

## Indo-Israeli trade to touch \$ 5 billion by 2007

# The Complementary Common Bond



Daniel Zohar Zonshine

Bilateral trade between India and Israel has been steadily rising over the years, with diamonds and chemicals comprising the main merchandise. According to **Daniel Zohar Zonshine**, trade has been rising at the rate of 20 percent annually and its figures for 2004-05 is impressive at \$2.4 billion. The potential is enormous, says Zonshine, who has been exploring new areas of collaboration and personally promoting contacts between Bollywood and Israel. One good thing about India and Israel is that both are complementary to each other, with opportunities opening up in many more areas including, advanced technology, IT, nano and biotech. No wonder, Zonshine's optimism about bilateral trade reaching \$5 billion by 2007 is not misplaced.

### History of trade relations between India and Israel

A low profile economic relation existed between India and Israel even before the establishment of diplomatic relations with India in 1992. Till that year, up to \$200 million worth of trade was registered. Diamonds and chemicals were the main products of trade. The trade actually went up 1992 onwards after Israel established its embassy in New Delhi. Last year's trade figure was \$2.4 billion. The products exported from Israel to India were mainly rough diamonds, hi-tech, chemicals, telecom equipment, medical equipments, machines and electronics. The items that are exported from India to Israel were polished diamonds, textiles, chemicals, and machines. Trade between the countries is growing at a rate of 20 per cent per year and the potential is still enormous. One good thing about these two countries is they are complimentary to each other. Production and manufacturing are very expensive in Israel in comparison to India. There are opportunities for cooperation in hi-tech, IT, nanotech, biotech, medical equipment and homeland security, which both the countries are interested in. Retail and real estate are booming areas in India and Israeli companies are interested in collaboration with Indian companies in those

fields. Collaborations in biotech, nanotech, renewable energy, water management and environmental technologies are the areas where Israel can collaborate with India on a government level.

In 2005, the Minister of Science and Technology Kapil Sibal had visited Israel and signed an R&D agreement on areas mentioned above. Taking all that into consideration a bright future for our economic relations can be predicted.

I have been personally trying to promote the contacts between Bollywood and Israel as a potential location for film shooting. Israel is close to India, has a variety of scenic beauty and trained people. In the second stage, we will be promoting an agreement for bilateral co-production. We are also promoting tourism between the countries - India is very popular among young Israeli back packers and Israel can be a very interesting destination for tourists, businessmen and pilgrims alike.

### Could you name a few successful Israeli companies operating in India and Indian companies in Israel?

There are two Israeli irrigation companies operating in India - 'Netafim' in Baroda and 'Plastro' in Pune. ECI is a

known hi-tech telecom company operating in India, as well as Comverse, Magic and others. Hindustan Aeronautics is collaborating with Israel Aircraft Industry in Bangalore. Teva, the biggest generic firm in the world of pharmaceutical area, has a center in Noida.

From the Indian side, TCS has opened an office in Israel and so did Wipro. Many diamond merchants from India are living in Israel and facilitating the commerce of this branch that comes to 68% of bilateral trade.



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

I believe it is an important forum. It is a great initiative and we will bring this advantage into force. As far as the competition between the member countries are concerned, I believe, India has a vibrant and fast moving economy to have many countries doing business here.

**What are the issues or bottlenecks that you face while trading with India?**

The diamond industry is an important part of trade between India and Israel. But there is a 5.0 per cent tax on the import of cut and polished stones. The Israeli trade promoting bodies are trying to get some kind of discounts in this regard to contribute more to the trade relation. We expect



the Indian government to try to promote financial protocol between the countries, to promote trade with the different states in India. This kind of agreement could be of help to the farmers of India and they will be definitely benefited out of this.

**How has been your experience in India?**

I came here in May 2005. Most of activities were directed to the economic and trade - building capacities, contacts and channels to Indian businesspeople. I look forward to plan many activities in India, inviting Indian business people to visit Israel and bring more information to Israeli businesspeople.

Currently we are trying to explore the market and business opportunities, to facilitate better trade and economic cooperation. I regularly refer to the Indian newspapers to bring to the Israelis more material to better explore the Indian economy and market. I believe that decisions in

trade are based on information, hence, we have to make an effort to bring updated and correct information and guide the Israeli companies wanting to trade with India.

We have recently appointed a consulting firm to do feasibility studies for Israeli companies regarding the relevant areas of activity and companies in India. By these efforts we hope to get to a bilateral trade of \$5 billion by the end of 2007. It is not out of reach. ■

