



India's Trade and Investment Potential with Maghreb Region – Exim Bank Study

Exim Bank's study titled "**Maghreb Region : A Study of India's Trade and Investment Potential**" delineates potential areas for enhancing India's trade and investment relations with countries in the Maghreb region, viz. Algeria, Libya, Mauritania, Morocco and Tunisia.

Besides increased economic activity in the Maghreb region in recent years, with real GDP growth strengthening from 4.0% in 2005 to 5.8% in 2006 accompanied by sharp rise in current account surplus, the region also accounts for around 16% of total FDI inflows into Africa. Further, the region is an important oil and gas producer, as also transit center to Southern Europe. Total trade of the region has also witnessed a two-fold rise from US\$ 78 bn in 2001 to US\$ 158 bn in 2005.

The study, while analysing the recent trends in India's total trade with the region which has doubled from US\$ 544 mn in 2001-02 to US\$ 1182 mn in 2005-06, has identified potential items of trade to further enhance bilateral trade relations. Towards this end, based on India's export capabilities and demand existing in the Maghreb Region, potential items of exports to these countries would include : articles of iron & steel, petroleum products, pharmaceutical products, machinery and transport equipments, food products, chemical products, articles of apparel and clothing, plastics & articles are some items that could boost India's exports to the region. As regards imports from the Maghreb Region, potential items would include : crude fertiliser, metaliferrous ores & metal scrap, wool raw, organic & inorganic chemicals, non-ferrous metals, electronic goods, and wood & wood products.

The study further observes that the governments of these countries have been making conscious efforts to improve investment climates and have identified certain priority sectors.

Opportunities for Indian investments exist in sectors such as exploration & exploration of hydrocarbon and other mineral deposits, agricultural and agro based sector (fisheries, food processing etc.), tourism sector with investment in the hotel industry, banking & financial services, telecommunications sector, information technology, renewable energy resources, health & education, transportation, and artisan sector (specially handicraft industries).

The Study has also delineated broad strategies and recommendations to enhance India's commercial relations with these countries, which include : focus on multilateral funded projects in the region, closer cooperation with Investment Promotion Agencies (IPAs), establishing business hub in the Region to gain access to regional markets, as also to the rest of the African and European markets, cooperation with Chambers of Commerce & Industry and Industry Associations, Preferential Trade Agreement (PTA) with the Maghreb Countries, cooperation in areas such as tourism, IT, financial services, privatisation, natural resource development, entrepreneurship & institution building (particularly SME clusters), and education & training.

With a view to enhance and facilitate India's trade and investment relations the Maghreb region, Export-Import Bank of India (Exim India) has put in place a comprehensive range of financing and support programmes to facilitate and promote bilateral commercial relations. Exim India has in place an operative Line of Credit of US\$ 10 mn to the BMCE Bank, Morocco, and has also supported several ventures in Africa, including in Morocco in the chemical and fertiliser sector. Indian companies have also implemented numerous projects in the



Maghreb region with Exim India's support, in sectors/areas including engineering consultancy services, transmission line projects, gas pipeline and turbine power projects in Algeria, Tunisia and Libya.

Towards building institutional linkages in the Maghreb region, Exim India has signed MOUs with Banque Internationale Arabe de Tunisie, Tunisia; Societe Tunisienne de Banque, Tunis; Foreign Investment Promotion Agency, Tunisia; Banque de Financement des Petites of Moyennes Enterprises (BFPME).

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