Europe India Chamber of Commerce

Newsletter

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Trade Workshop in Brussels will discuss dynamics of EU-India Free Trade negotiation

The EICC is organizing a Trade Workshop on 11 November 2008 in the European Parliament to discuss new developments and emerging dynamics in the EU-India trade negotiation. The event is being jointly organized by the EICC and the European Parliament Rapporteur on EU-India Free Trade Agreement Member of European Parliament Mr. Sajjad Karim in association with the Embassy of India. In addition to representatives of bilateral/national EU Indian Chambers of Commerce under the auspices of the Europe India Chamber of Commerce (EICC), European and Indian Policy makers will also share their experience and discuss business opportunities arising out of the EU-India Free Trade Agreement. The Workshop which will be held in Room **ASP 5E2** in the European Parliament is being organized in the background of several Rounds of the EU-India FTA negotiations during this year. The Workshop will examine the feasibility of enhancing trade in goods and services under the EU - India FTA. It shall also identify trade barriers, analyse the commitments made by the EU and India and suggests how these can be addressed under the FTA. In addition to discussing the economic reforms needed to improve the productivity and global competitiveness of the respective sectors of Indian economy, the Workshop is expected to provide critical inputs for the trade agreement negotiations. It will also discuss how to unlock further investment channels in India and at the same time offer new opportunities for European business. The EICC can be contacted on mail ID: info@eicc.be for further details.

EICC all set to start its Spanish "Odyssey"

The Europe India Chamber of Commerce is expanding its international business outreach and will soon open its country Chapter in Spain to introduce the business, trade and investment opportunities between Spain and the world's one of the fastest-growing economy, India. EICC looks forward to a long and fruitful business relationship with Spain's business and industries. The new office will be located in the Valencian Region of Spain.

India's economic relations with Spain is growing with gradual growing trend of setting up of Indo-Spanish joint ventures in India and with some major Indian companies in automotive, pharmaceutical and IT sectors are present in Spain. Since India and Spain have agreed to diversify the pattern of trade in order to realize the full potential of bilateral trade and economic relations, it was felt important that Europe India Chamber of Commerce has its presence in Spain. The possible areas of promoting trade and investment between two countries are collaboration in infrastructure development in India including trade cooperation in agro-products and food industries, leather products, chemicals & pharmaceuticals, telecoms, energy, automotive equipments, machine tools, railways, public works machinery, electronics and tourism. The Valencian Mediterranean Region is a developed economy and is one of the most dynamic regions of Spain in terms of industrial-urban development, population growth and agrarian activity. The Valencia Region hosts 300,000 companies that export annually more than €17 billion, it has 6,200 technologically-based companies, has a network of 14 technological institutes offering services to the main productive sectors and also has more than 14,000 workers devoted to R&D employed in companies. EICC has been assured of full support and cooperation from the Government of Valencia. A MOU has been agreed and very soon the EICC will announce more information about the Chamber.

India travels to Moon in "Economy" and enhances space research cooperation with EU

India launched its first unmanned mission to the moon on 22 October 2008 rocketing a satellite up into the pale dawn sky in a two-year mission to redraw maps of the lunar surface. If successful it will catapult India into the world's most elite club, ranking it alongside the United States, Russia, Japan and China as the only countries capable of independently reaching the Moon. It will also mark the beginning of what some experts describe as a 21st century Asian version of the space race between the United States and the Soviet Union. India is now jostling with China and Japan – Asia's two dominant powers – to send a man to the Moon.

The total cost of Chandrayaan is about $80 million. This includes about $20 million for the Deep Space Network whose infrastructure which will be available for all future deep space missions. Europe's SMART-1 mission cost about $180 million which is about one-fifth of usual European scientific space missions. Japan's Kaguya lunar probe cost $487 million and even China's Change-1 cost $180 million. Chandrayaan-1 has cost less than one-tenth of the Indian Premier League (IPL-Cricket) rights bagged by Sony Entertainment. Rocket science may be no match for cricket when it comes to listing some of India's favourite things, but the frugality of its space odyssey could be a lesson to the world.

Among other things, the mission will try to source non-radioactive Helium-3 which is scarce on Earth but believed to be abundant on its natural satellite and is seen as a promising fuel for advanced fusion reactors in the future. Once located, it can be transported back from the moon to run nuclear plants and generate abundant electricity. Apparently, a couple of tonnes of Helium-3 are enough to meet the energy needs of the world. The Indian mission is not all about rivalry and prestige but about India's scientific power as India stands to reap valuable rewards from the technology it develops and, it already shows increased confidence in difficult engineering and quality control. The $80 million mission will test systems for a future moon landing, with plans to land a rover on the moon in 2011 and eventually a manned space program. More than the cost, the mission opens a new era of scientific cooperation between India and Europe.

During the EU–India Summit in France in September an agreement on Indo-French space cooperation was signed thus significantly improving the potentials for much enhanced cooperation. The Joint Statement issued on the occasion of the France-India Summit Meeting on 30th September, 2008 hailed Indo-French space cooperation as exemplary, enjoying a long, fruitful and successful history. The signing of the bilateral framework agreement on cooperation in the peaceful uses of outer space was hailed by the two sides. France has been an important partner in this field for four decades and continues to be of importance for ISRO for the supply of high-technology items. The commercial agreement for use of India's PSLV for launch of European satellites also marked a new milestone in the relationship between India and France in the area of space. ISRO and CNES are also working as equal partners in Megha Tropiques Joint Satellite Mission which is progressing well along with SARAL (Satellite for Argos and Altika), slated to be launched in 2009-2010 and which will contribute to better scientific understanding of weather and climate related issues.

Best Practices and solutions in Data Security outsourcing discussed in Brussels

Recent high profile disclosures of privacy and information security lapses have placed compliance issues on the top priority list of the global IT industry's agenda. More and more enterprises are seeing their information security practices come under intense scrutiny, both internally and by regulators. In demonstrating its proactive stand and to address these emerging issues, the NASSCOM and the Data Security Council of India (DSCI), organized a high-level Policy Seminar on "Global Data Outsourcing - Challenges, Best Practices and Solutions in Data Security" on 17 October 2008 in Brussels.

The National Association of Software Services Companies or NASSCOM is working with the government to ensure that India's data privacy legislation is more in line with U.S and EU. It also intends to have the security practices of all its 860 members audited by international accounting firms. A cyber crime unit, which NASSCOM initiated in Mumbai's police department where officers were trained to investigate data theft, is planned in nine other cities. NASSCOM encourages Indian companies to share information on back office workers, create a certification authority for safety and plug gaps in Indian laws by familiarizing themselves with international laws. Participants of the Seminar were informed that Indian IT industry takes this issue very seriously and would like to work with the international bodies to address the issue. The Seminar, organized in partnership with Linklaters, addressed the current situation of outsourcing within the context of data privacy and security, the issue of self-regulation, and best practices. The well attended Seminar addressed the challenges related to data outsourcing in the political, legislative, contractual and technical areas while seeking open ended inputs to a proposed model of industry self regulatory approach complimented by global best practices in this field.

The DSCI representative explained the launch of the 4E Initiative which aims at making India a trusted destination for Global Data Outsourcing. The core focus of the 4E initiative is to create awareness, an accountability framework and an eco-system through the 4 pillars of Education (and training), Engagement (with industry stakeholders), Enactment (in legislative terms) and Enforcement (through contractual and judicial compliance mechanisms). The key question posed was whether the European's Commission will certify India as a compliant destination under the broad EU Directive on Personal Data and how quickly the legal framework and institutional capacity be adequately implemented in India. It remains to be seen if NASSCOM proposed model of industry self-regulation would become the model of choice for the Global IT industry.

Citigroup says Goodbye; Tata says Good Buy

It is the festival time for India's Tata Consultancy Services, the country's largest IT software and services provider, as it goes to shopping spree. After months of speculation, TCS acquired Citigroup's India-based outsourcing unit, Citigroup Global Services, for $505 million in an all-cash deal announced early this month. This is the largest-ever purchase for the TCS. What's more, the company bagged a $2.5 billion giant contract to provide process outsourcing services, application development, and infrastructure support to Citigroup and its affiliates over nine-and-a-half years. This transaction, according to CEO of TCS, will complement company's domain expertise and bring new capabilities to TCS that will help drive growth. Acquiring Citi's unit brings 12,000 new employees into the TCS fold and is expected to generate revenues of $280 million this year. Currently, TCS, which has over 10,000 employees in its outsourcing units across the world, makes more than $150 million providing services to Citi alone.

TCS has been providing IT services to Citi since 1992, catering to the bank's operations in North America, Europe, India, Singapore, and the rest of Asia Pacific. As with most big Indian software providers, banking and financial services form a big chunk of TCS's business, accounting for 43% of revenues. With all companies focusing on reducing costs, we will see more and more of these types of deals cropping up. The initial cash raised from the sale, twinned with a reduced price when buying back the ICT services, will certainly come in useful during these difficult times. These deals have worked well in the past and TCS is no stranger to such acquisitions - the Pearl BPO acquisition was approximately $300 million more than this.

Outsourcing has always been seen as an industry that can flourish in times of financial uncertainty. However, the looming recession may not be smooth sailing for the entire industry. While larger players can withstand rate cuts, smaller service providers may not have the scale to survive. Last year, Infosys Technologies, India's No. 2 software services exporter, signed a USD 250 million outsourcing contract with Royal Philips Electronics and bought three of the Dutch firm's back-office centres.

Financial crisis chills Global Warming debate

The financial crisis and slumping economic activity are threatening Europe's ambitious plans to slash greenhouse gas emissions, with governments eager to avoid saddling companies with additional burdens. This issue has also been downgraded when it comes to the priority for the world leaders. The economic free fall gripping the US may bring down one of the main environmental objectives: capping the greenhouse gases that are blamed for global warming. However, with the problems of climate change gaining urgency, tackling it has become a bigger business than software and biotechnology combined, a research report says. The HSBC Report says that global annual revenues from climate change businesses - which include renewable energy, nuclear power and energy management - have now surpassed $300 billion. The Report further states that 390 companies around the world could now be classed as providing goods or services that tackle climate change, up from 300 companies a year ago and about 166 in early 2004. These companies have not so far been considered together in one group as they are spread across many existing sector categories. This demonstrates that companies are taking the issue seriously and are willing to adapt their businesses to the challenges. The companies include large multinationals such as Siemens and Philips, which are usually considered as general industrials; large renewable energy companies, such as Vestas and Suzlon, the Danish and Indian makers of wind turbines respectively; and a big number of smaller start-ups, such as energy management software specialists. The HSBC has created an index of climate change companies that includes only those getting a large proportion of their revenues from low-emission products or services. The index was designed to help investors who want to put their money in companies that are expected to profit from climate change business. However, global warming ranks far down the concerns of the world's biggest companies, despite world leaders' hopes that they will pioneer solutions to the impending climate crisis.

India’s six metro cities among top 10 global outsourcing destinations

India’s domination in the global business processing outsourcing sector continues unabated. Its domination in the business process outsourcing (BPO) sector continues with six of its cities featuring among the top eight emerging global outsourcing cities. Bangalore, Chennai, Delhi (National Capital Region), Hyderabad, Mumbai and Pune are the six Indian cities among the eight global outsourcing cities, says a study by CyberMedia Global Services and Tholons, a global investment advisory firm. Dublin (Ireland) and Makati City (The Philippines) are the two other cities. India's representation in the top 50 Emerging Global Outsourcing cities has grown to four, from last year's three, with the addition of Jaipur to the list at number 31. The other Indian cities in the list include Kolkata at number six, Chandigarh at 12 and Coimbatore at 17, says the study. Cebu City (The Philippines), Shanghai and Beijing lead the list of top 50 Emerging Global Outsourcing cities. Though India's domination of the BPO sector continues, the Chinese are fast catching up. Six of its cities figured in the list of top 50 Emerging Global Outsourcing cities compared to India's four, the study points out. The six Chinese cities are - Shanghai, Beijing, Shenzhen, Dalian, Guangzhou and Chengu.

According to Nasscom, total IT-BPO revenue clocked for 2007-08 was $52 billion (growth of 28%) $40.4 billion from exports, $11.6 domestic. Of the exports, IT grew by 28% to 23.1 b and BPO exports went up by 30% to $10.9 b. It is expected that for 2008-09 the growth would be $62-64 billion. However, as the stock markets go through the down slide of the roll a coaster reflecting Wall Street's 2008 collapse, threatening a global financial and economic down slide, top analysts opine that the spell could reflect on the IT and the ITeS sectors in India. A recent study conducted by the Economist Intelligence Unit. (EIU) reveals that India is ranked 48th in the world in the IT industry competitiveness index 2008. India has an overall score of 28.9 on the IT competitive index as per the study conducted by the EIU. The study also revealed that India performed best in business environment and support for IT industry development with a score of 59.3 per cent and 54 per cent. Areas of improvement include IT infrastructure and R and D environment, which are relatively low in the IT industry competitive index. "Tougher times lie ahead for information technology (IT) producers as an economic slowdown brings weaker IT spending in the US, western Europe and Japan. Even amid shifting market conditions, however, the fundamentals of IT industry competitiveness remain constant," says the EIU study.

Suzlon on course for a massive expansion in Europe

The Indian Wind power giant Suzlon group, including REpower Systems AG of Germany and Belgian gear-box maker Hansen Transmissions International NV plan to spend $1 billion on research to develop bigger and more efficient turbines. Investments in research may be funded from internal cash flow and the company aims to reduce the generation cost for wind turbines by 15 percent over five years. Suzlon and REpower have jointly set up a research unit in Hamburg. The unit, Renewable Energy Technology Centre GmbH, will focus on research and technical training in wind energy. Suzlon is fourth in the pecking order among wind energy companies but plans to be in number-three position in two years' time. However, company's key target is to spread its geographical presence into more countries. The wind turbine maker is also set to acquire 22.48 per cent stake from Portugal-based Martifer SGPS in its subsidiary REpower Systems of Germany for €270 million eight months ahead of the original time-frame to acquire the stake. The completion of the agreement will take Suzlon’s stake in REpower to about 90 per cent and put both companies in a stronger position to derive synergies from the collaboration.

Norway to put $2bn in India’s stock market

Norway will invest around $2 billion in India’s stock market “from now up to January 2009”, According to the Norway’s finance ministry, this is about one per cent of the over $200 billion dollars Norway invests in stocks worldwide. The funds are managed by Norges Bank. It is expected that it will create additional demand for stocks in the capital market and will give a positive touch to market sentiment in India.
