

4. RECOMMENDATIONS

Leather and Leather Products

- Argentina : Argentina has strong leather industry. Fashions and expectation in Argentina are similar to what is found in European countries: A lot of semi-finished leather is being exported from Argentina. Indian tanneries can enter into joint venture/tie-up either to set up semi-finished to finished stage tannery in Argentina or import semi-finished leather for converting it into finished leather. There is scope for footwear and footwear components also.
- Brazil : Scope for leather goods, leather garments, saddlery & harness is good as there is no significant manufacturing base. Tanneries can tie-up for regular supply of cow hides or setting up tanneries for processing of leather up to wet-blue stage for finishing in India according to local requirements. Sheep & goat skin can be exported to Brazil in view of limited availability in Brazil.
- Mexico : It has got a strong footwear manufacturing base under the small and cottage industrial sector. For other products like leather garments and leather accessories it has no significant base, it can be exploited in Mexico.
- Peru : Peru has a limited market for leather products as its population is just 27 million. Thus there is limited opportunities for leather goods.
- Chile : Chile offers considerable scope for leather imports like leather garments and leather goods, particularly industrial gloves, wallets, bags, etc. It is because of high production cost in the country and price advantage to Indian products of low and medium consumer range.
- Colombia : There is scope for saddlery and harness items.
- Japan : Japanese consumers have loyalty to branded products. Japanese buyers are impressed by the quality of Indian leather garments and goods, any switchover from Italian or Chinese to Indian products depends on the consistent marketing efforts of Indian exporters.

- Israel : It is not a strong market for leather garment due to warm weather. There is a huge potential for the high quality leather wallets, travel goods, and shoes.
- Greece : This country has a potential for Indian leather garments and goods despite their own strong manufacturing base. Services of a marketing expert should be taken for better business results.
- Spain : It is a good market for leather garments, particularly from good quality goat and sheep nappa leathers.
- Portugal : In spite of having a strong base for leather garments and leather goods there is a good scope for export of these items because the cost of production is much higher in Portugal as compared to India.

Basic Chemicals and Pharmaceuticals

- Malaysia : It is good to establish Chemexcil as a single contact point for sourcing Indian pharmaceuticals, chemicals, and speciality chemicals in this country.
- China : China pharma industry enjoy the rights in processed Chinese medicine, combination of Chinese and Western medicine, biochemicals, biochemical-engineering medicines, genes pills, healthcare products and updated medicine materials. This country has the fastest growing over the counter (OTC) drugs market in the world. There is stiff competition for both joint venture producers as well as importers. Potential exporters should explore every possible niche of pharma products in China.
- Panama : It does not have a domestic pharmaceutical industry. There are a couple of drug manufacturing companies but drugs are very basic and do not conform to GMP standards. MNCs have been operating in Panama for a long time. India has to make concerted efforts in pharma sector. Ranbaxy Ltd. and Aurbindo Pharma have already established their presence in the Latin America region.
- Brazil, Chile, Colombia, Venezuela, and Mexico : India has established its name as a reputed supplier of bulk drugs. Finished formulations from India are being registered in some countries of Latin America. Exports to this region are chemicals, pharmaceuticals, bulk drugs, dyestuff, incense sticks, etc. Ranbaxy, Core Health Care and Reddy Laboratories have established joint ventures in this region. Prices for medicines vary from three times to

twenty times the price of medicines in India. Indian exporters ought to focus on establishing warehouses in this region for offering prompt deliveries.

Wool and Woollen

- Australia and New Zealand : Possibilities should be explored for joint venture and opening-up of Bonded Warehouses in India so that exporters may source apparel grade raw wool within India.
- China : China: There is good potential for light weight good quality shawls, scarves, mufflers with embroidery work. Thus finished products of high quality, value added products with special designs, embroidery work have better place in Chinese market.
- South Africa : It is an emerging market for woollen apparels. Colour and designs should be developed according to the choices of consumers. Black and beige colour are preferred.

Auto Component

- Argentina : There are 14 vehicle manufacturers in Argentina. Exports, local sales, imports and investments have shown a downswing. Most OEMs are 100% owned, or with only 15-20 per cent local equity. Many MNCs components have setup their bases in Argentina.
- Brazil : Brazil has a well-established and mature automotive industry. All the vehicle manufacturers are 100% foreign owned. Most Brazilian companies of its components industry went for tie-ups with MNCs. There is tremendous potential for spare parts business for Indian companies. Cost of production is very high in Brazil, therefore, many companies have shown interests for diversifying their source to reduce the cost.
- Mexico : Mexico has a very clear Local Content Policy for automotive industry. A majority of the Mexican component manufacturers have now been taken over by MNCs. For becoming an OEM supplier, it is also necessary to have the right relationship and to be a part of a global supply system. This can be done only through strategic relationship with the MNCs.
- China : China's auto parts industry is still fragmented, with low efficiency and

little economies of scale. Leading auto-makers in China still depend heavily on parts and components supplied by their directly affiliated parts factories built in the same geographical locations. The biggest problem that faces most of joint ventures is economy of scale. China is competitive in motorcycle, medium trucks, and mini vehicles. But China's passenger car industry is in a weaker position.

Iran : In Iran, there are 13 vehicle and 1,200 components manufacturers. Iranian industry is now focusing its energies in getting into viable technology transfer arrangements from global players including Indian companies who are willing to share technology. Indian companies have acquired a lot of component technology from the global players. This technology could be made available to Iran at very economic terms through joint ventures with Indian companies. The priorities for Iran seem to be on passenger cars, modern and fuel efficient vehicles, local content, hard currency, and long-term relationship.

Fabrics

Saudi Arabia : There is a big market for textile but due to lack of fine finishing, colour fastness & processing, Indian exports are unable to fulfil the demand, which is mostly catered by Japan, Korea and China. There are opportunities for joint ventures with Saudi firms to set up the manufacturing unit in Saudi Arabia.

Kuwait : In this country, fabrics are required in small quantities, but in various designs & weaves for their local consumption. Looking into the high per capita income in Kuwait the consumption of textiles is also high as Kuwaitis love to wear different kinds of high quality textiles.

Dubai : Fabrics are imported and converted into garments or otherwise re-exported to various countries.

Thailand : Thai textile industry is a fully integrated industry, from the raw materials to the finished garments and non-apparel uses. Thai importers need good quality products and professional services at a competitive rates.

Australia : Australian market is very competitive. Fine types of cotton and coarser types of wool are generally imported. The man-made fibre industry relies almost entirely on imported feed stocks for its raw

materials. Fine count combed cotton system yarn and light weight cotton and man-made fibre woven fabrics are mainly imported. Recent additions to the Australian fashion trends have been Pashmina shawls and other made-ups. Sari fabric is widely used in fashion dresses. Embroidered, beaded and requinned fabrics and related made-ups are also being introduced in the upper market.

Sri Lanka : Sri Lanka requires quality fabrics in bulk and new innovative products with better processing as it has got large readymade garment market in Europe and the USA. Investments can be made in Sri Lanka by Indians in free trade zone for the procurement of fabrics. Joint ventures should also be established. Raw materials required by Sri Lankan industry include: striped fabrics, yarns dyed fabrics, twill fabrics, checks, plain sheeting, poplin, ducks, drills, and canvas.

USA : The US textile industry is characterised by product specialization. The US producers of man-made fibre sought higher-end, more value added, technical sophisticated applications of man-made fibre, including industrial and micro-fibre applications. Articles of apparel & clothing accessories (knitted or crocheted) and articles apparel & clothing accessories (not or of croached) are the major textiles items imported into the USA.

Exporters should know the significance of environment and child labour issues in USA. Eco-labels/standards/eco-auditing or environmental labels are very important in US market.

Canada : Canadian textiles industry is concentrated on man-made fibres, filaments, fabrics, carpets, mats, rugs, bed sheets, pillow covers, and towels. Indian exporters may consider to export domestic textile, upholstery fabrics, and cotton and synthetic yarn to the Canadian market.

Textile Labelling Act, Marketing of Imported Goods Order, Textile Labelling and Advertising Regulations, and the Customs Tariff Act are important for exporting to Canada.

Bangladesh : Bangladesh enjoys many preferences given by European Union and the USA. There is a great demand for fabrics in this market.

Tyre & Tubes, Rubber Products etc.

- Argentina : Argentina importers have shown interest in Indian products like bicycle tyres & tubes, surgical gloves and stones. For stones this market is dominated by Italy, Spain, and Brazil. Most buyers ask for liberal credit terms on supply. Thus one should be cautious about realisation of payment against supply.
- Brazil : Brazilian importers are sophisticated and tend to compare themselves with the USA and Europe. Rubber condoms, belting, auto rubber parts, synthetics resins, surgical and examination gloves, bus & truck tyres tubes and flaps, motor car tubes, etc., are important products to export to this market.
- Mexico : Mexico is quite receptive of the Indian products. Products are costly to the extent of 25 to 30 per cent because of unfavourable taxes. It is advisable to the Indian exporters to offer goods of US standard at competitive prices. Mexico largely thrives on the supplies from USA because its own manufacturing base is poor.
- Panama : Panama lies in its strategic location at the centre of South and North America, providing an excellent market access to other countries in the region. Imports into Panama are heavily tilted towards consumer and intermediate goods. This market is good though small, and takes time for order realisation. The stone companies in Panama showed keen interest in Indian stones as there is a spurt of construction activities.

Observations of Chambers of Commerce

China : ASSOCHAM's delegation to China was to develop economic and trade relations between the two countries. Both the countries will endeavour to promote trade and technological cooperation between SMEs in the respective countries. Chinese acknowledge India's economic development especially in IT and keen to see more investment.

PHD Chamber of Commerce delegation observed that there has been a change in the industrial structure. India has opportunities in Chinese market in sectors such as agro and food processing, auto components, building materials. There are tremendous opportunities in the field of construction and export of building material. Since Beijing would be hosting the 2008 Olympic Games and large scale construction work is already underway.

Gujarat Chamber of Commerce & Industry says in its report that China's industrial development has generated keen interest amongst the Indian business community about their strategy of growth. There are joint venture possibilities for Indian manufacturers in chemicals, bicycles, dry cell batteries, motor bikes, and electronic items.

Malaysia : PHD Chamber delegation report says, Malaysia is shifting from labour-intensive industry to encourage hi-tech industry. There are opportunities for Indians in construction of roads, highways, flyovers, bridge, housing, IT, food processing, LNG & CNG, tourism, etc.

Hong Kong : Hong Kong could be India's gateway to China. Manufacturing activities are now being shifted to China, particularly labour-intensive work. Hong Kong is concentrating more on the services sector, PHD Chamber report concludes.

Japan : CII delegation report suggests Indo-Japanese cooperation in IT, automotive industry, infrastructure, life sciences including biotechnology and pharma, and entertainment sector. Report also suggests that tap the convergence between Japan's investment suppliers and India's development needs in the infrastructure i.e. construction, energy management, food management, and total quality management.

- Argentina : CII delegation report states that gather more information on opportunities available in the “thrust sectors” identified by the Union Industries in Argentina and to encourage large Indian companies to take interest in these sectors. The best strategy for exporting to Argentina would be through the joint venture route because of high freight element involved in direct exporting. This needed to be explored for specific sectors with special reference to areas in which India is in a position to offer competitive technology.
- Brazil : There is strong network of Associations and Chambers in Brazil, which could be used as nodal points for exchange of business activities. They have a nationwide network amongst each other for facilitating international linkages. It is suggested by the CII and National Confederation of Industries (CNI) that an online directory of mutual business interests to be exchanged through the respective websites and video conferencing on sectoral business opportunities between CII and CNI members.
- Chile : CII report points out Chile’s liberal foreign investment policy, which accorded equal treatment to national and foreign investors, free access and economic segment and involved minimum intervention by the Chilean Government.
- USA : CII report suggests that India should at least export products worth US\$15 billion to the USA within the next five years and US\$25 billion within the next ten years. Meeting these targets will require a big push from both the industry and government. The biggest thrust has to be in the services sectors because in merchandise goods, the USA may not be completely opened to a sudden surge in exports from one particular country.
- Russia : CII suggests in the report that an important area for cooperation is to identify specific sector that could be synergised are the financial services, IT enable services, pharmaceuticals among others sectors. Both Indian and Russia should now target at least \$5 billion bilateral trade by 2005.
- Pakistan : CII business report says that technical cooperation has its significant role in industrialization of Pakistan. There is also a vast scope for export of certain components that would facilitate emergence of technology-intensive industries in Pakistan.

South Africa : UP Industrial Consultant report highlights the areas in which South African market has export potential like Indian technology specially in software, leather and leather products such as saddlery, shoes, belts, handicrafts including brassware, Chiken work, and wooden crafts.