Europe India Chamber of Commerce

Newsletter

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EICC and NYENRODE ink cooperation agreement

A cooperation agreement has been inked between Europe India Chamber of Commerce and Nyenrode Business Universiteit of The Netherlands. In order to enhance cooperation between the two organizations and to exchange knowledge in the areas of education, research and business, they have agreed to work together to become a competent knowledge authority in matters related to trade and commerce between Europe and India. Some of the salient features of the MoU include cooperation with the Nyenrode Business Universiteit as its knowledge partner, sharing the knowledge and resources of both the organizations in order to establish long term joint business research projects in the area of EU-India business relations that are funded by the European Commission. In addition, they shall develop appropriate proposal for the research projects, developing alliance with organizations in Europe and India, and any such activity that both organizations deem fit. It has also been agreed that Nyenrode Business Universiteit and EICC will work together to bring out joint quarterly publication to highlight the current state of business relations and the business opportunities that exist between Europe and India.

Gour Saraff appointed Resident Director of EICC in Spain

Mr. Gour Saraff has been appointed as the Resident Director of the EICC in Spain. India's economic relations with Spain is growing with several Indo-Spanish joint ventures in India and some major Indian companies in automotive, pharmaceutical and IT sectors having made their presence in Spain. Also since India and Spain have agreed to diversify the pattern of trade in order to realize the full potential of bilateral trade and economic relations, it was felt necessary that Europe India Chamber of Commerce has its presence in Spain. The possible areas of promoting trade and investment between two countries are infrastructure development in India including trade cooperation in agro-products and food industries, leather products, chemicals & pharmaceuticals, telecoms, energy, automotive equipments, machine tools, electronics and tourism. To improve bilateral ties with Spain, the President of India visited Spain in April during which a number of bilateral agreements were signed. This was the first-ever State visit by an Indian President to Spain. Spain is also instrumental in helping India to further strengthen the growing partnership with the EU. EICC's presence in Spain is very timely as Spain will hold the EU Presidency next year at the time when India will hold the Troika meeting at the ministerial level. Mr. Saraff brings with him vast experience in trade and economic issues. He is the President of European Enterprises Ltd which is involved in developing business and political relations between India and Spain. He has been instrumental in establishing relationship between various Spanish Governmental agencies and the Ministries and other related agencies in India. Mr Saraff has also served as Adviser to both Spanish and Indian Government agencies. Currently he is Advisor to the Spanish Construction Federation. Mr. Saraff started his career with McDonnell Douglas Aircraft in the department of technology transfer. He has worked in Russia, Ukraine, US, UK, India and Spain. Mr Saraff received his MBA from New York University and is a Project Management expert. He speaks English, Spanish and Russian in addition to many Indian languages. He can be contacted on mail ID: gsaraff@hotmail.com or on Tel: 34-963660979, Fax: 34-963520744 or GSM: 34-665578710

Gul Kripalani takes over as President of IMC

The Annual General Meeting of the Indian Merchants' Chamber held on 11th May, 2009 in Mumbai has elected Mr. Gul Kripalani and Mr Dilip Dandekar as President and Vice President respectively. Mr. Kripalani is the Chairman & Managing Director of Pijikay Group of Companies, an export house of seafood and meat products from India. He is also the Chairman Emeritus and National President of the Indo-Canadian Business Chamber, President of the Federation of Indo-Israel Chambers of Commerce and Culture, and Past President of the Rotary Club of Bombay. The Vice President Mr. Dandekar is the Chairman & Managing Director of CAMLIN LIMITED, Chairman of Camlin Fine Chemicals Ltd including serving in the Board of Directors of several companies, and also the Honorary Consul of Mongolia in Mumbai. Their election comes at a crucial time when the IMC is organizing, in partnership with the EICC, the "India-EU Business Partnership Summit" under the aegis of India Calling 2009 on 1-3 October 2009 in

Brussels. Mr. Karel De Gucht, Deputy Prime Minister and Minister of Foreign Affairs of Belgium will be the chief guest of the Inaugural Session. More than 250 business leaders and entrepreneurs from Europe and India are expected to participate. The IMC and EICC are being contacted by several companies in India and Europe with interest to attend the Conference. The India Calling, a brand which is unique and completely distinct from other chambers in India, has received global attention for its success to contribute to the bilateral trade and economic relations between India and counties which are economically and strategically important. Those interested to participate are requested to visit websites www.eicc.be and www.imcnet.org for more info. Online registration for the Conference will also be made available on the websites.

India in the lead in IP laws, enforcement practices

The London based Consumers International (CI) has ranked India as the country with the most consumer-friendly intellectual property (IP) laws since its copyright regulations allow citizens freedom to access and utilize information for educational and developmental purposes. In a study of 16 countries, including economically advanced ones, the CI, focused on copyright laws – which have "the most immediate impact on consumers' access to knowledge and thereby on their educational, cultural and developmental opportunities". The other countries with good ratings were South Korea, China, the US, and Indonesia. The bottom of the list was occupied by Britain, Thailand, Argentina, Brazil, and Chile. India was rated high in terms of its scope and duration of copyright as well as the freedom of access and use it gave to home users, content creators, the press and those in public affairs.

The CI has called for a "balanced copyright regime in which the importance of copyright flexibilities and that of the maintenance of a vibrant public domain are upheld". The study praises India's Copyright Act as being "a relatively balanced instrument that recognizes the interests of consumers through its broad private use exception, and by facilitating the compulsory licensing of works that would otherwise be unavailable". It points out that "neither has India rushed to accede to the WIPO (World Intellectual Property Organization) Copyright Treaty, which would expose India's consumers to the same problems experienced in other jurisdictions that have prohibited the use of circumvention devices to gain access to legally acquired copyright material". The study however acknowledges that copyright infringement, particularly in the form of physical media, is widespread in India. It adds though that this must be taken in the context that India, although fast-growing, remains one of the poorest countries in the world. "Although India's cultural productivity over the centuries and to the present day has been rich and prodigious, its citizens are economically disadvantaged as consumers of the culture to which they have contributed," says the study. "The list of countries that best support the interests of consumers is dominated by large Asian economies but they are in odd company with the US, which has regularly criticized those same countries for failing to adequately protect and enforce intellectual property rights.", the CI observed.

India likely to take EU to WTO against blocking its generics

India and Brazil have decided to lodge a complaint with the World Trade Organization against the European Union, alleging that Europe-based multinational pharmaceutical firms are persuading African nations to enact anti-counterfeit laws just to deny Indian drug companies market in Africa. Indian drug manufacturers have witnessed a growth in their exports to Africa in recent times. It is widely believed that the Anti-Counterfeit Act, passed by Kenya in December 2008, is part of a strategy by multinationals to persuade African nations to disallow sale of generic drugs on the ground that they are spurious. It recognizes intellectual property rights registered in any country of the world and not necessarily in Kenya. This would imply that even if a drug is not patented in Kenya (where it is sold) or India (where it is being manufactured) but in another country, it would be considered as counterfeit in Kenya. India is afraid that the law could restrict the entry of Indian generic drugs into Africa as other African countries such as Uganda, Peru, Zambia and Ghana may enact similar laws. This would mean a loss of over $1 billion to Indian drugs exporters in the African market. According to Indian Pharmaceutical Alliance (IPA), multinationals, unable to compete with the cheaper and efficacious medicines from India, are now resorting to a smear campaign against Indian Drug companies.

It can be recalled that the Custom authorities of Holland had detained generic drugs from India during transit to countries in Latin America and Africa on grounds that these medicines were patented in Europe.

Developed countries have been trying at the World Intellectual Property Organization (WIPO) to implement a regime that would make a patent granted in one country applicable world-wide. In Holland where the consignment has been seized, the Dutch government has assured India that it would like to sort out the issue of frequent seizure of generic drugs produced in India. It is also learnt that the Dutch government has asked the European Commission for a review of the EU Customs regulations. The incident clearly shows that the developed countries are circumventing global trade rules and trying to force their own tough intellectual property rules on developing countries, expressed India and Brazil.

Indian IT to dominate global market post economic recovery

Global consultancy firm Deloitte is a White Paper published last month, has predicted that Indian IT services industry is undergoing a structural transformation and is poised to dominate the global IT space after economic recovery sets in. According to the report, the Indian IT-BPO industry is now at a critical point in its evolution and faces a transforming macroeconomic environment, rapidly changing customers, evolving services and rising stakeholder aspirations, and these forces are expected to redefine the nature of demand and supply for the industry, and also redefine the strategic imperatives for businesses in 2009, the report stated. The report added that the global slowdown has affected business climate within the country and the growth rate of the IT and IT Enabled Services sector is experiencing tremors of the downturn. Indian IT sector derives about 61 per cent of its revenues from the US-based clients hence impact of slowdown in the US is likely to have a deep impact on prospects of this sector. About 41 per cent of the IT industry revenues in India are estimated to be from financial services. The Deloitte report said that since this sector has been affected most severely in current climate, the impact on Indian IT companies catering to this sector has been and will continue to be more acute. The white paper pointed out that margins are prone to be challenged on account of slowing growth in the US and European Banking and Financial Services Industry (BFSI) sectors.

Interestingly, The World Bank in a recently published Report 'World Development Indicators 2009' has said that India leads all countries in exports of information communication technology (ICT) services, and that India's exports from the ICT sector increased from about USD 5 billion in 2000 to over USD 30 billion in 2006 which accounted for about 42 per cent of total service exports. At a time when there is a global recession and hundreds and thousands of people are being laid off, India's software industry employs about 1.6 million people, the report said. It also predicted that though China is a distant second, is the next largest ICT services trader, with about USD 5.5 billion in ICT service exports. In a joint study report “Perspective 2020: Transform Business, Transform India”, Nasscom and McKinsey observed that India’s BPO is expected to log revenues of $225 billion by 2020. It says that the industry has the potential to generate an additional $150 billion in revenues, provided it takes some measures to transform the business environment, infrastructure, talent development and innovativeness. It points to a few threats to India’s competitiveness, and growing competition from emerging outsourcing destinations such as China and Philippines. Growth would largely come from untapped verticals such as healthcare, public sector, media and utilities, small and medium businesses and markets such as BRIC countries and Germany and the industry is likely to employ about 12 million people directly by 2020, against 2.3 million now.

“Intel Inside: Idiots Outside”, EU says “Njet, Njet” and slaps 1.06 billion Euro record antitrust fine

The European Commission has imposed a record 1.06 billion Euros ($1.45 billion) antitrust fine on US chipmaker Intel Corp and has ordered it to halt illegal rebates and other practices that it has been following to squeeze out rival chipmaker the Advanced Micro Devices (AMD). The EU Commissioner of Competition Policy in a statement said "Intel has harmed millions of European consumers by deliberately acting to keep competitors out of the market for computer chips for many years". The Commissioner also disclosed that Intel paid computer makers to postpone or cancel plans to launch products that used AMD chips, paid illegal, secret rebates so that computer makers would use mostly or entirely Intel chips, and paid a major retailer to stock only computers with its chips. The EU antitrust fine is the biggest imposed on an individual company, exceeding an 896-million euro penalty last year against glass maker Saint-Gobain for price fixing, and a 497-million euro fine in 2004 on Microsoft for abuse of dominance. The Commission’s investigation on the practices by Intel which dates back to 2002, also disclosed that Europe accounted for 30 percent of Intel's current worldwide 22 billion euro market. Intel, whose microprocessors power eight out of every 10 PCs in the world, posted first quarter sales of $7.1 billion. It is estimated that the company enjoys a sizeable cash balance, generating close to $10 billion in cash last year. The fine amounts to 14% of the $10.6 billion in cash and investment on the company's balance sheet. The Commission is tasked to ensure that companies do not abuse any market dominance or make deals that can restrict competition in the 27-Member European Union, started its investigation after a complaint by AMD. The decision comes against the background of a renewed determination by the United States to pursue dominant companies that use their power to crush rivals. AMD has also filed a U.S. lawsuit against Intel, which is set to be heard in court in 2010.

The decision against Intel shows the seriousness with which the EU takes the issue of level playing field, consumer welfare and innovation. The EU is of the view that a recession is no excuse to hurt consumers and wreck the level playing field – that is what Intel did over more than five years in abusing its dominant market position (more than 70% of the global market) in computing chips called 'x86 central processing units' (CPUs). The record fine of €1.06 billion is a clear market signal that EU does not tolerate such wrongdoing by any firm. More than the fine, the decision is a blow to the image of the company which boosts for its "intelligent" chips.

Steep drop in FDI flows between EU, India

Foreign direct investment (FDI) between India and the European Union (EU) declined sharply in 2008 amidst the global economic slump, the 27-member bloc's statistical office reported in May. FDI from India into the EU as a whole dropped from 10 billion euros ($ 13.5 billion) in 2007 to 2.4 billion euros ($3.2 billion) in 2008, the Eurostat report said. Similarly, FDI flow from the EU to India plunged drastically, amounting to a mere 0.9 billion euros last year compared to 10.9 billion euros ($17 billion) in 2007, EuAsiaNews reported, citing the figures. In 2008, EU FDI in non-EU countries fell by 28 percent from 496 billion euros in 2007 to 354 billion euros in 2008, while FDI into the EU from the rest of the world decreased by 57 percent from 400 billion euros to 173 billion euros. The EU invested 149 billion euros in the US last year, compared with 171 billion in 2007. The US' investment in the EU countries amounted to 45 billion euros in 2008, compared to 194 billion euros a year ago.

EU approves Blue Card for high skilled immigrants with set of standards

After debating for over four years, the European Union government ministers formally adopted a set of common standards and approved special residence and work permit scheme for skilled professionals from non EU countries. The standards agreed include obliging businesses to make sure that workers from Non-EU countries hold a valid residence permit and that a copy of such permits is kept and made available for inspection by national authorities. The new rules are designed to put an end to "abuses by unscrupulous employers" who hire illegal immigrants and then provide them with "low salaries and poor labour conditions. The so-called EU Blue Card is designed to attract highly skilled foreign workers by offering them favourable working conditions and family reunification. According to European Commission figures, only 1.7 per cent of the EU workforce is made up of highly qualified workers from third countries, compared to 9.9 per cent in Australia, 7.3 per cent in Canada, 5.3 per cent in Switzerland and 3.2 per cent in the United States.

Modelled on the US Green Card, the European Blue Card is also designed to allow holders to move around the 27-member bloc after an initial 18 months of legal residence in a member state, but under certain conditions. The EU countries have realised that economic migration, if correctly managed, could help the European Union face its demographic challenges and reach the objectives set in the EU's Lisbon strategy for growth and jobs. The European Union is indeed rapidly aging: there will be one retired person for every two workers as early as 2050. And while employment rates rise, it is becoming more difficult to match Europe's growing demand for labour, especially for high-skilled and seasonal workforce.
The challenges and opportunities of economic migration had prompted the European Commission to adopt a Green Paper on an EU approach to managing economic migration, in 2005. The Green Paper had sought to launch a discussion on: 1) the most appropriate Community rules for admitting economic migrants, and; 2) the added value which could be brought by EU action in this policy field. Businesses that violate the new rules would have to pay fines, which would increase according to the number of illegally employed foreigners, and also pay the return costs of the illegal worker if he or she is sent back home. They will also be excluded from accessing public funds or taking part in public tenders in the EU.
