Europe India Chamber of Commerce

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EICC unveils much-anticipated Study Report on Indian companies in Europe

An increasing number of Indian owned companies contribute to Europe's jobs, growth and export, according to a report released by Europe's Apex Chamber, the Europe India Chamber of Commerce on 19th March in Brussels. The 60-page Study Report titled **"Indian Companies in the Europan Union: Reigniting Economic Growth"** was authored by a research analyst and journalist Adith Charlie who was engaged by the Chamber to work on the Study the Report.

Welcoming and addressing the launching function, EICC Chairman Mr. Geoffrey Van orden said that the Study has been commissioned by the Europe India Chamber of Commerce in the background of some extraordinary developments taking place in EU and India. The Report, he said, aims to create a better understating of Indian MNCs and their role in the economic development in Europe with some interesting projections and is unique as it offers a comprehensive review of the potentials of Europe-India trade and economic relations. Mr. Van Orden said that the Study reveals several interesting aspects of Indian investment in Europe when both the EU and India are in the advanced stages of inking a bilateral trade and investment agreement (BTIA). This agreement will be a watershed moment in the history of the trading partners, as it will open up previously uncharted avenues of trade and investment, he added.

To our knowledge, this work is the first of its kind to be conducted by any Chamber at Pan-European level, Mr. Van Orden observed and hoped that the report will prove useful to a diverse readership of investors, businessmen and policy makers. He also hoped that the Chamber shall be able to follow this in due course with a study of "European Companies in India".

Congratulating the Chamber for its innovative and timely Report, the Indian Amabssador Mr. Dinkar Khullar said that the report serves as a valuable resource about role of India's emerging multinational enterprises in the economic development of Europe and explored the rapid growth of Indian multinationals in Europe and provides valuable insights into the patterns and trends of their emergence in the global FDI market, as they are continuously evolving strategies in global economy and their services in the host country in developing trade, technology, and employment. He also said that 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.

Ambassador Khullar observed that the Report rightly points out that India Inc is getting experimental with every passing day and as a result, is increasingly looking to invest abroad to accomplish its motives of resource-hunt or market-hunt or technology-hunt. Investments from India are no longer chasing just stressed assets in Europe but are largely placing focus on green-field projects around a larger geography scouting for opportunities in foreign lands. Corporate groups of all sizes are also exploring options outside to get greater access to the global markets, he said.

Ambassador Khullar expressed optimism that the 27-member European bloc will overcome its financial and economic crises and stressed that Europe remains an important market for Indian companies. "EU remains India's largest trading partner despite the situation as it is within Europe. We are also strategic partner with the EU in political and other terms," he said.

"The importance of the European market for India derives from its size and let nobody be fooled that the Euro zone crisis be as it may, Europe remains an economic power house of the world," he stressed. "Europe remains a very large and important market for us," he said.

On the Indian economy he said that the Indian government has introduced a series of economic reforms including opening the retail sector to foreign investment, and allowing foreign investment in the insurance, pensions and aviation sectors. Not surprisingly, therefore he remained confident about the country's economic future.

He also said that so far 2013 has been a breath of fresh air in terms of economic news: financial markets have rallied and economic indicators have started to surprise on the upside, industrial production has started picking up.

On the state of negotiations for a free trade agreement, officially described as Bilateral Trade and Investment Agreement (BTIA), which has been in negotiation for last 7 years, Ambassador Khullar said that the negotiation has reached a crucial stage, but he however cautioned that we shall have to wait and see how we can cross hurdles.

Ambassador said that the two sides will have a ministerial meeting next month and by that time, hopefully we shall be able to conclude the negotiations. The agreement is important for economies of India, EU and India is very keen to conclude this agreement, he said.

"If and when it materializes it will be the most comprehensive agreement that India would have entered. It is in the last-mile stages right now," said Khullar. Indeed, the FTA negotiations have taken place amidst difficult economic conditions, in Europe and the rest of the world, but he said that he did not think that has been a constraint for negotiators. Khullar concluded his remarks by saying "My prognosis is that this slowdown is only temporary. Europe will recover. The world needs Europe and India, of course, does too,"

Speaking on the occasion, EICC Advisory Board Member Mr. Abhinav Kumar said that there are 3 adjectives that define the report **–** it is **important**, **useful** and **timely**. According to Kumar, it is **important** since it brings back to highlight the last ten years of the rapidly expanding economic relationship between India and the European Union. Most of us who have had a meaningful role to play in this journey in promoting the interests of Indian businesses in Europe and European businesses in India, would agree that the Chamber has played a very important role, he observed. He said that the various European Institutions represented here who are increasingly welcoming India as a strategic economic partner – reflected by the various high profile Trade promotional from European commissioners and National Government leaders to India – such as the recent visit by UK Prime Minister Mr. Cameron and French President Mr. Hollande.

The report is **useful** since it is an excellent source of statistics, he observed. On occasions when one needed to find useful data and info, we have often searched in vain for consolidated statistics on the presence of Indian companies and investments in Europe. The report fills this important gap and some of the statistics in the Report will be useful to all of us in the time to come. For example, he said that the fact that the number of jobs held in Europe by Indian companies in the EU have increased from just hundreds in the 1990s to 134,000 today. It was interesting and perhaps surprising for many to learn that in the last 10 years there have been 500 greenfield investments from India into the EU, with about half of them being in the UK. The UK of course has been traditionally the first port of call for companies in India looking to break into Europe, due to the many reasons. But once they have established themselves, they have not necessarily remained confined to the UK or any single country.

The report is also very **timely** as it title dictates “Reigniting Economic Growth” – which no one will argue is the need for the hour in Europe, indeed across the world. So while we celebrate the successes of the past decade, what is truly exciting is the future opportunity to do a lot more. Injections like the India – EU BTIA will certainly help in taking the relationship to its next level.

As stock brokers usually give a “Sell, Buy, Hold” guideline on stocks, Kumar noted that in the report the EICC advises Indian companies to “Stay Invested” in Europe. “This is the only count we disagree with the report and its researcher on – our intent is to **“Keep Investing More”** since we see tremendous opportunities for growth yet.” He concluded with the observation that he looked forward to the report from EICC ten years from now, which will show the next decade will far outstrip even the torrid growth of the previous decade.

Chamber’s Secretary General Sunil Prasad thanked the Tata Consultacy Servcies for the assistance it provided in executing the Study. He also took the opportunity to brief the attendees about the preparation on the Chamber’s Trade and Investment partnership summit (TIPS) to be held on 16 October.

On the eve of the launching of the Report, the Chamber issued a Press Release under the caption ***“EICC unveils Report on Indian companies reigniting economic growth in Europe”*** highlighting growing investments from India into Europe over the trailing decade from 2003-2012. According to the release, the Report takes an insightful look into recent trends in the economic relationship between EU and India and makes policy recommendations to further strengthen it. The salient features of the statement highlighted that Indian companies are contributing to Europe’s economic growth through investing €43 billion between 2003 and 2012 including €14 billion in 500+ green field projects; creating employment of a workforce of 134,000, up from just hundreds of jobs in the 1990s – creating 40,000 new jobs; 3X times more jobs than similar investments from China. It also said that UK, Germany, Netherlands, France and Belgium are the top 5 focus countries for investments, and Information Technology, Financial Services, Professional Services, Pharma and Manufacturing were top 5 sectoral investments.

The Press release further reads:

“RAPID GROWTH IN INDIAN INVESTMENTS”

The report finds that over the period 2003-2012 Indian companies have invested €43 billion (US$56 billion) across Europe comprising €29 billion in Mergers & Acquisitions of 411 companies, as well as €14 billion in 511 fresh Greenfield projects. The primary driver behind this investment is the rapid growth of Indian Multinational Corporations (MNC) which are seeking new markets for growth and diversifying risks, access to new technologies/R&D capabilities and leveraging their cash rich positions against low valuations in today’s financial market. Other reports have indicated that 2200 Indian companies are expected to invest overseas in the next 15 years and India is expected to have 20% more multinational firms than china by 2024.

“**CREATING EMPLOYMENT”**

Indian companies employ 134,000 professionals in Europe, including 40,000 new jobs created by 511 Greenfield investments, which is 3 times the level of job creation by 428 greenfield projects by Chinese companies in the same period. This represents a landmark progress compared to the 1990s decade where the number of employees of Indian firms in Europe was less than a thousand. The biggest pan-European employer is the salt-to-software Tata Group, which counts approximately 80,000 employees across its 19 companies in Europe, including the IT giant Tata Consultancy Services.

"Indian Businesses have shown an extremely good track record in turning around troubled companies and that has made their investments even in existing European enterprises as both job protecting and job creating ones. " said Sunil Prasad, Secretary General of the EICC. He added "Iinvestment by Indian multinationals in Europe heralds a new reality of economic partnership and their ability to increase Indian brand and prove their competitiveness in a changing European business climate."

"PREFERENCE FOR UK BUT GROWING INTO MAINLAND EUROPE"

Unsurprisingly, a dominant 47% of Indian Greenfield investment and 63% of employment creation accrued to the United Kingdom – with which India has strong historic, social and economic ties. This was followed by Germany, Netherlands, France, Belgium and Italy – which jointly accounted for 41% of investment and 25% of employment creation. This marks a trend of Indian companies look at UK as the traditional beachhead but being more ambitious in exploring investments more broadly across Europe, including countries like Germany that attracted 100+ Greenfield projects or Netherlands that attracted close to €2 billion in investment over the 10 year period.

"The conclusions of this report emphasise the importance of interdependence in EU-India economic relations and calls for economic integration at a much faster pace. Inward investments are the need of the hour as Europe strives to create new jobs and increase economic competitiveness", said Geoffrey Van Orden, Member of European Parliament and Chairman of the Europe India Chamber of Commerce.

"STAY INVESTED IN EUROPE"

The report called for several policy measures to enhance this relationship including tackling any signs of protectionism, speedy adoption of the single permit directive before December 2013, preferential treatment for India under the ongoing Broad based Trade and Investment Agreement (BITA), a single aligned European corporate tax rate and special economic and technology zones – including the creation of a "European Silicon Valley".

Among the Recommendations, the Report calls upon the European Union to **create 'Shenzhen'-like special economic zones** that will offer lower taxes, less red tape and other favourable investment conditions to attract overseas investment. It also asks EU to address India's request for preferential treatment so that the number of work permits given to Indian professionals is increased, Visa and work permit regulations should be simplified for bonafide commercial investors through the speedy adoption of the Single Permit directive as it would allow the EU to deal to a degree with the shortage of European labour and facilitate checks and balances in migratory flows.

The EICC firmly advises Indian businesses to **stay invested in Europe**, in spite of the prevailing frail economic climate, and outlined several opportunities in a Europe that is today more committed to the Union, has an increasingly more competitive cost structure, has seen strong wage corrections and has attractive valuations of business and property prices. It did caution that investing in Europe is a "Long term game" and highlighting a case study of the Tata Group, recommended that Indian companies would do best to venture into the region with a long term sustainable plan of becoming an integral part of the local economy and the local labour pools.

The Report is available in Chamber's website: http://www.eiccglobal.eu

EUROCHAMBRES to collaborate with EICC for Trade & Investment Partnership Summit (TIPS)

European Business Technology Centre, a programme funded by the European Commission and managed by the EUROCHAMBRES will be the main collaborator of the Chamber's Trade and Investment Partnership Summit (**TIPS**) which will take place on 16 October in the European Parliament in Brussels. Business collaboration through accelerating trade and investment between EU and India will be at the top of the EICC Trade and Investment Partnership Summit (TIPS) agenda when a major business event takes place in the European Parliament in Brussels on 16 October 2013. The business Summit titled as "***Dynamics of EU-India Relations in a Changing Europe: Challenges and Opportunities for Accelerating Trade and Investment"*** will also mark the 50 years of India's engagement with the EU. In the event of EU-India FTA negotiation concluding soon, Indian and European companies now will have much greater opportunity to invest and develop business relationships. TIPS will be the largest business event in the context of India and European business relations of 2013 in Europe and will provide 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 EU Trade Commissioner Karel De Gucht has been invited to address the summit.

The Summit will bring together leaders from various fields to discuss challenges, opportunities and commitment required by companies to enhance business collaboration. TIPS will seek to bridge trade and economic divide between the two countries will bring policy makers, industrialists, business leaders, and high representatives of the European Commission and heads of trade bodies. The summit will attempt to build better and innovative relationship by exploring the dynamics of changing Europe through discussion and exchange of ideas among high profile business leaders, experts from wide range of discipline from Europe and India. The sessions will focus on some of the leading innovative companies sharting their experience, extertise and concerns on the issue of trade and investment between EU and India. The event will also discuss the broader side of the trade related issues such as regulatory and legal framework, taxation policies and other incentives in India and Europe. The TIPS will make comprehensive overview of India-EU relations in content and context and will suggests ways to give it a strategic dimension. The summit will serve as a key platform offering an unparalleled access to a full spectrum of more than 150 industry leaders, business executives, policy makers, representatives of the European Commission to share their views on issues related to trade and investment. The summit will provide an opportunity for the delegates to access important presentations to engage in discussions and network with specialists across a range of topical issues and suggests ways to give it a strategic dimension. Industrial sectors that will be discussed in depth for bilateral cooperation include Pharmaceuticals, Renewable Energy, Infrastructure and Retail.

Media India Group which will be the main media partner for the Summit will bring out a Special Issue on the occasion of the Summit.

The Secretary General has been in contact with the Indian Chamber of Commerce in India and the chamber is pleased to announce that the ICC will send a business delegation.

Friends of Europe will hold a Session on strategic issues and will invite policy makers and strategist to share their views on political and other strategic issues affecting EU-India relations.

The chamber is inviting conceptual or empirical presentations, and/or country context case studies in the context the theme of the summit to enable business leaders, participants, trade specialists and practitioners to understand the dimension of EU-India trade and economic relation. The submission should be sent via email (as a word doc attachment) to the Secretary General of the Chamber on mail ID: info@eiccglobal.eu Deadline for Abstract Submission is August 15th, 2013.

EICC Barcelona Catalunya sub chapter opens in Spain

Despite economic crisis and difficult times in Spain, the Europe India Chamber of Commerce in Spain has been active in making its presence felt in Spain. The EICC in Spain inaugurated its new office in Catalunya Barcelona on March 19th which was celebrated at the offices of NQ Abogados who also were the first Spanish law office to establish a presence in India. Present at the inauguration were Amadeu Jensana, director de Economía y Empresa for Casa Asia; Gian-Lluís Ribechini, Industrial Engineer and expert in innovation; Kandarp Mehta, professor of Business at IESE Business School; Gour Saraff, director general de EICC, Spain, and Francesc Domínguez, Director of the EICC sub chapter in Catalonia.

Catalunya is a significant economic region with 16% of the Spanish population generating close to 20% of the GNP. The industry is competitive with an expenditure of 25% of the total Spanish R&D and in 2012 Catalunya accounted for 26% of total Spanish exports. Nissan decide this year to build its new tourist car in Catalunya.

India's 10 richest could cover fiscal deficit: Forbes

The total net worth of India's 55 billionaires could cover the country's fiscal deficit twice over, according to Forbes magazine's annual study of the world's billionaires.

The collective worth of India's mega-rich has dipped since last year, even as their numbers have swelled. Their net worth has fallen to $189 billion against $194.6 billion a year ago; but the number of billionaires has increased from 48 to 55.

The Forbes rankings show that the 10 richest Indians alone command over $100 billion, with the other 45 sharing the remaining $89 billion.

India's estimated deficit for the fiscal ending this month is about $95 billion, which is 5.2 per cent of the country's total GDP.

Forbes has ranked Mukesh Ambani, with a net worth of $21.5 billion, as the richest Indian for sixth year in a row. He is one of just three Indians ranked in the global top 100.

Lakshmi Mittal is the second-richest Indian, with a net worth of $16.5 billion. He is followed by Azim Premji ($11.2 billion), Dilip Shanghvi ($9.4 billion), Shashi & Ravi Ruia ($8.5 billion) and Kumar Mangalam Birla ($7.9 billion).

Others in the top ten Indians are Savitri Jindal ($7.6 billion), Sunil Mittal ($6.8 billion), Shiv Nadar ($6.5 billion) and K P Singh ($6.3 billion).

Uday Kotak, Micky Jagtiani, Cyrus Poonawalla, Adi Godrej, Anil Agarwal, Subhash Chandra, B L Munjal, Rahul Bajaj, Rajan N R Narayana Murthy, K Anji Reddy, M A Yusuff Ali, Vikas Oberoi, S Gopalakrishnan, Venugopal Dhoot, Rakesh Jhunjhunwala and Yusuf Hamied are also on the list.

Nasscom sets $300 billion target by 2020

The National Association of Software and Services Companies (Nasscom), the apex body of the Indian business process outsourcing and software services industry, announced that it is targeting revenues of $300 billion by 2020, 177 per cent more than that earned in 2012.

Mr. N. R. Narayana Murthy, Infosys Chairman Emeritus, who headed an expert committee that deliberated on the ways and means of achieving the target, said revenues had traditionally come from four “focus areas” — IT services, Indian operatives of MNCs, Business Process Management (BPM) and Engineering and R&D services. However, the industry needed to focus on areas such as mobile and Internet and the domestic market if it was to grow at a compounded annual growth rate of 15 per cent, which is the asking rate if the industry plans to reach its target by 2020.

Revenues from the domestic market, a new focus area, are projected to increase from $23 billion to $75 billion. The biggest chunk of revenues is projected to come from the Internet and mobile space, one of the seven “focus verticals” identified by the committee. This segment is likely to account for one-third of all revenues earned by 2020.

The Chairman of Nasscom, Mr. N. Chandrasekaran, said the focus on the domestic market reflected its large and growing size as well as the talent that was available to tap the potential.

Indian IT companies double market share in 6 years

Indian IT outsourcers have more than doubled their share in total worldwide IT spends over the past six years, and the bigger Indian IT companies have outpaced their MNC counterparts over this period.

India IT companies accounted for $31 billion, or 4.8%, of the worldwide IT spending of $641 billion in 2006-07. This year, it is estimated to be $77 billion, or 9.8%, of the global spending of $785 billion, according to research by brokerage firm Angel Broking.

The research also looks at 13 of the top global IT outsourcers - eight MNCs and five Indian - and finds that the Indian outsourcers' share in the total revenues of the 13 companies has risen from 7.7% in fiscal 2007 to 14.3% in fiscal 2012, and that of the MNCs has dipped correspondingly from 92.3% to 85.7%.

Angel Broking's report explains Indian companies' gains saying that although the labour cost advantage for Indian IT had been on a declining trend, there still was a comfortable 20-25% cost saving for clients along with availability of a young workforce.

Pradeep Udhas, partner and head of IT/ITeS in consultancy firm KPMG India, said Indian companies had developed people capabilities and moved up the value chain to pitch for bigger contracts.

Previously, Indian players were grouped together based on low-cost offerings sans any differentiation. Companies like Accenture and IBM made a positive impact on business issues especially around strategy. But in the last few years, Indian IT companies are able to sell a differentiated proposition, deepening the client relationship," he said.

INDIAN IT vs MNC IT

Companies	FY07	FY11	FY12
IBM	29.8	26.0	26.0
Fujitsu	19.5	16.2	15.0
Accenture	13.3	12.6	12.8
HP	9.6	16.2	15.3
CSC	9.2	7.4	6.8
Capgemini	4.8	4.0	4.2
Atos	3.3	2.3	2.9
Logica	2.8	2.6	2.7
Total MNC share	92.3	87.3	85.7
TCS	2.6	3.8	4.4
Infosys	1.9	2.8	3.0
Wipro	1.5	2.4	2.5
Cognizant	0.9	2.1	2.6
HCL Tech	0.9	1.6	1.8
Total Indian share	7.7	12.7	14.3

Source: Angel Research

(The figures reflect percentage share of company's revenue in total revenue of the 13 companies featured here)

Siddharth Pai, partner & MD of outsourcing advisory firm ISG, noted that not just Indian, even other regional IT players were steadily winning market share. "Companies like Xchanging and Atos are chipping away market share from MNCs with their specialized offerings," he said.

Angel Broking expects Indian IT companies to continue gaining share "going forward", but Pai strikes a note of caution. He said offshore services driven by labour arbitrage had a limited play.

TCS ranked top employer in Europe for 2013

IT major Tata Consultancy Services (TCS) on 30 March said it has been adjudged the top employer in Europe for this year by CRF Institute.

"TCS was chosen as first among the final 20 companies participating at a continental level. In order to reach the continental level, each company was required to have been previously certified at a Top employer in at least 5 individual countries in Europe," the firm said in a release.

The final group of 20 companies had participated at a national level in 26 European countries with their 129 certified subsidiaries, it added.

Founded in 1991, the CRF Institute is an independent organization that identifies top performers in the field of Human Resources worldwide.

Tata Consultancy Services (TCS) recently announced that it added $1,179 million in brand value in 2012, growing 28.9 per cent and in the process, reaching the $5 billion brand value mark.

In a statement, the company said it also retained its position among the 'Big 4' most valuable IT services brands worldwide as rated by Brand Finance, a leading global brand valuation firm.

Brand Finance assesses the dollar value of the reputation, image and intellectual property of the world's leading companies.

"TCS continues to deliver market leading performances across both financial and brand related metrics," N. Chandrasekaran, CEO and MD, TCS, said in a statement adding, "The rapid evolution and recognition of our brand at a global level is a testament to the passion and dedication of our more than 260,000 employees, who as brand ambassadors continue to ensure an industry leading client experience, which keeps strengthening our reputation and brand in the global market.''

TCS is also the single largest contributor to the overall Tata Brand, which is now ranked as the world's 39 most valuable brand with a combined brand valuation of $18.169 billion.

"TCS continues its rapid increase in brand value and cements its position as a 'Big Four' IT services brand,'' David Haigh, CEO, Brand Finance, said in a statement. "The company's strong performance across brand related activities such as client engagement and community development has earned TCS a place in the elite club of only three AA+ rated IT Services Brands,'' he said.

Jaguar Land Rover to invest another £150 million in UK

Jaguar Land Rover (JLR) plans to invest another £150 million at its new engine plant in the West Midlands that would create 700 additional jobs, JLR chief executive, Ralf Speth, said recently.

Speaking at a press conference ahead of the Geneva Auto Show, Speth said that the company will increase its investment in the new engine factory at the i54 business park in Wolverhampton, central England from around £355 million to £500 million, and double the workforce to nearly 1,500.

The luxury car maker is building the new plant, currently in the first phase of construction, to produce engines for Jaguars and Land Rovers, and is scheduled to open in 2014.

JLR, which produces its Land Rovers at plants in Solihull and Halewood in Merseyside and Jaguar models at Castle Bromwich, near Birmingham, now intends to make its own engines by combining the expertise of the group's engineers in India and the UK.

Warwickshire-based JLR buys engines from the Ford Motors factory in the UK. Since last year, the marquee British brand had been working with Ford to increase supplies of engines after a larger-than-expected jump in sales left it facing a shortage.

JLR's plan to set up its own engine plant is seen as a move to gain control of engine production at a time when sales have picked up in the international market, particularly China.

Tata Motors had acquired JLR from Ford in 2008 for $2.3 billion, and as part of the deal, it entered into multiple contracts to buy engines, parts and technology from the American carmaker.

This agreement is scheduled to expire around 2015, and Tata Motors could look at alternative sources for getting engines, including making its own.

Post-recession, JLR has been investing £1.5 billion a year in its product development by bringing out new models. The multi-billion dollar investment will see the development or upgrade of 40 new vehicles across the two brands over the next five years.

JLR is planning to more than double annual production to 600,000 by 2020 due to record sales over the past two years, mainly in the UK, China and the US.

In 2012, JLR sales rose to 357,773 vehicles due to new model introductions and update programmes.

China is JLR's largest market with sales rising 71 per cent to 71,940 vehicles and now accounts for 10-per cent of all British exports to the Middle Kingdom. Sales also rose in the UK by 19 per cent to 68,333 units, up 11 per cent to 55,675 units in the US, Russia up by 43 per cent at 20,549 and Germany up 41 per cent at 16,722.

President Obama in global trade talks to sway India, China?

President Barack Obama has initiated a global round of trade talks encompassing Europe and potentially much of Asia, but with a potential to influence major economies, notably China, India and Brazil, according to a media report.

"If the effort pays off, it could boost some of America's most competitive and important companies," the Washington Post reported. "Finance and consulting firms would be able to move more deeply into Europe, Japan and some developing countries."

"To the Obama administration, it's the logical response to sluggish job growth, the failure of the Doha round of global trade talks and the fear that trade restrictions incubated in places such as China and India could become the global norm unless countered," the influential US daily said.

"Going through this crisis and recovery has pushed us all to focus on what it is we can do to create jobs and growth in every area of policy," it cited Mike Froman, deputy national security adviser for international economics as saying.

"If we are able to execute on this, it will be the most ambitious trade agenda in a very long time," he added.

The discussions include the 11-nation Transpacific Partnership, a potentially sweeping agreement that would tie the United States more closely to North American neighbours Canada and Mexico and open new relations with growing Asian economies such as Vietnam. South Korea and Japan, the world's third-largest economy, may join as well, the Post reported.

Other negotiations include the recently announced Transatlantic Trade and Investment Partnership with the European Union, a pact US and European officials say would create the world's largest economic zone.

The United States also has joined 47 other nations in talks on an agreement to liberalise the services sector, the daily said describing it as a significant issue for US companies that feel they have an advantage in areas such as consulting, energy management and insurance.

Other talks aim to expand an existing agreement on trade in technology goods and to lower the time and expense it takes to send intermediate goods across national borders to a final assembly point, the Post said.

India-Pakistan joint business council formed

The much-awaited India-Pakistan Joint Business Council got formally notified today which will seek to increase bilateral trade and investment between both the countries, thereby paving the way for entrepreneurs from both sides to forge greater business ties with each other.

The body, which will be set up under the aegis of Ministry of Commerce and Industry, will constitute 15 industrialists and businessmen from both sides. The Indian side will be co-chaired by Sunil K. Munjal of Hero MotoCorp Ltd.

The idea to create a joint business council was mooted during first commerce secretary level talks between India and Pakistan in April 2011. Some of main duties and responsibilities of the body are yet to be worked out. Initially, it was decided that the council will have 10 prominent business personalities from both countries.

The council is expected to have its first meeting August, though no date has been fixed yet. The council is expected to meet every six months and identify ways to do business on both sides with ease. It would also do advisory work by giving recommendations to the government by suggesting ways to increase two-way trade.

Earlier this week, commerce secretary SR Rao said Pakistan is expected to grant most-favoured nation (MFN) status to India by June-July once general elections are over in Pakistan. It was expected to grant this trade status to India in December last year.

In March 2012, Pakistan notified a negative list in doing trade with India banning only 1,209 items that India cannot export to Pakistan, while allowing export of more than 7,500 tariff lines.

Bilateral trade between India and Pakistan currently stands at $1.94 billion with India's export to Pakistan reaching $1.54 billion and imports totaling to $401.19 billion in 2011-12, according to the Ministry of Commerce and Industry. Trade between India and Pakistan soared by almost nine times between 2000-2011, according to a research carried out by Indian Council for Research on International Economic Relations (ICRIER).

Council will meet every six months to identify ways to do business on both sides with ease.

BRIC GDP to surpass output of US, European nations by 2020

Misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed.

Reflecting the growing might of emerging markets, a UN report today said that the combined output of BRIC countries including India will surpass the aggregate GDP of US, Canada and other European nation by 2020.

"By 2020, the combined economic output of three leading developing countries alone -- Brazil, China and India -- will surpass the aggregate production of Canada, France, Germany, Italy, the United Kingdom and the United States," said the 2013 Human Development Report, prepared by United Nations Development Programme (UNDP). BRIC includes Russia as well.

Meanwhile, India's position in Human Development Index was 136 out of 187 countries in 2012. It ranked 134 in 2011.

The report said it is misleading to compare values and rankings with those of previously published reports, because the underlying data and methods have changed.

Highlighting the policies of Indian government, it said that investing in world-class tertiary education, building human capabilities and opening up to trade and investment allowed India to capitalise on its stock of skilled workers in technology.

By 2011-2012, these industries were generating $70 billion in export earnings.

Similar tales can be told for India's pharmaceuticals, automobile, chemical and service industries, now vigorously competing in world markets, it said.

The result has been a remarkable change in the economy. In 2010, India's trade to output ratio was 46.3%, up from only 15.7% in 1990, it said.

However, it said, India has averaged nearly 5% income growth a year over 1990-2012 and per capita income is still low, around $3,400 in 2012.

To improve living standards, it will need further growth. And India's performance in accelerating human development is less impressive than its growth performance, it said.

The report noted the rise of the South is unprecedented in its speed and scale. Never in history have the living conditions and prospects of so many people changed so dramatically and so fast, it said.

The term 'the South' is used to denote developing countries and 'the North' to denote developed countries.

By 2030, more than 80% of the world's middle class will live in the South and account for 70% of total consumption expenditure.

The Asia-Pacific region alone will host about two-thirds of that middle class. The South as a whole is driving global economic growth and societal change for the first time in centuries," the report said.

The economic take-offs in China and India began when their respective populations reached about one billion and per capita output doubled in less than 20 years, resulting in an economic growth that affected a much larger population than the Industrial Revolution, it said.

EC launches Green Paper on the long-term financing of the European economy

The European Commission on 25 March adopted a Green Paper that launches a three-month public consultation on how to foster the supply of long-term financing and how to improve and diversify the system of financial intermediation for long-term investment in Europe. Long-term investment represents spending that enhances the productive capacity of the economy. This can include energy, transport and communication infrastructures, industrial and service facilities, climate change and eco-innovation technologies, as well as education and research and development. Europe faces large-scale long-term investment needs, which are crucial to support sustainable growth. To fund long-term investment, governments, businesses and households need access to predictable long term financing.

The financial crisis has affected the ability of the financial sector in Europe to channel savings to long-term investment. So it is essential that we look at what can be done to improve the availability of long-term financing and this Green Paper focuses on how that process operates.

One of the important questions is whether Europe's historically heavy dependence on banks to finance long-term investment will and should give way to a more diversified system with significantly higher shares of direct capital market financing (i.e. bond finance) and greater involvement of institutional investors (e.g. pension funds) or to other alternatives. The financing needs of SMEs deserve particular attention as they have the potential to underpin long-term growth. They need access to bank as well as non-bank financing.

Responses to the consultation will help the Commission determine what can be done to overcome the barriers to long-term financing. Follow-up could take several forms, legislative and non-legislative.

Internal Market and Services Commissioner Michel Barnier said: "Europe's economy is facing massive challenges, including large scale long-term investment needs. These are essential as a basis for innovation and competitiveness, supporting a return to sustainable growth and jobs in Europe. These needs require long-term financing. Ensuring our economy and our financial sector – including banks and institutional investors such as insurers and pension funds – are capable of funding long-term investments is an important but complex task. We need to identify what barriers exist to long-term financing and what more can be done to overcome them."

Vice President Olli Rehn, responsible for Economic and Monetary Affairs and the euro said: "The necessary rebalancing process in the European economy is underway, and financial markets should be able to support the accelerating structural change. It is important to ensure that the framework for long-term investment and financing is comprehensive and flexible enough to adapt to these challenges in order to strengthen Europe's growth potential."

This Green Paper is concerned with long-term investment in the sense of the formation of long-lived tangible and intangible capital. Many investments in energy infrastructure, climate change, education etc. have wider public benefits, since they generate greater returns for society as a whole by supporting essential services and improving living standards. Their impact can also begin to be felt in the short term. They enable companies and governments to respond to new economic, social and environmental challenges, facilitating the transition to a more sustainable economy and raising long-term productivity growth and competitiveness. Trends in climate change and the depletion of natural resources further underline the sustainable growth challenge, as they call for more long-term investment in low-carbon energy, energy and resource efficiency and infrastructure, consistent with the political objective of limiting climate change below two degrees and decoupling economic growth from resource use. The importance of long-term financing for growth and job creation has been recognised at international level by the G20.

The capacity of the economy to finance long-term investment depends on the ability of the financial system to effectively and efficiently channel these funds to the right users and investments through open and competitive markets. This process can be carried out by various intermediaries – including banks, insurers and pension funds – and by direct access to financial markets.

In Europe, the ratios of investment or savings to GDP are favourable compared to other world regions. However, this overall picture hides the fact that savers and investors are currently experiencing high degrees of uncertainty, risk aversion and lack of confidence as a result of the weak macroeconomic situation and outlook. This may have lasting effects, creating more permanent barriers to the supply long-term financing.

One main lesson of the crisis is that appropriate regulation and supervision of the financial sector is necessary to restore financial stability and confidence in the markets. The EU has been pursuing a comprehensive programme of financial reform in this context, complementing broader fiscal and economic reform. Financial stability is essential, but alone is insufficient. As part of a broader policy response, the detailed calibration of the new regulatory and supervisory framework must effectively enable the financial sector to support the real economy, without jeopardising financial stability. Building on this, action to enhance the long-term financing of the European economy should address a broad range of interconnected factors: The capacity of financial institutions to channel long-term finance; The efficiency and effectiveness of financial markets to offer long-term financing instruments; Cross-cutting factors enabling long-term saving and financing; and The ease of SMEs to access bank and non-bank financing.

Commission wants to simplify life for SMEs by easing the top 10 most burdensome EU laws

The 20.8 million European small and medium sized enterprises (SMEs) create 85% of all new jobs in Europe, they employ 2/3 of the workforce in the EU and they contribute significantly to innovation and growth. Following the principle "think small first", and in line with the Small Business Act of 2008, the Commission has put SMEs at the heart of its smart regulation agenda to help growth and job creation in Europe. In a broad consultation initiated by the Commission, around 1000 SMEs and business organisations have now identified the top 10 most burdensome EU laws. The purpose of this broad consultation was to check where EU regulation might be impeding jobs and growth and to identify areas or issues which would require further examination and action where necessary. The result published on 7 March indicates that SMEs see the biggest difficulties and costs as a consequence of the rules regarding the REACH chemical legislation, value added tax, product safety, recognition of professional qualifications, data protection, waste legislation, labour market related legislation, recording equipment for road transport, public procurement and the modernised customs code.

The Commission, while recognising the overall necessity of having European-wide rules in these areas, will now thoroughly address these concerns via the new Regulatory Fitness and Performance Programme (REFIT1) launched in December 2012 (IP/12/1349). Through this programme, the EU's regulatory acquis is being screened for burdens, gaps and inefficiencies in order to evaluate and if appropriate revise those laws where the assessment points to a need for action. The Commission will announce follow up actions by June 2013, also taking into account the outcome of the ongoing legislative processes.

European Commission President José Manuel Barroso said: "The Commission is making sure that EU legislation is fit for purpose and helps European businesses to grow and to create jobs. This is why we have put smart regulation at the heart of our policy-making. And this is why we want to ease the lives of our small and medium sized enterprises, which are most important engines for Europe's economy. I want to thank all those who contributed to identifying the most burdensome pieces of legislation. We will work hard not to disappoint your expectations."

European Commission Vice-President Antonio Tajani, responsible for Industry and Entrepreneurship, added: "SMEs which are creating the lion's share of all new jobs in Europe are the key to get out of this crisis. Our legislation needs to be designed with SMEs (and especially new entrepreneurs) in mind: it must be smart, it must be simple and it must be stable. The better we listen to SMEs concerns, the better they can help us to return to growth. "

The following EU laws have been identified by SMEs as the TOP 10 most burdensome EU laws:

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals); VAT - Value added tax legislation; General Product Safety and market surveillance package; Recognition of professional qualifications; Shipments of waste - Waste framework legislation - List of waste and hazardous waste; Labour market-related legislation; Data protection; Working time; Recording equipment in road transport (for driving and rest periods); Procedures for the award of public contracts (public works, supply and service contracts) and Modernised customs code

In many of these areas (e.g. professional qualifications, data protection, procurement, etc.) the Commission has already taken action to further improve and simplify EU legislation.

The consultation also reveals that small businesses appreciate reduced payment deadlines under the Late Payments Directive entering into force on 16 March 2013 as one of the most successful legal improvements, together with allowing more SMEs to benefit from simplified accounting/auditing regimes.

Background: The results of the Top 10 exercise are published as part of the Commission's input to the Spring European Council: The Communication "Smart regulation – responding to the needs of SMEs" and the accompanying staff working document also provide examples of exemptions and lighter regimes for SMEs proposed by the Commission and adopted by the EU legislator. A new annual scoreboard is presented, too, which tracks progress on SME-relevant legislation and which shows how proposals by the Commission to simplify or reduce burden are followed up by the other institutions and by Member States. The scoreboard identifies how different approaches to implementation affect the overall result for SMEs given that more than a third of administrative burden to SMEs is added at the stage of implementation by Member States. The network of SME Envoys will actively follow-up the TOP 10 results and make administrative burden reduction a priority in Member States.

Cost of legislation to SMEs is systematically assessed before legislative proposals are adopted by the Commission. Wherever possible, micro enterprises are exempted from regulation and lighter regimes for SMEs are introduced.

Generally, the Commission consults and keeps an open dialogue with stakeholders such as business, social partners, civil society organisations and other interested parties to ensure its proposals respond to the reality on the ground. The dialogue with interested parties can take many forms, and methods for consultation and timing depend on the different contexts.

Unlocking the potential of business services for growth and jobs – New High Level Group set up

The European Commission on 14 March has set up a new High Level Group (HLG) to examine the challenges facing the business services sector and the obstacles to a well-functioning single market in this field. In particular the HLG should make policy recommendations and help policy-makers to identify ways to improve the level of productivity and innovation of business services.

Business services employ 21 million people in the EU in more than 4 million enterprises and have an untapped potential to contribute to increased productivity, competitiveness and growth. They encompass a varied selection of sectors ranging from technical services (e.g. engineering and architecture, IT) to other professional services such as legal services, accounting, employment services and facility management (e.g. cleaning, catering, security services). As the borderline between services and goods becomes less clearly defined, barriers to trade in services are directly hampering trade in goods to an increasing degree. Moreover, business services are crucial to industrial competitiveness and innovation and they are particularly relevant for SMEs, who rely more on purchasing services from the market than from large companies.

Business services is one of the largest services sectors with a turnover of almost around €1 500 billion, and are a source of growth and new jobs. Business services are also one of the most important inputs to manufacturing firms and an important source of innovation.

The High Level Group will examine selected sectors, such as technical and engineering services, marketing and advertising, private security services and design as well as horizontal issues related to innovation, standardisation, cross-border trade, impact of regulations and the role of ICT for providers of business services. Business services have the potential to generate more jobs, higher growth and improved productivity, to the benefit of other sectors such as industry and ultimately consumers.

The High Level Group will provide policy recommendations to the Commission to promote these objectives. The High Level Group is expected to finish its work in spring 2014. There are 19 Members from a large number of Member States and representing a wide range of different interests.

The High Level Group on business services was adopted as an action in the review communications on Industrial Policy and the Single Market (links).
