

## From Chairman's Pen



25th August, 2004

*My dear fellow exporters,*

*You will be pleased to learn that a New Foreign Trade Policy (NFTP) in place of EXIM Policy is going to be announced on 31st August. It would broadly outline the framework as to how to increase country's foreign trade in the next five years. This Trade Policy would give more thrust on exports and this would be given a National Priority Status for smooth operation without any hassles, as have been experienced by the exporting community in the past.*

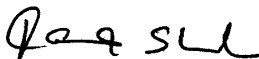
*We have all along been impressing upon the Government to give a special status to exports, as this plays a pivotal role in developing the country's economy by way of earning valued foreign exchange. Engineering sector thus can take the pride of having a lion's share to the net foreign exchange reserves of the country.*

*As you know, Council is in the process of preparing a Medium Term Strategy paper for augmenting engineering exports, which has the semblance to the new policy of the Government for the same purpose. The main idea of NFTP is to double the exports of the country so as to garner a 2% share in global exports by spearheading the development and reinforcement of Special Economic Zones (SEZ) for export expansion, manufacturing and employment. Although, there has been a significant growth in engineering exports to the extent of 28% in dollar terms during 2003-2004, we have not yet been able to touch even 1% of global trade. Your Council has, therefore, fixed a challenging target of US\$ 12 billion during this fiscal envisaging an annual average growth rate of 15% during next five years. I strongly believe that you have the required capability not only to achieve the target, but also surpass the same. I also believe that our joint efforts would enable us to achieve the 1% share of the Global Trade.*

*You may also be aware that transaction cost accounts for a considerable draft on the exporters, varying between 4 to 13% state to state. It has been reported that NFTP would make a concerted efforts to deal with such cost as bank guarantee, delay in customs documentation, ports and power supply fluctuation. Council has also made representation earlier to the Government to look into these aspects. It has further been reported that major plank of the policy framework is to march towards a phase where all exports activities are rid of debilitating tax burden.*

*Another important feature of the new policy, as reported, is the incorporation of Government funded scheme for exports to select markets. This programme such as Focus Lac, Focus Africa, Focus CIS etc. would find a place in the policy with higher budgetary support. I, therefore, strongly recommend your participation more and more in multifarious promotional activities organized by the Council from time to time so as to take the advantage of this scheme in the interest of export promotion.*

*Yours sincerely,*



**(RAKESH SHAH)**