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Morocco

NATURAL CHARACTERS

Covering a total of 710,850 square kilometers, the Kingdom of Morocco is located in the extreme Northwest of Africa between the 21st and 36th latitudes and the 1st and 17 longitudes. With the Atlantic Ocean as the natural limits to the West, it has Algeria as a neighbour to the East of its frontiers, Mauritania to its South and Mediterranean Sea as its northern limits.

The general disposition of the relief's is confined by the difference climates. In fact, the mountains have humid climates inspite of the nuances introduced by the altitude or by the latitude. For example, the Rif is better watered than the High Atlas. In the central Atlantic plains and plateaus of Morocco, the humidity diminishes rapidly towards the South and the thermal amplitude rises towards the interior. Only the straight coastal fringe has an elevated atmospheric humidity, a mild winter and a relatively cool summer. The East and the South of the mountainous arc is dry throughout the majority of the year. In fact, the natural forests essentially exist in the mountains zones. They are actually very rare in the central Atlantic plains and plateaux and nearly completely inexistent in the southern domain with a rare exception or two in the Anti-Atlas.



In the central Atlantic Morocco, the humidity rapidly drops towards the south and the thermal amplitude rises closer to the interior. Only the straight coastal fringe has an elevated atmospheric humidity, mild winter and a relatively cool summer. To the East and South of the mountainous arc, it is generally dry throughout the year. And finally natural forests can be found in the mountain zones, which are quite rare in the central Atlantic plains and plateaus of Morocco and non-existent in the southern parts.

Mediterranean in character, Morocco has a subtropical climate due to its geographic location. Variations in climate are directly linked to the anti-cyclone movement of the Azores, the Saharan depression and to the Mediterranean and north Atlantic isobaric influences. The versatility of the climate is explained by the influence from factors such as the sea, the desert, the continent and wind currents from the Canary Islands. In summer the anti-cyclones of Azores covers the whole of Morocco. This results in beautiful summers, that are dry and warm. In winter the anti-cyclones move East towards the Canary Islands causing the climate to become humid and often cold with rain in the low areas and snow falls in the high mountain areas.

The maritime façade is one of Morocco's strongest geographical highlights. Its soil is rich and varies depending upon the region. The soils of Rif, of Middle and of High Atlas are among the best known.

GENERAL INFORMATION

According to its 1998 Populations census, Morocco has a population of 27,775,000 with 14,954,000 (53.8%) living in urban areas 12,821,000 (46.2%) in rural areas. The growth rate is 2.06% annually and estimated to be at 52 million by 2028. Its 1994 census revealed that 49.7% of the actual population is composed of men while women account for 50.3% of the total population. Its principal industries include food products, tobacco, chemicals, mechanicals, metal, electricity electronics, construction material, leather and textiles. Its fabrics industry has a special importance in the economy for it substitutes locally made, quality Moroccan fabrics for imports, and it stimulates Morocco's rapid growing export economy. In 2000, Moroccan Economy Growth is 0.9%, Morocco's industry sector is dynamic with 3.5% in 2000 against 2.4% in 1998. The industrial production showed a higher rate of increase in the year 2000 than the previous year (+3.5% against +2.4%). In the same time, in the agribusiness sector, the index climbed by 5.2% compared to 1.1% due to the rise in the food industry indexes (+5.6%) and in beverages and tobacco (+3.9%). The index for the production of the mechanical, metallurgical and electrical industries advanced by only 3.5% in the year 2000 against 6.6% in 1999. In 2000, an agricultural/food product is growing by 5.2%, the chemical industry by 3.9%, leather and textile by 0.7%.

Regarding foreign trade relations, in 2000, the balance of trade recorded a deficit of 43.3 billion against DH 32.3 billion in 1999, a drop of 34%. This result can be explained by an increase in imports (up 15.2% to DH 122 billion), which is much higher than the rise in the level of exports (up by 6.9% to DH 78.7 billion).

The volume of the exports decreased by 3.4% against 8.5% in 2000. But however the imports increased by 0.8% in 2001 against 17.2% in 2000. Except phosphates, leather and textile products the rate of most of the exporting products decreased by 13.8% by the end of June 2001. The downfall in the volume of exports was due to the decline in the export of food products, which reached to 22.3% in the year 2001 compared to that of 26.6% in the year 2000.

In 2000, the private and public investments weren't up by 6.2%. On the other hand, private foreign investments and loans in Morocco, at end of the year 2000, were down by 32.5% from DH 18.5 billion to DH 12.4 billion.

With its very long history, the beauty of its sites and its warm hospitality, Morocco is an ideal vacation spot. The tourism sector performed well in the year 2000. The number of foreign tourists staying in Morocco rose by 8.3% to 2,462,894 from 2,274,814. The number of tourists from Europe, which is the main market for tourists coming to Morocco, exceeded two millions. French tourists ranked first (877,347; +15.6%), followed by Spanish tourists (255,912; +5.9%), German (221,592; -3.6%), British (137,232; +3.7%), Italian (146,883; +16.9%). The rapid rise in Morocco's tourism industry is in large part accredited to its capital flow coming from international investors and partnership arrangements. Cooperation deals are often concluded with foreign groups to develop and put in place regional infrastructures.

INSTITUTIONAL ORGANISATIONS

Existing for more than 1200 years, the Monarchy of Morocco is one of the world's oldest. Throughout its long history, the King of Morocco has simultaneously ruled with both temporal and spiritual powers. Through the ACT OF ALLEGIANCE, the people reaffirm their loyalty to the King and the Crown. The power and legitimacy of the monarch are derived from this act.

The Kingdom of Morocco is a democratic constitutional monarchy where the crown is hereditary. A sovereign Muslim state where Arabic is the official language, Morocco is a member of numerous international organizations and a strong advocate of human rights. Article 2 stipulates that sovereignty is derived from the Nation, which directly makes its voice known through referendums and indirectly through intermediary constitutional institutions.

The Constitution guarantees that all men and women are equal before the law. It also guarantees liberty of movement, opinion, expression, association, etc. The citizens are called upon to contribute to the defense of the country.

The institutions are the KING, The Parliament, the GOVERNMENT. The two-house parliament is composed of the Chamber of Representatives, elected for a five-year term and the Chamber of Councilors, elected for a nine-year term. The Dahir is the legal instrument through which the King exercises his powers. The Dahirs are countersigned by the reigning prime minister. The King nominates the Prime Minister, dismisses the government, submits propositions to the people in the form of referendums, proclaims state of emergency and dissolves the Dahir.

There are cases in which the prime minister does not co-sign Dahirs along with the King. These are dispositions relative to the Council or Regency which exercise the constitutional rights of the crown in the event that the King is recognized as a minor (See Article 35), the submission of a project or of a proposed law to referendum (See Article 69) and the dissolution of the two chambers of parliament or one of the two chambers.

These two houses vote individual and collective laws, determine infractions and penalties, magistrate status, the general public status, guarantees the fundamentals of civil servants and the military, move companies from the public domain to private. They vote on the laws of the land that must be ratified by the King and vote upon the state's finances.

Agreements and Memorandum of Understanding Signed between the Kingdom of Morocco and the Republic of India

Agreements	Date of Signature
1. Commercial Accord	26.09.1960
2. Protocol annexed to the Commercial Accord signed on 26.09.1960	19.07.1961
3. Exchange of Notes annexed to the protocole of 19.07.1961	19.06.1961
4. Commercial Accord	03.08.1962
5. Minutes on Commercial Discussions	05.09.1969
6. Cooperation Accord on Cultural, Scientific and Technical	12.01.1981
7. Commercial Accord of 17.11.1981 came into force on	14.01.1993
8. Cooperation Accord on Economic an Technical	07.11.1981
9. Indo Morocco meetings of the meeting in the field of Industry	26.11.1984
10. Minutes of the 1st reunion of the Mixed Commission	17.05.1985
11. Exchange Programmes of Cultural and Scientific for the period 1985/1987	02.07.1985
12. Minutes of the 2nd reunion of the Mixed Commission (New Delhi)	26-27 June 1995
13. Memorandum relating to the Promotion of using Solar Cookers	September 1995
14. Memorandum of Understanding between Chamber of Commerce and Industry of Casablanca and The Federation of Indian Export Organisation (FIEO)	25.11.1995
15. Memorandum of Understanding between Moroccan Center for Export Promotion (CMPE) and The Federation of Indian Export Organisation (FIEO)	22.04.1996
16. Partnership accord between Office Cherifien des Phosphates (OCP) and BIRLA	19.03.1997
17. Memorandum of Understanding on Consultations between the Ministry of Foreign Affairs and Cooperation of the Kingdom of Morocco and the Ministry of External Affairs of the Republic of India.	25.06.1998

Agreements	Date of Signature
18. Agreement on the Double Taxation Avoidance Convention (DTAC) between the Kingdom of Morocco and the Republic of India	30.10.1998
19. Agreement of Cooperation between Maghreb Arabe Presse(MAP) & Press Trust of India(PTI)	13.02.1999
20. Agreement on the Promotion and Protection of Investment between the Kingdom of Morocco and the Republic of India	13.02.1999
21. Agreement in the field of Tourism between the Kingdom of Morocco and the Republic India	13.02.1999
22. Memorandum of Understanding between the A1 Akhawayn University and the Indian Institute of Technology Delhi	1999
23 Draft of the Agreement regarding Merchant Shipping and related Shipping matters between the Kingdom of Morocco and the Republic of India	22.02.00
24 Draft Agreement between the Radio diffusion Television Marocaine (R.T.M.) of the Kingdom of Morocco and the Indian Television (Doordarshan) of the Republic of India.	22.02.2000
25. Memorandum of Understanding of Cooperation in the field of Geology and Mines between the Ministry of Energy & Mines of the Kingdom of Morocco and the Ministry of Steel and Mines of the Republic of India.	22.02.2000
26. Memorandum of Understanding between Association des Professionals des Technologies d'Information du Maroc (APEBI) and National Association of Software and Service Company (NASSCOM)	23.02.2000
27. Memorandum of Understanding between the General Confederation of Moroccan Enterprises (CGEM) and the Confederation of Indian Industries (CII)	23.02.2000
28. Agreement of Indo-Moroccan Joint Economic Council	23.02.2000
29. Accord of Cooperation in the Sanitary and Veterinary fields between the Ministry of Agriculture, Equipment and Environment of the Kingdom of Morocco and the Ministry of Agriculture of the Republic of India	27.02.2001
30. Agreement of Cooperation in the sectors of Plant Quarantine and Plant Protection between the Ministry of Agriculture, Equipment and Environment of the Kingdom of Morocco and the Ministry of Agriculture of the Republic of India.	27.02.2001

Agreements	Date of Signature
31. Implementation Programme of the Cultural Agreement between the Kingdom of Morocco and the Republic of India for the years 2001,2002,2003.	27.02.2001
32. Memorandum of Understanding in the filed of Tourism between the Oberoi Group of Hotels and the Group Ominum North Africa (ONA)	27.02.2001
33. Protocol for Implementation of the Indo-Morocco Joint Economic Council between the General Confederation of Moroccan Enterprises (CGEM) and the Confederation of Indian Industries (CII).	27.02.2001

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The following enquiries have been taken from Commercial Reports of Indian Missions abroad, those received by us directly, as well as through our foreign offices and from other published sources. We do not take any responsibility regarding financial standing and status of the companies.

Members are advised to take usual commercial precautions while dealing with the parties.

IMPORTERS IN MOROCCO

Belyatex

Hammad Belkhayat Zoukari, Director

Rue 807, Ibnou El Bana

Q.I. Sidi Brahim

30000 Fès

Tel: 055 65 60 88

Fax: 055 65 78 86

Business Activity: Textile industry, knitting fabrics, dyeing fabrics & garments

General Electric International

Kamal Kassis, National and Regional Executive Director

5, Boulevard Abdellatif Benkadour, 7ème étage

Casablanca

Tel: 022 94 49 61 to 63

Fax: 022 94 49 60

Business activity: Power systems, electrical systems, appliances, aircraft engines, lighting, medical systems

Ynna Holding

Faouzi Chaâbi, Chief Executive Officer

233, Boulevard Mohamed V

Casablanca

Tel: 022 75 35 11- 037 71 26 29

Fax: 022 75 35 19 - 037 71 26 32

Business Activity: Holding (plastics manufacturing, batteries and electrical equipment, paper packing, textiles, agriculture, real estate)

Aventis Pharma

François Eyraud, CEO

Route de Rabat, B.P. 1

Aïn Sebaâ, Casablanca

Tel: 022 66 91 01 – 022 66 91 61

Fax: 022 35 60 60

Website: www.aventis.com

Business Activity: Manufacturer and distributor of pharmaceutical products**Bristol-Myers Squibb (BMS)**

Eric Van Oppens, Country Manager

Résidence les Alizés, N° 33, La Colline II

Sidi Maarouf

20190 Casablanca

Tel: 022 97 77 30

Fax: 022 97 29 14

Business Activity: Pharmaceutical products**Cooper Maroc**

Ayman Cheikh Lahlou, Strategy Director

41, Rue Mohamed Diouri

Casablanca

Tel: 022 30 51 16

Fax: 022 30 48 53

Business Activity: Manufacturer, importer and distributor of pharmaceutical products**Dimaplast**

Abdelhaq Bricha, General Manager

Karim Lrhonari, Sales & Marketing Manager

21, Chemin des Pivoines

Aïn Sebaâ

Casablanca

Tel: 022 35 38 10

Fax: 022 35 59 32

Business Activity: Injection of plastic raw materials (items for industrial and domestic packaging)**Maersk Maroc**

Anders Boenaes, General Manager

17, Rue El Oraibi Jilali, 1er étage

Casablanca

Tel: 022 22 21 63 - 022 48 95 00

Fax: 022 22 21 63 - 022 29 59 24

Business Activity: Freight forwarding**Zimag**

Mohamed Fouad Filali Dahmani, Administrator

Iman Centre

Angle Boulevard Moulay Abderrahman & Rue de la Plage

Casablanca

Tel: 022 45 04 50

Fax: 022 45 04 88

Business Activity: Chartering and freight forwarding

Comarit

Ali Abdelmola, General Manager
Angle Rue Masalla et Avenue de France
Tanger 90000
Tel: 039 32 00 32
Fax: 039 32 58 90

Business Activity: Freight forwarding

Masamar

José Luis Castilla, Sales Manager
21, Boulevard Abdallah Ben Yacine
21700 Casablanca
Tel: 022 54 12 81 to 84
Fax: 022 54 31 34

Business Activity: Shipping agents

Comanav

Toufiq Bengebara, Chargé de Mission auprès du Président
7, Bd. de la Résistance
Casablanca
Tel: 022 45 98 97 – 022 30 44 45
Fax: 022 30 49 38

Business Activity: Shipping

Santis

Khalid Bennani, Managing Director
7, Rue Abou Ghaleb Chiani
20100 Casablanca
Tel: 022 23 74 16 – 022 23 74 07
Fax: 022 23 68 57 – 022 98 42 41

Business Activity: Producer & exporter of botanicals, spices, seeds, dried fruits & natural essential oils.

Jacob Delafon Morocco

Abdelouheb El Alami, President
Zone Industrielle, Route de Tetouan
B.P. 1093, Tanger
Tel: 039 32 97 00
Fax: 039 32 97 31

Business Activity: Sanitary products

Forafric

Houcine Benjelloun, President
30, Boulevard Mohamed V
Casablanca
Tel: 022 22 41 32 - 022 27 64 14
Fax: 022 20 31 86

Business activity: Cereals, seeds, herbal medicines

ADDIS ABABA**ECONOMIC AND COMMERCIAL REPORT FOR THE MONTH OF JANUARY 2005****Economy**

According to a joint crop and food supply assessment report released by the UN Food and Agriculture Organization (FAO) and the World Food Programme (WFP), Ethiopia is enjoying a bumper harvest from the 2004 main season. It is now projected to be more than 24 percent above the previous year's revised estimate of 11.49 million tones and 21 per cent above the average for the past five years. But the report noted that despite this strong performance, 2.2 million Ethiopians will need emergency assistance in 2005. The bumper harvest follows an extended main season rainfall, increased use of fertilizer and improved seeds, especially wheat and maize. Agriculture is the main economic activity in Ethiopia, contributing to 45 per cent of GDP with some 80 per cent of the population earning a living directly or indirectly from agricultural activities. The near total dependence of the agriculture sector on rainfall makes it susceptible to the vagaries of nature and results in high variability of yearly agricultural production. This in turn increases the uncertainty and insecurity of food production.

Hide and Skins

The Ethiopian Customs Authority has stated that Ethiopia has earned 134 million birr (US\$16 million) from the export of 4.11 quintals of hides and skins over the past three months i.e. between September and November, 2004. The products were exported to the United States, UK, China, Italy, India, Hong Kong, Pakistan, Malaysia, Thailand, Spain and Turkey. The hides and skins exported to Italy and the United Kingdom constitute 35 and 17 per cent respectively.

Road Upgrading Project

The Ethiopian Road Authority (ERA) and China Railway Engineering Corporation have signed a contract agreement for the construction of Adigrat-Adibun/Adwa-Shire Road Upgrading Project, which would cost over 283 million birr (US\$33 million). The project covers a length of 109 km and is expected to be completed in 42 months. The road is to be constructed by the grant obtained from the World Bank and from government finance. The supervision consultant scotwilson of UK signed a contract for the project costing over 14.7 million birr (US\$1.7 million).

Power Development Project

The Ethiopian Electric Power Corporation (EPPCO) finalized the agreement for construction of Gilgel Gibe II Project with the Italian company named Salini Construction, which is expected to cost the Ethiopian Government US\$300 million. Gilgel Gibe II is expected to generate a total of 400 Mega Watts, which is almost double from the first phase project. The project is expected to boost the country's power generation by half-fold. EPPCO's 25 years complete master plan that commenced in 2001 requires over 18 billion birr (US\$2 billion) of investment and is expected to increase the country's electric generation capacity to more than three-fold. According to the master plan by the year 2005 the country's power generation capacity could rise to 1330 MW from the current 654 MW.

The Ethiopian Electric Power Corporation signed 240 million birr (US\$28 million) agreements to undertake work on the installation of power transmission and distribution as well as electrification of 24 rural towns with two foreign and local companies. Chinese company 'Jiangsu Power Transmission and Transformation' and Bosnia-Herzegovina Company "ENRGOINVEST: and the local companies

are involved in the construction of the electric lines and power distribution centers as well as electrification of rural towns. The projects are scheduled to be completed in period ranging from 6 to 18 months.

Telecommunications

The Ethiopian Telecommunication Corporation (ETC) has signed a mobile telephone expansion project agreement with Eriksson and Nokia. The companies are winners of the tender where seven companies participated. The project to be undertaken by Ericsson Company, which will cost US\$47.4 million, will enable 425,000 people to get access to mobile phone. The agreement signed between Nokia and ETC is expected to cost 23.2 million euro. The projects are to be completed in six months time.

EXTERNAL

Italy

The Governments of Ethiopia and Italy have signed a 3.1 billion birr (US\$365 million) debt cancellation agreement with the former. The Ethiopian Government would use the cancelled debt to finance its poverty reduction programme. The Italian government has written off 100 per cent of Ethiopia's debt which is more by 10 per cent than 90 per cent agreement Ethiopia signed with Paris Club Creditors upon reaching the completion point and as per the enhanced heavily indebted poor countries (HIPC) in April, 2004.

Turkey

The 3rd Ethio-Turkey Joint Economic Commission meeting concluded on January 13, 2005 with signing of a memorandum of understanding (MOU) that would enable the two countries to cooperate in various sectors including civil aviation and road transport. In this connection, the two countries have also signed an agreement providing for the establishment of air links between them. The agreement would enable the airways of the two countries to make daily flights in each other's countries.

Japan

The Governments of Ethiopia and Japan signed a grant agreement of US\$2 million for the purchase and transportation of wheat, which would be disbursed to food-insecure people through the Disaster Prevention and Preparedness Commission. Japan has so far extended a total of US\$ 6.3 million assistance to Ethiopia under this grant, aid scheme since 1985.

USA

The Ethiopian Ministry of Water Resources has stated that the US Government has provided 35 million birr (US\$ 4 million) grant to Ethiopia in support of the efforts exerted towards the implementation of policy and strategy devised to properly utilize the water resources of the country.

MULTILATERAL

World Bank

The Government of Ethiopia signed two loan agreements amounting to US\$65 million with the World Bank on January 4, 2005. According to the agreement, US\$40 million will be used to expand

quality, well managed post secondary education in Ethiopia. The balance will be spent on financing the formulation and implementation of policy and institutional reforms in information and Communications Technology (ICT). Ethiopia is expected to repay the loan in a period of 40 years. The World Bank has invested US\$ 100 million in support of the education sector programme over the past six years.

BILATERAL

NITRA delegation visit to Ethiopia

A three-member team from NITRA and Pearl Academy of Fashion (PAF) visited Addis Ababa from January 26-13, 2005 in connection with consultancy work for setting up a Textile and Garment Industries Support Institute (TGISI) in Ethiopia. NITRA and PAF presented their proposed Business Plan in a two-day workshop on January 27-28, 2005 in Ghion Hotel, which are chaired by State Minister of Trade and Industry, Government of Ethiopia. Representative of various Ministers, government agencies, UNIDO, private companies, Bahir Dar University, etc. were present. On January 30, 2005, the State Minister of Trade and Industry invited the delegation to his office for general presentation on overall growth of textile/garment industries and brief outline for development of handloom sector in Ethiopia. Seven heads of various divisions, including General Manager of FeMSEDA, were also present. The Minister is keen on handloom sector.

BILATERAL TRADE

The details of India's trade with Ethiopia during April 2004-August 2004 are as follows:-

Exports from India to Ethiopia:- Rs. 9571.23/- lakhs

Imports to India from Ethiopia:- Rs. 1393.21/- lakhs

The balance of bilateral trade continues to be in India's favour. Commodity wise composition of India's exports mainly consists of primary and semi finished iron & steel products, Drugs & Pharmaceuticals, Manufacturers of Metals, Paper/Wood Products, Machinery & Instruments, Plastic Products, Yarns/Fabrics/Textiles, Rubber manufactured products, Cosmetics/Toiletries, Glassware, etc. Commodity wise composition of Ethiopia's exports consists of Pulses, Raw Hides & Skins Raw Cotton and leather.

TRADE INQUIRIES & TENDERS RECEIVED

The Mission monitored the Tenders floated in Ethiopia and conveyed their details to Indian firms and took follow up action. Trade inquiries from Indian and Ethiopian firms have been attended to and information supplied to the companies concerned.

DJIBOUTI

The Ethiopian Electric Power Corporation has stated that preparations are being speeded up to effect Djibouti electricity exportation project. The project, launched following the signing of the agreement in 2001, provides for the installation of a 283 kms. Power line from Dire Dawa to Djibouti. The African Development Bank has approved a US\$60 million loan for the implementation of the project. The loan is to be repaid in a long term at minimum interest by the two countries. The project would enable urban and rural boarder areas in the two countries to get power supply. Ethiopia will receive up to US\$33 million annually from the export of electricity.

RBI/2004-05/388
DBOD.AML.BC. No.74 /14.01.055/ 2004-05

March 05, 2005

The Chairman & CEOs of all scheduled commercial banks
(excluding RRBs)

Dear Sir,

Master Circular - Foreign Contribution (Regulation) Act, 1976 - Obligations of banks

As you are aware, the provisions of Foreign Contribution (Regulation) Act, 1976 impose certain obligations on banks in respect of receipt of foreign donations. We have been issuing instructions to banks from time to time for ensuring scrupulous adherence to the FCRA provisions. However, Home Ministry, Government of India has, on several occasions, brought to our notice violations committed by banks in this regard. In view of the seriousness of the issue and the concerns expressed by the Government in this regard, it has been decided to compile the instructions issued earlier and issue a Master Circular for benefit of banks. Banks are advised to bring the contents of the enclosed Master Circular to the notice of controlling offices/ branches and ensure that instructions are duly complied with. The Master Circular has been placed on the RBI website (<http://www.rbi.org.in>).

Yours faithfully,

Sd/-
(Prashant Saran)
Chief General Manager

Enclosure – Master Circular (FCRA, 1976)

**Master Circular on Provisions of FC(R)A, 1976 Regulating Receipt
of Foreign Contributions by Associations/ Organizations in India**

Statutory Provisions

The Foreign Contribution (Regulation) Act, 1976 (FCRA, 1976) stipulates in terms of Section 4 ibid that no foreign contribution shall be accepted by any candidate for election; correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper; judges, government servants or employees of any corporation; members of any legislature; political party or office bearer thereof. Subsection (a) and (b) of Section 10 of the Act provide that Central Government may prohibit any association not specified in Section 4 ibid or any person from accepting any foreign contribution or require any association to obtain prior permission of the Central Government before accepting any foreign contribution. Section 5 of the above mentioned Act also provides that no organization of a political nature, not being a political party can accept foreign contribution except with the prior permission of the Central Government. The Act also provides that associations having a definite cultural, economic, educational, religious and social programme should get themselves registered with the Ministry of Home

Affairs, Government of India, New Delhi before receiving any foreign contribution. Such foreign contributions should be received only through the designated bank branch the name of which has been specified in the application for registration submitted to the Ministry of Home Affairs. It is further laid down in the Act that any and every association referred to in sub-section (I) of Section (6) may, if it is not registered with the Central Government, accept any foreign contribution only after obtaining prior permission of the Central Government.

Conditions for accepting foreign donation by banks

2. Banks are required to strictly adhere to the provisions of FCRA, 1976 while dealing with receipt of foreign contributions. It has been brought to our notice by the Government on several occasions that branches of banks are not scrupulously adhering to the provisions of the FCRA, 1976 and that foreign contributions were received by entities governed by Section 6(1) and Section 5(1), without obtaining prior permission of the Central Government.

3. In this connection, banks have been advised several times to scrupulously adhere to the provisions of FCRA, 1976. A list of circulars issued earlier in this regard is annexed. You are once again advised to ensure that violation of the provisions of FCRA, 1976 are avoided and procedure as indicated below is followed while receiving foreign contributions:

- (a) To insist on prior permission of Central Government before accepting a foreign contribution in the accounts of entities covered under Section 4 and 5 of the FCRA, 1976;
- (b) To afford credit of the proceeds of cheques/drafts representing foreign contribution only if the association etc., as indicated in Section 6 of the Act are registered with the Ministry of Home Affairs, Government of India;
- (c) To insist on production of a communication from the Ministry of Home Affairs conveying prior permission of the Central Government for acceptance of specific amount of foreign contribution in case the association is not registered under the Foreign Contribution (Regulation) Act, 1976;
- (d) Not to afford credit to the account of such associations as are not registered with the Ministry of Home Affairs separately for the purpose of accepting foreign contribution under the Foreign Contribution (Regulation) Act, 1976;
- (e) Not to afford credit to the account of such association as have been directed to receive foreign contributions only after obtaining prior permission of the Central Government;
- (f) Not to allow the credit of the proceeds of the cheques/demand drafts etc., to the organizations of a political nature, not being political parties (including their branches and units) unless a letter containing the prior permission of the Central Government under the Foreign Contribution (Regulation) Act, 1976 is produced by such organizations;
- (g) To note the registration number as conveyed by the Ministry of Home Affairs to the various associations, in the relevant records particularly the pages of the ledgers in which the foreign contribution accounts of associations are maintained to ensure that no unwanted harassment is caused to such associations.

Acceptance of donation from foreign source

4. It is further clarified that these organizations/associations can accept contributions from a “Foreign Source” only if they are registered with the Ministry of Home Affairs or only after obtaining prior permission from the above Ministry. The “Foreign Source” for the purpose of the aforesaid Act has been defined in Section 2(e) of the Act *ibid* and it is evident therefrom that remittances from Indians abroad i.e. Indian citizens, for the purpose of contributing to the aforesaid associations/organizations do not attract the provisions of FCRA. However, in case of contribution given by the non-resident **foreign citizens** of Indian origin through their NRE and FCNR accounts maintained in India, the provisions of FCRA will be attracted and these contributions are to be treated as “Foreign Source”. Consequently, recipient associations /organizations would require registration under FCRA or prior permission of the central Government before accepting contributions from a ‘foreign source’.

Common Irregularities Observed

5. Some of the irregularities noticed in this regards are as under:

- (a) Certain associations were found to be operating more than one account, either in the same branch or in different branches (other than the account specified in the communication for registration), for carrying on transactions of foreign contributions.
- (b) Certain associations were allowed credit of cheques/drafts representing foreign contribution and withdrawal thereof without the association being registered or without its obtaining prior permission of the central government
- (c) Despite the fact that copies of the orders putting an association into prohibited category or prior permission category under sub-section (a) and (b) of Section 10 the said Act were sent to the bank branches, they allowed credit/withdrawal of foreign contributions by the said associations without seeking Government’s prior approval.

Periodical Reporting to Central Government

6. Under the existing instructions, all the branches of the bank dealing in foreign exchange are required to send a half yearly statement to Government of India for the period ending 30th September and 31st March every year as per the enclosed format giving the details of the contributions received for crediting into the account of associations/organizations concerned. Such statements are required to be furnished directly to Government of India within two months of the closure of the half year. It has been reported by the Government that banks are not furnishing the information to the Home Ministry regularly. This assumes significance as it is feared that some part of the foreign donations received through banking channels is getting diverted to fund unlawful activities. The Government of India has therefore taken a serious view of the lapses in complying with the provisions of Foreign Contribution (Regulation) Act, 1976 by banks.

Miscellaneous

7. Under Section 10(a) of Foreign Contribution (Regulation) Act, 1976 Government has prohibited some of the Associations/Organisations from receiving foreign contribution. Further, some organisations have been declared as being organisations of political in nature, not being a political party under section 5 of the Act *ibid*. Banks are requested to advise all their branches to keep a special watch on the accounts of these Associations/Organisations and any violation of the provisions of the Act by them may immediately be brought to the notice of the Ministry of Home Affairs.

8. Banks are, therefore, advised to bring the contents of the circular to the notice of all their branches/controlling offices with instructions to ensure strict adherence to the instructions issued. Banks may also evolve a system of monitoring compliance by the branches through the respective controlling offices and fixing of accountability for lapses observed in this regard. Violations observed will be viewed seriously.

Appendix

**Master Circular on Provisions of FC(R)A, 1976 Regulating Receipt
of Foreign Contributions by Associations/ Organizations in India**

List of Circulars consolidated by the Master Circular

1.	DBOD.No.BP.BC.	18/ C.469 (W)-85	Dated 22.02.1985
2.	DBOD.No.BP.BC.	12/ C.469 (W)-87	Dated 21.07.1987
3.	DBOD.No.BP.BC.	39/ C.469 (W)-88	Dated 15.10.1988
4.	DBOD.No.BP.BC.	123/ C.469 (W)-90	Dated 02.07.1990
5.	DBOD.No.BP.BC.	88/21.01.023/94	Dated 16.07.1994
6.	DBOD.No.BP.BC.	108/21.01.023/98	Dated November 1998
7.	DBOD.No.BP.CS.BC.	1/21.01.023/99	Dated 28.07.1999
8.	DBOD.No.BP.BC.	118/21.01.023/	Dated 02.11.1999
9.	DBOD.No.BP.BC.	74/21.01.023/2001	Dated 01/02/2001
10.	DBOD.No.BP.BC.	04/21.01.023/2001	Dated 31.07.2001
11.	DBOD.No.BP.BC.	22/21.01.023/200-01	Dated 01.09.2001
12.	DBOD.No.BP.	2573/21.01.023/97	Dated 22.04.1997
13.	DBOD.No.BP.BC.	58/21.01.023/2001-02	Dated 17.01.2002
14.	DBOD.No.BP.BC.	67/21.01.023/2001-02	Dated 14.02.2002
15.	DBOD.No.AML.BC.	67/14.01.055/2004-05	Dated 04.01.2005

2nd International Automotive Fair 2005
June 23-27
(Addis Ababa, Ethiopia)

The Fair would be of immense benefit for:

- Ø *Trucks, Bus, Van, Cars & Commercial Vehicles*
- Ø *Trailers and cargo bodies Logistic and Fleet Management*
- Ø *Part and accessories, Earth Moving Machineries*
- Ø *Model Cars (Antique)*
- Ø *Oil and Lubricant, Auto Glass*
- Ø *Motorcycle, Tyre and Battery, Industrial Parts.*

This Fair will focus the importance of information exchange and give attention to creating awareness on matters associated with the automotive supply sector and will also provide the participants an interactive platform for strategic alliance, technology transfer, joint venture, etc. and above all it would provide export-import tie-ups on a very large scale.

Further the Fair will also enable the participants to share information on enhancement of automotive technologies, bring into focus the importance of information exchange and give attention to creating awareness on matters associated with the automotive supply sector.

So grab the opportunity for your Business Development in this Country.

FOOD ARABIA/ HOTEL ARABIA/ PROPAC ARABIA 1st - 5th May 2005 Jeddah International Exhibition Centre, Jeddah, Saudi Arabia	SAUDI ARABIA'S INTERNATIONAL TRADE FAIR 15-19 May 2005 Jeddah International Exhibition Centre, Jeddah, Saudi Arabia	SAUDI HEALTHCARE 29 May - 2 June 2005 Jeddah International Exhibition Centre, Jeddah, Saudi Arabia
For Exhibition Details contact the Chamber.		

2005 Exhibition Calender
(Zimbabwe)

ZITF (Zimbabwe International Trade Fair Multi-sectorial International Exhibition)
April 26-30 (26 & 27 Business Days)

A'sambeni (Africa Tour & Travel Expo) African Tourism and Travel Expo
April 26-30 (26 & 27 Business Days)

Pak Print (Zimbabwe's Premier Packaging and Printing Industry Exhibition)
April 26-30 (26 & 27 Business Days)

Scholastica (Education, Careers and Training Exhibition)
Incorporating Professional Training and Consultancy – (June 29 – July 1)

MINFENTRA (Mining, Engineering and Transport Exhibition) - July 20 - 22 (Business Only)

Inter Shop – International Consumer Fair (November 25-26)