



Europe India Chamber of Commerce

Newsletter

Issue: 51 Volume: 5

May 2012

Indian Commerce Minister to address Global India Business Meeting 2012 in Antwerp

Indian Commerce Minister Mr. Anand Sharma will address the Global India Business Meeting to be held in Antwerp on 24-25 June. Preparation for the meeting is in full swing and all logistic parameters are in place to welcome the GIBM. The business summit hosted by the Flemish government will be attended by more than 300 CEOs from India, continental Europe, US, Gulf and ASEAN countries. The GIBM in Antwerp will be the largest gathering of CEOs in Europe and will be the first of its kind being hosted by the government of Flanders. While Voka and FIT have been selected as official partners by the Flemish government, the EICC is the main co-organiser. Among other co-organisers EUROCHAMBRES with which EICC has close working relations, is an important partner. EICC is closely working with all stakeholders in the preparation of the summit. General feeling amongst them and Horasis is that the preparation is progressing very well and will attract not only well-established business leaders but also a younger generation entrepreneurs to ensure the objectives and success of the Meeting.

The GIBM will bring together business leaders representing multi-nationals, large corporations, small and medium-scale enterprises and confederations, multilateral and regional institutions. Some of the prominent business leaders and industrialists who have confirmed their participation are: Mr. Subodh Bhargava, Chairman, Tata Communications; Mr. Ajay G. Piramal, Chairman, Piramal Healthcare; Mr. Dhruv M Sawhney, Chairman, Triveni Engineering & Industrie; Mr. Shivinder Singh, Vice Chairman and Managing Director, Fortis Healthcare; Mr. Naresh Goyal, Chairman Jet Airways; Mr. Sanjay Dalmia, Chairman Dalmia Group of Companies; Mr. Ravi Mehrotra, Chairman Foresight Group; Dr. Mohan Kaul, Director General of the Commonwealth Business Council; Mr. Sunil Godhwani, Chairman and Managing Director, Religare Enterprises; Mr. Dileep Patil, CEO, CG (Power), Mr. Jignesh Shah, CEO of Financial Technologies; Sheikh Saif bin Hashil Al-Maskery, Chairman, Al Mahfadha Investments, Oman; Mr. Raju V. Kanoria, Chairman, Kanoria Chemicals & Industries; Rajiv Vastupal, Chairman & Managing Director, Rajiv Petrochemicals; Dr. A. Patil, CEO of DY Patil Group. The venue of the Summit is Hotel Hilton in Antwerp.

The Meeting will provide the highest level platform to engage with political leaders in a concrete and constructive dialogue where parties involved hold each other accountable and should be seen in the context of improving investment and business between EU countries in general and Flanders in particular.

EICC to host its Board of Directors meeting in Antwerp on 23 June 2012

The EICC will hold its annual Board of Directors and General Membership Meeting on Saturday, June 23, 2012, from 5.30pm, at the former Royal Palace in Antwerp. In addition to the adoption and ratification of several policy issues, the meeting will discuss, inter-alia, policies and programmes of the chamber including structuring of a competitive and representative board of directors. All members are encouraged to attend. The venue of the meeting is the former Royal Palace: **Paleis op de Meir Meir 50, 2000 Antwerpen**. The meeting will start at 17.30 hrs followed by a cocktail at 19.00 hrs and networking dinner at 20.00hrs. Flanders Investment and Trade together with EICC will host cocktail and dinner. The venue and facilities of the meeting can be accessed through visiting websites www.spiegelzaal.be; www.paleisopdemeir.be; EICC looks forward to welcoming all stakeholders of the chamber in Antwerp.

Chandramouli speaks at the ISPD

EICC Board Member Mr. M S Chandramouli was on 21 April invited to speak at the International School of Protocol & Diplomacy. In his address to the students and faculty of the ISPD, Chandramouli spoke about India's vibrant democracy, India as an economic super power. He also told the students how India is a country composed of a multitude of religious cultures coexisting side by side, its religious diversity. Of all the cultural influences that most impact Indian business culture, hierarchy plays a key role. With its

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettwie, (bte. 18), 1080 Brussels
Tel: +3224692677 Fax: +3224692677 Web: www.eicc.be E-mail: info@eicc.be

Editor: **Secretary General**

roots in Hinduism and the caste system, Indian society operates within a framework of strict hierarchy that defines people's roles, status and social order. In such a richly diverse and complex country as India it is difficult to impart generic conclusions that can be used by those doing business there. Regionalism, religion, language are the factors that need to be taken into account when doing business in India. Behaviour, etiquette and approach are all modified depending on whom you are addressing and the context in which they are being addressed. However, most of those doing business in India will do so in cities such as Delhi, Mumbai, Bangalore and Hyderabad and with a particular socio-economic class. He also said that doing business in India involves building relationships. Indians only deal favourably with those they know and trust - even at the expense of lucrative deals. It is vital that a good working relationship is founded with any prospective partner. This must take place on a business level, i.e. demonstrating strong business acumen, and at a personal level, i.e. relating to your partner and exhibiting the positive traits of trustworthiness and honour.

The ISPD is Europe's leading academic institution dedicated to studies in the areas of business diplomacy. Their mission is to provide the highest level of expertise, academic standards and guidance in terms of diplomacy, protocol and intercultural relations. The ISPD combine the fields of protocol, diplomacy and cross cultural relations in order to bring students and participants a unique range of study programmes designed and developed by academics from a multi-cultural perspective.

Mumbai Mayor confers Gold Medal award to EICC Resident Director Chaturvedi

EICC Resident Director in The Netherlands Mr. Vikas Chaturvedi was recently given the Gold Medal Award by the Mayor of Mumbai for his contribution in initiating a dialogue and facilitating for having the MOU between City of Mumbai and City of Amsterdam signed. The Mayor of Amsterdam visited India during the first week of April and held discussion with the Mayor of Mumbai. This was the largest MOU signed by Amsterdam on a city level. The MOU is aimed at increasing business opportunities between India and the Netherlands to new heights. Vikas has been instrumental in talking to City Mayor of Mumbai and getting the land allocated to Cruyff foundation for Cruyff Court in Mumbai and getting the letter of intent formalised.

In a congratulatory note to Vikas the Mayor of City of Amsterdam dr. E. E. van der Laan wrote: *I would like to express my gratitude for your great effort and support to make the mission to India a success. I especially want to acknowledge your efforts in the process towards realising the Memorandum of Understanding for our Sister City and the Letter of Intent for Cruyff Court". He further added "I hope Amsterdam can count on your support in the future for the execution of the MOU and to acquire resources for financing the execution of the LOI".*

EICC congratulates Vikas for his continued success and his contribution to the EICC.

India, Pakistan script new chapter with fast track bilateral trade relations

Determined to speed up bilateral cooperation and enhance economic engagement, India and Pakistan have decided to fast-track the ongoing talks for enhancing trade and economic relations. It was decided during the bilateral meeting between Indian Commerce Minister Anand Sharma and the visiting Pakistan Trade Minister, Makhdom Amin Fahim early April in New Delhi, that the officials of both countries should fast-track the ongoing process. It was also noted that the Central banks of both countries were examining issues relating to opening bank branches in each other's country.

The Ministers expressed their wish that the business visa regime needed to be liberalised at the earliest. During the discussions, both sides agreed to draw a road map for further reductions in the South Asian Free Trade Area (SAFTA) sensitive lists. While reducing the SAFTA lists, both sides would appropriately consider requests received for tariff lines to be removed. Both sides welcomed these rapid developments on the business front and the business-to-business and business-to-consumer contact for promoting both commerce and people-to-people understanding. The Ministers agreed that this was a clear testimony of the business-driven demand for a rapidly expanding bilateral economic engagement.

With these developments, India and Pakistan have entered a new era of business-driven demand for a rapidly expanding bilateral economic engagement and commerce ministers from both sides welcomed

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettwie, (bte. 18), 1080 Brussels
Tel: +3224692677 Fax: +3224692677 Web : www.eicc.be E-mail: info@eicc.be

Editor: **Secretary General**

the rapid developments on the business-to-business and business-to-consumer contact for promoting both commerce and people-to-people understanding. This is also testimony of the political commitment on both sides to normalise and strengthen the bilateral trade and commercial relationship. Both sides reviewed the progress made on the decisions already taken. Both sides have expressed satisfaction that the transition process for complete normalisation of the trading of goods and services, including investment, has started.

There has been a substantial increase in the list of commodities permitted to be imported from India. As per the Pakistan government's order of 20 March 2012, a negative list of 1209 tariff lines has been announced. The Pakistan cabinet had decided on a complete phase out of the negative list, subject to further negotiations between the two countries. Both sides agreed that the modalities would be discussed in the next meeting of the commerce secretaries.

India and UK agree to push trade and investment

India's Commerce, Industry and Textiles Minister Mr. Ananad Sharma attended the 8th round of India-UK Joint Economic and Trade Committee (JETCO) Meeting on 15 April in London and held discussion with his British counterpart Secretary of State for Business, Innovation and Skills, Dr. Vince Cable and the Chancellor of the Exchequer Mr. George Osborne in addition to leading the Indian deliberations at the JETCO.

The JETCO was established on 13 January 2005 in New Delhi to steer the strategic economic partnership between the two countries following the historic Joint Declaration "India-UK towards a new and dynamic partnership" between Prime Ministers Dr. Manmohan Singh and Tony Blair in September 2004 in London. The JETCO has been conceived as a business driven institutional framework to enhance trade and investment both ways. Mr. Sharma and Dr. Cable had led the respective delegations at the 7th JETCO meeting last year in New Delhi. This meeting saw both industry and Government come together for healthy discussions in the Joint Working Groups on the themes of Advanced Manufacturing and Engineering, Education and Skills Development, Investment and Innovation and Logistics.

During the 8th Round, both sides agreed to concentrate on Education and Skills Development and innovation and healthcare technology, particularly cardiology. In the advanced manufacturing and engineering sector the meeting identified several projects like collaboration between BAE systems and Mahindra & Mahindra, JV between Hindustan Aeronautics Limited and Rolls Royce and collaboration between Bhushan Power & Steel and CDE Asia Limited for immediate implementation. The Ministers also participated in the release of a Compendium on partnerships in Skills and Education and the launch of a dedicated website of the UK- India Skills Forum.

In his address at the JETCO plenary session of over 150 businessmen from both countries, Mr. Sharma congratulated the Joint Working Groups in identifying concrete projects and tangible results which are critically important for India's development and inclusive growth. He urged them to focus on implementation of the identified deliverables, building upon the decisions taken during the New Delhi meeting. He expressed satisfaction that trade and investment between the two countries have been growing despite the global economic crisis and serious sovereign debt crisis in the Eurozone, He underlined that India is committed to continue to grow in the trajectory of robust growth for the next 25-30 years. He reiterated that the Government of India is committed to create investor friendly environment in the country through the FDI route, implementation of the new National Manufacturing Policy and creation of enabling financial framework for investment outward investment by Indian companies abroad and for foreign companies in India. Shri Sharma invited the British companies to investment in the infrastructure development projects in various parts of India including the Delhi-Mumbai Industrial Corridor and Bangalore-Chennai corridor.

Germany and India ink Joint Declaration on Sustainable Urban Development

Mr Kamal Nath, Minister of Urban Development and Dr. Peter Ramsauer, German Minister for Transport, Building and Urban Development on 10 April signed a Joint Declaration in the field of Sustainable Urban Development. Dr. Peter Ramsauer was leading a high level German business delegation to India.

Speaking on the occasion, Mr. Kamal Nath stressed upon the immense challenges and opportunities in the Urban sector in India. He informed that the Government of India is likely to launch the next phase of the Urban Renewal mission shortly with an allocation of around USD 40 billion over the 12th Five Year Plan period. The Government of India is keen on encouraging PPP in the urban sector especially in the larger cities. Minister Nath also informed the German delegation of the major thrust of the Government towards the development of Metros in the major cities across the country and invited the German companies to participate. Minister Kamal Nath stated that both India and Germany would benefit from the Joint Declaration, as it would provide an enabling platform for the officials, professionals and business leaders to meet and share knowledge and best practices in the urban sector. He expressed hope that this joint declaration will lead to enhanced cooperation and deepen the engagement between the two countries.

The Joint Declaration envisages - Promoting discussion and strategies on integrated policies and principles for urban development and revitalization in the two countries; and fostering fair, equitable and sustainable urban communities in the two countries and the ideals of a democratic society with equal opportunity for all. The declaration focuses on analysis of integrated urban and regional policies relevant to the development and redevelopment of cities, metropolitan communities and rural areas in a broader framework with coordination of spatial, sectoral and temporal aspects; ways to foster the design and development of sustainable communities through integrated and inter-governmental partnerships in a federal system, with particular attention to transit-oriented development planning and finance; Public-Private sector investment partnerships, particularly in regard to sustainability and the revitalization of cities in transition in Germany and fast growing cities in India; urban land use, including green space planning, temporary greening, brown field rehabilitation, as well as the quality of public spaces, urban man-made landscapes and architecture and their role as locational factors. The bilateral work under this Declaration is to be jointly led by the Ministry of Urban Development of India and Ministry of Transport, Building and Urban Development of the Federal Republic of Germany. Senior officials from Germany and India were present at the signing ceremony.

Working Group on Indian Tourism proposes wide ranging strategies

The Working Group on Tourism constituted by the Planning Commission for the 12th Five Year Plan has proposed wide-ranging strategies. As per these strategies, there will be increased emphasis on skill development and capacity building for bridging the huge gap in demand and supply in skilled manpower in the hospitality sector.

For developing tourism infrastructure based on carrying capacity and sustainability principles, professional agencies will be employed. Infrastructure gap in tourism destinations and circuits will be systematically covered. Greater emphasis on creating rural tourism clusters and tourism parks by adopting strategies based on convergences of resources will be specially emphasized upon. For promoting the brand of "Incredible India" publicity and promotional programmes of the Ministry will be made product specific, country specific and destination specific. Appointment of India Tourism Representative Offices will contribute in a big way in attracting larger number of foreign tourists. There will be focused emphasis on promoting tourism which is sustainable by adopting carrying capacity studies especially in environmentally sensitive areas. There will more attention on promoting niche tourism products, attempting greater convergence amongst different stakeholders and rationalisation of taxes in tourism sector.

USIBC for India-specific economic pact; suggests \$50 bn fund

To majorly enhance business ties between the two countries, industry body USIBC has proposed to the White House an India-specific Economic Cooperation Agreement and the setting up of a USD 50 billion sovereign debt fund in collaboration with India.

The Agreement would be unprecedented in terms of the economic cooperation for the US with any countries so far -- something on the lines of the nuclear deal that changed strategic relations between India and US. These suggestions are part of five-point proposals that USIBC has put forth to the Obama Administration, which it says are achievable goals in mid-term and will reinvigorate the bilateral economic

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels
Tel: +3224692677 Fax: +3224692677 Web : www.eicc.be E-mail: info@eicc.be

Editor: **Secretary General**

ties. Topping the list is a USD 50 billion sovereign debt fund, with collaboration between India and the US; a unique NASDAQ-like exchange in Bangalore and massive collaboration in energy sector including shale gas technology to help India address its energy challenges.

The brief contours of these five-point, mid-term achievable were recently communicated in a confidential letter to Mike Froman, Deputy assistant to the President and Deputy National Security Adviser for International Economic Affairs, by Harold "Terry" McGraw II -- the outgoing Chairman of US India Business Council (USIBC). USIBC has entrusted Peterson Institute for International Economics, a Washington-based think tank to prepare an initial report on the proposed India-US Economic Cooperation Agreement.

US slashing Indian BPO Jobs

India has been strongly taking up issues relating to Indian IT Industries with the US Government and other institutional stakeholders. Indian Minister of State for Communications and Information Technology Mr. Sachin Pilot informed the Lok Sabha on 26 April that such issues have been raised regularly at every possible forum/meeting with US Officials. Mr. Pilot was speaking in the context of 'The United States Call Centre Worker and Consumer Protection Act' introduced in December, 2011 in the US House of Representatives. This Bill provides for

- i) a list of those employers who relocate their call centre overseas, to be made public
- ii) disclosure of the physical location of call center employees unless they are located in the United States and
- iii) making those companies ineligible for federal grants or guaranteed loans who relocate their call centers overseas.

The Minister said that the assessment of the impact on the BPO industries in India is premature since the Bill is in the draft stage.

EC seeks public input on a modern system of European insolvency law

The European Commission on 30 March launched a public consultation on modernising EU rules governing insolvencies. The existing rules date from 2000 and set out how bankruptcies – of companies or individuals – should be coordinated between several EU countries. The results of the consultation will help determine whether and how the existing Regulation needs to be revised in order to bolster businesses and strengthen the EU's Single Market. It forms part of the EU's efforts to preserve jobs and to promote economic recovery, sustainable growth and a higher investment rate, as set out in the Europe 2020 strategy.

Insolvencies are a fact of life in a dynamic, modern economy. Around half of enterprises survive less than five years. In 2010, a total of 220,000 businesses went into liquidation in the EU. This means that some 600 companies in Europe went bust every day. This trend continued in 2011. It is therefore essential to have modern laws and efficient procedures in place to help businesses, which have sufficient economic substance, overcome financial difficulties and to get a "second chance".

"A modern insolvency law is essential for financial stability and for the efficiency of the financial system. It is an essential part of a modern Single Market and encourages entrepreneurs to take risks. And if necessary, it provides an orderly way for businesses to close down," **said EU Justice Commissioner Viviane Reding.** "A modern insolvency law will help fuel the economy as it will help giving economically solid businesses, which are in short term financial difficulties, a second chance. That is why we are consulting business as well as lawyers, judicial authorities and the public at large."

European Insolvency Law is laid down in Regulation (EC) No 1346/2000 on insolvency proceedings (the "Insolvency Regulation"), which has applied since 31 May 2002. The Regulation contains rules on jurisdiction, recognition and applicable law and provides for the coordination of insolvency proceedings opened in several Member States. The Regulation applies whenever the debtor has assets or creditors in more than one Member State.

The Insolvency Regulation of 2000 has improved legal certainty and facilitated judicial cooperation in the treatment of cross-border insolvency cases. However, after ten years in application, important developments in national insolvency law and considerable changes in the economic and political environment call for a fresh look at the Regulation.

The Commission is consulting small and large businesses, self-employed individuals, insolvency practitioners, judicial authorities, public authorities, creditors, academics and the general public on their experience with insolvency and in particular cross-border insolvency. Their answers will help the Commission to determine whether and how the current legal framework should be improved and modernised. The consultation is open until 21 June 2012.

The consultation can be found here: http://ec.europa.eu/justice/newsroom/civil/opinion/120326_en.htm

Labour costs in the EU27 in 2011 ranged between €3.5 and €39.3

According to a press release by Eurostat the hourly labour costs ranged between €3.5 and €39.3 in the EU27 Member States. The average hourly labour costs were estimated to be €23.1 in the EU27 business economy in 2011, and €27.6 in the euro area¹ (EA17). However, this average masks significant differences between Member States, with hourly labour costs ranging from €3.5 to €39.3. Labour costs are made up of costs for wages & salaries, plus non-wage costs such as employer's social contributions.

The EU27 includes Belgium (BE), Bulgaria (BG), the Czech Republic (CZ), Denmark (DK), Germany (DE), Estonia (EE), Ireland (IE), Greece (EL), Spain (ES), France (FR), Italy (IT), Cyprus (CY), Latvia (LV), Lithuania (LT), Luxembourg (LU), Hungary (HU), Malta (MT), the Netherlands (NL), Austria (AT), Poland (PL), Portugal (PT), Romania (RO), Slovenia (SI), Slovakia (SK), Finland (FI), Sweden (SE) and the United Kingdom (UK). The euro area (EA17) consists of Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.

Business economy includes Mining and quarrying; Manufacturing; Electricity, gas, steam and air conditioning supply; Water supply; sewerage, waste management and remediation activities; Construction; Wholesale and retail trade, repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities; Information and communication; Financial and insurance activities; Real estate activities; Professional, scientific and technical activities; Administrative and support service activities.

In 2011, the highest hourly labour costs were estimated for **Belgium** (€39.3), **Sweden** (€39.1), **Denmark** (€38.6), **France** (€34.2), **Luxembourg** (€33.7), the **Netherlands** (€31.1) and **Germany** (€30.1). The lowest hourly labour costs were estimated for **Bulgaria** (€3.5), **Romania** (€4.2 in 2010), **Lithuania** (€5.5) and **Latvia** (€5.9). While comparing labour cost estimates in euro over time, it should be noted that data for those Member States outside the euro area are influenced by exchange rate movements. These preliminary estimates for 2011, published by **Eurostat, the statistical office of the European Union**, cover enterprises with more than 10 employees and are based on the 2008 Labour Cost Survey and the Labour Cost Index.

The Labour Cost Index (LCI) is a short-term indicator showing the development of hourly labour costs incurred by employers. It is calculated dividing the labour cost by the number of hours worked. Labour costs are made up of costs for wages & salaries, plus non-wage costs such as employer's social contributions. These do not include vocational training costs or other expenditures such as recruitment costs, spending on working clothes, etc. The LCI covers all business units irrespective of the number of employees and all economic activities except agriculture, forestry and fishing, private households and extra-territorial organisations.