Europe India Chamber of Commerce

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Flanders hosts "Davos" in Antwerp with the largest Indian business summit ever held in Europe

European financial crisis and India's economic engagement with European Union took the central stage at the Horasis organised Global India Business Meeting. The meeting show cased economic vibrancy of Flanders government and the trade and business opportunities Flanders offers to the Indian business. Addressing the GIBM Indian Commerce Minister Anand Sharma called for closer economic engagement between India and Europe while addressing the Horasis Global India Business Meeting (GIBM) in the port city of Belgium on 24 June. The minister said that Europe holds great promise for economic engagement with India. Asia News reported. The Minister President of Flanders region, Kris Peeters was also present on the occasion along with the Belgian Defence minister.

"Eurozone today is talked more because of the turbulence but it is clearly indicative of the fact that we live in a world where you have to take notice what is happening elsewhere."Both India and Europe being great economic partners that we are will find the ways to further deepen and diversify our economic engagement," he said. The commerce minister noted that there were a large number of Indian entities present in the northern region of Belgium, known as Flanders, and that many Belgian companies are participating in India's economic growth.

On his part, Mr. Kris Peeters, minister-president, Government of Flanders, said GIBM was "the largest Indian business delegation ever hosted in Belgium." He said in 2011 the total exports from the Flanders region to India amounted to 7.8 billion euro , an 18 per cent increase from 2010 and 79 per cent increase compared to 2009. "This makes India our seventh trading partner and the second most important one outside Europe. The Flanders region is responsible for 98 per cent of Belgian exports to India," he said noting that over 80 per cent of Belgian exports to India are made up of diamonds and 43 of Belgian imports from India.

Over 300 business leaders representing multinationals, large corporations, small and medium-scale enterprises and confederations, multilateral and regional institutions from Europe and India are gathered in Antwerp for a two-day meet to boost trade and economic links.

On 25 June, the main day of the conference, participants discussed and debated several topics like EU-India - new partnership, new possibilities, managing success in India, and India's new breed of multinationals. The GIBM was organised by Horasis and the Flanders government with collaboration of several organisations such as the Europe India Chamber of Commerce (EICC) and Federation of Indian Chambers of Commerce and Industry (FICCI.

Minister Sharma, while delivering his keynote address at the Business meet assured investors of the welcoming investment climate in India and shared the steps taken by the Government for liberalizing the foreign investment regime. In particular, he impressed upon the foreign investment in retail sector, where the policy for 100% FDI in single brand retail has already been rolled out and several global majors have already firmed up investment plans.

The GIBM brought together more than 300 business leaders representing multi-nationals, large corporations, small and medium-scale enterprises and confederations, multilateral and regional institutions. Secretary General of the Europe India Chamber of Commerce, the main collaborator and co-organiser of the global business meeting, in a statement said that the summit was aimed at strengthening the EU-India trade and economic relations and will offer opportunities for business collaboration in the two continents. The Meeting provided the highest level platform to engage with political leaders in a concrete and constructive dialogue where parties involved hold each other accountable and should be seen in the context of improving investment and business between EU countries in general and Flanders in particular. With a combination of high profile business leaders and policy makers attending the GIBM, the meeting provided an objective insight into the opportunities that lies for European and Indian business leaders to develop collaboration and discuss market access opportunities.

The Secretary General also said that the continued and ever evolving financial crisis in Europe is likely to take the centre stage during the GIBM and as the financial crisis worsens and threatens the survival of Euro, India's corporate and business leaders together with Flanders business thinkers will take a closer view, how Europe and India can jointly face the challenges posing to the global economy.

The Summit focussed on industry's role notably referring to linking markets, facilitating business activity, green economy and the role of the private sector in promoting trade and business links between India and global business, and hoped that it will provide concrete steps to strengthen the Flanders-India trade and inputs for the debate amongst the CEOs and business leaders. The GIBM in Antwerp will be the largest gathering of CEOs in Europe and was the first of its kind in Belgium.

The Horasis organised GIBM provided the highest level platform to engage with political leaders in a concrete and constructive dialogue where parties involved hold each other accountable and should be seen in the context of improving investment and business between EU countries in general and Flanders in particular.

What kind of economic superpower India is in the making, how India engages with the world, what challenges India faces in the current global economic crisis, need for India to foster faster economic reform were some of the key issues that were discussed in the Plenaries and in the Boardroom sessions. Participants and speakers observed the following:

As the world's largest democratic republic and the home to a substantial English-speaking population, India appears poised to establish itself as a powerful engine for global economic growth. Although India is already the world's fourth-largest economy by purchasing-power parity, the following indicators point to a brighter future: a rising consumer middle class, reduction in poverty levels, a competitive business environment, a privatization agenda and a thriving services and manufacturing sector. Today India presents a modern, liberal, open economy to the rest of the world, one that is dynamic, thriving, and attuned to the forces of globalization.

India has taken important policy initiatives since July 1991 to emerge as a significant player in an increasingly interdependent world economy. The policy reforms provided a free and conducive environment for trade and include various measures which helped to achieve the high export growth rates of recent years.

It takes 17 days and $945 on average to export a container from India. This includes time and cost required for document preparation, customs clearance, ports and terminal handling and inland transportation and handling. Hence, it is clear that to boost India's exports, it is important to help exporters become more competitive and gain easier market access. This is particularly important in the wake of the recent global financial and economic crisis.

Hence, apart from fiscal and monetary stimulus, the government is also paying attention to other areas such as procedural reforms, automation and so on. In fact, the potential direct and indirect gains from trade facilitation may be greater than those arising from only tariff reductions. In a recently completed initiative of the Ministry of Commerce, transaction costs have been reduced to the tune of $500 million.

The Indian Diaspora, 25 million strong and spread across 110 countries, is a great potential lever for national development. The Diaspora has the distinction of being the second largest in the world, with huge purchasing power, estimated at around $300 billion. Silicon Valley represents the success of Indians. Four of 10 start-ups in the region are Indian. About one-third of the engineers in Silicon Valley are of Indian descent, while 7 percent of the valley's high-tech firms are led by Indian CEOs.

India currently imports 70 percent of its oil and 50 percent of its gas. By 2025 it is projected that India will have to import 80 percent of its energy needs. It has some of the world's largest reserves of coal, but its use will have severe environmental implications. India's population of 1.2 billion is four times that of the US and likely to surpass China's by 2025.

One of the key global risks that we face is economic disparity, and it was high on the agenda at the GIBM 2012. It was observed that a reason for rising economic disparity is the failure of education systems to keep pace with the increasing demands of the workplace. It is widely understood that education is key to advancing and sustaining economic vitality, and there is ample evidence to support this. The question of how education systems are able to respond to this is quite complex, however, and the way in which this challenge arises varies across and even within nations.

There are situations in which educational infrastructure is not adequate, others in which it may be adequate but the culture does not adequately focus on the importance of education. There may be inadequate investment to sustain educational structures because of an unwillingness of the public or government to recognise the long-term importance of this investment and in other cases there can be massive investment but it will simply take time for the fruits of this investment to be realised. The challenge of reducing disparities can be tackled by investing in universal education. What is the role that universities can play to meet the challenge?

The Joint Family Structure, a peculiarly Indian phenomenon, has powered the success of many Indian businesses. But that success has, in turn, been enabled by the broad sweep of economic liberalization in India. That success will continue only if the reforms continue and if the risks that could derail the growth — terrorism, political corruption/stalemate, stalled reforms and growth that focuses only on the urban rich – are contained.

Before 1991, Indian business success was a function of ambition, licenses, government contacts, and an understanding of the bureaucratic system. Decisions were based on connections, rather than the market or competition. Business goals reflected a continuation of the 'Swadeshi' movement, which promoted import substitution to attain economic freedom from the West. Pre-1991 policies were inward looking and geared towards the attainment of self-reliance. During this era, entrepreneurship was subdued, capital was limited and India had very few success stories. As well, society was risk averse and the individual looked primarily for employment stability.

Today, businesses have access to venture and growth capital, provided that their stories and business models are reasonable. In the pre-1991 License Raj era, abilities such as manufacture and deliver products to the market were the Key Success Factors, without regard for the customer and other efficiencies. Liberalization also brought in the age of Saraswati [Goddess of Learning in Indian mythology]; businesses would now grow because they had knowledge, not because of whom they knew.

Growth needs to continue and India needs "… another dose of reform, aimed at markets for inputs, from electricity to labor and land. If India is to continue to maintain the growth trajectory, the market for inputs needs to be liberalized. These are difficult political decisions and coalition politics will make the process slower and difficult.

It will be easier for the government to address and repair old infrastructure through public private partnerships. India is going through a structural — not a cyclical — change; hence, the process is slow and driven by the political process. We need investments in power, roads, ports and bridges. An important area of reform is the power sector, as no industry can achieve a successful transformation without sufficient power. This is why the Indian government needs to push through the reforms on power generation, transmission and distribution.

Corruption could be viewed as one of the reasons for the slow pace of economic reforms. Overspending on the Commonwealth Games and the Department of Telecom's under-pricing of 2G spectrums resulted in heavy losses for the exchequer. Indians' frustrations were channeled through the Gandhian leadership of Anna Hazare. The peaceful protests were successful and the country will get an independent ombudsman, the Lokpal (protector of the people), who will investigate alleged corrupt practices of politicians and bureaucrats. This demonstrates the fact that we have the institutions, leadership and most importantly, the grass root activism to effectively mould decision-making at a national level. This will create a positive environment for further economic reforms. What then is India's risk premium? I believe that it varies according to one's viewpoint. Politics is an important factor that impacts the investment cycle. Hence, it is essential that the Indian government address issues of corruption and continue with the next phase of reforms to accelerate the decision-making process. Reform will continue but at its own pace.

It is difficult to dampen the Indian entrepreneurial spirit. It has grown and competed in the global market despite the controls of the Indian government. Entrepreneurs have shown their ability to adapt to the changing economic environment and deal positively with the uncertainties in the market place. Yes, the joint family structure – the spawning ground for entrepreneurs – continues to evolve and compete effectively in the world market. But if that success is to be sustained, the economic reforms will also have to continue.

India's relations with Europe have undergone a transformation in the past five years, reaching a level today of primacy for both nations. Notwithstanding its non-aligned status, from independence until the end of the Cold War, India tilted towards the Soviet Union while the US engaged more actively with Pakistan. Similarly, India and EU are necessary partners in dealing with the dual challenges of energy security and environmental degradation. As India's energy consumption increases, the two countries will need to work closely to ensure that environmental costs don't similarly grow and that investment is made in the cleanest and most advanced equipment. Given India's underdeveloped infrastructure, there are great opportunities to help India grow, taking advantage of new technologies and achieving greater efficiencies that could have significant impacts on worldwide levels of energy consumption and climate disruption.

Indian markets have significant potential and offer prospects of high profitability and a favorable regulatory regime to attract investors. The robust economy offers a wave to ride on, and the business opportunities are part of the rising economic bandwagon to prosperity.

Within two decades or less, a rapidly rising India will very likely become the world's third largest economy - after China and the US. It would be appropriate to start speculating now on what kind of a superpower India will be or could be when it becomes one. Complex adaptive systems cannot change their stripes once they have evolved. How a system evolves determines its end-state. In short, how India becomes a superpower will predefine its structure, its mindset and its behaviour.

India's emergence as a superpower will show that it is possible to lift millions of people out of poverty within one generation while embracing pluralism, a free press and a vibrant multiparty democracy. Most analysts predict that, over the next two decades, India's GDP will grow at a faster pace than China's. As the world's fastest-growing large economy on a sustained basis, India's rise will put to rest the idea that a command-and-control political system is the only viable route to rapid economic growth and that democracy is somehow antithetical to rapid economic growth.

India has the potential to serve as a leading example of how to combine rapid economic growth with fairness towards and inclusion of those at the bottom rungs of the ladder. In a democratic system such as India's where even the poorest people exercise their political rights actively, fairness and inclusion will be even more critical for social stability than in China. As it becomes a great power, these values will likely become an enduring part of the country's DNA.

The prospects are high that, by 2025, India will likely emerge as one of the world's least corrupt developing economies. While widespread corruption is a reality in almost all developing economies (as well as some of the developed ones), India is one of the very few developing economies with a free press that continues to be vigilant and merciless in exposing the corruption. It is very likely that a vigilant and free press will ensure that the likelihood of getting away with corruption will decline rapidly - with salutary deterrent effects.

India will likely emerge as one of the world's leaders in leveraging information technology (IT) to boost the effectiveness and efficiency of its institutions - the corporations, the government and as well as civil society organisations. As 3G and 4G wireless connectivity becomes widespread over the next five years, it is a near-certainty that we'll see a rapid diffusion of low-cost tablet computers along with free or near-free applications aimed at self-learning, mobile banking as well as commercial productivity. India in 2025 could well emerge as one of the world's most connected and IT-savvy societies.

India will almost certainly become a leading example of efficient resource utilisation, especially in energy. India relies on imports for a bigger proportion of its oil & gas needs than any other large emerging economy. The situation is likely to get worse, with sustained growth. The consequences are clear. One possible outcome is that India hits a resource-scarcity wall and economic growth comes to a screeching halt.

An alternative scenario is that the country's industry, government and consumers will respond vigorously to the imperative for ever-greater resource efficiency and the development of renewable energy sources. Given the ambitions and ingenuity of its people, I am inclined to bet on the latter scenario. In the process, efficient resource utilisation is likely to become an embedded part of the country's psyche and behaviour.

India is likely to emerge as one of the world's leaders in market-driven innovation. Adversity combined with ingenuity has always been the mother of innovation. Think of how Japan emerged as the world's leader in lean manufacturing. Given very high population density and thus scarcity of land, companies such as Toyota could not afford to build Detroit-style automobile plants. In response, what Toyota did was to invent just-in-time inventory management, total quality management, long-term partnerships with suppliers and other complementary processes that enabled the near-complete elimination of wasteful space.

Think now about the fact that even as India grows to become the world's third largest economy, it will still be one of the world's poorest countries (in per capita terms) for the next two to three decades. Low income levels will continue to provide a very large opportunity to India's entrepreneurs to emerge as the world's leaders in frugal innovation i.e., the design, production, and delivery of products and services that are ultra low-cost. Virtually all of this innovation will be market- rather than technology-driven and is likely to become an integral part of the country's corporate DNA.

Last but not least, India is also likely to emerge as one of the world's most entrepreneurial societies. Given a culture of individualism, Indians are "born" entrepreneurs. They also benefit from the fact that, relative to China, India's economy depends far more on pure private sector enterprises than on state-led ones. These entrepreneurs will not only serve as the engines for the country's rapid economic growth but will also benefit from the vast new opportunities that a larger economy will open up for them - domestically within India as well as globally.

India will not emerge as a superpower unless it is smart about managing the evolutionary process of getting from here to there. The seeds for the tree that India as a superpower will be are being planted right now.

Minister Sharma visited the Antwerp World Diamond Centre (AWDC) and interacted with the leaders of the diamond industry. Antwerp is the hub of global diamond trade and the trade in diamonds constitutes nearly 60% of the India's \$17 billion trade with Belgium. Minister Sharma urged the Antwerp Bourse to establish an institutional linkage with Bharat Diamond Bourse for building necessary capacities and skill development. He assured the representatives of the diamond industry that the issues relating to procedural tax simplification would be taken up with the Ministry of Finance. He shared the recent policy measures for allowing consignment import of rough diamonds.

He expressed confidence that the government will be able to evolve consensus on allowing foreign investment in multi-brand retail ‘very soon’. In the context of India’s economic engagement with EU, he identified ten broad areas of cooperation: infrastructure, manufacturing, research, innovation, skill development, nuclear sciences, space science, information technology, agro processing, and pharmaceuticals. He expressed confidence that after the conclusion of the India- EU BTIA, bilateral trade and investment will increase significantly. EU is currently India's largest trading partner with bilateral trade of $110 billion. Two Indian business leaders Mr. D.K. Jain of Luxor Group and Mr. K.P. Singh of DLF were presented Business Leadership Award.

Participating in the discussion Mr. Geoffrey Van Orden MEP, Chairman of the Europe-India Chamber of Commerce (EICC), said that "Indian growth has been averaging 8% in recent years and there is a desperate need for infrastructure improvement. Earlier this month, Indian Prime Minister Manmohan Singh stated that India needs over $1 trillion of investment in infrastructure over the next 5 years.

"Roads, railways, ports, water and sanitation and energy all need development and there are great opportunities for experienced foreign companies willing to invest. EICC will do all that it can to help firms find suitable partners in India and to overcome difficulties there. "The much delayed EU-India FTA should be finalised this year and will give an enormous boost to trade."

Chairing one of the Bordroom sessions, EICC Co-Chairman Mr. Sanjay Dalmia said that India is part of world culture and is not invulnerable to changing patterns of thinking about investment. Much of what happens in speculative markets in India is just the same as in other countries. But India must rank as among the most vulnerable in the world to speculative turbulence, since she appears to be undergoing such a dramatic economic revolution, a revolution that, along with China's, is the talk of the world, and that allows imaginations to run wild and confuses traditional and sober thinking. So, India appears not at all invulnerable to the current crisis. She urgently needs to take many of the same actions that are called for in other countries. Some serious work needs to be done to improve the quality of the financial markets, both expanding regulation and consumer protection, but also expanding the scope integrity of the markets and their retail products. Work needs to be done now to democratise finance, to make enlightened risk management available to everyone, by subsidising financial advice and education.

The GIBM offered EICC an opportunity to show its potentials for excellence to the Indian and global business; being the main collaborator of the Summit with high level participation and execution of its organising skill.

It was announced that the Belfast will host the GIBM 2013 under the leadership of EICC Board Member and well known business leader of Northern Ireland Lord Diljit S Rana.

EICC holds its GA and Board of Directors Meeting in Antwerp, new Board of Directors appointed

The Europe India Chamber of Commerce held its General Assembly and Board of Directors meting on 23 June 2012 in Antwerp. The meeting was held on the eve of the Horasis Global India Business Meeting on 24-25 June in which the Chamber is the main collaborator and co-organiser. The AGM was officially opened by the Chairman of the Chamber MEP Mr. Geoffrey Van Orden, who in his address spoke about the financial and economic crisis facing global economy and particularly Europe. He informed the members the opportunities and challenges before the Chamber and how its members can contribute to the EU-India trade and economic relations. Chairman also said about Chamber's remarkable achievements in organsing activities in Europe and in India. Co-Chairmen Mr. Sanjay Dalmia and Mr. Ravi Mehrotra spoke about on going EU-India free trade negotiations and said that the agreement is likely to throw open trade and economic opportunities between EU and India and EICC must become the focal point of the activities.

The Secretary General highlighted the activities of the chamber during the year 2011 and the challenges Chamber faces in view of the uncertain economic situation in Europe, falling trade between EU and India, slowdown in the Indian economy, importance of EICC in the development of trade relations and urged EICC members to work together in order to bring about the needed transformation for the development of the EU-India relations. The Secretary General emphasized the need for the European and Indian business to join together to address the challenges of globalization, competition, international financial crisis and bilateral relations. He said that the Chamber would work closely with EU governments and India. The Secretary General paid tribute to excellent support he has received in carrying out his responsibilities and hoped that now that he is full timer in the EICC, he would try to make a difference in the Chamber's work and its mission objectives. In presenting his report, the Secretary General went over the various activities organized during the year and renewed his commitment to continue to work in the interest of the business community.

Horasis Chairman Dr. Frank Richter thanked EICC for its continued collaboration and said that he values EICC as one of the most vibrant chamber in Europe and it was because of the EICC that the GIBM was talking place in Antwerp. He informed the meeting about Horasis and said that The Horasis organised GIBMs provide the highest level platform to engage with political leaders in a concrete and constructive dialogue where parties involved hold each other accountable and should be seen in the context of improving investment and business between EU countries in general and Flanders in particular.

The meeting decided that EICC should increase its presence in other parts of Europe and that EICC must have its entity in UK which has one of the strongest business and historic links with India. Mr. Manoj Ladwa, a well known business leader of UK who was invited to attend the meeting expressed his interest to open EICC office in London. Mr. Ladwa said that EICC must exploit the opportunities trade and business offers in UK and that he would soon take steps to take this forward. EICC offered its full support to the opening of the London Office.

The Secretary General informed the members about the possible collaboration with Gujarat government as a Partner for Vibrant Gujarat 2013 and said that EICC participation 2011 Vibrant Gujarat offered the Chamber a unique opportunity to show its visibility to the global business leaders present in the VG2011 and said that EICC participation in 2013 VG would further help the Chamber in its global reach.

The Meeting unanimously decided to appoint the following to serve the Member of the Board of Directors of the Chamber: Mr. Geoffrey Van Orden (Chairman), Mr. Sanjay Dalmia (Dalmia Group of Companies), Mr. Ravi Mehrotra (Foresight Limited), Dr. Mohan Kaul (CBC), Mr. Sushil Handa (The FifthVeda Entrepreneurs), Mr. Yatindra Sharma (KHS Machinery), Mr. Dileep Patill, (CG Power), Mr. Shishir Kumar Bajoria (Monocon), Mr. Bart Elias (PwC), Dr. Daniel Sharma (DLA Piper), Mr. Vijaya Koumar (Procubwe), Mr. Vinod Poddar (Siyaram Poddar Group), Mr. Geert Bogaert (LOYENS & LOEFF), Mr. Erwin Vandervelde (Deloitte), Dr. Ajeenkya Patil (D Y Patil Group), Lord Diljit S Rana (Andras House), Mr. Rosario Zacca (GOP), Mr. Filippe De Potter (FIT), Mr. Nilesh Apte (AWEX), Mr. Jorge Marti (URÍA MENÉNDEZ), Mr. Vinod Juneja (Binani Group) and Mr. M S Chandramouli (Surya International).

Mr. Abhinav Kumar and Mr. Hemkiran Gupta of TCS continue to serve in the Advisory Board.

The Board also approved the nomination of the following members as Mentors for their contribution to the Chamber's development: Mr. Wahid Saleh, Mr. Vasant Moharir, Mr. Mahendra Kothari, Mr. Rakesh Kapila and Dr. Amal Mukhopadhaya.

Mr. Manoj Ladwa was especially invited to attend the Board Meeting and he spoke about the need to open EICC office in London more so when EICC was becoming a Chamber in need for business collaboration.

The meeting was followed by a cocktail and networking dinner which was attended by more than 125 business leaders. The dinner was hosted by FIT and EICC.

IKEA Applies to Invest Euro 1.5 BN in India

Sweden-based single brand furniture retailer IKEA's CEO Mikael Ohlsson met the Indian Minister of Commerce, Industry and Textiles Mr. Anand Sharma in St. Petersburg recently to confirm that they will be investing in India to the tune of Euro 600 Million (approximately Rs. 4200 crores) in the first stage and additional estimated FDI of upto Euro 900 Million (approximately Rs. 6300 crores) totalling to estimated Euro 1.5 billion (approximately Rs. 10, 500 crores) for initial establishment of twenty-five retail stores in a wholly owned subsidiary. The CEO also communicated their decision to raise existing sourcing for their global operation from India significantly. After meeting the global CEOs, Mr. Sharma said that despite the problems in global economy and recent lowering of the rating outlook, investors' confidence in India remains robust. Shri Sharma also informed that IKEA had certain reservations about sourcing norms which were discussed with the DIPP officials; suitable answers of which were provided leading to the decision to invest.

Mr. Sharma who was in St. Petersburg for International Economic Forum (SPIEF) also met Mr. Olaf Koch, CEO and Chairman of the Management Board, METRO AG, who expressed happiness over the performance of their investment in India and apprised the Minister about the expansion plans in India. He also informed that soon they will raise the number of their stores from 10 to 16 in the country.

Earlier, Mr. Sharma met Mr. Andrey Belousov, Russian Minister of Economic Development and Mr. Denis Manturov, Minister of Industry & Trade, Russia, on the sidelines of the St. Petersburg International Economic Forum 2012. During the meeting with the Russian Ministers, Shri Sharma expressed his views that the first step for Comprehensive Economic Cooperation Agreement (CECA) with the Customs Union (CU) countries can be taken after Russia's accession to World Trade Organisation (WTO) by setting up of a Joint Study Group (JSG). Mr. Sharma conveyed the urgency to make headway with the proposal for CECA with the Russia-Belarus-Kazakhstan CU, which holds the key to achieving higher trade targets for India.

The Customs Union between Russia, Kazakhstan and Belarus formally came into existence on 1 January, 2010. The above three countries took their economic integration one step forward on 1 January 2012, with the implementation of the Common Economic Space (CES) which provides for free movement of goods, services, people and investments.

Mr. Sharma also said that the level of bilateral trade and investment between India and Russia remains below its potential. He put stress on making sincere and concerted efforts and to take specific measures including thrust areas, to achieve the target bilateral trade figure of US$ 20 billion by 2015. The bilateral trade between India and Russia in 2011 was in the range of US$ 9 billion.

India Germany to Surpass Trade Target of EURO 20 Billion

Indian Minister of Commerce Industry and Textile Mr. Anand Sharma has said that the bilateral trade between India and Germany has more than doubled over the last 5 years to reach nearly US$ 23.64 billion last year. After a bilateral meeting with Dr. Philipp Roessler, German Federal Minister of Economics & Technology of Germany in Berlin last month, Mr. Sharma expressed confidence that the trade target of Euro 20 Billion by 2012 will be surpassed. Prime Minister Manmohan Singh in his opening statement at Joint Press Interaction in Berlin in December 2010 said "German excellence in the manufacturing and infrastructure sectors is well known. We welcome the steady growth of German investments in India. Despite the economic downturn, we are hopeful that the target of achieving bilateral trade of 20 billion Euros by 2012 will be achieved" Mr. Sharma said.

India has asked for better collaboration between India and Germany in the field of generics. After the meeting Mr. Sharma said "generics constitutes just about one-fifth of German pharmaceutical industry, but the recent moves of German Government to promote the use of generics affords enormous opportunities of collaboration with Indian Pharma companies, which have acquired global repute in developing affordable generic medicines." Both Ministers reviewed the economic and commercial relations between India and Germany. They discussed issues relating to bilateral trade and investments and suggested ways of expanding these linkages. Following the bilateral meeting, Minister Sharma and Minister Dr. Philipp Roessler joined the meeting of German and Indian CEOs. The Minister congratulated the German Minister on the successful organization of the on-going German Year in India. The year of Germany in India, titled 'Germany and India: Infinite Opportunities 2011-2012 was launched in September 2011, will end in November 2012. The two Ministers inaugurated 'Days of India' in Germany at the Hamburg Port Festival on May 11, 2012 which will end in March 2013.

Speaking on the areas of collaborations, Minister Sharma pointed out "Small and medium enterprises which form the backbone of Indian industry, employing 26 million people, contributing to 45% of our manufacturing output and 40% of total exports would benefit immensely through a technology collaboration with Germany."

Speaking on mutual investments Mr. Sharma said that there are more than 1600 Indo-German collaborations and over 600 Indo-German joint ventures in operation. BMW has emerged as one of the largest selling luxury cars in India. Indian corporate leaders have been equally enthusiastic about investing in Germany, given the welcoming investment climate and the natural synergy which exists between the two countries. “Indian corporate entities invested over US$ 6 Billion in Germany. Indian industry majors such as Tata Motors, Bharat Forge, Suzlon and the Mahindras group,Wipro, Infosys have all established their base in Germany. There are 215 Indian companies active in Germany employing over 24,000 people” Added Mr. Sharma.

Indian Government Encouraging FDI in Food Processing Sector

Government has taken steps to encourage FDI and one of the significant measures was declaring the Food Processing Sector under 100% Foreign Direct Investment (FDI) through automatic route. The Foreign Direct Investment (FDI) inflow into the food processing sector in 2011-12 (up to February, 2012) has been $141.62 (Rs. 682.30).

FDI complements and supplements domestic investments. It brings in, apart from capital, state-of-art technology and best managerial practices, thereby providing better access to the domestic industry to foreign technology and integration into the global market. The extant policy permits FDI under the automatic route, inter alia, Food Processing Industries. Foreign Direct Investment also brings new products, new technology and improved quality in the Food Processing Sector resulting in reduction in wastage of agri products, safe and hygienic foods, higher employment and also enhancing export potential of processed foods.

India 46th in World Bank's global trade logistics performance ranking

Progress in trade logistics performance slowed down over the last two years amid the global recession, but countries that pursued aggressive reforms continued to improve their performance, according to the World Bank's latest survey on trade logistics.

Singapore is the top performer among the 155 economies included in the Logistics Performance Indicators (LPI), which are part of the `Connecting to Compete 2012: Trade Logistics in the Global Economy' report.

The United States is ranked ninth, while Japan occupies the eight spot. The report said countries like Chile, China, India, Morocco, South Africa, Turkey, and the US all improved their previous performance, which is based on a comprehensive world survey of international freight forwarders and express carriers.

India now ranks 46th in global trade logistics performance, whose top five slot are occupied by Singapore, Hong Kong, Finland, Germany and Netherlands in the list of 155 countries.

"Trade logistics is key to economic competitiveness, growth and poverty reduction," Otaviano Canuto, World Bank vice president for Poverty Reduction and Economic Management (PREM), said.

"Unfortunately, the logistics gap between rich and poor countries continues and the convergence trend experienced between 2007 and 2010 has stalled as events like the global recession, and the European debt crisis shifted attention away from logistics reform," he said.

The high-income economies dominate the top logistics rankings, while the economies with the worst performance are least developed countries that are also often landlocked, small islands or post-conflict states. However, the report said a country's performance is not simply determined by the level of per capita income, as many countries across different income groups have done better than their peers.

In the upper-middle income country category, top performers include South Africa, China and Turkey.

In the lower middle income category, India, Morocco and the Philippines have above average performance improvements. And among low-income countries, outperformers included Benin, Malawi and Madagascar, the Bank reported.

"Infrastructure stands out as the chief driver of progress in top performers, followed by improvements in logistics services and customs and border management," said Mona Haddad, Sector Manager of the World Bank's International Trade Department.

"All top performers show strong cooperation between the public and private sectors, and a comprehensive approach in the development of services, infrastructure and efficient logistics," Haddad added. According to the survey logistics play an important part in food security and the survey attributes, by implication, rising food prices to poor logistics. Transport and logistics directly affect the price and local availability of food through the performance and resilience of food chains, especially in African and Middle Eastern countries that depend heavily on food imports, it said. The survey, which also included environmental indicators, found that green logistics is quickly gaining prominence in high-income and emerging economies.

FDI in India rises 34 % to $46.8 billion in 2011-12

Foreign direct investments (FDI) in India rose 34 per cent to a record $46.8 billion in 2011-12 helped mainly by overseas companies buying into Indian companies like the $9 billion acquisition Cairn's stake in Cairn India by London-listed Vedanta Resources, BP's $7.2 billion acquisition of a 30-per cent stake in Reliance Industries' offshore gas assets in the KG block and Vodafone's acquisition of Essar's stake in its Indian venture.

Overseas investors picked up undervalued Indian stocks amidst a drying up of investment opportunities in the West in the wake of the euro zone financial crisis.

India attracted FDI worth $8.1 billion in March 2012 alone, the highest ever in terms of monthly inflows, despite the so-called investor fears over retrospective changes in tax laws in this year's budget.

The official data, however, has not yet been released. FDI flows into the country were a mere $1.07 billion in March 2011. Tax haven Mauritius accounted for a third of the FDI flows into the country, though with a declining share compared with the 36 per cent in 2010-11.

Singapore followed with a 17.8 per cent share during the fiscal. Investments from Japan shot up by 83.6 per cent while investments from the UK more than trebled. Investments from the US, however, declined by 16.5 per cent during the year.

The service sector attracted the highest FDI during the year (April-February 2011-12) while fund flows into the pharmaceuticals sector saw a 15-fold increase. FDI in the petroleum sector also jumped significantly.

On the other hand, FDI into automobile, housing and real estate sectors saw a decline. Investment by foreign institutional investors (FIIs) fell around 43 per cent to $16.8 billion year-on-year.

India wasting 18 per cent of its fruit and vegetable production

India is the second-largest producer of fruits and vegetables in the world (after China) with 74.877 million metric tonnes production of fruits and 146.554 million metric tonnes production of vegetables for the year 2010-11.

However, about 18 per cent of the fruit and vegetables produced in the country, worth Rs44,000 crore, is going waste annually due to lack of proper cold chain storage infrastructure, minister of state for food processing industries Charan Das Mahant informed the Rajya Sabha recently.

"These were the findings of a study conducted by the Central Institute for Post Harvest Engineering & Technology, Ludhiana (published in 2010)," the minister said.

Replying to another question on the corrective measures taken by the government, Mahant said the ministry provides financial assistance in the form of grant-in-aid at the rate of 50 per cent of the total cost of plant and machinery and civil works in general areas.

Besides, 75 per cent of the cost of plant and machinery and technical civil works in difficult areas are provided subject to a maximum of Rs10 crore for strengthening and value addition to cold chain infrastructure.

Creation and management of cold chain infrastructure for agriculture has been identified as a thrust area by the prime minister, he said.

Other government agencies like the National Horticulture Mission (NHM), National Horticulture Board (NHB), Agricultural and Processed Food Products Export Development Authority (APEDA), National Cooperative Development Corporation (NCDC) and the state governments also provide assistance for cold storages under their respective schemes, he informed the house.

In comparison, China is currently the world's largest fruit and vegetable producer with a production share of 34 per cent. Despite strong domestic demand, China is among the four top developing country exporters of fresh vegetables.

China, Thailand, Chile and Turkey also account for 58 per cent of developing countries exports of processed fruits and vegetables, though developing countries share as a whole in the exports of processed products is low.

India and Netherlands sign Protocol Amending DTAC

The Convention between the Kingdom of Netherlands and the Republic of India for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income and on capital was signed on 30th July, 1988 (DTAC). Both India and Netherlands have concluded a Protocol to amend the Article 26 of the DTAC concerning Exchange of Information to bring it in line with the international standards.

On 10th May, 2012, India and Netherlands have signed the Protocol at The Hague, Netherlands. The protocol was signed by Ms. Bhaswati Mukherjee, Ambassador of India to The Netherlands and Mr. F.H.H.Weekers, state Secretary of Finance, Netherlands. The Protocol will replace the Article concerning Exchange of Information in the existing DTAC between India and Netherlands and will allow exchange of banking information as well as information without domestic interest. It will, now, allow use of information for non-tax purpose if allowed under the domestic laws of both the countries, after the approval of the supplying state.

India must spend 10 per cent of GDP on infrastructure: IDFC

India needs to increase infrastructure spending to 10 per cent of GDP to achieve and sustain economic growth at 9 per cent in the coming years, according to IDFC Projects Ltd, an arm of Infrastructure Development Finance Co Ltd.

"In order to sustain growth targets, this (investment in infrastructure) would need to increase further to over 10 per cent of GDP by 2017," IDFC Projects managing director Pradeep Singh said in a presentation at the annual meeting of Asian Development Bank in Manila, the Philippines. India's infrastructure spending is 8 per cent of its gross domestic product, as against China's 9 per cent, he said. India's GDP was $1.4 trillion at the end of March 2011.

IDFC is India's leading integrated infrastructure finance player providing end-to-end infrastructure financing and project implementation services.

Acknowledging that India has a long way to go in terms of meeting its infrastructure requirements, Singh said the 12th Five-Year Plan (2012-17) envisages $1 trillion investment in infrastructure. While the private sector is expected to invest at least half of this, around $500 billion, around $350 billion will come through debt and $150 billion in equity over next five years, he said.

Domestic funding sources, Singh said, will not be sufficient to meet these needs.

During the 11th Plan period ended in March, investment in infrastructure fell short of its target of $500 billion. Total investment during the past five years was about $425 billion, Singh said.

Despite the aggressive growth in the last five years, India's basic infrastructure ranked 86th in Global Competitive Report 2010 by the World Economic Forum, he pointed out.

Projecting India as an investment destination, State Bank of India chairman Pratip Chaudhuri said in his address to the ADB that qualified foreign investors are allowed to directly invest in Indian equity market. Moreover, the overall FII investment limit in government securities and corporate bonds has been enhanced to $60 billion. Chaudhuri said India has a well regulated banking system, with 98 per cent of the banks fully computerised.

TCS China ranked among "2012 Top 10 Global Service Providers in China"

Tata Consultancy Services's China subsidiary Tata Consultancy Services (China) Co. Ltd. has been listed among the "2012 Top 10 Global Service Provider in China."

The award was presented by the China Council for International Investment Promotion (CCIIP) in a high profile award ceremony held recently in Nanjing, China. The recognition, endorsed by global analysts firms Gartner and IDC, identified TCS as one among the best Global Service Providers in China.

"It is a great honour for TCS to be recognised with this prestigious award and to be placed amongst the leading service providers in China," said Qiqi Dong, CEO, TCS China. "We will continue to strengthen relationships with our local and multinational customers, drive innovation and, as exemplified by our recent inauguration of TCS China's sixth delivery center at Dalian, keep building the right infrastructure to help drive China's full potential as a global player in IT services, outsourcing and consulting."

The CCIIP, in tandem with China's 1000-100-10 initiative, has partnered with leading analyst firms IDC and Garner to launch a campaign aimed at identifying top global and domestic service outsourcing companies in China. The campaign led by a group of outsourcing experts aims at selecting 10 domestic service outsourcing companies, 100 promising companies and 10 MNC service providers on the basis of performance.

CCIIP is a national non-profit organisation responsible for promoting China's inward and outward investment in line with the country's economic strategies, with a view to advancing economic development and social progress. Founded by the State Council, CCIIP reports to the ministry of commerce.

Indian telecom user base rises to 952.91 mn in April

The number of telephone subscribers in the country rose 0.16 per cent, a meagre growth compared with that of previous months, which lifted the total subscriber base to 952.91 million as on 30 April 2012. The total user base in the country, which is fastest growing telecom market in the world, stood at 951.34 million as on 31 March 2012.

The overall tele-density in the country rose to 78.71 (telephones per 100 people) in April, an increase from 78.66 recorded during the previous month, according to data released by Telecom Regulatory Authority of India (TRAI). The total wireless subscriber base rose to 921.02 million, a 0.20 per cent rise from 919.17 million in March, taking the overall mobile tele-density to 76.07.

However, the wireline user base declined to 31.89 million as on end of April 2012, from 32.17 million a month ago, pulling the overall wireline tele-density fell to 2.63 in April (2.66 in March).

State-owned Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) hold 80.40 per cent of the country's wireline market share. Bharti Airtel, the country's leading operator by subscriber base, led the additions by roping in 2 million new subscribers. The GSM operator had a total subscriber base of 183.29 million at the end of the month. Idea Cellular, Aditya Birla group firm, witnessed the highest addition of 1.48 million new users, while Uninor, whose licences were cancelled, added 1.11 million users.

Almost all the telecom companies added users during the month, with Aircel adding over 1 million new users in April. Reliance Communications added 0.5 million, Vodafone India added 0.81 million, Sistema Shyam Teleservices added 0.2 million and Videocon added 0.15 million new users. The country's total broadband subscriber base rose to 13.95 million at the end of April 2012, a 1.13 percent rise from 13.79 million posted during the previous month. The yearly growth in broadband subscribers is 15.04 percent during the last one year (April 2011 to April 2012).

There are 156 internet service providers, providing broadband services, and BSNL tops the list with a 9-million subscriber base. Bharti Airtel (1.36 million) is in second position, while MTNL (1.05million) was at third position.

US, China to lead global tech innovation: KPMG survey

While India has made significant progress on innovation front, the US and China will remain at the forefront of global technological innovation with the cloud-enabled consumer technology and business transformation for enterprises leading the chart, a KPMG survey has said.

“Technology executives worldwide believe that China and the US will be at the forefront of technological innovation, with the cloud technology enabling both the next indispensable consumer technology and business transformation for enterprises,” it said. According to the survey, mobile technologies will continue to build on the cloud platform, providing breakthroughs to transform businesses. The ‘Global Innovation Survey’ by the consulting giant pointed out that India has also made significant progress in the path of innovation. KPMG surveyed executives from technology industry start-ups, mid-sized to large enterprises, venture capital firms and angel investors to identify disruptive technologies.

“India has made substantial and rapid strides on the path of innovation-based development and managed to adapt and implement a number of measures to support this development,” it said.

The Indian Government has also invested significantly in technology. Communication technology like 3G has already made a mark in the country and the introduction of 4G will be a key enabler for most of the businesses, the survey said.

European Council agrees on the seat of the Unified Patent Court

EU Commissioner Barnier welcomed the European Council's agreement on the seat of the Unified Patent Court – the final element in the patent package. In a statement he said: "I am pleased that the Member States have reached the long-awaited agreement allowing for the achievement of our initiative on the European unitary patent. The compromise reached today is a decisive step towards the creation of a unitary patent and a common patent court in Europe.

The reform will create a simpler application process and considerably reduce the costs for obtaining patent protection. All future unitary patents will eventually be available in all official EU languages, thus ensuring the dissemination of knowledge and benefiting inventors. I hope that Spain and Italy will also join the new regime soon. Europe is falling behind the US and China in number of patents granted. The new rules, once in place, will increase the potential for inventions and innovation within the European Single Market and reassert Europe's competitiveness. It is my hope and firm determination that the first unitary patent will be registered in 2014. The agreement paves the way for the European Parliament to vote. I would like to acknowledge the excellent cooperation that we had with the European Parliament".

Efforts to create a common patent applicable across all European countries have been made since the 1960s but for a number of reasons have never been successful. In 2000 the European Commission made a proposal to create a Community Patent through a Regulation [now 'EU patent' under the Lisbon Treaty]. The aim was to provide for a single patent title applicable in all Member States. In 2003 Member States agreed a common political approach but failed to reach a final agreement, including over the details of the translation regime. Following a wide-scale consultation in 2006, the Commission produced a Communication in April 2007 which confirmed the commitment to the Community patent and re-launched negotiations in Member States.

In April 2011, the Commission tabled proposals on the creation of a European patent with unitary effect (or "unitary patent") in the framework of enhanced cooperation. The unitary patent will allow patent protection to be obtained for 25 Member States (all Member States except Italy and Spain) on the basis of a single application and without further administrative formalities, like validation and translation requirements, in the Member States. It will give inventors and companies access to the markets of 25 countries, i.e. 400 million customers at a vastly lower cost, with far fewer administrative hurdles to overcome.

The Unified Patent Court (UPC) will be created by an international agreement of the Member States and will be competent to handle disputes concerning both future unitary patents and current "classical" European patents. The UPC will be a single specialised patent court, with local and regional presence around the EU. Instead of parallel litigation in national courts, the parties will be able to get a swift and high quality decision for all states where the patent is valid.

After the political agreement reached at the Competitiveness Council in December 2011, the negotiations on the entire package had been stalled due to a disagreement on the location of the seat of the central division of the UPC. Today's compromise agreement places the seat of the UPC's Central Division in Paris. Specialised clusters of the UPC’s central division will also be set up - one in London, the other in Munich.

This compromise should now allow the Council and European Parliament to take position as well as open the way to the signature of the international agreement on the UPC. The first unitary patents could be granted in April 2014. When in place, a one-stop shop for obtaining a patent having immediate effect in most parts of the EU's territory, combined with a single specialised patent court ensuring the highest review standards will be created.

Investindk.com among the best investment promotion websites in the world

A new report by the World Bank Group ranks Invest in Denmark no. 5 in the world in online investment promotion. The report shows that even though almost all national investment promotion agencies have an online presence, there is still a huge potential. Investindk.com could be a source of inspiration.

Investindk.com is one of the sites that most efficiently supplies potential investors with relevant information. One of the features highlighted, is the benchmarking tool that allows the user to compare Denmark with other locations. The assessments of IPI websites were conducted by a professional site selection company and evaluated against a fixed list of objective, best practice features.

Websites were judged for their technical strength, design quality, promotional effectiveness, and supply of information needed by investors when they are first compiling a long list of possible investment locations.

Calls for action throughout www.Investindk.com make it easy for the customer to take the next step and gather further information or get in touch with the right investment manager, no matter which region or sector. Invest in Denmark has offices in Tokyo, Shanghai, Seoul, Bangalore, Taipei, Munich, Paris, London, New York, Toronto and Silicon Valley and sound knowledge of ICT, cleantech and Life Science opportunities in Denmark.

Investindk.com also exists in a Chinese version targeting the growing amount of Chinese investors looking at Denmark. Among other recent novelties on the website are video cases with foreign companies explaining why and how they have successfully established themselves in Denmark. The site also includes a download section with relevant material about framework conditions, cleantech, life science, ICT, and the maritime industry as well as information about establishing a business in Denmark.
