

Monthly Economic Analysis Fortune 2008

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Macro Economic Developments

Overall Economy and Industrial Growth :

India's GDP growth in the second quarter of 2008-09 slowed down further to 7.6% from 7.9% in the first quarter of the current fiscal. This slowdown in growth was the result of two parallel developments. One, the compression due to the tight monetary policy stance of the RBI seen over time and two, the disruption seen in the global economy due to the spread of the financial crisis that has US as its epicenter.

India's GDP growth in the second quarter of 2008-09 stood at 7.6% compared to 9.3% recorded in the corresponding quarter of the previous year. All the three broad sectors including agriculture, forestry and fishing, industry and services sectors saw a slowdown in growth to 2.7%, 6.1% and 9.6% respectively from a high growth of 4.7%, 9.1% and 10.8% respectively seen in the corresponding quarter of previous year.

Economic data for the more recent months shows that the slowdown in the growth momentum continues Industrial growth contracted for the first time in 15 years registering a negative 0.4% growth in October 2008. This was largely due to the demand destruction seen in the manufacturing and mining sector. In fact, during the first seven months i.e. from April to October of 2008-09, the industrial growth stood at 4.1% as against 9.9% recorded in the same period of previous year.

Going by the used based classification we see only basic and capital goods witness an increase in production in the month of October 2008. However, even this growth was marked by acute slowdown compared to the growth seen in the corresponding month of previous fiscal. Growth in the intermediate and the consumer goods sectors were observed to have turned negative during the month.

In October 2008, out of the seventeen industry sectors acceleration in growth was seen only in metal products. Of the rest sixteen industry sectors while 10 sectors witnessed a fall in production than in the previous year growth in the remaining sectors decelerated.

Core infrastructure industries :

Growth in the six-core infrastructure industries has also been affected. October 2008 saw the infrastructure industry grow at 3.4% as against 4.5% in October 2007. In October 2008, production of coal grew at 10.9% (8.9%), petroleum at 5.0% (2.8%) and power at 4.4% (4.2%). While these were seen to inch up compared to the growth

numbers of previous year, cement sector slowed marginally this year to 6.2% (7.5%). Growth however fell in the case of finished steel and crude petroleum.

The issues seem to be deeper than it appears and therefore the government came with a second stimulus package within a month of the announcement of the first stimulus package. RBI too in its recent policy pronouncements was seen to be accommodative in its monetary policy by altering the policy rates on the lower side.

Inflation Trends :

The overall inflation level has also started easing. Inflation fell from a high of 11.08% averaged in October 2008 to 8.66 % in November 2008. This easing of inflation is aided by softening of crude oil, edible oil and metal prices.

Monetary Indicators:

The money supply expanded by 8.3% in October 2008-09 as against 9.1% in the same month of the previous year. More liquidity was made available in tranches to the banking system. Such infusions from time to time were seen to have encouraged borrowings by the government and commercial sector. However, growth in the foreign exchange assets had fallen to very low levels, 1.0% as against 16.7% previously.

There was a marginal slowdown in the growth of aggregate deposits to 10% compared to that of 11.5% in the previous year and growth in the investments in the government and approved securities went down to 3.5% from a high 19.6% in the same month of last fiscal. However total credit was seen to be on the rise. The RBI in its second stimulus package had cut both the repurchase and reverse-repurchase rate by 100 basis points each and reduced the cash reserve ratio by 50 basis points. These measures reduced the repo rate to 5.5 percent making the cost of borrowings cheaper for commercial banks. The reduction in the cash reserve ratio will inject additional liquidity of around Rs.20,000 crore into the system.

Stock Market Trends:

The global financial turmoil leading to weakening of economic fundamentals shaved off more than 10K points during the year 2008. In January first week the Sensex stood at more than 20K and we saw it slide since then to below 10K in November 2008. The crises seem deeper than it appears and it may take a while to revive the confidence of the foreign investors in the Indian stocks. Markets continue to remain weak and volatile.

Fiscal Trends:

Government revenue from the tax collection rose by 17.5% during the April – November period of 2008 compared to 25.2% recorded in the previous year. The slippage in the tax collection growth is observed to be on account of the impact of recession on the economy. It has been seen that collection from both the direct and indirect sources increased, however, the rate of collection recorded up to November 2008 has been behind the collection rate recorded in the previous year.

Foreign Trade:

International demand is drying up and pushing Indian exports towards the negative growth zone. Taking the global recession into account the government revised its earlier set target of USD 200 billion exports target to USD 177-180 billion. The recent data released on merchandise exports posted negative growth of 10% as against the positive 26% increase registered in the same month of previous year. However, cumulative growth for the period from April-Nov 2008 shows growth in exports (19.4%) was a shade lower than what was attained in the same period of (22.0%) previous year. However, rising imports continue to widen the trade deficits even more.

The government in its second dose of relief package tried to address some of the issues pertaining to Indian exports. The government restored the DEPB rates to pre-November 2008 rates and also provided an extension. Duty drawback rates have been revised upwards in some select sectors such as knitted fabrics, bicycles, agricultural hand tools and specified categories of yarn.

Capital Inflows:

Recent numbers on capital inflows into India show total foreign investments turning negative in October 2008. Despite direct inflow of USD 1.5 billion (long term) total foreign investments stood at (-) 3746 million during the month due to huge outflow of investments by the FIIs. In the first seven months of this fiscal total foreign direct investments *received* was USD 20.7 billion.

Foreign Exchange Reserves:

India's foreign exchange reserves slid to USD 252 billion in October 2008 from USD 314 billion in April 2008. The decline in forex reserves was due to the intervention by the RBI in the forex markets to support the domestic currency from weakening further.

Lead Stories of the Month

India Inc welcomes PM as FM

Industry welcomed Prime Minister Manmohan Singh taking charge of the Finance Ministry after P Chidambaram was appointed Home Minister, saying Singh as Finance Minister is known as architect of reforms that transformed the Indian economy.

Prime Minister directly involved himself in tackling the impact of the global credit crisis on the Indian economy.

Amidst pressure on the exchange rate and crash in the stock market in the wake of the developments in Wall Street, Singh had appointed a committee under his charge to find a way out of the economic challenges.

"At a recent summit, the Prime Minister had listed several initiatives under consideration of the government. These include fiscal measures like expenditure on infrastructure and monetary steps such as interest rates. All these relate to the Finance Ministry, which has come under his charge directly," Federation of Indian Chambers of Commerce and Industry Secretary General Amit Mitra said.

Mitra said Singh is the only one in the government who has served as Finance Minister, RBI Governor and Chief Economic Adviser.

Singh was also Secretary (Economic Affairs) and Deputy Chairman of the Planning Commission.

Assocham Secretary General D S Rawat said the "industrial confidence would get a boost" with the Prime Minister retaining the charge of the Finance Ministry. Singh had gone to Washington to attend the G-20 meeting called by US President George W Bush, where he sought increased role of the developing countries in the new financial architecture after the global downturn.

India Inc to go for inclusive growth

Apart from focusing on their topline and bottomline, the corporates would now also be seen focusing on inclusive growth.

The ministry of corporate affairs has suggested that the corporates should come together and work along with the government in promoting inclusive growth in the country.

Anurag Goel, secretary, ministry of corporate affairs, "In the present global scenario, it's not just the government or the regulators that have a role to play, but even the corporates should come together and play an effective role to contribute in the country's inclusive growth". The 11th Plan defines inclusive growth to be "a growth process which yields broad-based benefits and ensures equality of opportunity for all". The ministry of corporate affairs and industry chamber, Confederation of Indian Industry (CII) had recently come out with a study on the Corporate Social Responsibility (CSR) in which the role of private sector in fostering inclusive growth and globalization has been recognised.

Almost all major companies in India have a CSR programme in areas like education, health, livelihood creation, skill development, empowerment of disabled and woman.

These include the Tata group, Infosys, Satyam Computer Services Limited, Bharti Enterprises, Coca Cola India Pvt Ltd, Pepsico, ITC Welcome group, Johnson & Johnson Ltd, NASSCOMM foundation, Thermax Limited, Hero Honda.

These companies in partnerships with the public sector and the civil societies have provided funds, skills, infrastructure and technical know-how to various people.

This is on lines of various countries who have taken a step forward towards the global initiatives for inclusive growth. Hong Kong and Shanghai Banking Corporation have been supporting a business school for illiterate women in western Maharashtra.

In Ghana, Barclays Bank worked with the local money collectors to provide financial services to the poor, while Ecobank has been providing funds for the website TradeNet, which is a platform for sellers in agricultural business to display their profiles and information on their commodities, prices and locations on the internet, with a view of attracting potential buyers through the Internet.

Business leaders pin hopes on India

Over 800 gather for the India Economic Summit.

The buzz was unmistakable at the Taj Palace Hotel. While the world economy crumbles, India still holds out hope, top business leaders prophesied. Local demand will drive high single-digit growth and companies will expand and create jobs.

"India is still shining. Given the current situation, I am sure at least 150 finance ministers from all over the world will give their left hand and left leg to get that growth," said Bajaj Auto Vice-Chairman Madhur Bajaj.

Confederation of Indian Industry President and ICICI Bank Managing Director KV Kamath said India will grow 7 per cent this year and 6 per cent next year. Deloitte Global CEO James H Quigley said 6 per cent growth would be good for India. "This confidence is well placed because India is still growing," he said.

British Telecom Chief Technology Officer Matt Bross talked of how the telecom major “is going steady here,” even as the company is learnt to have planned massive job cuts in its global operations. Larsen & Toubro Chairman & Managing Director AM Naik said his company would add 10,000 jobs here.

Amidst the pall of economic gloom all over the world, almost 800 business leaders from 35 countries today started to gather for the three-day India Economic Summit, the 24th edition of the annual show hosted by the World Economic Forum and the Confederation of Indian Industry. The message and the body language were clear: Everything is going right for India, the tight money market conditions and recent production cutdowns notwithstanding.

In the last few weeks, the US and German economies have contracted and China has reported a sharp drop in industrial output during October. Banks as well as manufacturing and service sector companies have announced steep job cuts. Top US automakers too are on oxygen. All this while, India’s economic managers have said they are still hopeful of clocking annual growth of around seven per cent.

In this scenario, the biggest challenge before the country is to keep its confidence high, Kamath said and added this could be done by lowering interest rates further. Both industry and the government need to ensure that the growth momentum is not lost. “The need is to have a new financial architecture and avoid arbitrage across sectors,” he said.

"In the current situation, the operative word would be protectionism but it is going to be competitiveness," said Ramalinga Raju, founder and chairman of Satyam Computer Services. He added that the world today has two special assets to leverage on to come out of the turmoil –knowledge and technology.

Keeping in view the current global situation, the summit is focusing on four areas — global shifts, managing risks, inclusive growth and future competitiveness.

Core sector growth gains momentum on coal and cement

In a pleasant surprise, infrastructure industries grew 5.1% in September, after hitting a low of 2.7% a month before. The pick-up in infrastructure growth could be pointer to an upswing in industrial production, after a disastrous August when the industrial growth plunged to 1.3%—the lowest in a decade—and sparked off fears of a recession in the economy. Since the six infrastructure industries have a 26.68% weight on the index of industrial production (IIP), “the figures may have a bit of positive impact on the IIP,” according to Naresh Thakkar, managing director of rating agency ICRA.

The growth in the infrastructure sectors was the highest in the last seven months, according to data released by the department of industrial policy and promotion. But it was still marginally lower than the 5.8% growth clocked in September 2007. The

overall growth in April-September 2008-09 was down to 3.9%, a good 3 percentage points lower than the year-ago figure.

Figures for the latest month show that only three of the six infrastructure industries showed acceleration in output. The most impressive growth was in the coal sector, where growth picked up from 6.3% in September 2007 to 10.7% in September 2008.

Figures for the first six months of the current year also show that coal output grew more than three-fold to 7.9%, from just 2.8% in April-September 2007-08.

The other sector where growth accelerated substantially in September was cement, moving up to 7.9% from 5.4% a year earlier. However, the 6% growth in cement production in April-September was still significantly lower than the 8.7% growth in the same period of the previous year.

Similarly, though the generation of electricity has climbed up marginally to 4.4% in September, the 2.6% overall growth of the sector in the first half was around a third of the growth rate in the same period last fiscal.

Food processing industry going strong

Even in times when slowdown and the fear associated with it is hitting businessmen across the globe, the Indian food processing industry remains undeterred.

The industry's order books are full. This, at a time when Asia's economic and financial systems are likely to come under increased pressure. While countries are revising their GDP figures, various sectors like auto and steel are planning to reduce their output.

The Indian food processing industry exports commodities like basmati rice, pulses, herbs, ready to eat products, pickles, chutney, gravies, poultry, meat, fruits and vegetables. These products are traveling around the world-Europe, USA, Middle East and South East Asia.

Vimal Sawansukha, MD, Aaha Impex Pvt Ltd, which exports mainly to USA said, "I export around 100 tonne of mixed spices, basmati rice, herbs, pickles, chutney and gravies." He claimed that exports have not fallen and there is no sign of it happening in the near future either.

"Food is an essential commodity and people cannot cut down on it," he opined.

Even while experts like Rajat Nag, managing director general, Asian Development Bank forecast that Asia's export-dependent economies will face a sharp slowdown as global demand weakens, food processing is probably the only sector that remains unaffected by falling global demands.

When most businesses are being consolidated, J D Gupta, proprietor, Process Enterprises, Indore, is in an expansion mode. He is foraying into exports of soya products in the next couple of months.

"There is a good demand for it in foreign markets and we have received good enquiries. I am confident that this business proposition has a great deal of potential and will do well," said Gupta. He is planning to explore markets like Europe, Middle East and Pakistan.

On the other hand, Danish Beg, finance controller, Rei Agro Ltd, said his company exports basmati rice, mainly to the gulf. He said that the company has not faced any cancellation or postponement of orders. "In fact our order book is overbooked," he claimed.

India to strengthen rural tourism

India plans to strengthen its rural tourism project so as to expose the country's unique rural way of life to foreign visitors.

Describing the rural project as "responsible tourism", Tourism Secretary Sujit Banerjee said: "This is a very innovative rural tourism project which positions India's rural way of life as a unique visitor experience."

"Now we are going into wellness, cruise, rural, adventure and faith tourism," Banerjee said.

He also said that the current global financial downturn will not affect the burgeoning tourism industry in the country.

"We are absolutely hopeful that we'll be able to overcome the current economic downturn and have robust growth rate in tourism," he said.

The Secretary said the Tourism Ministry will strive to reduce hotel tariff and bring hospitality sector on par with infrastructure sector.

"We have requested the hoteliers to reduce the tariff by 10 to 15 per cent and urged the Reserve Bank of India to put the hospitality sector on par with the infrastructure sector rather than the real estate sector to bring down rate of interest for hospitality sector," Banerjee said.

He said the total requirement of rooms for tourists in India is estimated at 2.5 lakh whereas "we have only 90,000 rooms throughout the country."

On assaults on foreign tourists, Banerjee termed the incidents as "unfortunate" and said that all efforts would be made to provide safety and security to foreign tourists.

October adds highest ever-mobile subscribers at 10.42 million

During these times of cutbacks there's one thing, which Indians are buying in abundance-mobile connections. During the month of October the country added the highest-ever addition to the mobile subscriber base at 10.42 million taking the total number of mobile users to over 325 million, according to the data released by the Telecom Regulatory Authority of India (Trai). India already has the distinction of being the world's fastest growing telecom market.

During the month of September, the total (GSM, CDMA and WLL) addition was of 10.07 million.

However, the net addition of about 10.29 million users (wire line and wireless) during the month, could have been higher but for the decline in the landline user base. The landline wireline segment saw the subscriber base falling to 38.22 million in October from 38.35 million in September. During September the net addition stood at 9.79 million. The total number of both wireless and wireline users now stand at 363.95 million, Trai said.

With this, the overall tele-density stood at 31.50% at the end of October against 30.64% in September. The total broadband subscriber base rose to 5.05 million by the end of October 2008 from 4.90 million in September.

In terms of break-up of the mobile subscriber figures, during October the GSM players added their highest-ever addition of around 8 million taking their user base to 242 million. Projections are that by the year-end the total GSM user base would stand at 250 million.

Gold demand hits record 250 tn in Q3

Demand for gold in India has reached an all-time quarterly record of Rs 30,600 crore in the third quarter (July-September) of 2008, a 66% increase over the same quarter in 2007 as investors sought a safe haven and jewellery buyers returned to the market to take advantage of softer gold prices.

In tonnage terms, demand for gold increased to 250 tonne in the third quarter of 2008 from 190 tonne in the same period of 2007, which is a 31% increase, according to Gold Demand Trends, released by the World Gold Council (WGC). Demand for gold jewellery reached 178 tonne during the quarter, registering a rise of 29% in tonnage over the same period in 2007, despite the deteriorating economic situation that is putting a greater squeeze on consumer spending. In terms of currency, this is equated to a rise of 78%, from Rs 12,300 crore to Rs 21,900 crore.

After a sluggish start to the quarter, the surge in the demand for gold jewellery was driven by the rural economic boom and urban consumers wanting to safeguard their

investments. Much of India experienced good rainfall during the monsoon, which resulted in a 'feel good' factor that boosted rural spending on gold during the festive season.

Ajay Mitra, MD, WGC, commented: "It has been an outstanding quarter for demand in India, the world's largest consumer of gold."

The data, compiled independently for WGC by GFMS Limited, showed that investment demand for gold received a similar boost by the pullback in gold prices during the third quarter. Purchases of gold bars and coins by retail investors amounted to 71 tonne, the second highest seen in a quarter on record and equivalent to a rise of 36% over the 52.3 tonne consumed in the third quarter of 2007.

"Looking forward, we believe that the uncertainties in the financial markets will continue, therefore driving investors towards gold for its safe haven and insurance policy characteristics," he said.

Govt looking to allow up to 49% FDI in FM radio

FDI limits in FM radio could soon be increased to 49 per cent for non-news channels and up to 26 per cent for news channels. News will also be allowed, according to Mr Anand Sharma, Minister of State, Information and Broadcasting.

"We are awaiting the comments from TRAI after which approval of the Cabinet shall be sought," said Mr Sharma. "We are in the process of finalisation of Phase-III of this policy which shall expand FM radio services to 275 cities across the country. This policy will follow an even more liberal dispensation than before and would promote healthy competition to benefit the masses," he added.

Special incentives are being considered for the expansion of FM radio coverage in the North Eastern states, Jammu and Kashmir and island territories. The Minister was briefing media at a conference in the Capital. Policy initiatives for Mobile TV and Headend in the Sky were also being worked on.

Pay TV homes are projected to increase from 74 million in 2007 to 115 million in 2012, and the Government reiterated its commitment to digitisation of television. Convergence of information, communication and entertainment (ICE), or the "ICE revolution", was posing an unprecedented regulatory challenge for the Government said the Minister. The Government is also looking at reforms in the cable laws and the digitalisation of cable services.

FDI in credit info cos likely to go up to 49%

The Reserve Bank of India (RBI) will now consider allowing foreign direct investment (FDI) up to 49% in credit information companies with voting rights restricted to 10%.

In an official release, the central bank has said that it would “consider allowing FDI up to 49%” in credit information companies provided the investor has a “track record of running a Credit Information Bureau in a well-regulated environment”.

It has clarified that the voting rights of the investor is restricted to 10% and that the company is a listed company. The release added the condition that “no shareholder in the investor company holds more than 10% voting rights in that company. Such a company should preferably be a listed company at a recognised stock exchange.”

It may be recalled that in July this year, the central bank had clarified that while considering applications for registration, it would ensure that no single investor, whether a resident of India or outside India, holds more than 10% of the equity capital of any credit information company.

The ceiling of 10% was equally made applicable to investments made under the Foreign Direct Investment Scheme, it had then said. Currently, India has only one credit information company, Credit Information Bureau (India) (Cibil). In February, Crisil, along with Tata Capital and Equifax, had announced plans to set up a credit information company.

Initially, Cibil’s equity was held by State Bank of India, Housing Development Finance Corporation, Dun & Bradstreet Information Services India and Trans Union International. The shareholding pattern was in the proportion of 40:40:10:10, respectively.

Foreign cos to get easy entry into India

As it tries hard to attract investments in the face of the global economic slowdown, India said that it was relaxing documentation for foreigners to start a business in the country.

Foreign companies no longer need to get their documents certified at the Indian embassy or high commission in their respective countries and new rules would shortly come into place.

"New arrangement for certification and apostillisation under the Hague Convention is in place and will be announced soon", Corporate Affairs Ministry Joint Secretary Jitesh Khosla said.

Apostillisation is the legalisation of a document for international use under the terms of the 1961 Hague Convention. Firms based in countries other than India till now have to get their documents and articles certified and apostillised by the Indian Embassy of their country.

"Now they (foreign companies) don't have to go to the Indian embassy for the purpose of certification of their articles ", he said.

However, he did not give the detailed procedure of the new arrangement and said that it would be out in public within a week.

The new idea to make the documentation easier for foreign companies is a consultative exercise between the companies and the Ministry of Corporate Affairs, he informed.

Documents which have been notarised by a notary public, and certain other documents, and then certified with a conformant apostille are accepted for legal use in all the nations that have signed the Hague Convention.

India Tajikistan ink DTAA

India and Tajikistan signed a Double Taxation Avoidance Agreement (DTAA). The agreement was signed by Central Board of Direct Taxes chairman Narendra Bahadur Singh on behalf of India and by deputy minister of finance of the Republic of Tajikistan, Norinov Jamshed Nurmahmadovich.

In the case of India, the agreement will cover income tax including any surcharge thereon and in the case of Tajikistan, the taxes on income of legal persons and taxes on income of individuals, an official statement said.

Under the said Article, a resident is a person who under the laws of a State is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

The treat provides for constitution of a project permanent establishment with a threshold period of more than one year.

It also provides for constitution of a PE where an enterprise of a contracting state carries on business in the other state through a dependent agent.

Indo-China trade to reach \$55 bn

Bilateral trade between India and China will reach \$55 billion by the end of December, surpassing the \$60-billion target for 2010, Chinese Consul-General Mao Siwei said.

At a seminar organised by the Asiatic Society Mao said, during the visit of Prime Minister Manomohan Singh to China, the two countries had set a trade target of \$60 billion, which would be surpassed.

Recalling External Affairs Minister Pranab Mukherjee's recent announcement in Guangzhou that China had become India's largest trading partner, Mao said bilateral trade was a driving force behind Sino-Indian relations.

"I believe that the surge in bilateral trade between India and China is not a chance phenomenon, but the logical result of mutual complementarities in the economic strength of our two countries," he said.

Pointing out that Indo-China relations saw a thaw since the 80s after the coldness of the 60s and 70s, Mao said a big leap had been made over the past decade.

"My understanding is that the basic consensus that both China and India do not consider each other as a security threat has paved the way for the development of bilateral relations over the last 10 years," the envoy said.

Canada and Colombia sign a free trade agreement

Canada and Colombia signed a free trade agreement, hoping to boost investment and trade flows at a time of global economic instability.

The pact, which had been criticized by union leaders who say Colombia is not doing enough to stop attacks on activists, includes side agreements on labor and environmental rights.

The deal was signed as leaders from the United States, China, Japan, Canada, Australia and other Pacific Rim economies gather in Peru's capital, Lima, for a summit of the Asia Pacific Economic Cooperation, or APEC, forum.

Potential seen for India, Egypt bilateral trade

The Union Minister for Commerce and Industry, Mr Kamal Nath said there is an enormous potential for expanding bilateral trade between India and Egypt and a need to further diversify the trade basket.

Addressing a Business Session with the Egypt President, Mr Mohamed Hosni Mubarak, Mr Nath said that the possible areas of cooperation for growth in bilateral trade volume include steel, construction, tractors & agricultural equipment, pumps and diesel engines, pharmaceuticals, tourism, auto components, information technology, fertilisers, phosphates & urea, hotel management, textiles, biotechnology and use of natural gas in cars.

Egypt has traditionally been one of India's most important trading partners in the African continent and Egypt alone accounts for almost 40 per cent of India's trade with Northern Africa, he said.

The Minister welcomed the Egyptian proposal for establishing an Indian Industrial Zone in Egypt exclusively for Indian companies. He said Egypt's strategic location makes it a gateway for the 20-country Common Market for Eastern and Southern Africa (COMESA), the 27-nation European Union and the Arab Free Trade Area.

Both the countries are already benefiting from a bilateral investment protection pact, which has been in force since 2000. “Companies such as Ranbaxy, Kirloskar, Dabur, Ashok Leyland, and Essel already have an investment presence in Egypt. I am sure that with these investments, India could well emerge among the top ten foreign investors in Egypt,” he added.

During 2007-08, India’s exports to Egypt were \$1,396.23 million compared with \$760.41 million during 2006-07. Imports (including oil imports) during the same period were \$1982.77 million compared with \$1741.65 million during the year 2006-07.

The top Indian export items include frozen meat, cotton yarn and synthetic yarn, rice, diesel, tobacco, electrical machinery, soyabean, chemicals, automobiles and components, sugar, pharmaceuticals and tea. Nearly 95 per cent of Egypt’s exports to India comprise oil and gas. Coking coal, raw cotton, rock phosphate and marble make up the balance 5 per cent.

External Sector: Foreign Trade April- July

Region/Country	Export			Import		
	US \$ million		% change	US \$ million		% change
	2007-08	2008-09	2008-09	2007-08	2008-09	2008-09
World	48131.0	64977.1	35.00	74823.1	105872.0	41.50
Africa	4776.8	5664.8	18.59	7103.3	9251.7	30.24
Egypt	433.8	784.6	80.87	431.8	793.6	83.80
Ghana	446.6	132.0	-70.44	1.0	113.2	10811.16
Kenya	359.0	548.8	52.88	630.7	879.6	39.47
Mauritius	346.8	643.1	85.43	699.7	281.4	-59.78
Nigeria	308.6	403.7	30.43	2621.6	3346.5	27.65
South Africa	936.4	728.2	-22.23	1390.1	1586.8	14.15
America	8179.8	9822.2	20.08	6540.6	10390.5	58.86
Brazil	535.2	1092.3	104.08	341.0	373.1	9.40
Canada	391.5	447.6	14.34	558.7	599.0	7.20
USA	6503.0	6897.6	6.07	735.9	787.8	7.06
Asia (excl. Middle East)	13794.0	20497.1	48.59	282.1	476.0	68.77
Bangladesh	625.8	1039.6	66.13	3849.6	5489.8	42.61
China	2579.7	3463.0	34.24	21319.4	29164.2	36.80
Hong Kong	1817.7	2140.7	17.77	8139.0	11530.6	41.67
Indonesia	568.0	945.6	66.49	905.0	661.3	-26.93
Japan	1054.5	1025.9	-2.71	1532.7	2086.6	36.14
Korea DPR (North)	289.5	561.4	93.89	1934.2	2879.6	48.87

Korea Republic (South)	716.4	1338.3	86.82	1841.9	2682.4	45.63
Malaysia	497.3	1030.2	107.18	1942.5	2776.8	42.95
Nepal	418.2	587.9	40.58	2310.6	3051.5	32.07
Pakistan	538.8	613.3	13.83	821.0	1069.5	30.27
Philippines	170.0	279.1	64.13	753.5	882.2	17.09
Singapore	1999.1	3963.0	98.24	18621.3	32812.5	76.21
Sri Lanka	802.8	1091.2	35.92	3215.2	4642.8	44.40
Taiwan (Taipei)	680.9	650.2	-4.50	1690.8	3712.5	119.57
Thailand	442.7	764.8	72.77	575.0	606.0	5.39
Viet Nam	310.9	556.5	78.99	1941.0	4007.4	106.46
Middle East	9354.8	12642.1	35.14	273.0	546.9	100.31
Iran	960.2	984.2	2.50	653.7	1328.5	103.23
Israel	476.8	583.0	22.27	4998.2	9157.3	83.21
Kuwait	213.6	25.8	33.77	4440.5	6741.6	51.82
Oman	244.1	270.0	10.63	463.4	445.7	-3.82
Saudi Arabia	1109.8	2277.1	105.18	17758.7	20881.6	17.59
Syria	151.8	122.9	-19.03	1843.5	1357.5	-26.36
UAE	5279.7	7024.9	33.06	290.5	338.9	16.63
Yemen	519.9	382.8	-26.36	710.6	1007.9	41.85
Europe	11566.3	15580.3	34.70	2948.9	4006.2	35.85
Belgium	1378.1	1670.9	21.25	1070.8	1819.9	69.96
France	778.1	1109.8	42.64	521.3	693.8	33.10
Germany	1549.4	2053.1	32.51	203.7	346.0	69.83
Italy	1266.3	1446.5	14.23	626.7	1186.5	89.33
Netherlands	1273.2	2361.5	85.47	293.1	343.6	17.25
Russia	261.3	424.5	62.48	758.4	746.6	-1.55
Spain	704.8	1065.4	51.16	4875.8	4592.6	-5.81
Turkey	510.9	613.4	20.05	632.3	823.4	30.23
UK	2053.0	2217.8	8.03	1665.8	1714.0	2.89
Oceania	357.5	552.4	54.52	3390.1	3244.3	-4.30
Australia	298.0	444.2	49.07	3206.8	2980.5	-7.06
