Government - Trade Development

Mr. Maurice Egan - Representing External Affairs and International Trade Ottawa, Ont. (Trade Commissioner)
ph 613-996-3644
fax 613-943-1103

MISSION REPORT

A number of questions to be answered/researched were developed in advance of the mission by the mission members, association representatives and EAITC officials. The questions and the mission's findings are as follows:

Determine level of foreign government involvement eg., barriers to trade, finances, duties, regulations, etc?

Indian government (Dept of Finance) imposes a 10 % duty on imported pulses. Import contracts must be registered with the National Agricultural Cooperative Marketing Federation of India (NAFED) - this was not viewed as an impediment by traders. Pakistan imposes no duty on pulses.

Both countries are going to full convertibility of the rupee on the trade account. Pakistan appears to be benefitting from liberalization of trade and India is pursuing similar policy. Income distribution is highly skewed, but middle class is growing in India (150 million and growing to 250 million by the year 2000) and Pakistan. In India a support price is set annually for lentils with cost of production a major factor in determination. Prices are currently 210-230 $US per tonne. When prices decline further, NAFED is instructed to buy. In India, policy and support price is determined by the Finance Department with input from Agriculture and other players.

Outline status of economy of India and Pakistan?

The Indian economy is booming in some areas, particularly Bombay. Multinational investment is increasing in both India and Pakistan. India has eliminated the dual exchange rate and moved to full convertibility of the rupee. (The rupee has remained relatively stable and is predicted to remain around 30 R/1 US $.) Indian exports are expected to rise as the single exchange rate provides an incentive to exporters.

The Indian budget of February 27, 1993 focused on reform and liberalization. This move to liberalization is positive but it may take several years to have a significant impact. The Indian economy is predicted to grow by 5% to 6% (maybe 7%). Major focus is on improving the Indian infrastructure. Agriculture accounts for one third of the GDP and two thirds of the population depend upon it for their livelihood.