

Indo-Czech Bilateral Trade

A surge in two-way Investment flow



Pavel Kalina

Bata shoes, a byword for quality footwear in India, originated from Czechoslovakia in the 1920s. The luxury car Octavia, which is made by the Czech company Skoda, displays a stamp of elegance and class as it slides past the roads in Indian metros. **Pavel Kalina**, Czech Trade Commissioner in Mumbai, talks about other promising areas of collaboration and the two-way flow of investment between the two countries. Says Kalina, while Special Economic Zones in India are attractive to Czech investment, so are industrial parks in Czechoslovakia for Indian investment.

What are your views on the activities of Trade Commissioners' Forum (TCF)?

The Trade Commissioners' Forum (TCF) is a great platform that brings us together where we can make liaisons with various customers and companies and forge trade ties with various countries. We make presentations of all countries as members of the TCF. In case I am faced with a problem I can ask my colleague e.g. if my colleague from Poland has faced a similar problem earlier, it would be easier to find the solution. This is an issue taken care of by the forum. We also discuss commercial activities which can help each other. We are competitors not antagonistic.

Can you trace the history of trade relations between Czech Republic and India?

The first trade started with BATA Shoes, sometime during the 1920s or 30s. BHEL factory was developed in collaboration with Skoda. Jawa Motorcycles were manufactured in Mysore, under the famous name "Yezdi". Skoda Diesel Generating sets will still be working in several powerhouses in India. We also had collaboration for manufacture of textile machinery and printing equipments.

According to my knowledge almost all ordnance factories are having machines (like presses, lathes, forging and drilling machines) supplied by the producers in the Czech Republic.

Presently, Skoda cars have been successfully assembled in their factory in Aurangabad and TATRA Trucks manufactured in Hosoor are used by the Indian army. The Bohemian glass, the pipeline from Gujarat to Punjab and the renovation and modernisation of the thermal power station in Ennore are just a few examples of successful Czech products and activities in the Indian market.

The investment has not been made from our side alone. The Indian investment in Czech Republic is also significant.

Infosys, Mittal Steel have branches in our country. The IT boom is now shifting to Poland, Germany, Czech Republic and Hungary.

Which are the potential areas where India and Czech Republic can trade?

We see the potential in all sectors whichever sector India is interested in. The Special Economic Zones started by India has biotechnology, agriculture, IT and automobile components which can prove to be very beneficial.

How long have you been in India?

This is my second term in India. In 1997 I was the MD for Skoda Energo (now known as Skoda Power). As the Trade Commissioner, I am here for the last two and half years.

What is your view on the India economy?

India is one of the most important markets together with China and former Soviet Republic. So, India and China are the two big economies and we have to respect that.

What are the main challenges that you face, while trading with India?

The taxation system in India is the most problematic issue for us. I feel, in all the states the taxation system should be the same. In case we wish to shift our branch office from Mumbai to West Bengal, we face a lot of problems. The Special Economic Zones are a relief for us but Czech Republic is hesitating to invest in India due to the vexatious taxation policies. We can support someone establishing its company but we cannot be the main investor so far.

I am definitely happy with the Indian investment in the Czech Republic. Mittal Steel has done a great job there. Now in the Czech Republic also we have started to create Industrial parks in recent times for investments from India and other countries. ■