Europe India Chamber of Commerce

Newsletter

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EICC to open its Office in Poland

The EICC is pleased to announce that it will soon have its presence in Poland. The operation will be lead by Ms. Marta Wiatroszak who will serve as its Resident Director. The opening of the EICC in Poland will serve as a gateway for EICC in the CEE countries. The chamber's office will be located at the Vermilion Consulting Sp. in Wrocław. This will be EICC's second office in Europe after Spain. Ms. Marta Wiatroszak is a Lawyer and a licensed tax advisor. She graduated from the Legal Faculty at the University of Wroclaw and International Business Law at the Central European University. She is an experienced business consultant with a 5 years practice in global consulting company from *the big four*. She took deep interest in India during her studies – first as a tourist, later as an addict. As business and social contacts with Indians intensified, she decided not only to include them in her practice, but to focus on Indo-Polish relations entirely. Marta is very well known in the Polish business and corporate circle and as Resident Director of the EICC, she will play a big role in strengthening the Indo-Polish trade and economic relations. The EICC Secretary General Sunil Prasad and the Treasurer Director Sumit Chatterjee visited Poland last week and held discussion with her and her senior colleague Piyush Mittal about the EICC in Poland. It is indeed very exciting time for EICC and EICC thanks Marta for this Christmas gift. Marta can be contacted by mail on: marta@vermilion-consulting.com

Claris / Abellon wins accolades for "Changing Lives" at Copenhagen Climate Convention

Claris Lifesciences & Abellon CleanEnergy, companies founded by our Board Member, Mr. Sushil Handa, won 2nd position for their video "Circle of Light," at an international video contest organized by UNFCCC as a part of the Copenhagen Climate Convention, under the theme "Changing Lives." The contest was conducted to highlight the positive contribution of CDM projects (Clean Development Mechanism – projects approved by UNFCCC for their environment friendly practices that help reduce Greenhouse Gas Emissions), in the context of growing global concern over the problem of Climate Change. The contest attracted many photo/video entries from all over the world, and it is a matter of pride that this video has emerged as the only winning entry from India. The winning entries were unveiled during the convention in Copenhagen, where high-level dignitaries from over 190 countries, including Presidents, Prime Ministers, Diplomats, and world media have gathered. EICC congratulates Mr. Handa and his group for this remarkable achievement. To view the video, please visit http://cdm.unfccc.int/contest/09/winvc09.html. The film, which was put in as an independent entry in the name of videographer Sandeep Damre, is the culmination of the efforts of a multidisciplinary team including the company's own marketing and creative functions, as well as Ahmedabad based artistes from different fields.

India has 500 million mobile phone numbers

By the start of the New Year, India will have breached a previously unthinkable landmark - half a billion wireless connections - making it the second largest group of mobile phone users in the world after China. Overall, telephone connections in India (fixed line and wireless) will be closing in on 550 million by the time you read EICC Newsletter. This translates into a tele-density (phone connections per 100 population) of roughly 45%, an urban tele-density closer to 97% and a rural tele-density of about 18%. India had crossed 488.40 million wireless connections at the end of October 2009 and will be breaching the half-billion wireless connections mark just about now. Yet, the actual number of subscribers might be less than half a billion, since a few hold multiple SIM cards and not all of them are in use at the same time. In sharp contrast, wire-line connectivity is down to 37.25 million phones, exhibiting a clear consumer preference for wireless, including mobile phones, as a preferred technology for voice and data communications. India's broadband penetration, however, is abysmally low at 7.5 million - a consequence, say telecom experts, of policy failure, partly due to the declining use of wire-line phones.

New EU regulatory legislation is an acid test for India's chemical export to EU

The European Union's new regulatory legislation will add costs to chemical exports to EU countries from India. The $35-billion Indian chemical industry that exports products to European countries may soon find the cost of doing business increasing because of new legislation adopted by the EU to regulate the end-use of chemicals. Indian chemical exports to Europe total around $2 billion per annum and the industry is worried about the impact of the new legislation that aims to manage risks from the use of chemical substances. Complying with the new regime under the legislation would involve various processes including registration, evaluation, authorisation and restriction of chemicals. Currently around 50,000 chemical substances are covered under the ambit of the legislation including petrochemicals and agro-chemicals, however pharmaceuticals are not covered by the latest legislation. The onus of registration of the information regarding the above of the end-products has been placed on the companies, the deadline for which is 30 November 2010.

The chemicals sector is one of Europe's most competitive industrial sectors. Accounting for around 30% of the total world chemicals production, the European Union is the world's most important producer of chemicals. In 2007 it produced more than €500 billion worth of chemicals. Fifteen of the world's top thirty chemical companies have their headquarters in the EU. The largest European producer of chemicals is Germany, which accounts for about 25% of EU production. In 2007, the EU chemical industry contributed to improve the EU's trade balance with a trade surplus of €35 billion. The EU trades now more than half of all chemicals traded globally, compared with circa 15% for the NAFTA countries and circa 25% for Asia.

European textile machinery companies eye Indian market

As the textile sector attempts a jumpstart, machine manufacturers from Europe have begun dropping their anchors on Indian shores. While a year of sluggishness saw India putting brakes on imports of high-end machines from Europe, machine suppliers have resurfaced yet again to scout for business. India imported textile machinery worth more than 350 million Euros from Europe in 2008-09. With the global economy recovering from the global recession, a fresh wave of modernisation in textile mills in the sub-continent is in the offing. Trying to find a foothold in the market that is yet to rise above the price battles and produce textiles for the niche category, Italian manufacturer of special equipment for value-added finishing Pentek Textile Machinery expects to strike a deal with those who understand fashion. The company expects to bag orders worth 600,000 Euro from India in 2010, whose clientele include Arvind Ltd & Banswara Syntex Ltd. German textile surface finishing machine manufacturer Xetma Vollenweider, which has been doing business with India for the past two decades, now expects to earn revenues worth Euro 1 million from the country in 2010. Likewise, Italian Pugi Group expects to double its revenues from India in 2010. Present in India since last four years, the company earned revenues worth 1 million Euros from its Indian buyers in 2009. "At the moment, we have three orders from India and 2010 is starting with several projects," said the company executive who has supplied 22 calenders with 'Nipco' technology to the likes of Arvind Ltd and Bombay Rayon Fashions Ltd. With India becoming a primary export destination for Italian coating and flocking machinery manufacturer Aigle, the company's representative disclosed that the company has received substantial orders from India. "While two years back, we had Russia as our principal market, now our focus has shifted to India that gives us one-third of our revenues. Despite the slowdown, we got orders worth 2 million Euros from our Indian clients in 2009." Without divulging details, the executive informed that his company has bagged a 'substantial' order from a company based in Ahmedabad.

Indian Companies tapping into the 'New Europe'

The European Bank for Reconstruction and Development (EBRD) is keen to promote Central and Eastern Europe by its financing and partnership schemes with focus on bringing Indian entrepreneurs. Like other multinational financial institutions, EBRD actively provides both expertise and financing to private sector players in the region. Huge resources of educated and cheap human talent, trained and currently unemployed engineers and highly technical staff, maturing democratic political institutions, a hunger to grow, and consumer markets with low penetration are some of the factors that have prompted the EBRD to plan a strategy to get the CEE closer to investment destination in Europe by Indian investors. EBRD is the largest investor working in private partnerships for investing and in the region like other multinational financial institutions, EBRD actively provides both expertise and financing to private sector players.

For first-time Indian entrepreneurs looking outbound, the EBRD advises that the EU part of the region might be the easiest entry point According to EBRD, it has identified, sectors like financial services, agri-business, FMCG, IT and telecoms, media, and energy and engineering. There are many heavy industries in varying degrees of modernisation, all extremely energy-inefficient. Several Indian firms have already explored the CEE region, and are now successfully operating there. These include Reliance Industries, Tata, HCL Technologies, Ranbaxy, KPIT Cummins, Infosys, TCS, Mahindra-Satyam, Technocraft Industries, and Sun Pharma. Others, including Mahindra & Mahindra, the Aditya Birla Group, Genpact, Torrent Lupin Pharma, Strides Arcolab, SAIL, Apollo Tyres, Cognizant, and IGPL are looking to set up operations in the near future. In fact, CEE countries are among the world's most attractive FDI destinations. While the UK and Germany continue to maintain a firm foothold on the global attractiveness map, other big European economies (including France and Spain) have seen a reduced level of investor interest, to the benefit of 'New Europe'. This does not mean, however, that the picture is entirely rosy: large budget and current account deficits, and fitful politics, remain as key risks. Moreover, despite a recent surge in growth, the CEE countries trail the rest of Europe by a wide margin - in income and consumption levels. Their main attractiveness, therefore, lies in being a gateway to Europe.

EU Commission continues crackdown on pharma firms

The European Union antitrust authorities raided several pharmaceutical companies in a number of EU member states on suspicion of abusing a dominant position in the market. Through a statement on 9 December 2009 the European Commission confirmed that Commission officials started surprise inspections at the premises of several companies active in the pharmaceutical industry in several Member States. The European Commission, competition watchdog of the 27-nation EU, did not identify the companies involved, however. The Commission said that it has reason to believe that the provisions of the EC Treaty prohibiting restrictive business practices and/or the abuse of a dominant position (Articles 101 and 102 of the Treaty on the Functioning of the European Union - TFEU) were being infringed. During such inspections, Commission officials are accompanied by their counterparts from the relevant national competition authorities. Surprise inspections are a preliminary step in the investigation of suspected anticompetitive practices. The fact that the European Commission carries out such inspections does not mean that the companies are guilty of anti-competitive behaviour nor does it prejudge the outcome of the investigation itself. The European Commission respects the rights of defence, in particular the right of companies to be heard in the Commission's proceedings against them. There is no strict deadline to complete inquiries into anticompetitive conduct. Their duration depends on a number of factors, including the complexity of each case, the extent to which the undertakings concerned co-operate with the Commission and the exercise of the rights of defence. Over the past two years, the European Union antitrust watchdog has targeted several pharmaceutical companies in a series of raids for various suspected antitrust infringements. The Commission has vowed to pursue companies suspected of anticompetitive acts after an investigation in November last year revealed some such practices had cost healthcare providers about 3 billion euros ($4.4 billion) between 2007 and 2008. This was the fourth time since the beginning of the investigations of the pharmaceutical industry in January 2008 that the European Commission conducted raids on pharmaceutical companies across Europe. In October, EU officials conducted raids at the French unit of Ranbaxy Laboratories Ltd, India's biggest drug maker, Sanofi-Aventis SA, Teva Pharmaceutical Industries and a unit of Novartis AG as part of a widened probe of settlements between drug makers and brand-name pharmaceutical companies. The focus of the EU current drive is to unearth misuse of patents and lawsuit settlements to force less-expensive generic medicines off the market. According to a July report of the Commission, companies use a variety of techniques to delay the introduction of generics as long as possible and the EC estimates delays in entry of generics increased patients' treatment spend by 20 per cent between 2000 and 2007. In July, EC anti-trust officials said three Indian companies - Lupin, Matrix and Unichem - had entered into agreements with France's Laboratories Servier to delay entry of generic versions of hypertension drug Pernidopril with the original drugmaker France's Laoratories Servier. Danish pharmaceutical company Lundbeck admitted that its Italian sales office in Milan has been inspected by the EC as part of an antitrust probe.

UK likely to tighten visa rules for Indian IT professionals

The British government is likely to tighten the visa rules for IT professionals from India. According to a report, from 2010, workers in this category will need to have at least 12 months experience instead of six months as at present with their employer before they can be transferred to the UK. This means that the immigration category will be closed as a route to permanent settlement in the UK. This also means that IT professionals who come to the UK under inter-company transfer will not be allowed to settle here permanently even after the mandatory stay of five years. Under an intra-company transfer, an employer can fill vacancies in its UK operations by bringing across some of its existing foreign-based staff. During the state visit of India's President, Mrs. Pratibha Patil to UK in October, the British Prime Minister, Mr Gordon Brown had promised to look into the suggestions to allow more Indian IT professionals into UK to build up a strategic partnership in the information technology field. Mrs Patil had stressed on the need for greater participation of Indian IT professionals in UK, which Mr Brown assured to look into. The US and other major EU nations have allowed greater flow of Indian IT professionals, which has led to a boom in the sector in these countries.

FICCI bats for foreign firms operating in India

In the submission to the Finance Ministry ahead of pre-budget meeting in New Delhi, the Federation of Indian Chambers of Commerce and Industry (FICCI) has asked that transactions in respect of Indian assets of foreign companies be excluded from the capital gains tax net. The FICCI has suggested that certain transactions of foreign companies in respect of Indian assets should not be regarded as "transfer" for the purpose of capital gains. According to the FICCI, these transactions are: (a) the amalgamation of a foreign subsidiary with foreign parent company, (b) the transfer by a foreign parent company to a wholly-owned foreign subsidiary and (c) transfer by a wholly-owned foreign subsidiary to its foreign parent company. FICCI also wants the Minimum Alternative Tax (MAT) to be reduced to 10 per cent from 15 per cent, and reintroduction of the investment allowance. "New investments are not happening despite profits going up. In such a scenario, the Government should re-introduce investment allowance to help propel new investments," the FICCI said. On the personal income tax side, FICCI wanted the peak rate to be applicable only over an income of one million rupees. The effective income tax rate in India for income over $100,000 is one of the highest globally at 31.5 per cent compared with 9.3 per cent in Singapore and 19 per cent in Pakistan. The chamber also asked for a refund mechanism to be put in place for Cenvat accumulation. FICCI said that the Government should have a mechanism to refund the credit accumulated in the Cenvat account which could not be utilised by way of Modvat. The chamber suggested that the refund mechanism could be on the pattern of refund of excess income tax under the Income-Tax Act.

EADS opens research facility in India

European space and defence corporation, European Aeronautic Defence and Space Company (EADS) inaugurated its new research facility in Bangalore in December. EADS Innovation Works' new facility is now housed within the premises of EADS' aircraft manufacturing subsidiary, Airbus, which operates the Airbus Engineering Centre at the same location. EADS Chief Technical Officer said hat cost considerations and offset obligations were relatively minor motives for the group's decision to establish the facility in India. The EADS's interest was in 'cutting edge research' that would enable solutions to wide-ranging problems not necessarily related to aerospace. The CTO also referred to the group's involvement in the development of an aerodynamically designed car for Formula 1 racing, harnessing biotechnology for alternative energy solutions and the use of its expertise for designing "homeland security systems for the Indian Government as well as private organisations. EADS also announced a collaborative venture with IIT-Mumbai and Zeus Numerix, an engineering company, to reduce noise generated by airframes. It is learnt that the group was examining the possibility of a "long-term collaborative venture with ISRO to use non-conventional methods to develop supersonic planes, which are also environment friendly.
