



Europe India Chamber of Commerce

Newsletter

Issue: 102 Volume: 10

November- December 2016

EICC Board of Directors and AGM Meeting decides to reshape Chamber's future plan of action

The Europe India Chamber of Commerce held its successful Annual General Meeting (AGM) which was held in Brussels at the The Hotel on 7th November 2016.

Presided over by Mr. Ravi K Mehrotra CBE, Chairman of EICC, in the presence of its Board of Directors and esteemed members, the meeting focused on highlights and successes from the year. Mr. Mehrotra opened the meeting acknowledging "Today's meeting is not just a regular General Meeting, it is most importantly acknowledging and recognizing the positive transition from one year to another, accomplishments and growth enjoyed by EICC over the past 13 years. It was a team effort lead by its board fully supported by its members." Your presence today is evidence of EICC's growing and active membership." Mr. Mehrotra went on to highlight some of the significant accomplishments and the challenges ahead.

Chairman suggested exclusive discussion on Chamber's present and future. All members present in the meeting took part in the discussion and offered valuable input for the Chamber's future work. The Board also discussed in depth the challenges before the Chamber and decided the following:

Chamber needs to redefine its vision, mission and goal to attract members and bring in new ideas in its activities; Chamber's profile needs to be publicized in India with clear definition of its objectives; The Chamber should must analyse and look its strength and weaknesses – SWOT analysis; Value proposition must be spelled clearly as this is now more needed than before; Each board member should take some responsibility to help enlarge EICC and when the Chamber's board next year there is something that board can show offered. The Chamber's looked into its financial position and observed that the chamber's finance does not allow increasing fees by the Auditing company for the services and as such some way have to be found. The Chamber also decided that it shall organize business events in other parts of Europe.

It was also decided that efforts will be made to make the Chamber financially sustainable and enhance its visibility in India. The Board member representing IL&FS assured will be very happy to introduce 2-3 members to the EICC from India. It was also suggested that the Chamber should consider bringing out policy papers. Also, it was suggested that EICC should pay attention to the issue of investing and servicing SMEs and at the same time organize an exclusive event on women in SMEs

The meeting decided that all former Chairman of the Chamber should be given the title of Honorary Life Member.

At the meeting three new persons who joined the board are Abhinav Kumar, Arun Sharma and Mathias Lommens. In this regard, Mr Mehrotra stated "We are very thankful for the outgoing board for their determination and valuable contribution towards the successes achieved by EICC. I am hoping that departing members would continue to support EICC with the same determination and spirit. I am also

delighted to welcome the new board of directors and look forward to their active and positive contribution and participation in driving EICC towards further successes over the coming years.”

The Chamber hosted a net-working cocktail for the AGM members and guests.

EU-India needs to reset cooperation on a more realistic footing centred on common interests

The EU-India trade and economic relations has made only modest achievements and it requires both sides to reset cooperation and base it on a more realistic footing centred on common interests, such as economic cooperation, global governance, development cooperation, and defence. The resumption of free trade negotiations, the organisation of a long overdue bilateral summit, and more frank dialogue on contentious issues is necessary in order to utilise the partnership’s potential. This was the message the **Key Note Speaker Dr. Swapan Dasgupta**, Member of Parliament delivered when he addressed the TIPS.

Dr. Ravi Mehrotra, Chairman of the EICC opened the summit and in his welcome remarks spoke about the importance of economic cooperation between EU and India and how EICC could play a vital role in reshaping the cooperation and the strategic partnership. He said that India is today the fastest growing economy and the world cannot ignore India’s economic and investment potentials.

The Summit took comprehensive overview on the strategic fundamentals of India-EU bilateral relationship in content and context and will suggested ways to give it a strategic dimension through a full spectrum of presentations and debate. In this sense the TIPS 2016, a unique business and leadership platform, brought together business leaders, thought leaders, policy makers, regulators, representatives of the European Commission and trade and business bodies and government representatives from Europe and India with an eye to create an innovative way to strengthen the existing trade and economic partnership between European Union and India.

During last two years the Government of India has taken several economic policy reforms aimed at inviting foreign investment in India and as recently as in June the government announced sweeping liberalization of the FDI rules. With these changes, India is now the most open economy in the world for FDI. In the summit, the current FDI regime in India and business opportunities for the European companies will be exclusively discussed. The TIPS 2016 thus provided business leaders and decision makers with the opportunity to discover and analyze how Indian companies and firms can serve as potential partners of European businesses. The Summit offered an opportunity to share your perspective on the economic reforms from your industry point of view and expectations from the government.

The Summit was jointly organized in association with the Embassy of India and in collaboration with important chambers of commerce, trade bodies and business organisations of Europe. A total of specially invited 200 participants from India and European countries participated.

During the TIPS, the book **“The Modi Doctrine” - New Paradigms in India’s Foreign Policy** – was launched in conjunction with the Dr. Syama Prasad Mookerjee Research Foundation of India.

According Mr. Das Gupta, the EU provides very little value added to India's principal security challenges. In the immediate priority areas of strategic interest to India - our own neighbourhood, the Gulf region, the United States and China - the EU is almost irrelevant, and the story does not get better if one extends India's areas of security interest to Central and Southeast Asia.

On the big global security issues - nuclear proliferation, civil conflict and terrorism - the problem is the same, while the EU has almost nothing to contribute to India's search for energy security. Even in India's quest to be part of the global decision-making architecture, including a permanent seat on the UN Security Council, it is not the EU but the existing European permanent members, the UK and France, which bring more value to the table for India. India certainly needs European cooperation in counter-terrorism and European remote surveillance technology, but it would obtain these from European nation states, not from the EU.

India's Ambassador to the EU, Belgium and Luxembourg **Mr. Manjeev Puri** said that we wish to facilitate economic bridges between India and Europe and we are wanting to say that please look at the opportunities we extend in India in particular today the times which are extremely challenging?

Ambassador Puri observed:

The fact of the matter is what is it that the world wants to day it wants to see economic growth, it wants to see political stability, it wants to see what we can do to get on with our allies to ensure the better quality of life for our future generations. In the past 2 yrs. India under the leadership of Prime Minister Narendra Modi has made strenuous efforts to reach out global this is included massive outreach to Europe.

We have able to see the trade relations as far as India is concerned are such that India perhaps for the first time has the surplus in our trade. Naturally we have been helped by the law of prices but u know the world is about taking opportunities and that is exactly what India has been able to do.

But India taking advantage of the changed situation in the world has embarked upon significant economic reforms. We have passed the constitutional amendment in India to have unified tax for the country - Goods and Services Tax. This part itself is one of the biggest changes in the world in the area of taxation especially in terms of what it means to business.

We have worked extremely hard on improving the ease of doing business in India, raising ourselves in global competitiveness index. All this has been possible because of the single vision, the direction and clear implementation by the core sections of the government under the leadership of the Prime Minister, we have to make India thick and make it an attractive place for the global investment.

We have been among the largest attractor in the global foreign direct investment over the last two years. European Union as well as Belgium are important strategic partner for us and important trade economic partner for us. European Union remains largest point for our exports, one of our largest trading partners and thirdly one of our largest source of foreign direct investment. We also count on it huge prevalence of technology and let me say standards, norms and the way it conducts the businesses

As far as Belgium is concerned it is the shiniest stars in the framework of the European Union. It is one of our largest trading partners within the European Union. We are also rather large in terms of us bringing value to Belgium. We are the second largest export destination for Belgium outside the European Union after the Unites States. The fact that major Belgium companies operating in India and happy to be there for years together itself is the major source of the encouragement.

It is not by accident that you are sitting in the BNP Paribas Fortis. You are here by design. This bank set up its operation in India about a 157 years ago. It continues to be called in the ways of many people in

their colloquial way of thinking that this is the 'Belgium bank' in India and that is the essence of the relations. It's the long standing relationship, it is the relationship of understanding, relationship based on shared values, principles, understanding of rules and regulations and having abiding trust and faith. The relationship which we should endeavor to take forward and I believe that the time is absolutely propitious for us to take it forward.

Mr. Mark Andries, Chief of the Cabinet of the Flanders Minister President Mr. Geert B... said that the results of the reforms undertaken by Indian government were visible and citing his experiences during the Flanders economic Mission to India, headed by Minister President planned were so positive. The Mission reached out to the Indian Business Community in order to present them the investment opportunities in Flanders.

Mr. Andries observed:

India has transformed into one of the most open economies in the world today. Growth is strong and we Indians are taking steps to keep the momentum going. India has undertaken substantial reforms in the past two years to streamline and simplify governance, especially in doing business in India.

India is indeed the Flanders the most important trading partner in Asia and the second most important one outside the Europe after the USA. Although diamonds are still major writ driving force for our trade relationship representing more than 80 per cent of exports to India, we may not forget that many other products that increasingly find their ways to India such as chemicals, pharmaceuticals, machinery, equipment etc. On the other hand, the Indian investment in our region is increasing year after year. More than 60 Indian companies have invested in Flanders in recent years. This makes Flanders a prime destination for Indian companies in Europe and India is among the leading source companies for the International investment now in Flanders.

We believe that Flanders business environment offers great business opportunities to Indian companies. Considering the expansion potential amongst the Indian companies we are sure to witness in Brussels and in turn in Europe the Indian presence for the coming years. Based on its location and its added value of the region Flanders is the gateway for Indian companies to the European markets, he said.

Flanders is the region of the modern knowledge based economy found on centuries of the experiences of prosperous European trade, situated right at the point where Anglosaxon Latin and German culture speaks, Flanders offers companies the geographical position, the flexibility, the languages, the business skills, the knowledge, the entrepreneurial spirit, the culture and of course the innovated thinking that Indian companies seek to see in Europe.

BusinessEurope Director, **Ms. Luisa Santos** said that maintaining the momentum for accelerating the progress in business and trade between EU and India in coming decades is highly important. In the current state of world affairs and the politics there is a need to re-affirm how key is this relationship between EU and India. India is one of the key destinations for Europe being the most potential market but this is the era of the competition and there are other new regions and markets growing simultaneously. Europe is the open economy and has the potential to bring along the partners - new upcoming as well as traditional economic regions to trade with EU and boost Europe's economy.

Ms. Santos observed:

We have ongoing negotiations on Free trade agreement. An India-EU FTA will not be easy, but we can still make it possible. From the EU side we believe that we have an opportunity to achieve the ambitious, comprehensive agreement between EU and India.

We very much welcome the reform of the taxation system in India. There is a controversial issue in Europe if competition is good, opening market is positive, we want trade, and we want investment these are the primary tools to boost. Any company bringing in FDI to India needs to be free to import and export.

“The trade and investment relationship between the EU and India is far from reaching its potential”, BusinessEurope’s Director of International Relations, Luisa Santos, mentioned at the 4th EU-India Trade and Investment Partnership Summit in Brussels on 8 November. “Although India is the EU’s 9th largest trading partner, there are a number of barriers that continue to hamper the trade and investment India so strongly seeks.” Some of these barriers are tariffs, additional duties and levies on high-end products, specific product regulations that deviate from international standards, and non-transparent public procurement procedures. While India has embarked on positive reforms since Modi entered into office in 2014, the road ahead is difficult and European business calls on the Indian government to do their utmost to further improve the ease of doing business in India. “Improvement in trade and investment conditions will create more jobs and help make India a more prosperous country”, Santos concluded.

Eurochambres Secretary General **Mr. Arnaldo Abruzini** said that it is Important to think differently than the traditional way of striking trade agreements. Abruzzini pointed out that through its direct operation under the mission EBTC in India, Eurochambres got opportunity to clearly understand and learn how difficult it is to do business in India.

Mr. Abruzini observed:

Alf we speak about doing business in India it is not only something which could be solved through signing the FTA but it goes beyond that which need to be harnessed too what we termed as NTBs [No Tariff Barriers] which belongs to our history, cultural approach and our heritage.

He said Eurochambres appreciates and welcomes recent economic reforms such as the introduction of GST in India. We in Europe we are trying to bring this in our single market for 30 years but we are not there yet. We have achieved a lot but still not enough to represent Europe as a single unit. In fact when we talk about India we talk about India... but when we talk about Europe we talk about Germany, France, UK and other countries and this is probably an heritage that we need to address if we want to be serious in having any dialogue between EU and the third party. Keeping in view the scale and the dimension and of the long lasting process of dialogue for EU - India FTA, if we look at what is happening in the world today are we sure that the traditional trade agreement is the right way to invest our resources today, for time and money?

If we see at the reforms happening in India and reforms happening in Europe each individual member states, we see that those reforms are driven by desires to make better environment for living for citizens and businesses and that are not necessarily driven by agreements with third parties. They are led by desires which are domestic desires to get better and if we see the amount of resistance that

international agreements generate among ordinary people, we should probably ask ourselves if we would be investors and if we would allocate our resources how much would be allocated in the process of FTA there are high chances later on that will encounter resistance from every potential corner of the society.

Therefore, I want to conclude with suggestion that we at the Eurochambres are pushing at the new dimension of international trading relationship what we call as economic diplomacy. The economic diplomacy is a different way to achieve the same results what we could achieve through negotiations in trade and investment through FTAs; but has potentially advantage of encounter less resistance from ordinary people. Because it is not seen as agreement in favour of any category or the elite against the others – it is just a common understanding of the business societies of both sides of two different regions of the world to work towards the same objective facilitating market access, trade and investment and between two regions.

I really would like to see this process within our working plans for next future between Eurochambres and EICC; trying to figure out how we can contribute as business and companies to this objective that must be designed to be first and foremost to benefit domestically beneficial. The argument that we want to receive more foreign direct investment cannot sustain on the path where more domestic investment needed.

The reforms thus should be such that can bring benefits to foreign as well as domestic investment equally and will reduce the potential resistance from any corner for international process of negotiations for international investments and agreements. I would like all of us to think differently and not traditional way [...of striking agreements] and we can do it together because we represent business and we are those who are in better position to facilitate this process.

Mr. Ravi Parthasarathy, Chairman of the IL&FS exclusively spoke effect of robotics and automation on the employment. He said that the economy is being lifted by the new concept of robotics, but we cannot be sure of all the possible benefits. At this early stage, it therefore becomes important to find out the possible benefits/limitations associated with robotics, so that the positives can be capitalized, established, and developed further for the employment and motivation of employees in the health care sector, for overall economic development. Automation is reducing the need for people in many jobs. Are we facing a future of stagnant income and worsening inequality?

Mr. Parthasarathy observed:

Replacing employees with robots is an inevitable choice for organizations in the service sector, more so in the health care sector because of the challenging and sometimes unhealthy working environments, but, at the same time, the researchers propose that it should be done in a manner that helps in improving the employment and motivation of employees in this sector.

He said that EU and India have an opportunity to collaborate in this sector as there are several instruments available in the form of institutional as well as policy framework to move on this issue and his company IL&FS will be pleased to offer its support.

That robots, automation, and software can replace people might seem obvious to anyone who's worked in automotive manufacturing or as a travel agent. They believe that rapid technological change

has been destroying jobs faster than it is creating them, contributing to the stagnation of median income and the growth of inequality in the US. And, something similar is happening in other technologically advanced countries.

There may not be a consensus on the likelihood of a robot apocalypse. However there is less disagreement on the topic of robotics and artificial intelligence infiltrating the workforce. In fact in some ways it already has, and is trending towards greater automation of our world.

Robots' capacity for autonomous movement and their ability to perform an expanding set of tasks have captured writers imaginations for almost a century. Recently, robots have emerged from the pages of science fiction novels into the real world and discussions of their possible economic effects have become ubiquitous.

Mr. Geoffrey Van Orden, MEP and Chair of the European Parliament India Delegation said India offers European business a great opportunities as Indian growth story is phenomenal. He said "Indian growth has been averaging 8% in recent years and there is a desperate need for infrastructure improvement.

"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.". He emphasised that the FTA was important for the EU-India relationship but pointed out that there are "a lot of other things" happening and were talked about in the joint communique in terms of strategic partnership, in terms of terrorism and in terms of European Investment Bank's investments.

"There were a whole range of issues that were covered in that communique. So there is a good strong relationship there on various fronts. Don't forget many things which have happened on a bilateral basis," Van Orden said

"The EU remains committed to a broad and ambitious FTA with India", said **Ms. Jolana Mungengová**, Member of the cabinet of the EU Trade Commissioner.

Ms. Mungengová observed:

The European Union and India are long lasting partners. Formally, our relationship dates back to 1963, to the diplomatic dialogue between the European Economic Community (EEC) and India. Today, we cooperate in many areas (as we have heard) ranging from education, cultural exchanges, scientific and technological research, fight against terrorism and law enforcement.

We also trade with one another – in 2015, our imports and exports mounted to some 213 million EUR per day . We invest in each other's economy too – in 2014 bilateral investment flows represented 6.4 billion EUR. We engage as well in international fora such as the World Trade Organisation or the World Customs Organisation to foster multilateral law and order. We share interests and values as well. We are friends!

It is precisely that wide scope of people to people contacts, and the strategic partnership that our leaders have forged over time that nourish the hope we share to overcome all obstacles to the

unleashing of the full potential of our partnership, be it in the area of trade and investment or beyond. As clearly stated in the European Commission's Communication on trade and investment, Trade for All, adopted last October (14/10/2015), the EU remains committed to a broad and ambitious free trade agreement with India.

And yet, as many of you know, our bilateral negotiation remains in a stalemate for the time being. This, however, does not mean that nothing is being done to resume these talks. On the contrary, from the beginning of this Commission's mandate, efforts have been intensified at both services and political level to rebuild trust, strengthen mutual understanding and find common ground on the right level of ambition for these FTA talks. The objective here is not to resume negotiations just for the sake of resuming them. That would be the wrong reason!

The goal is to resume negotiations, so that the EU and India can have a real chance to make progress conducive to a successful conclusion of a trade and investment agreement that meets the needs of companies, respects the rights of workers, and the aspirations of citizens on both sides.

We are serious about our commitment to a broad and ambitious free trade agreement with India. And, we expect no less from our Indian counterparts.

If our joint objective after the EU-India Summit of March this year is to seek synergies between President Juncker's "Agenda for Jobs, Growth, Fairness and Democratic Change" and Prime Minister Modi's initiatives promoting "Collective Efforts (and) Inclusive Growth" ("Sab ka Saath, Sab ka Vikas"), then unilateral actions harming the interest of the partner country are not the right way forward.

With respect to investment, which is crucial for any reform-driven economy, especially at times when the democratisation of the digital economy is one of the top priorities for both the EU and India, we need to ensure the right balance between, on the one hand, the right of investors to their lawfully acquired assets and fair profit therefrom, and, on the other hand, the right of Governments at all levels to regulate in the public interest. We therefore need a common understanding about the right model of dispute resolution for the 21st Century.

With respect to trade in goods and services, which are the two ventricles at the heart of our bilateral exchanges, we need to look at them with a fresh eye. More and more, they are intrinsically linked, and neither of them can be provided without also ensuring temporary mobility of skilled labour to operate them. Mode 5 is therefore contingent on Mode 4 (as one could put it in the trade jargon).

With respect to rules and standards, the newer components of modern trade and investment policy, our people remind us every day that rules and standards decision-makers set for them to live by need to reflect their values. We therefore need to listen to what our respective people - the five hundred million Europeans and the 1.25 billion Indians - aspire to.

And when we negotiate a free trade agreement on their behalf, we need to do it with both transparency and responsibility in mind. We need to engage with our respective citizenry, so that people in Lisbon, Prague or Goteborg as well as those in Bhopal, Jobalpur or Gaya are equally aware of the objectives we pursue, the means we select to achieve them, and the impact this will have on their

daily lives.

If we humbly learn the lessons from both previous and current failures and successes, we will give ourselves a chance to score the highest mark. If we refuse to question our certainties, we will miss a lifetime opportunity to deliver sustainable growth and jobs to the millions in our constituencies and the generations to come.

EU and India are long lasting partners, concluded Ms. Jolana Mungengová,

After the inaugural session was over, one of the Authors of the book The Modi Doctrine, Dr. Anirban Ganguly introduced the book which was presented to all speakers by Ambassador Puri.

In his Key note address **Dr. Das Gupta** said that as a democracy for over six decades (somewhat longer than several member states of the EU), India sees human rights as a vital domestic issue. So for the EU to try to write in human rights provisions into a free trade agreement, as if they were automobile emissions standards, gets Indian backs up. Trade should not be held hostage to internal European politics about human rights declarations; the substance of human rights is far more important than the language or the form. On the substance, India and the EU are on the same side and have the same aspirations. Once this irritant is overcome, the negotiations for an FTA, which has been long in its 'final' stages, should be concluded and should transform trade.

Dr. Das Gupta observed:

Europe India Chamber of Commerce hosted its Annual Flagship event, the Trade and Investment Partnership Summit (TIPS) 2016 in Brussels on 8 November 2016. The Summit was dedicated to fostering bilateral trade, investment and economic relations between European Union and India around the theme "Europe and India – Anchors of Economic Stability in Today's Chaotic Times". The venue was BNP Paribas Fortis Auditorium Chancellery in Brussels.

The NDA government in last two and half years has taken several economic reforms and recently announced, what it termed, a "radical liberalisation" of the Foreign Direct Investment (FDI) regime by easing norms for a host of important sectors including defence, civil aviation and pharmaceuticals, opening them up for complete foreign ownership.

For the first time in 30 years, the BJP came to power with an absolute majority and the swearing-in ceremony gave a hint that Team Modi was ready with a game-changing plan for the country.

Under Jan Dhan Yojana anyone can now open an account in a bank, thanks to this financial inclusion scheme. Barely a fortnight after the launch, the yojana entered the Guinness Book of World Records for the maximum number of accounts opened in a week. The scheme is a big boost in moving towards direct subsidy transfer.

A pet project of Mr. Modi, sanitation ministry's Swachh Bharat mission got wide public support, especially on social media after celebrities joined the Clean India challenge. Not just stopping with cleaning the locality, the government has taken initiatives such as building more toilets, waste management and waste segregation.

India reached India-Bangladesh land boundary agreement. When India is facing boundary disputes with every neighbour, this agreement gives optimism that issues can be amicably solved over diplomacy. At a time when bankers were grappling with huge rise in non-performing assets and government eyeing to create more entrepreneurs, the amendment of existing bankruptcy laws was necessary.

India's lobbying got success when the United Nations declared June 21 as International Yoga Day. The mass yoga performance at Rajpath, which was led by Mr. Modi himself, set the record of most number of people participating in such an event.

India's long-standing historical and cultural links with Europe are reflected in the legal and constitutional foundations of the country and in the widespread use of English as the core commercial and elite language. Despite the enormous difference in levels of per capita income, debates on economic governance in Europe carry resonance for India. Both entities seek to engage diverse populations in a common economic enterprise within an accepted but still evolving set of democratic institutions. Both are committed to secularism in the presence of a single dominant religion.

The differences are also evident. India is a 'union' of its constituent states and territories, similar to a federation, whereas the EU is a club of sovereign nations agreeing to abide by a common set of values and rules, amenable to expansion to new members via an established enlargement process. Both entities are a product of the post-war, post-imperial economic order. India's economic institutions owe their origin to the Indian constitution prepared by an elected constituent assembly after independence (and partition) in 1947 and embodied in an Indian republic that came into being in 1950.

Despite these constitutional differences, both the EU and India face similar challenges in persuading proud, empowered and occasionally rebellious constituent jurisdictions to agree to common policies. The Indian constitution addresses the issue of 'subsidiarity' through three lists of legislative competencies: the Union list; the concurrent list; and the states list. Such matters as foreign policy and trade negotiations are in the Union list although the Union government occasionally consults with state governments in these areas. Conversely in controversial areas of economic reform, such as currently labour and land policy, where the Union government lacks a majority in the upper house of Parliament, individual states have been encouraged to take the lead in the expectation that competitive pressures would compel more reluctant states to fall into line.

The underlining Key message of the Key Note speaker was India and EU are inseparable economic partners and they must remain at the vanguard of global economic development.

The reports on the working sessions also include what participants had expressed inside and outside the Conference Auditorium.

Session 1. Inbound and Outbound Investment: India Grows from Strength to Strength – What Role for Europe

The Debate moved around the following description of the Session:

The fastest growing major economy of the world, India, has become one of the most popular destinations for Foreign Direct Investment. India's ever-expanding markets, liberalization of trade policies, development in technology and telecommunication, and loosening of diverse foreign investment restrictions, have further collectively made India, the apple of investors' eye, for most productive,

Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels
Tel+Fax: 3224692677, 02-8402800 Web : www.eiccglobal.eu E-mail: info@eiccglobal.eu

Editor: **Secretary General**

profitable, and secure foreign investment. Now it has become strategic global partner for both for transnational corporations and to their domestic companies. There has been a perceptible shift in Overseas Investment Destination (OID) in last decade or so. Long seen as attractive destinations by foreign capital, India and Indian companies are increasingly looking at expanding their global footprint by investing overseas. Outbound investments from India have undergone a considerable change not only in terms of magnitude but also in terms of geographical spread and sectorial composition. Overseas investment has reached at a higher level in past decade. Indian firms invest in foreign shores primarily through Mergers and Acquisition (M&A) transactions. With rising M&A activity, companies will get direct access to newer and more extensive markets, and better technologies, which would enable them to increase their customer base and achieve a global reach. In the last few years, a large number of enterprises from emerging markets have entered the international marketplace. In this scenario where does Europe stand and how Europe can benefit?

Panel Discussion was chaired by Baron Phillip Vlerick, Chairman, Belgo-Indian Chamber Commerce and Industry, Belgium. Panel members included Mr. Rosario Zacca, Partner, Gianni, Origoni, Grippo, Cappelli & Partners, Italy Ms. Darya Galperina, Senior Manager, International Trade, Pernot Ricard, France Mr. Jorge Martí Moreno, Managing Partner, Uría Menéndez, Spain Dr. Jean-Joseph Boillot, Co-Chairman, Euro-India Economic and Business Group, France

Panelists observed the following input:

India is one of the fastest emerging economies today. In fact, it is ranked higher than Russia, Italy, or UK. It also ranks second amongst the developing nations. Thus, the purchasing power capability of India makes it an area of immense potential. It also offers a wide array of options and avenues to pursue. The huge potential of India lies in the fact that it offers a very large customer base to tap into. With the population of India running into the billions, the scope this offers is tremendous. And as the nation is continuously growing by amassing higher GDP growth, the standard of living is also rising. So, the per capita incomes of an average middle-class Indian today is more than what it used to be.

India has a huge population of management gurus and software professionals. There are many MNCs making their presence felt in the Indian markets. By outsourcing their requirements to Indian shores, they are gaining both in monetary as well as quality terms. The customer service industry is yet another business that offers many possibilities.

India also offers a very large base for health and insurance companies. With Indians becoming more and more aware of the benefits of health and insurance, this sector offers tremendous potential. Many international firms are making ties with their Indian counterparts to explore this arena to its fullest. Also, with the government now encouraging foreign investment and collaborations it has become easier for foreign companies to foray into the Indian markets. But before getting into the Indian markets, it is essential to understand the Indian mentality and psyche.

Not only foreign establishments but also entrepreneurs from India can reap the benefits of the growing Indian market. In fact, here they hold an edge as they are familiar with the Indian mindset and can thus explore it to its fullest.

The manufacturing and infrastructure industry also offers huge potential. As India keeps developing, the infrastructure and manufacturing industry cannot stay far behind. Another avenue one can look at is the education industry. More and more numbers of educational institutes are establishing roots in India.

The tourism industry is also emerging as an area to be looked at and tapped into. The gaming and entertainment industries also offer huge possibilities. Thus, India offers huge potential for businesses, and a great plus is that there are still more areas that are to be explored and that can be gained from. Especially as the average Indian keeps vying to reach higher, India is the country to look to for your future endeavors.

The productivity of India's manufacturing sector is low, partly because the small size of most manufacturing firms makes it difficult for them to exploit economies of scale. Despite abundant, low-skilled and relatively cheap labour, Indian manufacturing is surprisingly capital and skill intensive. Taxes and complex labour regulations inhibit firm growth. Land acquisition is slow, companies face frequent power outages and transport infrastructure is below par. This is especially harmful as manufacturing is highly reliant on well-functioning infrastructure.

Stronger manufacturing would increase productivity and make growth more inclusive. Despite the effervescent innovation of the Modi administration, the policy legacy at the foundation of modern India still sits heavily upon policy delivery and outcomes. After two centuries of exploitative colonialism, India effectively locked itself out of global trade and investment flows altogether — just at the time when advanced countries were tearing down their mercantilist tariff walls to make way for the liberal, post-war economic order. The mentality of India's early central planners in New Delhi, with its highly regulated, import substitution industrialisation model of development, remains remarkably resilient and continues to condemn all but a privileged pocket of urban and public sector employees to the margins of the modern economy.

Prime Minister Modi's attempt to kickstart India's opening anew has given promise of return to higher potential growth. And there is now good reason for optimism about the prospects for Indian growth. The aspirations of India's middle class have put high expectations on the Modi government. While China's growth is slowing down as it rebalances its economy away from investment and exports and toward domestic demand, India's has bounced back from between 5 and 6 per cent to a forecast of 7.6 per cent this year.

Despite long-running negotiations, there appears little prospect that the EU-India Bilateral Trade and Investment Agreement will be signed soon as the differences between the two have turned out even more challenging than initially expected. Negotiations began in 2007, hoping to link the world's largest single market with one of the fastest growing economies in a mutually complimentary trade relationship. While some issues have been successfully negotiated, differences over automobiles, food safety, spirits, services and procurement so far remain unresolved.

India's interests in a regional trade agreement with the EU are downplayed by the fact that India's economy is not well integrated in global markets. Impacts on the EU are minor and further reduced if a Doha agreement is in place when the FTA is implemented. Results indicate the rationale for a strongly asymmetric arrangement: it would be in the interest of both partners if the EU provides large concessions to India for market access, while India maintains the bulk of current border protection. An

EU - India FTA delivers little scope for achieving efficiency gains via adjustments to the pattern of international specialisation. An EU - India agreement on merchandise trade is unlikely to embody substantial preferential treatment with regard to market access. Probably, India can find more suitable FTA partners. Agriculture is a key sector for India in the consideration of equity and growth purposes of a FTA with EU.

Despite several rounds of negotiations that began in 2007, the proposed EU-India Bilateral Trade and Investment Agreement (BTIA), covering trade in merchandise, services, and investment, is still far from being concluded. The recent EU ban on the import of mangoes from India will further strain the bilateral commercial relationship, which is already troubled due to a series of tax disputes involving European companies.

Given the subdued sentiment around foreign investment and trade currently, restoring growth to its normal level remains at the top of the Modi government's agenda. This would require a fresh approach toward India's commerce and trade. It would be pertinent to analyze what is holding back the conclusion of the EU-India trade pact, which possesses immense untapped trade and investment possibilities.

Improving India's investment climate is a better way to promote investment and jobs. Similarly, exclusive rights to the commercial exploitation of patents incentivizes research and development and brings in FDI. Thus, India needs to strengthen its IPR regime.

Session 2: Fourth Industrial Revolution: Disruptive Innovation and Digital Collaboration - Opportunities for India and the EU

The Debate moved around the following description of the Session:

The world has gone through a series of 'industrial revolutions' since the 18th century. The present revolution is literally disrupting every business, as we know it, and yet integrating every business in an odd way. Digital flows have become part of today's global trade and economic reality. Europe is a leader in ICT sectors like robotics and embedded systems, where it has 31% of world market share. India is thus in a very unique position to take advantage of the Fourth Industrial Revolution and do some amazing things that it had missed out on in the past. Digital India will offer \$1 trillion in business opportunities. The digital economy opens new investment occasions for India and EU in the digital economy. Powerful technologies can benefit India, helping to raise productivity, improving efficiency across major sectors of the economy, and radically altering the provision of services such as education and healthcare. These technologies could add \$550 billion to \$1 trillion a year of economic value in 2025.

Panel Discussion was chaired by Mr. Amit Bajaj, CEO – Tata Consultancy Services, Europe. Members of the Panel included Mr. Koen De Leus, Chief Economist, BNP Paribas Fortis, Belgium Mr. Lars-Erik Forsberg in DG CONNECT, European Commission “Robotics, Artificial Intelligence and the Challenges of Unemployment: A Common Concern for India and the EU” - Special contribution by Mr. Ravi Parthasarathy, Chairman, IL&FS, India.

Here are some of the observations made by the Panelists:

We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything

humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society, Mr. Bajaj opined.

Wherever we get down to work – on the factory floor, on the railway, or even if the work only involves doing the laundry or brushing our teeth – there is a silent revolution taking place. Thanks to the Internet, sensors and embedded systems, completely new opportunities are opening up for new combinations of mental, physical and mechanical work. The latest phase of what we call “Pervasive Computing” is currently underlying the far-reaching integration of Information Technology and Operational Technology. This integration, which knows many forms, produces profit in three ways that this report explores: by reducing costs as a consequence of predictive maintenance, and in greater speed and intelligence thanks to Machine-to-Machine communication and improved Human-Machine Interaction.

This is the new tendency: Business Process Automation and office automation converge with Industrial Process Automation and factory automation. This integration has been taking place for some time now. The Industrial Revolution is a concept and a development that has fundamentally changed our society and economy. The term “development” may seem to indicate some tardiness in the context of a “revolution,” which really signifies a rapid and fundamental change, but there is no doubt that major alterations occurred within a relatively short period. Industries arose and replaced small-scale workshops and craft studios. Textile and pottery factories were the first to recognize the new dawn, and a new infrastructure of canals and railway lines enabled efficient distribution. It was the transition from industrious to industrial, and the start of a boom for both.

The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production. Now a Fourth Industrial Revolution is building on the Third, the digital revolution that has been occurring since the middle of the last century. It is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres.

There are three reasons why today’s transformations represent not merely a prolongation of the Third Industrial Revolution but rather the arrival of a Fourth and distinct one: velocity, scope, and systems impact. The speed of current breakthroughs has no historical precedent. When compared with previous industrial revolutions, the Fourth is evolving at an exponential rather than a linear pace. Moreover, it is disrupting almost every industry in every country. And the breadth and depth of these changes herald the transformation of entire systems of production, management, and governance.

Already, artificial intelligence is all around us, from self-driving cars and drones to virtual assistants and software that translate or invest. Impressive progress has been made in AI in recent years, driven by exponential increases in computing power and by the availability of vast amounts of data, from software used to discover new drugs to algorithms used to predict our cultural interests. Digital fabrication technologies, meanwhile, are interacting with the biological world on a daily basis. Engineers, designers, and architects are combining computational design, additive manufacturing, materials engineering, and synthetic biology to pioneer a symbiosis between microorganisms, our bodies, the products we consume, and even the buildings we inhabit.

Realizing this total connectivity demands attention and knowledge from various disciplines, ranging from connectivity, infrastructure, standardization, work processes and risk management to human resources and marketing. The body of strategists, planners and portfolio managers has the ability to allocate the resources required to realize the specified aims. They will involve: linking the data from the work processes via wearable technology to production systems, such as those of wholesalers, hospitals and energy suppliers; standardizing data and communication protocols for “things-readiness” and the realization of total connectivity; monitoring the use of appliances and machines in order to be able to provide better maintenance, as in the process industry, the machine industry and consumer electronics; deploying new Human-Machine Interfaces and Interaction that make data from the operation more accessible to the users: blue collar and white collar workers and consumers.

Technological change has always been disruptive. There was a polarisation of income and wealth in the first wave of industrialisation at the beginning of the 19th century, and this gave rise to political and institutional change over the 100 years between 1850 and 1950: the spread of democracy; the emergence of trade unions; progressive taxation and the development of social safety nets. These helped create bigger markets for the consumer goods that were spawned by the second Industrial Revolution: TVs, radios, vacuum cleaners and the like. But over the past four decades a political model that both facilitated the spread of technology and provided some protection against its disruptive consequences has come under attack. Welfare states have become less generous, levels of long-term unemployment are much higher, taxation has become less progressive, politics has increasingly been dominated by those with the deepest pockets who can lobby the loudest.

Like the revolutions that preceded it, the Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world. To date, those who have gained the most from it have been consumers able to afford and access the digital world; technology has made possible new products and services that increase the efficiency and pleasure of our personal lives. Ordering a cab, booking a flight, buying a product, making a payment, listening to music, watching a film, or playing a game—any of these can now be done remotely.

In the future, technological innovation will also lead to a supply-side miracle, with long-term gains in efficiency and productivity. Transportation and communication costs will drop, logistics and global supply chains will become more effective, and the cost of trade will diminish, all of which will open new markets and drive economic growth.

Mr. Ravi Parthasarathy made a powerful presentations and the following is the gist:

Today, robots are present in large numbers only in industry. But industry without robots is now almost inconceivable. They do everything covered by the three Ds: dirty, dangerous and dull work. Robots do it tirelessly, and function with unprecedented precision and often power, which is of major importance to the durability and quality of products: ranging from baby nutrition to cars. In that respect, robots are better than humans, just as all the other non-automated tools that we have invented: from the saw to the electric screwdriver and the pneumatic hammer.

This is where we observe a crucial difference from normal tools: production robots are a part of industrial automation. Mostly they can be found in cages or behind a fence on the work floor. This has

to change, is the idea. Intelligent machines that can learn independently, that are flexible and take their environment into account, must be able to collaborate organically with their human colleagues.

At present, traditional industrial robots are evolving into assistants to humans. In accordance with the vision of the Fourth Industrial Revolution, humans and intelligent machines will jointly perform production tasks in the future. Sensors, cameras and self-learning software will be indispensable to this process. The leitmotiv is that robots will have to adapt to humans, and not vice versa. In fact, this principle must be implemented to the extent that the new generation of intelligent industrial robots will learn from their human colleagues who simply demonstrate the necessary actions.

Session 3. Ease of doing Business in India: Economic Policy Reforms - Booster for “Make in India”

The Debate moved around the following description of the Session:

The election of Narendra Modi as India’s Prime Minister in 2014 was greeted with much fanfare. Thirty months on, what has his government accomplished and in what ways has his two and half years in office been a success? Prime Minister Modi is acutely aware of the high expectations placed on his government by the Indian electorate as well as the international community – to place India back on a trajectory of high economic growth in a globalised world. In order to deliver on the expectations for growth, India needs both foreign trade and investment opportunities. Modi is pursuing a slew of administrative reforms to expedite project implementation and routine governance matters The reforms initiated by his government including the passing of the GST Bill are important achievements but are they bold enough to meet expectations from international business?

Panel Discussion was chaired by Ms. Neena Gill, Member of European Parliament, UK. Panelists included Ms. Luisa Santos, Director of International Relations, BusinessEurope Dr. Anirban Ganguly, Director, Dr. Syama Prasad Mookerjee Research Foundation, India Mr. Adarsh Ramanujan, Director, Lakshmikumaran & Sridharan, Switzerland, Count Christopher de Breza, Chairman, Europe India Foundation for Excellence, France and Mr. B V Nargundkar, Chief Financial Director, Indian Register of Shipping, India

Here are some of the observations made by the Panelists:

India’s Prime Minister Modi launched the ‘Make in India’ initiative to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. The Government has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently. Rising demand in India, together with the multinationals’ desire to diversify their production to include low-cost plants in India, could together help India’s manufacturing sector to grow six fold to \$1 trillion, while creating up to 90 million domestic jobs. Capturing this opportunity will require India’s manufacturers to improve their productivity dramatically—in some cases, by up to five times current levels. What will it take the “Make in India” to become the face of economic policy reforms?

It may have become easier for Indian businesses to start a business, but their access to credit and ease of paying taxes has worsened, according to the World Bank’s Doing Business Report 2016. India now ranks 130 out of 189 countries in the ease of doing business, moving up four places from last year’s adjusted ranking of 134.

The rankings for both the years are part of a revised methodology adopted by the bank. India improved its position on three counts—starting a business, getting construction permits and accessing electricity—in the latest edition of the Ease of Doing Business Index, but saw its performance worsen with regard to two parameters—accessing credit and paying taxes.

India moved up nine spots in the criteria of starting a business to 155 in 2016 from 164 last year and its ranking for dealing with construction permits also moved up one spot to 183. In other segments such as protecting minority investors, registering property, trading across borders, enforcing contracts and resolving insolvency, India's rankings remained the same as last year. However, in the area of protecting minority interests of shareholders, India is ranked at eight, its best ranking across all parameters.

The NDA government has announced its plans to resolve insolvency issues and enforcing contracts through legislations such as the bankruptcy law and public contracts dispute resolution bill— areas where it is languishing in the overall Ease of Doing Business rankings.

India is ranked 178 in the parameter of enforcing contracts and 136 on the parameter of resolving insolvency. "In the past year, India eliminated the paid-in minimum capital requirement and streamlined the process for starting a business. More reforms are ongoing—in starting a business and other areas measured by Doing Business—though the full effects are yet to be felt," the World Bank has said.

While reforms have created great companies, and the poster boys of enterprise have come to represent modern India, real wealth and transformation have taken place in less glamorous industries. It is a myth that most jobs are created in hi-tech industries and the corporate sector. The biggest engine of growth of the Indian economy is propelled by millions of small entrepreneurs in myriad enterprises. This is not to undermine the importance and contributions of the giants of India Inc but to highlight the fact that the majority of employment is generated by small businesses like corner groceries, vegetable vendors, restaurants, bakeries and millions of street and pavement push-cart sellers, and the thousands of retail shops and services of every conceivable variety crowding the lanes of villages and towns, district headquarters and mega cities.

These unknown small entrepreneurs are the true backbone of economic activity. They have humble beginnings, start with zero or often borrowed capital. They face and overcome obstacles at every step with stoic courage, survive the stifling bureaucracy at the municipal or corporation levels, and grease the palms of hundreds of inspectors to survive. What keeps them going is the unbeatable desire to rise above their miserable conditions and break out of the inhibiting circumstances. They, more than anyone else, need an ecosystem to start and run a business easily without harassment and extortion from the government. Good governance, accompanied by bold, far-reaching, speedy reforms — in economy, administration, police and judiciary — and sound infrastructure are the only recipe for economic growth and will benefit the millions above. If they are prosperous and have purchasing power, they will in turn give a fillip to big industry, which will in turn attract FDI. This will be a virtuous cycle that creates an ecosystem for equitable growth.

Various reforms are taking place and among them the GST, bankruptcy and, banking reforms, opening of the legal sector to foreign attorneys, increased ceiling for foreign institutional investment, and simplification of business start-up procedures.

The Modi government has raised the ceiling on foreign institutional investment in several sectors since taking office in May 2014, but there is still room for improvement. The long-standing 10 percent limit on single institutional investors still exists and continues to inhibit growth. Furthermore, even in sectors where the investment limit has been increased to 49 percent, barriers still exist. For example, in the insurance sector, even though the government raised the FDI cap to 49 percent, no foreign company has been able to increase its investment due to India's restrictive interpretation of management control. Look for reforms in the foreign direct investment arena to continue to evolve during 2016.

Session 4: Addressing 21st Century Challenges: How to Leverage Green Growth Opportunities

The Debate moved around the following description of the Session:

Green growth optimises the potential of sustainable economic growth that is efficient, clean and resilient. It could offer India the potential to reduce its energy consumption without compromising its prospects for continued rapid growth. The past decade of rapid economic growth has brought many benefits to India, although the environment has suffered, exposing the population serious air and water pollution clouded by a degrading environment and growing scarcity of natural resources. India has already been undertaking initiatives to limit expected increase in emissions and greater investment is essential to mitigate risks due to climate change and safeguard her people. Sustainable green growth is certainly achievable with existing and on-going developments in clean technologies and renewable energies but requires strong commitment by central and state governments, corporates, households and individuals.

The panel moderated by FCA was on "How to leverage green growth opportunities". The idea is that green growth optimises the potential of sustainable economic growth that is efficient, clean and resilient. It could offer India the potential to reduce its energy consumption without compromising its prospects for continued rapid growth. The past decade of rapid economic growth has brought many benefits to India, although the environment has suffered, exposing the population serious air and water pollution clouded by a degrading environment and growing scarcity of natural resources. India has already been undertaking initiatives to limit expected increase in emissions and greater investment is essential to mitigate risks due to climate change and safeguard her people. Sustainable green growth is certainly achievable with existing and on-going developments in clean technologies and renewable energies but requires strong commitment by central and state governments, corporates, households and individuals.

Panelists were Dirk Vantyghem, Director of Operations at Eurochambres, John Bazil, Policy Officer at DG Trade of the European Commission, Mario J. Moya, Managing Partner of Adastra Ventures (Spain) and Fabienne Goyenche, Director of Corporate Public Affairs at Michelin Europe (France).

Issues addressed by FCA as moderator were: can we afford to worry about greening the power supply while some rural areas still lack electricity that allows children to study, make homework, families to cook in a safe way, etc.... How can western companies offering smart and innovative technologies 'upscale' their technologies so they come affordable for huge emerging markets as the Indian one, and which policy or financial instruments are instrumental for achieving this highly urgent needs. Although the past decade of rapid economic growth has brought many benefits to India, the environment has suffered, exposing the population serious air and water pollution.

A new report finds that environmental degradation costs India \$80 billion per year or 5.7% of its economy. Green growth strategies are needed promote sustainable growth and to break the pattern of environmental degradation and natural resource depletion. Emission reductions can be achieved with minimal cost to GDP.

Over the last decade, India's strong growth has increased employment opportunities and allowed millions to emerge from poverty. India's remarkable growth record, however, has been clouded by a degrading environment and growing scarcity of natural resources. Mirroring the size and diversity of its economy, environmental risks are wide ranging and are driven by both prosperity and poverty.

In gist the following specific observations were offered by Panelists: Environmental sustainability could become the next major challenge as India surges along its projected growth trajectory. A low-emission, resource-efficient greening of the economy should be possible at a very low cost in terms of GDP growth. While a more aggressive low-emission strategy comes at a slightly higher price tag for the economy it promises to deliver greater benefits. For an environmentally sustainable future, India needs to value its natural resources, and ecosystem services to better inform policy and decision-making. Green growth is necessary.

Green growth is affordable. Model simulations suggest that policy interventions such as environmental taxes could potentially be used to yield positive net environmental and health benefits with minimal economic costs for India. For an environmentally sustainable future, India needs to value its natural resources, and ecosystem services to better inform policy and decision-making especially since India is a hotspot of unique biodiversity and ecosystems. Conventional measures of growth do not adequately capture the environmental costs, Therefore, it is imperative to calculate green Gross Domestic Product (green GDP) as an index of economic growth with the environmental consequences factored in. Green growth optimises the potential of sustainable economic growth that is efficient, clean and resilient. It thereby enables reduction in pollution, greenhouse gas emissions and environmental degradation. Green growth enables energy security through efficient use of natural resources and reduces dependence on imported fossil fuels. It enhances climate resilience through considered environmental management, maintaining biodiversity, improving health prospects, minimising waste and reduction in climate vulnerability to extreme weather hazards.

Session 5: EU, BREXIT and India – Adapting to Changing Landscapes

The Session "EU, BREXIT and India – Adapting to Changing Landscapes" was chaired and moderated by Ms. Shada Islam, Policy Director, Friends of Europe. Pnael members of the session included Mr. Shishir K Bajoria, Chairman, Bajoria Group, India Dr. Gareth Price, Senior Research Fellow, Asia Programme, Chatham House, UK, Ms. Madi Sharma, UK Member of the European Economic and Social Committee Mr. Pratik Dattani, Director, FICCI, UK

Here are the main observations made by various speakers:

Britain's vote to leave the EU sent shockwaves around the world, and nowhere more so than in the UK's external trade relations. "Economics do not like these uncertainties" said Shishir Bajoria, Chairman of the Bajoria Group. But if and when it happens, Brexit could create as many opportunities as challenges for UK-India and EU-India relations, participants heard at a Friends of Europe debate, organised as part of the Europe India Chamber of Commerce's Trade and Investment Partnership Summit.

With €72.5bn worth of EU-India trade and €19.4bn of UK-India trade at stake, all three partners need to think carefully about the future of their relations after Brexit. “The UK has to be a great partner for India; culturally, we understand each other”, said Madi Sharma, UK Member of the European Economic and Social Committee (EESC). The EU has also grown to see India as one of its key partners: “India is one of the EU’s four strategic partners in the Asia-Pacific”, said Veronica Cody, Head of Division for Regional Affairs, India, Bangladesh, Nepal and Bhutan at the European External Action Service (EEAS). “Whatever the ups and downs in the relationship, there is a comfort in the permanence and long-standing nature of the relationship.”

The full Report of the Debate could be downloaded from the link of the Friends of Europe:
http://www.friendsofeurope.org/media/uploads/2016/12/FoE_EU-India_report-final.pdf

UK should be doing much more business with India with its middle class of 200 million people, but we can’t because trade with India is part of what is known as an EU competence. An EU trade deal with India is almost completely out of the question, and Britain will have to get out of the EU if we are going to tie up a bilateral trade deal with India which I am absolutely certain we can do.

In the absence of any realistic projection on what a post-Brexit U.K. holds in store, such claims carry little authority. That said, India remains deeply vested in the outcome of the referendum for two reasons. The first concerns the welfare of a nearly three-million strong diaspora of Indian-origin U.K. citizens, while the second concerns the interests of a large moving population of Indians who come to Britain ever year as tourists, business people, professionals, students, spouses, parents and relatives.

Will Brexit change the rules of doing business, or of access to higher education? Further, will it create new barriers for work visas or the visitation rights of relatives who have families here?

Indian industry in the U.K. is thriving. There are 800 Indian companies in the country -- more than the combined number in the rest of Europe. The number of Indian companies growing at more than 10 per cent — the key benchmark for inclusion on the list — has nearly doubled this year over the last.

The total turnover of the fastest growing Indian companies in the U.K., especially in the fast growth sectors of technology, telecom, pharmaceuticals and financial services, rose by 18 per cent in 2016 — from £22 billion in 2015 to £26 billion this year, according to the Tracker. Telecom and technology companies Bharti Airtel and HCL Technologies top the list of Indian companies, registering phenomenal growths of 886 per cent and 728 per cent respectively. In turnover terms, the Tata Group still dominates, although its share has fallen from 83 per cent of total turnover of Indian companies on the Tracker compared to 90 per cent last year. Despite the downturn in the automobile industry, Jaguar Land Rover’s business is still the success story it was, reporting a 13 per cent growth due to increased demand for its product range.

During trade talks held during the visit of Prime Minister Narendra Modi to the U.K. in November 2015, £9 billion worth of commercial deals were agreed upon.

A post-Brexit government may not affect outbound investment into India, but will the robust growth of inward investment continue? The India Tracker report sounds a note of caution here, describing a potential Brexit scenario as one of “pressing concern”.

Uncertainty surrounding the U.K.'s impending EU referendum, and the possibility of 'Brexit' may have a bearing on both the UK economy and on Indian companies' appetite for investing in the U.K., particularly those seeking access to the European market. Close personal ties that many Indian entrepreneurs have to the U.K., with strong family connections and children often educated at U.K. schools, may counterbalance other considerations.

Pro-Europe sentiment was echoed by several panelists who said that Britain remaining in the EU is a win-win for both and a leaving a loss to both.

There was a strong warning on the perils for British industry from leaving the EU in respect of skilled labour supplies, free trade opportunities in Europe, and immigration restrictions. On the Brexit argument of "curbing unacceptable levels of immigration" into the U.K., he reiterated his long-held view that students coming to the U.K. to study must be kept out of, and apart from, immigration quotas.

Indian businesses and financial institutions are however hedging their bets. It was argued that Brexit may actually strengthen India's position. This will have geopolitical implications and will affect the relation of the rest of the world with Europe. But, our take is that though such an exit brings up a lot of uncertainty within Europe, it definitely opens up opportunities for India.

Freed from its EU constraints, Britain can get on and sign bilateral trade agreements with India, the US and all the members of the Commonwealth that are naturally aligned with us through bonds of language, culture and common institutions, and who are almost all growing much faster than the EU. India is the standout opportunity, a country with strong historic bonds with Britain, with a rapidly growing economy and a population set to hit 1.7bn by 2040. News bulletins in the next two or three years will be punctuated by the exciting agreements that Britain forges as it becomes a beacon of free trade.

The impact the world is witnessing right now are temporary tremors and they would all stabilise. There would be headwinds globally but for a short duration. The economies would stabilise and come back to their growth path. This rebalancing would be favourable for some and not so favourable for other economies. This volatility would put pressure on oil prices, which could help countries like India. The dollar economies would strengthen. Emerging economies like India will stand to benefit because once UK decides to be independent, the bilateral trade will not be chained by EU policies. EU as a market block will be certainly weakened without the UK. Other member nations in EU would also question their being a part of EU, going forward. The Chinese investments too would grow in the UK.

It is a golden opportunity for India because for any emerging economy like India, the EU trade rules can be tough and at times, restrictive. Here is a chance to break new ground and certain customisation is possible depending on which sectors each partner country would like to leverage. India can look up to financial services, defense and SME sector.

The rest of the EU would also feel the impact through several other channels. The EU would lose an influential, liberalising member, shifting the balance of power in the European Council. It would become harder to block illiberal measures. Moreover, there would likely be a new regulatory dynamic with the UK outside the EU. Brexit would impact on the position of both the UK and the EU in the world. In economic terms this would be most evident in trade policy. While the UK would likely be free to strike new trade deals based on domestic priorities it would have less leverage and be a lower priority than

the EU for other countries. The UK would also face the huge challenge of renegotiating the existing EU deals that would no longer apply. The EU would likewise be a less attractive partner at a time when it is only second priority for the US and Japan and a lower priority for many emerging countries. The EU may, however, be able to take a tougher stance in negotiations without the UK and make more active use of trade remedies. In addition, the EU would lose substantial hard and soft power assets although Brexit could lead to greater EU political integration and more coherent external representation in institutions and on external policy.

The overall macroeconomic impact of Brexit is hard to quantify. This is because there are several unknowns and macro models do not capture many channels through which Brexit would impact on the economy. The majority of published studies find the impact on the UK would be negative and significant. The impact on the rest of the EU would be smaller, although no comprehensive macroeconomic estimate has been published

A reason the EU-India FTA negotiations have stalled is a lack of engagement at the ministerial level. That has and never will be an issue between the UK and India. The flow of Ministers in both directions is wide – ranging across departments – and constant. The second reason for optimism is that UK and Indian businesses are already tightly entwined, evidenced by the strong investment relationship. Business leaders therefore know the opportunities to be had by a trade deal, and will show the type of leadership and flexibility needed in support of ministers and negotiators. Thirdly, to help redraw trade relationships with world-leading countries, like India, the UK Government has set up the Department for International Trade, and supported by a team of three ministers, including Lord Price, a former businessman, who has responsibility for trade deals. This shows real intent to make things happen.

The negotiation process will be difficult, and may not be quick. But there is optimism and positivity on both sides that a deal can be agreed. Recognising the complementary nature of our economic strengths and objectives, there is also currently much goodwill in the relationship.

The devil, as ever, will be in the detail. So, when the discussions turn into negotiations, and obstacles emerge, it will be important that political and business figures retain the positivity and goodwill. They must also show the leadership needed to reach a deal that enables the potential in the UK-India relationship that Dr Fox so rightly highlighted to be realised.

A Free Trade Agreement between India and the UK could be easier to accomplish at a bilateral level following Britain's exit from the EU.

British business, including those businesses set-up and established by members of the diaspora living in the UK, were eager to access the Indian market and build mutually beneficial trade deals with businesses in India. While the EU is losing influence globally and becoming increasingly inward-looking, India is taking a leadership role on the world stage. The UK shares India's outward-looking worldview and is keen to work more closely with India to support its ascent. In closer partnership together we can support more free trade and cooperate on other issues such as international security.

If the UK leaves the EU the impact would depend on the new relationship between the UK and the EU. A lack of clarity over what would replace EU membership is just one reason why the path to Brexit - and beyond - would be long and uncertain, taking ten years or more. The impact of Brexit through the trade and investment channels would be most severe in the UK. Regulatory divergence would increase over

time, affecting trade volumes and reducing the attractiveness of the UK for investment. This would impact on European businesses invested or trading in the UK and supply chains involving UK firms, but the magnitude depends on the specific Brexit model and is impossible to predict.

Launching of the Book 'The Modi Doctrine'

India's Ambassador **His Excellency Manjeev Puri** introduced the Session and in his opening remarks said that Prime Minister Narendra Modi's hyper-active diplomacy since taking office in 2014 has paid handsome dividends, both to himself and the country. In a telling recognition of his diplomatic efforts in bringing India onto the centre stage of global geo-politics. India has rightly identified and recognized the importance of the seas and its impact on global trade and influence. India is strategically located to control and influence sea trade between the East and West. Ambassador Puri also said that launching of the Book in Brussels is also a testimony to the importance India gives to its relations with the European Union. Ambassador spoke about the significance of the Prime Minister's visit here in March and the main theme of his address to the Indian Diaspora as India-EU Stronger Together.

Dr. Anirban Ganguli, One of the Editors of the Book said that The Modi Doctrine is among the first serious attempts to review the direction India is taking to pursue its 'enlightened self-interest', after a prolonged spell spent under a Nehruvian world-view. He offered the following:

The momentum of the Modi Government in the foreign affairs space has been unmistakable, right from the swearing-in ceremony in May 2014, with almost all heads of government from South Asia in attendance. Both the Prime Minister and the External Affairs Minister have visited nearly 150 countries since, meeting heads of state, Government, business, industry, the Indian diaspora, and high officialdom.

Together with the MEA's troupe of professional diplomats, they have built a broad consensus against Islamic terrorism, helped in part by the constant depredations of the terrorists in many countries around the globe. They have also listened, learned and discussed, while putting India's aspirations forward in the comity of nations, urging many to Make in India and participate in the modernisation of its infrastructure.

Closer home, India has forged close links with Afghanistan and Iran, with a presence at Chabahar, Iran, a heartbeat away from Gwadar in Balochistan. It has also balanced its relationship to an appreciable degree with China, despite border tensions, and also with Pakistan's erstwhile supporters Saudi Arabia, Qatar, and the United Arab Emirates, helped appreciably by a more or less permanent crash in petroleum prices.

Some parts of South Asian Association of Regional Cooperation and the immediate neighbourhood have responded to our overtures to a greater degree than others, with Bangladesh, Bhutan and Myanmar, showing bold new promise by way of greater trade engagement, strategic cooperation, road, rail, maritime and gas pipeline links.

On the converse side, after being plagued by cross-border terrorism from Pakistan for decades, the Modi Government has decided, at last, to challenge the very foundations of the existing non-functional matrix. 2014 changed all that when Narendra Modi became Prime Minister. He seemed clear in taking India out of its passive mindset and onto the centre stage of global politics and he had the mandate to

see him through. The last two and half years have seen India shake off its past and aggressively take up issues of global concern. India's pro-active and firm position on 'climate change' and 'energy security' has taken the world by surprise and today, India is viewed with a new sense of respect and admiration.

The relation of India with its neighbors has been deteriorating in the past few years. Even the countries with whom we had traditionally friendly relations, like Sri Lanka, Nepal and Maldives were distancing themselves from India's sphere of Influence. The past coalition government at the centre were easily influenced or politically blackmailed by state governments into altering the foreign policy so that regional parties could score political points; as evident from the Sri Lankan issue, where the UPA Government had to follow a policy which was detrimental to India's interests in Sri Lanka.

It will not only contribute to the development of the whole region but it has also earned goodwill and prestige for India in the region. Modi's decision to make Bhutan his first Prime Ministerial foreign trip highlights the importance of the immediate neighborhood in the Indian Foreign Policy.

Dr. Swapan Dasgupta said that the efficacious manner in which Mr. Narendra Modi has conducted foreign relations in the first few months of his tenure, it is quite evident that much of his focus and energy have been directed towards molding a strong coherent foreign policy.

Among the many surprises that Prime Minister Narendra Modi has sprung since he took charge of the nation at the end of May 2014 is the extraordinary emphasis on connecting with the overseas communities of India. Since he has become the Prime Minister, Modi has offered a more comprehensive framework for reconnecting with the diaspora. He has discarded the old attitude of reproaching the diaspora, especially that in the West, as abandoning their responsibility to their motherland by leaving its shores. Instead, Modi has affirmed that India is proud of the diaspora's achievements around the world. He exhorted them to actively contribute to the acceleration of India's economic and social development. Modi has also recognised that the connection with the diaspora could be leveraged to influence the political classes of the host nations. Modi's main message was that India is poised to rise and reach its full potential under his leadership and the diaspora is central to his new vision of India.

Engagement with overseas communities has become a major element of India's dynamic foreign policy under Prime Minister Narendra Modi. Modi has injected a new vigour in the few months that he has been the Prime Minister. Modi sees the diaspora as central to India's development journey and as a strategic asset in promoting India's foreign policy interests abroad. At the same time the Modi government has had to spend considerable time and energy dealing with the problems arising from India's expanding global footprint.

Ever since Mr. Modi has taken up office he has shown keen interest in developing relations with our immediate neighbors. The invitation to all the Head of State of the SAARC countries during the swearing in ceremony was a brilliant decision. It shook all the apprehensions about Modi being a hardliner and have showed that the new leadership is serious and willing to discuss and improve relations as well as co-operation between the SAARC members.

If India has any great power aspirations then it has to strengthen its position in the subcontinent first. The SAARC countries offer tremendous economic and developmental opportunities for India as well as

the region. India share land as well as sea borders with all the SAARC countries except Afghanistan, and within SAARC leaving Afghanistan all other countries share borders only with India.

Modi has always been a man of trade and investment. Modi was one of the first Chief Ministers in India to organize events like 'Vibrant Gujarat' to invite businessmen from all over the world to attract investments. So after becoming the Prime Minister he is assiduously trying to build the image of India as a hub for manufacturing and businesses with his 'Make in India' campaign.

He wants to follow up his success in Gujarat on a larger National scale. No efficient foreign policy can be followed without strong economic clout and he knows it better than many of our contemporary politicians. It is for this reason that trade and investments has been a major area of discussion when dealing with major countries like China, Japan and the U.S.

Prime Minister Modi's Foreign Policy is a unique blend of pragmatism and idealistic co-operation as well as gestures. It can be termed as neorealism without the dilemma of narrow relative gains. Any foreign policy can be augmented with a popular and charismatic statesman and Indian foreign policy finds its statesman in Mr. Modi, a mass leader whose popular rhetoric, catchy phrases and overall charisma goes a long way in winning over the crowds in foreign lands and winning goodwill for the nation in the process.

Within South Asia, India has already demonstrated its ability to co-opt Bangladesh and Afghanistan. For the record, on a bilateral basis, the Modi Doctrine intends to use water as a weapon of war (once again, war through other means).

Modi's priorities appear focused foremost on a pragmatic growth strategy to get the Indian economy back on track. To achieve that he has indicated that international economics will acquire greater prominence in Indian foreign policy. A muscular foreign policy, Modi seems to have concluded, can only follow when economic strength can be translated into political and military muscle.

Modi has already surprised the world with his unprecedented inauguration outreach to all seven heads of government from the South Asian Association of Regional Cooperation countries, plus the Mauritius Indian Ocean neighborhood. Within South Asia, economics plays an enormous role in some of New Delhi's most important relationships—the border with Nepal is fully open; India has a free trade agreement in place with Sri Lanka and an agreement with Maldives; and three years ago India offered duty-free trade concessions to all SAARC least developed countries like Afghanistan, Bangladesh, Nepal and Bhutan. Cementing strong economic ties among the SAARC countries has a ways to go—regional trade is under 2 percent of regional GDP, contrasted with East Asia's 20 percent—and the Modi government now has the chance to double down on the effort.

Mr. Shishir Bajoria, BJP's West Bengal Executive and an important activist spoke about the sweeping changes that are taking place in the arena of foreign policy under Prime Minister Modi and he is changing the geo-political scene of Asia and around the world and also the definition of foreign policy and diplomacy. He also spoke about the importance of the launching of the book from the platform of the EICC.

The Book launch was hosted by the EICC and Antwerp Indian Association in association with the Embassy of India.