Europe India Chamber of Commerce

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EICC AGM charts out road map for wider business network and membership enhancement

The Europe India Chamber of Commerce held its tenth Board of Directors and Annual General Meeting in Brussels on 29 September. The EICC is responsible for promoting and supporting Indian companies doing business in EU as well as EU companies doing business in India. During the AGM, Chairman of the EICC Dr Ravi K Mehrotra, CBE spoke about the importance of the EICC, which has been established since 2004. He said that throughout the years, EICC has collaborated in various events in order to promote EU-India trade and economic relations. This included seminars and debates which are of utmost importance for EU-India relations. The AGM was held in the distinguished presence of Mr. Geoffrey Van Orden, MEP and Chair of the European Parliament Delegation with India.

The Secretary General in his Report said that The TIPS 2014 has once again established that EICC is the engine and lone factor in the EU-India trade and business relations. The brand TIPS has been a great success and during the last three years it has established itself in the corridors of EU institutions. He took upon the failure in increasing the membership on himself and said that he feels fully responsible and accountable that he has not been able to induce the required electricity and interest to many new businesses to join EICC. It was however reported that 7 new members have joined the Chamber since TIPS 2014. The Secretary General said that a rapidly changing industrial structure requires an equally rapid change in the trade association structure. EICC needs to set up certain clear objectives and the proper strategies to apply the objectives so that these reflect the customer needs. According to him, EICC will need to increase the size and scope of its membership umbrella by soliciting a more diverse membership. The organization will also need to reinvent itself and reposition itself to take advantage of the profitable business opportunities this future economic relations will provide.

Following Secretary General's Report, constructive and meaningful discussion took place all aimed at enlarging EICC membership base, improving financial state of the Chamber, making the Chamber more relevant and bringing new life to the Chamber. Some of the inputs / suggestions offered were: There is a need for periodic events and EICC should pay special attention to the SMEs as small businesses need to be helped; being the core of any national economy and job creation; a small directory of members including possibility of knowledge data bank be prepared; in this digital age it is important for members to remain connected and therefore WhatsApp of all EICC members be created. The AGM was in complete agreement with the suggestion that EICC needs to develop innovative relations with European Press and media through social and other means. Although EICC has been attracting Indian press and media, it does not however attract European Press. There are more than 1000 journalists who are accredited to the European institutions in Brussels but EICC remains not attracted them.

The AGM unanimously appointed Ms. Regina Llopis as Co-Chair of the Chamber.

Mr. Patrice Vanderbeeken was appointed the Chair of the Sub-Committee on Finance and Revenue.

The AGM also decided that the Chamber should have organic presence in Germany and asked the Secretary General to start exploring the possibility of its presence in Germany.

Flanders Investment and Trade hosted a Cocktail in honour of EICC General Body and Board Members.

Building bridges between Spanish and Indian businesses launched with EICC's Pre-Summit event

Europe India Chamber of Commerce in cooperation with **Eurochambres / EBTC** organised a day Pre-TIPS 2015 Seminar on the theme **"BUILDING BUSINESS BRIDGES WITH INDIA'S NEW CONTEXT**" in Barcelona the 18th of September. This event was organized in the context of EICC-Eurochambres / EBTC partnership framework under which a Pre-Summit Seminar was foreseen before the TIPS 2015 to take place in the European Parliament in Brussels on 30 September 2015. The objective of the seminar was to discuss trade and economic relations between Spain and India and on recent economic policy developments on trade, investment and finance in India, bilateral trade and investment opportunities between Spain and India, and also to provide policy inputs for Spanish business around operational frameworks. It was also meant to promote Spain-India trade and economic relations with selected business leaders and representatives of the business interest groups in Spain. The event discussed the current state of Spain-India relations and how Indian and Spanish businesses can work together in the context of new economic and business policy developments in India.

Speakers in the Opening of the Seminar included: Mr. Ramón María Moreno, Director General, Casa Asia, Mr. Narcís Bosch i Andreu, Director General, Catalan Association of Chambers of Commerce. “Catalunya-India Trading”, Mr. Ravi Mehrotra, Chairman, EICC. CEO, Foresight Group, Hon. Mr. Vikram Misri, Ambassador, Embassy India in Spain, Hon. Mr. Andreu Mas-Colell, Minister of Economy and Knowledge of Generalitat of Catalonia.

Eurochambres / EBTC was represented by Mr. Dirk Vantyghem, Director of International Affairs, who spoke on “Business Opportunities & Challenges in EU-India Relations”.

The Pre-Summit event enabled EICC to identify trade and investment opportunities and further promote trade. The Seminar featured more than 76 large and small businesses in Barcelona region representing the infrastructure, power and energy, finance, food processing and manufacturing sectors.

European Commission was represented by Ms. María Castillo Fernández, Head of Division India, Nepal and Bhutan in the European External Action Service of the European Union (EEAS) who spoke on "EU and India Economic Partnership”.

Ms. Regina Llopis, CEO AIA, ELEQUANT,GRIDQUANT España and Member of the Board of Directors of the Chamber coordinated the event with the support of EICC Spain Director Mr. Gour Saraff.

The seminar covered a wide range of topics including perspectives on collaborating with Spanish companies having expertise on clean energy, infrastructure development, improving healthcare, challenges and opportunities in science and technology, best practices and perspectives on research and innovation.

The challenges and opportunities in the EU and India free trade was the main topic of discussion. It was felt that with a fairly new Indian and European Union (EU) leadership in place, a rejuvenation of EU-India relations is possible, and so also an impetus to the negotiations on a Free Trade Agreement (FTA), which has stalled for more than two years now. For this, however, real convergence in the Strategic Partnership still needs to be found while the FTA negotiations are close to the final rounds; some sensitive issues still remain to be resolved. The EU area is India’s biggest trading partner, constituting a total two-way trade of 130 billion USD in 2013-14. The EU-India FTA would represent a total of 1.7 billion people.

The geo-economic approach – where economy and development serve India’s power ascendance – will require that India takes greater measures for the prospects of contributing to the reshaping of the global trade architecture. This constitutes a significant incentive for the Indian government to finalize the FTA with EU. It was also recognized that India and Europe should take immediate steps to revive the talks. The focus remained: The EU is India’s biggest trading partner and a critical source of Foreign Direct Investment in India. Trade and investments are increasingly interlinked. The Broad-Based Trade and Investment Agreement (BTIA) is a way to better the Indian conditions for trade and investment with a partner that shares the Indian concerns for socially and environmentally sustainable development.

India risks being left behind in the increasingly exclusive international trade regime if it fails to finalize the FTA with EU. A more transparent approach to negotiations would lead to less rumors concerning the content and effects of an agreement, and would serve a productive and inclusive debate. Taking an active approach in negotiations will be a strong signal to international business that the Indian government promotes trade and investment.

The rise in its working-age population is necessary but not sufficient for India to sustain its economic growth. If India does not create enough jobs and its workers are not adequately prepared for those jobs, its demographic dividend may turn into a liability. If India is to achieve and sustain double-digit economic growth in the near future, the key would be to raise the supply potential of the economy. Demand for skilled manpower and the government's thrust on vocational training offers a sizeable opportunity to private players. However, there are challenges to creation of scale while ensuring sustained profitability. Players need to formulate an effective go-to-market strategy to address these unique challenges and enhance their chances of success.

There were three basic themes that flowed through the discussion and which should be regarded as principal conclusions on which future actions be concentrated.

First, that Spain is not as engaged with India's markets as it should be. Despite our long history of commerce with India, Spanish companies are falling behind their major competitors, perhaps because Spanish companies tend to see India as a source of low-cost labour rather than an emerging market in its own right. The Spain needs to be far more entrepreneurial in its approach to India if it is to take advantage of the huge opportunities this vast country has to offer our companies and institutions.

Second, the Indian market under the new government is liberalising at a rate not fully appreciated in Spain. Constant vigilance is needed by those wanting to do business with India, if the fullest advantage is to be secured by them from this progressive liberalisation. However, uniform and continuing progress cannot be assumed and Indian diplomacy must continue to urge the Indian authorities to continue on their chosen course—and to demonstrate by example in world trade talks our own country's adherence recognition of the merits of liberalisation.

Third, that Spain's institutional arrangements to support trade with and investment both in and from India are characterised by enthusiasm but also by confusion. A great deal of good work is being done, yet a lot more is required with defined responsibilities. Viewed from India, the Spain is a small country, and efforts need to be far more focused to have a real impact.

Collaborating with Small and Medium business was stressed upon. It was observed that small and medium-sized enterprises (SMEs) play an important role in Spanish and Indian economy and contribute substantially to income, output and employment. However, the recent global financial crisis created a particularly tough climate for SMEs, with a reduction in demand for goods and services and a contraction in lending by banks and other financial institutions. Therefore it is important that SMEs in Spain and India should map out the opportunities for collaboration.

To achieve the goal it was recommended to identify any additional information and support mechanisms that can be targeted toward collaborating between Indian and Spanish SMEs to encourage their involvement; look for opportunities to reduce unnecessary red tape and regulations concerning international trade and investment; create clear signposting to help SMEs identify and access the full range of financial support available for international activity, and assess whether additional targeted tax breaks could encourage SME internationalisation, particularly in the aftermath of the European financial crisis when recovery is proving slow.

The aim and focus of the sessions was to have experts in the respected fields share their knowledge on the specific sectors of Indian economy. It was felt that Spanish companies would like to learn and understand the trends, growth pattern and scope for collaboration with Indian stakeholders in industrial and scientific sectors entailing all aspects. Spain views India as a strategic link for cooperation and development in all aspects of business and culture and Spain is looking forward for best possible ways of Business Collaboration with India.

During the course of presentation and speeches, the Transatlantic Trade and Investment Partnership (TTIP), the planned free trade agreement between the EU and the USA, also came into discussion. It was mentioned that all FTAs face issues common to developing and developed economies such as the

European Union. The main aim of the TTIP to strengthen the economic relations between the EU and the United Stated, with the proclaimed objective to spur trade and thereby stimulate the economy to provide growth and jobs on both sides of the Atlantic, will have some effect on the India and as such it is important that India is on the forefront of any economic arrangement that EU has with US. It was observed that the EU as such is a trade regime, with its internal market rules and regulates trade within the EU and is now working to extend that regime beyond its borders.

In search for a transformative moment, it's time for EU to reset relations with India, deliberates TIPS 2015

Trade and Investment Partnership Summit (TIPS) 2015, the flagship of Europe India Chamber of Commerce's annual events, was held in the European Parliament in Brussels on 30 September 2015. The Summit was dedicated to fostering bilateral trade, investment and economic relations between European Union and India around the theme **"Changing Dynamics in EU-India Relations: Business & Strategic Implications in the Next Decade**".

The objective of the Trade and Investment Partnership Summit (TIPS) was to create awareness on international business opportunities and feasibility of cross-border expansion for Indian and European business. The other objectives of the TIPS was to build a platform for communication between large, small and medium-sized enterprises in India and the EU for integrating resources and technical know-how.

The TIPS opened with a warm welcome from Chairman of the EICC Dr Ravi K Mehrotra, CBE who called to cast a critical eye - due to several developments- over the India-EU relationship, currently built mostly on trade, education exchanges and aid. He drew a picture of unfulfilled potential, deriving from mutual misunderstandings and competing priorities.

The TIPS 2015, a business and leadership platform, brought together more than 150 business leaders, leaders, policy makers, regulators, representatives of the European Commission and trade and business bodies and representatives from Europe and India with an eye to create an innovative way to strengthen the existing trade and economic partnership between European Union and India.

Here are the highlights of the issues discussed:

- Ever since coming to power, the Indian government has taken a number of steps to bolster the FDI scenario in India. The situation will only get better once sectoral conditions are further relaxed and the terms that have been used in the policy are clarified up to a greater extent. This is likely to get more investment especially in the newer areas.
- The growing economic relationship between the EU and India has been a foundational element of the EU-India Strategic Partnership. EU and India are committed to working together to facilitate greater investment in both directions, to open new Indian sectors to private investment, and to address impediments to growth that will enable trade between the two continents to grow further. It will help with the 'Smart Cities' programme as well.
- India needs to improve its regulatory environment to attract more foreign investment and avoid being left behind. A strong Intellectual Property rights regime would lead to good market conditions for inviting FDI in India. A strong IP regime would certainly include realistic protection to intellectual property rights together with a mechanism for the enforcement of rights in case of misuse of the same.
- To enhance cooperation in clean energy space, India and the EU need to aggressively work on financing options for encouraging generation of power through renewable sources. The Summit stressed on the need for both to actively enhance generation of energy from renewable and low carbon resources, and in this context, the possibilities of large scale cooperation in integration of renewables with the grid, storage technologies, and RE technologies is important.
- Recognizing the importance of innovative technology, the Summit welcomed the current EU-India R&D cooperation. It was felt that both sides should continue existing cooperation in areas such as clean coal and carbon capture and storage. The Summit recognized that further cooperation in science and technology can enhance shared understanding of the challenges of climate change and environment.

- Political and security cooperation are at the core of the EU-India Strategic Partnership that bonds us since 2004. Both India and the EU share the values of peace, stability and the promotion of human rights, democracy and the rule of law. Both sides are confronted with international scourges, ranging from terrorism to non-proliferation and cyberattacks to name but a few contemporary issues.
- A free trade agreement between European Union and India would build on the existing strong relations between them to simultaneously boost nearly a decade of strategic relations between them. Also, a free trade agreement between EU and India would encourage greater innovation and manufacturing efficiencies by stimulating joint technological development, practical applications and new cooperative ventures.
- Improving economic relations between the EU and India is essential for Indian and European companies, whose business links extend beyond import and export to include alliances and partnerships in supply chains, joint research projects and significant direct investments. This agreement should also act as a catalyzer of important administrative and economic reforms that would improve the overall business environment for companies in both entities. Realizing the full potential of bilateral trade is particularly important when the economies of the EU and India are facing difficult times.
- The EICC is strongly committed to an ambitious, balanced and comprehensive Free Trade Agreement (FTA) – officially known as Broad-based Trade and Investment Agreement (BTIA which would deliver significant economic benefits and economic growth for European Union (EU) member states and India. The Summit expressed disappointment that after over 8 years of negotiation, including several rounds of bilateral talks, no conclusion is in sight.
- Although the free trade negotiation talks at the highest ministerial level remains inconclusive, both India and EU should take immediate steps to chalk out a roadmap to complete their Free Trade Agreement (FTA) negotiations by the end of this year. The BTIA will be the most comprehensive agreement between many of the great democracies. With this in mind, the Summit urged the European Commission and the Government of India to make every effort to capitalise on a great opportunity to give fresh vitality to the European and Indian economies and move rapidly to the completion of the EU-India FTA.

The TIPS 2015 took place in an unpredictable economic and social environment in Europe and in the shadow of the skewed pattern of global growth, its implications for bilateral relationships, and the need for greater emphasis that EU and India are required to put on their bilateral relationships. The Summit followed up specific issues deliberated during the TIPS 2014 and took innovative steps to engage various business and interest groups in Europe and in India. Discussion on challenges and possibility of cooperation with EU countries and European Commission provided different perspectives of international practices on issues such as India's quest for green and clean energy; creating favorable regulatory environment (IPR); what will it take India to become the global manufacturing hub in the context of "*Make in India*"; collaboration on infrastructure and urbanization; EU-India Digital Partnership, India's health care challenges, etc. As we expect some development in the free trade negotiation with EU in the next few months, the Summit will also discuss the current state of FTA.

The TIPS 2015 was jointly organized with **Eurochambres / EBTC** with which EICC has been working for some time now; and in collaboration with **Indian Chamber of Commerce** and **The Friends of Europe**.

The Summit made comprehensive overview on the strategic fundamentals of India-EU bilateral relationship in content and context and will suggest ways to give it a strategic dimension through a full spectrum of industry leaders, policy makers, senior executives in the corporate sector and representatives of the European Commission and trade bodies.

In the following pages Readers will read full deliberations - introductions, observations and interventions - noticed during the various sessions of the Summit. Although all presentations are available in the EICC Website www.eiccglobal.eu , for the convenience of Readers we have provided the links of the presentations made by speakers in their respective Sessions at the end of each session. The following pages thus explain the essence of the deliberations that took place

during the business sessions. Readers can watch some of the events in the EICC facebook and twitter pages: www.facebook.com/euindiachamber , https://twitter.com/EUindiachamber

Launching of the Europe India Foundation for Excellence (EIFE) Website - Joint presentation by Count Christopher de Breza, Chairman, EIFE and Mr. Ranvir Nayar, Managing Director, Media India Ltd. with introduction by EICC Secretary General

The Website of the Europe India Foundation for Excellence (http://www.eife.org) was launched by Count Christopher de Breza, Chairman of the Foundation and Ranvir Nayar, Director of the Foundation. They described the aims and objectives of the Foundation and how the Foundation can help in the skill development both in Europe and in India.

EIFE seek to promote the power and intellectual strength of Indian Diaspora and believes that the diaspora is an integral part of a nation's wealth and plays an important role in promotion of innovation and excellence. The EIFE has taken up skill development as its first major initiative and plans to organise several events in diverse areas such as culture, business, social and political relations. As part of the EU India Skill Development Partnership Project, the EIFE has undertaken the mission of becoming a catalyst for the development of various key elements such as training, curriculum upgradation, certification as well as modernisation of skill development methodologies and other tools.

Opening of the Summit

Opening Address
Dr. Ravi K Mehrotra, CBE, Chairman, EICC & Executive Chairman, Foresight Ltd. UK
Mr. David Campbell-Bannerman, MEP, European Parliament's rapporteur for the EU-India Free Trade Agreement
His Excellency Manjeev Singh Puri, Ambassador of India to Belgium & Luxembourg
and the Mission to the European Union
Key-Note Speaker: Professor Rajendra K. Jain, Director, Europe Area Studies Programme & Professor, Centre for European Studies | School of International Studies, Jawaharlal Nehru University, India
Mr. Dirk Vantyghem, Director of International Affairs, EUROCHAMBRES
Mr Aditya V Agarwal, Senior Vice President, Indian Chamber of Commerce & Director Emami Group of Companies, India
Greeting by Ms. Shada Islam, Director of Policy, Friends of Europe

Chairman of the Chamber Dr Ravi K Mehrotra, CBE welcoming the participants said that EICC has become the voice of EU-India business and its efforts in strengthening the EU-India relations must be recognized.

The Bilateral Free Trade and Investment Agreement (BTIA) "if and when concluded will be the one big ticker item in the EU-India partnership, a game changer which will set the parameters for the trade relationship for the next ten years", said Professor Rajendra K Jain, director, Europe Area Studies, Centre for European Studies, Jawaharlal Nehru University, said while delivering the keynote address. "The reason that there was no headway in the talks was due to a mismatch of the levels of ambitions and expectations. There has to be a give and take," he said.

Prof Jain said that Indian and European Union leaderships should strengthen the strategic partnership, especially by concluding negotiations for an EU-India Free Trade Agreement, broadening cooperation and enhancing people-to-people ties.

He exclusively said: *India is one of the 10 countries that the European Union (EU) has chosen as strategic partners in the international community—a reasonable choice since India is the most populous democracy* *in the world. The importance, both economic and political, of this Asian giant for the EU, is unquestionable. However, despite these high hopes, India's strategic partnership with the EU has been underperforming. As an example, negotiations on an India-EU Free Trade Agreement (FTA)—the most important issue on the bilateral agenda—have lasted for seven years and several rounds, yet conclusion of an agreement remains elusive. In other areas of cooperation, the partnership holds great potential, but has not yet delivered as expected.*

Concluding the FTA will not only increase India-EU trade and relations but would also result in a more balanced agenda and a stronger partnership in all areas of cooperation. The EU should also intensify bilateral dialogue and cooperation on issues such as energy, climate change, human rights, and peace and security. In addition, the EU must take into account that, given the enormous length of its coasts, India is a key natural partner in maritime security and counter piracy. India is also an important contributor to managing international crises broadly. The EU should not miss this opportunity to persuade India to become more assertive and to play the role of a responsible, big, democratic power, acting to advance world peace and stability.

Prof Jain said "the time is thus ripe for India and the EU to start working together for the preservation of global public goods even as they continue to reinforce their strong bilateral ties. Such cooperation is imperative if Indian and European citizens are to maintain a good standard of living and enjoy it as such in a sustainable manner. The crucial test for Europe and India is to develop the multilateral dimension of the Strategic Partnership they have agreed upon, which already contains the basic principles for action. A new paradigm will not emerge by just invoking common interests and values. It is now time to launch common initiatives, which may be initially modest, in order to unleash the potential of a closer alliance between India and the EU in advancing effective multilateralism. India-EU relations will not become comprehensive and multidimensional without advance commitment and planning".

Prof Jain observed "India and the EU can be considered 'natural' partners in international relations, but are often driven by divergent geopolitical considerations and regional interests. Both India and the EU build their foreign policies on the basis of the aspirations of citizens, which gives legitimacy to their foreign policies but also entails a series of constraints. They are both especially keen on their respective privileged – if not always simple – relations with the US, a fact which also poses certain unintended difficulties for building bilateral relations between the two".

"I think the EU has had a tendency of over negotiating at times. There has to be realism in the negotiations when they resume. It is time to stop looking for a perfect deal." Manjeev Singh Puri, Indian ambassador to the EU, in his speech noted and said that Prime Minister Narendra Modi in his meetings with European leaders has stressed his interest in the BTIA.

Ambassador Puri referred to a news published in the international media how with $ 31 billion of foreign capital inflows, India has surpassed China and the US to take the pole position in attracting largest FDI in the first half of 2015. The news quoted "India grabs investment league pole position." "A ranking of the top destinations for greenfield investment (measured by estimated capital expenditure) in the first half of 2015 shows India at number one, having attracted roughly $ 3 billion more than China and $ 4 billion more than the US," the FT report said.

Ambassador Puri also said that India is tracking well ahead of where it was at this time last year: it has more than doubled its midyear investment levels, attracting $ 30 billion by the end of June 2015 compared with $ 12 billion in the first half of last year.

"India and Europe are moving ahead," he said referring to the visit of Modi to France and Germany and his upcoming visit to the UK. "The Indian economy is the fastest growing economy among the largest economies in the world," Puri said and listed several areas of potential cooperation such as smart cities projects, digital programmes, manufacturing, education between EU and India.

On his part, Mr. David Campbell-Bannerman, European Parliament's rapporteur for the EU-India free trade agreement said "it is very important for all to get the free trade agreement done." Other European and Indian speakers addressed the current state of business collaboration between EU and India and how it can be further improved.

Representatives from business houses, chambers of commerce and investment agencies from Europe and India made presentations on the present scenario and perspectives, problems, prospects and potentials in EU-India trade and business partnerships.

Considering that the lack of mutual knowledge between India and the EU has been seldom identified as the main obstacle to undertaking concerted action, measures to facilitate and promote interaction between Indian and European societies should be enacted. Education and training for high-skill jobs is a promising field for cooperation, also considering efforts carried out in India designed to provide high-level and technical education to 500 million young people in the coming years.

Mr. Dirk Vantyghem, Director, International Affairs, EUROCHAMBRES said that stakes are high. The EU is India's biggest trading partner, and two-way commerce is valued at around €93 billion. With a combined market of 1.8 billion people, India and the EU would form one of the world's biggest free trade zones. This month's visit to Germany and France by Indian Prime Minister Narendra Modi is an opportunity to take things forward – even though he's dropped Brussels from the agenda of his European tour. In the case of India, the proposed FTA with EU is the most ambitious bilateral pact as it covers higher levels of commitments in trade in industrial goods and agricultural products, services and investment liberalisation, intellectual property rights and government procurement.

The India-EU FTA would cover 1.7 billion people, almost 20 percent of the world population, and therefore the potential impacts (both positive and negative) would be far reaching than other agreements signed by India. That's why, it has evoked much public scrutiny. In India, civil society groups as well as business associations (such as Society of Indian Automobile Manufactures – representing car and vehicle industry) have expressed concerns over this agreement being negotiated in deep secret and lack of public consultations.

The current economic scenario in India still impedes a smooth penetration by foreign companies in the national market. Drawing from our management experience of the European Business and Technology Centre (EBTC) assisting European companies and research centres in entering the Indian market, EUROCHAMBRES can clearly state that the conclusion of the Agreement is necessary to ensure a more favourable business environment in which companies can operate.

Mr. Aditya Agarwal said "The context in which EU-India relations relationship is developing has also changed dramatically in the last ten years, since the rise of new global actors, including India, has given shape to a multipolar world and also triggered new tensions. This should of course be reflected in India-EU relations, but should not serve the purpose of power politics; i.e. no paradigm can be successfully built between the two countries with the aim of counterbalancing the power of others such as China. The financial and economic crisis has confirmed the relative decline of the West, while emerging economies are displaying a spectacular dynamism, including in the case of India achieving greater internal economic cohesion. In this context, India is becoming more self-confident, while the EU has become more inward-looking as it concentrates on trying to solve internal financial tensions. Also as a consequence of the different impact of the crisis as they have experienced it, India and other new global actors will be called on to exercise greater responsibility towards the world order".

He added "The current financial and economic crisis afflicting the EU may paradoxically offer opportunities for a better understanding. There is perhaps a chance that both India and the EU can build on their respective weaknesses. From Brussels, India may seem at times unconcerned about deepening its relations with the EU, but it may well be that it is not interested in a more 'introspective' EU".

Ms. Shada Islam said that EU and India are currently redefining their roles as actors within international relations. Even though they are sharing many common values, on which the strategic partnership formally is founded, the investigation revealed common interest, primarily economic interest as the driving force behind the partnership rather than common values. On the one hand several factors have been identified which are slowing down the development of the relations, among them are a considerable inconsistency of European foreign policy as well as a lack of effort to invest in the relationship from the Indian side. On the other hand the partnership has been accredited great potential from both sides.

India has a lot to gain from an FTA with the EU, particularly in regard to preferential and duty-free access to the European market. A Sustainability Impact Assessment, commissioned by the EU, indicates that an extended (broad) FTA (including further non-tariff barriers to trade harmonization) would result in significant benefits to both parties in terms of welfare gains, production, international trade, wage increases and productivity increases. The welfare effects amount to an additional 0.3 per cent growth for the Indian economy in the short run and 1.6 per cent growth in the long run.

Representatives from business houses, experts from European Commission, from chambers of commerce and investment agencies from Europe and India made presentations on the present scenario, perspectives, problems, prospects and potentials in EU-India trade and business partnerships. In the reports below, readers will learn the issues that speakers put forth:

Session 1: Promoting EU-India Economic Relations through Developing Institutional Partnership and through Effective Regulatory IPR Environment: An Economic Imperative for Building Global Community Enterprises

Panel Opening by Mr Fopke Klok, Director (ITEA3), EUREKA with a Presentation ***"Global cooperation in EUREKA, a Cluster's Perspective"***
Introduction by Mr. Arvind Chopra, IPR Expert, European Business and Technology Centre, India
Mr. Atul Sharma, Director, Lakshmikumaran & Sridharan SARL, Switzerland

Collaboration with research partners is important as more intense global competition drastically shortens product lifecycles, thus requiring a business to develop new offerings more quickly. Innovation has become more complex and costly, which requires more diverse knowledge inputs, and added that the need for collaboration is fundamental as businesses which have a special need to look outside for expertise.

Businesses can benefit from collaboration through translating business needs, concepts, and ideas into fit-for-purpose products, processes, and services for improving market competitiveness and growth. They can also benefit from a raised company profile, and the potential for increased profit based on a competitive advantage.

Rapid developments in technology and global urbanisation forces have transformed cities into intensive laboratories for managing and promoting change. Unprecedented streams of "big-data", hi-tech interfaces and digital analytic tools unlock the potential to both design new types of cities and re-imaging existing urban environments. The EUREKA Cluster seeks to promote and advance the efficient design, planning and delivery of urban environments and services through the use of information and communication technology with a focus on spatial technologies. A city can be defined as 'smart' when investments in human and social capital and traditional (transport) and modern (ICT) communication infrastructure promote the following four urban characteristics: sustainable economic development a high quality of life wise management of natural resources participatory action and engagement. EUREKA Clusters are long-term and strategically significant initiatives that develop technologies of key importance for European competitiveness. Addressing the needs of both large companies and SMEs, they are the engine for industrial innovation and economic growth. Clusters catalyse the generation of innovative, industry-driven, near to the market and pre-competitive R&D projects in their respective domains. Through their industrial representation, EUREKA Clusters have a prominent and active role to play in bringing innovation to the market. The Cluster instrument reflects synergies where European industry's research and collaboration interests, innovation capacity - and national funding opportunities meet. EUREKA Clusters are long-term, industry-led initiatives. They pursue an objective of strategic significance for the European economy in a particular domain. They are public-private partnerships with broad industrial participation, aiming to foster innovation

In this era of a new global competitiveness, how well we train and attract and employ talent is key. India needs to better base our competitiveness strategies on capitalizing on its well-educated and pluralistic population and, in its education systems and in firms, encourage creativity, entrepreneurship, and a global business perspective.

Urbanisation is making smart cities more important. Globally, 54% of the world's population live in cities, a figure the United Nations predicts will rise to 66% by 2050. In Europe, the proportion of the population that live in cities (73%) is already much higher than the global average. For cities to manage an ever-increasing influx of people, they must adopt new smart technologies and processes to remain attractive places to live and work.

But, first, what is a smart city? The answer is not that obvious. In essence, smart cities are ones that deploy innovative technology, create more innovative ways of delivering public services and make better use of data with the ultimate objective of becoming more prosperous, sustainable and a better place to live. The types of smart technology and the smart processes that help achieve this goal are numerous. This report focuses on four of the key components – smart grids, energy storage, building efficiency and intelligent transport systems. A smart city uses intelligent technology to enhance our quality of life in urban environments. Cities can use the data in a variety of ways; to save money, minimise waste, measure domestic water usage and manage transport routes.

The overarching message from the EUREKA presentation was that the challenges to developing smarter cities are large but there is willingness among the private sector and at government level to find solutions. The answer lies in collaboration between central government, local government, the private sector and financial investors. That is the greatest challenge.

Allowing the public access to real time information enables people to make more informed choices, such as planning a journey by checking for available room on trains and buses or even identifying car parking spaces before leaving the house. The opportunity to develop new technologies for smart cities in India is massive as the smart cities program presents an opportunity for countries and organizations in exploring investment and collaborative opportunities with Indian government. The attention on core infrastructure services such as adequate clean water supply, sanitation and sold waste management, efficient urban mobility and public transportation, affordable housing, power supply, robust IT connectivity, governance, particularly e-governance and citizen participation will provide a growth opportunity for companies operating in these areas. The government's focus on Public Private Partnership (PPP) allows the private sector to bring in its capacity to innovate and also gain market opportunities. Another opportunity is for greater involvement of the private sector in the delivery of services.

Cities are seeking partners and suppliers to collaborate on ambitious programs for sustainability, innovation in public services, and economic development that depends on significant technology investments. The leading players in this market not only have the capacity to provide leadership on large-scale projects spanning multiple city requirements, but also delivering smart infrastructure, IT, and communications solutions to cities, supporting cities across multiple operational and infrastructure issues, and have established a global presence.

We enter this global competitiveness race with real strengths: world-class macroeconomic fundamentals, and a national consensus to maintain them; enormous natural resources, and a secure, market-based system to develop them; a multicultural society, one that reflects the emerging global economy in which we need to trade and prosper; and strong institutions and effective social safety nets in a world where trust is declining and income disparities are rising in a number of countries.

But unless we increase our productivity and innovation performance, we will underperform our potential. Competitiveness is not just about heading in the right direction but also the pace and sense of urgency relative to our competitors. Competitiveness in the knowledge-based economy is not about the lowest cost but the highest creativity, and this applies to all sectors, from agriculture to forestry to energy to communications to retail. Competitiveness today is about seizing the opportunities in the dynamic emerging economies, with the new products and services that consumers are seeking, and do so more nimbly and more quickly than our global competitors.

In most global people productivity surveys, not only does people productivity of Indian manufacturing sector lags developed nations such as US and Japan, but also lags in most manufacturing sectors to China. While earlier, many explained this to differences in technology, level of automation, etc., the report suggests such differences are not only rapidly shrinking, but they do not fully explain the significant gaps in productivity that exists.

In India's Smart Cities Mission statement, cities are described as engines of growth for the economy. The government hopes to attract smart city investments to the city, improving the lives of citizens and setting in motion a virtuous cycle of growth and development. Smart solutions focused on utilities such water, electricity, waste and traffic management should be prioritised to address the basic needs of residents.

Intellectual Property Rights (IPR) protection in Indian legislation is far from attractive for European companies and researchers and provisions are often unclear. In the framework of the EBTC project, we established an IPR helpdesk, with the main aim of giving clear information and support in this sector to EU companies. However, more should be done at the political level. The FTA negotiations also focus on IP issues and the related chapter is expected to be extensive, going well beyond the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement's standards, and even including the pharmaceutical sector. However, India being the leading global producer of generic medicine, local producers are trying to influence negotiations, asking for a looser regulation of this specific sector. Chambers think it is vital for the market access of European companies that EU institutions maintain a strong position, demanding a strong IPR chapter in the FTA and reassurance from the Indian Government that the protection of IP will be granted in a complete manner.

Public procurement in India is another major concern for European companies. Indian bureaucracy requirements are very burdensome for foreign companies and the grant procedures are too often conducted in a non-transparent way. The last government's mandate is a clear example of this habit: one scandal on corruption in the public administration followed another and the government's inability to tackle these issues is one of the main reasons why the opposition party is expected to win in the current elections. The FTA should contain an extensive chapter on the opening of the public procurement market to EU companies. Chambers believe that it is of the utmost importance that the European Commission is able to ensure, in the next rounds of negotiations, a clear regulation of public procurement and that it demands a strong commitment from the Indian Government in dealing with transparency problems.

In the event that a new breakthrough in the negotiations cannot be achieved swiftly, a new impact assessment needs to be commissioned to confirm the benefits of the FTA, not only on the European economy, but also on the Indian one. Such an exercise should ideally be conducted jointly by the European Commission and the Indian government in order to raise awareness on both sides about the positive effects of an ambitious FTA. It would also allow both countries to anticipate the adjustments needed in certain key sectors.

As critics have argued, India grapples with issues even at the most basic level, such as ensuring that the basic needs of its people are met, and should primarily aim to address them first before aspiring to become a smart city. Technological innovations that can integrate information technology with utilities such as water, electricity, waste removal and traffic management, in other words "Smart Utilities", would be a priority when it comes to the country's development, enabling it to deliver solutions to challenging issues which have plagued the country for decades.

Skill gap and engagement gap are the two critical factors that explain lower people productivity. Under gap in skill, Indian manufacturing sector faces significant challenges in attracting quality manpower that is 'right' skilled prior to entering the workforce. In addition, continuous skill development efforts are required for the work force, throughout their careers, as processes and technologies evolve.

On the other hand, many manufacturing studies have indicated a direct correlation between workforce engagement and productivity. For most Indian manufacturing companies, the level of engagement and alignment with corporate vision, amongst their union work force and contract labour is extremely low, when compared to their global peers.

An improvement in people productivity can be beneficial across all levels of an organization. At the employee level, it results in higher wages and enhanced job satisfaction. At company level, the direct correlation between profits and resource productivity has been established through research multiple times. And at industry level, increased people productivity leads to improved skills and better working environment—thus paving the way for higher investments and faster economic growth. Therefore, it is critical for the Indian manufacturing sector to work toward enhancing people productivity to achieve the goals it has set for itself.

India has the potential to be one of the world's leading markets for intellectual property (IP) industries. Boasting as one of the world's fastest growing economies, India would be well served by protecting the spirit of innovation, which has driven the country to out-produce developed and developing countries in an array of industries. Unfortunately, the policies and decisions against the protection of IP rights in India over the past year are inconsistent with India's public rhetoric, calling into question the country's commitment to promoting innovation and continuing its path toward creating a knowledge-based economy. The Indian government must not only strengthen its intellectual property laws but also promote s greater intellectual property protections through court decisions in order to further innovation both in India and around the world

A strong Intellectual Property rights regime would certainly lead to good market conditions for inviting FDI in India. Also a strong IP regime would certainly include realistic protection to intellectual property rights together with a mechanism for the enforcement of rights in case of misuse of the same. IP assets account for more than one-third of the net value of corporations in the United States and Europe, making protection of valuable IP critical for many would-be investing companies. In India the intellectual property like patents, trademark, copyright, design, geographical indication, plant variety, semiconductor and integrated circuits layout design have protection. Indian does not provide specific protection to trade secrets and also do not have a proper law for the data protection. These two are governed by the trademark law and information technology law and hence there is a requirement of specific law for these two as well in order to create a healthy environment wherein a creator of intellectual property right would feel comfortable to invest further. The current legislation on the IP laws should also be kept similar to the international standards in order to compete with other economies.

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/Fopke-%20Eureka%20-%20Global%20cooperation%20in%20EUREKA,%20a%20Cluster's%20perspective.ppt

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/Arvind%20-%20150930_Regulatory_environment_IPR_issues.pptx

Session 2: What will it take for India to Become Global Manufacturing Hub?

Panel Opening by Dr. Rajeev Singh, Director General, Indian Chamber of Commerce, India
Ms. Vidhya Sampath, Director, Public Affairs, Tata Consultancy Services, Europe
Mr. Nilesh Apte, Global Voice Consultant, Allnex, India
Mr. Nikos Mikelis, Industrial Expert, Shipping Recycling, UK

The NDA government has declared that among its early policy decisions would be measures to revive India's languishing manufacturing sector, by making the country a global manufacturing hub. This policy thrust has supporters outside the government as well. However vital reforms the new government should undertake would be in employment regulation, education and infrastructure, with a view to making India a base for labour-intensive manufacturing. With Chinese wages rising, this is a plausible ambition."

So for growth to occur, India must use the opportunity that wage competitiveness offers to displace China as a global, low-cost manufacturing hub, by inducing flexibility in labour markets, improving skills and strengthening infrastructure. There is, of course, good reason to focus on manufacturing. Assessed merely in terms of rates of growth, the success of India's post-Independence industrialisation effort is partial at best.

The Prime Minister of India, Mr Narendra Modi, has launched the 'Make in India' initiative to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. The Government of India has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently.

India's manufacturing sector could touch US$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

The Government of India has an ambitious plan to locally manufacture as many as 181 products. The move could help infrastructure sectors such as power, oil and gas, and automobile manufacturing that require large capital expenditure and revive the Rs 1,85,000 crore (US$ 27.85 billion) Indian capital goods business.

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country. With impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for the industrial development and will promote advance practices in manufacturing. Government has identified 25 sectors where India can become world leader. These include automobiles, chemicals, IT, pharma, textiles, ports, aviation, leather Tourism and hospitality, wellness, and railways are others.

For several years, R&D centres were concentrated within the developed world as companies restricted high-end R&D activities to their home country and within the physical boundaries of the corporate firm. However, over time, most firms expanded into developing regions and established local R&D centres to tap these newer markets.

India's manufacturers have a golden chance to emerge from the shadow of the country's services sector and seize more of the global market. McKinsey analysis finds that rising demand in India, together with the multinationals' desire to diversify their production to include low-cost plants in countries other than China, could together help India's manufacturing sector to grow six fold by 2025, to $1 trillion, while creating up to 90 million domestic jobs. Capturing this opportunity will require India's manufacturers to improve their productivity dramatically—in some cases, by up to five times current levels. The country's central and state governments can help by dismantling barriers in markets for land, labor, infrastructure, and some products. But the lion's share of the improvement must come from India's manufacturers themselves. Recognizing this, a few leading ones are upgrading their competitiveness by bolstering their operations to improve the productivity of labor and capital, while launching targeted programs to train the plant operators, managers, maintenance engineers, and other professionals the country needs to reach its manufacturing potential.

India's manufacturers have long performed below their potential. Although the country's manufacturing exports are growing (particularly in skill-intensive sectors such as auto components, engineered goods, generic pharmaceuticals, and small cars) its manufacturing sector generates just 16 percent of India's GDP—much less than the 55 percent from services. Moreover, a majority of India's largest manufacturers don't return their cost of capital, a factor that dampens investment in the sector and makes it less attractive than its counterparts in competing economies. Nonetheless, India's rapidly expanding economy, which has grown by 7 percent, gives the country's manufacturers a huge opportunity to reverse the tide. If India's manufacturing sector realized its full potential, it could generate 25 to 30 percent of GDP by 2025, thus propelling the country into the manufacturing big leagues, along with China, Germany, Japan, and the United States.

India's product makers must embrace global best practices in operations—while tailoring them to India's unique environment—to improve the efficiency and effectiveness of the country's manufacturing investments dramatically. Many Indian companies are also assessing the technical design of their capital equipment to make trade-offs between capital expenditures and life cycle expectations for reliability—essentially "Indianizing" the specifications. Meanwhile, some Indian companies are working to raise the productivity of their existing assets—for example, by focusing on the reliability of equipment. India's manufacturers could learn a lot from the IT sector's experience in promoting the large-scale development of skills. India's IT services and business-process-outsourcing sectors together hire nearly a million new recruits a year and bring them up to speed in just months. A key factor in this success was the early recognition among Indian IT companies, back in the 1990s, that the number of engineering graduates in computer sciences wouldn't meet the needs of the country's burgeoning IT sector. In response, TCS and other companies began hiring graduates from all engineering disciplines and using in-house curricula and faculties to build skills among new hires. That approach ultimately led to the formation of a successful network of independent, privately owned computer-training institutes, such as Aptech and NIIT.

A young, low-cost and highly talented pool of workforce is another key factor that renders India a strategic location. The government offers fiscal incentives to R&D firms on equal terms, irrespective of their domestic or foreign origin. The country's academic institutes collaborate with governments and industry players to perform advanced R&D with a set of highly qualified professors and talented students. The R&D teams based in India have now advanced to a position where they lead the global R&D teams from across the globe and help the firms maintain leadership position in the global arena. The country sees opportunities, especially in automotive and pharmaceutical industries which will strengthen its position as the global R&D hub in the near future.

Contract research is expected to be a significant opportunity in the pharmaceutical industry due to increased pressure on top global pharmaceutical companies as several blockbuster drugs are going off-patent in coming years. India is transforming into a global auto R&D hub as most auto giants worldwide are entering the automotive and auto-components sectors. Having established itself as a small car hub, the country is now transforming into a formidable choice for R&D activities. India is transforming into a global R&D hub for the automotive and auto components sectors as most auto giants are setting up R&D centres in the country. The country offers several key advantages to global auto majors:

Lower R&D costs, availability of skilled human capital, and a potentially large domestic market that justifies the investment. Having established itself as a small car hub, India is now becoming a formidable choice for performing R&D activities. Auto giants, including small car makers and luxury car manufacturers like Mercedes-Benz, have set up R&D centres in the country over the past few years. GM and Maruti Suzuki have promised to launch a car completely manufactured in India by 2014.

India offers a very attractive proposition for the global players to set up their R&D operations. It gives access to a huge market, and a very talented base of scientists and engineers who cost much lesser than their western counterparts. This talent pool will still be young over the next two decades while others such as China would have an ageing working population by 2030. With English as its business language, and a well-protected environment for IP, India offers a conducive environment for the foreign firms to operate in the country. The government has been providing support to the field of R&D by setting up centres of excellence and offering fiscal incentives to firms irrespective of their whether they are of domestic or foreign origin.

Make in India is not about manufacturing in India and if we try and do that we will not be able to compete with the old manufacturing countries like China and many new countries that are emerging which will be the manufacturing powerhouse. We have to leverage IPR, we have to leverage the knowledge base that we have in India. Therefore without a focus on manufacturing, without focus on science and technology, without a focus on innovation will take us in a direction where I don't think we can compete. Therefore we should not try and emulate a model of China. We have to develop our own model where manufacturing, the human skill that we have, the human skill that we need to develop beyond what we have comes together with the engineering, R&D, technology, ability that we have and then make a wholesome package which is unique and better than what anybody else can offer to us.

However, to realise this goal, reforms in labour laws, special economic zone policy, foreign direct investment rules, taxation policy, and land acquisition policy are very crucial, say CEOs. Though India has missed the bus, the country can still make an impact on the global manufacturing sector through innovation and reducing costs, they say.

The world has seen dramatic evolution with rapidly increasing computing speed with lower energy consumption over the last 30 illustrious years of Electronics and semiconductors. The world is set to experience another breakthrough in computation and transmission speeds based on Photons the basic building blocks of light. The field known as Photonics is the new kid on the block and is increasingly becoming more and more relevant in our daily lives, Be it Touch phones, Photovoltaic solar energy, Laser (CD R/W, Remote controls), Biomedicine/ Biomedical Optics (Endoscopy, laparoscopy), LED lighting and Displays(LED & LCD's), Optical communication (Fiber optic), Optics(Spectroscopy, Microscopy /Telescope), Laser based entertainment cinema projectors … the list goes on.

Currently, the total energy required to power the Internet, including data centres, network nodes and user terminals, amounts to about 3-4% of today's energy generation capacity – this is more than is used for global air traffic! With Internet traffic growing at nearly 50% each year, this demand for energy will grow relentlessly, amounting to a doubling of the required total capacity for global electricity generation in less than 10 years!

Photonics is the interdisciplinary study about generation, reception and manipulation of light to develop various applications. Photonics as a technology envisages a future where information is completely stored, processed and communicated only using photons.

Invention of Laser was made in 1964 and since then a lot of work has been done in the field of Digitizing information into photons which can carry the data to long distances without any loss and extra energy.

Today Fibre Glass can be made using different materials and therefore we have access to new properties of materials which allow generating and transmitting different Wavelengths of light allowing us to see different things hence can be used in different applications. The integration of devices and components which generate, receive and manipulate light on a single substrate is photonic integrated circuits. Just like the Integrated circuits in Electronics (VLSI, ASICS), The challenge for Photonic integrated circuits is to pack maximum number of components inside a Silicon Chip in the smallest possible size using high level integration, improved performance and lower costs.

This technology will make the computing devices to be about 100 times faster and energy efficient as compared to an equivalent electronics chip. The Digital and make in India campaign by Prime Minister Modi led government gives priority to enabling each individual with maximum opportunities by connecting to the world wide web. India had missed semiconductor industry revolution in late 80s and 90s but with current efforts across different spectrum Jampot Photonics would facilitate in accelerating and establishment of Photonics as an industry. One such tiny initiative in this direction is of Jampot Photonics, a Pune based start-up with 8 people incubated in the Science and Technology Park in Pune. Jampot Photonics is a research & development and knowledge sharing company established in 2014. We desire to play the leading role in creating awareness through Photonics education and prepare strong foundation for photonics design industry in India. Our long term vision is to create World class Photonics cluster, through collaborative research with National /International universities, research institutes and industries, Jampot would progressively contribute to development of photonics in India.

For more than fifteen years, 97% to 98% of the tonnage of the world's ships has been recycled in five countries: India, China, Bangladesh, Pakistan and Turkey. Of these five countries India has the largest recycling industry, being responsible for one third of all recycled tonnage in the world. Ship recycling is important to India's economy. 30,000 workers are directly employed in over one hundred recycling yards in Alang. Another 15 to 20 thousand are employed in ancillary works. A further 100,000 are employed in downstream industries in and around Bhavnagar in steel mills, oxygen-gas plants, fabrication, reconditioning and in second-hand trading.

Beyond Gujarat there are many rolling mills in Rajastan, Punjab, Maharashtra and Madhya Pradesh that are dependent on ship scrap, estimated to employ another 100 thousand people. The industry is not just a large employer. It also provides a considerable part of the country's needs for steel, as well as second-hand machinery and equipment that would otherwise be imported. Annually, the government collects from the industry custom duty, VAT, and Central Excise Duty of more than 16 billion Rupees, that is around a quarter of a billion US dollars. The wellbeing of India's ship recycling is now coming under threat from Brussels.

Starting some fifteen years ago, environmental activists have campaigned against the ship recycling industry because of the pollution it causes and because of its poor safety record. Their campaign continues today, now opposing all ship recycling activities in India, Bangladesh and Pakistan, and arguing instead that ships should be recycled in China and Turkey, simply because ships there, are not dismantled on tidal beaches. The technical arguments used by the activists are often inaccurate and of selective rational, but nevertheless they are successful in forming public opinion against an industry that is not organized, nor is it cognizant of the politically-correct ways of the West.

In response to the pressures for action, the European Union developed and adopted the European Ship Recycling Regulation, which will become fully effective for European-flagged ships between the end of 2016 and the end of 2018. The text of the new Regulation contains some ambivalent terminology, which the European Commission is now required to interpret. Whereas the new Regulation does not ban tidal beaching, all our indications tell us that the Commission is working towards a de facto banning of beaching, through a strict and selective interpretation of the ambivalent passages of the Regulation.

In other words, we understand that DG Environment does not intend to allow European-flagged ships to be recycled even in the most advanced yards in India, while it will favor yards in China and Turkey to provide the necessary capacity for the needs of the European fleet.

This opposition to Indian recycling by the European Administration is most unfortunate because from 2007 India has introduced strict regulatory requirements that culminated to the adoption and enforcement of the "Shipbreaking Code 2013". The Code has introduced environmental, health and safety standards for ship recycling that are fully in line with the standards adopted by the International Maritime Organization.Furthermore, the recycling industry in Alang has responded to the international debate over the need for higher environmental and safety standards and already a number of ship recycling facilities have voluntarily invested in additional improvements in their infrastructure, procedures and working methods.

A Japanese and a Danish delegation of government officials and shipping professionals visited Alang in January and in April 2015. Both groups were highly impressed by the quality they witnessed and their positive comments were subsequently widely broadcasted in the international maritime press.

It is most disappointing, that, whereas officials from the Commission's Directorate General for Environment have already visited ship-recycling facilities in Turkey and in China, they have not sought to visit Alang and to witness the progress and the standards that have been achieved.

We are deeply concerned that a de facto ban on beaching by Europe will have a seriously damaging effect to the recycling industry of India, through the loss of a premier market, and by unfairly being deemed to be substandard. Aside from the economic loss this would bring, it will also demotivate ship recyclers from the path they have already embarked towards higher standards. And all this runs totally against the noble claims by the European Union that its purpose is to improve the safety of the workers and the protection of the environment.

The only good news is that the Commission is coming under increasing opposition from some EU member States over its hard line on banning beaching. Our concern is whether this opposition may be coming too late.

(1) Help me meet an open minded and well-intentioned senior decision maker in the European Commission, so that I can discuss and explain the reality of ship recycling in India;
(2) Help me meet an open minded and well-intentioned senior decision maker in the government of India, so that I can discuss and explain the threat of injustice from Brussels against the ship recycling industry of India; and
(3) Convince the decision maker in India to invite the decision maker of the European Commission to visit Alang in India the soonest possible, so that important decisions that affect the livelihood of very many people will be made on the basis of fact and not on the basis of spin and fiction.

Session 3: India's Quest for Green and Clean Energy : What Role for Europe?

Panel Opening by Mr. Matthieu Craye, International Relations Officer, DG Energy, European Commission
Mr Jean Jouet, President, CMI Industry, Belgium
Ms Regina Llopis, CEO, AIA Group, Spain
Mr. Aniruddha Sharma, CEO - Carbon Clean Solutions, India
Mr. Tanguy HUYBRECHS-TONDREAU, Industrial Expert, Walloon government, Belgium

Even in a world of cheap oil, India faces an energy crisis. It is highly dependent on imports, its industries suffer from an unreliable power supply, and hundreds of millions of citizens have limited access to electricity. To sustain 8% gross domestic product (GDP) growth and continue to bring its people out of poverty, India needs to fix its energy crisis. The good news is that a technology-driven revolution in the energy sector is unfolding around the world, and India can benefit from it. This includes technologies to produce unconventional and difficult oil and gas (such as tight reserves, deepwater reserves and high pressure, high temperature reserves), as well as advances in renewables (wind, solar, and advanced energy storage), and a range of ways to improve energy efficiency. India has a power grid that is ripe for renovation and transformation. More than a third of the nation's grid electricity is lost to power theft and inefficiencies, and that doesn't include the half of the population that has no grid electricity at all.

Owing to the vital importance of increasing energy access, reducing greenhouse gas emissions, and improving resilience in the face of climate change, EU and India need to strengthen their cooperation for a new and enhanced strategic partnership on energy security, clean energy, and climate change. They need to strengthen and expand the existing cooperation framework through programmess including a new Energy Smart Cities Partnership to promote efficient urban energy infrastructure; a scaling-up of renewable energy integration into India's power grid; cooperation in upgrading India's alternative energy institutes; development of new innovation centers and a host of other energy efficiency programs. Expansion of this program could yield benefits to both countries since the government of India under its Green Energy Mission has made solar and wind power development key priorities.

The challenge however will be to pick the right technologies and to define clearly the level of support that the government should provide and what incentives might be put in place for the private sector to augment the government's involvement. The EU has tremendous experience in the financing of green energy investments and could share these with the Indian government and Indian entrepreneurs. It is also vital to determine the multiple incentives that may be required to reach the stated objectives of the overall Green Energy Mission including the level of investment in new engines, smart and efficient infrastructure, battery storage and to develop innovative financing schemes.

The term “green” manufacturing can be looked at in two ways: the manufacturing of “green” products, particularly those used in renewable energy systems and clean technology equipment of all kinds, and the “greening” of manufacturing — reducing pollution and waste by minimizing natural resource use, recycling and reusing what was considered waste, and reducing emissions. Corporate and business leaders at the forefront of redesigning, restructuring, re-engineering, and retooling operations and processes to be more environmentally and socially sustainable are finding that doing so produces measurable results that others can and would like to emulate, even leading to new business lines and a notable recognition for their efforts.

New ways of thinking about manufacturing, both broadly and narrowly, are having a big impact on manufacturers worldwide. Such efforts are intimately entwined with a movement toward taking on, or accepting, greater corporate social responsibility (CSR). One such driving force has been the development of systems analysis, which has evolved into the growing field of industrial ecology.

CMI Group with its expertise clean tech company uses proven commercial and clean technologies to usher products of industrial development into high value-added commodity end products. Its approach significantly increases the value of the underlying resources and has great respect for the environment.

Indian Prime Minister Modi's administration has announced a 175 gigawatt target for the renewable energy by 2022, increasing the 20 gigawatt solar target five-fold to 100 gigawatt. The new target and its demonstrated commitment to growing India's renewable energy markets presents a huge opportunity to increase EU-India cooperation on clean energy towards universal energy access and climate change mitigation in India. With a focus on technology, finance and policy innovations, European companies and others institutions can expand their presence and thrive in India's burgeoning clean energy market as well with an objective to explore:

• Methods to enhance bilateral cooperation on joint research and development and technology innovation, adoption and diffusion for clean energy solutions that will help achieve the goals of transitioning to a climate resilient and low carbon economy.
• Ways the EU can support India’s efforts to upgrade its alternative energy institutes and to develop new innovation centers.
• Investment opportunities in incubating Indian clean energy start-ups and enterprises. • Methods to overcome strategic barriers to accelerate institutional and private financing.
• Policy mechanisms enabling the US manufacturing sector to invest in India-based facilities and hence benefit from the Indian government’s `Make in India’ vision in the field of clean energy.
• Approaches to effectively tap different financing mechanisms for energy efficiency and renewable energy; such as green bonds, green banks, technical insurance products, sovereign wealth fund, government pension funds, and energy savings insurance facility.

Promotion of renewable energy and application of clean technology are essential for limiting emissions of GHG and facilitating environmentally compatible development. Although India and the European Union (EU) recognise their vulnerability to climate change, they differ on their ‘normative claims’ of the global climate change regime. India and the EU do not agree on emission cut targets. They can cooperate in multiple ways in the areas of clean technologies, renewable energy, research and development and sharing knowledge for sustainable development planning, etc. India has adopted a comprehensive National Action Plan on Climate Change (NAPCC), which comprises of both mitigation and adaptation measures to climate change. The implementation of the NPACC would be crucial in shaping a policy for inclusive and sustainable development. Hence, cooperation between India and the EU can take place in areas of the NAPCC that would help not only in coping with climate change, but also in enhancing India’s economic relations as well as development partnership with the EU.

India is the world’s sixth largest energy consumer. To meet its economic and social targets, the Indian Government aims to sustain an economic growth rate of 8% p.a. for the next 25 years. Estimates are that India’s energy supply will need to double by 2020, and increase by three to four times by 2031-32. Currently 65% of India’s energy depends on fossil fuels such as coal, oil and gas. India imports around 80% of its oil; energy security and cost are a concern. Despite having one of the lowest per capita rates of energy consumption and pollution in the world, India’s population and dependence on coal averaging over

50% of its energy production makes it one of the world's most substantial polluters. Under the Joint Action Plan, the India-EU Energy Panel was created as the formal instrument for EU-India cooperation in the energy sector in order to develop clean coal technologies, increase energy efficiency and savings, promote environmentally friendly energies such as renewables, and provide assistance in energy market reforms. The Joint Declaration on Energy cooperation (signed in 2012) renewed the firm commitment of both sides to enhance cooperation in the energy field, and identifies priority areas for mutually beneficial joint activities.

Past and on-going initiatives in the clean energy sectors have shown the importance of giving a continuous support to India in addressing the present challenges the country is facing, and of keeping a strategic cooperation with the partner country. While complementary actions have given a new impetus to the EU-India Strategic Partnership, it has become clear that further efforts and support in this sector are needed to develop sustainable business cooperation between the EU and India.

Renewable energy strategy needs to be integrated with liberalization of energy markets and withdrawal of direct government interventions in energy sector. Renewable energy deployment could be enhanced from 'energy services' delivery perspective. Incorporation of renewable energy strategy into development programmes will promote its decentralised applications. Renewable energy strategy should form a part of energy sector regulatory framework. Public-private role in renewable energy development needs to be redefined. The government policies should encourage more private participation and industry collaboration in R&D for rapid commercialization of RETs and in market infrastructure development. Most renewables still have a significant way to go before they are competitive with fossil technologies, especially for power generation purposes. This will demand intense further RD&D efforts. However, at present many renewables are in a classic chicken and egg situation - financiers and manufacturers are reluctant to invest the capital needed to reduce costs when demand is low and uncertain, but demand stays low because potential economies of scale cannot be realised at low levels of production. Renewables need to gain the confidence of developers, customers, planners and financiers. This can be done by renewables establishing a strong track record, performing to expectations, and improving their competitive position relative to conventional fuels.

Future targets set for renewable energy penetration needs to be integrated with overall energy sector and power sector targets. Within renewables, the overall target needs to be desegregated into targets for individual RETs. The baseline scenario projections should be based on past trends and most likely future developments. Specific interventions need to be clearly outlined for achieving penetrations beyond baseline projections, as shown in the analysis under results of different scenarios.

All of these problems spell opportunity for the smart grid industry. After years of stalled-out attempts to drive investment into grid transformation, India's central government is now in the midst of its Restructured Accelerated Power Development and Reform Programme, or R-APDRP, which is directing roughly $10 billion over the coming years to grid modernization.

India's national grid infrastructure is the target of significant investment. This ranges from a state-spanning synchrophasor project to deliver real-time visibility into transmission grid status, to the launch of a national power exchange to grow the still-tiny share of electrical generation that's bought and sold on an open market-based system

The world is also witnessing a renewables revolution as cost of production falls with new technologies in solar and wind. China plans to more than triple installed solar generating capacity by 2017 and renewables are expected to account for 18% of world primary energy use in 2035, up from 13% in 2011. In India, large-scale solar farms, rooftop solar, and other off-grid solutions (involving solar as well as biomass, small-scale hydro and wind) could bring power to more than 200 million people by 2025.

Energy efficiency through smart grids promises savings and better utilization of existing generation capacity. These systems gather real-time data about energy use and monitor surges, outages, and theft of power. Indian power companies have already shown that they can reduce transmission and distribution losses—in some cases from over 50% to about 11%. Smart grids can help accelerate such initiatives.

India can also reduce the energy needed to support economic growth by promoting energy efficiency technologies across buildings, lighting, appliances, water pumps, power plants, and transportation equipment. Many of these technologies could help reduce the energy intensity of India's GDP growth by up to 1 percentage point per year.

To take advantage of the opportunities we describe, India needs to develop technology ecosystems across the energy sector. The government needs to simplify approvals and frame policies for promoting research into energy technologies.

With the depleting energy resources, enhancing energy-security and energy-access, particularly in emerging economies is one of the major challenges that one has to deal with. In addition to managing the existing energy resources, generating power effectively and intelligently is an equally important agenda at the national level in India. Supplementing the establishment of large power plants from conventional energy sources, there is also a need to focus on distributed small scale generation of power particularly from renewable energy sources. Although Distributed Energy Resources (DERs) need additional infrastructure and investment to connect them to the grid, these technologies obviate the need for an expensive transmission system and reduce transmission and distribution (T&D) losses. A better way to realize the emerging potential of distributed generation is to take a system approach which views generation and associated loads as a subsystem or a `Micro-grid' During disturbances, the generation and corresponding loads can separate from the distribution system to isolate the Micro-grid's load from the disturbance without harming the transmission grid's integrity. To deal with these crucial issues of power and energy, the more appropriate solution is the Smart Mini Grid system which can optimally and intelligently manage the load and distributed generation resources so that maximum utilization of the renewable energy resources with a lower installed renewable energy capacity and smaller batteries can be ensured by coordinating the energy demands with the electricity production, fossil fuel generation can be minimized through the more efficient control of energy loads and power quality can be improved The paper presents the relevance of Smart Mini Grid as well as its existing challenges.

The electric grid of tomorrow is being built now and it will be quite different from the one that powers houses, factories and business today. The transformation is the most ambitious reconstitution of the grid since its inception more than a century ago and the change will pose serious challenges affecting all of society. The future grid will be more distributed than centralized as it will involve millions of new participants affecting power supply and demand. It will convey more and more electricity from solar and wind energy sources, which are inherently intermittent and difficult to predict. In this paper discussed the need of smart grid for Indian power sector and methodology of Maintaining grid stability by using the various reliable energy supplies by considering the existing technique the role of smart grids in addressing the problems associated with the efficient and reliable delivery and use of electricity and with the integration of renewable sources. Solar and wind power plants exhibit changing dynamics, nonlinearities, and uncertainties, challenges that require advanced control strategies to solve effectively. The use of more efficient control strategies would not only increase the performance of these systems, but would increase the number of operational hours of solar and wind plants and thus reduce the cost per kilowatt-hour (KWh) produced.

A smart grid uses advanced technology and software to obtain, analyse and act on information relating to energy generation, transmission, distribution and consumption, to improve the reliability, efficiency and sustainability of the entire network. Discussion about smart grids is often dominated by smart meters, which monitor energy usage of individual homes or any building that consumes energy in real time. However, smart grids also involve the use of intelligent software to collect, analyse, visualise and then control components of the grid and appliances (such as fridges and lighting) connected to the grid to, in effect, create a virtual power plant.

Smart grids offer multiple benefits. Customers can benefit from more accurate and timely billing, as well as new time-of-use tariff options. Electricity retailers can save significant costs by undertaking meter readings automatically, rather than getting them checked manually. Most importantly, smart grids enable transmission and distribution network operators to perform more accurate load forecasting and obtain better insights into potential faults on the grid, enabling them to prioritise investment.

EU legislation requires smart meters to reach an 80% market penetration by 2020 in all EU Member States, subject to a positive outcome of a cost-benefit analysis. The European Commission estimates that around 72% of European electricity consumers will have electricity smart meters by 2020

Smart Grids are an important option for sustainable development, but we must also recognize that it is not a miracle cure for the challenges that Indian Power Sector is facing today. If we compare with China, China's rising investment in smart grid technologies stems from its plans to update its poorly designed and inefficient transmission system, and China is poised to surpass the United States in smart grid investment in 2013.

Grid operations in the coming decade will undergo a significant transformation due to increased variability in electric generation production from wind and solar PV resources as well as customer load becoming less predictable given onsite generation and responsive loads. These two fundamental changes to traditional supply and demand management are creating a new operating paradigm in which decision time cycles are decreasing beyond human capability to be central to the process as is the case today. Also, the need for coordination of transmission operations across operating regions is increasing and traditional jurisdictional boundaries between transmission and distribution are blurring. These factors combined with the massive capital investment to replace aging infrastructure replacement point to the need to reconsider fundamental design and operational reliability principles. The anticipated high degree of variability and uncertainty should be addressed through the use of models and methods designed for such stochastic applications India should look at smart grids with a view to the benefits for the distribution level, as one of the components of smart grids is smart metering/advance metering infrastructure. Smart grids could help contain the huge commercial losses from which Indian state power distribution companies suffer. But India's goal goes beyond the distribution level and it will be achieved if follow the steps given below The renewable sector features strong private investments, which are essential to materialize the potential of renewable for supplying a clean and modern energy, particularly in rural areas.

EleQuant's main energy product, Advanced Grid Observation Reliable Algorithms (AGORA), allows power system operators to effectively observe as well as simulate the activity on a power grid under any condition, allowing for more accurate planning and response. The system provides much more effective modeling for grid operators than conventional tools offer, even with just partial information about grid conditions.

The entire planet suffers from global warming and it is likely that in the future one country's CO2 emissions could pose a threat for everyone else. Therefore, it is sensible if the countries take steps to cut down on the emissions by means of crumbling their industries, using economic sanctions. Currently the USA, UK, Norway and several other European countries have put CCS into place and are working to enhance, improve and expand the technology. It is a great move forward and it is time India followed suit. An estimation talks that 86% of the world's incremental coal needs will come from India and China by the year 2030. We are bound to grow and so will our need for power. If we are able to implement CCS alongside our growing coals power needs, we would certainly be able to create a more sustained environment which would help us sustain our growth. For this to happen, we would need a change in policy. A boost in the practical execution of such a thought, which will do miracles for environment and mankind welfare. The probable reason that the policy change hasn't occurred already is that CCS can be expensive as it can reduce the power output of a plant by up to 15%.

India is home to a giant population and this majorly confides the poor section, both of which do not have easy access to power and to make things worse, the poor who rely on fossil fuels are helpless on the emissions of CO2. Manufacturing is getting big and so much industrialization and commercialization is taking place – so well, so good for the economic growth! But what about the worse CO2 emission are skyrocketing steeply!?

Manufacturing processes and production of goods releases flue / waste gases into the atmosphere. These gases can be seen as smokestacks rising from chimney of these industrial facilities. Carbon dioxide is a major pollutant and component of these gases and once released into the atmosphere it accelerates global warming.

The process of Carbon Capture involves capturing carbon dioxide from point sources like large factories and industrial facilities. For example, fossil fuel plants are one of the biggest contributors to excess and harmful carbon dioxide. This carbon dioxide, once captured is transported to a location where it is utilized for producing a product or storing underground. Former is an existing approach used in urea and chemicals industry. While, later involves storing carbon dioxide underground so that it will not escape into the atmosphere. This is generally under a geological structure, which traps the carbon dioxide.

Tremendous research has gone into post-combustion carbon capture technology as it presents the most seamless and cost-effective way to reduce emissions from existing installations, especially given global governmental push towards stringent regulations. CCS has been at the forefront of technological innovation in chemical solvents for post combustion capture and has secured grants from the UK government and the World Bank (in conjunction with research partner ICT Mumbai). The CCS technology can be retro-fitted to existing installations, and has been independently evaluated by third parties such as TNO as among the best in the market currently.

“The commercial validation has supplied a wealth of data and proof that the technology can be easily scaled up 10-20 times to be fitted into 200-400 MTPD plants. The consistent capture of CO2 from the rapidly changing input gas showcases the technology’s utility in a variety of applications, ranging from industries which require CO2 as input for downstream processes, to power plants which want to reduce emissions and even in biogas up-gradation into natural gas”, said Chief Executive Officer, Aniruddha Sharma.

Carbon Clean Solutions is committed to providing innovative, out-of-the-box technology solutions to power-plants, steel, cement, fertilizer, chemical and petrochemical industries for reducing CO2 emissions. Our business is based on the fundamental principles of continuous learning, constant teamwork and committed customer- service.

As per the IEA (International Energy Agency), Carbon Capture and Storage is a key technology, for reducing carbon dioxide emissions from coal based power-plants and industries to mitigate the adverse effects of global warming. Coal use has doubled in the past 30 years and will keep growing, according to the IEA. Carbon capture is estimated to reduce about 20% of the total global greenhouse emissions within the next four decades. Post combustion carbon capture technology developed by CCS is designed for more than 90% CO2 capture from power plants and industries. Carbon Clean Solutions’ technology makes it practically possible to capture carbon dioxide (CO2) from the flue gases of power plants and industrial utilities in a cost-effective and energy-efficient manner.

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Session 4: Creating Business-cities Relationship Sustainable through Institutional Framework

Panel Opening by Knowledge Speaker: Mr. Ravi Parthasarathy, Chairman, IL&FS, India
Mr. Paulo Casaca, Executive Director, SADF
Mr. Joerg Uehlin, Head of Operations, EBTC, India
Ms. Gauri Khandekar, Director Europe, Global Relations Forum, Brussels
Mr. Ranvir Nayar, Managing Director, Media India Ltd. France

The problems created by burgeoning urbanization are among the most critical challenges of our time. However, they also represent some of the greatest opportunities presented to us. As the number of large cities and their urbanized population grows exponentially, it is imperative for us to find sustainable solutions to these challenges. While every city is unique, their leaders face many challenges that are similar in nature – most of which call for exceptional creativity and innovation to overcome.

This is important because cities are a set of complex interconnected networks – a system of systems. An integrated and holistic approach can enable city leaders to look at the big picture and improve efficiencies across citizen services, power, water, healthcare, transportation, public safety and emergency management, to name a few.

The good news is India is at the cusp of undergoing rapid urban transformation. By 2030, the urban areas will be home to 40 percent of the country's people – doubling the urban population within a span of thirty years. According to some estimates, at this rate, India will need some 500 new cities in the next two decades!

Population growth and rapid urban migration are creating huge challenges for cities in India. Presently, 31% of India's current population lives in urban areas and contributes 63% of India's GDP. By 2030, 40% of the population will live in urban areas and contribute 75% of India's GDP. There will be an estimated 590 million inhabitants living in cities – 68 cities will have more than 1 million inhabitants, while 6 megacities will have more than 10 million inhabitants.

While India is the second largest population in the world today at 1.24 billion, it is expected to overtake China in a few years' time due to China's widely encompassing one-child policy. This huge population growth combined with rapid domestic population mobility and urbanization are bringing about stresses to existing cities, especially second and third tier cities. The 100 Smart Cities development comes about as one of the key initiatives to tackle this demand. Primarily, smart city initiatives are a necessity to create infrastructural modernization and growth opportunities for residents, with technology as a huge enabler of this transformation.

In India, there are many pilots which are underway. There is good traction in the areas like traffic management, water management, crisis and disaster management besides other. For instance, while Ahmedabad is working on a Citizen Welfare Project, Pune is leveraging the power of collaboration and predictive analytics to provide better healthcare for its citizens.

However, it is imperative to adapt a holistic, collaborative, proactive, and engagement-driven approach in evolving smarter cities and enabling citizen-centric services through the use of sophisticated technologies. Indeed, collaboration amongst the public sector, private sector, government, academia, research, NGO and citizen forums plays a key role in achieving this.

Driven by a burgeoning population density, the need for better traffic management in urban areas and the obligation for states to provide world-class infrastructure to businesses and citizens, there is an increasing demand for client devices, smartphones and mobile applications for traffic communication and reporting purposes.

India's transport infrastructure can be greatly impacted with the introduction of new technology. "Increasing mobility in the urban transport system with smart technology, in other words "Smart Mobility", would have a significant effect on workers' productivity levels and employment levels. To achieve this, policies to manage transport demand include syncing up multiple modes of public transit systems, integrating transport fares and transport strategies would be required," he said.

A good case in point is the Delhi – Mumbai Industrial Corridor (DMIC), India's most ambitious Infrastructure program aiming to develop new industrial cities as "Smart Cities" spanning across six states in India. A seamless digital connectivity holds lifeline to creating a strong economic base within a globally competitive environment and state-of-the-art infrastructure to activate local commerce, enhance foreign investments and attain sustainable development along the corridor.

Such approaches allow the essential key services of the city to be managed more effectively using smart devices, sensors and intelligent communications. Large amount of Big Data streaming from connected devices link to a Central Command Center to help city administrators record, anticipate and respond to events quickly and improve the quality of life for citizens, drive economic development, job growth and improve the quality of life for citizens in an inclusive manner.

It is vital to note that architecture and urban planning are not going to solve all of a city's problems, unless all the stakeholders use the information smartly, break down all the silos that have naturally developed in cities over a long period of time. Changing that mindset is the biggest prohibition to making progress. People have to think differently, and we have to act together to make it happen.

To sail smart towards a brighter future our cities need to cultivate a thriving innovative culture, co-invested with academia. Our cities must prepare for change that will be revolutionary, rather than evolutionary, as they put in place next-generation systems that work in entirely new ways.

One important trend in the investigation into the future of cities is the rapidly evolving relationship between cities and business. Cities and commerce have always been inextricably linked, but at least 3 global trends appear to be changing the bonds between them:

- Cities are becoming essential places for businesses to locate in, sell to, and engage with, and are becoming assets for businesses in terms of brand, R&D, and innovation. Businesses are urbanising and re-urbanising.
- Businesses are re-organising their relationship with cities in an effort to generate advantage and move with the times. At the same time cities are seeking to become more entrepreneurial in their outlook and strategies.
- Cities and businesses are learning from one another and forming partnerships. Cities are taking on some of the features of globally trading businesses, and increasingly using business management tools to succeed.

The changing dynamics of cities and businesses

Cities as emerging markets for business: Cities have always been hubs for trade and commerce, and traders and businesses have recognised cities as important markets for their wares. However, in the latest cycle of globalisation, businesses are focusing on cities and city dwellers more than ever as a means of enhancing their growth and profitability. The expanding size of city markets, the shifting nature of products with the growth of service economies, and the growing purchasing requirements of cities themselves are all playing a role in increasing the importance of city markets.

Re-urbanisation of business: Over the last 2 decades, there has been a noticeable re-urbanisation of business in upper income countries with industry, retail and offices reversing the decentralization trend of the second half of the twentieth century and moving their operations back to city centres. An urbanisation of business can also be witnessed in emerging cities and developing nations, where many flourishing home-grown companies are profoundly urban in nature, and where western multi-nationals are moving into core city areas.

Growth of tradable urban services and solutions: Urban services' - industries which support city building and growth, including planning, architecture, design, energy, water, infrastructure, engineering, waste management, and even housing development - have become important tradable economic clusters in many developed city economies. Urban services businesses which emerged to meet the urbanisation needs of their own (now mature) cities are rapidly internationalising to support the growth of cities outside their own national systems.

Businesses rebranding for city markets and consumers: The growing importance of the city as a marketplace for companies is driving businesses to boost their engagement with cities. Companies are moving fast to align their products, services and operations to the rhythm and needs of cities in general and the distinctive competitive advantages of individual cities. As companies align their services and products to make the most of new city based opportunities, many are rebranding to adopt 'city' branded offerings.

Business innovation in cities: Cities support innovation in businesses by their very nature: by virtue of their density, communication and infrastructure assets and the presence of supportive institutions. They represent ideal test markets for new products, and have diverse populations and workforces which are well suited to the generation of new ideas. But cities are also now partnering purposefully with businesses to develop solutions to specific city challenges such as climate change, congestion and infrastructure enhancement.

Businesses restructuring to better serve city markets: City savvy global firms are reorganising themselves internally, so as to better align with city-based opportunities. They are creating new internal city divisions, placing key representatives and sales people in target cities, and becoming more intentional about how they build relationships with cities, building corporate strategies to manage their interactions with cities as current and future customers.

The new roles of business in city development: Cities' use of business approaches and tools. Cities are adopting private sector approaches and tools in order to better manage their cities and to become more competitive on the global stage. Cities are borrowing ideas from corporate branding and marketing theory, developing long-term strategic 'business' plans and making strategic interventions to increase their investment rate. Their leaders are developing the pragmatic styles honed by private sector CEOs and utilizing international benchmarks and indices to understand and improve their cities' global positioning.

Business and city partnerships: Businesses are partnering directly with city governments for mutual benefits. They are collaborating on the development of new cities, built 'from scratch', and joining forces on city marketing so as to enhance exports and attract investment. They are even providing financial support for city development – either as part of their business model or by way of philanthropic initiative.

Business and city governance: Business is playing an increasingly important role in city governance, particularly through the formation of business leadership organisations, but also through its involvement in inter-city collaborative networks. Although the role of business in city leadership varies from place to place, not least because of the different perception of the business community in different parts of the world, many firms and group organisations are taking opportunities to fill governance gaps and build delivery capability for cities.

The changing dynamics of the relationship between cities and businesses mean that the 2 entities have become more similar and comparable in recent years. Both now compete in contested markets, must be innovative in their use of financial resources and have clearly defined goals. Concepts such as networking, R&D and innovation, branding and human capital are important to both businesses and cities. But cities remain distinct from businesses in some fundamental ways: their risk taking is controlled and they have limited choice when it comes to their 'customers', the services they offer, and in some cases even their leadership. Cities are also subject to complex governance and institutional arrangements that businesses are largely free of, and their institutional geography does not always fit their rational 'market'.

Certainly, it is clear that in the new global era, cities and businesses have become strongly inter-connected and inter-dependent. But they are, and will remain, distinct types of entity. Nonetheless, both future businesses and future cities can reap rewards from understanding, enhancing and utilising their mutual imbrication.

Cities are now the most important markets for businesses. Businesses therefore need to embark on a journey to become city savvy. Mega-corporations like Siemens and IBM are leading the way, but there are benefits for businesses of all sizes and in all sectors. Businesses should be looking to adopt the ideas of the first movers and innovators. Those that are slow to adapt will find it difficult to reposition and rebrand.

Cities must also look to take advantage of their new relationship with businesses in order to secure their best possible futures. They can do this by being business friendly and investment ready; this means learning to partner and serve businesses in order to be prepared, agile and competitive in the global marketplace, as well as cultivating a reliable supply of opportunities for inbound capital and a credible and efficient framework and process for investment. Also by drawing inspiration and lessons from the private sector, and borrowing techniques and tools, and collaborating with business for hugely beneficial outcomes; city-business partnerships have the potential to enhance innovation, governance and competitiveness.

Of course welcoming diverse and international populations; the presence of a talented workforce is a major consideration for businesses deciding where to locate remaining mindful of their distinctiveness from business, and the separate but complementary roles that cities and businesses each have to play. Urbanization is emerging as a global issue including in India. The challenges on water, waste, energy and mobility need to be addressed with appropriate policies, planning, governance and infrastructure in that order. These are some of the areas where Europes strength is widely recognised. Europe has a lot to offer for India'ss Smart City agenda and we are convinced that the European Union can be a unique partner for India. We believe that the World Cities project and the Mumbai Partnership can be strong contribution to our joint actions.

Speaker Joerg Uehlin, Head of Operations at the European Business and Technology Centre (EBTC) spoke about three aspects on how to create sustainable Cities-Business relationships at the Trade and Investment Partnership Summit (TIPS) 2015 which was held at the European Parliament on 30th September 2015.

On how to create sustainable Cities-Business relationships it was stressed that there is a need to firstly create and sustain Cities-Cities relationships between Europe and India, to foster the understanding amongst European business of Indian cities and the challenges within these, and to create an EU platform that can bring together all different EU stakeholders and integrate these to have bigger impact and cover a vaster range of solutions as well as capacity building.

Knowledge sharing and capacity building between European and Indian cities which can lead to successful implementation of the right technology along with the processes, governance structures and understanding that can aid successful implementation of the technological options available. The second aspect mentioned was to make the European business community aware of the challenges their technologies need to address. The technology which was typically invented for a European problem or set-up may not be as effective in an Indian city scenario. This means that these technology providers should firstly understand the on the ground realities in Indian cities and secondly potentially look at adapting and localizing their technology to the local requirements for which they can come to EBTC.

Integrated and consolidated approach of a European platform like EBTC that can combine business, cities, clusters, research institutions and experts and can show the prowess of Europe and act as a strong player to counter the global competition as well as offer a holistic solution and have bigger visibility and impact for all the involved European players. This platform can for example give innovative SMEs and smaller players' access to projects by being part of a larger consortium with larger industry players as well as other stakeholders.

Europe needs to enhance growth and generate jobs and India needs to overcome its massive development challenges. Development as a priority has been sidelined far too quickly in the EU-India partnership. EU-India cooperation on development has targeted in particular the environment, climate change, poverty reduction and the Millennium Development Goals (MDGs), with over 100 projects worth €350 million since 2000. While aid is an important aspect of development, for massive mid income emerging countries like India development encompasses a much broader set of issues, including urbanisation and modernisation. Poverty reduction is underscored by the provision of better opportunities for self-sustenance and growth, which can directly raise the standards of living of the population. India's main challenges include better wealth distribution, better infrastructure and planning, attracting foreign direct investment (FDI), and technological innovation, which can help it manage its expanding cities and growing population more effectively. Conversely, addressing India's development and urbanisation challenges would open up considerable business opportunities for the EU and would fit in well with the EU's priorities concerning sustainable development. The two partners must shape a new sustainable development agenda.

Favourable demographics position India to fill the void created by countries with an ageing population, and become a major player in global business. The manner in which India uses this opportunity will determine whether it will reap its demographic dividend. Apart from tackling spatial challenges arising from a remarkable disparity in the demographics of its states, India will have to address the critical issues of creating jobs and preparing its youth to participate in its economic growth. India will need to alter its policy framework and give incentives for creating sufficient jobs and alleviating workforce skill-mismatch. If status quo persists in India's policy frameworks for education and training, and workforce management, economic growth will soon hit a speed breaker. If labour and industrial policies are not reformed, people with different education and skill levels, or from different states, would have unequal economic prospects. India's industrial sector may not be able to scale up to absorb the excess workforce in agriculture. This could, in turn, block efforts to reduce income inequality in India.

In addition to government initiatives, corporate investment in employee education and training would continue to play a critical role to meet the rising demand for high-skilled workers. A number of Indian corporates, especially from IT/ITeS, already provide focused training to improve their people's skills. Although an increased rate of savings and investment, which India has achieved and sustained since the early 2000s, is essential for ensuring a rapid pace of economic growth, an educated workforce and job opportunities are critical for sustaining the growth over a long period, and for realising the demographic dividend. This would be especially true for India since it depends more on its human capital than its peer countries that are at a similar level of economic development.

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/Ranvir-%20India%20International%20Skill%20Development%20Summit_revised.pptx

Session 5: EU-India FTA: Key to Larger Economic Ties: Addressing issues holding EU - India to sign the FTA

Panel Opening by Guest Speaker Ms. Neena Gill MEP, and Vice Chair, European Parliament Delegation for Relations with India
Ms. Helena König, Director responsible for Asia and Latin America, DG Trade, European Commission
Ms. Madi Sharma, Employer's Head, European Economic and Social Committee, UK

India is one of the fastest growing economies and is currently attracting ever more foreign investors. The European Union ranks first on the list of countries per number of investors in India. The potential of the Agreement as a tool of enhancing European economy is clear. It is very important for the Agreement to be concluded as soon as possible, which is deemed probable.

Despite several rounds of negotiations that began in 2007, the proposed EU-India Bilateral Trade and Investment Agreement (BTIA), covering trade in merchandise, services, and investment, is still far from being concluded. The recent EU ban on the import of mangoes from India will further strain the bilateral commercial relationship, which is already troubled due to a series of tax disputes involving European companies.

Given the subdued sentiment around foreign investment and trade currently, restoring growth to its normal level remains at the top of the Modi government's agenda. This would require a fresh approach toward India's commerce and trade. It would be pertinent to analyze what is holding back the conclusion of the EU-India trade pact, which possesses immense untapped trade and investment possibilities.

Also given the contribution of the service sector to GDP (57 percent), India is seeking improved market access in services. India's interests lie in Mode 1 of the BTIA, which covers information technology enabled services (ITES), business process outsourcing (BPO), and knowledge process outsourcing (KPO), and Mode 4 which covers movement of skilled professionals like software engineers.

The EU's demands in India's Mode 3 services includes further liberalization of FDI in multi-brand retail and insurance, and presently closed sectors like accountancy and legal services. The European banks have been eyeing India's relatively underutilized banking space. However, the surrender of banking licenses by Goldman Sachs, Morgan Stanley and UBS shows that the burden of priority sector lending and financial inclusion have dissuaded foreign banks from entering India's market.

India's intellectual property regime (IPR) is another impediment. Any commitment over and above the WTO's Trade Related Aspects of Intellectual Property Rights (TRIPS) will undermine India's capacity to produce generic formulations. It is feared that data exclusivity protection measures (which allow pharmaceutical companies to exclusively retain rights to their test results for a certain period) would delay the supply of Indian generic medicines. That explains India's opposition to the proposal. European pharmaceutical companies are wary of India's patents law which prevents "ever greening" – a provision that allows companies to renew patents on old drugs by making incremental changes.

Given the context of growing trade and benefits to be had all-round, it is odd that the two powers have not made more progress towards an FTA. So what are the issues of contention between India and the EU that stand in the way of an FTA?

First, India's trade policy is influenced by demographics. More than half of India's population is under the age of 25, necessitating a growth strategy emphasizing job creation and not just export promotion. These demographics and its education system have provided India with a skilled, competitive, English-speaking work force, something which Europe will be short of in the near future. Making gains from this workforce through trade requires more than tariff reduction, which is why tariff reductions alone will not make the EU-India FTA sufficiently interesting for India. Consequently, negotiations included provisions for the abolition of non-tariff barriers such as standards and mutual recognition or licensing requirements.

India is particularly interested in the liberalization of services under Modes 1 and 4 of GATS. As India's skilled services labour force is growing very fast, India emphasizes better market access for services suppliers through Mode 4 liberalization over market access for goods in trade negotiations.

Second is Agriculture, a key sector for India from the perspective of ensuring equity and growth from the FTA. The EU has a highly protected agricultural sector and India has strong defensive interests in negotiating an FTA with the EU. At the moment, European agricultural imports from India are over five times larger than its exports to India, even though EU tariff rates on such imports are relatively high. India wants the EU to cut tariff and subsidy support to its agricultural products for fear of EU exports displacing Indian agricultural products once an FTA is signed. This issue could prove a significant stumbling block in the ongoing negotiations.

The third issue is the reluctance of the Indian government to negotiate government procurement issues. This is a priority issue for the EU and a bone of contention between the parties. The EU has complained that the ‘Indian government procurement practices are often not transparent, discriminate against foreigners and often give preferences to the locals’. But given government procurement accounts for nearly 13 per cent of India’s GDP, the Indian government insists it will not include public procurement in the EU–India FTA agenda. India is also discussing a ‘data secure’ status for the country. At present, India is not considered data secure by the EU. This obstructs the flow of sensitive data, such as information about patents, under data protection laws in the EU. The EU law mandates that European countries doing outsourcing business with countries that are not certified as data secure have to follow stringent contractual obligations, which increase operating costs and affects competitiveness.

Finally, there is a range of smaller matters that could derail negotiations if not managed well. These include further opening up India’s insurance sector and increasing the foreign direct investment limit to 49 per cent. A call from the EU for India to reduce its import duty on passenger cars is also contentious.

Negotiating a resolution to these issues is in the interests of both India and the EU. But the hurried pace of negotiations is becoming a cause for worry. In negotiating any bilateral trade agreement with the EU the Indian government should tread cautiously so as to safeguard domestic concerns and the public interest. The FTA will be the first of India’s large trade agreements with a western bloc, with 28 economies. If structured well, the agreement could push India’s growth for the next decade. If structured poorly, it could derail it for just as long.

The EU also seeks deeper cuts in India’s tariffs on wines and spirits. They feel that high effective duties and additional state-level taxes inflate the price of imported liquor in India. However duties on wines and spirits are a critical source of tax revenue for the government.

The EU does not have a single market for labor mobility. Regulations related to work permits and visas differ between members. There were efforts to harmonize the EU market through various directives, but they have met with limited success. Moreover the EU’s unemployment problems have reduced policy space for Mode 4 commitments.

Car manufacturers in India, primarily of Japanese and Korean origin, fear that reduced duties on cars under the EU-India BTIA will impact their market share and flood India with European cars. Additionally, there are fears that European automakers will have no incentive to set up a local manufacturing base in India. This is debatable though, as almost all major European automakers already have a manufacturing presence in India.

Could European carmakers compete in India’s compact car segment (comprising 80 percent of India’s auto market) by producing in Europe? Improving India’s investment climate is a better way to promote investment and jobs. Similarly, exclusive rights to the commercial exploitation of patents incentivizes research and development and brings in FDI. Thus, India needs to strengthen its IPR regime.

A trade pact is about give and take. Failure to conclude the EU-India BTIA will constitute a large opportunity loss, while trade pacts such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) (which together account for two-thirds of global GDP and one third of global imports) are moving global trade away from MFN routes toward bilateral/regional routes. They are setting new trade rules that would be far more difficult to comply with. This calls for taking a long-term view of India’s trade policy options while negotiating its trade pacts.

India and the EU both have long histories but are relatively new players on the international scene in their current forms. Ms. Gill highlighted recurring problems experienced by both, such as EU inaction stemming from indecisive constituent nations, and the resistance of regional governments to central intervention in India. He also acknowledged that both are located in “problematic neighbourhoods” and could consequently be forgiven for prioritising regional relations. In the context she observed three issues:

- What perceptions do India and the EU have of each other?
- How has history influenced these perceptions?
- What are the opportunities and challenges for improving relations?

It was argued that the relationship has been going backwards, not forwards, in recent years. It was pointed to the challenge of getting the EU to wake up to the possibilities of working more closely with India. It was suggested that India very much sees the world in terms of nation states and therefore struggles to recognize the EU as more than the sum of its parts. As a result, India has better relationships with individual member states, particularly the UK, Germany and France.

India's skepticism towards the EU has been heightened by continuing problems in the Eurozone, which has undermined the perceptions of economic competitiveness at a time when India is growing more economically self-confident. She spoke of the two entities as having "diverging rather than converging interests" as India seeks to bolster its position in the region and develop its "special relationship" with the US, leaving no clear place for the EU in India's aspiration for growth. Having said this, Europe remains India's chief trading partner, accounting for 14% of trade. Speakers also touched upon the stalled FTA, arguing that the impasse could be linked to India's own economic crisis in recent years, and the fact that this is seen as directly linked to FTAs signed with others.

It was followed with an analysis of India-EU relations based on their respective foreign policies. The discourse on global governance must now focus on the lack of mutual interest in collaborating within multilateral institutions, instead of the different visions of what multilateralism is between EU and India. The two collaborate only if forced to act together. This is particularly evident in the nuclear field. The EU has turned into a fierce defender of existing Nuclear Non Proliferation regime, whereas India largely remained outside that regime. However, India has recently become more closely involved in the regime, especially through the bilateral agreement between USA and India, which has forced EU to engage with India. Yet, there remain questions that EU needs to answer, which can determine its interaction with other nations. How far should the EU use multilateralism to promote its interests?

The European Union, still reeling from the combined effects of the global economic slowdown, European sovereign debt crisis, a re-assertive Russia, European migration crisis and several high-profile corporate scandals; appears rudderless in trying to find solutions to reverse the surge of Euroscepticism and anti-globalization movements Uncertainties in Brussels over the future state of the European Union are directly reflected in EU-India relations. The new European Union leadership at Brussels, far from fostering an atmosphere of trust and cooperation, has succumbed to political interference from bilateral relations and allowed lobbyists to drive the EU-India dialogue into irrelevance. Acceptance of the European Union as a normative power in a multi-polar world is challenged by emerging powers. Apart from trade, developmental aid, maritime escort duties against pirates and symbolic military exercises; European countries have little else to show in the Indo-Pacific region due to budgetary and geopolitical constraints. Niche high quality-price exports from Europe are steadily being squeezed out of traditional market segments. In India, product substitution of manufactured goods from domestic and regional suppliers, has seen the European Union's market-share drop by more than 50% over the past decade.

Session 6: What will it take for India to become the top FDI destination in view of the recent Economic Policy Developments?

Panel Opening by Knowledge Speaker Prof Dr. Filip De Beule, Faculty of Economics and Business, KU Leuven University, Belgium
Ms. Anca Radu, Policy Expert, DG Trade, European Commission
Mr. Rossario Zacca, Partner, Gianni, Origoni, Grippo, Cappelli & Partners, Italy
Mr. Mario Moya, MIT Enterprise Forum, Spain

One of the key focus areas for the NDA government has to be reviving the investment cycle. The 'Make-in-India' campaign initiated by the government would play an instrumental role to address many of the issues faced by the country today. Increased investment in manufacturing facilities would make India self-sustaining, create employment, increase the disposable income in the hands of the people and trigger the investment cycle. Success of the 'Make-in-India' initiative would depend on the ability to attract investments — both domestic and foreign — into the sector. The government may also consider incentivising innovation and R&D in manufacturing considering its immense potential to increase competitiveness.

Creation of specific business zones by setting up of manufacturing hubs, industrial parks, more special economic zones, freight corridors, among others, should give a boost to the manufacturing sector. There is a significant rise in the money brought into India by foreign institutional investors (FIIs) in the past 12 months. However, India needs more foreign direct investment (FDI) as it brings in more stability vis-a-vis the liquidity and euphoria generated by the FII money in the stock market. Policy reforms on the FDI front would encourage the much-needed foreign investments into the country. To begin with, steps need to be undertaken to improve India's ranking in terms of ease of doing business. For example, a single-window clearance mechanism should be implemented so as to reduce the multiple approvals which are generally sought at the national and state levels.

There is an urgent need for the development of highways, ports, railways and setting up of airports in smaller cities. The government should provide for updating key policies by making laws that are liberal, giving tax and non-tax incentives. Giving concessions such as lower minimum alternate tax (MAT), among others, would provide extra push to these sectors.

Lower tax rates, enhanced tax breaks for investments in the infrastructure sector and measures to make available cheaper and efficient funding for the small and medium sector would also facilitate growth. Next on the agenda should be to widen revenue collection i.e. through increase in the tax base and additional revenues through non-fiscal resources such as divestments. Goods and services tax (GST) is expected to help in increasing the collection of revenue and reducing significant costs, hence, a clear roadmap of convergence of the various indirect tax laws into GST and implementing the same should be specifically laid out.

Tax administration and recruiting additional manpower would be critical to provide better services to increase tax base. Also, aggressive targets should be set to garner additional revenues from disinvestment of shareholdings in non-strategic public sector undertakings, telecom spectrum, coal block allocation and dividends from public sector enterprises.

Indian tax law today has many areas which are subject to multiple interpretations made by the taxpayer and the tax department, of which at least a few need to be addressed at the earliest. For example — the rule on taxability of offshore transactions resulting in an indirect transfer of assets in India. The government should come out with detailed guidelines on the methodology to compute the tax liability in India in case of such indirect transfers. Further, deferment of the general anti avoidance rules (GAAR) till the time tax regime stabilises would be helpful. One would expect the removal of the retrospective amendments made by the erstwhile government.

A year ago, there was a lot of uncertainty in the minds of foreign investors on the tax regime in India. With retrospective amendments and GAAR, there was a sense of panic in doing business in India. However since then, things have changed. The litmus test for the government would be to turn its vision into action, and one hopes that the various stakeholders would collaborate to win and put India on a high and inclusive growth trajectory.

Promotional efforts to attract foreign direct investment (FDI) have become the important point of competition among developing countries like India. This competition is also maintained when countries are adopting economic integration at another level. While some countries lowering standards to attract FDI in a "race to the bottom," others praise FDI for raising standards and welfare in recipient countries.

Sound investment climate is crucial for economic growth. Microeconomic reforms aimed at simplifying business regulations, strengthening property rights, improving labor market flexibility, and increasing firms' access to finance are necessary for raising living standards and reducing poverty in a country.

Reform is necessary for creating an investment-oriented climate. Reform management matters as investment climate reforms are done politically. They often favor unorganized over organized groups and the benefits tend to accrue only in the long term, while costs are felt up front. Political decisions play a significant role in this context.

Each and every countries over the globe are stepping forward to change the climate for attracting more investment. Opening up of doors by most of the nations have compelled them for adopting reforms.

It's clear what India's next step should be to achieve growth: make foreign direct investment (FDI) a top priority. However, India offers only a hesitant welcome to FDI. It seeks investment in several industries, including manufacturing, construction, telecommunications and financial services, but not in others like multi-brand retail.

Often, regulation allows only a minority investment for fear of losing domestic management control. For example, FDI in insurance companies is permitted up to 49% with restrictions on voting rights to ensure that management control of an insurance firm doesn't shift to a foreign entity.

Concern of loss of management control is of much less importance compared to sacrifice of economic growth. Considering the potential of FDI to spur growth, India's ambivalence toward FDI is completely misplaced. If India wants to accelerate growth, it is imperative that the country attracts FDI in large, really large amounts.

Growth results from domestic investment from savings, from productivity improvements and from foreign investments. Countries like China that have grown rapidly in recent decades have taken advantage of all three sources of economic growth. India, on the other hand, has tried to achieve growth without much FDI.

However, India's approach to growth is like bringing a knife to a gunfight: it's destined to fail relative to other countries' growth strategies, which take advantage of FDI. To transcend from 5-7% growth to 10-12% growth, FDI is essential.

To put India's track record in attracting FDI in an international context, it's been at best a trickle compared to FDI into countries like Mexico and China. In the last 10 years, Mexico has attracted $247 billion of FDI net inflows and China $2 trillion, compared to India's $229 billion.

From the standpoint of an average citizen, the comparison is worse because Mexico is far less populous than India or China. What matters to an average citizen is per-capita investment. On a per-capita basis, FDI net inflows for Mexico, China and India are $2,017, $1,531 and $183, respectively. No wonder the per-capita GDP of Mexico is $10,300, China $6,800 and India $1,500.

So how much FDI would be needed to make a meaningful difference in India's economic growth rate? What is the effect of FDI on growth? Based on analysis of data from the last 20 years for about 100 countries, I have compared FDI as a percentage of GDP for each country against its annual growth in GDP. Each 1% increase in FDI adds about 0.4% to a country's GDP growth. So, to boost GDP growth by about 2%, India will need FDI of about 5% of GDP. Put another way, at the current level of GDP of almost $2 trillion in India, about $100 billion of FDI is required to boost GDP growth by 2%.

For a massive increase in the growth rate by 4% to GDP, $200 billion of FDI would be needed — this is about eight times the level of GDP India currently attracts in FDI. Also, as the economy expands, the dollar amount of FDI will have to grow proportionately. Obviously, this becomes a challenge. For China, it's already a challenge to attract ever-growing sums of FDI that would enable China to sustain a high rate of growth. China's growth rate should continue to taper off and become modest — a life-cycle phenomenon.

In the case of India, if the government's goal is to grow the economy faster, then it's important to recognise the necessity of FDI. There is no point in being cagey in its efforts to attract FDI. The naysayers should recognise that FDI hasn't harmed other countries that have attracted FDI, including Japan, South Korea, Mexico and China. For the last 10 years, global FDI net inflows have totalled nearly $15 trillion, and even countries with populations that are fractions of India's are making noticeable contributions to that figure. Brazil, with a population less than a fifth of India's, has seen $461 billion in FDI net inflows in the last decade, while Turkey, nearly one-20th India's size, has seen $135 billion in FDI.

Proclamations of a simplified or streamlined process for FDI into India are not enough to attract investment. Real changes and commitment, as well as incentives to states and bureaucrats for actually receiving FDI, are needed. The mindset has to change to judging the success of FDI policies on the basis of amount of investment attracted.

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/Filippe-%20TIPS2015India.pptx

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/10BT_2015_v3_MITEF_Spain.pptx

Session 7: Confronting India's Health Care Challenges: Pharma's Role in addressing the Public Health Issues

Dr. Anil Koul, Scientific Director & Janssen Fellow, Johnson and Johnson Pharmaceuticals

The Indian pharmaceuticals market is the third largest in terms of volume and thirteen largest in terms of value, as per a report by equity master. Branded generics dominate the pharmaceuticals market, constituting nearly 70 to 80 per cent of the market. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

The lack of patent protection made the Indian market undesirable to the multinational companies that had dominated the market, and while they streamed out. Indian companies carved a niche in both the Indian and world markets with their expertise in reverse-engineering new processes for manufacturing drugs at low costs. Although some of the larger companies have taken baby steps towards drug innovation, the industry as a whole has been following this business model until the present

http://www.eicc.be/Events/UpComingEvents/TIPS2015/presentations/European%20parliment%20presentation_ANIL.pdf

Closing of the Summit with CEOs Thoughts on Global Economic Situation – Lessons for Europe and India – Dr. Amer Al-Baho, Director, Financial Advisory Services Ltd. UK 17.30hrs

After growing by an estimated 2.6 percent in 2014, the global economy is projected to expand by 3 percent this year, 3.3 percent in 2016 and 3.2 percent in 2017 [1], predicts the Bank's twice-yearly flagship. Developing countries grew by 4.4 percent in 2014 and are expected to edge up to 4.8 percent in 2015, strengthening to 5.3 and 5.4 percent in 2016 and 2017, respectively.

Underneath the fragile global recovery lie increasingly divergent trends with significant implications for global growth. Activity in the United States and the United Kingdom is gathering momentum as labor markets heal and monetary policy remains extremely accommodative. But the recovery has been sputtering in the Euro Area and Japan as legacies of the financial crisis linger. China, meanwhile, is undergoing a carefully managed slowdown with growth slowing to a still-robust 7.1 percent this year (7.4 percent in 2014), 7 percent in 2016 and 6.9 percent in 2017. And the oil price collapse will result in winners and losers.

Amid the global financial turmoil, Indian economy is likely to grow at the highest rate and also remain an attractive investment destination. India possesses untold promise. Its people are entrepreneurial and roughly half of the 1.25 billion population is under 25 years old. It is poor, so has lots of scope for catch-up growth. The potential is there; the question has always been whether it can be unleashed.

Optimists point out that GDP grew by 7.5% year on year in the fourth quarter of 2014, outpacing even China. But a single number that plenty think fishy is the least of the reasons to get excited. Far more important is that the economy seems to be on an increasingly stable footing (see article). Inflation has fallen by half after floating above 10% for years. The current-account deficit has shrunk; the rupee is firm; the stock market has boomed; and the slump in commodity prices is a blessing for a country that imports four-fifths of its oil. When the IMF cut its forecasts for the world economy, it largely spared India.

If India is to thrive, it needs bold reforms and political courage to match. The tried-and-tested development strategy is to move people from penurious farm jobs to more productive work with better pay. The scope to follow that model is limited. Supply-chain trade growth has slowed, and manufacturing is becoming less labour-intensive as a result of technology. Yet India could manage better than it does now. It has a world-class IT-services industry, which remains too skill-intensive and too small to absorb the 90m-115m often ill-educated youngsters entering the job market in the next decade.

In this uncertain economic environment, developing countries need to judiciously deploy their resources to support social programs with a laser-like focus on the poor and undertake structural reforms that invest in people. It's also critical for countries to remove any unnecessary roadblocks for private sector investment. The private sector is by far the greatest source of jobs and that can lift hundreds of millions of people out of poverty.
