

Interactive Session on 'Indo-German Trade in the Engineering Sector - Opportunities & Challenges' :

The Chamber organised an Interactive Session on 'Indo-German Trade in the Engineering Sector – Opportunities & Challenges' with a 2-Member visiting Delegation from VDMA – German Engineering Federation led by Mr. Ulrich Ackermann, Managing Director, Foreign Trade Division, German Engineering Federation (VDMA) on 14th September, 2012 at 11.00 a.m. at Hotel Hindustan International, Kolkata. Mr. Ackermann was accompanied by Mr. Oliver Wack, Manager South East Asia, German Engineering Federation (VDMA) and Mr. Rajesh Nath, Managing Director, German Engineering Federation (VDMA), Kolkata office.

In the course of his Welcome Address, Mr. Ashok Aikat, President observed that being the place of birth of the great physicist, Albert Einstein, Germany, over the years, has emerged as one of the greatest inventors of technology. After India's adoption of a liberal economic policy, both India and Germany share a close bilateral trade relations. Business events and regular exchange of visits of business leaders and specialists has, over the years nurtured the bilateral relationship between India and Germany, Mr. Aikat stated.

The real economic strength of Germany comes from small and medium-sized companies (SMEs), although the country is known for its large industrial giants, Mr. Aikat stated. He highlighted that Indo-German economic relations gained bonding as early as the 19th century with few of the first German companies like Krupp AG, Siemens and Bayer AG, establishing their operations in the Indian soil. According to Mr. Aikat Indo-German ties, which have traditionally been close and amicable, are particularly characterised by intensive economic co-operation. Large parts of India's exports to Germany normally consist of cotton garments and fabrics, leather and leather goods, chemical and pharmaceutical products, silk fabrics, garments, carpets and rugs as well as precious stones, Mr. Aikat observed.

It is well known that India's chemical exports have been recording a strong growth in the past two years. India's major imports from Germany are mainly machinery, chemicals and pharmaceuticals, electro-technical goods, vehicles and iron and steel, Mr. Aikat stated. Even with the slowdown in the world economy, the German machinery exports to India has increased by 18% in 2011 (in comparison to 2010) to attain a value of Euro 3.69 billion. This makes India the second largest market in Asia for German machinery manufacturers, Mr. Aikat felt. He stated that the exports from India to Germany in the machinery sector presently, are around 400 million Euros.

India's democracy and market economy ensures a sound political system and legal framework, fundamentally strong micro-economic structure, emerging new generation entrepreneurs and brilliant engineers and has thus become an attractive destination for European investors. The huge untapped skill potentials of the Indian economy lend a magnetic character to it, Mr. Aikat felt.

Mr. Ulrich Ackermann, Managing Director, Foreign Trade Division, German Engineering Federation (VDMA) observed that the objective of the Delegation was to explore the Indian market and find suitable partners interested in collaborating with the German Engineering industry. The Delegation, during its visit has previously been to Pune, Mr. Ackermann stated. During its visit to Pune, the Delegation has met 175-180 engineering firms from Maharashtra and has conducted successful B₂B meetings. The German Machinery firms, through Associations such as VDMA are aiming to improve co-operation with Indian machine manufacturers. They are also keen to establish subsidiaries in various parts of India as a business expansion plan.

VDMA, according to Mr. Ackermann, is a private, non-profit organisation funded by 3100 member companies. It employs about 970,000 people and is the largest Engineering Association in Germany. The members of the Association are predominantly from the small and medium sectors, Mr. Ackermann observed. The Association, as a part of its development activity forecasts growth and assists its members in withstanding global crisis by providing expert support.

Highlighting the trends of German goods export, Mr. Ackermann stated that Australia and Oceania have, over the years increased import demand for German goods. India's import demand from Germany has, however, remained constant while that of China and USA has increased. Chinese market for Germany, at present, is the largest. Since, India's demand for machinery is increasing with rapid growth and modernisation, it is considered to be a prospective market for Germany in the future.

The VDMA has a network of offices in eastern and south eastern Asia. It has branches situated in India, China, Japan and Russia. Through these offices, German machine manufacturers try to find Indian partners interested in collaborating with them. The reason for India to be one of the preferred business destinations for German investors is its strong infrastructural framework, large force of qualified labour, low import duties and cordial business relation with EU, Mr. Ackermann emphasised.

Mr. Oliver Wack, Manager South East Asia, German Engineering Federation (VDMA) observed that India is a prospective market for Germany. The objective of the Delegation was also to examine the incentives and Government support provided to investors by the different States Government. According to Mr. Wack, though China has created a well defined market, it has only reached a middle level of technological development. India, on the contrary has reached a comparatively higher percentage of technological development. Thus, VDMA aims to bring together research centres closer to industries in order to provide a boost to medium sized industries in particular. Being a country chiefly propelled by MSME, mechanisation of the same would prove to be beneficial for both India and Germany.

Mr. Rajesh Nath, Managing Director, German Engineering Federation (VDMA), Kolkata Office observed that there is a very good prospect for Indo- German trade in future. Presently, about 500 members of the VDMA have opened their business operations in India. The largest among them have their operations in Maharashtra.

According to Mr. Nath, the eastern part of India holds tremendous scope for industrial expansion. Though land in Bengal is scarce, small and medium scale industry till date, have not faced any problem with regard to availability of land. VDMA in India conducts an Exhibition every year to provide a forum for German industries to interact with their Indian counterparts and showcase their products. The institution also provides management training to Indian entrepreneurs by sending them to Germany. VDMA has introduced a new scheme called 'LIKO (License and Co-operation Facility) Form' which is used to resolve queries electronically regarding business opportunities in Germany to Indian investors, Mr. Nath stated.

Mr. Rajkumar Agrawal, Chairman, Global Trade Standing Committee of the Chamber offered a hearty Vote of Thanks to the Delegation lead by Mr. Ulrich Ackermann, Managing Director, Foreign Trade Division, German Engineering Federation (VDMA) and the members of the visiting Delegation.
