Europe India Chamber of Commerce

Newsletter

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EICC Board meeting in London will discuss EU-India Summit 2010, ASEM

The EICC Board of Directors will meet in London on Friday, the 23rd April 2010. The meeting will be combined with the General Body and will discuss several issues such as chamber's role in the EU-India Business Summit 2010 and ASEM 2010 (to be held in Brussels during October / November), FTA negotiation between EU and India. The meeting will also discuss the issue of restructuring the Board of Directors including expanding EICC's partnership with other like minded chambers in Europe and in India, and other institutions. The meeting will be held in the Committee Room of the Royal Automobile Club (89, Pall Mall, London SW1Y 5HS).

FIPB permitted to clear FDI proposals upto US$ 259 million

In a major policy development, the government of India has permitted the Foreign Investment Promotion Board (FIPB) to clear proposals with a total foreign equity investment of up to US$259 million. The easing of the investment rules is aimed to encourage faster processing of foreign investment proposals. Until now, the FIPB could only approve proposals with a total project cost of US$130 million. With this liberalisation of policy, approval is expected to save time and efforts and will also expedite foreign investment inflow. The relaxation comes even as the Indian government has reported better foreign direct investment numbers (FDI). Under the new norms, only equity investments will be considered while deciding whether the project will be put up before the government's Cabinet Committee for Economic Affairs (CCEA), against the earlier practice of taking into account the total project cost. This means that effective investments for which CCEA approval would not be required goes up sharply from the current US$130 million as the limit refers to only equity investments and not the total project cost. Further, in cases where entities have already taken prior FIPB or CCEA approval for their initial investments or under sectoral caps, no fresh approvals would be required. The global accounting firm PricewaterhouseCoopers observed that although the new guidelines were basically a simplification of rules, it however said that delegation of powers to the FIPB would definitely lead to faster approvals and would boost investor confidence. The Europe India Chamber of Commerce welcomes the new rules and believes that this is a major step forward in the liberalisation and transparency of India's FDI regime.

British consortium to build roads in India

British-India Roads Group (BRIG), a consortium set up by some key British construction companies is set to build roads and highways in India. A memorandum of understanding (MoU) to this effect is likely to be signed soon with the Indian government. The consortium comprises more than 20 leading British firms and is likely to enter into joint ventures or special purpose vehicles (SPV) with Indian partners to help facilitate India's ambition to build 20 km of highways per day over the coming years. The consortium will work in a range of areas, including reform of the certification and licensing procedure, road safety, financing and construction. India's Road Transport and Highways Minister Kamal Nath disclosed this while addressing a meeting of infrastructure investors organised by the Commonwealth Business Council in association with Confederation of Indian Industry (CII) in London. The EICC was one of the sponsors of the event. The Director General of the Commonwealth Business Council, Dr. Mohan Kaul is the Board Member of the EICC. The minister said that the formation of the BIRG will go a long way forward in addressing the issue of road safety. The minister also spoke at length about the urgent need to overcome "infrastructure deficit" being faced by India. While the role of the new group will be limited to road building, the MOU will address the larger road infrastructure related issues like safety, training, licensing and inspection. Noting that the next decade will be "the decade of infrastructure" in India, the minister said, "today we have the largest PPP programme in the world, in which we planned to investment $9 billion to improve airports, $12 billion to modernise ports and $130 billion in the power sector including transmission and distribution. He added "we plan to build 7,000 km roads worth $50 billion a year and the work is in progress. We require $10 billion a year each for the next four years to improve our roads, and finance is not a problem." According to the National Highways Authority of India, the total length of the roads in India is 3.4 million km and the total length of the national highways is 70,548 km. India's road network carries 70 per cent of the freight traffic and 85 per cent of passenger traffic. The traffic on roads is growing at a 7-10 percent rate, while the vehicle population is growing at a rate of 12 percent. National highways account for 2 percent of roads in India but carry 40 percent of the total traffic.

Indo-Hungarian trade to touch $1bn

With an eye on further improving its ties with the European Union, India has mounted a big diplomatic and economic push to strengthen bilateral ties with Hungary. Hungary's membership to EU (in 2004) has added a significant dimension to India's overall relationship with EU. India's Trade and Commerce Minister Mr. Anand Sharma led a high-level business delegation to Hungary in February to boost bilateral cooperation. Speaking at the India-Hungary Joint Commission on Economic Cooperation in Budapest during the visit, the minister said that India also look forward to Hungary's Presidency of the EU in 2011 and would be happy to learn of any initiatives that Hungary proposes to take, particularly in the economic area. Hungary has been an important trading partner of India with two-way trade growing five folds between 2005 and 2008 to reach $700 million mark, though it dropped 15% in 2009 due to the global slowdown in demand. During the interaction, business leaders from the two sides explored areas of cooperation to increase trade and investment in sectors like auto component, port equipment, health, education, electrical machinery besides chemicals and pharmaceuticals.

India's relations with Hungary have been multi-faceted and substantive and have survived the vicissitudes of political and economic changes in the post-cold war period. Both countries commemorated the 50th year of establishment of diplomatic relations in 1998. Indo-Hungarian relations have always had their own intrinsic logic and raison d'étre. Generations of eminent Hungarian Indologists laid the foundations of the great respect and admiration Hungarians have for Indian culture, philosophy, art and intellect. Decades of Indo-Hungarian economic interaction further sustained this relationship and fruitful scientific and technological interactions created further value. All of this has added up to tremendous political goodwill. Both countries are exploring options to boost the bilateral trade to $1 billion by 2012. Hungary is promoting greater use of generic drugs. India has a large competitive advantage in pharma sector. On the exploration side, ONGC and Hungarian oil company MOL have already entered into an agreement to explore for oil in India. MOL has taken 35 per cent stake in the joint venture with ONGC for exploration activities. In addition, India and Hungary would soon operationalise a two million euro per annum Science and Technology Fund to promote joint research projects. The Federation of Indian Chambers of Commerce and Industry (FICCI) signed two memorandums of understanding to promote bilateral trade and investment with ITD of Hungary and another with Hungarian Chambers of Commerce and Industry to advance international commercial arbitration on any disputes arising on contracts reached between companies in the two countries. Indian industry has raised issues such as visa to business people, refund of social security tax paid by the IT professionals.

Bt Bringal not in the Indian menu, for now

The government of India has decided to dump BT Bringal (eggplant), for now by announcing a moratorium on the introduction of genetically modified brinjal for commercial cultivation in the country. Announcing the decision, India's minister for Environment and Forest Jairam Ramesh said that there was not enough scientific research material available on the possible long term impact of the genetically modified (GM) crop. The moratorium will remain in place until independent scientific studies are able to establish a consensus among scientists that the brinjal is safe for human consumption and it poses no threat to the rich genetic diversity of brinjal in India. The minister cited opposition from states, the scientific community, NGOs and even common man to the introduction of gene-altered seeds for commercial cultivation. The government's decision to allow commercial cultivation of the genetically modified brinjal had invited a lot of flak. The Genetic Engineering Approval Committee (GEAC) set up by the government had approved BT Brinjal cultivation, a decision that caused uproar among many civil society and farmer groups. The brinjal has undergone more than two years of field trials and animal toxicity studies. Further, the GEAC of the ministry of environment had examined crop performance and animal studies data submitted by the developers to certify the brinjal as ready for cultivation in 2009. After that, the Environment Minister has held many public consultations in different parts of the country.

Bt brinjal is genetically modified variety of brinjal which gives more resistance to Brinjal plant against insects. The moratorium, announced by the minister, tantamount to the first-ever assertion of no-confidence in the country's existing regulatory mechanism that had already certified the vegetable as being ready for commercial cultivation. Genetically Mododfied brinjal is being brought out by the Indian arm of US biotech major Monsanto which has been in the cross-hairs of NGOs in India before too. Its genetically modified cotton, introduced in the country in 2002, had sparked hysterical protests. However, eight years later India has doubled its cotton yields and is now the world's second largest producer, behind China. The brinjal, genetically engineered to produce a bacterial toxin and kill worms, was developed by a consortium of scientists at Mahyco, a private Indian biotechnology company and state agriculture universities in Coimbatore and Dharwad. EICC thinks that the success of Bt Cotton can be replicated in food, fruit and vegetable crops to ensure long lasting food security. EICC is also of the view that the decision on the moratorium will demoralize Indian scientists, blunt the aspirations of the native Indian entrepreneurs, jeopardize R&D (crucial for food security) and is also likely to discourage foreign companies who want to sell biotech innovation into India.

India to become 3rd largest economy by 2012, says PwC

According to a report prepared by the global accounting firm PricewaterhouseCoopers (PWC), India is poised to overtake Japan as the world's third largest economy by purchasing power parity (PPP) by 2012. The collapse of the US financial institutions seems to have expedited the rise of the developing countries and India is definitely taking the due economic advantage. The global investment major Goldman Sachs had made a similar prediction and had said that India would overtake Japan only by 2032. According to the PWC, China will become the world's largest economy by 2020, more than 20 years ahead of the earlier prediction of 2041. Mr. John Hawksworth, head of macroeconomics at PwC, who wrote the report observed that while the exact date is open to doubt, it seems highly likely that, by 2030, China will clearly be the largest economy in the world on PPP. It further said India would overtake China in terms of growth rate by 2020. The effects of the global financial crisis on India and China, two of the world's fastest economies, were largely limited and both countries returned to high growth rate even as several Western economic giants including the US, Britain, Germany and France were grappling with slow growth and higher unemployment. The Indian economy will expand 8 percent in 2010/11 after growing between 7 and 7.5 percent in the current fiscal year to end-March. India's economy grew an annual 7.9 percent in the quarter through December, its fastest in 18 months, prompting the finance ministry to revise the growth forecast for the current fiscal year to around 8 percent from 7.0 percent. On the other side, China stunned the global economy by registering 10.7 percent growth in the final quarter of 2009. Chinese economy expanded 8.7 percent in 2009. With Japan facing one of the gravest crises of its history and still struggling to come out of, analysts think China will overtake Japan as the second largest economy this year.

Spanish company Gamesa starts first production center in India

This Spainish company specialising in sustainable energy technologies, mainly wind power, has launched its operations in India with the setting up of an Indian subsidiary, Gamesa Wind Turbines Pvt. Ltd. The installations of the company, which was inaugurated in February by Jorge Calvet, Gamesa's chairman, and Ramesh Kymal, the chairman & managing director of Gamesa Wind Turbines Pvt., is located in the Red Hills area next to the city of Chennai. The new instalations - to produce Gamesa G58-850 kW wind turbines- is equipped with an initial production capacity of 200 MW per year and will employ more than 100 people. The company has contracts in India and neighbouring countries for a total power output of 60 MW. The plant is equipped with the most advanced production management systems to reduce production timescales and costs, thereby ensuring the processes' excellence and the highest quality standards. The industrial process will be complemented with the ongoing development of local suppliers for the supply of components and materials. The new facility is the result of a strategic wager placed by Gamesa to establish itself industrially in markets having high-growth potential and to achieve greater production capacity at more competitive conditions. The new project reinforces too the presence of Gamesa in Asia, where they already operate in China with a production capacity of 1,000 MW per year. With the inauguration of this plant in India, Gamesa now has thirty production centers in Europe, Asia and the United States and an international workforce of around 6,500 employees.

Bayer pushes patent linkage in India, EU parliamentary group opposes

The German pharma company Bayer seems to have adopted a 'try till you succeed' policy on pursuing patent linkage in India. On the other hand, a European Parliamentary group is planning to call on the EU and European Commission, the executive arm of the EU, to desist from pushing for provisions such as patent linkage in developing countries. Despite Bayer's appeal being dismissed by the Delhi High Court, the firm is keen on chasing the matter. Though Bayer hasn't specified what its legal options would be, there is a likelihood of the company approaching the Supreme Court regarding this matter. Meanwhile, the European Parliament working group on innovation, access to medicines and poverty related diseases (the parliamentary group formed last month), believes that provisions such as patent linkage can impact access to medicines. The parliamentary group plans to organise roundtable or hearings to call on the EU to support policies that improve access to medicines through competitive supply of drugs, such as compulsory licensing, also bolar exception, etc. The EU currently does not allow patent linkage, and according to the European Generic Medicines Association, the system is contrary to EU regulatory laws and hinders quick access to generic medicines. Bayer sought to prevent the granting of marketing approval under the Drugs and Cosmetics Act (DCA) to Cipla's drug Soranib on the grounds that it violated its valid patent. The drug is used in the treatment of advanced renal cell carcinoma. The court accepted Cipla's contentions with respect to Form 44 and the differing scheme of the DCA and the Patents Act. It also accepted the contentions of the Drugs Controller General of India (DCGI) that the Controller's office is not equipped to grapple with complicated patent disputes. The court noted that in the instance of a patent holder seeking only marketing approval and not manufacturing approval, the drug will be highly priced, and accepting Bayer's contentions would effectively block generic manufacturers thus deterring the availability of affordable drugs. The judges also pointed out that allowing or disallowing patent linkages is a policy decision that has to be taken by the Government and accepted the contention that patent linkage is a TRIPS plus concept.

Eurozone trade surplus at 22.3 billion euro; trade with India down 15 per cent

The first estimate for the eurozone (16 countries) saw a trade surplus of 22.3 billion euros ($30.7 billion) in 2009 in contrast to a trade deficit of 54.7 billion euros in 2008, reported Eurostat, the European Union (EU) statistics agency. However, export and import businesses between India and European Union countries have reduced by 15 to 16 per cent during last year, Eurostat said. Exports from the 27-member body to India have decreased to 24.5 billion euro between January and November 2009, while the EU lost 15 per cent of import from India during the same period as compared to the figure in 2008. However, the EU27 recorded a deficit of 105.5 billion euro in 2009. However, this was a big improvement on the bloc's deficit of 258.4 billion in 2008. The euro area trade balance with the rest of the world in December 2009 gave a 4.4 billion euro surplus, compared with a deficit of 1.8 billion euro in December 2008. The November 2009 balance was 4 billion euro, compared with 6.9 billion euro in November 2008.

European Parliament approves new Commission after a marathon debate

After a US style confirmation hearing, the new European Commission took office last month after a delay caused by MEPs' refusal to approve Commissioner-designate from Bulgaria. The president of the Commission, veteran Portuguese conservative Jose Manuel Barroso, had already been approved for a second term by the EU government leaders. The new line-up includes the UK's Baroness Ashton, the EU's High Representative for Foreign Affairs. The new post, created by the Lisbon Treaty, also makes her a Commission vice-president. MEPs approved 26 candidates for the European commission today, enabling President Barroso's new team to get down to business. The vote was 488 in favour, 137 against (with 72 abstaining), well over the majority required. The parliament's role is to ensure that the Commission, executive arm of the European Union are up to the job and discharge their responsibility as a pro-European. The vote culminated a process that began in September when the president won parliamentary support for a second term. A vital part of the process was the job interviews that the 27 candidates must go through in front of MEPs if they are to win approval. Some sailed through, some struggled. The January hearings passed a few numerical milestones along the way: 3,300 Pages of translations, 165 Accreditations granted to TV news crews to film the hearings, 2,000 Estimated articles were published in Europe's press during the hearings process, 300 Of which were about Bulgaria, 81Hours of hearings, with around 1,750 questions, 60 People a day filming the hearings (cameramen, producers, editors…), 27 Candidates. The Commission President Barroso was already elected.
