



Aspects of Economic Relations Between India and the Arab Countries of the Mediterranean

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The Arab countries of the Mediterranean consist of the countries of Syria, Lebanon, Egypt, Libya, Tunisia, Algeria and Morocco. Of these Algeria and Libya are members of the Organisation of Petroleum Exporting Countries (OPEC). Most of Algeria's oil exports are destined to the countries of West Europe and United States of America. Whereas most of Libya's oil exports goes to the West Europe.¹ Algeria has been up to now the largest exporter of gas from OPEC. Most of the Algerian and Libyan gas is also supplied to the European Countries.² Algeria and Libya is also members of the organization of Arab Petroleum Countries (OAPEC). In Addition to them Syria, Egypt and Tunisia are also members of OAPEC.³ Many of the Arab Mediterranean Countries have rich reserves of phosphate deposits and are significant exporters of Crude phosphate as well as phosphate products. The total trade volume of the Arab Mediterranean countries was estimated at about \$247.5 billions in 2005.⁴

India is a vast country of opportunities and resources. The steady economic reforms since 1991 have resulted in India becoming the second fastest growing economy in the world. During 2000-2005 India economy grew at an average annual rate of about 7 percent.⁵ Further, the growth rate of Indian economy during 2006-07 has been reported to be about 10 percent.⁶ Thus India is only next to china not only in the size of population but economic growth also. It has also an estimated strength of labour force of 509.3 million by 2006.⁷ During recent years there has been sharp

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growth in India's trade. Indian exports observed a massive increase from \$ 33.1 billion in 1996 to \$126.2 billion in 2006-07.⁸ During the same period, the size of India's imports increased from \$37.9 billion to \$190.4 billion.⁹ Thus India's total trade was estimated to have grown from \$71.0 billion in 1996 to \$ 317 billion in 2006-07.

India's economic relations with the Arab Mediterranean countries consists mainly of the bilateral trade. Therefore, this paper would discuss the trends in India-Arab Mediterranean trade, India's exports and imports and its balance of trade with these countries. The study would also deal with the scope of energy cooperation, the issue of Indian manpower exports and other aspects of economic relations between India and the Arab Mediterranean countries.

India – Arab Mediterranean Trade

The data concerning India-Arab Mediterranean trade is provided in table 1. However, it should be noted that the ministry of commerce in India has not provided detailed data of Indian imports of petroleum between 2000-2001 and 2005-06. Therefore, the data on Indian imports during this period is under valued. This would get reflected in India's Arab Mediterranean trade as well as India's total trade during this period. However, this anomaly in data is corrected in 2006-07 as the data on petroleum imports from different countries has again been made available. From table 1, it is found that India – Arab Mediterranean total trade improved from \$855.0 million in 1996 to \$5,283 million in 2006-07. Thus during this period India-Arab Mediterranean trade grew by over 500 percent. During the same period India's total trade increased from \$71,047 million to \$316,684 million, thus growing by 345 percent. Therefore, it is clear that during the above period India's trade with the Arab countries of the Mediterranean grew much faster than growth in India's trade with rest of the world. It is also reflected in the percent share of India-Arab Mediterranean trade in India's total trade which increased from 1.2 percent in 1996 to 1.7 percent in 2006-07. However, the share of India-Arab Mediterranean trade in Arab Mediterranean total trade remained at the same level during 1996-2005. However, it is necessary that various aspects of trade between India and the Arab countries of the Mediterranean are investigated. The next section deals with the trends in India's exports to the Arab Mediterranean countries.

Table – 1

Trends in India – Arab Mediterranean Trade (\$ millions)

Year	India Arab Med. Trade	India's total Trade	% i n		
India's Total Trade	Arab Med. Total trade	Arab Med. Total trade	% i n		
1996	855.0	71,047.0	1.2	105,008	0.8
1997	1,189.0	76,440.0	1.6	105,214	1.1
1998	1,269.0	76,417.0	1.7	96,889	1.3
1999	1,468.0	83,823.0	1.8	105,390	1.4
2000	9,21.0	94,149.0	1.0	152,482	0.6
2001	1,043.0	104,253.0	1.0	144,184	0.7
2002	1,030.0	109,408.0	0.9	165,040	0.6
2003	1,109.0	135,019.0	0.8	185,332	0.6
2004	1,441.0	175,710.0	0.8	234,228	0.6
2005	1,864.0	237,556.0	0.8	247,474	0.8
2005-06	2,434	252,219	1.0	-	-
2006-07	5,283	316,684	1.7	-	-

Sources:

1. Direction of Trade statistics, IMF, Washington, Various Issues
2. Ministry of Commerce, Government of India

India's Exports to Arab Mediterranean Countries

Table 2 provides information about India's exports to the Arab Mediterranean countries. It is found that India's exports to the Arab Mediterranean countries increased from \$311.0 million in 1996 to \$1,930.0 million in 2006-07. Thus during the above period, India's exports to Arab Mediterranean countries grew by 520 percent. Whereas during the same period India's exports to world increased from \$33,105 million to \$ 126,246 million thus growing by 281 percent. Hence Indian exports to the Arab countries of the Mediterranean grew much faster than the growth in India's exports to the rest of the world. This trend is also confirmed by the growing percentage share of India's total exports. India's exports to the Arab Mediterranean countries constituted 0.9 percent of India's exports

to world in 1996. This increased to 1.5 percent by 2006-07. Thus, Indian exports have been on the rise in Arab Mediterranean countries. However, an in depth study of Indian exports requires a detailed analysis of the commodity composition of India's exports to the Arab Mediterranean countries.

Table – 2

Trends in India's Exports to Arab Mediterranean Countries

(\$ million)

Year	India's Exports to A.M.Cs	India 's Exports to World	Percent
1196	311.0	33,105.0	0.9
1997	404.0	35,008.0	1.2
1998	451.0	33,437.0	1.3
1999	431.0	35,922.0	1.2
2000	294.0	42,626.0	0.7
2001	357.0	45,228.0	0.8
2002	496.0	50,496.0	1.0
2003	637.0	61,054.0	1.0
2004	936.0	75,875.0	1.2
2005	1,099.0	99,454.0	1.1
2005-06	1,606.0	103,075.0	1.6
2006-07	1,930.0	126,246.0	1.5

Source: As in Table – I

The information about the commodity composition of India's exports to the Arab Mediterranean countries has been given in table 3. From the table it is found that India's exports to Algeria, Egypt, Morocco, Syria and Tunisia grew in 2006-07 as compared to 2005-06. Whereas India's exports to Lebanon and Libya declined in 2006-07 as compared to the previous year. India's exports to Algeria increased from \$271.0 million in 2005-06 to \$336.0 million in 2006-07, thus growing by 24 percent. Vehicles, articles of iron or steel and pharmaceutical products have been important commodities constituting India's export basket. India's exports of vehicles to Algeria decreased from \$135.6 million in 2005-06 to \$129.0 million in 2006-07, thus declining by 5 percent. Exports of articles of iron or steel from India to Algeria improved tremendously by increasing from \$20.7 million in 2005-06 to \$88.4 million in 2006-07. India's exports of pharmaceutical products to Algeria increased from \$14.8 million in 2005-06 to \$1801 million in 2006-07, thus growing by 22 percent. India's exports to Egypt increased from \$672.4 million in 2005-06 to \$760.4 million in 2006-07, thus growing by 13 percent during the above period. Cotton, vehicles and machinery and mechanical appliances have been important items of India's exports basket to Egypt. Exports of cotton from India to Egypt increased from \$86.7 million in 2005-06 to \$114.5 million in 2006-07, thus growing by 32 percent. India's exports of vehicles to Egypt improved from \$44.4 million in 2005-06 to \$73.2 million in 2006-07, thus increasing by about 65 percent. Exports of machinery and mechanical appliances from India to Egypt increased from \$50.8 million in 2005-06 to \$59.2 million in 2006-07, thus growing by over 16 percent. India's exports to Lebanon decreased from \$71.8 million in 2005-06 to \$67.0 million in 2006-07, thus declining by 6.8 percent during this period. Plastic and articles thereof, gems and jewelry and meat and preparations have been important items of Indian export to Lebanon. Exports of plastic and articles thereof decreased from \$8.8 million in 2005-06 to \$ 5.5 million in 2006-07, thus declining by 37.2 percent. Exports of gems and jewelry from India to Lebanon declined from \$ 9.4 million in 2005-06 to \$4.6 million in 2006-07, thus contracting by 51 percent. However, exports of meat and preparations from India to Lebanon grew tremendously by increasing from \$0.1 million in 2005-06 to \$4.6 million in 2006-07. India's exports to Libya also declined from \$103.3 million in 2005-06 to \$86.2 million in 2006-07, thus contracting by 17 percent during this period. Rice, Articles of iron or steel and Machinery and mechanical appliances

have been important commodities in India's basket of exports to Libya. Exports of rice from India to Libya increased from \$5.6 million in 2005-06 to \$11.1 million in 2006-07, thus growing by 100 percent. Exports of articles of iron or steel also increased from \$11.6 million in 2005-06 to \$22.9 million in 2006-07, thus growing by 97 percent. However, exports of machinery and mechanical appliances from India to Libya declined considerably. India exported \$27.9 million worth of machinery and mechanical appliances to Libya during 2005-06. This declined to \$4.1 million in 2006-07. India's exports to Morocco increased from \$127.5 million in 2005-06 to \$164.2 million in 2006-07, thus improving by 29 percent. Man made filaments; vehicles and cotton have been important items in India's exports to Morocco. Exports of manmade filaments from India to Morocco increased from \$17 million in 2005-06 to \$24.8 million in 2006-07, thus growing by 45.7 percent. Exports of vehicles from India to Morocco also increased from \$17.2 million in 2005-06 to \$23.2 million in 2006-07, thus improving by 34.7 percent. India's exports of cotton to Morocco increased from \$14.0 million in 2005-06 to \$21.7 million in 2006-07, thus growing by 54.7 percent during the above period. India's exports to Syria increased from \$276.7 million in 2005-06 to \$408.1 million in 2006-07, thus growing by 47.7 percent. Articles of iron or steel, electrical machinery and equipment and parts thereof and manmade staple fibers have been important items of India's exports basket to Syria. India's exports of articles of iron or steel to Syria improved from \$5.5 million in 2005-06 to \$105.1 million in 2006-07, thus increasing tremendously. Indian exports of electrical machinery and equipments and parts thereof to Syria increased from \$23 million in 2005-06 to \$44.3 million in 2006-07, thus growing by 92.6 percent. India's exports of manmade staple fibers to Syria also increased from \$19.8 million in 2005-06 to \$42.8 million in 2006-07, thus growing by 116 percent during the period. India's exports to Tunisia also grew from \$82.6 million in 2005-06 to \$109.3 million in 2006-07, thus increasing by over 32 percent. Cotton, Plastic and articles thereof and Fish and other aquatic invertebrates have been important items of India's exports to Tunisia. India's exports of Cotton to Tunisia increased from \$13.9 million in 2005-06 to \$18.1 million in 2006-07, thus improving by 30 percent. India's exports of plastic and articles thereof to Tunisia increased from \$6.5 million in 2005-06 to \$11.5 million in 2006-07, thus growing by 77.8 percent. Exports of fish and other aquatic invertebrates from India to Tunisia increased from \$6.2 million in 2005-06 to \$11.1 million in 2006-07, thus growing by 79.2 percent.

Table – 3

Commodity composition of India's Exports to Arab

Mediterranean Countries (\$ million)

Algeria	2005-06	2006-07	Growth%
Total	271.0	129.0	24.0
Vehicles other than Railway or Tramway rolling stock and parts and accessories thereof	135.6	336.0	-5.0
Articles of Iron or steel	20.7	88.4	328.0
Pharmaceutical Products	14.84	18.11	22.0
Egypt	2005-06	2006-07	Growth%
Total	672.4	760.4	13.0
Cotton	86.7	114.5	32.0
Vehicles other than Railway or Tramway rolling stock and parts and accessories thereof	44.4	73.2	64.8
Machinery and Mechanical Appliances, parts thereof	50.8	59.2	16.4
Lebanon	2005-06	2006-07	Growth%
Total	71.8	67.0	-6.8
Plastic and Articles thereof	8.8	5.5	-37.2
Gems and jewelery	9.4	4.6	-51.0
Meat and Preparations	0.1	4.6	4,981.0
Libya	2005-06	2006-07	Growth%
Total	103.3	86.2	-17.0
Rice	5.6	11.1	100.0
Articles of iron or steel	11.6	22.9	97.2
Machinery and Mechanical Appliances	27.9	4.1	-85.2
Morocco	2005-06	2006-07	Growth%
Total	127.5	164.2	29.0
Vehicles other than Railway or Tramway rolling stock and parts and accessories thereof	17.2	23.2	34.7

Cotton	14.0	21.7	54.7
Syria	2005-06	2006-07	Growth%
Total	276.7	408.1	47.5
Articles of Iron and steel	5.5	105.1	1,507.2
Electrical Machinery and Equipments and parts thereof	23.0	44.3	92.6
Manmade staple fibres	19.8	42.8	116.3
Tunisia	2005-06	2006-07	Growth%
Total	82.6	109.3	32.4
Cotton	13.9	18.1	30.0
Plastic and Articles thereof	6.5	11.5	77.8
Fish and other aquatic invertebrates	6.2	11.1	79.2

Source: Ministry of Commerce, Government of India.

Manpower Exports

In addition to the commodity exports, manpower exports have been an important feature of the Indian economy. India is reported to have been the largest earner of foreign exchange remittances among the developing countries. Oil exporting countries have been an important destination for Indian labour force for a long time.¹⁰ Although millions of Indians work in Arab Oil exporting countries from the gulf but the same is not the position in Arab countries of the Mediterranean. Table 4 gives the data about the Indians in Arab Mediterranean countries. Only in Libya and Lebanon Indians are reported to be in respectable number that is ten thousand each in both these countries. A substantial chunk of the Indian work force belongs to the professional group like doctors, engineers, professors and other technical exports. The utility of expatriate workers in terms of remittance earning is undisputed. However, the prospects of Indian expatriate workers getting employment in large numbers in the Arab Countries of the Mediterranean has not been evaluated seriously. This requires urgent attention from the policy makers.

Table – 4**Estimated Size of Overseas India Community in the Arab Countries of the Mediterranean (December 2006)**

AMC	PIOs	Indian Citizens	Total
Algeria	7	500	507
Egypt	40	1350	1390
Lebanon	02	10000	10002
Libya	-	10000	10000
Morocco	9	300	309
Syria	10	350	360
Tunisia	8	79	87

Source:- <http://www.moia.gov.in>

India's Imports from Arab Mediterranean Countries

The trends in India's imports from Arab Mediterranean countries are available in table 5. It should again be pointed out that data concerning India's imports of oil from different countries has not been made available for the period 2000-01 to 2005-06. Thus the data on Indian imports of this period remains underestimated. However, the data on Indian imports of oil from different Countries is again available since 2006-07. Thus the data on Indian imports in 2006-07 is corrected from the earlier under estimation. From the table it is found that India's imports from Arab Mediterranean countries increased from \$544.0 million in 1996 to \$3,353.0 million in 2006-07, thus growing by over 500 percent during the above period. During the same period India's imports from the world increased from \$37,942 million in 1996 to \$190,438 million in 2006-07, thus growing by 408 percent during this period. Therefore it is found that India's imports from Arab Mediterranean countries grew faster than India's imports from rest of the world. This is also reflected in the percentage share of India's imports from Arab Mediterranean countries in India's total imports. This improved from 1.4 percent in 1996 to 1.8 percent in 2006-07. It would

be further useful to study the commodity composition of India's imports from Arab Mediterranean countries.

Table – 5

Trends in India's Imports from Arab Mediterranean Countries

(\$ million)

Year	India's Imports from AMCs	India's Imports from world	Percent
1996	544.0	37,942.0	1.4
1997	785.0	41,432.0	1.9
1998	818.0	42,980.0	1.9
1999	1,037.0	47,901.0	2.2
2000	627.0	51,523.0	1.2
2001	686.0	59,025.0	1.2
2002	534.0	58,912.0	0.9
2003	472.0	73,965.0	0.6
2004	505.0	99,835.0	0.5
2005	765.0	138,102.0	0.6
2005-06	828.0	149,144.0	0.6
2006-07	3,353.0	190,438.0	1.8

Source:- As in Table 1.

The data about the commodity composition of India's imports from Arab Mediterranean countries is provided in table 6. India's imports from Algeria amounted to \$750 million in 2006-07. Most of India's imports from Algeria consisted of petroleum oil crude, petroleum oil other than crude and petroleum gases. India's imports from Egypt was estimated at \$1,742 million in 2006-07. Most of India's imports from Egypt also consists of petroleum oil crude, petroleum oil other than crude and petroleum gases. India's imports from Lebanon declined from \$18.5 million in 2005-06 to \$11.1 million in 2006-07, thus declining by 40 percent. Diphosphorous pentoxide phosphoric acid, aluminum waste and scrap and ferrous waste and scrap have been important items of India's imports from Lebanon. India's imports from Libya amounted to \$135 million in 206-07. It mainly consisted of petroleum oil crude, petroleum oil other

than crude and nitrogenous fertilizers. India's imports from Morocco increased from \$ 456.4 million in 2005-06 to \$490.9 million in 2006-07, thus growing by 7.6 percent. Diphosphorous pentaoxide phosphoric acid and natural calcium phosphates have been important items of India's imports from Morocco. India's imports from Syria amounted to \$79.5 million in 2006-07. Petroleum oil crude has been the most important item of India's imports from Syria. India's imports from Tunisia was reported at \$144.1 million in 2006-07. Diphosphorous pentaoxide phosphoric acid and petroleum oils other than crude were important items of India's imports from Tunisia. Thus it is found that petroleum oil crude, petroleum oil other than crude, phosphate crude and phosphate fertilizers have been the main items of India's imports from Arab Mediterranean countries.

Table – 6
Commodity Composition of India's Imports from Arab
Mediterranean Countries (\$ million)

Algeria	2005-06	2006-07	Growth%
Total	14.7	750	5,017.9
Petroleum oils and oils obtained from bituminous minerals crude	-	262.7	-
Petroleum oils and oils obtained from bituminous minerals other than crude	-	399.3	-
Petroleum Gases and other gassous hydrocarbons	-	57.2	-
Egypt	2005-06	2006-07	Growth %
Total	220.4	1,742.0	690.0
Petroleum oils and oils obtained from bituminous minerals crude	-	649.0	-
Petroleum oils and oils obtained from bituminous minerals other than crude	-	789.4	-
Petroleum gases and other gaseous hydrocarbons	-	107.1	-

Lebanon	2005-06	2006-07	Growth %
Total	18.5	11.1	-40.0
Diphosphorous pentaoxide phosphoric acid	8.7	5.5	-36.7
Aluminium waste and scrap	1.1	1.7	56.6
Ferrous waste and scrap	4.0	0.2	-95.0
Libya	2005-06	2006-07	Growth %
Total	12.0	135.0	1,029.1
Petroleum oils and oils obtained from bituminous minerals crude	-	61.4	-
Mineral or chemical fertilizers nitrogenous	-	33.2	-
Petroleum oils and oils obtained from bituminous minerals other than crude	-	19.8	-
Morocco	2005-06	2006-07	Growth %
Total	456.4	490.9	7.6
Diphosphorous Pentraoxide phosphoric acid	369.9	391.5	5.9
Natural calcium phosphates	73.8	7.1	-1.0
Alumimum waste and scrap	0.9	5.3	492.7
Syria	2005-06	2006-07	Growth %
Total	5.1	79.5	1,4449.8
Petroleum oils and oils obtained from bituminous minerals other than crude	-	64.7	-
Nuts fresh or dried	1.3	4.4	245.4
Wool not carded or combed	1.5	3.1	114.7
Tunisia	2005-06	2006-07	Growth %
Total	101.2	144.1	42.5

Diphosphorous pentaoxide phosphoric acid	100.0	121.0	21.5
Petroleum oils and oils obtained from bituminous minerals other than crude	-	17.6	-
Natural calcium phosphates	-	1.4	-

Source: Ministry of commerce, Government of India

Balance of Trade

From the analysis in previous section it is found that India's trade has been growing steadily with the Arab Mediterranean countries. However, it is yet to be seen whether this growth is balanced or unbalanced. Table 7 gives data about India's balance of trade with Arab Mediterranean countries from 1996 to 2006-07. It has already been pointed out that data of Indian imports from 2000-2001 to 2005-06 is underestimated. This anomaly will be carried out in data on India's balance of trade also. Anyway India had negative balance of trade with Arab Mediterranean countries to the tune of \$233 million in 1996. This deficit increased to \$1423 million by 2006-07. Further, table 8 provides data about India's trade balance with individual Arab Mediterranean countries in 2006-07. From the table it is found that India had substantial balance of trade surplus of \$328 million with Syria. Whereas it had a similar deficit of \$327 million with Morocco. India also had trade deficits of \$982 million with Egypt and deficit of \$414 million with Algeria. In a nutshell India had been in substantial deficit in its trade with the Arab Mediterranean countries. Thus India's trade with these countries has been unbalanced. This could be reduced only by increased Indian exports to the Arab Mediterranean countries.

Table – 7

**Trends in India's Trade balance with the Arab Mediterranean
Countries (\$ million)**

Year	India's Export to Arab Med. Countries	India's Imports from Arab Med. Countries	India's Balance of Trade
1996	311.0	544.0	-233.0
1997	404.0	785.0	-381.0
1998	451.0	818.0	-367.0
1999	431.0	1,037.0	-606.0
2000	294.0	627.0	-333.0
2001	357.0	686.0	-329.0
2002	496.0	534.0	-38.0
2003	637.0	472.0	165.0
2004	936.0	505.0	431.0
2005	1,099.0	765.0	334.0
2005-06	1,606.0	828.0	778.0
2006-07	1,930.0	3,353.0	-1423.0

Source: As in Table 1

Table – 8
India's Trade Balance with different Arab Mediterranean countries (\$ million)- 2006-07

Name of the Country	India's Export	India's Imports	India's Balance of Trade	Total Trade
Algeria	336.0	7500	-414.0	1,086.0
Egypt	760.0	1,742.0	-982.0	2,502.0
Lebanon	67.0	11.0	56.0	78.0
Libya	86.0	135.0	-49.0	221.0
Morocco	164.0	491.0	-327.0	655.0
Syria	408.0	80.0	328.0	488.0
Tunisia	109.0	144.0	-35.0	253.0

Source: Ministry of Commerce, Government of India.

Energy Cooperation

From the previous sections it is already known that petroleum oil crude, petroleum oil other than crude and petroleum gases have been important items in India's import basket from many Arab Mediterranean countries. Algeria, Egypt and Libya together supplied 2.706 million tones of petroleum crude oil to India during 2006-07. This constituted about 2.5 percent of India's total crude imports during 2006-07.¹¹ In addition to these countries Syria and Tunisia also supplied India either petroleum oil crude or petroleum oil other than crude during 2006-07. Although the share of Arab Mediterranean countries in India's oil imports is very small but the fact is that oil imports constitute significant portion of India's imports from this region. However, India has been striving for participation in upstream and downstream sectors of the Arab Mediterranean countries. This has been in line with the policy of achieving energy security for India. Gujarat State petroleum corporation (GSPC) won the bid for an onshore

block in South Egypt. This block is one of the biggest exploration and production blocks in Egypt. In this block SGPC holds 50 percent stake while the rest is shared by two other consortiums partners.¹² ONGC videsh along with its partner was successful in discovering sizable oil reserves in the North Ramadan IA concession. The North Ramadan concession is surrounded by some of Egypt's most prolific producing oil fields in the gulf of Suez. ONGC Videsh and its partner IPR Red Sea have 70% and 30% participating interest respectively, in the concession. It has been estimated that this reserve may contain 200 million barrels of Crude.¹³ It was reported that Essar global would invest \$3.4 billion in a proposed 300,000 barrels per day oil refinery in northern Egypt. Other Indian oil companies have been looking at investment opportunities in Egypt to meet rising global and domestic demand.¹⁴ India's petroleum minister Mr. Murli Deora visited Egypt in early 2007. The visit provided a fillip to India-Egypt economic cooperation. Gas Authority of India ltd. (GAIL) and Egyptian Gas were also examining a possible alliance to set up gas distribution network in Egypt. Indian oil corporation (IOC) was also exploring the feasibility to set up a refinery in Egypt in partnership with Egyptian General Petroleum Corporation (EGPC).¹⁵ Indian petroleum minister also made a visit to Libya in early 2007. ONGC Videsh Ltd. signed an exploration and production sharing agreement with National oil corporation of Libya for an offshore acreage in Mediterranean Sea. The block's boundaries extend from the coastline to the water depth of about 2,200 meters.¹⁶ Earlier a consortium of Oil India Ltd. (OIL) and Indian oil corporation ltd. (IOCL) signed an exploration and production sharing agreement for an oil block in Sirte basin of Libya.¹⁷ ONGC Videsh Ltd. and China National Petroleum Corporation (CNPC) won their joint bid for Petro Canada's interest in a Syria venture. Petro Canada put up its 38 percent stake in Al furat Venture in Syria for sale. Both the firms OVL and CNPC were to share the equity in 50:50 ratio.¹⁸ ONGC has also offered to Syria to share know how to enhance recovery of oil from ageing fields. Whereas GAIL has offered to develop natural gas distribution networks for public and city transport systems in Syria.¹⁹

Other Aspects

In addition to the energy cooperation there are other aspects of growing economic relations between India and the Arab Mediterranean countries. Indian fertilizer company FACT formed a joint venture with Adi

Establishment of Syria to start a Rs. 2000 crore ammonia-Urea complex in Egypt. FACT was to have an equity participation to the extent of 50 percent in the project.²⁰ The Chennai based sanmar group entered into agreement to acquire Trust chemical industries, Egypt for a value of approximately Rs. 900 crores.²¹ Indian hospitality major Oberoi launched its luxury cruiser on the Nile, the Oberoi Zahra.²² Wipro infotech signed on MOU with Egypt's ministry of communications and information technology to set up a global development centre in Cairo's smart village²³. Indian investment in Egypt stood at \$ 700 million in about 40 projects. Indian investment in Egypt was expected to soar to \$105 billion by 2009.²⁴ Since the removal of western sanctions, Libya has also been emerging as an attractive destination for Indian companies. Leading infrastructure companies such as Punj Loyd, Jaypee group and BHEL were in process of bidding for mega projects in hydrocarbon, power and civil sectors in Libya²⁵ India's largest software exporter Tata consultancy services signed an agreement with Morocco to set up a five hundred employee unit. TCS Morocco at Casablanca Would be an offshoring delivery centre to the French and Spanish speaking parts of Europe.²⁶ The Indian commerce minister conveyed to the Syrian foreign minister that the prospects of Indian investments in rock phosphates and fertilizers, cement, power sector, information technology education and agro industries appeared to be bright and hoped that with the support of Syrian government such investments would increase in the future.²⁷ Coromandal Fertilizers Ltd. (CFL) and Gujarat State Fertilizers Corporation Ltd. (GSFL) entered into a joint venture agreement with Tunisian major Group Chimique Tinsien (GCT) to set up a phosphoric acid unit with an investment of US \$ 180 million.²⁸ Hospitals in Tunisia were reported to be keen to set up offshore hospitals in joint ventures with Indian hospitals for patients in Europe.²⁹ Therefore, it is clear from this study that Indian companies have made small but significant entry into these economies. However, these initiatives have to continue and expand. The barriers in advanced level of cooperation between India and the Arab countries of the Mediterranean have to be identified and removed at the official government level as well as at the private sector level.

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