

Cooperation spans vast areas of industry & services

India & Poland Bound in Perfect Synergy

Historically, Poland has been one of India's oldest and largest trading partners. In fact, 60 years ago Poland helped a fledgling Indian democracy in building power plants and in coal mining. Indo-Polish economic cooperation has since covered a vast range of industries and products. Poland, which has embarked on an economic reform programme with vigour, enjoys a relatively high growth rate. Many Indian companies have set up shop in Poland, taking advantage of the business opportunities available there. **Jerzy Midak**, Polish Consul in Mumbai believes that there is potential for wider cooperation between India and Poland in infrastructure, power, mining and food processing, to name a few key areas. Indo-Polish trade has more than doubled during 2002-2005 reaching to US\$ 584.83 million. It is expected to rise sharply in the next few years.



Jerzy Midak

What is the history of trade relations and the potential areas of trade and commerce between India and Poland?

Diplomatic relations between India and Poland were established in 1954, but the Consulate of Poland was established in Bombay way back in 1933. Three years ago we celebrated 70 years of our presence here. Our Consulate is one of the oldest consular missions in Mumbai and the following states are under its jurisdiction: Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Goa. Trade with other states is under the jurisdiction of the Economic and Commercial Office of the Embassy of the Republic of Poland in New Delhi.

Historically the reason of establishing consulates abroad was the need of protection of interests of the citizens of their respective countries as well as of the trade between the countries. The roots of the institution of "consulate" and "consul" reach as back as Greek and Roman times, through Middle Ages up until the present times. Today the role of the consulates is not limited only to basic consular matters i.e. protection and help to their citizens, visa work etc., but has been also extended to facilitate relationship between two

countries in other fields like trade, tourism, scientific and cultural exchange etc.

In our Consulate we do not have a separate position of Trade Commissioner like in the case of some other Consulates in Mumbai, but commercial matters are part of my activity. There are also other forms of trade promotion and facilitation - bilateral Chambers of Commerce, in our case Indo-Polish Chamber of Commerce and Industry in Mumbai and Indo-Polish Chamber of Commerce and Industries in Chennai.

When was the bilateral trade started?

According to the documents found in the archives of the Consulate of Poland, the first time trade between the two countries was started by Poland in the beginning of twentieth century. But the real trade and economic relations between India and Poland have been established after 1954. Prior to the economic and political changes which took place in our country after 1989, Poland was the second largest partner of India among the Central and Eastern European countries and was considering India the largest trade partner among developing countries. The highest trade turnover and economic cooperation were noticed in coal mining, power generation, ship building,

machine tools, transport and farm equipment in Polish export while agricultural and consumer goods comprised the Polish import from India. After regaining of independence by India, Poland has made a notable contribution in the economic development of the country by building 14 coal mines and 12 power plants and supplying 50 ships to India. The system of bilateral rupee trade lasted till the beginning of nineties when both the countries switched over to the free trade what resulted in drop of the commercial turnover.

The structure of Polish export to India includes traditional items like: transport and related equipment, mechanical machinery and equipment and their spare parts, chemical and similar products, base metals and base metal products, plastic and plastic products etc.

In our opinion there are potential chances of wider cooperation, amongst others, in: infrastructure and transport projects, machinery and equipment for power plants (including modernization of existing objects), open cast and deep mining industry, food processing industry, cooperation in maritime economy, construction of chemical plants, know-how and technology for chemical production. There are also possibilities of development of cooperation in other fields like IT, immunology and biotechnology, tourism and cultural exchange.

Which are the Indian companies present in Poland?



The structure of India's export to Poland is stable and includes traditional commodities like textiles, fabrics, garments and agricultural products. But we have noticed a steady growth in export of chemicals and pharmaceuticals, mechanical machinery and equipment, electrical equipment, automobile parts etc. India's presence in Poland is also more and more visible in other fields of cooperation. For example the significant share of the Polish steel industry belongs to Mittal Steel Group and recently Videocon has bought a factory in Poland. There are also other Indian companies negotiating for joint ventures in Poland.

Can you throw some light on the activities of TCF?

The Trade Commissioners Forum, Mumbai is an informal group of professional trade commissioners and economic representatives of foreign countries or regional trade promotion organizations of various nations represented in Mumbai by consulates or missions with career diplomats. The founding of the Trade Commissioners Forum, Mumbai in August 2000 was a result of the initiative of various trade commissioners and heads of missions with the help of AIAI.

The objective of the Forum is to work together in solving problems pertaining to business matters of individual members or concerning all members with the state government and other relevant agencies, addressing issues, participating in activities common to the interests of all members, organizing meetings with official agencies and corporate sector.

Collectively, the members of the TCF possess a huge volume of experience and expertise of global best practices in terms of trade and investment promotion. The forum also represents an opportunity for members to share this expertise, both with each other and with Indian institutions with whom they interact.

On the actual membership list of the Trade Commissioners' Forum we have 23 countries under the leadership of the Managing Committee of seven members elected for one-year term. I have the privilege to be the member of the Managing Committee for five years including two years as the Vice President of TCF.

What are the bottlenecks while doing trade with India?

Still there are some problems in trading and some difficulties with the system. It is still too bureaucratic especially the taxation system is too complicated. Different taxation policy in each state complicates and makes the



bilateral trade and foreign investment difficult in India.

For example the introduction of VAT was suppose to be uniform and would bring about a simplification of the taxation system in all states. But still the VAT system has not been implemented. Another problem which is faced by foreign companies and investors is to get the basic and correct information regarding all aspects of commercial activity in India (legal aspects, taxation, renting of property, terms of employment of local staff etc.). I know the case of Polish company which was interested in opening of an assembling factory in India.



Unfortunately, after time-consuming efforts to obtain proper and correct information required by them, they decided to open their factory in Shanghai where they were able to get all necessary details in two weeks time.

How has been your experience in India?

It is my second tenure in Mumbai. My first posting in Bombay took place during 1987-1991 and I was then the representative of the one of the biggest Polish companies operating in India. As a matter of fact, the majority of my professional life I have spent in foreign trade. My present post is a mixture of diplomatic and commercial activity.



What are changes that you see in this city or country?

I have spent almost nine years in India. During my previous stay, doing business was more complicated, less transparent and more bureaucratic than today. But I would say, it used to give a different kind of pleasure doing business here. In the past, the personal relation was considered as one of the most important factors in trade. Today, trade is more open and has fewer barriers in terms of taxation system, quotas, duties etc. which were there earlier on both sides. But today, due to the technological boom, personal interaction become minimal and quite often business partners never meet in person.

Anything you would like to add?

There is a chance for me to complete my ten years in India. I consider my stay in your country as an excellent professional experience and also as an adventure of life for me and my family. I came here in 2001 for the second time and it was my choice to come back. Out of all the options given to me I chose Mumbai. And that is because I consider Mumbai as my second home. ■