Western Africa the COMESA region does not have a dedicated project under the ITEC Programme and we can certainly work on some ideas for establishing a project which would assist the countries of COMESA to build capacity in an area of their choice. Some of these ideas were discussed during the visit of the COMESA Ministerial delegation to India in October and could be built upon very soon. These include support to the Regional Investment Agency, the Leather Products Institute and to COMESA Reinsurance. An Indian leather delegation is to visit Ethiopia and they would meet with the COMESA Leather Products Institute in Addis Ababa to discuss these ideas further.

**Pan-African e-Network Project**

Related to our capacity building efforts in COMESA is the implementation of the Pan-African e-Network Project. Under this, India aims to bring the cutting edge of Indian technology to touch the lives of ordinary African brothers and sisters through the tele-education and tele-medicine programmes. This Programme is being implemented by India as a pilot project in Ethiopia, a member of COMESA, and overall in association with the African Union. So far five of COMESA's 20 members have signed bilateral agreements with India (Burundi, Djibouti, Ethiopia, Mauritius and Seychelles) and more are on the anvil. Under the Project, regional hubs for tele-medicine and tele-education would also be created so that besides the linkage with Indian universities and hospitals, intra-regional linkage and an ability to have your own tele-education and tele-medicine programmes would be facilitated. The regional tele-education centre for Eastern Africa would be at Makerere University in Uganda within COMESA. A decision on other facilities in Southern Africa and the tele-medicine facility for Eastern Africa will be decided as the project is implemented. The entire hardware and software programme for this including courses and consultation under the two programmes for the first few years would be as a grant by the Government of India of nearly $100 million. The hardware of this project would create a network which would be available for expanded use as part of e-trade and e-commerce and other e-applications beyond the tele-medicine and tele-education concepts. We look forward to working closely with COMESA to integrate the implementation of this project in its member countries and catalyse the early usage of this visionary project whose genesis started with the vision of the President of India H.E. A.P.J. Abdul Kalam to bring the benefit of Indian science and technology to the friendly people of Africa.

When we look at COMESA we see a vast reservoir of talent and resources with which India can work closely. The matrix of cooperation that we look at includes trade, investment, credits, execution of internationally funded projects and capacity building. I will now dwell briefly on these aspects.

**Trade Expansion**

India's overall trade with the COMESA member countries is more than $3 billion. This has almost doubled from 2003-2004 when it was $1.68 billion to $3.37 billion in 2005-2006. Interestingly, during this period while Indian exports to COMESA region doubled from $1.13 billion to $2.37 billion, COMESA's exports to India grew by 81% rising from $0.55billion to $1 billion.

It is significant to note that out of the 20 member countries of COMESA, 4 are running trade surpluses with India. We should look for a diversification and expansion of trade rather than address the question of trade imbalances when trade itself is so small. We would like to work closely with COMESA and its member countries to enhance imports from India so that the large Indian market can be better served by sources in Africa as these need not only be primary products but can be processed products. For instance, leather with value addition, pulses, edible oil, minerals and the like could be areas of focus. India and COMESA have agreed to commence discussions towards the conclusion of a comprehensive Economic Partnership Agreement and to establish COMESA- India Joint Commission in different sectors that will review cooperation issues biannually at the ministerial level. It has also been agreed that drafts will be exchanged for an early conclusion of an agreement to avoid double taxation and an agreement for investment promotion and protection.

**Investment Promotion**

Where investment is concerned, the liberalization of India and the opening up of foreign investment opportunities to Indian companies has seen a surge of investments. The countries of COMESA are natural partners of India and Ethiopia, Kenya, Libya, Mauritius, Sudan, Seychelles, Uganda and Zambia are among prime destinations for Indian companies. Indian investment in COMESA countries now value approximately $3.5 billion. We believe that this process can be enhanced through a consolidated investment promotion programme which COMESA could undertake in India. To this end, the COMESA Secretariat organized a ministerial visit from the COMESA countries to India last month and also attended the India-Africa Project Partnership Conclave. Similarly, India had held two regional conclaves in Lusaka and Addis Ababa in April this year which focussed on the private sector of India wishing to engage with COMESA member countries for developing projects for future investment. Indian investment can be attracted for threefold purposes: (i) for serving the domestic market, enhancing local capacity and productivity and for infrastructure development within member states of COMESA and in COMESA as a whole; (ii) Indian investment can be used for enhancing productivity and exports to third countries particularly in Europe and the USA where several COMESA countries have benefits under the Cotonou Agreement and AGOA; and (iii) Indian companies could be attracted to invest in sectors to enhance sustainable production and exportability as well as value addition for increased exports to India. This is one area where more focussed attention is required. As per the *Joint Communiqué* signed last month between India and COMESA, India is willing to assist the COMESA Regional Investment Agency in capacity building and has agreed to consider modalities for the Indian private sector to participate in the business activities of COMESA institutions such as the COMESA Reinsurance Company, the Leather and Leather Products Institute and the COMESA Metallurgical Industry Association.

Another area where Indian endeavour is seen in the COMESA region is in the association of our banking institutions. Several Indian banks mainly Bank of Baroda, Bank of India and the State Bank of India are active in at least one-third of the member countries of COMESA. In addition, we are closely working with the PTA Bank and the EXIM Bank of India has indicated its willingness to consider becoming an equity participant in the PTA Bank.

**Stock and Commodity Exchanges**

The growing use of IT in business and finance needs to be incorporated into the existing financial linkages between India and COMESA. For instance, a greater integration of national stock exchanges within COMESA on the model of the multi floor trading of the National Stock Exchange of India could be considered. Similarly, while work on a Pan-African Commodity Exchange is underway COMESA could take the lead for integrating plans for a commodity exchange within COMESA and link it to the Pan-African proposal. The Indian experience in this could prove useful.

**Involvement of Indian companies in internationally funded projects**

A large number of Indian companies can also provide cost effective services for internationally funded projects in COMESA countries. Their talent and ability to deliver in time and at lower cost has been tapped by several COMESA countries already but could be tapped to a wider extent through a better dissemination of information and involvement of participant companies in the tendering procedures acceptable to host nations. Indian lines of credit to support the achievement of national development goals and the millennium development goals are also available. The PTA Bank has been a consistent partner of India and has benefited from six lines of credit in support of development of small industries. Similarly, several COMESA member countries have had the benefit of Indian lines of credit for the development of industries and of infrastructure. We need to focus on these lines of credit more clearly and while India would continue to standby the existing COMESA institutions and work with them closely it would also continue its policy of supporting lines of credits in individual member countries of COMESA. But we need to think beyond this and see how a COMESA project of high value for several member countries could be evolved and brought to fruition with the help of Indian funding and Indian expertise. Thinking on these lines we can create a larger area of joint endeavour.

India participated in the second meeting of the Infrastructure Consortium for Africa earlier this year in Addis Ababa. This was a signal on the part of India to show its willingness to be associated with African efforts to organize their own infrastructural development. At that meeting there were several projects discussed and the Nile River Basin Project is one of those projects whose coverage is almost entirely within COMESA member countries. This could be a starting point for engaging with India in a new path as regional economic communities like COMESA exploit reports from riparian cooperation and create a matrix of genuine integration with shared benefits. For all such projects we would need to see whether the projects are financially viable, have a risk profile which can be broadly accepted and can be implemented in an appropriate environment.

It is estimated that intra COMESA trade is hardly 10% of the trade of COMESA countries. We need to look at more opportunities to enhance its trade and this can be facilitated by the creation of new economic corridors with appropriate infrastructure facilities. The surge of investment from Dubai into the development of the port, the oil and container terminals and hotels and the like in Djibouti would need a larger hinterland to service. At present most of Djibouti's attention is on markets in Ethiopia but if that market was to expand to Southern Sudan, Northern Kenya and Somalia then Djibouti would have a much bigger role in the northern part of COMESA. This would mean that there should be a better systems of roads and communications between these areas. However, for road transport there would be a continuing dependence on imported petroleum supplies. We have countries in the region which are likely to be surplus in domestic power which could be better utilized for the creation of a railway system which would also support intra COMESA trading systems. Such imaginative ideas need to be looked at so that infrastructure development can compliment the need for bigger markets and the need to enhance intra COMESA trade.

**Conclusion**

The growing profile of India and COMESA together specially the transition from an essentially political relationship to a deeply functional relationship with strong economic content needs to be nurtured through a definitive action plan. The recent visit of a COMESA Ministerial delegation is perhaps the turning point for giving a new impetus to the techno-economic aspects of the India-COMESA relationship. Financing including the extension of further lines of credit, preferably project linked, and the growing role of Indian banks should be an important part of this feature. Trade expansion and diversification, enhanced private sector investment, greater capacity building with a focus on areas of primary concern for COMESA and an integrative approach where Indian trade and investment as well as financing and capacity building could be used to support the further integration, manifest in COMESA's desire to reach a common market in the next two years.

As COMESA marches ahead India would stand by it as a partner in progress willing to share its experiences and its own development assistance to create a homogenous partnership which will take into account our common ideals for democratic development and integration.

* * *

# India's Trade with COMESA Member countries

**Value in US$ Million** **Source: DGCIS**

| Country | 2003-04 | | | 2004-05 | | | 2005-06 | | |
|---|---|---|---|---|---|---|---|---|---|
| | India's Export | India's Import | Total Trade | India's Export | India's Import | Total Trade | India's Export | India's Import | Total Trade |
| 1.Egypt | 145.23 | 409.84 | 555.07 | 213.33 | 414.88 | 628.21 | 371.38 | 693.74 | 1065.12 |
| 2.Zambia | 30.95 | 14.40 | 45.35 | 35.93 | 18.55 | 54.48 | 48.80 | 23.10 | 71.90 |
| 3.Libya | 18.73 | 10.38 | 29.12 | 168.77 | 13.48 | 182.25 | 103.10 | 11.79 | 114.89 |
| 4.Sudan | 115.96 | 33.17 | 149.13 | 197.10 | 27.90 | 225 | 317.84 | 30.77 | 348.61 |
| 5.Uganda | 91.5 | 0.24 | 91.74 | 126.02 | 0.84 | 126.86 | 128.8 | 0.57 | 129.37 |
| 6.Rwanda | 5.05 | - | 5.05 | 7.24 | 0.72 | 7.96 | 10.7 | 0.04 | 10.74 |
| 7.Burundi | 5.49 | 0.30 | 5.79 | 7.15 | 0.43 | 7.58 | 10.7 | 0.4 | 11.1 |
| 8.Malawi | 30.82 | 1.70 | 32.52 | 37.45 | 4.98 | 42.43 | 58.90 | 5.08 | 63.98 |
| 9.Ethiopia | 76 | 7.5 | 83.5 | 53.3 | 10.1 | 63.4 | 67.5 | 7.8 | 75.3 |
| 10.Djibouti | 72.9 | 1.2 | 74.1 | 123.1 | 3.1 | 126.2 | 212.2 | 3.1 | 215.3 |
| 11.Seychelles | 7.5 | - | 7.5 | 10.6 | 0.6 | 11.2 | 10.6 | 1.1 | 11.7 |
| 12.Madagascar | 41.8 | 3.6 | 45.4 | 49.8 | 5.9 | 55.7 | 80.6 | 12.0 | 92.6 |
| 13.Zimbabwe | 20.2 | 22.2 | 42.4 | 23.45 | 27.15 | 50.6 | 23.67 | 25.39 | 49.06 |
| 14.Kenya | 224 | 42 | 266 | 411 | 44 | 455 | 546.1 | 48 | 594.1 |
| 15.Eritrea | 7.5 | 0.6 | 8.1 | 11.2 | 0.26 | 11.5 | 8.5 | 1.01 | 9.51 |
| 16.Congo D.Rep. | 11.64 | 0.98 | 12.62 | 2.88 | 2.18 | 5.06 | 13 | 106.5 | 119.5 |
| 17.Angola | 54.2 | 0.1 | 54.3 | 72.8 | 0.09 | 72.89 | 151.2 | 3.2 | 154.4 |
| 18.Comoros | 2.3 | 0.1 | 2.4 | 2.4 | 0.15 | 2.6 | 5.4 | 1.1 | 6.5 |
| 19.Mauritius | 156.4 | 6.5 | 162.9 | 263.6 | 7.2 | 270.8 | 192.3 | 7.3 | 199.6 |
| 20.Swaziland | 12.5 | 0.04 | 12.54 | 30.4 | 0.18 | 30.58 | 4.5 | 22.2 | 26.7 |
| **Total** | **1130.67** | **554.85** | **1685.52** | **1827.48** | **582.74** | **2410.22** | **2365.79** | **1004.19** | **3369.98** |

## INDIA'S MAJOR ITEMS OF EXPORT AND IMPORT TO/FROM COMESA MEMBER COUNTRIES

| Country | India's major items of Export | India's major items of import |
|---|---|---|
| **1.Egypt** | Engineering goods, sesame seeds, cotton, jute yarn and other textile fibres, plastic & rubber, chemicals & pharmaceuticals, tobacco, paper and cereals | Petroleum and petroleum products, Raw cotton, rock phosphate, coal and marble |
| **2.Zambia** | Machinery & Instruments, Electrical Machinery, Transport Vehicles, Mineral oil & Fuel, Cereals & Food stuffs, Fertilizers, Chemicals, Consumer Goods, Rubber & Plastic products and `Iron & Steel | Copper, Cobalt, Copper wires & electrical cables, semi-precious tones, cotton, sugar, tobacco, flowers, coffee and agricultural products |
| **3.Libya** | Tea, Coffee, Rice, Machinery & Instruments, Transport Equipments, Manmade yarn, fabrics, Made ups and project goods | Organic Chemicals, Primary steel, Pig iron and based items |
| **4.Sudan** | Engineering goods, Drugs & Pharmaceuticals, Readymade garments, textile yarn, plastic & linoleum products, Rice, Paper & wood products, tea pulses, cosmetics & toiletries | Crude Oil, raw cotton, Hides & skins, Leather, Metal scrap and gum Arabic |
| **5.Uganda** | Pharmaceuticals, Boilers and power generation machinery, bicycle parts, automobile components, Small scale machinery, two-wheelers, motor vehicles, fabrics, etc. | Raw Hides & Skins, Vanilla |
| **6.Rwanda** | Drugs/Pharmaceuticals, Transport Equipment, Plastic & Linoleum Products, machinery & instruments, Clothing, Glass, flat rolled products of iron roofing sheets, motor cycles, bicycles, consumer durables, etc. | Leather, Metal Scrap and Precious Stones |
| **7.Burundi** | Textiles, Glass, Pharmaceuticals, Vehicles | Raw Hides & Skins |
| **8.Malawi** | Textile Yarn, Fabrics & Made-ups, Transport Equipment, Pharmaceuticals, Machinery & instruments, Plastic & rubber products | Pulses, Tea, Leather, Cashew Nuts and semi-precious stones |
| **9.Ethiopia** | Drugs/Pharmaceuticals, Plastic & Linoleum products, Iron & Steel, Machinery & Instruments, Yarns & Textile Fabrics, Manufactures of Metals, Paper Products, Electronic Goods, Cosmetics/ Toiletries, Rubber manufactured products, machine tools, paints, etc. | Raw Hides & Skins, Cotton Raw, Leather, Scrap Metals, Pulses and Spices |
| **10.Djibouti** | Iron & Steel Products, Machinery & instruments, Manufacturers of Metals, Food items, Pharmaceuticals, Rubber products, Paper products, plastic products, Yarns & fabrics, electronic goods, etc. | Raw Hides & Skins, Pulses, Leather, Scrap metals and Spices |

| | | |
|---|---|---|
| **11.Seychelles** | Rice, Onion, Cereals, Soya bean, Pharmaceuticals, etc. | Metalifers Ores and Metal scrap |
| **12.Madagascar** | White Rice, Corrugated Galvanized Sheets, Cotton Textiles, Pharmaceuticals, etc. | Scrap metals, cashew nut, Clove/ Clove oil essence, Gemstones, etc |
| **13.Zimbabwe** | Pharmaceutical products, machinery & instruments, jute products, organic chemicals, etc. | Crude minerals like salt, sulfur, stones; non-ferrous metals, nickel and articles thereof; dyeing, tanning, coloring material, raw cotton, etc. |
| **14.Kenya** | Machinery & Instruments, Pharmaceuticals, Metal manufacturers, Iron & Steel, Transport Equipment, Plastic & Rubber products, Man-made yarn, fabrics and made ups, paper/wood products, electronic goods, agro chemicals, paints and cotton yarn and fabrics | Inorganic chemicals, Tea, Leather, Metalifers ores & metal scrap, cashew nuts, other crude minerals and semi-precious stones |
| **15.Eritrea** | Electric transmission lines & equipment, machinery & instruments, project goods, machine tools, three wheelers, drugs & Pharmaceuticals, cotton yarn & fabrics, etc. | Raw Hides & Skins, Leather, Cotton Raw and Metal Scrap |
| **16.Congo D. Rep.** | Pharmaceuticals, Medical equipment and seeds | Wood & Wood products, Metalifers Ores & Metal Scrap, Organic Chemicals, Semi precious stones, Non Ferrous Metals, etc. |
| **17.Angola** | Spirit & Beverages, Miscellaneous processed items, Food stuffs, Drugs/Pharmaceuticals, Transport Equipments, Engineering Items, Cotton yarn, Fabrics, Made ups, Manmade Yarn, fabrics, made ups, etc | Metalifiers ores and Metal scrap |
| **18.Comoros** | Food Items, Pharmaceuticals, Paper products, Cotton yarn, fabrics and Made ups | Spices |
| **19.Mauritius** | Rice, Food items, Cotton Raw, Pharmaceuticals, Paper/Wood Products, Plastic & Linoleum Products, Manufactures of Metals, Machinery & Instruments, Transport Equipments, Cotton Yarn, Fabrics & Made Ups, Man Made Yarn, Fabrics & Made-Ups, Silk, Wool, etc. | Cotton Yarn & Fabrics, Pulp & Waste Paper, Metalifers Ores & Metal Scrap, Readymade Garments, etc. |
| **20.Swaziland** | Drugs/Pharmaceuticals, Gems & Jewellery, Transport Equipment, Inorganic/Organic/Agro Chemicals, Machinery & Instruments, etc. | Organic Chemicals, Scrap metals, essential oil & cosmetic preparations |

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