



# Europe India Chamber of Commerce

## Newsletter

Issue: 17 Volume: 2

July 2009

### **EICC sees trade body's role in innovation economy**

EICC sees specific role of trade bodies in the new scientific economic order emerging as a result of the current financial and economic crisis. Speaking on the Innovation Economy Conference organized by the Science Business in Brussels on 2 June 2009, EICC Board Member Mr. M. S. Chandramouli called for the need for business, trade and educational institutions to cooperate with each other in the new areas of creativity and innovation. According to him, creativity is the 'R&D laboratory' while innovation is the 'route to the market'. In that context Mr. Chandramouli gave the example of the EICC which after five years of innovative struggle was on the 'route to the market'. Mr. Chandramouli also spoke about the dynamics of knowledge economy and the importance of creativity as economic actors. He said that innovation process implies step which goes beyond the generation of new ideas and product since it entails the transformation of the models of production and dissemination for the growth of the creative economy. Adding, he said that innovative thinking and processes run ahead of organisation and structure, and give informal structures and organisation a speed with which the ideas move forward. Mr. Chandramouli also informed the Conference, attended by more than 200 participants, about **India Calling 2009** being partnered by the 5 year EICC with the 102-year-old Indian Merchant's Chamber. This according to him was the result of innovation, creation and imagination. The Science Business is an independent news service that brings together buyers and sellers of emerging technologies.

### **Preparation for the India Calling 2009 in full swing**

Preparations for the India Calling 2009 to be held from 30 September to 2 October 2009 in Brussels are in full swing. The Conference which is being organized in partnership with the Europe India Chamber of Commerce will be held at the Hotel Hilton Tower and in the European Parliament. The India Calling conferences have drawn in some very important personalities over the years and this year too it shall see the high level presence of representatives of corporate, industry and business houses, etc. In addition to Belgium's Deputy Prime Minister and Foreign Minister Mr. Karel De Gucht, who will be the Chief Guest of the Inaugural session, Minister of Federal Public Service Finance, Mr. Didier Reynders, will also address the event. The Government of India will be represented by senior cabinet ministers. The participation of high level delegation from the government of Belgium has important significance as Belgium has strong economic and trade relations with India. Major areas of industrial importance and trade issues will be covered in talks, along with panel and special sessions. This will be an opportunity for entrepreneurs and business leaders in and around Europe and India to exchange ideas and establish business network including maximizing business collaboration. Theme of the 2009 India Calling "*Europe-India Business Partnership Summit*" fits very well within the broad objectives of the Conference and also in the background of the strategic partnership agreement between European Union and India. Panel topics include financial crisis, cooperation on clean and renewable energy, infrastructure development, food processing and information technology, etc. A high level delegation from the IT sector from India will participate and share their vision of the EU-India cooperation on the Information Technology. More than 250 delegates from India and Europe will participate and a number of eminent experts are to address the Conference. For more info and registration, please visit websites [www.eicc.be](http://www.eicc.be) and [www.imcnet.org](http://www.imcnet.org)

### **EICC promotes "Leaders in India Business Forum"**

The Europe India Chamber of Commerce and Informa India have reached an understanding to promote and market the 3 day business leadership forum to be held in India. The Conference is a part of the Leaders series which is meant for organisational heads from across industries, has been running in London and Dubai for the past 6 years. Some of the regular speakers at these forums are Philip Kotler, Kofi Annan, Steven Covey, Colin Powell, Richard Branson, Edward De Bono and Daniel Pink, among many others, Through this event, the Informa works with leading organisations around the globe to provide very select, prestigious - thought leadership platform. **Leaders in India Business Forum** will take place from the **8<sup>th</sup>-10<sup>th</sup> October in Mumbai** and this year's speakers and panelists include Donald

---

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels

Tel: +3224692677 Fax: +3224692677 Web: [www.eicc.be](http://www.eicc.be) E-mail: [info@eicc.be](mailto:info@eicc.be)

Managing Editor: **Christian Ehler, MEP**

Editor: **Sunil Prasad**

Trump Jr., Steve Forbes, Tom Peters, Shashi Tharoor, Ian Thomas, Princess of Qatar Princess Sheikha Mozah, Abdulaziz O. Sager, Adi Godrej, Simon Galpin, Rakesh Jhunjhunwala, D Sivakumar, Pramod Bhasin, Kiran Mazumdar Shaw, Kishore Biyani, Sushil Handa along with 500+ well respected, high-profile business icons and CXOs. The EICC will promote the event particularly in Europe through Thinks Tanks, European Commission, Policy Makers in the European Parliament, Foundations and such Institutes. EICC plans to initiate communication and promotion through various offline and online platforms including the EICC Website, Updates & Newsletters, and will send specially crafted invitations to market the event. For more info, please visit websites [www.eicc.be](http://www.eicc.be) and [www.leaders-india.com](http://www.leaders-india.com)

#### **Dalmia aims \$200 billion turnover by '14**

Mr. Sanjay Dalmia, one of India's leading industrialists has ambitious plan to make his textile retail company Rosebys's presence in most countries in the next five years. Mr. Dalmia is looking at \$200 billion turnover through his innovative plans and strategies. Mr. Dalmia seems unperturbed by the deep slowdown in retail business and overall economy and is confident that he will create a 200-billion dollar global retail chain in the next five years. Mr. Dalmia who is also the Co-Chairman of the Europe India Chamber of Commerce, says that the growth engine of his business empire will be retail and therefore he has set in motion his plans for making the Rosebys a global entity. Mr. Dalmia is also the Chairman of India's leading conglomerate the GHCL. The group's turnover currently stands at about half a billion dollar. In 2006, GHCL had acquired UK-based home textiles retail chain Rosebys, which had about 300 stores at that time, with an investment of 45 million dollars. However, hit by the global recession, Rosebys had to close down the operations, like many other retailers in the UK and other parts of the world. Shareholders should rest assured that growth will be controlled, and not at the expense of margin, says Dalmia. Mr. Dalmia's bet has very sound basis as it is estimated that Indian retail sector is poised for an impressive growth in the next five years.

With consumer spending and retail sales declining in most of the global developed markets in the aftermath of the banks-induced economic downturn, India has emerged as the most attractive market for retail investment followed by Russia and China. According to a report by management consulting firm A T Kearney, the emerging markets continue to represent attractive investment opportunities for global retailers and the economic downturn has made the entry to many of these markets more critical and relevant. With declining sales in home markets and consumer spending, global expansion increases in importance as a strategy for growth. Economic conditions in developed markets improving only slowly, emerging markets are becoming much more important sources of growth for global retailers and Mr. Dalmia's plan to target these countries fits very well in this scenario.

#### **Foresight Group takes 20.72% stake in Norwegian offshore Cecon, and a seat on the Board**

Foresight Group has taken a 20.72% stake in Norwegian offshore owner Cecon and has grabbed more than 40% of a \$10m bond held by the company. Cecon ASA announced last month that it has agreed with Foresight Limited of UK that Foresight introduced interests will acquire 20.727% of the current outstanding number of shares in the Company to be issued under the board's authority. Total proceeds will amount to approximately US\$ 6.5 million, and will be used to repay outstanding interest due on the US dollar 2007/2012 bond. Ceson has a state of the art know how in installation of subsea equipment to extract oil or gas in deep water oil fields. The Foresight Group is a privately held, diversified group established in 1984, and engaged in the shipping, oil and energy, manufacturing, and hospitality industries. The company is headed by its founder Chairman Ravi K. Mehrotra CBE. Mr. Mehrotra is also the Co-Chairman of the trade body Europe India Chamber of Commerce. Foresight has a global presence, with businesses in the U.K., India, China, UAE, and Cyprus. The Ceson in a statement said: "We are very pleased with the investment by Foresight Limited. Foresight brings valuable expertise as well as a link to the increasingly important Indian market. Consequently, the partnership with Foresight will further strengthen Cecon's ability to continue to deliver profitable growth by expanding to new markets." Cecon ASA is an independent Subsea Installation Contractor located in Arendal, Norway.

#### **Fake drugs with "Made in India" tag produced in China and sold in Africa**

Is China passing off fake drugs as 'Made in India' to Africa and is making a heaven for itself in the African market? Yes, it is very much true. India has long suspected this to be the case, but it now has definite

---

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels

Tel: +3224692677 Fax: +3224692677 Web : [www.eicc.be](http://www.eicc.be) E-mail: [info@eicc.be](mailto:info@eicc.be)

Managing Editor: **Christian Ehler, MEP**

Editor: **Sunil Prasad**

evidence for the first time. Last month, the National Agency for Food and Drug Administration and Control (NAFDAC) of Nigeria issued a press release stating that a large consignment of fake anti-malarial generic pharmaceuticals labelled 'Made in India' were, in fact, found to have been produced in China. New Delhi has registered "strong protest" with the Chinese mission and China's foreign trade ministry, according to sources in the commerce ministry. While this is a case of a Chinese company exporting fake 'Made in India' labelled medicines which has been accidentally exposed, it is unlikely to be an isolated incident. Indeed there is no reason for Nigeria to be the only country to be receiving such consignments." Fake foreign-made generics carrying 'Made in India' label can do tremendous harm to India's interests. It not only dents India's image and takes India's legitimate market share, it also erodes the distinction between generic and fake medicines that India has been campaigning for at WHO and WTO. Between 2001 and 2007, more than 30 Indian and Chinese companies were banned in Nigeria for exporting fake drugs to the country. Both India and China being large manufacturers of generics, multinational firms would look to discredit the two countries and label their drugs as substandard, so that they would have greater access to the African markets. With the above disclosure, it is now clear that the Chinese drug makers are in fact using "Made in India" tag to discredit India in Africa.

India is concerned that these fake drugs manufactured in China and sold in African nations with the 'Made in India' tag could not only harm the country's reputation but also eat into the share of Indian drugs in the generic drug market in Africa. The UK newspaper The Observer had reported recently that fake Chinese drugs were flooding the UK market. China has a flourishing but badly regulated pharmaceutical industry, with numerous underground factories and illegal manufacturers of spurious drugs thriving with little or no supervision at all. In 2006, nearly 100 people in Panama are believed to have died after consuming toxic, mislabelled drugs in cough syrup from China. Hundreds had also died due to allergic reactions caused by contaminants in the blood thinner heparin imported from China, which eventually led to the product being recalled in the US. A diabetes drug linked to deaths in China was pulled out after samples were found containing six times the normal amount of a chemical used to lower blood sugar. The Chinese drug regulator had to recall many counterfeit and shoddy drugs and herbal medicines, including Chinese versions of Viagra in China itself. Chinese, and now "Indian", companies have been accused of selling fake drugs in Nigeria's \$298-million pharmaceutical market, nearly 60 per cent of which comprises imports. Although, the \$298 figure looks small, it is attractive to fake drug manufacturers. According to a recent survey, fake drugs make up for over 50 per cent of all drug sales in the country. The Pharmaceutical Society of Nigeria, puts the figure of fake drugs circulating in the country at nearly 70 per cent.

#### **India set to have 1 billion mobile users by 2014**

It is well established that India has had one of the most remarkable growths in mobile phones since the sector was first opened to private investment in 1994. From two operators in each circle in 1995 the country now has 12 to 13 operators. Of these, about six to seven are fully functional, offering the Indian consumer unprecedented choice and low tariffs. Department of Telecommunications, in a first ever forecast of mobile penetration across India for the next six years, has projected a billion mobile phones by 2014. This forecast is part of a spectrum committee report prepared by the DoT that is expected to be made public after the new telecom minister takes office. India has also been breaking all types of records on new subscriber additions in the last two years by adding up to 8 to 10 million phones a month, sometimes more. The latest report of the DoT put together by its committee shows that India will reach the half a billion mobile mark by 2010 and within four years reach 1 billion mobile subscribers. In 2014, India's population is expected to be 1.26 billion, with mobile penetration of 1.01 billion the mobile tele-density would be 80% above. It would mean 8 out of every 10 Indians will have access to a mobile device. This probably reflects the world's largest new growth opportunity over the next five years, surpassing China's potential. China is already at nearly 700 million mobile phones as compared to India's 400 million. The fact that India will add more than 600 million new subscribers must rate as the biggest subscriber adds for any country in the world. Some of the imperatives to reach this figure would include re-defining spectrum allocation and pricing policies, early 3G auctions, and reviewing the M&A norms. It is clear that no country in the world can sustain a fragmented telecom market of 12 to 13 players per circle. In the end, the market will have to consolidate to between three to four national players and two or three regional players with an average subscriber base of approximately 150 million each by 2014.

---

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

Managing Editor: **Christian Ehler, MEP**

Editor: **Sunil Prasad**

### **India is UK's second-largest source of FDI**

India has made a quantum jump from the sixth position it held in the previous year with 75 projects to become the UK's second-largest source of investment in 2008-09 with 108 foreign direct investment projects. Investment from India increased across a range of sectors including IT, life sciences, and advanced engineering sectors with a mix of mergers and acquisitions and expansions. Last year saw HCL purchase Axon at £450million and ONGC acquiring Imperial Energy at more than £1bn. Biocon established its European headquarters in the UK and Dr. Reddy's acquired a clinical trials unit. In communications, GTL Europe opened four new offices in the UK, in engineering Dynamatic Technology continued to expand, and in the IT sector new companies chose to invest in the UK as a springboard to international growth. There were as many as 1,744 investment projects locating and expanding in the UK and as many as 53 countries had invested in UK with investment projects from India increasing by 44 per cent in the past year to become the UK's second largest source - 108 FDI projects. The USA remained the first source of investment - which this year rose by 30 per cent to 621 projects. Other nations providing increased investment into the UK this year were Italy (up 45 per cent), France (up 15 per cent), Canada (up 25 per cent) and The Gulf (up 25 per cent). It is learnt that the Hindustan Aeronautical, which already has a tie-up with UK for the manufacture of HAWK, has evinced keen interest for more collaborations, and details are being worked out. The investment from India this year alone has created over 35,000 jobs (over 78,000 jobs created or safeguarded). In the past six years, over 215,000 new jobs have been created due to inward investment projects (almost 500,000 jobs created or safeguarded). It is not only in UK that Indian investment has created jobs as according to a study report entitled "Contribution of the Indian industry to the US economy", Indian companies have create 300,000 in US while contributing \$105 billion to the economy of that country during 2004 to 2007. According to the trade body CII, due to the recently concluded civil nuclear deal the bilateral trade between India and the US can touch \$320 billion in next 10 years and the India-Britain trade could reach \$40 billion by 2015.

### **Eurozone unemployment rate highest in a decade**

Many more millions became jobless in the Eurozone - the 16 nations which share the common currency euro - pushing the unemployment rate to a 10-year high of 9.2 per cent in April thus reflecting a strained labour market in the wake of the global recession. "The euro area seasonally-adjusted unemployment rate was 9.2 per cent in April 2009, compared with 8.9 per cent in March," Eurostat, the European Communities' official statistical agency said in a statement last month. The EU27 unemployment rate was 8.6 per cent in April 2009, compared with 8.4 per cent in March. For the euro area this is the highest rate since September 1999, and for the EU27 since January 2006, the statement noted. The lowest rate was observed in the Netherlands at 6.0 per cent, and the highest rates in Spain at 36.2 per cent and Latvia at 29.2 per cent in the first quarter of 2009. According to the Eurostat, there are more than 20.83 million men and women in the European Union, and of them, 14.58 million who were in the euro area, were unemployed in April. Even amid early signs that the worst of the recession is over, some think that the worst is yet to come for the labour market.

### **India targeted M&A touch \$7.4b; lowest in 4 yrs: Report**

Mergers and acquisitions involving Indian firms in 2009 so far have been the lowest in four years for comparable periods, touching just \$7.4 billions, thanks to the global economic slowdown. According to the study by the Dealogic, a global deal tracking firm, the M&A volume of \$7.4 billion represents a massive 51% decline from the corresponding period a year ago. It said that out of \$7.4-billion M&A deals involving Indian firms, inbound deals amounted to \$1.6 billion where foreign firms bought stake in Indian companies. "Inbound cross-border M&A fell to \$1.6 billion via 70 deals so far this year, down 77% from last year. The US remained the biggest investor in Indian firms with \$483 million via 21 deals," Dealogic added. It was also revealed that the outbound M&A activity fell drastically to just \$334 million through 34 deals, a 96% fall from the same period last year. The US was the most targeted nation as M&As worth \$157 million were carried out through 10 deals, compared to \$1.6 billion via 29 deals last year to date. The oil and gas sector was the most active segment this year. The space cornered as many as six deals worth \$2.1 billion. Besides the largest M&A transaction -- Reliance Industries' open offer to acquire the remaining 25% of Reliance Petroleum for \$1.7 billion also happened in this section.

---

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

Managing Editor: **Christian Ehler, MEP**

Editor: **Sunil Prasad**