



EICC holds Board of Directors and General Body Meeting in Brussels

On the eve of the Chamber's mega business event the Trade and Investment Partnership Summit in Brussels on 16th October in Brussels, the Chamber's Board of Directors and General Body met in Brussels on 15 October 2013. The meeting was held in the Hotel Sheraton. The Chamber will host a dinner for the EICC Members and invited guests. Many new Corporate Members attended the meeting.

In addition to the Secretary General's Report, the meeting discussed how to make the Governing Board sustainable, effective and participatory. Special discussion took place on the issue of membership, formation of committees, developing working relationship with bilateral chambers. As the Chamber's base increased, many new members of the Chamber attended the meeting.

In the Meeting essential mechanisms for policy issues on trade, investment, economic cooperation and coordination between Indian and EU business were discussed. The important topics discussed covered areas of EU-India co-operation, general current issues, programme and future meetings and activities, in addition to other topics. The Board and GB also decided to appoint Mr. Hemant Ahlawat of McKinsey and Co, Mr. Jean Gourp, Vice President, CMI Group, Mr. Vibhav Kapoor of IL&FS and Ms. Regina Llopis of AIA Group in the Board of Directors. The Board unanimously decided to appoint Dr Mohan Kaul who is one of the Founders of the Chamber as the permanent invitee to the Chamber's Board.

Some of the important issues the Board and GB discussed were: giving special attention to the SME sector, contributing effectively to the partnership with Eurochambres and EBTC, new Study Report by EICC on the European companies in India, and opening of EICC office in India in 2014. The Board and GB also decided to celebrate 10th Anniversary of the EICC in a grand manner on an important trade, economic and policy issues.

EICC successfully organises TIPS 2013 in Brussels

The Apex Chamber of Europe, EICC hosted a high-profile event on 16th October 2013 in the European Parliament which brought more recognition and acceptance of the Chamber's ability to bring top Indian and European business leaders. The Trade and Investment Partnership Summit (TIPS) under the theme "*Dynamics of EU-India Relations in a Changing Europe: Challenges and Opportunities for Accelerating Trade and Investment*"

Mr. Antonio Tajani, Vice-President of the European Commission and EU Commissioner for Industry and Entrepreneurship will address the summit post lunch session. The Minister-President of Flanders government Mr. Kris Peeters addressed the pre- lunch session. The summit was the first of its kind in Europe and EICC is proud to host it in collaboration with EUROCHAMBRES and Indian Chamber of Commerce. The Friends of Europe hosted a Panel Discussion on the Strategic Relations between EU and India. More than 160 delegates from Europe and India participated in the TIPS, including CEOs, marketing practitioners, government officials, entrepreneurs and policy makers, who share a common interest in trade and economic relations between EU and India.

The event featured leading multinational companies, marketing institutions, Chambers of Commerce and other bodies and more than 150 delegates attended the Summit.

After the successful Global India Business Meeting in Antwerp in June last year in which EICC was the main collaborator with Horasis, the TIPS was the largest business event in the context of India and European business relations of 2013 in Europe and provided the highest level platform for a concrete and constructive dialogue in the context of improving trade and investment between EU and India and will offer Indian and European companies to build their collaboration. The summit was organised in partnership with

EUROCHAMBRES/EBTC and in collaboration with **Indian Chamber of Commerce** and **Friends of Europe**.

Welcoming the participants, the Chairman of the EICC MEP Mr. Geoffrey Van Orden said that European Union and India should look beyond trade and build a relationship based on mutual interest of global security. He said that although there has recently been some progress, the EU-India relations are far from realising their full potential. "This is at least partially linked to the enormous information gap which exists in the EU about India and in India about the EU. And this despite the fact that we share several common features: a rich diversity of cultures, respect for democracy, and the commitment to economic progress, community values and social development", Mr. Van Orden said. He also expressed for an early conclusion of EU-India free trade negotiations as time is running out for both of them due to several political and economic factors in Europe and in India.

Ms. Nausheen J Ansari, Advisor of the Indian Embassy in her address spoke about the importance of EU-India relations and how their bilateral relations went beyond trade and economic cooperation to Strategic Partnership. She said that India-EU relations are no longer in terms of development assistance and have evolved to a dynamic dialogue of equals, with both sides being major actors and global players on the global stage. She said that European Union is India's largest trading partner which underscores the importance of trade and investment component of the multifaceted relationship. The India-EU bilateral trade in goods has seen a growth of almost 200% since 2000 when bilateral trade was Euro 26.52 billion as compared to Euro 75.8 billion in 2012, Ms. Ansari pointed out and said that trade in services too has grown by 70% since 2006. However, she observed that there is a potential for further growth in the bilateral trade which will require increased trade diversification into the non-traditional sectors. India-EU trade relationship could be further enhanced if they increase their trade relationship with non-traditional trade partners in the EU Member States like Czech Republic, Finland, Romania, Ireland, Hungary, Slovenia, Bulgaria, Greece, Malta etc. She also mentioned that India's investments overseas have grown in the past few years and that about 21% of India's investment abroad are in the EU countries. On the Broad Based Trade and Investment Agreement (BTIA) being negotiated between India and EU, she said that substantive progress have been made since 2007.

Mr. Poul V Jenssen, Director of the European Business Technology Centre said that within the frame of this Summit, EBTC is happy to promote the initiative to identify opportunities of business collaboration between European and Indian companies and highlighted challenges for accelerating Trade & Investment between EU and India. EBTC works in majority with SME's – they form the largest part of the economy, in EU and in India, he said. Jenssen observed that in the EU, SMEs have a very small share in international trade (only 25% trade with other EU Member States, and as low as 11% of SMEs trade with companies outside EU), and EBTC is part of EU's overall action for supporting internationalization of SMEs. EBTC aligns with a 2011 study, "Small Business, big world", by serving to fill gaps or reinforce existing support services, and is also aligned with a more recent study on support services from 2013, recommending more targeted and tailor made services, as opposed to general services.

Jenssen said that EBTC spends much of its time on showcasing to SMEs the opportunities available to them in India. Providing first point information, giving detailed insight into core clean technology sectors, identifying opportunities and bridging the technology gap which exists between EU supply of best of class technologies and actual requirement for solutions on the ground in India. This is both in terms of product, but also in terms of new business models, and new delivery systems, he added. EBTC, according to him is supporting the new paradigm shift as India is not looking for development assistance from EU, rather seeking real business and research partnerships with EU, which will propel the development of India

EBTC Director also said that EBTC produces reports on challenges in that collaboration – hard and soft alike – which is valuable insight to policy makers, and feeds this insight into the policy dialogue between EU and India; in an effort to lower barriers, and increase trade. He observed that multinational enterprises employ less than 1 per cent of the European industrial workforce; greater than 99 per cent of the workforce is employed in Small and Medium Enterprises. "That is a humungous difference and shows that SMEs are the real backbone of job creation in Europe contributing to 2/3rds of all private sector rosters and more than half of business value-added in EU. Even in R&D and innovation charts, the place of SMEs

in Europe is right at the top. They are mostly micro-firms providing jobs to a few more than a handful per unit; and yet, the spread of the SME segment is so wide that it has emerged as the previously unheralded citadel of the European economy. Especially now, when the chips are down, SMEs are coming out to be veritable saviours and sustainers of the employment landscape in the continent” Jenssen added.

To make his point Jenssen said that EBTC is hoping for an early conclusion of the FTA negotiations which according to him will boost trade and economic activities between EU and India. He added that a Joint Statement is being prepared, by EUROCHAMBRES, the coordinator of the EBTC project, and several leading business associations of India with a message to policy makers to finalize the Free Trade Agreement, which would have a mutually beneficial impact on Trade and Investment in both EU and India.

Mr. Shishir Kumar Bajoria, Chairman of Bajoria Group and former President of Indian Chamber of Commerce dwelt upon the importance EU-India economic relationship in the context of modern India and said that the EU-India relationship is institutionally cumbersome and fragmented. “Technical issues do not seem to further the political process, as advocates of a functional approach would have hoped. Since the EU-India partnership is rather summit-based, the health of the partnership is measured by the number of deliverables each summit manages to register: an annual dowry to keep the marriage staggering along. The EU-India partnership does matter, he however said. It can become truly strategic with greater momentum. Although the EU and India share many common views, one hardly ever hears of the EU-India Strategic Partnership having made an impact on multilateral affairs. There is a real and urgent need for changing thought-processes on both sides if a truly profitable partnership is to be realised. Much depends on increasing mutual understanding”, Mr. Bajoria added. In his view, EU and India must jointly agree on a shorter list of mutually beneficial bilateral priorities. The EU’s top priorities with India can be easily deduced: trade, security, energy and climate change, and multilateralism. But, is India on the same page? Given that nearly 40 per cent of India’s 1.3 billion people still live below the poverty line, India still needs a partner in development as its top priority. The two partners must shape a new sustainable development agenda. Comprehensive development should become a cornerstone in the EU-India relationship and the EU could make use of this opportunity; supporting India’s development and urbanisation could help growth and job creation in Europe.

Speakers in the Panel “**Overcoming Institutional Barriers to European Union-India Economic Cooperation**” spoke about EU-India relations and how the economic and trade relations could help both continents to address several of their problems. The Panel was opened by Member of European Parliament Mr. Syed Kamal who spoke about potentials of India becoming an important global economic power. Mr. Kamal said that it is an uncertain times for Europe and Eurozone, and major challenges to the future of Europe lie ahead. The Eurozone is undergoing a period of instability, and it is far from clear how, or when, or if, it will end. It is also doubtful that current political efforts to create a fiscal union with stronger controls on public debt will address underlying imbalances that are the root cause of instability. The euro crisis has entered a new phase and the although the survival of the euro is assured, the future shape of the European Union will be determined by the political decisions the member states will take during the next year or so. Until recently, the idea that the 28-nation European Union might disintegrate would have been unthinkable, for uniting a continent ripped apart by two World Wars was considered a rousing diplomatic success.

The Panelists of this Session were Mr. Sushil Handa, Chairman, The FifthVeda Entrepreneurs, India and Ms. Gauri Khandekar, Head of Asia Programme, FRIDE. They opined that apart from trade issues, the free-trade agreement (FTA) negotiations between India and the European Union (EU) continue to be stuck over non-trade issues like human rights, child labour and environment. Europe remains one of India’s biggest trading partners, investment is growing and there is interest in having a strategic cooperation with EU, but the attempt to bring in non-trade issues into free trade remains a spoiler. India has already expressed opposition in earlier negotiations to non-trade issues being attached to an FTA negotiations and has said there are other forums for addressing these issues. It is also seen as an attempt to bring in labour and environment issues through the backdoor.

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.

India and the EU have a substantial trade relationship that is growing rapidly. In 2002, India was the EU's 15th-largest trading partner; by 2012, it was the 8th. If trade between India and all EU member-states is totaled, the EU is India's largest trading partner. Given this 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?

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.

One Panelist observed that strengthening the bilateral partnership is possible but both sides must be realistic as to what each can deliver and about their respective capacities and willingness to respond to the real strategic interests and priorities of the other. While looking at the future potential of each partner, the partnership needs to be better tuned to the current economic and political context in both India and the EU. By 2030, India is projected to become the third largest world economy with a GDP of \$13.7 trillion (PPP, and \$7.9 trillion at MER, according to PricewaterhouseCoopers estimates), almost three times more than its current GDP of \$4.5 trillion (PPP, and \$1.8 trillion at MER). But first it must overcome its massive development challenges. Between 2011 and 2030, an additional urban population of 250 million will require around 700-900 million m² of commercial and residential space a year.

On a Special Plenary Session on "**Making EU's Directives on Complementary and Alternative Medicine Policy Coherent and Transparent**", Dr. Robert Verkerk, ANH-Intl Executive & Scientific Director said that it is an important principle of the European Union's pharmaceutical legislation that patients should have access to the medicinal products of their choice. This includes innovative medicines as much as traditional herbal and homeopathic medicinal products. Patient empowerment is on the increase. It progressively serves to put patients in the driver's seat – taking charge and control of their own health. Patients often know what treatment works for them, and which healthcare is efficient for their condition. This can include the use of complementary medicine.

Many products associated with traditional systems of healthcare have been sold as botanical food supplements in certain Member States, including the Netherlands, Belgium, Sweden, the UK and Ireland. This is despite the fact that medicines legislation, rather than food law, would normally cover such products, he said.

While around 200 traditional herbal medicinal product licenses have been issued in all 27 EU Member States, they are all from the European herbal tradition. Many of them are single-herb products, rather than the polyherbal blends so commonly associated with the ancient, non-EU traditions. Together, they represent a mere 50 or so different plant species, a drop in the ocean when you consider that the plant species used in TCM and Ayurveda alone number something closer to 1,500. The significant financial implications of licensing could not be avoided, given that polyherbal products cost at least €150,000. The business model of herbal product suppliers of non-EU traditional medical systems is also relevant here. Since they generally produce numerous products in small volumes, many of which consist of polyherbal mixtures, it is not financially viable for them to apply for multiple licenses.

The complex issue of where the borderline lies between foods and medicines remains one of the biggest challenges for the herbal sector, especially for those wishing to sell products associated with non-European herbal traditions in Europe. Dr Verkerk added: “European regulators are always needing to distinguish between what is a food and what is a medicine, whereas in Asian systems of herbal medicine, there are no such distinctions. In EU law, the legal borderlines between foods, novel foods, food supplements and medicines are so fuzzy and open to so many interpretations by regulators, that they are creating havoc for many companies. Coupled with the unsuitable pharmaceutical standards required by European medicine law, this is one of the main reasons why the new simplified medicinal licensing regime provided by the THMPD presents such a problem for the different non-European traditions”.

On the question of presence of heavy metal in the Indian Ayurvedic and Herbal medicines, Dr. Verkerk said that all those ‘scientists’ who abuse India’s ancient medical system do not have any understanding about the basics of Ayurveda. The fact is, there are two types of Ayurvedic formulations: Kashta aushadi, i.e. purely herbal formulations and Rasa aushadhi, i.e. herbo-mineral formulations.

Dr, Verkerk explained that Rasaushadhis are made from metals like gold, silver, mercury, copper, and non-metals like sulfur and arsenic. These elements are processed by a method known as calcination that produces a fine oxide powder. Such oxides are not absorbed by the body. And, they are used very sparingly in Ayurveda. Indeed, Ayurvedic doctors prescribe rasaushadi formulations with great reluctance and only after consulting Rasaushadi specialists. Kasthaushadhi, i.e. herbal Ayurvedic formulations, are purely herbal, and therefore, expected to be free of heavy metals. In Ayurveda, the presence of metals in purely herbal formulations is not allowed. If traces of heavy metals are found in kasthaushadhi’s, it means that there is a contamination somewhere, and it’s taken seriously. In a modern Ayurvedic company like Dabur or Himalaya Drugs, we would discard the entire contaminated batch and look for the source of contamination. The source is usually the water.

Ayurveda is extremely careful about toxicity and adverse effects. Entire chapters in Ayurvedic texts are devoted to the study of toxicology, he added and said that the Ayurvedic Pharmacopoeia of India lays down the standards and testing protocols for Ayurvedic products in India. The Pharmacopoeia places a lot of emphasis on the testing methods for heavy metals in Ayurvedic products. Testing protocols for Ayurvedic products are as stringent as mainstream pharmaceuticals, and use exactly the same sophisticated equipment. No medical system is perfect and no medical system can cure all ailments. And without exception, every single ‘scientific’ medicine invented in the West and sold in has its own share of adverse effects and toxicity, he added.

Dr. Verkerk’s presentation is available in the EICC website www.eiccglobal.eu

The Panel “**Outlook for European Union – India Cooperation**” was opened by Mr. Ravi Mehrotra CBE and Co-Chairman of the EICC who in his opening remarks said about the twin challenges of infrastructure and energy in India and India’s economic progress will depend how it addresses the issues. The Session was divided into two parts: one on Infrastructure and another on Energy. On “**India’s infrastructure sector is poised for a ‘big leap in the years ahead’**” speaker Mr. Ravi Parthasarathy spoke about opportunities in India’s infrastructure development. He said that India’s infrastructure sector is poised for a ‘big leap’ in the years ahead offering significant investment opportunities for global investors. The objective of the Session was to inform the large investment opportunity in Indian Infrastructure and share experiences and best practices for making such investments and identify specific project opportunities for potential investment. The leading Indian infrastructure development and financing Chief Ravi Parthasarathy said, investment in India’s infrastructure sector has high potential, not high risk. However, he cautioned that such potential has to be assessed on medium-to-long term basis, since any objective or correct assessment cannot be done based on one investment or two, or for short term. Strong arguments exist in favor of the Indian market for international investment, he added. He highlighted the enormous potential for EU-India collaboration in infrastructure development in India and observed that the present emphasis on public private partnership (PPP) would lead to the share of private sector in total investment in infrastructure moving up from around 40% in the 11th Five Year Plan to 50% in the 12th Plan. He added that there should be trust to speed up the pace of implementation of infrastructure projects, and it is now the most critical area for immediate action as this is vital for removing supply bottlenecks which restrict

growth in other sectors, and also for boosting investors' confidence to raise the overall rate of investment. It was argued that in view of the massive investment requirements for developing necessary physical infrastructure in India and the limited availability of public resources for investment, it is imperative to explore new avenues of financing and adopt innovative approaches for financing the country's infrastructure needs. PPP also promotes efficiency in public infrastructure and adds financial capacity to accelerate growth. Public Private Partnerships and private investment have thus emerged as focus areas. A session articulated many remarkable success stories in India's infrastructure sector to create quality assets, manage and execute mega projects in timelines that may be set as new benchmarks. Some constraints notwithstanding, it was held, the 'India Story' particularly that in the area of infrastructure has so many 'positives' which reflect the huge scope for working together for achieving 'win-win' outcome. During the discussion it emerged that detailed roadmaps have already been worked out for flagship infrastructure projects with ambitious targets.

He articulated many remarkable success stories in India's infrastructure sector and showcased Indian firms' capability to create quality assets, manage and execute mega projects in timelines that may be set as new benchmarks. Some constraints notwithstanding, the overall view was that the 'India Story', particularly that in the area of infrastructure, has so many positives which reflect the huge scope for working together for achieving 'win-win' outcome. Of the challenges to overcome, funding constraints, land acquisition issues, delays related to identification & award of projects, regulatory uncertainties, and shortage of skilled manpower were pointed out as some of the major reasons causing delays in infrastructure development in India. The infrastructure investment target of \$1 trillion in the current Plan period is achievable, provided India could change the way to approach its development, participants said. The change required is needed across all phases, including planning, bidding and execution of infrastructure projects. More thorough and forward-looking project preparation and a sound land-acquisition process would be crucial in facilitating successful implementation of projects. Similarly, the experts at the event suggested some more crucial steps for enhancing investor confidence: reducing uncertainty in the regulatory environment, effective dispute resolution, strong monitoring system, a sophisticated debt market and diversified set of financial instruments.

(EICC Website www.eiccglobal.eu could be accessed for Mr. Parthsarathy's presentation).

On the Session on **“Energy – Need for EU-India Cooperation on the Journey to Smart Energy”**, Joint Presentation was done by President and Secretary General of the Alliance for Rural Electrification. The President of ARE Mr. Ernesto Macias highlighted the key challenges of the electricity sector is development of rural electrification in India. India is struggling with the problem of providing access to energy services even after 66 years of Independence. Major points mentioned by the Speaker were: (i) More than 77 million households still use kerosene for lighting. In rural India, more than 44 per cent of the households lack basic access to electricity. Even those villages that have been provided with grid power receive less than 6 hours supply in most cases. (ii) There are at least another 9,000 villages in India where the grid may never be able due to their remoteness and geographical constraints. India is paying huge developmental costs due to its energy poverty – education, health, and economic development are at a standstill in rural India. Addressing this challenge remains a huge task for the Government of India.

So far the interpretation of rural electrification programs has been the extension of the grid to cover the rural areas, so far not covered. This has certainly helped in making electricity available to a significant section. However, there are several limitations to the approach of rural electrification being treated as a grid extension issue. Only recently, most of the planners and policy makers have realized the futility of trying to achieve 100% electrification through grid extension. There is need for more comprehensive approach to rural electrification.

According to estimates, almost 16% of the country's 6 lakh villages do not have electricity at present. More than 85% of the rural poor and 44% of rural households do not have access to electricity. The ministry of new and renewable energy (MNRE) is promoting off-grid renewable energy for a long time. But the growth of off-grid systems has been much lower than expectations so far. At present, subsidy offered for off-grid generation is in the form of capital grants. Thus consumers of off-grid electricity systems are charged much more compared to grid-connected consumers. "For these reasons, a proper policy and regulatory

framework is required for fully exploiting the economic potential of decentralized renewable energy systems," said the speaker.

Mr. Macias however said that the bright side to this challenge is that India has the opportunity to leapfrog to design a new energy future. The government was providing individual households in remote locations where the grid may never with basic home lighting systems powered by solar – two compact fluorescent bulbs for each household – across the country. However, the programme (Remote Village Electrification Programme) was riddled with problems on the ground from issues concerning proper maintenance of these systems to sustaining the operations after the grid reaches these villages. Poor quality of bulbs, spares, and tardy implementation at the ground level, substantiate the difficulties faced under this programme.

Mr. M S Chandramouli, Member of the Board of the Directors of EICC moderated the Session.

Mr. Macias announced future cooperation of ARE with the European Business Technology Centre which aims to provide off-grid renewable energy technology transfer and exchange with rural areas in India's rural market at the Trade and Investment Partnership Summit (TIPS). ARE's presentation is available in the EICC website www.eiccglobal.eu

The speakers in the Panel "**What will it take for India and the European Union to add value to their Bilateral Trade?**" spoke about the economic relationship India enjoys with EU and how they see them playing a larger role in the economic and global affairs. Mr. Abhinav Kumar, Chief Communications and Marketing Officer (Europe), Tata Consultancy Services opened the Panel with Mr. Jean Gourp, Vice-President, CMI Services (CMI Group), Belgium, Mr. Yatindra Sharma, Managing Director, KHS Machinery, India; and Ms. Regina Llopis, Chief Executive Officer, AIA (Spain) as Panelists. They said that India has embarked on a process of economic reform and progressive integration with the global economy that aims to put it on a path of rapid and sustained growth. However, India's trade regime and regulatory environment remains comparatively restrictive. India still maintains substantial tariff and non-tariff barriers that hinder trade with the EU. In addition to tariff barriers to imports, India also imposes a number of non-tariff barriers in the form of quantitative restrictions, import licensing, mandatory testing and certification for a large number of products, as well as complicated and lengthy customs procedures.

With its combination of rapid growth, complementary trade baskets and relatively high market protection, India is an obvious partner for a free trade agreement (FTA) for the EU. The parameters for an ambitious FTA were set out in the report of the EU-India High Level Trade Group in October 2006, which was tasked with assessing the viability of an FTA between the EU and India. Other studies have reinforced the economic potential of an FTA between the EU and India, notably a sustainability impact assessment was carried out by the EU.

Substantive progress has been achieved since the beginning of the negotiations in 2007. Now both sides need to go the final mile to put the package together. India combines a sizable and growing market of more than 1 billion people and is an important trading partner for the EU as well as an emerging global economic power.

It was observed that there is an opportunity for India to become a natural service partner for Europe. There is also a need for ambitions to increase trade to 150 billion euros. Changing demographic of Europe has its affect n the skill availability in Europe. According to the European Commission, Europe needs 900,000 engineers in the next two years and both EU and India can take some innovative steps to fill this gap which will be beneficial to the European economy as a whole.

According to a Panelist, European companies are looking to India which can create value additions in terms of competitive prices, technology and innovation capability India can provide solutions in frugal engineering. In the Pharma sector, the Panelist said that largest FDA approved companies are based in India and EU should take some lesson from this fact. India can also offer huge opportunities to the SMEs in the EU and the field of Education is also a huge opportunity – basically opportunities lies in Water, Sanitation, Energy and Agriculture; R&D projects, Green House Technology, etc.

Following the EU-India Summit in February 2012 negotiations entered an intense phase. Important issues include market access for goods, the overall ambition of the services package and achieving a meaningful chapter on government procurement. India is an important trade partner for the EU and an emerging global economic power. The country combines a sizable and growing market of more than 1 billion people. The value of EU-India trade grew from €28.6 billion in 2003 to €79.9 billion in 2011. EU investment in India more than tripled between 2003 and 2010: going from €759million in 2003 to €3 billion in 2010. Trade in commercial services tripled during the same time period, going from €5.2billion in 2002 to €17.9 billion in 2010.

Importance of SMEs was also highlighted by a Panelist. The 23 million SMEs in Europe act as incubators of entrepreneurial culture, and provide 100 million jobs. SMEs make up 99% of all companies operating in Europe and the SMEs provide 67% of total EU employment. India's MSME sector in general and certain industries in particular play an important role in its economic and social arena. Given the fact that 26 million MSMEs in India employ about 60 million people, contribute about 8% to its GDP, 45% to its industrial output and 40% to its exports, it is important that any major trade policy in India should keep in mind the trade prospects of MSMEs. Especially in the context of international trade, the interface between FTAs and some industries in the MSME sector could be of significant consequence as provisions contained in the FTAs could have far reaching impact on their growth prospects.

Minister-President of the Flanders Government Mr. Kris Peeters, in his special address thanked he EICC for its excellent work in promoting trade and economic relations between EU and India. He said that only last year, the Flanders government hosted the largest ever business summit of Indian business leaders of Europe in Antwerp and it gave us an opportunity to learn about the dynamic potentials of Indian economy and the changes the government in making in its economic policies. Mr. Peeters said that in the context of EU-India trade and economic relations, Flanders has a special place as a region of advantage for business collaboration and investment. The Minister-President said that the Flanders government policies are driven by creativity and diversity and was proud of the achievement his government has achieved in spite of economic crisis in Europe. As the Flanders government has initiated forward looking economic policies so has the Indian government for economic liberalization. India shares many global values with Belgium and Flanders and Indian companies in the sector software, telecommunications or automobiles have shown that they are second to none in their pursuit to attain global stage. He said that India faces huge challenges and building infrastructure, better health care, education, innovation in energy are some of priorities on which his government has expertise to provide.

Minister-President also informed that a high-level trade and economic mission from Belgium will visit India from 23 to 29 November 2013 and the mission will be led by HRH Princess Astrid of Belgium. Focus business sectors in this business and economic mission are: Infrastructure and transportation; Logistics and cold chain; Cleantech, renewable energy and environmental; technologies; Automobile sector; Aeronautics and space; Healthcare (Medical, Pharma, Biotechnology); Information and Communication technology and Luxury goods

Mr. Peeters complimented Indian community in Belgium for maximizing commerce activities and at the same time attaining social objectives and said that they are the best facilitators and innovators; and ambassador of improving bilateral relations. The Minister President was hopeful that the Free trade negotiation between EU and India will be concluded soon as it will help both the continents.

The Plenary on **“Diversification in EU-India Trade: Belgium a case Study”** speakers said that India needs to further diversify its export markets as its trading partners may resort to protectionist measures in the wake of global economic uncertainty. The Session dealt with Belgian companies doing business with India, as a kind of case-study of individual EU countries and their experiences with India. Mr. Nirav Banker, Head of Business (Europe) of the chemicals manufacturing company Meghmani Europe BVBA, Belgium, discussed the business opportunities available for both India and the EU in the infinite world of chemicals. Despite the sort of difficulties faced by Indian chemical exporters to the EU, such as acceptance of being Asian sources, huge costs of REACH registration, etc., many Indian chemical exporters have been able to increase their market share steadily in the EU over the past years. In fact,

quite a few of them are constantly looking out for added investments in EU based chemical companies either in form of a JV, buy-out and so on. On the other hand, many EU based chemical companies are exploring business opportunities including the set-up of manufacturing operations in India, characterized by its vast, growing market potential.

Mr. Tanguy Huybrechs-Tondreau from AWEX (the Foreign Trade and Investment Agency of the Wallonia Region of Belgium) talked about SME's. Many Belgian SME's are looking for new markets, but suffer from high manufacturing costs. Indians SME's are looking for a transfer of technology, and dispose of a huge market with much lower production costs. There are obviously many possibilities. Communication is key, and AWEX can help.

Mr. Bernard Mathieu, also from AWEX, elaborated on clean technologies and highlighted both countries' strengths. India is characterized by highly qualified engineers, innovative and often low cost solutions, impressive growth rate of investments in renewable energy, and challenges in energy supply and waste and water treatment challenges. Europe is by far the largest market for green products and technologies, and features environmental awareness, environmental regulations triggering the development of green business.

The session was chaired by Prof. Dr. Idesbald Goddeeris, who coordinates the Leuven India Focus at the University of Leuven.

In general it was observed that while India has made major strides in its diversification of export markets, a lot needs to be done to not only diversify the export basket but also have a perceptible share in the top items of world trade. They cautioned that if the global economic situation further worsens, the pressure for stimulus measures could again resurface and protectionist measures from trading partners could increase. Though the country's dependence on the EU has reduced, Europe still has a 19.5% share in India's exports. In the context of Belgium, it was pointed out that Belgium is an important trading partner for India and there are a growing number of investment opportunities between the two countries. The Panelists also emphasized the need to diversify the relationship from diamonds and into new areas. Trade between these two countries is currently dominated by the gem and jewelry sector, which accounts for about 61 percent of the total, with diamonds accounting for a large portion. Indo-Belgian trade in fiscal 2010-11 totaled \$14.9 billion, up 52 percent from the previous year. Belgium is India's second largest trading partner in the European Union. It was observed that exports to Belgium in 2010-11 grew 67 percent to \$6.29 billion. The top sectors for growth included gems and jewelry, primary and semi-finished iron and steel, petroleum, readymade cotton and transport equipment. India's Imports from Belgium rose 43 percent to \$8.6 billion in 2010-11 with the top sectors being pearls, precious and semi-precious stones, machinery, iron and steel, organic chemicals, artificial resins and plastic materials. The most promising areas for diversification include communications, pharmaceuticals, biotechnology, chemicals and automotive parts, energy, ports, dredging, construction, banking and finance, electronics and software, chemicals and fertilizers and renewable energy. It was also observed that big Indian IT companies, heavily reliant on the US market and eager to diversify, have intensified efforts to crack continental Europe in the past three years through acquisitions, setting up operations on the ground and hiring locally. The push into Europe comes as Indian IT vendors face uncertainty in the United States, where more restrictive rules that could drive up the costs of sending workers there on short-term visas are being debated as part of an immigration law overhaul. Europe accounts for roughly one-third of revenue for India's \$108 billion IT services industry, although Britain has long made up the bulk of that share. There is potential for diversification into areas such as life sciences, green technology, pharmaceuticals, infrastructure development and information and communication technology. Belgium with its proven expertise in these fields can become an important partner.

Panelists on the Panel "**Corporate India's Increasing Footprints in Europe and Challenges Ahead**" said that Indian companies are increasingly investing abroad, and demanding that New Delhi's economic diplomacy backs their endeavors. Mr Ashish Babu, Director of Communications, UK and Ireland, TCS opened the Panel with Mr. James Fontanella-Khan of Financial Times, UK and Mr. Adith Charlie of the The Hindu Business Line, India sharing their views. Panelists observed that economic liberalization in the 1990s brought with it changes in outward foreign direct investment (OFDI) from India. Restrictions were

continuously eased from the early 1990s on, albeit at a slower pace than in other areas. Towards the end of the 1990s, the upper limit for investments not requiring approval was raised to 100 per cent of a company's net worth, before reaching 200 per cent in 2004, among other measures to facilitate OFDI. This allowed India Inc. to invest abroad on an unprecedented scale, with OFDI going up significantly in the early-2000s. The acquisition of Anglo-Dutch steelmaker Corus for \$12 billion by Tata Steel in 2007 and of the Africa operations of Zain, a Kuwaiti telecommunications group, for \$10.7 billion by Bharti Airtel in 2010 are but two outcomes of this relaxation of OFDI rules. Bearing in mind the current situation of the Indian economy, as well as commercial interests, Indian companies can be expected to continue looking abroad for new opportunities to grow and diversify investments.

The story of Indian MNCs is not only limited to global acquisitions; it is also about turnaround of sick units abroad. Recent global acquisitions by Indian companies reflect an urge of these companies to expand their business beyond the domestic market. The surge in outward foreign direct investment (FDI) by Indian firms in the past ten to fifteen years raises a host of interesting questions. In the last few years, Indian companies have made several landmark global acquisitions. And have shown that Indian corporate can also pay back the investment on the European or international soil. The discovery of the entrepreneurship and intellectual ability of Indian business and corporate world have encouraged Indian brands to expand globally and prove their global competitiveness.

Few years ago, it was unthinkable to discuss the contribution of Indian companies in the economic progress of Europe in the context of changing global economic and political scenario including the historical changes that have been taking place in the Europe over the one and half decade. But today the emergence of Indian multinationals as major global economic player heralds a new reality of political and economic architecture increasingly shifting the balance of power from West to the East and India is the architect of this change. If Indian companies have become world's most debating chamber before entrepreneurs and business leaders, it is not without a reason – it is an exiting love-affair with growing passion which reminds that rise of Indian companies are ready with their aspirations to face the challenges of change in this rapidly changing global geo-political and economic world scenario.

Growing protectionism - sometimes accompanied by discrimination too, anti-immigration policies, stringent Visa rules, disproportionate burden of regulations on overseas companies seeking acquisitions in the EU countries are some of the issues that will be touched. Further, the hostility to foreign takeovers seen in recent years in the EU countries is raising serious doubts whether the EU nations are really committed to the idea of borderless, open and competitive market.

It was observed that top 50 Indian TNCs were also affected by the economic downturn. The total OFDI outflow in FY2011-2012 as on February 22, 2012 is estimated to be only \$ 8.8 billion. The panel, comprising of journalists and technology industry officials, drove home the point that perceptions about India may not always be right. It is always good to learn more about the vast country from multiple, objective sources. In that regard, the role played by the media was also highlighted. The session also dwelled on the advantages of Indian investments in Europe, which result in fresh capital, pricing & productivity gains, new employment opportunities and value for selling shareholders.

Speakers talked about the value Indian companies have been creating in Europe in terms of new jobs, investments and opportunities and how the salt-to-software Tata Group has become the largest industrial employer in the UK, with an active headcount of over 50,000 across businesses. Speaker Adith Charlie, Journalist and Researcher, dwelled on the EICC Study Report-'Indian Companies in the European Union: Reigniting economic growth'. He gave examples of how home-bred firms, namely those in pharmaceuticals and software services space, start small and then move up the value chain in European markets.

Mr. Antonio Tajani, Vice President of the EU Commission and Commissioner in charge of Enterprise and Industry was the Key Note Speaker of the Summit. Delivering his Key Note address, Mr. Antonio Tajani said that Europe's economy cannot survive in a sustainable way without a strong and profoundly reshaped industrial base. "New technologies have dramatically changed our life and our economy in the past 20 years. Political systems collapsed, new players emerged on the markets, as well

as new materials, new technologies and workers who are better skilled than ever. The wind of change is blowing at a time when Europe is facing a severe economic and social crisis. But this situation and the changes are also an opportunity”, the Commissioner added.

Europe needs its real economy now more than ever to underpin the recovery of economic growth and jobs and it needs to re-industrialise for the 21st century. Immediate action should contribute to revert the current downward trend and to promote the re-industrialisation of Europe. Currently industry accounts for about 16% of EU GDP. Therefore, the European Commission has set its goal that industry's share of GDP should be around 20% by 2020, Tajani said.

Europe's industry is well placed to assume this role: Europe is a world-leader in many strategic sectors such as automotive, aeronautics, engineering, space, chemicals and pharmaceuticals. Industry still accounts for 4/5 of Europe's exports and 80% of private sector R&D investment comes from manufacturing. If confidence comes back, and with it new investments, Europe's industry can perform better and start growing again. At a time when the speed of innovation and technological development has put the world on the edge of an industrial break-through, several new technology areas are converging to lay the foundations of a new industrial revolution.

At a time when the speed of innovation and technological development has put the world on the edge of an industrial break-through, several new technology areas are converging to lay the foundations of a new industrial revolution. The Commission has thus proposed in its Industrial Policy Communication of October 2012 to focus investment and innovation on six priority action lines: advanced manufacturing technologies, key enabling technologies, bio-based products, sustainable industrial policy, construction and raw materials, clean vehicles, smart grids. The development of these markets will provide benefits for a wide range of industrial sectors, both mature and emerging

Improving access to credit for firms and in particular for SMEs is a key priority for stimulating industrial growth and the Commission has to commit to an extraordinary effort jointly with the European Investment Bank in order to strengthen venture capital and credit insurance instruments. Furthermore, the Commission actively seeks to open up new market opportunities for our industry as seizing the potential offered by emerging economies is crucial for boosting growth

Some of the salient features of his speech included:

In the October 2012 communication approved by the Member States, the Commission took up the challenge of reversing this continuing decline.

Much has already been done in the context of Europe 2020. We have devised industrial plans for, among others, shipbuilding, cars, steel and construction, as well as a strategy to strengthen the defence and security industry. The task forces for strengthening the six leading sectors identified in the communication – advanced manufacturing, key enabling technologies, the bio-economy, smart grids, raw materials, sustainable transport and construction – are operational.

However, today's data show that we need to do more and act urgently. A further loss of human resources and industrial capacity in key sectors could take us to a point of no return, weaken us and make us more technologically dependent.

The February 2014 European Council will be the first dedicated to industry. It is an opportunity not to be missed. This is why we are working on an Industrial Compact, in the context of Europe 2020, which will allow us to increase the pace of reform – both at EU and national level. This is essential if we want to attract fresh investment in industry.

Mr. Tajani hoped that EU and India would soon conclude the free trade negotiation and that EICC would have a larger role to play in the post FTA.

Speakers in the Plenary "**What will it take for India to become the top FDI destination in view of the recent economic policy developments**" spoke about India's potentials to attract FDI but also said that India has become an "outlier" in the world community because of its recent policy, regulatory and legal

decisions. Mr. Kiran Malhotra, Managing Director, Alliance Corporate Ltd. Germany opened the Panel with Mr. Rosario Zacca, Partner, GOP, Italy as Speaker and Dr. Rajeev Singh, Secretary General, Indian Chamber of Commerce, India as Moderator. The said that India has been less able to attract FDI than its BRIC (Brazil, Russia, China) peers since the 1980s. Also in regards to FDI, India is noticeably weaker than other emerging economies, which started off at similarly low levels of investment and had similar IP rights environments to India's in the 1980s. We are seeing a disturbing trend, where India is turning inward; in which India is directing barriers to trade and investment, and discriminatory practices. India is at crossroads," a Panelist observed and said that Indian leaders need to determine whether their country will continue to have marketable liberalisation policies that have led to their strong growth, or if they're going to turn back in the wrong direction. By making concerted changes to fully protect IP rights, India can look at a brighter economic future and ensure that its people continue to have access to breakthrough medicines. Recent enforcement actions are encouraging, but continued vigilance will be needed to break the cycle of piracy and foster development of India's creative industries. For the pharmaceutical industry, India held out a lot of promise, not only as a potentially important market, but also as an excellent location for new investment, given the well-educated and highly-productive workforce. However, in the interest of protecting its domestic industry, the government of India has significantly impeded the innovative pharmaceutical industry in its efforts to obtain or to enforce patents. A falling rupee, a declining stock market, rising bond yields—are the result of being tied to a weak global economy and factors external to India. India ranks 119 out of 140 countries on the depth of global connectedness. "When it comes to trade intensity, India still ranks among the bottom 25 percent. As far as capital connectedness is concerned, it is closer to the median," a Panelist said.

FDI flows into India have also fallen in three of the last four years. For 2012-13, FDI fell by 21 percent to \$36.9 billion, government data shows. The United Nations Conference on Trade and Development, in a recent release, said that FDI inflows to India fell by 29 percent to \$26 billion in 2012. The government, faced with an unsustainable current account deficit (CAD), has been trying to encourage FDI into the country to firm up the rupee. Last year in September, the government opened up FDI in multi-brand retailing with the rider that each state can decide whether it wants companies like Walmart. Towards the middle of July 2013, the government relaxed FDI norms in 12 sectors, including telecom, insurance, asset reconstruction, petroleum refining and stock exchanges. But since last September not a single dollar has come into the retail sector. One reason is that investors are not sure whether the policy will continue as and when a new government comes in. Also, letting states set their own rules on such an international economic policy matter is basically unheard of elsewhere. A lot that India can learn from China on this front. China started opening up its retail sector to FDI in 1992, initially with various restrictions, but ultimately allowing 100 percent FDI in 2004. This benefited them with foreign players bringing in new management practices along with supporting technology and investment capital. And we shouldn't forget the complementarity for foreign retailers between sourcing from China (contributing to China's export boom) and selling there.

EICC Pharma Focus Group Formed

The Chamber announced the formation of Pharma Focus Group within the structure of the Chamber. In a statement during the TIPS 2013 the Secretary General said that the PFG is being set up in the background of decision taken during the Pharma Roundtable that the Chamber had organised on 21-22 September 2008 in Brussels. The Roundtable, in addition to exploring cooperation in research and development, addressed specific issues and factors that hinder market access opportunities of the pharmaceutical and pharmaceutical related products of Indian drug manufactures into Europe and vice-versa. The Secretary General mentioned some the following issues about the pharma sector and the reason for the Group.

Pharma sector is the key to India's expanding trade and economic ties with the European Union. The EU has opened up opportunities for greater economic activities in this area, mainly because of the inherent strength of the Indian industry in biotech and pharmaceuticals sectors. Although known as a major supplier of generic drugs, India has begun to forge new alliances with big US and European pharma companies. Such collaborations are helping it shepherd into a new era of innovative drug discovery, but regulations governing patents, drug approvals, and clinical trials appeared still in the process of being updated. In addition to changes to Indian patent law, India has brought several changes in its National

Pharmaceutical Policy, which grants data protection to drug companies for valuable data collected during clinical research. Such sweeping regulatory improvements are enhancing global confidence in the drug research environment in India. However, despite Indian government's decision to bring its laws into conformity with the World Trade Organization, concerns persist among global drug makers in general over the lack of IP protection, lax restrictions on parallel trade and regulatory uncertainty, and as such doubts linger over whether the laws are being effectively enforced.

To reach India's vast market, global players are creating partnerships to provide affordable medicines, in some cases acquiring older products that are off patent. For Indian companies, focus has been the key to growth, but with pressure growing in commodity generics markets, the Indian pharma firms need to pay close attention to operating efficiency and cost structure to penetrate on vital markets in America and Europe. The new alliances between big pharma companies in Europe and Indian drug companies will go a long way in transforming India's role in drug discovery and may change the way multinationals partner with companies in other countries.

India is increasingly becoming an integral part of the global pharma value chain offshoring of clinical development and partnering with domestic companies for new product development and marketing in India. Collaborations with European companies will provide an opportunity to the Indian companies to tap into the world's global research networks and to gain access to new technologies while providing a platform for big global pharma companies to leverage the scientific talent available in India.

The Europe India Chamber of Commerce (EICC) is setting up a Pharmaceutical Focus Group (PFG) during this Trade and Investment Partnership Summit (TIPS). The objective of the Focus Group, a body of the EICC, is not to engage in confrontation with European pharma lobby and companies but will assist and help in constructive cooperation and consultation and regular exchange of ideas. The PFG will also regularly analyze development in the Indian and European pharma policies and will inform the pharma companies through its internal network and website about how EICC can assist them work together.

EICC believes that sharing knowledge and vision will not only help them but will also prepare them to contribute to the development of this sector. The drying up of blockbuster drug pipeline and lower R&D productivity of big Pharma may start impacting domestic generic companies, forcing them to look at alternative research models and focus on emerging markets for growth. India has a booming pharma industry, which is the leading generic drug supplier for much of the developing world. For Pharma industry in India, the setting up of a Focus Group will offer a huge opportunity considering Europe as a significant market and its import requirements. Many Indian drug manufacturers have already established themselves as leading API manufacturers and generic players in the European markets. As currently India exports approx. 15% of its total pharma export to Europe (and it is increasing exponentially), EICC is of the view that formation of the Focus Group to cater to the need for leading Indian Pharmaceutical manufacturers in particular, can help them address and share these issues with the European Commission at appropriate levels in order to facilitate Indian Pharmaceutical Export to Europe at much competitive prices, in simpler way and in lesser time. Through this Focus Group, the EICC plans to help Indian pharma companies to look at their business strategies and production portfolios because of the increasing generic penetration and the patent cliff in the EU market.

In spite of several "negative response" from India, the EU is still pushing for intellectual property provisions and data exclusivity in the FTA that exceed what international trade rules require. Data exclusivity refers to a period during which drug producers can maintain a monopoly on production. Drug companies claim the period is necessary to recoup the high cost of developing new drugs. It shall be a matter of serious concerns over what impact the BITIA will have on India's generic pharmaceutical industry if the FTA is inked without changes to proposed IP arrangements. One of the reasons for aggressive negotiating tactics of the EU is the influence of European pharma lobby.

In addition to informing Indian pharmaceutical companies' ongoing developments and regulations in the European Commission on the Pharmaceutical industry, the Focus Group would also help represent their interest in the Commission, in the European Parliament and also forge better relations with European pharma lobby.

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It is however acknowledged that Indian Pharma companies have not been giving due importance and recognition to the IPR issue and conveniently try to ignore its importance. They are still not very much aware of the EU's regulations and policies on this sector. The proposed Focus Group, in chamber's view can be an extremely effective instrument to serve Indian pharma interest in Europe through educating them and informing them regularly development of pharma industry. The key would be to ensure that the Focus Group has the appropriate support and cooperation from Indian pharma sector.

Europe's Apex Chamber to commission a Study Report on European companies in India

Europe's Apex Chamber EICC is commissioning a Study Report on the contribution of Indian Multinationals in the economic progress of India. The Study Report likely to be titled: "**European Companies in India: Reigniting Economic Growth**" will be authored by a research analyst and journalist Adith Charlie who has been engaged by the Chamber to complete the Report by March. EICC in March this year had published a Study Report on Indian companies in Europe. The aim of the Report is to analyse the current state of trade, foreign direct investments and corporate interest from European countries to India and chart the way forward. The Report will draw lessons from successes and failures and identify problem areas, both real and perceived. It will examine factors responsible for India's current state of apparent unattractiveness as an investment destination while highlighting the numerous barriers to trade. It will highlight the benefits of greater trade and investment from Europe to Indian stakeholders. A special emphasis will be placed on the institutional framework both at the central and state level in relation to trade and investment from abroad. The report will also heighten the awareness of European investors about economic opportunities in India by drawing examples from successful case studies. Finally, a set of recommendations will be issued for both domestic policymakers and European firms interested in the large Indian market.

EICC announces the establishment of Foundation for Excellence

Creative thinking, entrepreneurship and innovation knows no boundaries. As EICC continues to expand across Europe and in India new opportunities for learning and connecting arises from our growing areas of interaction and business, the Chamber made a breakthrough initiative with the establishment of Foundation for Excellence which will be first of its kind being initiated by any Chamber with the financial support from a distinguished Philanthropist from France Count Christopher De Breza. Together with this "**Foundation for Excellence**" which will be supported by Mr. De Breza, it shall harness the unsung undocumented feature of explosion of innovation of ideas important to Europe and Indian business, social and cultural relations. This Foundation will deepen engagement with Indian and European businesses and policy leaders. Chamber will tap its resources and network by helping the Foundation about the benefits of thinking for new ideas in entrepreneurship and innovation. Excellence and innovation will become the pillars of Chamber's strength. The Foundation will be legally established in Belgium and together with EICC it will participate and organise in the EICC Summits and new ventures.

A Strategic Session "**European Union and India: A Vital Partnership in a Changing World**" was conducted by the European Think Tank **Friends of Europe** within the structure of the TIPS. Speakers in the Session included Mr. Graham Watson, MEP, Chairman, European Parliament-India Delegation; Mr. Shishir K Bajoria, Chairman, Bajoria Group, India; Ms. Neena Gill, Vice President, Corporate Affairs (Europe and Asia Pacific), SAS; Ms. Maria Castillo-Fernandez, Head of Division for India at the European External Action Service, and Dr. Rajeev Singh, Director General, Indian Chamber of Commerce, India. The Debate described by participants as "**debate of the year**" on EU-India relations was most informative and strategic was conducted by Shada Islam, Director of Policy of the Friends of Europe.

Panelists observed that few relationships among major powers have been transformed so comprehensively in recent years as that between India and the EU. Yet, there is a growing sense in both New Delhi and Brussels that the much-heralded partnership has not lived up to its promise. They observed that there has undoubtedly been some exaggeration of the possibilities in the bilateral relationship. In both of these large democracies, making the case for a fundamental change in the structure and direction of bilateral relations in the face of considerable skepticism arguably raised expectations that could not be met. The following are some of the observations made during the debate, which was diverse in social, economic and political in the context of EU-India relations:

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This year marks the 50 years of India's engagement with the European Union. In the last fifty years, EU-India relations have come far and wide than many could have imagined with several bilateral close cooperation agreements been signed. This relationship was primarily based on the commercial cooperation agreement but with the passage of time, developed into a strategic partnership in 2004. The importance of the strategic partnership lies in the fact that both India and the EU share common vision for a democratic, multi-cultural and multi-polar world order. At a time when new economic and security architecture is evolving in Asia, EU's engagement in the continent is incomplete without partnering India. Similarly, India has to engage with liberal, democratic and globalising Europe for its growing role in international relations. Considering commonality of vision, contemporary international scenario and future stakes, the India-EU strategic relationship is of paramount importance for both sides. However, this has failed to push them to solidify their strategic partnership and make it work effectively. This cooperation, however, has been fluid and unpredictable due to lack of vision and quest on both sides.

If the EU-India relationship was imagined in the past decade in abstract terms and lofty possibilities, the reality today is that both need each other even more than before. At the core of the revitalized relationship must be a strengthened economic engagement. The economic crisis in EU and the slowdown in India's growth have increased the value of a deepening partnership. Plenty of good ideas are around; these include the conclusion of a bilateral investment treaty, the negotiation of a free trade agreement. The EU-India relationship has travelled a long distance in the past 10 years, but still falls short of reaching its full potential.

India and the EU do share some traits that, when taken together, none of the other established, emerging, aspiring great powers display - continental-scale economies and a bewildering cultural, linguistic, and religious diversity all framed in democratic and quasi-federal structures that remain in flux. There is a European quality to India. Like the European Union today, the Indian republic is a confederation of regions and attitudes with little affection between them and vastly different levels of governance, productivity and historical good fortune. India is a federal union of states comprising twenty-eight states and seven union territories. And all of them, of course, are stuck with a uniform currency with free border. The European Union is an economic and political union of 27 member states which are located primarily in Europe. The EU operates through a system of supranational independent institutions and intergovernmental negotiated decisions by the member states.

Although India and the EU share common objectives, these relate more to general principles for the global order than to details and deliverables. Though the EU and India have built a multilateral institutional architecture to expand their partnership, its substance can still hardly be called "strategic." To justify that term, it would need to move beyond the bilateral and from dialogue to joint action on a regional or multilateral level. Signing the overdue EU-India Free Trade Agreement is one such step that could help revitalize the relationship.

To many in India, the European Union may not sound too attractive primarily because of the lack of knowledge and interest in India about EU; and also to many the changing institutional dynamics and emerging complexities in the EU structure may sound too confusing and directionless, but those who are aware of the recent developments in Europe and how India is becoming an integral part of Europe's economic system - from automobiles to pharmaceuticals, from information technology to energy - it would not be unrealistic to say that India and Europe not only share historic relations, they also share common economic vision.

The EU still ranks as India's foremost trading partner, but it is likely to be dethroned in the near future with China becoming the main source of Indian imports if current trends persist. Unlike India's unbalanced trade with China, depending mainly on exports of raw materials and resulting in a large and widening deficit gap, the exchange with Europe reveals a high degree of economic complementarity in the composition of exports and imports. Indian exports to the EU have consistently moved up the value chain, with the largest share now held by the product category of machinery and transport equipment. Yet Europe needs strong trade growth both in quality and quantity if it wants to defend its pole position in India.

In last three years when the pace of negotiations with EU and other trading partners gained speed, India has seen major changes in India's economic policies marking a new phase in India's development strategy. The broad thrust of the new policies is not very different from the changes being implemented in other developing countries. They aim at reducing the extent of Government controls over various aspects of the domestic economy, increasing the role of the private sector, redirecting scarce public sector resources to areas where the private sector is unlikely to enter, and opening up the economy to trade and foreign investment. These changes have been accompanied by a lively debate in India and have also attracted interest abroad. International opinion has typically welcomed the reforms and generally urged a much faster pace of implementation, especially in view of changes taking place in other countries.

In the corridors of trade and economic diplomacy in Brussels and New Delhi, one issue which has received the widest interest, publicity and concern is the ongoing free trade negotiations between EU and India. Although EU-India relation does not have the same hyper-resonance as India has with the US, it is nevertheless of strategic importance to both. As both seek to broaden strategic partnership, much will depend on how they tackle the challenge of reconciling their positions on numerous issues. Both sides are claiming to have resolved many differences with much of the discussion focused on content and modalities, they seem miles apart. From the Indian business perspective, although India has softened its stand on trade liberalisation of a large number of products including on EU's demand on intellectual property protection, procurement policies including data exclusivity and enforcement, there seems to be never-ending demand from the EU side. There is resistance to India's core negotiating demand to gain better access for Indian investors and service suppliers, and allowing greater mobility of skilled Indian professionals in Europe.

Democracy in India is loud and messy, confusing and chaotic but it is resilient and vibrant – the core of European values. Political protests get spilled on the street on any major economic policy decision but as people's participation through parliamentary democracy remains the centre to India's economic progress. Sometimes Europe is frustrated by the long time frame that India takes to decide on some strategic issues but Europe has to understand that it is dealing with a continent which is not an autocratic but a democratic nation and any major policy that will affect the lives of majority of people will have to go through a political process; how rigorous and time consuming it may be.

Trade relations between EU and India have huge scope for growth. However, trade relationship between India and EU does have some irritants that need to be ironed out to foster growth. Although India's import tariffs have been significantly reduced, it is still high according to prevalent international standards. Besides imposition of steep import tariffs, a number of non-tariff barriers in the form of quantitative restrictions, import licensing, mandatory testing and certification for a large number of products are also deterrents to EU- India trade.

The Free Trade Agreement must not be empty on content and issues like government procurement, trade facilitation and competition policies are vital for economic growth of the country. Competition policy, Intellectual Property Rules must enable people to know that there is a level-playing field and helps boosting investor confidence. India wants to be ensured that non-tariff barriers (NTBs) prevalent in the EU do not bother Indian exporters after the FTA is inked.

Towards the end of the Summit, the following statement was passed which called for a successful conclusion of the EU-India Free Trade Agreement:

**CALL FOR RAPID CONCLUSION OF AN AMBITIOUS AND BALANCED FREE TRADE AGREEMENT
BETWEEN THE EU AND INDIA**

Statement by
EUROPE INDIA CHAMBER OF COMMERCE (EICC)

The Europe-India Chamber of Commerce, representing scores of European and Indian businesses, is strongly committed to an ambitious, balanced and comprehensive Free Trade Agreement (FTA) which would deliver significant economic benefits and economic growth for European Union (EU) member states and India.

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Gathered in Brussels for our annual Business Conference, we express disappointment that after over 5 years of negotiation, including 14 rounds of bilateral talks, no conclusion is in sight as we approach the end of mandates for the European Parliament, the European Commission and the Government of India in 2014.

An ambitious, balanced and value adding FTA would include, inter alia, elimination of tariffs and technical barriers to trade, market access for goods and services, access to public procurement, protection of investment and intellectual property rights, as well as competition. Urgent and constructive engagement by both parties is vital over the next two months if an agreement is to be reached in time. Success would create growth and employment, provide more of a level-playing field for all economic operators and serve the public interest.

In order to gainfully benefit from an EU-India FTA, and for business to be able to support its conclusion, the FTA must provide equal market participation opportunities for each party to the agreement. Consequently, we call on the European Commission and the Government of India to take all the necessary required steps to ensure that companies are able to compete fairly for business in each other's markets.

The value of EU-India trade in goods and services grew from 28.6 billion euro in 2003 to 98 billion euro in 2011. Whilst these figures show that the recent years have witnessed a substantial increase in trade between the EU and India, the volumes remain modest. The removal of trade and regulatory barriers through the envisaged agreement would allow for a higher degree of trade, investment and economic integration and generate important gains for both parties.

Improving economic relations between the EU and India is therefore 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.

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.

Although the free trade negotiation talks at the highest ministerial level in Brussels remains inconclusive, both India and EU have decided to chalk out a roadmap to complete their Free Trade Agreement (FTA) negotiations by the end of this year - so far, 16 rounds of negotiations on the FTA have been held. The FTA – officially known as Broad-based Trade and Investment Agreement (BTIA) will be the most comprehensive agreement between many of the great democracies. With this in mind, we urge European Commission and the Government of India to tackle the key open questions in order to achieve progress in the negotiation of this ambitious and balanced agreement. EICC will follow closely the progress in the FTA negotiation.

We urge our governments and the EU 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.
