

"India-EU business relations - challenges and opportunities"

Speech by European Commissioner for Enterprise and the Information Society Erkki Liikanen

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Your Excellencies,

Members of the Indian Authorities and of the European Union,

Ladies and Gentlemen,

President Prodi asked me to present his apologies for not being able to be here today to close this important meeting of business leaders and associations from both India and the European Union, interested in improving the trade and investment flows between our two regions.

Our Heads of State will meet tomorrow to continue the development of a joint political agenda for the future. It confirms that we are at a special moment in the relations between the EU and India.

The business dialogue and the enhancement of trade between our countries will continue to play a crucial role in the reinforcement and the development of these relations.

We share with India the same ambition to develop a long-term partnership: we want to improve the business environment, to facilitate free trade, services and investment flows between our regions.

We share, as well, the wish to see India more and more engaged in the global dimension, as a responsible political and economic player.

Today's meeting and its recommendations is an important sign and represents another step in the improvement of our mutual relations. It gives a new impulse to the India-EU relationship.

One year's work

The Commission welcomes the work done since the last business summit in New Delhi and the success in stabilising a framework where the private sector gives its views directly to Governments.

The Joint Initiative, based upon sectoral and a bottom-up approach, emerges as an important instrument to identify and tackle problems to improve the trade conditions on the ground.

In this context, the outcome of the 2nd round of the Joint Initiative is very welcome. Its sectoral recommendations will be thoroughly analysed and have a concrete follow-up.

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The Action plan, which will be presented at the next EU-Indian Joint Commission, is an important part of the work to be developed in the near future. This should contribute to the improvement of the business conditions on trade and investments.

The Commission takes note of the work done to produce a much shorter and applicable list of recommendations. The result of this prioritisation is concentration on those recommendations that industry considers as the most important and urgent to implement.

The second set of sector's recommendations will also have an appropriate follow-up. A second part of the Action Plan should be then elaborated, taking advantage of the work already developed by the EC-Indian Officials Working Group.

Indian economic context

When I was visiting India earlier this year, I saw the capacity and the commitment of the Indian government to pursue the economic reform programme.

The recent slowdown in the Indian economic growth, although partly due to the overall slowdown in the world economy, also demonstrates the necessity of continuing these reform efforts.

Despite further liberalisation of the FDI regime, India's record in attracting investment remains disappointing, with FDI accounting for some 1% of GDP.

The EU has a great interest in the reform process in India, particularly in pursuit of a "second generation" of economic reforms. This reform process can help India to reduce their relatively high degree of protection and increase FDI flows.

Recognising the important linkages between trade and economic growth, the European Commission support the Indian goal to achieve further significant reductions in poverty. To achieve the objective of a GDP growth of between 7% and 9%, it will be important to continue, and even accelerate, the reform process and increase competition in the economy.

Information technology

I had the opportunity to visit a number of IT companies in Bangalore earlier this year, and to see the remarkable achievements of the Indian software sector.

We regard co-operation and dialogue in the Information Society with India as a priority, and are happy a meeting of the relevant working group is being planned for this year.

During the dialogue, we have been pleased to note that India has clearly made some progress in reforming the telecom sector. However, our experience in Europe is that this is an on-going process, which requires sustained political interest at the highest levels, and the constant attention of an independent regulator.

Efforts must be pursued in the implementation phase of the forthcoming measures or of those already in place, if the telecom sector is to fully play its role as a key driver for the information society and for the economy as a whole. A clear and transparent regulatory framework is a key factor in attracting and retaining - investment.

In this context, industry can play an important role in exerting pressure, to push the policy process forwards, and ensure implementation for the benefit of the economy as a whole.

In the context of this co-operation and dialogue, I can confirm our shared willingness to organise an EU-India event on the Information Society in 2004. My services responsible for Information Society are committed for the launching of such an event.

The Doha development agenda

The EU and India have a mutual interest in further collaboration in the global market fora. A more pro-active approach is needed for progress on the Doha Development Agenda issues, in order to ensure a successful conclusion of the negotiations in due time. It is in the interest of all parties to continue to develop together a common strategy.

The Commission welcomes the progress made in some areas such as services and agriculture, and trade-related technical assistance. We encourage the Indian contribution in this field and underline the importance to determine the modalities for agriculture and industrial market access negotiations at the same time.

The development aspects of the Doha Development Agenda have a great importance for India and the EU. Both parties can also continue to work closely to make concrete progress on implementation and on the work programme of "Special and Differential Treatment".

Follow-up of the EU-India joint initiative

Commission role

We are here today in the context of the EU-INDIA Joint Initiative for Enhancing Trade and Investment. It plays an important stimulating role for the EU-Indian Political Summit, which will take place tomorrow.

This Initiative represents a new form of economic dialogue, where the private sector puts its views directly to their governments and confronts policymakers with the key private sector joint concerns.

The present challenge is to ensure the follow-up of today's second set of recommendations in the four new sectors, which are Financial Services and Insurance, Biotechnology, Infrastructure and Energy, and Textiles.

The transparency of the process is an asset and the collaboration of the main business organisations from both sides, UNICE (The Union of Industrial and Employers' Confederations of Europe), CII (The Confederation of Indian Industry) and FICCI (The Federation of Indian Chambers of Commerce and Industry), confers on it a label of guarantee.

Concluding comments

This EU-India Business Summit, is an opportunity to demonstrate concrete achievements and propose a medium-term plan for dialogue, to have unique opportunities for business networking and to forge strategic partnerships.

The Commission is convinced of the importance and the necessity of business/industry involvement in this process. It contributes to have a trade and investment-dynamic relationship and, more generally, to improve the economic conditions for business in both our regions.

Your qualitative and quantitative presence at this summit confirms to me the importance of this forum, as an ideal place for an exchange of ideas and networking among policy makers, politicians and business people from both sides.

Thank you very much for your attention.