

India regrets African decision on UNSC

Statesman News Service

NEW DELHI, Aug. 5. — India today regretted that the African Union (AU) was unable to endorse an AU/G4 draft Framework Resolution on expansion of UN Security Council but said it would continue to engage the African countries with a view to “promoting a common understanding”.

In the wake of the development, external affairs minister Mr K Natwar Singh has already spoken to the foreign ministers of other members of the G4 — Brazil, Germany and Japan — and they agreed to remain in touch to review the situation arising out of the AU decision, external affairs ministry spokesman Mr Navtej Sarna said here.

“It is a matter of regret that the Extraordinary African Union summit held in Addis Ababa was unable to endorse an AU/G4 foreign ministers and the representatives of the AU in London on 25 July,” Mr Sarna said.

He was responding to the decision of the 53-member AU rejecting the G-4 suggestion that they accept two permanent seats without veto power.

The African leaders stuck to their demand for veto power and announced the setting up of a 10-member panel to continue talks on the council reforms.

“India has noted the decision of the AU Summit and will, in close consultation with G4 members, continue to engage African countries with a view to promoting a common understanding,” Mr Sarna said.

Elders concerned

The former external affairs minister, Mr Yashwant Sinha, today called for a discussion in the Rajya Sabha on India’s aspiration for a permanent seat in the UN Security Council and the opposition by several countries, including China and Russia.

Bringing the issue to the notice of the House during Zero Hour, Mr Sinha referred to reports of China joining ranks with the USA to oppose India’s stand on the UNSC seat. “Yesterday, as we were debating the Indo-US joint statement, the Chinese ambassador and the new US ambassador to the UN had decided to jointly oppose the G-4 resolution,” Mr Sinha said.

Noting that China had teamed up with even Russia, a friend of India, to oppose the G-4, Mr Sinha wanted a full discussion on the status of India’s campaign for a UNSC seat.

Meanwhile, President Dr APJ Abdul Kalam today expressed confidence that India will get a permanent seat in the United Nations Security Council.

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THE STATESMAN

A springboard for entry into Africa

Indian trade team identifies many areas for trade and manufacturing ties

A BUSINESS delegation from Chennai that visited South Africa early this month has found that a nearly identical business environment and huge demand for Indian products there offer tremendous opportunities for Indian entrepreneurs.

"There is a huge market for Indian products," says the report prepared by the Southern India Chamber of Commerce and Industry on the week-long visit of its eight-member delegation.

The strong historical and cultural ties between India and South Africa could serve as an ideal platform for strengthening business relationship, according to R. Veeramani, the SICCI president and leader of the delegation.

South Africa, the economic powerhouse of the African Continent, by virtue of its membership of the 13-nation Southern African Development Community, can also serve as a springboard for Indian business to enter other African markets. Moreover, members of the SADC are committed to form a free trade area.

The report listed mines and minerals, building materials, cement, textiles, auto components, chemicals and pharmaceuticals, agro food processing and information technology and telecommunications as specific areas offering scope for Indian entrepreneurs.

Opportunities in mining

Though South Africa is "very strong in mining," the processing and value addition needs to be strengthened. Indian technology and machinery are the most appropriate and cost competitive. Indian mining companies, the report says, can help in training/educating their workforce in areas relating to cutting and polishing.

Building materials is another potential area. South Africa is largely dependent on imports from Europe, particularly for tiles, which are priced comparatively high. Further, cement companies have good scope in South Africa which has a booming construction industry. According to the SICCI report, two local manufacturing units control the cement market and they also import to meet the demand.



CROSS CONTINENTAL TIES: R. Veeramani, President, Southern India Chamber of Commerce & Industry (second from right), with Marius De Jager, CEO, Johannesburg Chamber of Commerce & Industry. (Also seen) Suresh K. Goel, Indian Consul General, Johannesburg and Mahinder Khurana, Consul (Commercial), Johannesburg.

In the field of textiles, South African textile units are affected by low cost imports from China. The Indian textile industry, particularly the garment sector, can forge links with emerging "black fashion houses that need support in the form of fabric and fashion accessories."

Auto components is another growth area for Indian exporters. "There is tremendous scope for ancillary units such as shock absorbers, carburettors, brake linings and tyres," the report says. In the chemicals and pharmaceuticals sector, Indian entrepreneurs can set up units there making use of the abundant power, water and other infrastructure facilities.

However, South Africa has strict regulations relating to drug imports. It would take three to four years to get the necessary approvals and complete other formalities to launch production/export.

In agro products, the report recommends that Indian entrepreneurs can consider importing wine from South Africa, a major producer, and seek technology transfers. The food proc-

essing industry is another promising sector wherein India can take advantage of its expertise and establish good business relations. The opportunity for export and local manufacture of packaging products such as tetrapaks is very good.

Tourism is one of the fastest growing sectors in South Africa. Indian movie makers can consider some of the attractive locations there. There is also scope for business in the animation industry.

High western standards

Mr. Veeramani said the South African economy was based on free market principles and the financial, commercial and industrial standards and customs were similar to those of the United States, Europe, Australasia, Japan and the rest of Asia. The country has abundant natural resources, a well developed infrastructure and a sophisticated financial sector.

According to the report, the business environment in South Africa is by and large identical to that of India. Any subsidiary of a foreign company is regarded as a

South African company. The legal liability of the parent company is limited to the share capital committed. It need not have a South African resident director but must appoint a local manager.

As for taxation, South Africa has entered into a double taxation avoidance agreement with most of its trading partners, including India. A subsidiary is taxed at 30 per cent on profit derived on a worldwide basis while a branch of a foreign resident company is taxed at 35 per cent on its South African source of profit.

Taxed profits are remittable in full by the South African branch to the foreign head office with no withholding tax. Dividends declared by the South African Resident company are exempted from tax in the hands of shareholders.

South Africa has entered into investment protection agreements with various countries. It offers various tax incentives under a "small and medium enterprise development programme" (SMEDP) and a skill support programme. Various export in-

centives are also available.

India-South Africa trade has witnessed consistent growth since 1994. Major Indian exports include rice, cotton accessories, cotton fabrics, drugs, pharmaceuticals, natural silk, manmade yarn, machinery and instruments, rubber products, gems and jewellery, spices, castor oil, tea, paper and wood products, ceramics and refractory. South African exports to India are diamonds, gold and silver, coal, coke and briquettes, inorganic chemicals, metal ores and manufactures, metal scrap, non-ferrous metal and crude minerals, precious and semi precious stones, sugar and fertilizers.

The delegation signed memoranda of understanding with five South African chambers of commerce and held discussions with elected representatives, ministers, officials and leaders of trade and business. It has suggested the introduction of direct air services by South African Airlines from Chennai to Johannesburg via Mauritius.

N. RAVI KUMAR
in Chennai

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