

Chapter 9

COMMERCIAL RELATIONS AND TRADE AGREEMENTS

I. Trade with Asia

(A) South East Asia

East Asia and ASEAN - General

India's trade with East Asia and ASEAN region comprising the ASEAN countries (viz. Indonesia, Malaysia, Singapore, Thailand, Philippines, Brunei, Vietnam, Myanmar, Laos and Cambodia), Australia, New Zealand and countries of Oceania stood at US \$ 39.79 billion during 2006-07, registering a growth of 44.28% over the previous year. Major destinations for India's exports in the region are Singapore, Indonesia, Malaysia, Thailand, Australia and Vietnam Socialist Republic. The major sources of imports are Australia, Indonesia, Malaysia,

Singapore, Thailand and Myanmar. Exports to the ASEAN region grew by 20.67 % during the year 2006-07 over the previous year and imports witnessed a growth of 66.15 % in the same period. Exports to Australia, New Zealand and countries of Oceania are 48.29 % and 40.39 % respectively. Trade with ASEAN countries from 2004-05 to 2007-08 (April-October 2007) is given below:

Major Commodities of Export & Import

The principal commodities of exports are Petroleum Products, Oil Meals, Gem and Jewellery, Electronic Goods, Cotton Yarn/RMG Cotton, Machinery and Instruments, Primary/Semi-Finished Iron & Steel, Transport Equipments, Marine Products, Drugs/Pharma,

Trade with ASEAN Countries

(Value in US \$ Million)

Sl. No.	Country	2004-05		2005-06		2006-07		2006-07(Apr-Oct)		2007-08(Apr-Oct)	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
1	Brunei	5.06	0.54	42.94	0.88	8.31	285.24	4.54	128.37	6.22	130.08
2	Cambodia	18.13	0.24	24.19	0.78	51.68	1.58	32.72	0.45	28.09	0.53
3	Indonesia	1332.60	2617.74	1380.20	3008.11	2027.34	4187.16	1,013.64	2,092.50	930.89	2,725.32
4	Lao PDR	2.65	0.05	5.47	0.1	2.38	0.36	1.22	0.33	2.71	0.08
5	Malaysia	1,084.06	2,299.01	1,161.86	2,415.61	1,304.82	5,280.28	688.05	3,186.04	1,225.46	3,430.66
6	Myanmar	113.19	405.91	110.7	525.96	139.2	777.95	70.16	466.76	92.71	481.51
7	Philippines	412.23	187.39	494.66	235.49	582.93	167.38	359.81	109.31	328.13	121.05
8	Singapore	4000.61	2651.40	5425.29	3353.77	6021.06	5470.16	3,846.55	3,208.14	3,801.49	4,179.80
9	Thailand	901.39	865.88	1,075.31	1,211.58	1443.49	1741.68	795.38	953.61	987.06	1,390.13
10	Vietnam	555.96	86.5	690.68	131.39	982.5	171.53	474.47	105.16	583.64	94.84
	ASEAN	8425.88	9114.66	10411.3	10883.67	12563.7	18083.32	7,286.54	10,250.67	7,986.40	12,554.00

Source: DGCI&S, Kolkata

Inorganic/Organic/ Agro Chemicals, Dyes/ Intermediates etc.

The major commodities of imports are Coal/Coke/ Briquettes, Gold, Vegetable Oils, Electronic Goods, Organic Chemicals, Machinery except Electrical Machinery, Professional Instruments, Wood and Wood Products, Non-Ferrous Metals, Metalifers Ores and Metal Scrap, Raw Wool etc.

Trade Promotion Activities

India has Joint Trade Committees (JTCs) with New Zealand, Myanmar and Thailand; a Joint Working Group on Trade with Philippines and a Joint Working Group on Energy and Minerals with Australia. In addition, there is a Joint Commission with Australia at the Ministerial level. A Trade and Economic Framework (TEF) was signed with Australia for enhancing bilateral trade and investment on a comprehensive basis.

India has Joint Business Councils (JBC) with Singapore, New Zealand, Australia, Malaysia, Indonesia, Thailand, Vietnam and Philippines. Meetings of JBCs are held between the business communities of both sides to discuss a wide range of issues of mutual interest for expansion of bilateral trade. Such meetings also act as fora for businessmen to mutually interact and explore the potential for growth in trade and investment relations. During the year, India New Zealand JBC and JTC meetings were held in Wellington and Auckland Wellington on 24 and 26 October 2007 respectively.

Engagements with ASEAN and South-East Asian countries

To address the economic content of the 'Look East Policy', a continuous dialogue is maintained with ASEAN and the countries of South-East Asia.

Summit Level engagements, Ministerial meetings and official level discussions are held in order to fulfill the Look East Policy agenda.

India participated in the ASEAN and East Asia Summit interactions held in Singapore on 21 November 2007. Matters having overall bearing on the economy of the Asia region formed an integral part of these interactions. This provided India an opportunity to further widen and deepen its economic presence in the region.



The Prime Minister of India meeting with the Chinese Prime Minister on the sideline of 6th India-ASEAN & 3rd East Asia Summit, in Singapore on November 21, 2007.

During the year, the Hon'ble Commerce and Industries Minister and the Hon'ble Minister of State for Commerce held discussions with a number of visiting ASEAN and East Asian dignitaries. These interactions provided useful directions for addressing the various issues involved in enhancement of trade and investment relations.

During the year, India and Singapore signed a Protocol at a meeting held on 20.12.2007 in New Delhi which amended the India-Singapore Comprehensive Economic Cooperation Agreement (CECA) by expanding the existing trade liberalisation package.

Negotiations for conclusion of the Comprehensive Economic Cooperation Agreement with ASEAN are under way. Both sides have shown flexibility to conclude the agreement by March 2008. Against this backdrop, four meetings of India-ASEAN Trade Negotiating Committee were held during the year.

Negotiations toward India-Malaysia Comprehensive Economic Cooperation Agreement (CECA) commenced in February 2008. CECA would include agreements in trade in goods, services, investment and other areas of cooperation to be concluded simultaneously. Both sides agreed to conclude CECA negotiations by March 2009.

India and Indonesia have set up a Joint Study Group (JSG) for examining the feasibility of Comprehensive Economic Cooperation Agreement between the two countries. The first meeting of the JSG was held during 30-31 October 2007 in Jakarta, Indonesia.

(B) North East Asia

India's trade with the North East Asian region comprising of China, Japan, Republic of Korea, Hong Kong, Taiwan, Democratic People Republic

of Korea, Macao and Mongolia stood at US\$ 50.8 billion during 2006-07, registering a growth of 29 per cent over the previous year. Exports to the North East Asia region were of the order of US\$19.3 billion during 2006-07, registering a growth of 19 per cent over the previous year. Imports from the region amounted to US\$ 31.4 billion during 2006-07, registering a growth of about 36 per cent over the previous year. India's major trading partners in the region are Japan, Hong Kong, China and Republic of Korea. Trade with North East Asian countries from 2004-05 to 2007-08 (April-October 2007) is given below:

Major items of export are Gems and Jewellery, Iron Ore, Primary and Semi-finished Iron & Steel, Plastic and Linoleum Products, Cotton Yarn, Fabric Made Ups and Marine Products. Major items of imports include Electronic Goods, Machinery, Organic Chemicals, Pearls, Precious and Semi-Precious Stones, Coal, Coke, Briquettes, Iron & Steel and Transport Equipment. Both India and China have agreed to endeavour to raise the volume of bilateral trade to US\$ 40 billion by 2010. Trade with China has already crossed US\$ 25.75 billion during 2006-07. Major items of Indian exports to China are Iron Ore, Primary and Semi-Finished Iron & Steel, Plastic & Linoleum Products, Processed Minerals,

Trade with North East Asian Countries

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	13223.1	16673.6	29896.7	(-)3450.5
2005-06	16226.1	23141.2	39367.3	(-)6915.1
2006-07	19359.8	31493.8	50853.6	(-)12134.0
2006-07 (April-October)	9981.3	17523.6	27504.9	(-)7542.3
2007-08 (April-October)	12710.6	25270.1	37980.7	(-)12559.5

(Source: DGCI&S, Kolkata)

Inorganic/Organic/agro Chemicals, Minerals and Ores, Drugs, Pharmaceutical and Fine Chemicals. Major imports from China include Electronic Goods, Coal, Coke, Briquettes, Organic Chemicals, Machinery and Medicinal & Pharmaceuticals Products.

Indian exports to Japan registered a growth of 15.28 per cent while imports from Japan registered a growth of 13 per cent during 2006-07 over 2005-06. Major items of export to Japan include Gems and Jewellery, Marine Products, Iron Ore, Petroleum: Crude & Products and Oil Meals. Major items of import from Japan are Machinery, Electronic Goods, Transport Equipment, Iron and Steel, Professional Instruments and Organic Chemicals. During Japanese Prime Minister's visit to India in August 2007, it was agreed that the two countries would work towards achieving an annual trade volume of US \$ 20 billion by 2010.

Exports to Hong Kong account for about 3.7 per cent of India's overall exports. During 2006-07, Indian exports to Hong Kong amounted to US \$ 4.67 billion registering a growth of 4.6 per cent. While Imports from Hong Kong amounted to US \$ 2.48 billion, recording an increase of 12.4% per cent over the previous year. The major items of exports are Gems and Jewellery, Finished Leather, Electronic Goods, Cotton Yarn Fabrics Made Ups, Plastic & Linoleum Products and Petroleum: Crude & Products. The share of gems and jewellery in India's exports to Hong Kong is about 75 per cent. The major items of imports are Pearls, Precious & Semi-Precious Stones, Electronic Goods, Gold and Cotton Yarn & Fabrics.

Indian exports to Republic of Korea during 2006-07 amounted to US \$ 2.5 billion registering an increase of 37.4 per cent over the previous year while Imports from Korea during the same period

amounted to US \$ 4.8 billion registering a growth of 5.2 per cent. Major items of exports are Petroleum Products, Cotton Yarn, Fabrics, Made Ups, Oil Meals, Minerals & Ores, Iron Ore, Primary and Semi-Finished Iron & Steel, Non-Ferrous Metals, and Drugs, Pharmaceuticals & Fine Chemicals. Major items of imports are Electronic Goods, Machinery, Transport Equipment and Iron and Steel.

India - Korea CEPA Negotiations

In pursuance to the recommendation of the JSG, a Joint Task Force has been constituted to negotiate the terms of a Comprehensive Economic Partnership Agreement between the two countries. The JTF has had nine meetings and has made considerable progress in finalising the text of the agreement. There has been agreement on the modalities of tariff concessions for trade in goods, and talks are progressing for arriving at a consensus on Trade in Services, Investment, Rules of Origin, Customs Cooperation and Bilateral Cooperation. Texts of the chapters on bilateral Cooperation and dispute settlement have been finalized. The next meeting is scheduled to be held in May 2008.

India - Japan EPA/CEPA Negotiations

During the visit of the Prime Minister Dr. Manmohan Singh to Japan in December 2006, it was decided to launch negotiations for conducting an Economic Partnership Agreement/ Comprehensive Economic Partnership Agreement (EPA/CEPA) with Japan. A JTF has been constituted for this purpose headed by Deputy Minister of Foreign Affairs, Japan, and the Commerce Secretary, Government of India as Chief delegates. So far, five meetings of the JTF have taken place. The Sixth meeting is to be

held in the last week of March, 2008. During Japanese Prime Minister's visit to India in August 2007 the two leaders directed their respective negotiators to actively pursue and complete the negotiations as soon as possible. The JTF has finalized the modalities for tariff liberalization for trade in goods. Negotiations on Services, Investment, IPRs, SPS & TBT issues are progressing. It is aimed to conclude the negotiations by the end of 2008.

India-China Joint Task Force (JTF) for RTA Feasibility

This Joint Task Force (JTF) was constituted to study the feasibility of and the benefits that may derive from a possible China-India Regional Trading Arrangement. The JTF finalized its report in its sixth meeting held on 21st and 22nd October, 2007. The Prime Minister visited China during 13-15 January, 2008 and discussed the findings of this report with the Chinese Prime Minister. Both the PMs decided to refer the report for consideration by the Joint Economic Group (JEG) headed by the Trade and Commerce Ministers of the two countries.

(C) South Asia and SAARC

The South Asia region comprises of India, Afghanistan, Bangladesh, Bhutan, Maldives,

Nepal, Pakistan and Sri Lanka. India's bilateral trade relations with these countries are given below:

Afghanistan

The Preferential Trade Agreement signed on March 6, 2003 in New Delhi would remain in force till either party gives to the other a notice for its termination. Under the Agreement, India has granted preferential tariff for 38 products from Afghanistan including Raisins, Dry Fruits, Fresh Fruits and Spices whereas Afghanistan granted preferential tariff to 8 items from India including Tea, Antisera and Medicines, Refined Sugar, Cement Clinkers and White Cement. Afghanistan was inducted as the eighth member of SAARC during the Fourteenth SAARC Summit held in New Delhi on 3-4 April 2007.

Bangladesh

The Bilateral Trade Agreement between India and Bangladesh signed on 4.10.1980 is valid till 31.03.2009. This Agreement provides for expansion of trade and economic cooperation, making mutually beneficial arrangement for the use of waterways, railways and roadways, passage of goods between two places in one country through the territory of the other, exchange of

Bilateral Trade with Afghanistan

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	165.44	47.01	212.45	118.43
2005-06	142.67	58.42	201.09	84.25
2006-07	181.69	34.5	216.19	147.19
2006-07 (April-October)	91.94	28.13	120.07	63.81
2007-08 (April-October)	136.15	46.35	182.5	89.8

(Source: DGCI&S, Kolkata)

Bilateral Trade with Bangladesh

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	1631.12	59.37	1690.49	1571.75
2005-06	1664.36	127.03	1791.39	1537.33
2006-07	1628.58	228.3	1856.88	1400.28
2006-07 (April-October)	919.80	139.45	1059.25	780.35
2007-08 (April-October)	1221.35	147.96	1369.31	1073.39

(Source: DGCI&S, Kolkata)

business and trade delegations and consultations to review the working of the Agreement at least once a year. The fifth meeting of the Joint Working Group on trade between India and Bangladesh was held on 5-6 November, 2007 in Dhaka, Bangladesh wherein two sides had detailed discussion on enhancing bilateral trade and improving trade imbalance of Bangladesh with India.

Bhutan

The current Free Trade Agreement between India and Bhutan signed in New Delhi on 28.07.2006 will be in force for a period of ten years with effect from 29.7.2006. Under this Agreement India also provides transit facilities to landlocked Bhutan to facilitate its trade with third countries and

movement of goods from one part of Bhutan to another through Indian Territory. The requirements of Bhutan are mainly met by imports from India. Commercial transactions are carried out in Indian Rupees and Bhutanese Ngultrum.

Maldives

The Bilateral Trade Agreement signed on 31st March, 1981 will progressively remain in force until it is modified or terminated by either country by giving three months' notice to the other. The Agreement provides for Most Favoured Nation (MFN) treatment to each other in trade and merchant vessels, promotion of commercial and technical cooperation through exchange of delegations and participation in trade fairs and exhibitions and supply of essential commodities

Bilateral Trade with Bhutan

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	84.58	71.0	155.58	13.58
2005-06	99.17	88.77	187.94	10.4
2006-07	58.68	141.44	200.12	(-)82.76
2006-07 (April-October)	27.74	67.70	95.44	(-)39.96
2007-08 (April-October)	45.76	116.87	162.63	(-)71.11

(Source: DGCI&S, Kolkata)

Bilateral Trade with Maldives

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	47.61	0.61	48.22	47.0
2005-06	67.58	1.98	69.56	65.6
2006-07	68.6	3.06	71.66	65.54
2006-07 (April-October)	39.44	1.93	41.37	37.51
2007-08 (April-October)	46.73	2.30	49.03	44.43

(Source: DGCI&S, Kolkata)

by Government of India to Government of Maldives on annual quota. All payments between India and Maldives are in freely convertible currency, subject to their foreign exchange regulations.

Nepal

The current Treaty of Trade signed by India and Nepal was renewed for a further period of five years with effect from 6.3.2007 till 5.3.2012. Under this Treaty, both countries give duty-free facility without any quantity restriction for primary products from each other which do not require any value addition. On a non-reciprocal basis, India gives duty-free facility, without any quantity restriction, to goods manufactured in Nepal subject to fulfilling the prescribed twin criteria of 30 per cent value addition and four -

digit tariff head change. However, duty-free facility is restricted to annual quotas on four sensitive items from Nepal, namely, Vanaspati, Copper Products, Acrylic Yarn and Zinc Oxide. The transaction for bilateral trade is in domestic currency. Nepal, however, permits payments in US dollars for few items from India.

Both countries have also signed a Treaty of Transit under which India provides transit facilities to Nepal for its trade with third countries. Fifteen entry/exit points have been designated for this purpose. The current Treaty was renewed in January 2006 for a further period of seven years, up to 5.1.2013.

Apart from the above treaties, both countries have also signed an Agreement of Cooperation, renewed from time to time to control unauthorized trade between the two countries.

Bilateral Trade with Nepal

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	743.14	345.83	1088.97	397.31
2005-06	859.97	379.85	1239.82	480.12
2006-07	931.45	306.02	1237.47	625.43
2006-07 (April-October)	546.86	162.14	709.00	384.72
2007-08 (April-October)	668.03	220.29	888.32	447.74

(Source: DGCI&S, Kolkata)

Pakistan

India and Pakistan have no formal trade agreement. India granted MFN status to Pakistan but Pakistan is yet to reciprocate. Pakistan has so far maintained a list of importable items from India, called Positive List, as notified from time to time. The present Positive List consists of 1802 items. Both countries have set up a Joint Study Group (JSG) at Commerce Secretary Level for adopting a strategy to boost trade and economic cooperation between the two countries. The third JSG meeting was held on 2nd July 2007 in New Delhi.

Apart from JSG, discussions on trade and economic cooperation are held within the framework of Composite Dialogue between the two countries. The fourth round of talks was held in New Delhi on 31st July-1st August 2007 on Economic and Commercial Cooperation within the framework of the Composite Dialogue.

The above data would show that there has been substantial increase in the bilateral trade since 2004-2005 to 2006-2007. In 2007-08, 16 cement manufacturers from Pakistan were registered under Foreign Manufacturers Certification Scheme of Bureau of Indian Standards. This step

has facilitated import of large quantities of cement from Pakistan at a time when acute scarcity is being felt in India. However, this data has not been captured in the above table as these imports have taken place in the second half of the year.

Sri Lanka

Sri Lanka has traditionally been an important export market for India and is the second largest importer of Indian goods in the region after Bangladesh. A Free Trade Agreement was signed on 28th December, 1998, which has been in operation since 1st March, 2000. Under this Agreement, both countries agreed to phase out trade tariffs from each other within a fixed time frame except for those items in the Negative List of each other. Both countries are now at an advanced stage to enter into a Comprehensive Economic Partnership Agreement (CEPA) which would encompass besides trades in goods, trade in services, investment and economic cooperation.

SAARC

South Asian Association for Regional Cooperation (SAARC) with India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka as members was established at the first SAARC

Bilateral Trade with Pakistan

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	521.05(0.62)	94.97(0.09)	616.02	426.08
2005-06	689.23(0.67)	179.56(0.12)	868.79	509.67
2006-07	1348.32(1.07)	323.19(0.17)	1671.51	1025.13
2006-07 (April-October)	789.32(1.11)	192.46(0.18)	981.78	596.86
2007-08 (April-October)	980.92(1.14)	149.37(0.11)	1130.29	831.55

NB: The figures in bracket show percentage in India's total export/import.
(Source: DGCI&S, Kolkata)

Bilateral Trade with Sri Lanka

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	1413.18	378.4	1791.58	1034.78
2005-06	2024.67	577.7	2602.37	1446.97
2006-07	2254.11	470.52	2724.63	1783.59
2006-07 (April-October)	1263.42	297.67	1561.09	965.75
2007-08 (April-October)	1390.21	277.25	1667.46	1112.96

(Source: DGCI&S, Kolkata)

Summit held on 4-8 December 1985. Afghanistan became its eighth member during the 14th SAARC Summit held in April 2007. India, Pakistan and Sri Lanka are categorized as Non-Least Developed Contracting States (NLDCSs) and Afghanistan, Bangladesh, Bhutan, Maldives and Nepal are categorized as Least Developed Contracting States (LDCSs).

The SAARC Preferential Trading Arrangement (SAPTA) provided a framework for exchange of tariff concessions and also for liberalization in para-tariff and non-tariff measures with a view to promoting trade and economic cooperation among the SAARC member countries. Since the signing of SAPTA by the member countries of SAARC (Afghanistan which was not then a member) in April 1993 at Dhaka, four rounds of negotiations were held and tariff concessions exchanged on a large number of items.

The Agreement on South Asian Free Trade Area (SAFTA) was signed during the Twelfth SAARC Summit held at Islamabad in January 2004 which has come into force from 1st January 2006. SAFTA, inter alia, prescribes a phased Tariff Liberalization Programme (TLP) according to which all the member states would reduce their tariffs, at the MFN applied rate existing as on 1st January 2006, to zero to five

percent within ten years of the agreement coming into force. This TLP would cover all tariff lines except those items kept in the Sensitive List by each country. With the SAFTA Agreement coming into force, there would be no more negotiations under SAPTA.

The Fourteenth SAARC Summit was held in New Delhi on 3-4 April 2007 and India became the current Chairman of the SAARC. During the Fourteenth SAARC Summit, India, inter alia, announced that before the end of 2007, India would allow the LDC countries of SAARC duty free access to its markets, and India will also further reduce the Sensitive List of SAFTA for these countries. In pursuance of this, India has notified tariff reductions to zero per cent for SAARC LDC countries under SAFTA, with effect from 1.1.2008.

SAFTA Ministerial Council (SMC) consisting of Ministers of Commerce/Trade of the Member States is the highest decision making body of SAFTA and the SMC is supported by a Committee of Experts (COE) with nominees from member states. The third meeting of the COE is scheduled to be held on 1st and 2nd March 2008 followed by the third meeting of the SMC on 3rd March 2008 in New Delhi.



The Prime Minister of India taking over the chairmanship of SAARC Summit from the Chief Advisor of Bangladesh during the 14th SAARC Summit, in New Delhi on April 3, 2007.

The SAARC Committee on Economic Cooperation, headed by Commerce Secretaries of SAARC countries established in 1991, has been deliberating upon measures to be taken to promote commercial and economic interaction within the region. The Thirteenth SAARC Committee on Economic Cooperation headed by Commerce Secretaries of the Member States was held in Dhaka, Bangladesh on 24-25 November 2007.

Asia Pacific Trade Agreement (APTA)

The Asia Pacific Trade Agreement (APTA) was signed on 2nd November, 2005 in Beijing, China. The Agreement is operational among five countries namely, Bangladesh, China PR, India, Republic of Korea and Sri Lanka. Three Rounds of Trade Negotiations have taken place so far.

The Second Session of the Ministerial Council Meeting of APTA Ministers' was held in October 2007 in Goa, India. An important decision taken at the meeting was the launch of the 4th Round of Trade Negotiations with the objective of concluding them by the 3rd Session of the Ministerial Council to be held in 2009. The Ministers also adopted a common set of operational procedures for the certification and verification of the Origin of Goods under APTA.

The Standing Committee was directed by the Ministers to adopt modalities for the extension of negotiations into other areas, such as non-tariff measures, trade facilitation, services and investment, as soon as possible.

India's Trade with SAARC Countries

(Value in US \$ Million)

Country	2004-2005		2005-2006		2006-2007		2006-07 (April-October)		2007-08 (April-October)	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
Afghanistan	165.44	47.01	142.67	58.42	181.69	34.5	91.94	28.13	136.15	46.35
Bangladesh	1631.12	59.37	1664.36	127.03	1628.58	228.3	919.80	139.45	1221.35	147.96
Bhutan	84.58	71	99.17	88.77	58.68	141.44	27.74	67.70	45.76	116.87
Maldives	47.61	0.61	67.58	1.98	68.6	3.06	39.44	1.93	46.73	2.30
Nepal	743.14	345.83	859.97	379.85	931.45	306.02	546.86	162.14	668.03	220.29
Pakistan	521.05	94.97	689.23	179.56	1348.32	323.19	789.32	192.46	980.92	149.37
Sri Lanka	1413.18	378.4	2024.67	577.7	2254.11	470.52	1263.42	297.67	1390.21	277.25
Total	4606.12	997.19	5547.65	1413.31	6471.43	1507.03	3678.52	889.48	4489.15	960.39
% share	5.51	0.89	5.38	0.94	5.1	0.8	5.18	0.85	5.2	0.7
India's Total Export	83535.94		103090.54		126331.09		70951.43		86117.53	
India's Total Import	111,517.44		149165.73		190565.97		104130.17		132735.57	
India's Total World Trade	195053.38		252256.27		316897.06		175081.60		218853.10	

(Source: DGCI&S, Kolkata)

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

The Frame Work Agreement on the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Trade Area was signed in 2004 with a view to establish economic cooperation among Bangladesh, India, Sri Lanka, Thailand, Myanmar, Bhutan and Nepal. With the inclusion of Bhutan and Nepal as its member in 2004, the initiative was named as Bay of Bengal Initiative of Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). BIMSTEC is visualized as a 'bridging link' between two major regional groupings i.e. ASEAN and SAARC. BIMSTEC is an important element in India's "Look East" strategy and adds a new dimension to our economic cooperation with South East Asian countries. The Framework Agreement signed includes provisions for negotiations on FTA in goods, services and investment. The negotiations on FTA in goods are at an advanced stage.

II. Trade with North America Free Trade Agreement (NAFTA)

The North America Free Trade Agreement (NAFTA) was signed in 1994. It is a free trade

area among the United States of America, Canada and Mexico. It is the largest and the most important trading block of the world. India's bilateral trade with the countries of NAFTA region is given below:

(A) India-US Bilateral Trade

The USA is India's largest trading partner and foremost export destination. At present, it accounts for 14.93% of India's exports and around 6.32% of India's imports. India accounts for only around 0.75% of the USA's total exports and imports. The bilateral trade from 2004-05 to 2007-08 (April-October 2007) is given below:

India's exports to the USA during 2006-07 registered a growth of 8.63% over the previous year while India's imports from USA registered a growth of 24.03% over the previous year. There is a huge untapped potential to increase bilateral trade. During the period April-October 2007, India's exports to the USA were US \$ 11,914.86 million registering a positive growth of 8.02 % over the corresponding period of the previous year. During the same period, India's imports from the USA were US \$ 7,825.04 million registering a growth of 31.43% over the corresponding period of the previous year.

Trade with the USA

(Value in US \$ million)

Year	Exports	Growth%	Imports	Growth%	Balance of Trade
2004-05	13765.75	19.81	7001.35	39.06	(+) 6764.40
2005-06	17353.06	26.06	9454.74	35.04	(+) 7898.32
2006-07	18851.42	8.63	11726.96	24.03	(+) 7124.46
2006-07 (Apr-Oct)	11030.52	-	5953.70	-	(+) 5076.82
2007-08 (Apr-Oct)	11914.86	8.02	7825.04	31.43	(+) 4089.82

(Source: DGC&IS, Kolkata)

The major items of exports are Gems & Jewellery; Readymade Garments Cotton including Accessories; Manufacture of Metals, Machinery and Instruments; Drugs and Pharmaceuticals; Petroleum (Crude & Products) and Cotton Yarn, Fabrics, Made-up etc. The major items of imports are Electronic Goods, Machinery except Electrical & Electronics, Fertilisers manufactured, Transport Equipments, Professional Instruments (except Electronic) and Organic Chemicals.

Under the Generalised System of Preference (GSP) programme beneficiary developing / least developed countries export products duty free to the United States. During 2006, India's export to the USA under the (GSP) scheme amounted to US \$ 5.67 billion. The main item of export being precious metal articles of jewellery. In December 2006, US Congress while extending the GSP programme upto December 2008, amended the GSP statute on Competitive Need Limitation (CNL) waivers. From July 2007 onwards India will not get GSP treatment for Gems & Jewellery (HS 7113.19.10), wind powered electric generating sets (HS 8502.31.00), Colour television reception apparatus (HS 8528.12.80), Non-electric lamps and lighting fixings (HS 9405.50.30) and Cucumbers including gherkins (HS 2001.10.00).

Considering the size of the USA's import market, there is an immense scope for expanding our export base. In light of China's performance in the US market, it is felt that it should be possible for India to raise its market share from 1% to 2% in the US market with the right medium term strategy.

India-US Commercial Dialogue

During the visit of the US President to India, a document "India-US Relations: A Vision for the 21st Century" was released by the Prime Minister

of India and the President of United States of America on 21st March, 2000 at New Delhi. To implement the Indo-US Commercial Dialogue envisaged in that document, the Minister of Commerce & Industry and Secretary, US Department of Commerce had signed the India-United States Commercial Dialogue on 23.3.2000 at New Delhi. Interactions under this Dialogue, including through video-conferences, have been taking place from time to time to sort out concerns of both countries on bilateral issues. The 'Commercial Dialogue' institutional mechanism is regularly evaluated and extended for two year periods. The present validity is upto 22.03.2008 and is likely to be extended by another 2 years.

India-US Trade Policy Forum

The India-US Trade Policy Forum announced in July 2005 is a part of the overall economic dialogue and is designed to expand bilateral trade and investment relations between the two countries. Bilateral meetings of the India-US Trade Policy Forum are being held twice a year – one at the Ministerial co-Chaired by the Commerce & Industry Minister of India and the US Trade Representative (USTR) and the other at the level of Commerce Secretary and Deputy USTR. The discussions are structured around five focus groups – (i) Innovation and Creativity or IPR issues (ii) Investment (iii) Agriculture (iv) Tariff & non-Tariff Barriers and (v) Services. At the Ministerial level meeting held in April 2007, the export of Indian mangoes to USA and the issue of emission standards for heavy motorcycles were resolved. A meeting of the Trade Policy Forum (TPF) co-chaired by the Commerce Secretary and Deputy USTR was held in Washington on 25th September, 2007 and a ministerial level Trade Policy Forum Co-chaired by Hon'ble Minister for Commerce & Industry

and USTR was held in Chicago on 19th February 2008. Application of the ICICI and SBI for bank branch licences at New York have been approved by the US Federal Reserve. An India-US SME Business meet is also being organized in conjunction with this TPF meeting.

The Private Sector Advisory Group (PSAG) was created as an adjunct to the Trade Policy Forum at the Ministerial level meeting held on April 2007 in New Delhi. The objectives of the PSAG include – (i) To provide recommendations and policy insights that could assist TPF discussions and infuse new ideas to strengthen overall bilateral trade and investment and (ii) To serve as a mechanism to promote transparency between the TPF and private sectors. The first meeting of the PSAG was inaugurated by the Commerce & Industry Minister and USTR on 24 September, 2007 at New York. The PSAG will have its second meeting during 19-20 February 2008 at Chicago.

The USA ranks second and accounted for about 9.43% (US \$ 3902 million) of the total foreign Direct Investment (FDI) approvals of US \$ 47206 million during April 2000 to August, 2007. The leading sectors attracting FDI from USA are Computer Software & Hardware, Services Sector, Automobile Industry, Consultancy Services and Construction activities.

(B) India-Canada Bilateral Trade

At present, India's exports to Canada accounts for 0.88% of India's global exports and India's imports from Canada accounts for 0.96% of India's total imports. The bilateral trade from 2004-05 to 2007-08 (April-October 2007) is given below:

India's exports to Canada during 2006-07 registered a growth of 8.61% over the previous year while India's imports from Canada during the same period registered a growth of 93.07% over the previous year. During the period April-



The Indian Union Minister for Commerce & Industry meeting with the Canadian Foreign Minister to discuss bilateral trade and economic cooperation, in New Delhi on January 11, 2008.

Trade with Canada

(Value in US \$ Million)

Year	Exports	Growth(%)	Import	Growth(%)	Balance of Trade
2004-05	866.80	13.75	775.72	6.86	(+) 91.08
2005-06	1021.58	17.86	919.87	18.58	(+) 101.71
2006-07	1109.53	8.61	1776.02	93.07	(-) 666.49
2006-07 (Apr-Oct)	655.99	-	734.05	-	(-) 78.06
2007-08 (Apr-Oct)	702.65	7.11	1020.62	39.04	(-) 317.97

(Source: DGCI&S, Kolkata)

October, 2007, India's exports to Canada reached a level of US \$ 702.65 million registering a growth of 7.11% over the corresponding period of the previous year. During the same period, India's imports from Canada were US \$ 1,020.62 million registering a growth of 39.04 % over the corresponding period of the previous year.

The major commodities of exports are RMG Cotton including Accessories; Drugs, Pharmaceuticals & Fine Chemicals; Manufactures of Metals, Machinery and Instruments and Gems & Jewellery etc. The major commodities of imports are Pulses, Fertilizers Manufactured, Electronic Goods, Newsprint and Machinery except Electric & Electronic.

The fourth round of India-Canada Trade Policy Consultations took place on 20th September, 2007 at Ottawa, Canada in which bilateral and multi-lateral issues were discussed.

(C) India-Mexico Bilateral Trade

India's trade with Mexico has grown consistently at a good pace over the years. The bilateral trade from 2004-05 to 2007-08 (April-October 2007) is given below:

India's exports to Mexico during 2006-07 registered a growth of 20.83% over the previous year while India import from Mexico during the same period registered a growth of 709.08% over the previous year. During the period April-October, 2007, India's export to Mexico reached US \$ 326.70 million registering a positive growth of 7.86 % over the corresponding period of the previous year. During the same period, India's import from Mexico reached US \$ 518.32 million registering a growth of 36.51 % over the corresponding period of the previous year.

The major items of exports are Transport Equipments, Drugs, Pharmaceuticals & Fine Chemicals, RMG Cotton including Accessories, Inorganic/Organic/Agro Chemicals and Manufactures of Metals. The major items of imports are Petroleum: Crude & Products, Electronic Goods, Silver, Iron & Steel and Metalifers Ores & Metal Scrap.

A Memorandum of Understanding (MOU) was signed between India and Mexico on 21 May, 2007 at New Delhi by Commerce and Industry Minister and Minister of Economy, Mexico for the establishment of a Bilateral High Level Group on Trade, Investment and Economic Cooperation. This MOU envisages establishing a Bilateral High

Trade with Mexico

(Value in US \$ million)

Year	Exports	Growth (%)	Import	Growth (%)	Balance of Trade
2004-05	368.58	39.39	82.62	11.82	(+) 285.95
2005-06	443.07	20.21	97.61	18.14	(+) 345.45
2006-07	535.36	20.83	789.77	709.08	(-) 254.41
2006-07 (Apr-Oct)	302.89	-	379.69	-	(-) 76.80
2007-08 (Apr-Oct)	326.70	7.86	518.32	36.51	(-) 191.62

(Source: DGCI&S, Kolkata)

Level Group (BHLG) on Trade, Investment and Economic Cooperation that shall meet once a year alternately in each country, unless otherwise agreed and special meetings of working groups or ad-hoc expert groups may be arranged when required. The High Level Group shall be co-chaired by the Minister of Commerce and Industry of the Republic of India and the Secretary of the United Mexican States or by their representatives. The functions of the BHLG mainly include promoting bilateral cooperation, maintaining liaison in the economic, commercial, technical and other related fields and information exchange. A preparatory meeting of the BHLG was co-Chaired by the Commerce Secretary and the Vice-Minister of International Trade Negotiations on 10 September 2007 at New Delhi. At the meeting, both sides agreed to create six Working Groups on – (i) Trade Promotion (ii) Investment promotion (including infrastructure) (iii) Custom Cooperation (iv) Services (v) Tourism and (vi) Industrial dialogue with private sector participation in the Chemical-Pharma, Textiles and Bio-fuels sectors.

Measures taken for promoting exports to NAFTA

Dissemination of trade related information with respect to NAFTA partners is coordinated with the Apex Chambers of Commerce/EPCs. Emphasis

is laid on the identified important sectors for expansion and consolidation of our trade. The analyzed trade data of NAFTA countries is regularly passed onto the Apex Chambers of Commerce and Export Promotion Councils for dissemination among their member exporters, who are also provided assistance for promoting exports, participation in fairs/exhibitions, identification of export products and potential market areas for exports, details of reputed buyers etc. The difficulties faced by the exporters in NAFTA countries are regularly taken up with the concerned authorities in these countries and the issues are resolved through correspondence, video conferences and bilateral meetings. The various legislations/steps taken by these countries and the possible impact of these measures on Indian exports are analyzed regularly and follow up action is taken in consultation with other Ministries/Departments and our Missions abroad.

III. Trade with Europe

European countries account for about 22.5 % of India's total trade. During 2006-07, bilateral trade increased by 26 % over the previous year. While exports to Europe recorded a growth of 17 %, imports from Europe grew by 33 % over the previous year. Bilateral trade between India and Europe from 2004-05 to 2007-08 (April-October 2007) is given below:

Trade with Europe

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Balance of Trade
2004-05	19673	25622	45295	(-) 5949
2005-06	24716	30145	54861	(-) 5429
2006-07	28870	40117	68987	(-) 1124
2006-07 (Apr-Oct)	15745.77	20725.32	36471.09	(-) 4979.55
2007-08 (Apr-Oct)	19545.88	27790.73	47336.61	(-) 8244.85

(Source: DGCI&S, Kolkata)

The top five items of exports are Ready-Made Garments & Cotton including Accessories, Gems & Jewellery, Machinery & Instruments, Petroleum (Crude & Products) and Transport Equipments. The top five items of imports are Machinery (except Electrical & Electronics), Pearls/Precious/Semi-Precious Stones, Electronic Goods, Transport Equipments and Iron & Steel.

(A) Trade and Investment Relations with European Union

The European Union (EU) presently consists of 27 countries viz. Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, UK, Bulgaria and Romania.

Approvals for Foreign Direct Investment (FDI) from European Union Member States during the period August 1991 to June 2007 were of the order of US\$ 19.1 billion. UK, Netherlands, France and Italy are the major sources of FDI that has been approved. The actual inflow of FDI during the same period was US\$ 11.8 billion. The sectors attracting FDI from EU are Fuels (Power & Oil Refinery), Telecommunications, Transportation Industries, Chemicals (other than Fertilizers) and Services sector. So far, 3734 technical collaborations have been approved for EU countries.

India and the EU have enjoyed healthy economic relations. India has bilateral framework Agreements with a number of individual EU countries in areas of trade, investment and avoidance of double taxation. India also has agreements for investment promotion and protection with 22 countries of Europe, including 17 countries of EU. India is signatory to

agreements for avoidance of double taxation with 26 countries of Europe, including 20 countries in EU. An Agreement on Economic Cooperation between India and Bulgaria was signed on 12 September, 2007.



The Indian Union Minister for Commerce & Industry and the Minister for Economy & Energy of Bulgaria signing an Agreement on Economic Cooperation in New Delhi on September 12, 2007

India-EU bilateral relations are reviewed at the official level by the India-EC Joint Commission, which had its last meeting in November 2007. Three Sub-Commissions on Trade, Economic Cooperation and Development Cooperation and 9 Joint Working Groups on Agriculture and Marine Products; Textiles; Information Technology & Communications; Consular Matters; Environment; Steel; Food Processing Industries; Pharmaceuticals & Bio-Technology and Technical Barriers to Trade (TBT)/Sanitary & Phyto Sanitary (SPS) issues are functioning and have submitted their reports to the Joint Commission. The Sub-Commission on Development Cooperation met in July, 2007 and the meetings of Sub-Commission on Economic Cooperation and Sub-Commission on Trade were held in September, 2007.

India's trade with the EU is hampered by sanitary and phytosanitary standards, technical barriers,

complex system of quota/tariff, use of anti-dumping/anti-subsidy measures against Indian products. These issues, which have a bearing on market access for India's exports to the EU, are regularly taken up in the Joint Working Groups and Sub-Commission on Trade. The EU market has stringent quality norms and standards. Indian trade and industry also needs to meet these norms to increase the market share of Indian products in EU.

Issues effecting trade with individual EU Member-States are also taken up at the bilateral fora in the form of Joint Commissions. This continuous dialogue helps in creating an environment for enhancing bilateral trade and investment flows.

At the 7th India-EU Summit held in October, 2006 in Helsinki, it was agreed that both sides should move towards negotiations for a future broad based bilateral trade and investment agreement. These negotiations commenced in June 2007 with a first round of negotiations being held in Brussels on 28-29 June, 2007. The second and third round of negotiations took place in New Delhi and Brussels in October, 2007 and December, 2007 respectively.



The Indian Minister for Commerce & Industry with the President of France at the India-France Economic Conference: Synergies for the Future in New Delhi on January 25, 2008.

The 8th India-EU Summit and the Business Summit were held in New Delhi on 30th November, 2007 co-chaired by our Prime Minister and the Portuguese Prime Minister, who then held the rotating Presidency of the European Union. India and the EU reaffirmed their commitment to a rules-based multilateral trading system and to a deeper level of bilateral trade relations. The successful and timely outcome of the Doha Development Agenda (DDA) multilateral trade negotiations remains the foremost trade policy priority of the two sides. Both sides are determined to work closely together to ensure the successful conclusion of the DDA negotiations through a comprehensive, balanced and ambitious outcome in all areas of negotiation. The leaders noted that bilateral trade and investment between India and the EU has been growing steadily and reflects the strengthening of bilateral economic ties and welcomed the progress achieved in the first few rounds of negotiations on the India-EU Trade and Investment Agreement and reaffirmed commitment to further intensify negotiations.

In order to strengthen the trade and investment relations with the European Free Trade Association (EFTA) countries comprising Switzerland, Liechtenstein, Norway and Iceland, i.e. non-EU member countries in Europe, an India-EFTA Joint Study Group was established in December 2006 to take a comprehensive view of bilateral economic linkages between India and EFTA, covering among others, trade in goods and services, investment flows and other areas of economic cooperation and to examine the feasibility of a bilateral broad based trade and investment agreement. The Joint Study Group (JSG) met on four occasions and has since finalized its report. The report has examined all aspects of bilateral trade and gauged potential for

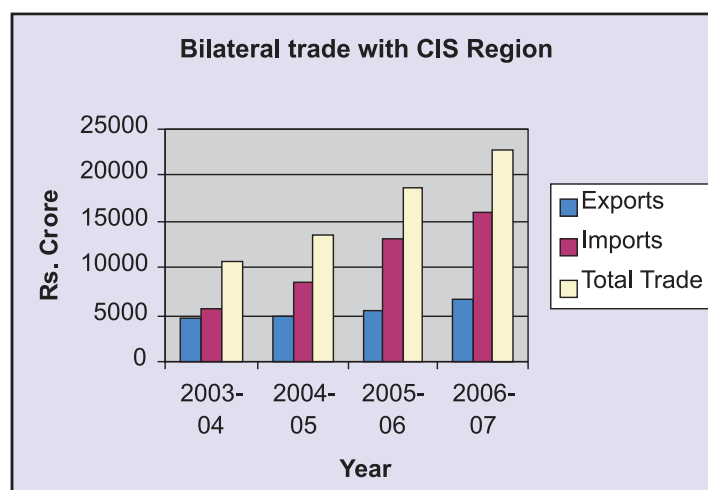
further expansion. The report of the JSG would be presented to the Governments on both sides.

(B) Trade with Commonwealth of Independent States (CIS)

The Commonwealth of Independent States (CIS) comprises the Russian Federation, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (the last 5 countries jointly referred to as the Central Asian Republics). Bilateral trade with these countries is as shown in the graph below:

The CIS region accounted for 1.17 % in Indian exports and 1.85 % in Indian imports during 2006-07. The principal commodities of exports include Drugs and Pharmaceuticals & Fine Chemicals, Coffee, Tea, Spices, Readymade Garments etc. The important items of imports are Iron and Steel, Nickel, Fertilizers, Mineral Fuel, Cereals & Rubber etc.

Bilateral Framework Agreement on Trade and Economic Cooperation has already been concluded with all the countries of the region except with Azerbaijan. An Agreement between India and Azerbaijan for establishing an Inter-Governmental Commission (IGC) on Trade,



The bilateral trade from 2004-05 to 2007-08 (April-October 2007) is given below:

Trade with Commonwealth of Independent States (CIS)

(Value in US \$ million)

Year	Exports	Imports	Total Trade	% Growth
2004-05	1094	1960	3054	(+)32.89
2005-06	1248	2953	4201	(+)37.55
2006-07	1483	3533	5016	(+)19.40
2006-07 (Apr.-Oct.)	819	1858	2677	
2007-08 (Apr.-Oct.)	896	2151	3047	(+)13.82

(Source: DGCI&S, Kolkata)

Economic, Scientific and Technological Cooperation was signed in Baku in April 2007.

Russian Federation

The Russian Federation, constituting a major portion of the former USSR, continues to be India's most important trading partner in the region. The Bilateral Framework Agreement on Trade and Economic Cooperation with the Russian Federation signed on 22nd May, 1992, provides that all transactions between the two countries would be undertaken in hard currency unless otherwise specified by Inter-Governmental agreements. During the year 2007-08, the following meetings were held to discuss various matters concerning bilateral cooperation:

- The Third Meeting of the Indo-Russian Joint Study Group was held on 22-23 January 2007 in Delhi under the Co-Chairmanship of Shri G. K. Pillai, Secretary, Department of Commerce from Indian Side and Mr. M. E. Dmitriev, President, Foundation "Centre for Strategic Research" from the Russian Side.



The Indian Union Minister for Commerce & Industry and the Russian Minister for Economic Development & Trade signing a protocol at the India-Russia Forum on Trade and Investment in New Delhi on February 13, 2008.

- The First Meeting of the Indo-Russian Forum on Trade and Investment was held on 12-13 February 2007 in New Delhi under the Co-Chairmanship of Shri Kamal Nath, Minister of Commerce and Industry from the Indian side and Mr. G. O. Gref, Minister of Economic Development and Trade of the Russian Federation from the Russian side.
- Shri Kamal Nath, Minister of Commerce and Industry visited St.Petersburg for participation in the 11th St.Petersburg International Economic Forum on 9-10 June 2007.
- A Statement of Understanding between the Ministry of Commerce and Industry and the Ministry of Economic Development and Trade of the Russian Federation was signed by Shri Kamal Nath, Minister of Commerce and Industry from the Indian side and Mr. G. O. Gref, Minister of Economic Development and Trade of the Russian Federation during the visit of the former to St. Petersburg in June 2007.
- The Fourth Meeting of the India-Russia Joint Study Group (JSG) was held on 9-10 July 2007 in Moscow under the co-chairmanship of Shri G. K. Pillai, Commerce Secretary from the Indian side and Mr. M. E. Dmitriev, President, Foundation "Centre for Strategic Research" from the Russian Side.
- The Thirteenth Session of Indo-Russian Working Group on Trade and Economic Cooperation (IRWGTEC) was held on 30th-31st August 2007 in Moscow under the Co-chairmanship of Shri Neeraj Kumar Gupta, Joint Secretary, Department of Commerce from Indian side and Mr. S. V. Cherneyshev, Director of the Department of Foreign Economic Relations of Ministry of Economic Development and Trade of the Russian Federation from the Russian side.

- The 4th Session of the India-Russia Joint Task Force on settlement of mutual financial obligations was held in Moscow on 10-11 October 2007 under the Co-Chairmanship of Dr. Anup K. Pujari, Department of Economic Affairs, Ministry of Finance from the Indian side and Dr. Konstantin V. Vyshkovskiy, Deputy Director, Department of International Financial Relations, State Debt and State Financial Assets, Ministry of Finance, from the Russian side.
- The 13th Session of the Indo-Russian Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC) was held on 12th October 2007 in Moscow under the Co-chairmanship of Shri Pranab Mukherjee, Minister of External Affairs and Mr. Alexander Zhukov, Deputy PM of Russia.
- The second meeting of the Indo-Russian Forum on Trade and Investment was held in New Delhi on 12-13 February 2008 under the Co-Chairmanship of Shri Kamal Nath, Minister of Commerce and Industry from the Indian side and Ms. E.S. Nabiullina, Minister of Economic Development and Trade of the Russian Federation from the Russian side.

Central Asian Republics

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan constitute the five Central Asian Republics in the CIS region. The Department of Commerce is the nodal Department for the Inter-Governmental Commission (IGC) with Kyrgyzstan, Tajikistan and Uzbekistan. During 2007-08, the following meetings were held:

Kazakhstan

- Sixth session of the Indo-Kazakhstan Joint Commission on Trade, Economic, scientific, Technical, Industrial and Cultural cooperation was held in Delhi on 12-13 October 2006 under the Co-Chairmanship of Shri Murli Deora, Minister of Petroleum and Natural Gas from the Indian side and Mr. Baktykozha Izmuhambetov, Minister of Energy and Mineral Resources from the Kazakhstan side.

Kyrgyzstan

- The Fourth Session of the Indo-Kyrgyzstan Inter-Governmental Commission on Trade, Economic, scientific, Technical, Industrial and Cultural cooperation was held on 5-6 September 2007 in Bishkek under the Co-Chairmanship of Shri O.P. Arya, Additional Secretary, Department of Commerce, Ministry of Commerce and Industry from the Indian side and Mr. Japarov Akylbek Usenbekovich, Minister of Finance of the Republic of Kyrgyzstan from the Kyrgyz side.

Tajikistan

- The Fourth Session of the Indo-Tajik Joint Commission on Trade, Economic, Scientific and Technical cooperation and Business Forum were held in Dushanbe from 10th to 12th October 2007 under the Co-Chairmanship of Shri G. K. Pillai, Commerce Secretary, Department of Commerce from the Indian side and Mr. Gulomjon Bobozoda, Minister for Economic Development and Trade of the Republic of Tajikistan from Tajik side.

Turkmenistan

- The first meeting of the Indo-Turkmenistan Inter-Governmental Commission was held in Ashgabat on 2-3 October 2006 under the Co-Chairmanship of Mr. E. Ahmed, Minister of State for External Affairs from the Indian side and Mr. Rashid Meredov, Minister for Foreign Affairs from the Turkmenistan side.

Uzbekistan

- The Seventh Session of Indo-Uzbekistan Inter- Governmental Commission (IUGC) was held on 13 –14 April 2007 in Tashkent under the Co-Chairmanship of Shri Jairam Ramesh, Minister of State for Commerce, Government of India from the Indian side and Mr. Abdulla Aripov, Deputy Prime Minister of the Republic of Uzbekistan from the Uzbekistan side. Meeting of the Business delegates from both the sides was also held during this visit.

Other CIS Countries

Other six CIS Countries are Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Ukraine is India's second largest trading partner in CIS region. During the year 2007-08, the following meetings were held:

Armenia

- The Fourth Session of the Indo-Armenian Intergovernmental Commission on Trade, Economic, Scientific, Technological and Cultural and Educational Cooperation was held in Delhi on 19th January 2007, under the Co-Chairmanship Shri N. Ravi, Secretary (East), Ministry of External Affairs from the Indian side and Mr. Armen Baibourtian, Deputy Foreign Minister from Armenian side.

Azerbaijan

- An Agreement between India and Azerbaijan for establishing an Inter Governmental Commission on Trade, Economic, Scientific and Technological Cooperation was signed between Shri Jairam Ramesh, Minister of State (Commerce) and Mr. Heydar Babayev, Minister of Economic Development of the Republic of Azerbaijan during the visit of the former to Baku, Azerbaijan on 11-12 April 2007.

Belarus

- Third session of the India-Belarus Joint Commission on Trade, Economic, Scientific and Technical Cooperation was held in Minsk, Belarus from 11 to 13 July 2006 under the Co-Chairmanship of Dr. Ashwani Kumar, Minister of State for Industry from the Indian side and Mr. Anatoly Rusetski, Minister of Industry from the Belarus Side.
- Final Protocol on completion of bilateral negotiations was signed between India and Belarus on the accession of Belarus to WTO between Dr. Ashwani Kumar, Minister of State for Industry from the Indian side and Mr. Sergei Martynov, Minister of Foreign Affairs from the Belarus side during the bilateral discussions held in New Delhi on 16th April 2007.

Georgia

- The Preparatory meeting to the setting up of Joint Working Group between India and Georgia was held at Tbilisi, Georgia from 30-31 October 2007 under the Co-Chairmanship of Shri Neeraj Kumar Gupta, Joint Secretary, Department of Commerce from Indian side and Mrs. Mariam Gabunia, Head of the Department for International Economic

Relations and foreign Trade, from the Georgian side.

Bilateral Visits

- Shri Jairam Ramesh, Minister of State for Commerce led an Indian delegation to Baku from 10-12 April 2007 for setting up the India-Azerbaijan Inter- Governmental Commission.
- A delegation led by Dr. Ashwani Kumar, Minister of State for Industry visited Belarus for the 3rd Session of Indo-Belarus Intergovernmental Commission for Economic, Trade, Industrial, Scientific, Technological and Cultural Cooperation from 11-14 July 2006.
- Mr. B. Izmuhambetov, Minister of Energy and Mineral Resources led the Kazakh delegation to New Delhi for 6th Session of the India-Kazakhstan Inter-Governmental Council from 12-13 October 2006.
- Minister of State for Industry, Dr. Ashwani Kumar participated in 63rd Session of the UNESCO in Almaty from 22-24 May 2007
- Shri Kamal Nath, Minister of Commerce and Industry visited St. Petersburg for participation in the 11th St. Petersburg International Economic Forum from 9-10 June 2007.

Trade Promotion Activities

- A protocol was signed between Shri Kamal Nath, Minister of Commerce and Industry from the Indian side and Ms. E.S. Nabiullina, Minister of Economic Development and Trade of the Russian Federation from the Russian side during the second meeting of the India Russia Forum on Trade and Investment held on 13.2.2008.

- The India Russia Joint Study Group (JSG) set up in 2006 to develop a programme for increasing the bilateral trade to US \$ 10 billion by 2010 and to explore the feasibility of a Comprehensive Economic Cooperation Agreement (CECA) between the two countries, finalized its Report in July 2007. A Joint Communique was issued on 13.2.2008 for setting up the India-Russia Joint Task Force between Ministry of Commerce and Industry of the Government of India and Ministry of Economic Development and Trade of the Russian Federation to monitor the implementation of recommendation of JSG and to further consider the possibility of signing CECA.
- An International Transit Agreement “North-South Transport Corridor” has been signed between India, Iran and the Russian Federation for movement of goods via Iran, Caspian Sea and Astrakhan to Russia. The Agreement facilitates a shorter route for trade with Iran, Russian Federation and beyond. The transit movement is expected to be better and faster and also cheaper and 20 percent less time consuming. The fourth meeting of the Co-ordination Council of the International Transit Agreement “North-South Transport Corridor” was held at Astana in November 2007.
- “Focus: CIS Programme” now covers all the 12 CIS countries, namely Russian Federation, Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The programme seeks to increase interaction between the business entities of the two regions by identifying areas of bilateral trade and investment. The

focus is on major product groups/ services for raising India's exports to this region. The exports to the region are to be enhanced through combined efforts of various institutions of the Government of India and various Trade Promotion Organizations. The main objective is to increase mutual direct interaction among businessmen.

- Conference of Commercial Representative/ Head of Mission (CRs/HoMs) of Seven Indian Missions in eight countries of the CIS region namely Armenia (also covering Georgia), Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan was held in Dushanbe, Tajikistan on 10-11 October 2007.
- Reverse Conference of Commercial Representatives of Ten Indian Missions in Eleven countries of the CIS region namely Armenia (also covering Georgia), Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Russia Tajikistan, Turkmenistan Ukraine and Uzbekistan was held by MEA in India on December 2007.
- There is a regular exchange of delegations with countries through participation in trade fairs of mutual interest and exchange of trade related information.
- Bilateral trade and economic cooperation between India and these countries is regularly reviewed through the meetings of Joint Commissions / Working Groups and Joint Business Councils.
- There is a regular interaction at the Governmental level for enhancing bilateral trade and economic cooperation.

Joint Commission with CIS Countries under Department of Commerce

- Indo-Tajik Joint Commission on Trade, Economic, Scientific & Technical Cooperation under the Chairmanship of Commerce Secretary
- India- Uzbekistan Inter-Governmental Commission (IGC) on Trade, Economic, Scientific & Technical Cooperation under the Chairmanship of Minister of State for Commerce
- India- Kyrgyzstan Inter Governmental Commission (IGC) on Trade, Economic, Scientific & Technological Cooperation under the Chairmanship of Minister of State for Commerce
- India-Azerbaijan Inter Governmental Commission on Trade, Economic, Scientific & Technological Cooperation under the Chairmanship of Minister of State for Commerce

IV. Trade with Countries in the West Asia (WA) Region

The West Asia (WA) region comprises 13 countries. These are (i) Gulf Cooperation Council (GCC) countries (i.e., Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates) and (ii) Other West Asian countries (i.e., Iran, Iraq, Israel, Jordan, Lebanon, Republic of Yemen and Syria). The trade with the West Asian Region is indicated in the table given overleaf which shows that there has been a rise in trade with the West Asian countries.

The total trade turnover including oil with West Asian countries during 2006-07 amounted to US \$ 68986.33 million, with

Trade with West Asia Region (Including Petroleum: Crude & Products)

(Value in US \$ million)

Year	Exports**	Imports	Total Trade	Trade Balance
2004-05	12878.57	8873.95	21752.52	4004.62
2005-06	15133.39	10016.71	25150.1	5116.68
2006-07*	21165.04	47821.29	68986.33	-26656.3
2006-07 (April-Oct)	12444.3	29113.06	41557.36	-16668.8
2007-08 (April-Oct)*	15883.85	33857.98	49741.83	-17974.1

(Source: DGC&S, Kolkata)

* Includes oil imports

**Including Petroleum Product exports from India

Trade with West Asia Region (Non-Oil Commodity Trade)

(Value in US \$ million)

Year	Exports	Imports	Total Trade	Trade Balance
2004-05	12878.57	8873.95	21752.52	4004.62
2005-06	15133.39	10016.71	25150.1	5116.68
2006-07	21165.04	8619.8	29784.84	12545.24
2006-07 (April-Oct)	12444.3	4715.74	17160.04	7728.56
2007-08 (April-Oct)	15883.85	6958.2	22842.05	8925.65

(Source: DGC&S, Kolkata)

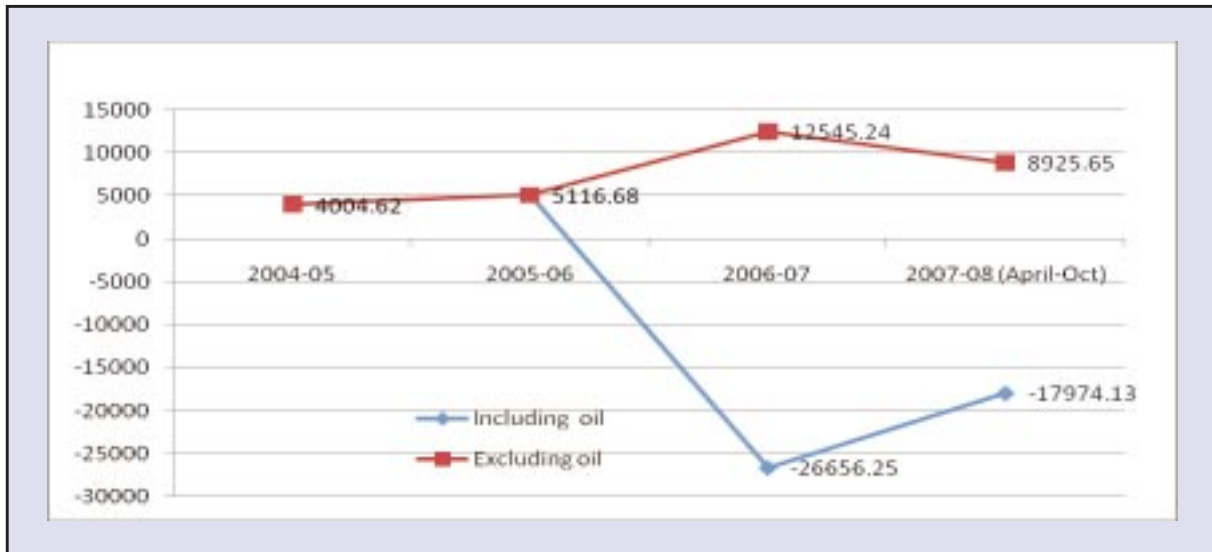
exports amounting to US\$ 21165.04 million and imports at US \$ 47821.29 million. The total trade turnover (including petroleum import) during April-Oct 2007 has been US \$ 49741.83 million with exports at US \$ 15883.85 million and imports amounting to US \$ 33857.98 million. If oil is factored out, India enjoys a positive trade balance with the West Asian countries.

During 2006-07, the total commodity trade (excluding oil) turnover between India and West Asian countries was US \$ 29784.84

million as against US \$ 25150.10 million in 2005-06. India's exports to West Asian countries increased by 39.86% from US \$ 15133.39 million in 2005-06 to US \$ 21165.04 million in 2006-07. India's non-oil commodity imports from these countries, however, decreased by 13.95% from US\$ 10016.71 million in 2005-06 to US \$ 8619.80 million in 2006-07.

The graph overleaf indicates the balance of trade with West Asian countries taking into account non-oil as well as oil trade.

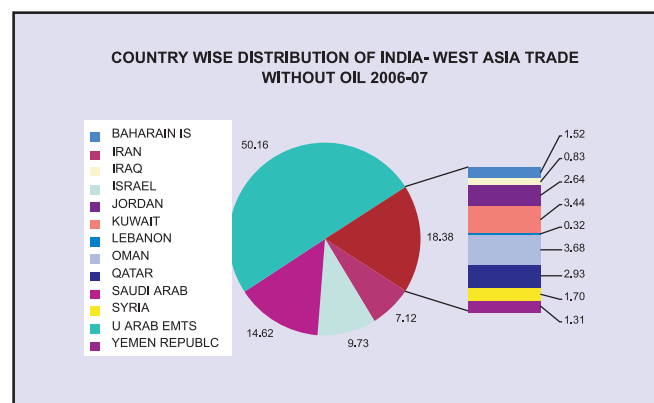
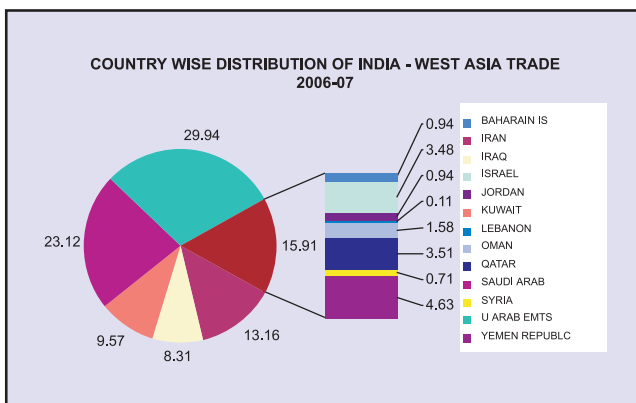
Trade Balance with West Asia



Country wise distribution of India-West Asia trade, during 2006-07 with trade percentage of each West Asian / Gulf countries inclusive and exclusive of oil trade is reflected in the following charts:

The principal exports from India to this region comprise of Gems & Jewellery, Machinery and Instruments, Manufactures of Metals, Transport Equipments, Non-Ferrous metals, Manmade Yarn, Fabrics, Made-Ups, Plastics & Linoleum Products, Primary & Semi-Finished Iron & Steel,

Cotton Yarn, Fabrics, Made-ups etc., Drugs, Pharmaceuticals & Fine Chemicals, RMG Cotton including Accessories, Basmati Rice, etc. The principal imports from this region consist of Petroleum (crude and products), Pearls and Precious/Semi-Precious Stones, Gold, Organic Chemicals, Metalliferrous Ores, Inorganic Chemicals, Fertilizers Manufactured, Electronic Goods, Non-Ferrous Metals and Metal Scrap, Artificial Resins, Plastic Materials, Fertilizers Crude, Iron and Steel and Transport Equipment, etc.



Institutional Arrangements

Issues pertaining to trade and economic cooperation between India and West Asian and Gulf countries are regularly reviewed through the bilateral Joint Commissions and Joint Committees. Apex trade bodies like CII, FICCI, FIEO, ASSOCHAM, etc., sponsor business delegations to various countries. Joint Business Council (JBC) Arrangements exist between FICCI on the Indian side and its counterpart organizations in these countries. CII has similar arrangements in the form of Joint Business Group (JBG).

India-Israel Cooperation

The Joint Study Group set up between India and Israel had recommended for a Preferential Trade Agreement (PTA) between the two countries.

Trade and FTA with Gulf Co-operation Council (GCC) Countries

The Gulf Co-operation Council (GCC) is a Customs Union of six countries, viz., Bahrain,

Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates (UAE). India is in the process of negotiating a Free Trade Agreement with GCC. Trade in Services, Investment and general Economic Cooperation will also be synergized with the proposed FTA.

(A) India's Trade with GCC

India's trade with Gulf Co-operation countries during the last four years is given below:

Share of India GCC trade turnover which was 14.60% in 2006-07, increased to 15.53% in 2007-08 (Apr.-Oct.) and is likely to further increase in 2008-09. In terms of value, trade turnover has increased from \$ 28328.11 million in April-Oct. 2006 to \$ 34690.35 million in April-Oct. 2007.

The third India-GCC Industrial Conference was held in Mumbai in May, 2007. Agriculture was identified as an important area of partnership between India and the GCC countries. To assess the potential for export of agro products and to attract investments from these countries into the Indian Agri- business sector, a high powered

(Value in US \$ million)

S. No.	Country	2004-2005		2005-2006		2006-2007		2006-2007 (Apr-Oct)		2007-2008 (Apr-Oct)	
		Exports	Imports*	Exports	Imports*	Exports	Imports	Exports	Imports	Exports	Imports
1	Baharain Is	156.46	121.87	192.25	189.56	182.31	468.29	82.93	246.7	120.24	336.49
2	Kuwait	421.44	305.94	513.73	461.85	610.76	5,985.28	351.78	3,471.99	361.5	3,610.83
3	Oman	267.67	20.61	408.43	265.59	626.52	459.83	351.68	315.16	515.94	380.19
4	Qatar	209.42	672.85	259.34	901.62	329.21	2,091.28	179.04	1,301.74	292.39	1,345.46
5	Saudi Arab	1,412.06	1,301.15	1,809.77	1,632.34	2,580.81	13,352.95	1,394.11	8,491.56	1,931.17	9,669.60
6	United Arab Emirates	7,347.88	4,641.10	8,591.79	4,354.08	12,005.35	8,632.26	7,144.48	4,996.96	8,853.26	7,273.28
	Total of GCC	9814.93	7063.52	11775.31	7805.04	16334.96	30989.89	9504.02	18824.11	12074.5	22615.85
	% Share of GCC in India's total	11.75	6.33	11.42	5.23	12.94	16.27	13.40	18.08	14.02	17.04

*Does not include figures for oil imports.

(Source: DGCI&S, Kolkata)

delegation led by Chairman, APEDA visited Riyadh (Saudi Arabia), Dubai (UAE) and Muscat from 7th September to 12th September 2007.

(B) Trade with West Asia excluding GCC

Details of trade with West Asian countries (other than GCC) is given in the below:

India-West Asia (excluding GCC) trade has also increased about three times during the last three years. The share of West Asia (other than GCC)

trade turnover out of India's total trade has also increased from 2.50 % in 2004-05 to 6.88% in 2007-08 (April-October), i.e. from US \$ 4,874.07 million to US \$ 15,051.48 million.

V. Trade with African Countries

Since independence India has had cordial and friendly trade relations with Africa in general. Trade relations have expanded considerably since 1947, particularly after the transition into the 2nd millennium. India's trade with Africa is given below:

Trade with West Asia excluding GCC

(Value in US \$ Million)

S. No.	Country	2004-2005		2005-2006		2006-2007		2006-2007 (Apr-Oct)		2007-2008 (Apr-Oct)	
		Exports	Imports*	Exports	Imports*	Exports	Imports	Exports	Imports	Exports	Imports
1	Iran	1,231.39	410.21	1,188.35	702.46	1,449.63	7,625.04	977.67	4,491.53	1,400.93	5,587.94
2	Iraq	131.19	1.12	155.94	2.05	203.31	5,521.71	111.52	3,517.83	113.35	3,319.83
3	Israel	1,005.76	988.11	1,201.50	1,031.19	1,321.65	1,076.59	761.92	596.98	922.81	888.6
4	Jordan	128.25	355.89	184.97	442.33	178.97	470.85	104.15	271.41	123.62	378.28
5	Lebanon	67.46	20.46	71.84	18.51	66.87	11.1	38.78	5.71	50.71	4.42
6	Syria	253.18	3.82	276.67	5.13	408.08	79.49	234.52	71.84	506.41	11.79
7	Yemen Republic	246.41	30.82	278.81	10	1,185.03	2,009.25	711.72	1,333.65	691.52	1,051.27
	Total of WA excluding GCC	3,063.64	1810.43	3,358.08	2211.67	4,813.54	16,794.03	2940.28	10,288.95	3,809.35	11,242.13
	% Share of WA excluding GCC in India's total	3.67	1.62	3.26	1.48	3.81	8.82	4.14	9.88	4.42	8.47

*Does not include figures for oil imports.

(Source: DGCI&S, Kolkata)

Trade with Africa

(Value in US \$ million)

Year	Exports**	Imports	Total Trade	Balance of Trade
2004-05	5572.11	4006.95	9579.06	1565.16
2005-06	6993.53	4878.56	11872.09	2114.97
2006-07*	10255.87	14732.38	24988.25	(-)4476.51
2006-07 (Apr-Oct)*	5786.9	9171.87	14958.77	(-)3384.97
2007-08 (Apr-Oct)*	7813.63	12139.46	19953.09	(-)4325.83

* Including Oil in Import figures

** Including Petroleum Product exports from India

(Source: DGCI&S, Kolkata)

Trade with African Countries (Non-Oil Commodities)

(Value US \$ million)

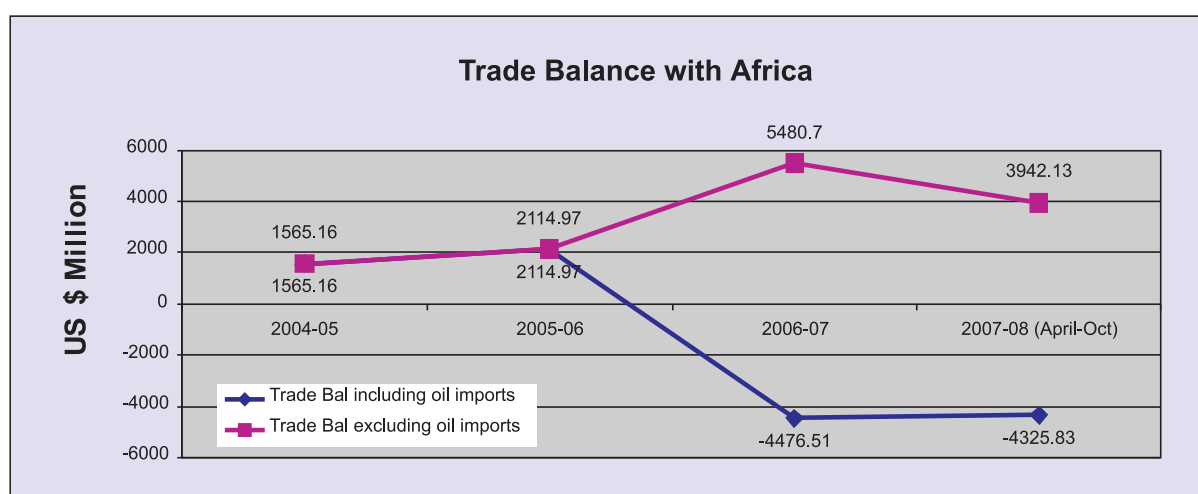
Year	Exports	Imports	Total Trade	Balance of Trade
2004-2005	5572.11	4006.95	9579.06	1565.16
2005-2006	6993.53	4878.56	11872.09	2114.97
2006-2007	10255.87	4775.17	15031.04	5480.7
2006-2007 (Apr-Oct)	5786.9	2987.23	8774.13	2799.67
2007-08(Apr-Oct)	7813.63	3871.5	11685.13	3942.13

(Source: DGCI S, Kolkata)

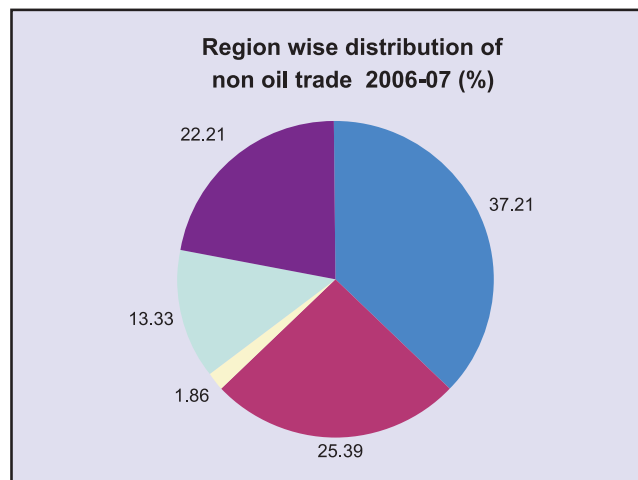
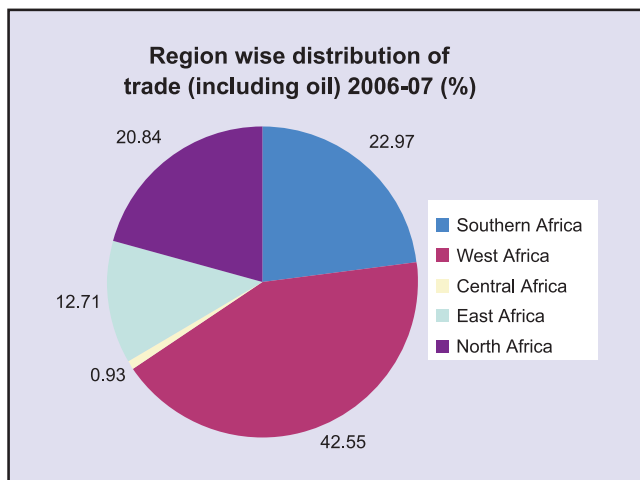
Total trade turnover (including oil) with Africa during 2006-07 amounted to US \$ 24988.25 million with exports amounting to US \$ 10255.87 million and imports at US \$ 14732.38 million. The oil inclusive trade turnover during April-October, 2007 has been US \$ 19953.09 million with exports at US \$ 7813.63 million and imports amounting to US \$ 12139.46 million. The corresponding figures during April-October 2006 were US \$ 14958.77 million (total trade turnover), \$ 5786.9 million (exports) and \$ 9171.87 million (imports) respectively. If oil is factored out, India enjoys a positive trade balance with Africa.

During 2006-07, the total commodity trade (excluding oil) turnover between India and African countries was US \$ 15031.04 million as against US \$ 11872.09 million in 2005-06, thereby registering a growth of 26.61%. India's exports to the African countries increased by 46.65% from US \$ 6993.53 million in 2005-06 to US \$ 10255.87 million in 2006-07. India's imports from the African countries however decreased by -2.12 % from US \$ 4878.56 million in 2005-06 to US \$ 4775.17million in 2006-07.

The graph below indicates the balance of trade with African countries taking into account non-oil as well as oil trade.



India's trade with Africa (Region-Wise) during 2006-2007 with trade percentage of each region is reflected in the following charts:



Commodity trade turnover with West African countries was US \$ 10633 million during 2006-07 as compared to US \$ 3060.97 million during 2005-06, indicating growth of 247.39 %. Rice (other than Basmati), Drugs, pharmaceuticals & fine chemicals, Machinery and Instruments, manufactures of metals and Cotton Yarn, Fabrics were the major items of export and Cashew nuts, Metalifers ores & metal scrap, Wood and wood products, Inorganic chemicals and Fertilizers, crude were the major items of import. Nigeria was the top most trading partner within this region with trade turnover of US \$ 7928.67 million during 2006-07 as compared to US \$ 946.49 million during 2005-06, reflecting growth of 737.69 %.

Commodity trade with countries in Southern African was US \$ 5740.3 million during 2006-07 as compared to US \$ 4576.32 million during 2005-06, indicating growth of 25.44 %. Transport equipments, Drugs, Pharmaceuticals and fine chemicals, Primary and semi finished iron and steel and Rice (other than Basmati) were the major items of export and Gold, Metalifers ores & metal scrap, Inorganic chemicals, Coal and Non-ferrous metals were the major items of import. South Africa was

the top most trading partner within this region with trade turnover of US \$ 4712.76 million during 2006-07 as compared to US \$ 3998.67 million during 2005-06, reflecting growth of 17.86%.

Commodity trade turnover with countries of North Africa was US \$ 5207.68 million during 2006-07 as compared to US \$ 2389.01 million during 2005-06, indicating growth of 117.98 %. Transport equipments, Manufactures of metals, Machinery & instruments, Cotton yarn, fabrics etc. and Manmade fabrics and madeups were the major items of export and Inorganic chemicals, Fertilizers, crude, Fertilizers, manufactured, Cotton, raw and Metalifers ores and metal scrap were the major items of import. Egypt was the top most trading partner within this region with trade turnover of US \$ 2501.32 million during 2006-07 as compared to US \$ 892.87 million during 2005-06, reflecting growth of 180.14%.

Commodity trade turnover with countries of East Africa was US \$ 3174.8 million during 2006-07 as compared to US \$ 1661.16 million during 2005-06, indicating growth of 91.12 %. Machinery & instruments, Drugs, pharmaceuticals & fine

chemicals, Primary and semi finished iron & steel, Plastic and linoleum products and Cotton yarn, fabrics etc. were the major items of export and Cashew nuts, Metalifers ores and metal scrap, Pulses, Spices and Inorganic chemicals were the major items of import. Kenya was the top most trading partner within this region with trade turnover of US \$ 1370.1 million during 2006-07 as compared to US \$ 625.06 million during 2005-06, reflecting growth of 119.19 %.



The Minister for National Economy and Commerce of the Democratic Republic of Congo meeting with the Indian Union Minister for Commerce & Industry on January 18, 2008.

Commodity trade turnover with countries of Central Africa was US \$ 231.97 million during 2006-07 as compared to US \$ 184.63 million during 2005-06, indicating growth of 25.64%. Drugs, pharmaceuticals & fine chemicals, Machinery & instruments, Transport equipments, Plastic and linoleum products and Manmade yarn, fabrics etc. were the major items of export and Metalifers ores and metal scrap, Pulses, Leather, Machinery except electrical and electronic and Tea were the major items of import. Uganda was the top most trading partner within this region with trade turnover of US \$ 111.87

million during 2006-07 as compared to US \$ 95.49 million during 2005-06, reflecting growth of 17.15 %.

PTA with SACU

The Southern African Customs Union (SACU), with a common Custom Tariff Policy, comprises of South Africa, Lesotho, Swaziland, Botswana and Namibia. India and SACU have expressed their intent to enter into a Preferential Trade Agreement with the aim to promote expansion of trade between the two parties and with the intent to provide mechanism to negotiate and conclude a comprehensive Free Trade Agreement within a reasonable time. India and SACU commenced negotiations for PTA at Pretoria (South Africa) on 5th-6th October, 2007. The second round of negotiations were held on 21st and 22nd February 2007 in Namibia.

CECPA with Mauritius

A Comprehensive Economic Cooperation and Partnership Agreement (CECPA) aimed at boosting bilateral trade, investment and general economic cooperation between India and Mauritius is being negotiated.

Focus Africa Programme

The "Focus Africa" Programme was initially launched with focus on seven countries of Sub-Saharan African (SSA) Region, viz., South Africa, Nigeria, Mauritius, Tanzania, Kenya, Ghana and Ethiopia. With a view to further widen and deepen India's trade with Africa, the scope of this Programme was further extended to include Angola, Botswana, Ivory-Coast, Madagascar, Mozambique, Senegal, Seychelles, Uganda, Zambia, Namibia and Zimbabwe, along-with the six countries of North Africa, viz., Egypt, Libya,

Tunisia, Sudan, Morocco and Algeria. Under this Programme, the Government extends assistance to exporters and Export Promotion Councils, etc. to visit countries in Africa and organize trade fairs and also sponsors African trade delegations to visit India. A number of export promotion activities were conducted by various Export Promotion Councils and Apex Chambers with grant under MDA and MAI Scheme. The Focus Africa programme is continuing for the sixth year during 2007-08.

Bilateral Cooperation

Issues pertaining to trade and economic cooperation between India and African countries are reviewed through Joint Commissions and Joint Trade Committees. The second meeting of the India-Tanzania Joint Trade Committee was convened in New Delhi on 17-18 May, 2007. The Joint Commission meeting with Libya was held on 12th July, 2007 at New Delhi and the Joint Commission with Tunisia on 8th February, 2007 at Tunis.

Business to Business interactions have also been encouraged between Apex Indian Chambers and their African counterpart

Chambers with a view to further enhance trade & investment relations between India and African Countries. High level bilateral meetings and visits by trade and industry delegations are also organized with a view to strengthening trade and economic partnerships between India and African countries.

VI. Trade with Latin American and Caribbean Countries

The Latin American and Caribbean (LAC) region comprising 44 countries, accounts for about 5 per cent of world trade. Though India is not a significant trading partner, there is much scope for enhancing two-way trade between India and the LAC region. In recent years, our exports have been showing a continuously rising trend as shown below:

The total Indian trade with the region has increased from US\$ 2341.84 million in 2002-03 to US\$ 10336.24 million in 2006-2007 with a growth of 341 % during the last five years. India's exports to the region have gone up from US\$ 1295.8 million in 2002-03 to US\$ 4274.85 million in 2006-2007 showing a growth of 229 %.

Trade with LAC Region

(Value in US \$ million)

Year	Exports	Growth (%)	Imports	Growth Rate (%)	Total Trade	Trade Balance
2002-2003	1295.8		1046.04		2341.84	249.76
2003-2004	1138.81	-12.12	1192.67	14.02	2331.48	-53.86
2004-2005	2160.71	89.73	2054.8	72.29	4021.51	105.91
2005-2006	2993.47	38.54	2662.75	29.59	5656.22	330.72
2006-2007	4274.85	42.81	6061.39	127.64	10336.24	-1786.54
2006-07 (April-October)	2,447.31	-	3,122.70	-	5,570.01	-675.39
2007-08 (April-October)	3,008.66	22.94	3,460.98	10.83	6,469.64	-452.32

(Source: DGCI&S, Kolkata)

The important items of export to this region are petroleum (crude & products); transport equipments; drugs, pharmaceuticals & fine chemicals; cotton yarn, fabrics, madeups, etc; machinery and instruments; manmade yarn, fabrics, madeups; inorganic/organic/agro chemicals; primary & semi-finished iron & steel; manufactures of metals; readymade garments of cotton including accessories. Besides, India also exports handicrafts items, sports goods, electronic items, gems & jewellery and spices to Latin America. India's major imports from the region are metalliferous ores & metal scrap; petroleum, crude & products; vegetable oils fixed (edible); transport equipments; machinery; primary steel, pig iron based items; etc.

Three product groups viz. textiles, engineering products and chemical products constitute nearly 80 per cent of India's exports to the region. In the Textiles Sector, readymade garments, made-ups, fabrics, yarn, carpets, handicrafts, etc. are fast moving export items. In the Engineering Sector, automobiles, auto components, electrical appliances, machinery, computer software, etc. have good scope for exports. In Chemical Products Sector, bulk drugs, pharmaceuticals, dyes and intermediates, agrochemicals, plastic products, naphtha, resins, essential oils, molasses and tyres for automobiles & bicycles are the important items.

Focus: LAC Programme

An integrated programme "Focus: LAC" was launched in November, 1997 which has been extended upto March 2008 in order to consolidate the gains of the previous years and significantly enhance India's trade with the LAC region. The main objective of the programme is to increase interaction between the two regions by identifying

potential areas of bilateral trade and investments. Various incentives and export promotion measures have been designed and incorporated in this programme, viz. double weight for the purpose of recognition as Export /Trade Houses and enhanced support under the Market Development Assistance (MDA) scheme for participation in fairs/exhibitions, buyer - seller meets, etc. by way of reimbursement of travel expenses & stall charges etc. to the exporters. A scheme for giving awards to the best performers in exports to the LAC region has also been drawn up.

The Focus: LAC programme aims at focusing on the Latin American region, with added emphasis on the 9 major trading partners of the region, viz. Brazil, Mexico, Argentina, Chile, Peru, Venezuela, Colombia, Trinidad & Tobago and Panama. These countries constitute 90 per cent of the total trade with the LAC region.

The Focus: LAC programme aims to focus on the following major product groups for enhancing India's exports to the Latin American region:

- Textiles including ready-made garments, carpets & handicrafts;
- Engineering products including computer software;
- Chemical products including drugs and pharmaceuticals.

Institutional Mechanism

The following institutional arrangements already exist in relation to the countries of the Latin American region:

- Indo-Argentine Joint Commission
- Indo-Argentine Joint Trade Committee

- Indo-Mexican Joint Commission
- Indo-Brazilian Commercial Council
- Indo-Cuban Joint Commission
- Indo-Cuban Trade Revival Committee
- Indo-Suriname Joint Commission
- Indo-Guyana Joint Commission
- Indo-Venezuela Joint Commission

In order to have increased frequency of interaction with important trading partners in the LAC region, efforts are made to hold the meetings of the Joint Commissions on a regular basis.

Commercial Staff in the Indian Missions

India has set up Missions in 13 major countries in the LAC region. However, there was no commercial post in any of these Missions, to exclusively look after the trade related matters. Posts of one Marketing Assistant each in ten Missions in the LAC region has been provided. Efforts are being made to further strengthen these Missions for commerce and trade.

Sponsoring of Trade Delegations/ Organising Seminars/ Conferences/ Trade Fairs/ Exhibitions

The CII, FICCI, and Export Promotion Councils (EPCs) are sponsoring trade delegations for promotion of trade in the region, organizing seminars/ conferences and sector/ product specific seminars in different cities for the benefit of the local exporters and to sensitise about the trade opportunities available in the LAC region. Vigorous efforts are also made to ensure participation by EPCs, etc. in trade fairs to be held in Latin American countries since trade fairs act as an important tool for trade promotion.

Actual Progress during 2007-08

Implementation of India-Chile PTA

A preferential Trade Agreement (PTA) between India and Chile was signed on March 8, 2006. The Parliament of Chile approved it in April 2007 and President of Chile signed the decree on August 16, 2007 implementing the PTA in Chile. The PTA has come into force in India by issue of Custom Notification No. 101/2007-Customs dt. 11.09.2007. Rules of Origin have been notified by Notification No. 84/2007 dated 17.08.2007.

Under this PTA India and Chile have offered to provide fixed tariff preferences ranging from 10% to 50% on various items imported from each other. The products on which India has offered tariff concessions relate to meat and fish products, rock salt, iodine, copper ore and concentrates, chemicals, leather products, newsprint and paper, wood and plywood articles, some industrial products, shorn wool & noils of wool and some others. Chile's offer covers some agriculture products, chemicals and pharmaceuticals, dyes and resins, plastic, rubber and miscellaneous chemicals, leather products, textiles and clothing, footwear, some industrial products, etc..

Expansion of India-MERCOSUR PTA

A Preferential Trade Agreement (PTA) between India and MERCOSUR (trade bloc of Argentina, Brazil, Paraguay and Uruguay) was signed on January 25, 2004. The Annexes of PTA were signed March 19, 2005. The PTA would be operational after its ratification by the legislatures of the MERCOSUR countries, which is yet to be ratified by the legislatures of

Argentina and Brazil. Meanwhile, through IBSA Declaration made by the Heads of India, Brazil and South Africa on September 13th 2006, it was agreed that India-MERCOSUR PTA would be expanded by increasing the number of products covered and increasing the tariff concessions agreed by each side. A preliminary discussion to work out the modalities of the future negotiations was held at New Delhi during November 15 and 16, 2006 wherein India presented a wish list of 626 additional products. MERCOSUR too in December 2006 has presented its wish list, which is being considered in consultation with all concerned.

Others:

- Brazil's Foreign Minister Mr. Celso Amorim visited India during April 10-13, 2007 accompanied by a business delegation. During his visit, the 3rd Meeting of India-Brazil Joint Commission took place. CII organized an interactive session of Indian businessmen with the Brazilian Minister.
- Mexican Economy Minister Mr. Eduardo Sojo Garza-Aldape visited New Delhi on May 21, 2007. During his visit an MoU on Establishment of a Bilateral High Level Group on Trade, Investment and Economic Cooperation was signed between India and Mexico.
- Brazilian President Mr. Luis Inacio Lula Da Silva visited India during 3-5 June, 2007. During his visit a CEO Forum was formed between India and Brazil.

ECGC Cover

The ECGC has undertaken a comprehensive review of the grading of the countries based on



The Indian Union Minister for Commerce & Industry addressing a Business Meeting with CII/FICCI/ ASSOCHAM, in New Delhi on June 4, 2007 during the visit of the Brazilian President, Mr. Luiz Inacio Lula da Silva.

the methodology of risk scoring. As per new parameters in effect from 01.12.2006, fourteen Latin American countries have been placed in low risk categories of 'A1' and 'A2'. No country has been placed in very high-risk category of 'D'.

Lines of Credit

EXIM Bank extends Lines of Credit (LOCs) to overseas financial institutions, regional development banks, sovereign governments and other entities overseas, to enable buyers in those countries, to import goods and services from India on deferred credit terms. The Indian exporters can obtain payment of eligible value from EXIM Bank, without recourse to them, against negotiation of shipping documents. LOC is a financing mechanism that provides a safe mode of non-recourse financing option to Indian exporters, especially to SMEs, and serves as an effective market entry tool. Details of Lines of Credit are available at website of EXIM Bank: www.eximbankindia.com

The EXIM Bank has currently extended eleven lines of credit to the following banks/

Governments in the LAC region (as on 27.11.2007):

S.No.	Borrower	Amount of Credit (US\$ million)	Tenure (Years)	Terminal Dates For Utilization Opening of L/C Disbursement		Amount Available For Utilization (US\$ million)
1.	Banco de Comercio Exterior de Colombia S.A. (Bancoldex), Colombia	10.00	Upto 5 years	26.11.2007	26.05.2009	10.00
2.	Corporacion Andina de Fomento (Andean Development Corporation) (covering Bolivia, Colombia, Ecuador, Peru and Venezuela)	10.00	Tranche A: Upto 5 years Tranche B: Upto 2 years	25.08.2008	25.02.2009	10.00
3.	Banco Nacional De Comercio Exterior S.N.C. (Bancomext), Mexico	10.00	Tranche A: Upto 5 years Tranche B: Upto 3 years	07.01.2009	07.07.2009	10.00
4.	Central American Bank for Economic Integration (covering Honduras, Nicaragua, Guatemala, El Salvador and Costa Rica)	10.00	Tranche A: Upto 5 years Tranche B: Upto 2 years	19.01.2009	19.07.2009	10.00
5.	Banco Bradesco S.A., Brazil	10.00	Tranche A: Upto 5 years Tranche B: Upto 2 years	10.05.2008	10.11.2008	9.93
6.	Republic Bank Ltd., Trinidad & Tobago	8.00	Upto 5 years	12.05.2008	12.11.2008	7.01
7.	Uniao De Bancos Brasileiros S.A.(Unibanco), Brazil	10.00	Upto 3 years	13.10.2006	13.04.2007	10.00
8.	Government of Suriname	16.00	Upto 15 years	26.09.2007	26.03.2008	0.27
9.	Government of Honduras	30.00	Upto 20 years	20.08.2011	20.02.2012	30.00
10.	Government of Guyana	2.10	Upto 20 years	14.12.2008	14.06.2009	0.00
11.	Government of Jamaica	7.50	Upto 12 years	01.03.2009	18.01.2013	0.00