

## EUROPE INDIA CHAMBER OF COMMERCE

***Celebrating the Past, Charting the Future: Commemorating 10 years of the EICC***

### **Trade and Investment Partnership Summit (TIPS) 2014**

***“EU-India Strategic Partnership: Beyond the Lost Decade”***

***What will it take for European and Indian Businesses to make it work?***

**20-21 November 2014, Brussels**

#### **Introduction:**

1. The Working Paper is designed to understand various dimensions of the European Union-India Strategic Partnership and how businesses can play an important role in filling the vacuum created by the lack of mutual understanding and compassion on the importance of the Partnership, and how the businesses can help the partnership meet its objectives. This Working Paper will serve as the background document for the Trade and Investment Partnership Summit (TIPS) 2014 being organized by the Europe India Chamber of Commerce (EICC) on the theme ***“EU-India Strategic Partnership: Beyond the Lost Decade: What will it take for European and Indian Businesses to make it work?”*** in Brussels on 20-21 November 2014. The objective of this Working Paper is also to bring out salient features of EU-India relations by analyzing the contemporary issues including the problem areas with a proper and objective analysis of the relationship.

2. The TIPS 2014 is being organized in partnership with ***Eurochambres / EBTC*** and in collaboration with ***Indian Chamber of Commerce*** and ***The Friends of Europe***. ***The Media India Group*** will be the Media Partner of the Summit.

3. The year 2014 marks the 10<sup>th</sup> anniversary of the European Union-India Strategic Partnership Agreement signed on 8<sup>th</sup> November 2004 during the Fifth EU-India Summit in The Hague. For EICC, this Partnership Agreement has a strategic importance as the Chamber was founded in the same year and with this TIPS 2014, it is commemorating its 10<sup>th</sup> anniversary in the service of promoting trade and economic relations between India and the European Union. Founded on 4 October 2004, EICC speaks for multilateral rule based trading system and improvement in European and Indian competitiveness. The chamber is realizing its mission through high level strategic dialogue and debate in which trade, commerce, economic and bilateral issues – political and strategic - are intensively discussed. EICC has been headquartered in Brussels from where it serves EU-India economic relations nationally and internationally. While the TIPS 2013 held on 16 October 2013 marked the 50 years of India’s engagement with the European Union, the TIPS 2014 celebrates 10 years of the EU-India Strategic Partnership.

4. The TIPS 2014 takes place just few weeks before the EU’s “Year of the Development Cooperation 2015”. Since 1983 the EU announces one topic to be in the core of its attention for that year. The European Year plays a special role in communicating within the EU about a specific theme and it usually allows for joint and national level events, organized by EU institutions, member states governments or civil society organizations. Throughout the year 2015, and throughout the EU, the European Year for Development Cooperation is likely to offer a multitude of great opportunities for development NGOs to mobilize new supporters, to engage with their governments and other stakeholders, to showcase their work, to develop joint lobby and joint projects and to enhance their public profile. The TIPS would be the largest business event in Europe promoting trade and economic relations between EU and India before the EU’s Year of Development Cooperation from the New Year 2015.

5. The objective of the Trade and Investment Partnership Summit (TIPS) is to build an 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, policy makers from Europe and India. The Summit will discuss strategies for promoting SMEs in EU-India Economic Cooperation; entrepreneurial spirit of Indian CEOs to help India face the challenges of change; putting Clean-Tech and Green Growth at the heart of Development Strategies; emerging trends in Renewable Energy; strengthening dialogue and consultation mechanism on the Intellectual Property Rights Protection in India; emerging business opportunities for EU-India Cooperation in the Higher Education System in India; meeting the Challenges of Urbanization through Infrastructure Development in India; EU-India Free Trade Negotiation; harnessing Intellectual Capital of Indian Diaspora for creating better understanding in business and culture. The summit 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 Summit will make comprehensive overview of India-EU relations in content and context and will suggest ways to give it a strategic dimension, offering an unparalleled access to a full spectrum of industry leaders, business executives, representatives of the European Commission to share their views on issues related to trade and investment.

#### **The Strategic Partnership:**

6. During the 2005 Summit, the EU-India Joint Action Plan (JAP) was adopted and was reviewed in 2008, which defined common objectives and proposed a wide range of supporting activities in the areas of political, economic, and development co-operation. According to JAP, EU and India in 2005 zeroed on following priority areas: Strengthening dialogue and consultation mechanism; Deepening political dialogue and cooperation; bringing together people and cultures; Enhancing policy dialogue and cooperation; and Developing trade and investment.

7. With the change in time EU-India partnership has entered into a new era and to match with the demand of time the JAP was revised. Following new areas of importance was included in 2008: Promoting peace and comprehensive security; Promoting sustainable development; Promoting research and technology; Promoting people to people and cultural exchange. In both the JAPs one thing is worth notable that lot of significance was given to people to people and cultural exchange. However, the People to people contact between Indian and the EU has yet not developed, as it is the case with the America and Canada. There seems a general lack of awareness about the EU in India and with Europe people usually relate with Britain, France and Germany and that too because of obvious historical and cultural reasons. This is not a good sign for the EU-India ties as lack of people to people contact is most important aspect of foreign relations. People's perception matters immensely in the making of the foreign policy for any country.

8. The 2006 Summit endorsed a proposal to prepare for the negotiation of a Free Trade Agreement (FTA), negotiations which is ongoing to this day. Joint Declarations adopted over the years on areas as diverse as international terrorism, energy, science and technology, and education have defined a substantial positive agenda for cooperation which is allowing the EU and India to reach concrete and tangible deliverables. The importance of the strategic partnership lies in the fact that both India and the EU share common vision for a democratic, multi-cultural and multi-polar world order. At a time when new economic and security architecture is evolving in Asia, EU's engagement in the continent is incomplete without partnering India. Similarly, India has to engage with liberal, democratic and globalizing Europe for its own benefits. Considering commonality of vision, contemporary international scenario and future stakes, the India- EU relationship is of paramount importance for both sides. Considering the progress made in the India-EU relationship there is general perception that miles had been covered and things are on the right track. There is nothing wrong for those who subscribe to the above viewpoint but all is still not well.

9. In analyzing India – EU relationship considering its strength but also from a critical perspective to understand the prevailing lacunae, which are perilous hurdles and blocking the potential of the India-EU relationship, it is important that future challenges and its relationship is duly understood by both the continents. In the last fifty years, EU-India relations have come far and wide than many could have

imagined with several bilateral cooperation agreements been signed. This relationship was primarily based on the commercial cooperation agreement but with the passage of time, developed into a strategic partnership in 2004. However, this has failed to push them to solidify their strategic partnership and make it work effectively. This cooperation, however, has been fluid and unpredictable due to lack of vision and quest on both sides. The EU, now a block of 28 nations, is presently regarded as the most successful exercise in regionalization to date and role model for the other projects around the world did not had a comprehensive policy for South Asia and this is one of the reasons why India-EU relations has remained ceremonial.

### **Is the Partnership a “Non-Performing Asset” - Problems, Prospects and Challenges:**

10. The picture above appears very optimistic but there are some critical issues pertaining to the EU-India relations which are needed to be focused for the comprehensive understanding to this topic. It is interesting to note that both in Europe and India there are number of school of thoughts who are yet to give relevance to the EU-India ties. According to one school of thought in Europe, “India’s new middle class and its foreign policy elites remain much more focused on the US and Asia rather than on Europe. Likewise a school of thought from an Indian perspective raised several questions on the EU’s role in the world politics. These analysts are not wrong while making comment on the EU-India tie and on close examination several lacunae cannot be identified. In some quarters it is felt that the Strategic Partnership is a “Non-performing asset” which if allowed to drag may not be good for both the continents.

11. It is hard to locate one example where India and the EU had jointly played a substantial role in resolving any international crisis. Theoretically both New Delhi and Brussels have some common point regarding the world politics but a common action is yet to be started. India and the EU can play a vital part in West Asia but the EU due to its over dependence on the US for the security issues never tired of looking for any international collaboration which is not driven by Washington. These are some of the glaring lack of vision on the foreign policy front and India and EU both have to rectify such gap to emerge as true strategic partners at the world level.

12. India- EU relations has travelled a long distance but has not achieved any milestone. The point of satisfaction is that the ball is rolling with the steady pace. There are potential areas, explored agendas and common grounds to be covered by India and EU. There is no lack of political willingness by both the sides to develop a strong strategic partnership but the development is slow. EU needs to regard India as one of the important player not only at the regional level but also at the world level. Joint programmes apart from academic sphere have to be developed and in this India also share the responsibility. It is generally witnessed that Indian foreign office is yet to get the EU orientation and still prefer to deal with member states rather than with the organization as one single body. A little effort from Brussels and New Delhi can change the picture and let hope that future will testify this assertion. To sum up theoretically EU-India relationship is on the right track but practically there is a need for further collaboration especially on the pertinent issues of international relations; EU-India relationship had made progress in past and has good future; the worldview of India and EU are similar; some critically questions raised by civil society members on the FTA, should be taken seriously both by India and the EU. Also the following issues should be analyzed: Why India EU relationship remained very formal till the end of the cold war? What are the main points of the EU-India strategic Partnership? Has India been benefitted by the development grants of the EU? What led to the change in Indian foreign policy? Which treaty greatly influenced the foreign policy of the EU and how?

13. In these uncertain times and economic slowdown, Europe needs greater economic and political integration to maintain the four pillars of freedoms, the principles on which the foundation of EU is based – the freedom of movement of people, goods, capital and services. EU and India are well placed to address these emerging challenges provided there are framework conditions in place that encourage these linkages. It is in this respect that EU and India need to demonstrate the political will and maturity to work for common ambitions in the areas that will dictate and determine the 21st century. To achieve this, India will need to seize the opportunity to reinforce mutual economic synergy and strategic alignments. Without active Indian efforts in this direction, the India-EU relations may not live up to its full potential for either party. Against this geopolitical and economic backdrop, EICC has a role to play for enduring friendship between declining Europe and the rising India.

### **Dynamics of Economic Interaction:**

14. The EU has an over-arching interest in India's rapid, inclusive and sustained economic growth and development. India's continued economic progress will be essential to its emergence as a major power and true strategic partner to the EU, its central role in bringing peace and prosperity to South Asia, and its ability to help shape a durable Asian balance of power. The economic reforms instituted by India over the last two decades have created a private-sector-led development alternative to China's state-led model. If India is successful in expanding steadily the economic growth process to benefit its very large population of poor people, it will be a powerful counter example to China's approach in the global debate over which economic development model – liberal or authoritarian – delivers the greatest overall benefit for its people. India's expanding commitment to open markets at home and its increasing integration into the global economy gives it an ever-deepening stake in an open global economy. India's economic growth is also be directly important to EU's economic growth and prosperity in the decades ahead.

15. India is one of the few major economies in the world, along with China and Brazil that is fueling global economic growth during a likely prolonged period of slow growth. In the years ahead, EU economic recovery will depend on rapid growth outside the EU. India's consumption- led growth will help take up the slack in global demand created by the recession and sluggish recovery in the industrialized countries. India's growth will also continue to provide important trade and investment opportunities for European companies and investors with potentially high and sustained returns. As India improves its infrastructure and regulatory environment, it will become, over time, a new low-cost global manufacturing center as China's cost structures increase and offer new opportunities for American private investment. Similarly, agricultural reform in India would create new avenues for Europe investment. With its high-skilled workforce and successful technology companies, India has emerged as an advantageous location for research and innovation by global firms and/or their Indian partners. The trend toward partnering with Indian companies for globally applicable research and development is already evident in the information technology and pharmaceutical sectors.

16. Major Indian Companies are increasingly investing in Europe, offsetting in part declines in investment from European and Japanese companies. The increases in EU-India economic interaction; although not so dramatic, over the last 10 years were initially made possible by the actions of the two governments – most importantly, India's reforms and the EU's role in facilitating bilateral investment and trade flows. The evolving EU-India strategic partnership holds great potential for both countries. India's economic growth and its ties to the EU can assist its global rise, which contributes to keeping the peace in Asia, provided New Delhi and Brussels sustain concerted cooperation. And India's emerging markets promise to be the key instrument for enlarging India's power while remaining a rich opportunity for EU and global businesses.

### **Euro Debt Crisis and India - Wasting Opportunities:**

17. Although recent market data in Europe have pointed to possible signs of recovery, the European debt crisis is still nowhere close to going away. What's more, during the past half a decade, prosperity levels have stagnated or fallen so dramatically across Southern Europe – that even if the region would ultimately recover, it will be a far different Europe from what we've known from the past. The Eurozone debt crisis has doubtlessly impaired the EU's potential to ability shape global affairs. However, the extent of the negative effects of the debt crisis for Europe's ability to influence international affairs will only become fully visible in the years ahead. In this respect, it is crucial to acknowledge that the EU's global influence has always been a function of two elements: its status as a role model of a well-governed area and its superior economic performance. However, in the wake of the debt crisis, the EU has arguably failed to lived up to the standards of a well-governed entity and it remains to be seen how the current crisis will affect Europe's economic performance in the long-term.

18. The preoccupation in Brussels and EU member state capitals with negotiating the modalities of bailout funds and new fiscal rules for the Eurozone consumes a lot of attention and resources normally devoted to formulating common European foreign policy positions and diplomatic strategies. It is also true that the debt crisis has undermined the EU's "power of attraction" in international affairs, nevertheless, it would be misleading to depict the EU as the reason for a decline in Europe's global

influence. Indeed, if there is one lesson to be learned from the current Eurozone debt crisis it is that Europe needs greater political integration in Europe rather than less Europe to effectively tackle the political and economic challenges of the 21st century.

19. For a long time, the EU's social and economic model has been seen as a positive alternative to the economic development models around the world. The EU seemed to be able to balance social justice and sustainable development, while acting as a different kind of power in international affairs. The failure of the EU's economic model has reduced its attraction to other countries which are less likely now to endorse a leadership role for the EU. Most BRICS countries and part of the developing world consider the EU now as a problem, rather than part of the solution, due to the risks the EU debt crisis poses to global economic growth.

20. The Eurozone debt crisis has affected capital flows into India in the form of Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII) as well as remittances. However, there does not seem to be an adverse impact of the Eurozone crisis on the FDI stocks from Euro Area into India. The demand for exports from Euro Area has also dampened and India is feeling the impact due to share of exports in GDP and on the other hand, the FDI flows to India from Euro Area seemed to have diminished. India is likely to be in a low-growth regime since the Euro zone crisis will have affected their growth potential.

#### **Different Dimensions and Need for a Robust Intellectual Input:**

21. Negotiating a trade or an economic treaty with the European Union is not an easy job given the combined interest of the EU block the EU negotiators keep in mind. At the same time, negotiators in India too have to look into the broader spectrum of the issues that will have effect on the economy of the country. India's road to free trade with the world has been bumpy and slow. Partly, this is because the Doha round of the World Trade Organization negotiations, while still technically alive, is pretty much on life support. However, it is also true that bilateral and multilateral negotiations with big trade blocs like the European Union (EU) and the Association of South East Asian Nations (Asean) have faced many hurdles. Some of these are the product of domestic political exigencies that come in the way of attempts to open up trade everywhere. But much of the reason is that, simply put, the Indian state's lack of capacity hampers its ability to move forward speedily with delicate negotiations. That's partly why the agreement with Asean to extend free trade to services and investment took several additional years to be concluded, although the broad principles were largely agreed upon early on. And it's also partly why trade with the EU continues to stagnate, as the India-EU free trade agreement still waits for finalization. Meanwhile, India's exporters continue to suffer from collapsing markets, adversely affecting domestic growth and employment.

22. This problem extends beyond trade negotiations. At major international meetings India finds itself struggling to take the lead in breaking the impasse between the global major powers thus giving space to China and Brazil because its negotiating teams, while expert and well-briefed, are not as deeply staffed as many others. This is partly why India has been unable to avoid being bracketed with the positions taken by the team from China and other BRIC countries, where state capacity in multilateral negotiations has never been a problem.

#### **Time is Running out, but Hope Floats:**

23. The time-lines for a possible India-EU bilateral trade and investment agreement are getting tight with both sides supposedly failing to close the deal on some critical issues. While this could risk hurting several years of negotiations that have been undertaken by both sides, it is also important to note that the final deal should be based on a clear win-win for both partners. First, it is important to note that an agreement can be beneficial for both sides if it is balanced and addresses the sensitivities that have been highlighted by the two partners. But time is of essence and the 28-nation European Union (EU) and India should now look at arriving at a consensus on issues soon, if an agreement has to be signed.

24. Once the negotiators finish their negotiations the two sides may require some time to complete the legal document and then clearances would be needed which could take time. The EU would take longer to get clearances, as its processes take more time. A delay in completing the negotiations soon

could possibly mean that an agreement, if at all, would be put off by about a year or two. The year-long hiatus would be prompted by the fact that elections in India are expected to be held in the middle of next year and by the time a new government takes charge it would be time for the current European Commission to pack up. Therefore, negotiations can begin again, if at all, only in early 2015. The EU is India's largest trade partner and a trade deal can be beneficial for both sides. Negotiators surely know this but what seems to be holding back the deal is the level of ambition that some sectors are hoping to achieve. An important area of divergence seems to be in the auto sector. Various reports seem to suggest that the EU is keen on getting a zero-duty offer from India in this sector.

25. The EU will need to realize that even a slight opening, if achieved, can be a good starting point for future discussions. Given the current state of play, some sectors in India need to take a more proactive role if they wish to see a conclusion to a bilateral free trade agreement (FTA). Some of the obvious gainers in India from such a deal include the information technology sector and the textiles and clothing sector. Interestingly, one does not see much of a public stand by either of these sectors in advocating an early conclusion towards a deal.

26. The current deadlock, therefore, provide us with some pointers to help make such trade agreements far more effective and worthwhile for the government and the industry. First, the industry needs to play a far more proactive role during such negotiations. This is especially for sectors that stand to gain from FTAs. Their role should not be limited to back-room lobbying but a more public positioning of their support for a deal. This will help build public opinion in favour of FTAs. As of now, public positioning by the industry for an agreement is more focused on the negative impact rather than about the opportunities that such deals would provide. This vitiates the environment for any FTA. Second, the industry needs to start track two with counterparts in the other country/countries, as soon as official negotiations begin to ensure that the feedback to negotiators is based on a better understanding of the industry position on the other side. Third, the industry should desist from adopting a "one-size-fits-all" approach with all trade partners. This seems to be a case in some sectors that have taken a defensive view for nearly all the FTA negotiations. Fourth, foreign investors in India need to play a more active role in providing inputs to the government when such negotiations take place.

#### **EU-India Partnership, Quest for a Future:**

27. It has been seven years since the European Union and India launched negotiations on a free trade agreement on goods, services and investment, the deal yet seems far away with both sides struggling to resolve a number of issues. This long pending negotiations may not see the light of the day during this year due to several internal and external factors - India goes for Parliamentary Election and the EU its own Parliamentary Election and forming of a new European Commission - the two emerging developments is likely to influence India's trade policy with EU at large. The free trade agreement officially dubbed Bilateral Trade and Investment Agreement (BTIA) seeks to sharply reduce tariff on goods and liberalize services and investment provisions. This agreement is likely to help Indian companies to expand into the EU, the country's largest trade partner as Europe too wants a market for 1.2 billion potential customers. The two way trade stood at \$91.3 billion in 2011 and is likely to double to over \$207 billion in the next five years if the trade pact is signed.

28. The two developments are going to force shape India's trade policy: the ongoing negotiation on the EU-US Transatlantic Trade and Investment Partnership (TTIP) and EU and China agreeing to negotiate a bilateral investment treaty (not a full-fledged FTA) to boost access to each other's markets in order to increase their bilateral trade from \$580 billion to \$ 1 Trillion by 2020.

29. The EU has an interest in working more closely with India and in assisting its further emergence as one of the world's great powers. This will require policy changes by both the EU and India. Many of these challenges will be difficult, and some differences may endure. But the potential gain is worth the effort. Now is a critical time in this partnership, a moment to transform past bilateral accomplishments into regional and global successes. It is widely believed that rapid expansion of ties has stalled, past projects remain incomplete, few new ideas have been embraced by both sides, and the forward momentum that characterized recent cooperation has subsided. EU-India Annual Summit did not take place during the year 2013 which has further pushed the two partners guessing their own position and there is a sense

among observers in both countries that this critical relationship is falling short of its promise. Therefore it is important and critical to rejuvenate the EU- India partnership and put this on a more solid foundation. The relationship requires a bold leap forward. The EU-India relationship should be rooted in shared interests and values and should not be simply transactional or limited to occasional collaboration.

30. It is widely accepted that the economic relationship between the EU and India has grown significantly in recent years but continues to fall short of its full potential. Freer flows of trade and investment between the two countries would increase prosperity, create jobs and embed the overall bilateral relationship in a web of private sector ties. Growing trade and investment creates stakeholders in both countries, constituents who see the benefits of deepening the relationship and can help maintain continuity during times of overall stasis or occasional stress.

31. The EU and India should prioritize the need to advance the multilateral trading system. They can accomplish this by adopting bilateral trade and investment measures that they would like to see other countries emulate. This should begin with the signing of the long pending free trade agreement. To further enhance bilateral trade flows, the EU and Indian governments should convene regular meetings of business leaders of various sectors to harvest specific ideas, including on such issues as green technologies, agricultural production, collaboration in higher education, and the protection of intellectual property. The EU should also liberalize its visa regime so that additional talented Indians can contribute to its economy. It is also important that India takes several steps of its own. To encourage greater economic activity with the EU, the Indian government should establish robust rules for protecting patents and other intellectual property and adequately enforce those rules. It should also increase access to the Indian market by lowering tariffs, eliminating off- set requirements, increasing investment caps and facilitating business visas.

32. While in the realm of national security, India and US are may have closer convergence of interests, with EU's increasing interest in Asia, there is an opportunity for EU, India and US to develop an axis of partnership. Progress also requires vision. In this young century, the EU and India must articulate an ambitious agenda of cooperation that will serve both countries for decades to come. Acting as strategic partners, the two countries can better promote peace and stability in Asia, increase the prosperity and economic.

33. The evident underperformance of the EU-India partnership points to more fundamental deficits on both sides that impact on their explicit or implicit global power ambitions. In the case of the EU, this deficit remains first and foremost a capability gap. Brussels has spelled out its vision for a strong EU role in global governance, yet continues to lack the competences necessary to fully commit Europe on most political and security matters. In order to advance from its present status as a great economic power to being a global strategic player, the EU will have to move much closer toward political union at home. In its present state, it is more aptly described as a "partly submerged" than as an emerging power. This capability gap will not only continue to limit the scope and intensity of cooperation with India but the EU's other strategic partnerships as well.

34. Eyed through the prism of the EU-India partnership, India's great power deficit appears to be less one of ability than of political will. Though its impressive democratic credentials, benign record, and its former role as the standard-bearer of the Non-Aligned Movement earn India high political credibility in most parts of the world on top of its growing economic stature, it seems reluctant to capitalize on this. Unwilling to break with the creeds that have guided its foreign policy since independence but, rather, trying to conserve them by adapting them to the emerging new multipolar order<sup>61</sup> India remains wary of assuming global responsibilities that might impose limitations on the options available for pursuing its own immediate national interests. There seems wide acceptance in the body politic of the idea that India must lead by "the power of its example" and "its ability to stand for the highest human and universal values," but less consensus on the implications for the positions to be taken at the UN and in other multilateral settings. While India is becoming comfortable with its new weight as an emerged power, it does not appear quite ready yet to step up to the plate as a co-manager of the global order.

India and EU have immense potential in coming future however the success to realize this potential will depend on their ability to tackle their domestic challenges. For EU that will involve becoming a true union of 27 nations with different cultures and preference that would easier said than done. For India to become a true global economic and political power it too will have to deal with domestic challenges like tackling corruption, creating world class infrastructure and bringing the poor and vulnerable sections into economic mainstream so that they benefit from faster economic growth.

35. While Europe has a number of institutions, think tanks and academic departments that are engaged in studying various aspects of political, economic, social, cultural and developmental issues of European countries, there is however no such institute exists in Europe which is exclusively engaged or active in the context of EU-India contemporary relations. There are think tanks such as Friends of Europe with which the EICC had associated in the TIPS 2013, and FRIDE but in general terms they address India within the broader global context or in the context of Asia. In this respect the “Foundation for Excellence”, the establishment of which was announced during the TIPS 2013, is likely to fill this vacuum to a large extent. This institution will leverage the intellectual resources of Indian Diaspora and the goodwill of scholars, academics, social scientists and corporate movers in enhancing mutual understanding. Bringing together creative thinkers and intellectuals in areas that have overlapping research interests in order to evolve common policy initiatives between EU and India.

#### **Dimensions and Economic Impact of a Transatlantic Free Trade Agreement on India:**

36. While we discuss EU-India economic relations, it is also important that we take into account the EU-US economic relations as this has its effect on India. The EU and the US have decided to take their economic relationship to a higher level by agreeing to launch negotiations for a comprehensive trade and investment agreement. The Transatlantic Trade and Investment Partnership (TTIP) is the name of a trade agreement that is going to be negotiated between the European Union and the United States. The negotiations will aim at removing trade barriers (tariffs, unnecessary regulations, restrictions on investment etc.) in a wide range of economic sectors so as to make it easier to buy and sell goods and services between the EU and the US. The EU and the US also want to make it easier for their companies to invest in each other's economy. TTIP is a trade and investment agreement under negotiation between the EU and the US and is designed to drive growth and create jobs. Independent research shows that TTIP could boost: the EU's economy by €120 billion and the US economy by €90 billion; and the rest of the world by €100 billion. The TTIP will likely bring significant economic gains to the EU (€68.2 billion to €119.2 billion a year) and the United States (€49.5 billion to €94.9 billion a year). According to the most optimistic estimates, this will translate to an extra €545 in disposable income each year for EU families and an extra €655 per family in the United States.

37. European Union exports to the United States are projected to rise by 28 percent, equivalent to an additional €187 billion worth of exports. United States exports to Europe will increase by 36.57 percent, equivalent to €159 billion worth of exports of goods and services. The EU and United States exports to the rest of the world will also increase by an estimated €33 billion. Overall total exports will increase by 6 percent in the EU and 8 percent in the United States, equivalent to growth of €220 billion and €240 billion for the EU and the United.

38. The central point of criticism on a comprehensive agreement between the EU and U.S., is that such a trade deal would put third countries at a disadvantage as this would jeopardize the functioning of the World Trade Organization (WTO) and hinder the successful conclusion of a multilateral agree- (Doha Round). However, modern empirical research points at the possibility that the conclusion of important bilateral agreements actually increases the incentives of third parties to achieve further liberalization steps at the multilateral level. Both the EU and the US maintain a number of free trade agreements, which typically cover both trade in goods and services. According to data published by the WTO, the United States maintains 14 bilateral agreements, some of which involve several countries (NAFTA, which includes the United States, Canada and Mexico; CAFTA, which involves a number of Caribbean States). The EU has a total of 35 bilateral agreements. Korea, Mexico, Canada, Singapore (not yet in force), Israel, and Chile all have bilateral agreements with both the EU and with the US. However, an agreement between the EU and the USA would be unprecedented in terms of its sheer dimension. It would create a



free trade area representing nearly 50% of global economic output, with only 11.8% of the world population.

39. Given the size of the combined EU and United States economies, the enormous expected gains from the TTIP and its ambitious strategic intent, the TTIP has already had a strong “spillover” effect on international trade patterns, thus deeply affecting India. In short, even though the future of the TTIP is still uncertain, its effects are already being widely felt. Judging from the content and objectives of the negotiations, it can be seen that the TTIP is intended to preserve some international economic and trade rules while rewriting and establishing others. The primary objective of the TTIP is to rewrite and establish international rules on the basis of the bilateral agreement that will eventually be reached. It can be inferred from Europe and the United States’ history of dominating the establishment of international rules that the two parties will start by harmonizing mutual trade and investment rules, and then, facilitated by their superior position in the world economy and its various institutions, expand these rules onto multilateral and institutional levels and platforms. This will lead to their continued dominance over the global economic governance structure. Based on current negotiation objectives, the establishment of rules can mainly take two paths. The first is to set rules concerning “IPR protection”, “government subsidies” and “state-owned enterprises” in traditional industries, while safeguarding domestic and international trade patterns and policies in the name of “liberalization” so as to cripple the competitiveness of “non-liberal economies”. And the second path is to set rules in e-commerce, new energy and the environment so as to claim rule-making authority in important emerging industries. These are the real connotations of the EU and United States’ catchphrase of “driving the multilateral mechanism forward through bilateral approaches”, which they have promoted since the stagnation of the WTO Doha talks. However, the success of the WTO Bali Ministerial Meeting during December 2013 has strengthened faith in the multilateral trading system in general amid proliferation of regional and plurilateral trade accords, and in the negotiating function of the WTO in particular. Trade facilitation measures alone could give a significant boost to international trade because as production processes and supply chains become increasingly globalized, many goods now cross borders multiple times during assembly. According to the WTO, today more than 50 percent of the merchandise trade is comprised of parts, components and other intermediate goods. In Asia, the figure is above 60 percent. The deal, which could add about \$1tn to world trade, gives developing nations more scope to increase farm subsidies. At present, the TTIP has gained huge attention from other countries, largely due to its implications for global economic governance level.

#### **The External Factor in the EU-India Relations:**

40. The European Union’s relations with India has been hampered by both Brussels’ limited foreign policy capabilities and by competition among member states. Difficulties have been accentuated by unrealistic expectations of shared objectives with its strategic partners. China in particular has been able to capitalize on European disunity, misperceptions, and lack of resolve.

41. In spite of different degrees of daily attention devoted by the EU to China and India, there are congruencies and similarities in the issues that define the relationships between Europe and China and Europe and India, the policies adopted by Brussels and the underlying political philosophy, and the problems both partnerships have encountered. At the same time, there are noticeable differences. With both relationships maturing at a time when Europe itself is going through difficult times affecting its economic and political leverage in Asia and elsewhere, will these differences become more pronounced? And what are the long-term perspectives for both partnerships? Although the growing profiles of China and India as global political players in addition to the sheer size of their economies and the opportunities this promises for European companies provided compelling reasons for formally upgrading the EU’s relationships, this step came about in different ways.

42. In the case of India, on the other hand, a formal political partnership declaration was further substantiated through a detailed Joint Action Plan covering the whole range of EU-India relations. One important reason for this different approach can be found in the great emphasis the EU-India documents put on shared beliefs and values: democracy, pluralism, rule of law and human rights. This underpinning is so far missing in the EU’s strategic partnership with China.

43. Brussels overtures to New Delhi might have been directed by greater expectations of common ground as compared to Beijing, but its relationship with both Asian powers has since been exposed to a series of reality checks. This includes trade and investment matters, the scope for political cooperation, and the lack of convergence on global governance issues such as tackling climate change. Given the gap between intent and outcomes produced so far, critical observers have questioned whether the EU's partnerships with China and India can be called strategic at all.

44. The greater openness of the Indian market, however, does not make Europe's economic relationship with the subcontinent automatically low maintenance or free of conflict. While many of the regulatory problems and the endemic red tape and corruption European operators face in India are more or less shared by its indigenous competitors, the government continues to bar or limit foreign ownership in key areas, notably in the service sector, and props up public enterprises through a complex system of cross subsidies.

#### **How Businesses can help the Strategic Partnership Work?**

45. While their relationship has a great deal of potential, it has underperformed. The ambitious agenda of their Joint Action Plan, originally signed in 2005 and updated in 2008, is long on shared fundamentals and abstract political objectives but short on specifics and deliverables, and devoid of timelines. Both the EU and India find it difficult to commit to a clear-cut common agenda with specific goals. And there are fundamental deficits on both sides that impede their explicit or implicit global power ambitions as well as their abilities to effectively work together. In the case of the EU, the deficit is first and foremost a matter of capabilities. Brussels has spelled out its vision for a strong EU role in global governance yet continues to lack the competences necessary to fully exert itself on most political and security matters. This capability gap will continue to limit the scope and intensity of cooperation with India as well as the EU's other strategic partners.

46. India's greatest deficit appears to be less one of ability than of political will. With impressive democratic credentials and a benign record, and as the former standard-bearer of the Non-Aligned Movement, India has earned a high degree of political credibility in most parts of the world on top of its growing economic stature. Still, New Delhi remains wary of assuming global responsibilities that might impose limitations on the options available for pursuing its own immediate national interests. A chronic lack of diplomatic manpower further compounds this reluctance.

47. Above all else, there is only partial overlap between what each side hopes to get out of the partnership. India and the EU share common objectives, but these relate more to general principles for the global order than to details and deliverables. Geopolitical distance and each side's preoccupation with its own neighborhood contribute to a lack of genuine shared interests—aside from the fight against terrorism and piracy.

48. Though the EU and India have built a multi-tiered institutional architecture to expand their partnership, its substance can still hardly be called "strategic." To justify that term, it would need to move beyond the bilateral and from dialogue to joint action on a regional or multilateral level. Signing the overdue EU-India Free Trade Agreement is one such step that could help revitalize the relationship. If this were to be shelved, however, the whole EU-India partnership would slide into long-term hibernation. To achieve the full potential power of their relationship, the EU and India must push forward on trade negotiations, carry out a critical and frank review of the whole partnership architecture, recruit more stakeholders—from lawmakers and civil society members to business leaders—into the dialogue, and shore up sources of funding for joint initiatives. Without concrete action, the partnership is at risk of stagnation and political marginalization.

49. EU-India business relations must become the heart of the EU-India partnership. In order to make the Strategic Partnership really strategic and working, there is a need for deeper industry collaboration between the EU and India and the need for political leadership to step up and create transparent, predictable, and consistent business environments in both countries.

50. Some of the recent developments which have caused great concern and posed challenges in the relationship to investors are India's tax policy, local manufacturing restrictions, and challenges to innovation and intellectual property. India has an opportunity to grow its pharmaceutical industry, foster innovation, and create competition. It's in everyone's interest to find solutions with the private sector.

51. Although an extraordinary growth in business ties and bilateral trade and investment have been witnessed, the EU-India economic relationship has not achieved its full potential. The negotiation of a Bilateral Trade and Investment Agreement would be an important step to addressing barriers to investment and would promote the rule of law and stability at a time of great uncertainty in the global economic environment. Where both share common interests and competitive strengths, such as in high technology, the United States and India should not only mutually eliminate barriers in their own markets, but also move together to open markets globally. Taking this thought forward, Indian companies, too, should look at these agreements as stepping stones to build value chains across countries.

52. India needs to expand the basis for collaboration. Indian policymakers should appreciate that the best way to deepen the EU commitment to the partnership is to work concertedly with Brussels. It should undertake planned second-generation economic reforms and should do away with archaic protectionist policies and openly embrace economic reforms. It should encourage foreign direct investment (FDI) in those sectors where FDI is currently not permitted and increase the caps on FDI in those areas where it is currently allowed. India ought to take advantage of the wealth of technologies available only to Europe's closest partners and establish greater operational ties with the EU States to boost its military effectiveness without forfeiting strategic autonomy. At the same time Europe should take urgent steps to ink a free-trade agreement with India. Brussels should pursue such an accord on a specified deadline while negotiating various arrangements to lower bilateral trade barriers in the interim. The EU should sustain leadership attention and even if New Delhi does not reciprocate every EU initiative and retains its traditionally independent foreign policy, the EU should devote senior leadership attention and create effective bureaucratic arrangements to expand the relationship with India.

53. India today, is dependent on foreign capital to finance an uncomfortably large current account deficit, at 4.8% of the GDP. India's business climate appears rather bleak and serious intervention is needed to improve its standing as a good business destination. India's business spirit, momentum and intent need to be sustained. On the back of gloomy policy environment domestically and tightening liquidity internationally, FDI inflows in 2012-13 has fallen 38 per cent over the previous year. The slew of economic reforms initiated during last one year have been adequate but not sufficient.

#### **Commonality of Interest and Shared Vision can make it Work:**

54. On the state of play and current thinking on EU-India economic relations, Chamber's perspective is that most of the longstanding irritants in the relationship have moderated as a result of several economic reform policies during the last two years. Given the significant interest in the economic relationship and the structural factors moving India and its economic system more into the direction of global incumbents' economic policies, the atmosphere for building further confidence in policy cooperation between EU and India is relatively getting stronger. These conditions however will not last forever, and whether there is sufficient goodwill in the relationship to offset the challenges likely to arise from the period of painful economic adjustments soon needed on both sides depends on what the two sides do now to demonstrate mutual interests. Both EU and India should reinvent potentials for their long term interest rather on concentrating on regional and smaller issues.

55. The EU has an interest in working more closely with India and in assisting its further emergence as one of the world's great powers. This will require policy changes by both the EU and India. Many of these changes will be difficult, and some differences may endure. But the potential gain is worth the effort. Now is a critical time in this partnership, a moment to transform past bilateral accomplishments into regional and global successes.

56. It is widely believed that rapid expansion of ties has been stalled, past projects remain incomplete, few new ideas have been embraced by both sides, and the forward momentum that characterized recent cooperation has subsided. EU-India Annual Summit did not take place during the

year 2013 which has further pushed the two partners guessing their own position and there is a sense among observers in both countries that this critical relationship is falling short of its promise. Therefore it is important and critical to rejuvenate the EU- India partnership and put this on a more solid foundation. The relationship requires a bold leap forward and this should be rooted in shared interests and values and should not be simply transactional or limited to occasional collaboration.

57. The economic relationship between the EU and India has grown significantly in recent years but continues to fall short of its full potential. Freer flows of trade and investment between the two countries would increase prosperity, create jobs and embed the overall bilateral relationship in a web of private sector ties. Growing trade and investment creates stakeholders in both countries, constituents who see the benefits of deepening the relationship and can help maintain continuity during times of overall stasis or occasional stress.

58. The EU and India should prioritize the need to advance the multilateral trading system. They can accomplish this by adopting bilateral trade and investment measures that they would like to see other countries emulate. This should begin with the signing of the long pending free trade agreement. To further enhance bilateral trade flows, the EU and Indian governments should convene regular meetings of business leaders of various sectors to harvest specific ideas, including on such issues as green technologies, agricultural production, collaboration in higher education, and the protection of intellectual property. The EU should also liberalize its visa regime so that additional talented Indians can contribute to its economy. It is also important that India takes several steps of its own. To encourage greater economic activity with the EU, the Indian government should establish robust rules for protecting patents and other intellectual property and adequately enforce those rules. It should also increase access to the Indian market by lowering tariffs, eliminating off- set requirements, increasing investment caps and facilitating business visas.

59. Progress also requires vision. In this young century, the EU and India must articulate an ambitious agenda of cooperation that will serve both countries for decades to come. Acting as strategic partners, the two countries can better promote peace and stability in Asia, increase the prosperity and economic opportunity of our populations, tackle key transnational issues like terrorism and climate change, embark on a close and enduring defense relationship and spread the culture of democracy on which our two nations are built.

#### **India's Challenges and Europe's opportunities – How they can shape History's Future:**

60. India faces enormous social and economic challenges as it retools its economic and social policies to fully integrate itself into the global economy in spite of the challenges being faced due to economic crisis in Europe. Country's infrastructure remains woefully inadequate, income disparity across classes and regions rising threatening the social stability; energy needs remains a daunting task; access to health and education continues to fall short of demand. This scenario offers Europe enormous opportunity to come forward and engage in the development of India as it will benefit both. Today, prospective overseas investors in India are spooked by the wide holes in policy, its implementation and the scope of graft in the system.

61. Although India has outstanding universities and technological institutes, the primary education system is disastrously poor. The caste system and inefficient labour laws prevent an efficient labour market. Labour is a part of the economic development process and they must be given due share in governance. The policy of quotas affects educational institutions and government employment. Populist policies that transfer scarce budget funds to hundreds of millions of rural men and women end up encouraging them to withdraw their labour services, driving up wages and undermining international competitiveness.

62. Bureaucratic rules are not nearly as constraining as they were during the pre-1991 "license raj". But business activity remains bogged down by myriad restrictions and a frustratingly slow judicial system, which, together with a complex system of price subsidies, encourage widespread corruption at every level of government. Moreover, India's infrastructure is inadequate for a modern economy. With too little electricity, blackouts are common. Ports are inefficient, roads are congested, and traffic is astonishingly

chaotic. And, while India urgently needs to reform its tax system, spending policies and regulation, political change is difficult in a multiparty federalist democracy of 1.2 billion people spread over a large subcontinent.

63. One key to India's economic success is a large population of technically educated entrepreneurs, who are creating new companies and building a modern middle class. A high rate of private saving and strong inflows of capital from abroad have supported investment in plant and equipment. The Indian states have substantial policy discretion and often compete to attract businesses and achieve rapid economic growth.

64. The main ingredient needed to achieve faster sustained growth is increased investment. Reducing the budget deficit – by limiting government spending and combating a culture of tax avoidance – will increase total domestic savings available to invest. Convincing foreign direct investors that India is a reliable destination will increase the inflow of long-term funds. Can Europe afford to miss this opportunity to become a part of the economic revolution that India offers provided if India itself knows its own strength?

65. Countries like the US and Britain, which now have powerful laws that bar their companies from bribery anywhere in the world, will soon find that despite its obvious demographic dividends, India is indeed a complex place to invest in. Wal-Mart is already under the scanner in the US for alleged bribery in Mexico; the probe has widened to include its Indian and Chinese operations.

66. Just setting FDI limits higher is not enough; to get funds flowing, India needs better and cleaner governance at all levels. That takes political resolve at the highest level, because corruption in India is systemic, rather than opportunistic, tied to how politics is funded. Sustaining high growth will require three things: continued outward orientation so that India does not slip into stagnation behind protective walls; promoting a competitive environment locally so that successful companies outpace laggards; and technological dynamism.

67. The technology factor is perhaps the most important, since it underlies the other two. Maintaining outward orientation requires both productivity improvements and innovation, which is directly connected to technological capacity. Also, technology matters for maintaining a competitive environment. Firms must move from competing for regulatory leverage (which is still the case, despite liberalization) to competing for markets and capital market presence - and that depends on a firm's perceived technological capacity.

68. Indian industry has done well in terms of reverse engineering, cost-cutting and efficient project implementation. But as one looks to 2050, this will not be enough. An industrial sector that is 20 to 30 times larger than the one at present will be one of the biggest in the world, and it cannot count on easy access to foreign technology. More than that, its presence in global markets will require innovation that goes beyond cost-cutting, as it progresses to middle-income status and beyond. One must also recognize that a growing Indian market will require locally relevant products, processes and business models.

#### **Unwrapping a bold new India poised to take off – Hope on the Horizon:**

69. In just over 63 years, India has found its place at the high table of the comity of nations, the G-20. It is one of the largest and fastest growing emerging economies. But India has also been rated one of the worst performers in education outcomes, and the incidence of malnutrition is so high that the country has sometimes been characterized as chronically being in a near-famine condition. Such contradictions notwithstanding, there is some evidence to suggest that there is a great window of opportunity for India. Some key reforms could launch the country on a long cycle of high, inclusive growth that could well end with India emerging as the third largest economy in the world.

70. The proportion of working age persons in its total population is rising. A recent World Bank study projects that this 'demographic transition' will continue till 2040. If the working age population can be productively employed, the ratio of earners to dependents will keep rising for the next 30 years - yielding a huge 'demographic dividend' of higher savings and growth rates, rapidly rising per capita income, and rising consumption. This trend will be reinforced by two other processes that are at work. India's

workforce, still concentrated in low-productivity agriculture, is finally beginning to shift to higher productivity sectors like industry and services. Between 1983 and 2007-08, agriculture's share in total employment came down from 63% to 53%, and it has since declined further. And while the workforce outside agriculture is mostly employed in the unorganized sector - where productivity is only about half or a third of that in the organized sector - the 2009-2010 NSS survey shows that for the first time, employment has grown much faster in the high-productivity organized sector than in the unorganized sector.

71. This dual process of the workforce shifting to higher productivity jobs and the rising ratio of earners to dependents points to a huge potential rise in productivity, savings and investment. This could push up India's potential growth rate from around 5%-6% at present to 10% or more during the next two to three decades. That would also enable productive employment of the additional 800,000 to one million young women and men who will enter the workforce every month during this period. However, there is nothing automatic or inevitable about India reaching this golden age of growth. As the World Bank study cautions, realization of this long cycle of high growth will depend on some critical preconditions being fulfilled.

72. India has long been viewed as a value investor's dream: rapid growth, 1.2 billion people pining for a taste of globalization, and underdeveloped industries ripe for turnarounds. In theory, no Western executive or investor can ignore the vast potential of Indian consumers, 29% of whom are under age 15. India's geopolitical importance is rising in step with China's ambitions. However, there is a feeling among international investors that India has fallen into a self-destructive pattern of relenting on the big issues, then killing would-be investors with the details. International investors fully expect to have to navigate India's notoriously bad infrastructure, rigid and often unskilled labour markets, red tape and official corruption. They're less keen on tripping over the fine print of vaguely written laws and local power brokers with agendas at odds with New Delhi.

73. It is therefore time for the government to stop squandering India's potential. The lack of transparency and reliability makes it virtually impossible to consider long-term investments there. What should India do? Pass clear and strong investment laws that will survive the change of government and offer a code of conduct for state leaders. India must strengthen the rule of law as it applies to foreigners so they'll trust their money is safe. Finally, India must think long-term. Today's motivation for inviting more foreign money is to narrow the current-account deficit. The goal should be to raise competitiveness, gain fresh knowledge and create better-paying jobs for the future.

#### **In Conclusion:**

74. A decade has gone by which brought several new elements in the EU-India relations. Just as the India of 2014 is different from the India of 2004, the year when the EICC was established, EU too is very different today what it was in 2004, both geographically and structurally. Both countries have faced crisis of confidence - internal and external - and are trying to address the emerging challenges. While European Union faces a breakdown if it fails to reverse a faltering economy and does not make hard economic decision, India is faced with downturn of the economy accompanied with breakdown in the social fabric of the society; a far bigger challenge than the economy.. History shows that many nations have lived through stagnation and nations have always survived however, the EU is not a nation, it is an association that is in formation and will not survive a decade or more if the current situation continues. Although the 17-nation Euro zone is only just coming out of a recession, new political and financial risks are emerging.

75. What is the state of relations between EU and India? How do the two peoples and nations view one another, and how are these perceptions being formed in the era of rapid, global communications? And what practical steps can stakeholders including the business community can take to ensure that issues around the relationship are better informed, less emotive and more focused on the key issues of concern to our two nations and peoples?

76. The issues mentioned above discusses the key issues arising from this process and presents them from Indian and European viewpoints. It draws conclusions and proposes recommendations for action that EICC believes will create more robust EU-India ties. The problems of the past reflected

different dimensions of economic, social and political realities. Chamber also believes that our interests are converging and business-to-business ties and economic and security cooperation will grow. At times provocative, but always insightful, the Strategy Paper is not just for policy-makers, but anyone with a stake in closer relations between EU and India.

77. Brussels has integrated most of the above issues into its agenda for the EU-India Free Trade and Investment agreement which has been under negotiation since 2007, and which aims to cover no less than ninety percent of the overall volume of trade in goods and services. Following progress in the initial rounds, this ambitious project is facing strong headwinds. Neither side seems willing to yield on their core interests such as lower duties on automotive imports from Europe or unrestricted market access for Indian IT services providers. As these issues have become increasingly politicized in an adverse domestic environment, a quick conclusion which earlier summit meetings have promised repeatedly appears now questionable.

78. While Europe's exchange of goods and services with India has continued to register encouraging growth even in the absence of a Free Trade Agreement, a deal would give the economic relationship a considerable additional boost. This would notably be the case with respect to European investment in India, which has been slipping lately primarily due to lack of further liberalization. Despite all uncertainties, the conclusion of the agreement remains the most tangible deliverable in the EU-India partnership, and without parallel in the EU-China relationship. Brussels, for its part, certainly entertains no such plans with Beijing for the time being. Any serious consideration of a Free Trade pact with China remains unlikely without the prior conclusion of the elusive Partnership and Cooperation Agreement, and as long as the severe imbalances in the economic relationship persist.

79. Following nearly double-digit economic growth for the latter part of the last decade, India's economy has slowed sharply, with the IMF recently lowering its growth forecasts for 2014 to slightly below 6%. This slowdown has raised the question whether the "India Story" is effectively over. A closer look at the underlying reasons for the slowdown reveals that India has hit a macroscopic crisis at the intersection of economics and politics which is increasingly laying bare the country's underlying structural challenges. India clearly needs to take several immediate fiscal and monetary steps in order to step back from the brink, and recent announcements from the government provide encouraging signs of its commitment to do so. However, while failure carries the risk of India suffering a "lost decade" of sorts, the successful implementation of emergency measures alone will not suffice to bring India back on track to meet its long term development challenges. Asia's third-biggest economy needs to constantly remind and convince investors that market liberalization is moving forward, even if progress is gradual and unsteady.

80. Although growth in India has slowed down because of internal and external factors, India's dynamism remains intact. Notwithstanding the economic down turn, India continues to transform and seems eager to play a larger role in the global affairs. The test of the real worth of the EU-India relations will however depend fundamentally on the economic content of the relationship, both continents holding rich potentials to contribute importantly to enhance this partnership.

81. In the fast growing world of trade and investment between EU and India there is always an element of dependence that requires exclusive and special need to enhance business interest. Given the state of affairs today, the economic cooperation between India and EU may make sense in the long run but as yet its impact on both sides are very limited. In the broader context of EU-India Strategic Partnership, it is definitely the time to go strategic something which has eluded both of them for the last one decade and see that the lost decade did not affect their future relations. The one which one question Europe and global community must be asking what kind of superpower India is likely to be and how it will configure its geopolitical and economic relations with the rest of the world. At the center of the debate is how India will balance its business, economic and strategic interest with Europe and US. India's passage to power in the world stage suggest that India will be a pillar of cooperation together with Europe and US as a tripod. Notwithstanding India's promise and potentials, economic growth will require business, government, academics and key members of the society to confront and overcome the challenges. Business, economic and social actors should address how EU and India can really operationalize and to

make the “Partnership” really strategic that manifestly serves interest of both countries and stability and prosperity it would bring to both countries.

82. The EICC is providing a platform for profitable interaction between the European and Indian business communities to enhance trade and commerce in their respective countries. In doing so, the EICC directs its energy in assisting Indian inbound investments into Europe, and leverages on this experience by assisting European companies and organizations through the various networks which have been built in India. The EICC is the only chamber of its kind at the Apex level to the existing bi-lateral chambers across Europe and by bringing “Pan-European” perspective to its activities and policies, EICC ensures serving the larger interest for European and Indian businesses. To meet its objectives, it is closely collaborating with Eurochambres and EBTC to create new pathways to serve the interest of Indian and European businesses. The TIPS 2014 will thus address the shared difference, create synergy and bring new elements to the EU-India economic relations.

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