

contact. Numerous meetings at all levels, high ranking contacts and longstanding relationships are essential to developing in Indian oil and gas officials, the confidence and enthusiasm required to support a foreign firm's business interests. The lead time and cost that a foreign company may require to develop this network of contacts and relationships could well be exorbitant. A collaboration or a link up with an influential Indian company, either as a partner or in an agency role, would enable a Canadian company to acquire access to already well established contacts and relationships.

Indian representation is important to ensure early market intelligence and appropriate follow-up activities. A good representative knows months, even years ahead of time that a tender of interest to a foreign principal would be called. They would be in a position to track developments of interest from the early planning stages right through the evolution of relevant government policies to the stage of drawing up tender specifications. Early lead time is important to ensure that a foreign firm is positioned as advantageously as possible.

Good representatives are invaluable in translating what is taking place with a particular project or contract and offering advice on appropriate strategies. They are in a position to inform the principal when a visit is required and at what level. A local representative's input is essential in determining what the competition is and for advise on the implementation of potential counter-strategies.

Indian representatives would know all the key decision-makers and would be able to determine where, in the often intensely bureaucratic system, a particular tender or project has become lodged. Their advice is often central to determining a successful approach to breaking the logjam.

A well-informed Indian representative would be fully familiar with certain aspects of the Canadian principal's business as well. In fact, Indian companies/agents are often as well versed as the Canadian company, about financing and other support services available from various government levels in Canada.

Local representation is also essential to deal with the day-to-day difficulties presented by India's tendering system. For example, obtaining a tender document from within India can be a two-day exercise. It is generally not possible to obtain documents from outside India without local assistance. Due to the relative underdevelopment of India's communications infrastructure, local representation is often essential to communicating with the oil industry's outlying regional head-quarters, as telex and telephone links can be virtually inoperative.

The Government of India has set a priority on the indigenisation of oil and gas equipment and services. At present, about 70% of Indian requirements in this sector come from abroad and the Government of India is determined to reduce this continued large outflow of scarce foreign exchange. Increasingly, a foreign company's strategy for India will need to include local representation in some form of partnership.

A system of price preferences has been introduced to support Indian suppliers of oil and gas equipment and services. In the equipment area, domestic producers are eligible for preferences ranging from 15% to 35%, depending on the degree of domestic content. Indian companies offering services are eligible for preferences ranging from 10% to 40%.

The Indian manufacturing industry, assisted significantly by the confederation of Engineering Industry—its representative association, is developing a sound working relationship with the state-owned oil and gas industry. The growing confidence of the Indian private sector, coupled with the increased awareness and determination of the Indian Government policy makers, will cause the emphasis on indigenisation to accelerate in the coming years. Foreign firms then will increasingly be required to link up with India's manufacturing and servicing capabilities if they are to successfully enter the Indian oil and gas market.

Choosing An Indian Representative—Priority Decision

The selection of an Indian representative requires a significant commitment of resources. While an agency relationship is appropriate for an initial entry into the market, the development of a more long term association is required if success is to be ensured over a medium to long term time frame.

In essence, a Canadian company may well be looking for a partner for the next 10 year period. The importance of a good local representative has been discussed previously. However, this longer term view necessitate not only excellent relationships with the entire oil and gas industry, but in addition would require