

Big ticket Iranian delegation points to ramping up of bilateral trade

India-Iran trade target at \$25 billion by 2016



AT DELHI: President FIEO Mr M Rafeeque Ahmed (left) welcoming Dr Yahya Ale-Eshaq, President of Tehran Chamber of Commerce, Industries and Mines (TCCIM).

FIEO organised buyer seller meets and B2B meetings with a high-powered 49-member delegation from Iran in Delhi and Mumbai on May 7 and 9 respectively. Dr Yahya Ale-Eshaq, President, Tehran Chamber of Commerce & Industry and Mines (TCCIM) led the Iranian delegation and was accompanied by Mr Mohammad Mehdi Rasekh, Secretary General, TCCIM.

In the Delhi meeting held on May 7, the Indian Government was represented by Mr Arvind Mehta, Joint Secretary, Ministry of Commerce & Industry, and Mr B.S. Pradhan, Deputy Secretary, Ministry of External Affairs. Mr Mohsen Pakparvar, Deputy Ambassador, Iran, along with Mr Maddoud Rezvanian, Minister Counsellor, represented the Iranian the Embassy. Mr M. Rafeeque Ahmed, President, FIEO, and Mr Ajay Sahai, Director General & CEO, FIEO, were also present.

The supporting organization for the event included UCO Bank represented by Mr Arun Kaul, Chairman & Managing Director, and Export Credit Guarantee Corporation represented by Mr Rohit Pandya, General Manager.

Mr M. Rafeeque Ahmed during his welcome address said both the Indian and Iranian Governments are making all efforts to create a conducive environment for promoting bilateral trade relations between the two countries and to take it to the level of \$25 billion in the next four years.

He mentioned that Mr Arvind Mehta, Joint Secretary, had led a 74-member Indian delegation to Iran in March 2012 when buyer seller meets were held at Tehran, Tabriz and Esfahan, and the businessmen of both sides expressed enthusiasm for close co-operation during the meetings. As a result of the visit we have now op-

portunity to receive this large delegation from Iran in such a short span of time. He noted that the trade pattern between India and Iran changed in 2006-07 due to imports of crude oil. Since then trade has been growing both ways. In 2010-11, India's exports to Iran grew by 48% to reach \$2.74 billion against imports of \$10.92 billion. The FIEO President said India needs to identify new products to double its export to Iran so there is no difficulty in making payment of \$4-5 billion in rupees, as oil imports from Iran are to the tune of \$9.3 billion against India's total exports to Iran of \$2.7 billion.

Mr Ahmed complimented the important role played by UCO Bank in India under the leadership of Mr Kaul, and the designated Iranian banks, Parsian, Pasargad, Saman and EN Bank in Iran, for making this rupee payment arrangement operational.

Mr Arvind Mehta in his address informed about the initiatives taken

India-Iran trade

India-Iran trade stood at \$13.67 billion in 2010-11, with Iran ranked No.13 in the list of India's top trading partners. India's exports to Iran increased from \$1.85 billion in 2009-10 to \$2.74 billion in 2010-11, showing a growth rate of 47.99%. However, as per the provisional data, India's exports to Iran from April 2011 to January 2012 was \$2.10 billion which showed a decline of 10.34% as compared to exports of \$2.34 billion during the period April 2010-Jan 2011.



AT DELHI: LEFT: Mr M Rafeeque Ahmed, President, FIEO (2nd from left) and H.E. Dr. Yahya Ale-Eshaq, President, TCCIM signing an Memorandum of Understanding (MoU) in the presence of Mr Arvind Mehta, Joint Secretary, Ministry of Commerce & Industry (extreme left); and Mr Arun Kaul, CMD, UCO Bank (extreme right). Standing from left, Mr Ajay Sahai, DG & CEO; Mr Vinod Pal, Director, FIEO; Mr Mohsen Pakparvar, Deputy Head of Mission, Embassy of Iran; and Mr Aashish Jain, Joint Director, FIEO. **RIGHT:** From right: Mr Mohammad Mehdi Rasekh, Secretary General of TCCIM; Mr Rohit Pandya, General Manager, ECGC; Mr Arun Kaul, CMD, UCO Bank; Dr Yahya Ale-Eshaq, President of Tehran Chamber of Commerce, Industries and Mines (TCCIM); ; Mr Arvind Mehta, Joint Secretary, Ministry of Commerce & Industry; Mr M Rafeeque Ahmed, President, FIEO; Mr Ajay Sahai, Director General & CEO, FIEO; Mr B S Pradhan, Deputy Secretary, Ministry of External Affairs; and Mr Vinod Pal, Director, FIEO.



AT DELHI: LEFT: A view of the participants. **RIGHT:** B2B with Iranian Delegates.

at the Government level for promoting bilateral trade and shared that fruitful discussions were held during his recent visit to Iran. He mentioned that many concerns were highlighted pertaining to banking during the visit which were discussed with the counterpart organisations.

He said we have witnessed some forward steps for smoothening of the rupee- riyal payment trading arrangement but we have to take more steps to facilitate smooth trad-

ing. He noted the ECGC's proactive role in granting insurance cover for export to Iran. Mr Mehta highlighted the immense opportunities in various sectors for boosting bilateral trade between the two countries. He noted that sectors like pharmaceuticals, gems & jewellery, auto components, food commodities, engineering etc. hold a lot of potential for growth.

Mr Mehta also informed that the Ministry of Commerce is planning to sponsor focused delegations to Iran

in the near future to be co-ordinated by FIEO and mounted by concerned EPCs. He said Iranian companies can explore India's potential and diversify their export basket to India.

Mr Mehta expressed optimism that India's trade shall touch \$1 trillion in the near future which shall be around 40-50% of GDP. Further, India's domestic market is growing at a rapid pace and its middle class, which is likely to reach 600-700 million in the near term, will generate



AT MUMBAI: Mr N Shankar, Chairman & Managing Director, ECGC (2nd from right) addressing the meeting. On his right are Mr Mohammad Bagher Beigi, Acting Consul General of the Islamic Republic of Iran; Mr Amit N Goyal, Regional Chairman FIEO(WR); Mr M. Rafeeqe Ahmed, President, FIEO; Dr Yahya Ale-Eshaq, President, Tehran Chamber of Commerce, Industries & Mines; Mr Mohammad Mehdi Rasekh, Secretary General, TCCIM, & Mr Ajay Sahai, DG&CEO, FIEO. At extreme right is Ms Rashmi Fauzdar, Chief General Manager (FED), RBI.

more opportunities. He observed that in the short run it would be important that India balances the trade with Iran to make rupee-riyal payment arrangement effective.

He observed that sizeable two-way growth has been noted in the textile sector but there is good scope in sectors like pharmaceuticals, as India is a global player but its exports to Iran are below \$100 million.

Mr Mohsen Pakparvar mentioned that both the countries could aim for bilateral engagement like a free trade agreement (FTA) to take trade and investment relations further. He advised that Iranian companies could take the investment route for entering India. India and Iran could collaborate for market access in third countries like Afghanistan.

Mr Pakparvar said the Indian business community should be well

informed about the concept of UN sanctions and should be made aware that India and Iran could trade in various products not covered under these sanctions. He was optimistic of the trade opportunities for businessmen of both sides in sectors like power, pharmaceuticals and urea.

Dr Ale-Eshaq, the leader of the delegation, expressed his optimism on the future growth of Indo-Iran relation in view of the high economic and potential stakes, and also acknowledges the atmosphere created at the political level in both countries. He mentioned that co-operation can be in the form of joint ventures, investment and trade. He said TCCIM has identified the top items imported from India vis-a-vis the world, and this can give a lead to the potential items which Indian companies can focus on for increasing trade.

Dr Eshaq also observed that investment opportunities to the tune of \$200-300 million in different sectors are expected and companies from both the countries can explore oppor-

Top export items from India to Iran

Articles of iron or steel; inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes; cereals; iron and steel; boilers, machinery and mechanical appliances; parts thereof; organic chemicals; coffee, tea, spices; electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts; man-made staple fibres; man-made filaments; pharmaceutical products.



AT MUMBAI: LEFT: Mr Amit N Goyal, Regional Chairman, FIEO (WR) (left) welcoming Mr Mohammad Bagher Beigi, Acting Consul General of the Islamic Republic of Iran. **RIGHT:** From left, Mr H R Khan, Deputy Governor, RBI; Mr Uday N Mitra, General Manager (Treasury & International), UCO Bank; Mr Amit N Goyal, Regional Chairman, FIEO(WR); and Mr M. Rafeeqe Ahmed, President, FIEO.



AT MUMBAI: LEFT: A view of the interaction between delegates from Iran and India. **RIGHT:** A view of the delegates.

tunities to be associated with such projects. He mentioned that gas and petroleum are promising sectors where Iranian companies are ready for co-operation for upstream as well as downstream projects. He hoped that ECGC cover of up to 90% will enhance the trade but emphasized that more efforts need to be created by speedily addressing concerns for enhanced trade engagement in the long term.

Mr Kaul of UCO Bank elaborated on the rupee payment mechanism and hoped that a few concerns are likely to be resolved in the near term. He informed that the bank has already settled 220 claims and that 12 branches spread all over India have

been designated to handle exports to Iran with a special cell in Mumbai.

Mr Sahai of FIEO while proposing the vote of thanks encouraged the businessmen to take India-Iran business ties to new heights as they are the actual players utilizing the platform created by the Government. He also informed that FIEO has set up a designated Iran Cell and invited trade and industry to approach with their suggestions and queries connected with exports to Iran. He was optimistic of continued efforts by FIEO in close co-ordination and directions of Commerce Ministry to boost trade ties with Iran.

Top import items from Iran to India

Petroleum (crude & products); ores, slag and ash; organic chemicals; inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radioactive elements or of isotopes; fertilizers; plastic and articles thereof; salt; sulphur; earths and stone; plastering materials, lime and cement; edible fruit and nuts; peel or citrus fruit or melons; miscellaneous chemical products; zinc and articles thereof; iron and steel

FIEO and TCCIM also signed an MoU to take their partnership to a strategic level in the interest of bilateral trade relations between the two countries. The MoU was signed by Mr M Rafeeqe Ahmed and Dr Ale-Eshaq.

One to one business meetings were also organized with the visiting delegation having business interest in agri products, pharmaceuticals, textiles, engineering items, petroleum products, IT etc. and a large number of senior representatives of the Indian companies which attended the programme.

The B2B meeting in Mumbai was attended by Mr Rafeeqe Ahmed, President, FIEO, Mr N. Shankar, CMD, ECGC, Ms Rashmi Fauzdar, CGM, FED, RBI, senior officials from UCO Bank, Chairmen of EPCs, and around 250 participants representing various sectors.

Mr Amit Goyal, Regional Chairman, FIEO (WR) while welcoming the delegates on their maiden visit to Mumbai, the commercial capital of India, said it is very encouraging to see a large gathering which itself denotes the significance of bilateral trade between India and Iran.

He said FIEO's own delegation to Iran in March had received a very encouraging response. He said India is the largest importer of rice from India with India exporting around 2.2 million tonnes of basmati rice of which around 1 million tonnes are shipped to Iran. Iran is also a major importer of tea from India. Mr Goyal requested the member exporters to take the utmost advantage of the Iran Cell to discuss modalities of conducting future business which can mature to serious business deals in the days ahead.

FIEO's Mr Ahmed while addressing the gathering said the Government of India as well as Iran are making efforts to create a conducive

environment for promoting bilateral trade relations between the two countries and to take it to the level of \$25 billion in the next four years.

He was of the opinion that UCO Bank and RBI in India and Parsian, Pasargad, Saman and EN Bank in Iran are playing important roles in making the rupee payment arrangement operational. India needs to identify new products to double its export to Iran so that there is no difficulty in making payment in rupees.

He further said ECGC shall provide cover for exports to Iran, the corpus allocated for it is very limited and needs to be augmented further. There are also possibilities of advance remittances for exports happening in near future which will be looked forward as long term fruitful business relations between the two countries.

Dr Eshaq while addressing the gathering said he was very happy to be present for the B2B networking meeting amidst the large gathering in Mumbai. He said he would consider this as a great event in developing the ties between the two countries. He assures that all efforts shall be made in order to facilitate and improve trade relations between the two countries. The presence of a large gathering of importers and exporters shall improve and strengthen the ties between the two countries even more.

He further said in order to promote bilateral trade between the two countries around \$24 billion dollars has been allocated for imports such as machines and equipment, rice, wheat, soya, soyabean, foodstuff, pharmaceuticals, and IT.

He further said the presence of the delegates representing various sectors from Iran as well as India will have fruitful discussions in order to further facilitate bilateral trade between the two countries. Just like the sun, wind and the rain are essential

for living, so are financial transactions between the countries. And for that the banking sector in Iran as well as India should try to resolve all the difficulties which are being encountered during the transactions. The chambers of commerce in Iran shall provide all the assistance to the exporters from India to Iran as and when required, he assured.

Mr N. Shankar in his addressing said ECGC shall be providing cover to exporters shipping to Iran. For shipments to Iran, wherein the transactions are made in INR, the exporters can approach ECGC for the required information and assistance.

Mr Sahai while proposing the vote of thanks said highly positive initiatives are being taken by Iran as conveyed by Dr Ale-Eshaq in order to promote bilateral trade. He looked forward to more such positive steps in the days ahead from the office of the Consul General in the days ahead for the betterment of trade between the two countries.

There was a fruitful B2B meeting in which Indian companies from engineering, pharma, agriculture, food, IT, chemicals, minerals, metals, etc participated and discussed future business prospects with their Iranian counterparts. ■

Potential item of exports from India to Iran

Iron & steel (\$7.7 billion); electrical and electronic equipments (\$2.76 billion); cereals(\$2.28 billion); plastics and articles (\$2.16 billion); vehicles other than railway, tramway (\$2.09 billion); optical, photo, technical, medical etc. apparatus (\$1.39 billion); pharmaceutical products (\$1.25 billion); paper & paper-board, articles of pulp, paper and board (\$1.14 billion).

—(Source ITC. Figures in brackets indicate Iran global imports in 2010)