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India, Malaysia trade set to get a big boost; tie-ups with SMEs on cards

Vinay Kamath, Business Line (The Hindu)

Chennai, 13 February 2014: Mustapa Mohamed wants to give a big boost to Indo-Malaysian trade.Given that the total trade between the two nations was only $12.3 billion in the January to November 2013 period, against Malaysia-China trade of $95 billion, the Minister of International Trade and Industry for Malaysia, sees a huge opportunity to grow the relationship.

"Malaysia and India have very strong cultural and commercial links. Both are familiar with each others' countries, there is good connectivity with air links. India is a country where we would like to step up our relations on all fronts," said Mohamed in an interview to *Business Line*.

In India recently, Mohamed led a delegation of small and medium enterprises for seminars in Bangalore and Chennai.

In Bangalore, he participated in the CII partnership summit and later travelled to Chennai with 17 officials and 30 Malaysian companies. "It's important to have face-to-face communications; you get more out of it. I can see that Indians are anxious to globalise their business; our markets are not the main markets for them, but there are a lot of opportunities," he elaborates.

On this trip, Mohamed points out that the Malaysian delegation was not talking only to the big companies, but also to many small ones as the focus is on SMEs in the IT and automotive industries. "A lot of the big companies have already invested in Malaysia, but we are looking at SMEs now," said the Minister.

In Bangalore, the seminar attracted about 160 Indian companies, while in Chennai over 200 Indian companies participated in the seminar on business opportunities with Malaysia. The seminar in Chennai was jointly organised by CII and MaTrade, the Malaysia External Trade Development Corporation.

As of now, the bilateral trade is in Malaysia's favour. Trade between the two countries has been on an upward trend – increasing more than four fold in the 2003-12 period. Malaysia's main exports to India, Mohamed pointed out, were palm oil, electrical and electronic products, crude petroleum, chemicals and transport equipment. Indian exports to Malaysia are refined petro products, live animals and meat, agri-produce and cereal. Mohamed pointed out that some of the big Indian companies such as Reliance and TCS have invested in Malaysia; TCS is a fairly big employer in the ICT sector with 1,300 people, he said. India, he said, has traditionally relied on investments from Japan, Korea, Europe and the US, but the last five years has seen a lot more investments by Malaysian companies as well. The Mumbai mono rail project, he pointed out, has been constructed by Malaysian company Scomi Engineering, along with L&T.

"Besides receiving investments from India, my main responsibility is to get Malaysian companies to invest here; long-term prospects are good here," said Mohamed.

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Groundnut exports to be hit on strict Malaysia, EU norms

Dilip Kumar Jha, Business Standard

Mumbai, 19 February 2014: Groundnut exports are likely to take a hit due to the stringent norms of the European Union (EU) and Malaysia to controlaflatoxin levels.

The two largest importers that account for 40 per cent of exports have asked Indian traders to procure a health certificate for every consignment. The Export Inspection Council of India (EIC), under the commerce ministry, is issuing certificates.

This is required in addition to other certificates, including hazard analysis and critical control points (HACCP).

“We have been appointed as the only agency for issuing health certificates for groundnut exporters to Malaysia and the EU,” said an official.

After getting complaints from the two regions, Agricultural and Processed Food Products Export Development Authority (Apeda) had told the commerce ministry repeatedly about exporters not adhering to global norms. The official said importers had warned the Apeda a suspension of shipments could kick in.

Between April and December 2013, exports fell 14 per cent in volumes to 361,642 tonnes against 420,640 a year ago. Falling global prices of oilseeds have also lowered realisations 13 per cent. The groundnut realisation fell to Rs 66,000 a tonne in the first nine months of the current financial year from Rs 76,000 a tonne a year ago.

APEDA on December 31, last year, had asked recognized exporters including processing and milling units to obtain a provisional HACCP certificate for groundnut shipment after showing documentary evidences for their capability.

For determining aflatoxins levels in groundnut and its derivatives it would be mandatory that all public private partnership (PPP) consignments meant for export to the EU will compulsorily be vacuum packed only and no other type of packing will be used. The sampling will be done in gunny bags and after clearance from the laboratory, the consignment will be vacuum packed under the supervision of the authorized laboratory, APEDA said.

“The entire trade gets affected because of a couple of errant exporters as importers set stringent norms, difficult to adhere to. Hence, exporters should always maintain global quality specification for not to spoil entire exports fraternity from India,” said Kishore Tanna, chairman of Indian Oilseeds and Produce Export Promotion Council (IOPEPC) under Ministry of Commerce.

India's output is estimated at six million tonnes this year, a rise of 10 per cent on a year ago.

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