

NOVEMBER 2010

## RECENT ACTIVITIES WITH THE REGION

### Business Delegation Accompanying Mrs Pratibha Devisingh Patil, Hon'ble President of India, to UAE and Syria

CII organized a business delegation to accompany Mrs Pratibha Patil, the Honourable President of India, to UAE and Syria from 23-28 November 2010. The President addressed business meetings in both countries. The Indian business delegation also had an opportunity to meet with the President for private meetings both in UAE and Syria, where business prospects, issues and future plans were shared by the members. Business opportunities and areas of cooperation were discussed during the visit with the local business communities and select government officials in both the countries. The CII team comprised of senior representatives from companies such as Punj Lloyd, Tata Communications, HCL, Thermax Group, Larsen & Toubro, Bharat Pumps and Compressors, Solo Energy, Pearl International etc.



CII Business Delegation with Hon'ble President of India Mrs Pratibha Patil

### Interaction With Mr Mohan Kumar, Ambassador of India to Bahrain : 28 October 2010

CII Organised an interactive session with Mr Mohan Kumar, newly appointed Indian Ambassador to Barhain in New Delhi. The participants discussed various issues with the Ambassador. CII has been requested to collate information from all the members active in Bahrain and share all the issues and recommendations with the Ambassador in due course, which would be helpful for him whenever he meets with the relevant members of the Royal family/Ministers.

## CONTENTS

- Recent Activities
- Briefs from the Region
- Business Opportunities/Tenders
- Forthcoming Events

## India and the League of Arab States... Exploring New Horizons: Launch of CII Publication

On 24<sup>th</sup> November, CII launched a publication titled "INDIA & LEAGUE OF ARAB STATES .. EXPLORING NEW HORIZONS". This publication was done with the support of the Embassy of League of Arab States in India. The publication explores new horizons of collaboration to harness investment and trade between India and the countries in the Arab region. This publication provides an overview of the economic scenario, policies, main sectors of industry, market size, trade



**H.E. Mr. Sami Mohammad Al-Sulaiman**, Ambassador of Kuwait to India & Chair – GCC Countries; **Mr Atul Punj**, Chairman, CII Gulf/MENA Committee & Chairman, Punj Lloyd Limited, **H.E. Mr. Youssouf Omar Doualeh**, Dean, Arab Diplomatic Corps & Ambassador of Djibouti to India; **Dr Ahmed Salem Al-Wahishi**, Chief Representative, League of Arab States Mission in India and **Dr Subakant Behera**, Joint Secretary (PP&R), Ministry of External Affairs at the launch of publication

policies and export - import scenario of India and all the 21 countries in the region. It also provides details of major players, key MNCs operating in the main sectors of Industry, opportunities for business in these countries, importance agencies, websites for reference and FDI in the region.

Dr Subakanth Behera, Jt Secretary (PP&R), Ministry of External Affairs also spoke at the launch. This publication intends to serve as a handbook to the business community to facilitate them in taking decisions based on well-

supported facts and guidance. The common sectors of interest between both regions include oil and gas, chemicals, infrastructure, real estate and food processing, among others. Moreover, investments from the LAS region into India have been on an upswing, especially in sectors such as infrastructure, real estate, telecom and food processing added Dr Ahmed Salem Al-Wahishi, Chief Representative, League of Arab States Mission in India; H E Mr. Youssouf Omar Doualeh, Dean, Arab Diplomatic Corps & Ambassador of Djibouti to India said that publication will further help businesses further trade and explore new areas of business interest. H E Mr Sami Mohammad Al-Sulaiman, Ambassador of Kuwait to India & Chair – GCC Countries added that security, defence and education are new areas of interest which will forge the relationship ahead. "The business guide will serve as a reference material for Indian Industry and for the business community of these countries to better understand the market trends and business opportunities and provides an in-depth analysis of the trade and economic dynamics of India and the members of the League of Arab States" said Mr. Atul Punj, Chairman, CII Gulf/MENA Committee & Chairman, Punj Lloyd Ltd. **Members who are interested to purchase the publication to please contact [p.haridas@cii.in](mailto:p.haridas@cii.in)**

## Business Delegation to Iran : 6-9 October

CII organized a 12-member Mission to Iran from the 6-9 October 2010. This is the 4<sup>th</sup> consecutive year that CII is organizing the delegation coinciding with the Tehran International Fair. This time around CII also participated, at the Iran International Fair. Another highlight of the visit was that CII, in partnership with Embassy of India, Iran-India Business Council (IIBC) (Iran), Iran Chamber of Commerce, Industries & Mines (ICCIM), Tehran, Iran Trade Promotion Organization (ITPO), Ministry of Commerce and Organization for Investment, Economic & Technical Assistance of Iran (OITETAI), Ministry of Economic Affairs & Finance, Islamic Republic of Iran (IRI), organized the "India Iran Business Seminar" on 7<sup>th</sup> October 2010 in Tehran, which was attended by about 200 businessmen from Iran. The inaugural session of the Seminar was addressed by **Mr Sanjay**



Indian Ambassador to Tehran Mr Sanjay Sing addressing at the Seminar

**Sing**, Ambassador of India to Iran, **Mr Amir Talebi**, Director General of Foreign Trade (Asia & Oceania), Islamic Republic of Iran, **Mr Sayed Mohamed Qasim Kholdinasab**, Director for Foreign Investment OIETAI, Ministry of Economic Affairs & Finance, **Mr Chitranjan Kapur**, Chairman & Managing Director, Heavy Industrial Minerals Pvt Ltd and **Mr Faraz Edrissian**, Managing Director, Sarfarazan Persia and Board Member of Iran-India Business Council.

The seminar also included focused presentations on sectors of EPC, Energy, Auto Components and Manufacturing by CII delegation members and perspectives on India Iran cooperation in these sectors.

The members also met with **H.E. Dr. Mehdi Fakhari**, Vice President for International Affairs, Iran Chamber of Commerce, Industries & Mines (ICCIM), **Mr Sayed Mohamed Qasim Kholdinasab**, Director for Foreign Investment OIETAI, Ministry of Economic Affairs & Finance, **Mr Hossein Kashanpur**, Governor and businessmen of Robat Karim County, one of the active industrial hubs of Iran, well connected by road/air and is close to Tehran.



Exchange of MoU between CII and Yazd Chamber of Commerce, Industries and Mines

The members visited the Yazd province, where business meetings were organized by the Yazd Chamber of Commerce, Industries & Mines and by the Exporters Union of Yazd. Both the meetings were addressed by **Mr M R Babaei**, Deputy Governor General of Yazd Province, **Mr Seyed Ahmad Akhvan Dastmalchi**, President of the Yazd Chamber of Commerce and **Mr Amant Yazdi**, General Manager, Yazd Exporters Union also addressed the meetings and shared their views on the various opportunities to enhance India Iran economic and commercial relations. CII also signed a MoU with the Yazd Chamber of Commerce, Industries and Mines during the visit.

## BRIEFS FROM THE REGION

(Source: E&C Reports, Embassy of India)

### KINGDOM OF BAHRAIN

- According to a study by Oxford Business Group, Bahrain managed a healthy growth rate of three percent even through the worst months of the global economic downturn. Bahrain's growth in economic output reached eight percent in 2007 and six percent in 2008, when oil prices plummeted. It has its own track of economic diversification carved out for a strong future. Its

transparent business-friendly environment which has long helped give an edge with investors is being enhanced by the Government's decision to make industrial expansion a key component as it diversifies the economy. The Bahrain economic model has proven to be resilient and flexible in the light of the global economic downturn.

- The National Oil and Gas Authority (NOGA) has announced plan to drill eight gas wells at a cost of \$ 200 million to meet additional gas demand over the next five years, which will add 500 million cubic feet per day of gas to Bahrain’s production, from the present 250 million cubic feet. More than \$ 5 billion has been earmarked for new projects at the Bahrain Petroleum Company (Bapco)’s refinery.

## STATE OF KUWAIT

- The Kuwaiti Government has finalized a mechanism to finance projects of the development plan (2010-14) by preparing a draft law allowing banks to finance the plan by KD 30 billion. This will be supervised by the Central Bank of Kuwait (CBK), which will help in overcoming obstacles pertaining to banks and contractors, and solidify the level of trust in financing deals between the involved banks and the companies. The Government has apparently expressed willingness to support banks through guaranteeing the funds there or providing long term credit facilities which can help the banks to raise the necessary financing. The draft law says that the government will insure easier conditions and restrictions through CBK on loans and financing contracts. The average cost of annual investment in any of the development projects, which are being carried out in a variety of fields including oil and natural gas extraction and infrastructure, has been estimated at around KD 7.7 million.
- A report by the World Bank titled “40 years of Development Assistance from Arab Countries” mentioned that over the past 4 decades, Arab aid has played an important role in global development finance. The report stated Arab donors, predominantly Saudi Arabia, Kuwait and the UAE have been among the most generous in the world, with their Official Development Assistance averaging 1.5% of their combined Gross National Income (GNI) during the period 1973-2008, which was more than twice the United Nations target of 0.7%. The report pointed out that aid from Kuwait have increased since 2002, both in volume and as share of GNI, as oil prices have risen and post-conflict reconstruction needs have expanded.
- Kuwait National Petroleum Company (KNPC) announced on September 6, signing of a contract to establish an acid-gas removal plant with Italy’s Tecnimont S.p.A. The project will be executed on a Lump-Sum Turnkey contract basis for KD 117 million (approximately US\$ 406 million) and is expected to be completed by 2014 at the 460,000 bpd Al-Ahmadi refinery. The contract foresees the provision of

engineering, procurement, construction and commissioning (EPCC) services for a brand new process train of gas handling and sweetening facilities - a new AGRP unit, as well as for the revamping of the existing gas handling facilities - the existing AGRP unit, within the port. The New AGRP facilities are an integral part of KNPC’s environmental plans and commitment and will contribute in a significant manner to reduce emissions by producing clean fuels.

- National Bank of Kuwait (NBK) has been named, for the 3<sup>rd</sup> consecutive time, one of the world’s safest banks in 2010 by the leading US-based Global Finance. NBK, which has been ranked 38 in the list, is the first and only Middle East and Arab bank to be enlisted among the world’s safest banks. NBK has maintained its last year’s position, surpassing major international banks such as Deutsche Bank, JPMorgan Chase, Lloyds Banking Group, Societe General and Wells Fargo. Global Finance indicated that NBK was among the few banks that succeeded in achieving growth in both profits and shareholders equity, in addition to retaining the highest long-term credit ratings amongst all banks in emerging markets despite the adverse conditions prevailing in Kuwait and the Middle East region.
- Kuwait expects to raise its electrical power capacity to 17,500 MW from the current 12,000 MW by 2014, under the 4-year Development Plan. The State will spend over KD 6 billion (US\$21.3 billion) on power and water projects.
- Kuwait plans to raise production of desalinated water to 600 million gallons a day by the end of the development plan period in 2014, from the current 400 million gallons a day. Minister of Water and Electricity, Badr Al-Shuraian had signed contracts worth KD117 million on October 24. The largest of these was a KD 72.5 million deal with ABB Group of Switzerland and Ahmediyah Construction Company of Kuwait to build a water pumping station and distribution network for Southern Kuwait.
- Kuwait’s budget surplus rose to KD 5.43 billion (US\$ 19.31 billion) during April-September of the current fiscal year, as against a projected deficit of KD 6.58 billion, on higher than forecast oil revenue, and lower spending. Revenues were KD 9.95 billion while spending was KD 4.52 billion.
- According to the “Economic Freedom of the Arab World 2010 Annual Report” co-published by the Canada based Fraser Institute, Kuwait was 2<sup>nd</sup> in economic freedom among Arab nations, after Bahrain.

## KINGDOM OF SAUDI ARABIA

- According to The Economist Intelligence Unit (EIU) Saudi Arabia's economy is forecast to grow by an average of 3.7 per cent a year in 2010-14, a slowdown from the annual average of 4.9 percent during the 2003-2008 oil boom, but a recovery from 0.6 percent in 2009, when growth was brought down by oil production cuts. Growth in the non-oil private sector is projected to pick up over the forecast period, averaging 3.9 percent, as it recovers from a tightening of bank lending and as foreign direct investment rises.
- SAMA's foreign assets rise to SR 1.57 trillion - Strong oil prices averaging \$77 a barrel in August, enabled SAMA to replenish its net foreign assets to SR 1.57 trillion (@ 419 billion) – the highest since February 2009.
- Amid freshwater scarcity, population dynamics and rapidly growing economy, Saudi Arabia – with an unlimited saltwater resources – is confronted with an urgent need to increase its sustainable supply of water. Desalination is set to be the key in the provision of clean water. Nomura International plc said in its industry report that installed desalination capacity worldwide is expected to almost double to 132.5 million m<sup>3</sup>/day by 2016 from an estimated installed desalination capacity of 69.8 million m<sup>3</sup>/day in 2009. Saudi Arabia needs new investments worth more than \$ 50 billion for desalination projects during the next 10 years.
- Research reports state that the Kingdom is investing heavily to the tune of SR1,496 billion (\$400 billion) to upgrade its infrastructure over a five-year period until 2013. The region is placing top most priority on infrastructure development across industries such as power, transportation, education, retail, real estate and oil and gas among others. Some of the mega projects are the Riyadh Power Plant; expansion of the Rabigh Power Plant; the Ras Al Zour water and power plant; the Haramain High Speed Railway linking Jeddah with Makkah and Madina and the expansion of King Khaled International Airport and Prince Mohammed Bin Abdul Aziz International Airport in Madina.
- Saudi Arabia offers new investment opportunities worth \$500 billion in energy, transport and industrial projects, Amr Al-Dabbagh, governor of the Saudi Arabian General Investment Authority, (SAGIA) announced, while speaking to businessmen at Asharqia Chamber, Dammam. He said the Ministry of Finance has been giving tax exemption incentives to investors in underdeveloped regions of the Kingdom to woo

investment and achieve balanced regional development of regions. These incentives are aimed for underdeveloped areas such as Jazan and the Northern Border Province. Al-Dabbagh also disclosed plans to establish new international economic cities in the Kingdom. Our goal is to make Saudi Arabia one of the top 10 countries in the world in 2010 in terms of competitive investment climate by providing a healthy investment condition and establishing a knowledge-based society, the SAGIA chief said. The World Bank declared Saudi Arabia the 13th most competitive country in the world in its annual Doing Business report for 2009, thus ensuring the Kingdom is well poised to achieve its goal of becoming one of the top 10 most competitive countries by 2010.

- Solar Frontier, a Japanese thin film solar company with big plans (a 100 percent subsidiary of Showa Shell), recently announced that it will supply Saudi Aramco with 10 megawatts of CIS solar modules for a car park installation in Dhahran. The installation will be one of the largest photovoltaic-covered parking lots in the world, at approximately 40 acres when completed by the end of 2011. The panels will cover 4,450 parking spaces and will have a capacity of 10 megawatts, providing all the building's daytime power needs.
- Saudi Arabia will allow foreign investment in some vital sectors such as insurance services, wholesale and retail trade, air and train transport and communication services. The negative list of investment was also revised to comply with Saudi Arabia's commitments to WTO. The new list excluded distribution services, wholesale and retail trade including medical retail services. Other sectors open to foreign investment are – distribution of cinema films and video cassettes, transportation of passengers inside cities by train and satellite transmission services. Sectors still out of bounds for foreign investors include recruitment and employment services including local recruitment offices, real estate brokerage, audiovisual and media Services, land transport except transportation by train within cities, services rendered by midwives, nurses, physiotherapists and paramedics, fisheries, blood banks and quarantines.

Indo-Saudi bilateral economic relations are on the upswing and with the privatization and diversification of the Saudi economy underway in a big way, it offers innumerable opportunities for Indian companies and investors. India is well placed to take advantage of these opportunities, given its expertise, in the following thrust areas identified by the Embassy:-

**Construction Industry** – This industry is growing at an exponential rate and the Saudi Govt has committed huge outlays to various construction projects

IT Sector – The new infrastructure being created in the Kingdom will create lot of opportunities for new business entities for creative software solutions and also for hardware infrastructure.

**Engineering** – The diversification of the economy has expanded the scope for product exports.

**Manufacturing** – As energy costs are low in the Kingdom, cost of manufacturing steel, steel products and aluminum and fertilizers would be competitive for Indian companies.

**Health Sector** – Building of new hospitals, super-specialty hospitals and Poly clinics and management of the same

**Petrochemicals** – Opportunities in downstream petrochemicals, particularly plastics.

**Mining** – Saudi Arabia has the largest deposits of phosphates and the sector offers good scope for Indian mining companies and cooperation in the fertilizer sector.

**Hotel chains** – Investments in creating large 5 star hotel chains are attractive investment ventures.

**Pharmaceuticals** – Saudi Arabia is the largest pharmaceutical market in the Gulf region, which is growing at an estimated 18.5% annually. The size of the Saudi market is estimated at USD 1.5 billion.

**Agro products** – Saudi Arabia imports most of its food items. It imports 65% of its requirement of high quality basmati rice from India. Saudi Arabia is a major importer of Indian chilled meat, but there is scope for increasing India's share of this market.

## SULTANATE OF OMAN

- Recently Public Establish for Industrial Estates (PEIE) unveiled plans for a seventh industrial park at Samayil, about 35 km from Rusayl. The facility will be set up on a roughly 7.3 millionsquare metre site off the main Muscal-Salalah carriageway. Industrial Parks which are overseen by PEIE are designed and administered to support small-and medium-sized enterprises (SMEs). In addition to Rusayl Industrial Estate, which is Oman's first to be set up in country, there are also industrial estates in Sohar, Sur, Raysut, Nizwa and Buraimi. These parks are collectively home to around 675 small and mid-scale plants involving a total investment in excess

of RO 3 billion. Overseas funding accounts for 12% of this investment.

- Sohar Industrial Estate (SIE), among the largest of PEIE's parks, is undergoing a major expansion to make way for new downstream industries. SIE currently hosts around 60 factories - in the manufacture of wide range of products such as marble, foodstuff, detergents, leather, furniture, toothpaste, beverages, ice cream, resins, glass and steel bars. A Plastic Park will also be set up to host industries downstream to the petrochemical projects currently operating or under development at the Port of Sohar. As much as 2 million square metres of land have been earmarked for downstream industries with another 5,000 square metres allocated for the Plastics Park at SIE.
- Efforts are underway to boost the investment of Sur Industrial Estate, which already houses Oman-India Fertilizer Company (OMIFCO) fertilizer projects, as well as the LNG liquefaction plants.
- While, industrial parts currently play host to the vast majority of Oman's manufacturing units, Free Zones are also set to play an equally important role in attracting industrial investments. The industrial Port of Port of Sohar has attracted more than \$ 14 billion in investments since 2002 in infrastructure, utilities and mega industrial ventures mainly Oman refineries and Petrochemicals Company (ORPC), Oman Polypropylene, Oman methanol, Sohar International RUea and Chemicals Industries (SIUCI) and Aromatics Oman, Jindal Shadeed Iron and Steel, Sharq Sohar, L&T Modular Fabrication Yard, L&T Heavy Engineering plant, Sohar Aluminium Company, Brazilian based mining giant Vale are among some examples of mega industrial projects.
- The Sultanate was ranked 4th in the Economic Efficiency Indicator for 2010-2011 which was included in the Arab Competitiveness Report 2010 published by the World Economic Forum in its website.
- The Oman government is implementing a broad strategy to develop the civil aviation sector by linking regions and governorates of the Sultanate with a number of airports. In addition to the development and modernisation of the airports in Muscat and Salalah airports, work continues at the four airports in Adam, Ras Al Hadd, Duqm and Sohar. The strategy also includes the establishment of two other airports on in Schlemm and Al Halanlyat Islands in Dhofar Governorate and the other in Hema in Al Wusta Region.

## BUSINESS OPPORUNITIES/ TENDERS

**Dubai Electric And Water Authority :** Dubai Electric and Water Authority is interested to have business tie up with Indian companies in the field of Electrical, Energy, and water. DEWA, towards this goal, DEWA wishes to provide a platform for match making between new Indian companies and local partners. DEWA is the largest government buyers of Electrical, Energy and Energy conservation products/services in Dubai. Their estimated budget for procurements, related mainly to generation, transmission and distribution of water, energy, electrical products like steam/gas turbines, Diesel/Power generators, boilers, pollution control, overhead transmission line equipment, substations, transformers, switchgear, cables, instrumentation and control systems, air conditioning, lighting fixtures, lifts, fans, firefighting systems, metering systems, valves, pumps pipes, waste water etc. is US\$ 7.6 billion.

Two of DEWA's officials are visiting New Delhi on 9<sup>th</sup> and 10<sup>th</sup> December 2010 to meet Indian companies and explain "How to do indirect and direct business with DEWA". Interested members to please contact p.haridas@cii.in.

DEWA, as a Government body is also responsible for organising Water & Energy Technology and Environment Exhibition (WETEX-2011) in Dubai from 8<sup>th</sup> to 10<sup>th</sup> March, 2011

**"Supply, Transport, Insurance, Testing, Execution, of the Civil Works, Erection and Putting Into Operation of 25 Wind Measurement Stations 60m Height in Different Zones in Syria on Turnkey Basis"** : Bid Bond: 25000 Euro : Performance Bond: 10% of total contract value. : Closing Date: 10/01/2011 : Info Contact: The National Energy Research Center (NERC), Web Site: [www.NERC.org.sy](http://www.NERC.org.sy), E-mail: [nerc@mail.sy](mailto:nerc@mail.sy), [nerc@scs-net.org](mailto:nerc@scs-net.org), Tel: +963-11-2115682, Fax: +963-11-2124215

**"Supply of Line Pipes"** : Bid Bond: 135000 Euro : Performance Bond: 5% of total contract value. Closing Date: 28/12/2010 : Info Contact: Syrian Petroleum Co. [www.spc-sy.com](http://www.spc-sy.com)

**"Supply of AC-AFD Electric Land Drilling Rigs"** Bid Bond: (A) 180,000 Euro, (B) 450,000 Euro, (C) 285,000 Euro : Performance Bond: 5% of total contract value.

Closing Date: 28/12/2010 : Info Contact: Syrian Petroleum Co. [www.spc-sy.com](http://www.spc-sy.com)

**Railway Switch Sleepers:** The Ministry of Transport, Egyptian National Railways Purchase and Store Department invited tender for Bids of Qty 30000 wooden railway switch sleepers (OAK). The technical envelope will be opened on 27<sup>th</sup> December, 2010 at 12pm local time, Cairo-Egypt. For more details to contact Arab Republic of Egypt, Ministry of Transport – Egyptian National Railway, Purchases and Stores Dept, 5th Floor, Above Shubra Tunnel, Cairo –Egypt., Fax: +202 – 25761337

**Rock Phosphate :** Polyserve Group of Egypt has expressed its interest to export Rock Phosphate to the Indian Market and is seeking for a reliable Indian importers . For more details to contact Polyserve Group, 22 Syria st., Mohandesieen, Giza,Egypt,Tel:+202-333 60 710/33360720,Fax: +202-333 51 308/333 81 875,Email: [polyserve@elgabaly.com](mailto:polyserve@elgabaly.com)

## FORTHCOMING EVENTS

### Textile Land –Egypt 2011, March 2011

The Textile Export Council of Egypt (TEC), Egypt has expressed its desire to invite participants from India for Textile Land –Egypt 2011 during the month of March 2011.. For more details to contact : Textile Land –Egypt-2011, Imtdad Ramses, Ministry of Finance Towers, Tower 6, 11<sup>th</sup> Floor, Cairo, Egypt, Telefax: +202-23420918, Email: [info@textile-egypt.org](mailto:info@textile-egypt.org), We: [www.textile-egypt.org](http://www.textile-egypt.org)

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