5.2 Details

(vi) PHD CHAMBER OF COMMERCE AND INDUSTRY

Organisation : PHD Chamber of Commerce and Industry

Objective : Business-Government Study tour to study the infrastructure development pattern and the factors, which led to the development and competitiveness of China, and Malaysia in the international markets. Also to explore and identify mutually beneficial areas for promotions of bilateral trade.

Date : 29 July-10 August 2001

Countries : Hong Kong, China, and Malaysia

Summary Report

This report is based on the experiences that the delegation had during their visit in regard to the progress made by these countries in achieving economic development, particularly the importance given to infrastructure development and the efforts made to invite investments.

Indo-China relations started improving after 1979. India's exports in past two years has been growing about 50 per cent, most of the trade to Hong Kong and Taiwan is coming to China. China, Hong Kong and Taiwan is becoming more and more one market.

The Study Tour delegation visited Shenzhan, Guangzhou, Shanghai, and Beijing in China. Delegation observed that there has been a change in the industrial structure. The decade of 'ninties focused on high value added industries, i.e. electronics, home appliances, computers, automotive industry, etc. Presently the focus is on bio-technology, pharmaceuticals, IT, etc., and there is foreign investment even in infrastructure development.

With China's entry into WTO, India has opportunities in Chinese market in sectors such as agro and food processing, auto components, building materials. China's economy is growing 7 per cent annually and there is a construction boom. There are tremendous opportunities in the field of construction and export of building material. Since Beijing would be hosting the 2008 Olympic Games and large scale construction work is already underway.

Chinese reforms are backed by strong political commitment and a proactive bureaucracy for implementation. To match the political will and reforms in China, India will have to look into the competitive edge of its industry, internal and external both, and evolve an action plan. The GDP of China is contributed 50 per cent by industry whereas its only 20 per cent in India. This itself reveals that Chinese industry is the engine of growth and have created huge capacity and encouraged latest technology, unlike India where the emphasis has completely shifted off from the manufacturing sector.

Chinese have duly tapped the non-resident Chinese (NRC) potential by creating an atmosphere of safety and security of investment of overseas. Overseas Chinese community has contributed about 60-65 per cent of the total FDI in China. India has not able to successfully lure 20 million NRIs.

The report highlights the good infrastructure of Special Economic Zones which is provided before inviting industry to these Zones. Labour laws and finance are industry friendly ones. The cost of capital is very low in China with the borrowing rate of about 6-7 per cent.

While doing business with China one must take care of the following:

1. In China choosing a partner is important and the help of the Indian Embassy should be taken to check on the company with which one is indicating business with.

2. Running a plant is not difficult, but partner is important as also the need to study the Chinese market.

On Malaysia, the report mentions that Malaysia is mainly an export-oriented economy. Earlier it was promoting labour-intensive industry, now due to shortage of labour Malaysia is encouraging hi-tech industry. Following are the sectors for cooperation, which are highlighted in the report:

- Construction of roads, highways, flyovers, bridges, etc., housing, IT, food processing, LNG & CNG, tourism etc.

- Export of fresh fruits and processed fruits to Malaysia.

- Malaysia is a hub of the ASEAN region and Indian companies consider setting up office in Malaysia for marketing to the entire ASEAN region.

Hong Kong, after its reunification with China in 1997, enjoys a highly degree of autonomy. There is a clear cut separation between China and Hong Kong: Special Administration China and Hong Kong Special Administration Region. Some of the factors are given below.

- Trade and investment between Hong Kong and Mainland China are considered foreign trade and investment.
- Both have different currencies.
- There is no transfer of financial resources from Hong Kong to China, Hong Kong has its own forex reserves.
- Hong Kong issues its own passport.

The report says that Hong Kong that could be India's gateway to China. Manufacturing activities are now being shifted to China, particularly labour-intensive work. Hong Kong is concentrating more on the services sector.

Members of Delegation

1. Mr. Sushil Ansal, President, PHDCCI, Chairman, Ansal Properties & Industries Ltd., 115, Ansal Bhavan, 16, Kasturba Gandhi Marg, New Delhi-110 001.
   Leader of the Delegation
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2. Mr. Satish Bagrodia, Chairman-cum-Managing Director, Winsome Textile Indsutries Ltd., SCO 144-145, Sector 34-A, Chandigarh-160 022.
   Spinning of Cotton, Cotton Blends & Synthetic, Software Solutions, IT Enabled Services, Intermediatory Services in Capital Market, Small Hydel Projects.

3. Mr. P.K. Jain, Chairman-cum-Managing Director, The Malt Company (India) Ltd., Post Box No. 1, Khandsa Road, Gurgaon-122 001. (Haryana).

Manufacturers of Barley Flour, Barley Malt, Malt Flour, Malt Extract (Liquid), Malt Extract (Powder), Agricultural and Milling Machinery, Rubber Components for Railways, Automobiles and Two-Wheelers.

4. Mr. Ravi Jhunjhunwala, Chairman & Managing Director, LNJ Bhilwara Group, Bhilwara Towers, A-12, Sector-1, Noida-201 301(UP).
   Textile, Graphite Electrodes, Power, Sponge Iron, Software Development, IT Enabled Services.

5. Mr. B.L. Sawhney, Chairman, Sawhney Tyres Pvt. Ltd. & Sawhney Rubber Industries, B-1 Industrial Estate, GT Road, Shahdara, Delhi-110 095.
   Manufacturers and exporters of well known Sawhney Tyres, Tubes and Rubber Products for Bicycles and Two-Wheelers

6. Mr. Akash Garg, Managing Director, Asia Resorts Ltd., Timber Trail Resort, Parwanoo (H.P.)
   Hotels, Tourism, Infrastructure Development

7. Mr. Nalin Goyal, Area Director, MGRM Medicare Ltd., N-53 Panchsheel Park, New Delhi-110 016.
   Manufacturing, Marketing & Export of Rehabilitation Products which are USFDA registered.

8. Mr. Umang Sharma, Director & CEO, Bry-Air Malaysia SDN BHD, 11, JLN P/7, Bangi Industrial Estate, Bandar Baru Bangi, Selangor-43650 (Malaysia)
   Manufacturing Marketing & Export of Dehumidification Systems, Plastic Auxiliary Equipment, Flexible Barrier Storate Systems, Compressed Air Dyers and Energy Recovery Systems.

9. Mr. L.M. Goyal, Chief Secretary, Government of Haryana, Haryana Civil Secretariat, Chandigarh.

10. Mr. Pawan Kumar Sahani, Member, Legislative Assembly of Haryana, Haryana Vidhan Sabha, Chandigarh.

11. Mr. Shashi Ranjan Parmar, Member, Legislative Assembly of Haryana, Haryana Vidhan Sabha, Chandigarh.

12. Dr. Depinder Singh Dhesi, Additional Principal Secretary to Hon'ble Chief Minster, Government of Haryana, Chandigarh.

13. Mr. Vidya Dhar, O.S.D. to the Hon'ble Chief Minister, Government of Haryan, Haryana Civil Secretariat, Chandigarh.

14. Mr. M. S. Pandit, Principal Secretary, Industries & Commerce Department, Government of Jammu & Kashmir, Srinagar, Jammu & Kashmir.

15. Ms. Shabnam Pareek, Member of Secretary to the Delegation, PHD Chamber of Commerce & Industry, PHD House, Opp. Asian Games Village, New Delhi-110 016.

Conclusion

Hong Kong, after its reunification with China in 1997, enjoys a high degree of autonomy. It could be India's gateway to China.

There are vast opportunities in the sectors, like agro and food processing, auto components, building materials etc. There are tremendous opportunities in the field of construction and export of building material.

India should actively participate in Malaysia's hi-tech industry. There are opportunities in construction of roads, highways, flyovers, bridges, IT, food processing, tourism, etc.