



The European Union & India Trade & Investment 2016





The European Union



List of the Member States of the European Union and year of accession

Belgium 1956			Lithuania 2004
Bulgaria 2007			Luxembourg 1956
Czech Republic 2004			Hungary 2004
Denmark 1973			Malta 2004
Germany 1956			Netherlands 1956
Estonia 2004			Austria 1995
Ireland 1973			Poland 2004
Greece 1980			Portugal 1986
Spain 1986			Romania 2007
France 1956			Slovenia 2004
Croatia 2013			Slovakia 2004
Italy 1956			Finland 1995
Cyprus 2004			Sweden 1995
Latvia 2004			United Kingdom 1973

The protocol order of the Member States is based on the alphabetical order of their geographical names in the original language.





Prime Minister of India, Narendra Modi with European Council President Donald Tusk (c) and European Commission President Jean-Claude Juncker at the EU-India Summit in Brussels 30th March 2016

Contents

Foreword	6
Message	7
EU Trade and Investment with the World	8
EU Trade in Goods with the World	9
EU Trade in Services with the World	10
Composition of EU Trade in Services with the World	11
EU Outward and Inward FDI Stock	12
EU-India Trade and Investment Ties	13
EU-India Trade in Goods	14
EU-India Trade in Goods: in Equilibrium	15
EU-India Trade Basket	16
EU Preferential Trade with India	17
India's Trade in Goods with the World	18-19
India's Trade in Goods with EU Member States: 2015	20
India's Total Trade with EU Member States	21
EU-India Trade in Services by Sectors	22
EU-India Bilateral Investment Ties	23
Indian Investments in the EU	24
EU Investments in India	25
EU Participation in India's Flagship Initiatives	26
EU-India Summit	27
Free Trade Negotiations	28
The EU & India: Size and Population	29
Indian and EU Economies in the Last Decade	30
Organisations of EU Business in India	31
Assisting India's Exports	32
The Enterprise Europe Network	33
List of Useful Websites	34



Cecilia Malmström

Foreword by **The EU Trade Commissioner**

Today, the European Union (EU) is the world's largest economy. Trade has always been central to this achievement and at the heart of our prosperity. The commercial and political ties between the EU and its partners, which have grown strong over many centuries, have helped the EU become the most important trading partner and the world's biggest investor and recipient of foreign direct investments. The EU endeavours to promote free trade at home and abroad, creating a level playing field so that everyone can enjoy the benefits that this system can bring, such as jobs and growth. In this respect, the economic rise of Asia is possibly the most important economic and political story of our times, and India is playing a central part in it, thanks to her size, entrepreneurship and talents. Therefore, the economic relations between the EU and India are of vital importance.

Indeed, the EU and India share a number of common goals and have both recognised the benefits of regional integration. The future will see an ongoing partnership that has placed the EU as India's first trading partners, and India is the EU's 10th largest trading partner. Furthermore, the EU and India have invested over € 100 billion in each other's economies over the years. Being one of the EU's most important trading partners in Asia, India is in fact a key partner for the EU.

Since several years, India has embarked on a process of economic reform and progressive integration with the global economy that aims to put it on a path of rapid and sustained growth. The EU continues supporting this commendable effort, which is lifting millions of people from poverty. The EU is a natural ally of India in this context.

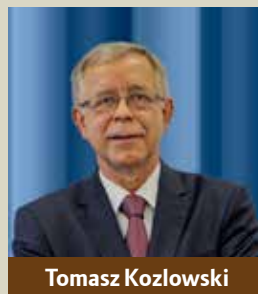
The EU seeks to improve conditions for trade and investment wherever possible. Our priority for trade liberalisation is through multilateral arrangements, and our main focus continues to be working with our partners at the World Trade Organisation (WTO). However, we recognise that there is scope for deeper cooperation between the EU and key partners such as India that complements the multilateral trade agenda. The negotiations on an ambitious Bilateral Trade and Investment Agreement are a step in that direction.

In October 2015, the European Commission presented her new trade and investment strategy: "Trade for All: Towards a more responsible trade and investment policy". This strategy supports a responsible approach in response to new economic realities in line with the EU's foreign policy and is based on three key principles: effectiveness, transparency and values. The goal is to ensure trade policy benefits to as many people as possible around the globe, in an open transparent way to restore trust in trade and in a way that is in tune with our values – values that we share with many partners around the world, including India.

A handwritten signature in black ink, which appears to be "Cecilia Malmström". The signature is written in a cursive, flowing style.

Message from **The EU Ambassador to India**

The European Union, composed of 28 Member States, is the world's largest economy with an annual Gross Domestic Product of € 16.3 trillion (18.5 trillion US\$), representing about 23% of the global output. The EU is also the world's top trading block. India is one of the largest and fastest growing economies with a huge domestic market and significant capabilities. There is enormous potential for both to benefit from strengthened trade, economic and investment relations.



Trade and investment relations are key elements of the EU-India Strategic Partnership launched in 2004. At the EU-India Summit held in Brussels on 30th March 2016, Leaders of both sides expressed their commitment to further strengthening EU-India economic ties. The EU's Agenda for Jobs, Growth, Fairness and Democratic Change and India's *Sabka Saath, Sabka Vikas* initiatives create new opportunities for mutually beneficial cooperation between people and businesses on both sides.

The European Union is India's first partner in terms of trade and actual investment inflows. Bilateral trade in goods topped € 77.3 billion in 2015 and trade in services was approximately € 23 billion. In both cases, the import/export flows were fairly balanced, with a slight advantage for India. This proves the complementarity of the two economies.

The importance of the EU's economy for India, and vice versa, cannot be overestimated. There are more than 6,000 EU companies established in India. They are important stakeholders in the Indian economy, contributing to several million direct and indirect jobs. India too is now emerging as a proactive investor in the EU.

As close trade partners, the EU and India have intense and regular contacts on all economic matters. I would like to emphasise that both sides have decided to re-engage in discussions on a possible free trade agreement. Such an agreement would further boost the already strong economic ties. At the same time, we welcome the progress made by India in improving the ease of doing business in the country over the past year and we look forward to this process continuing.

I hope that this EU-India factsheet on trade will provide better understanding and useful information to business, thereby promoting trade and investment between our economies.

A handwritten signature in black ink, which appears to be 'Tomasz Kozłowski'. The signature is written in a cursive, flowing style.

EU Trade and Investment with the World

The EU is the world's biggest trader, accounting for 16.5% of the world's imports and exports. Free trade among its members was one of the EU's founding principles, and it is committed to liberalising world trade as well.

Trade - a global system

World trade is founded on rules laid out by the World Trade Organisation (WTO) that help ensure that trade agreements and obligations between countries are open and fair.

EU trade and investment policy is made exclusively at EU level and binds all the 28 Member States of the EU without distinction. The European Commission negotiates agreements on behalf of the EU within WTO rules, in close cooperation with the Council of the European Union (representative of national governments) and the European Parliament. The Council and the Parliament then approve those agreements.

World leader

The EU is the world's biggest exporter of manufactured goods and services, and it is the biggest import market for over 100 countries. The EU is also the world's largest foreign direct investor and recipient of foreign direct investment

It is also the world's largest single market area, with more than 500 million consumers. In the EU, people, goods, services and money can move freely.

Building a fair and open playing field

The EU is deeply committed to open international markets in a way which is conducive to growth and investment at times of economic uncertainty. We are also strong supporters of the multilateral agenda set forth by institutions like the WTO.

The EU negotiates agreements through its world-wide network of trade relations. These partnerships seek to create growth and jobs by opening new trade opportunities with the rest of the world. Transatlantic markets, for example, represent transactions worth around € 2 billion every day.

Starting from the last decade, the EU is engaged to negotiate and apply comprehensive trade agreements which go well beyond the classic liberalisation of customs duties but touches on the many aspects of today's trade: investments, standards, regulations, labour and environmental rights and so on. The EU has already concluded this "new generation" agreement with a host of countries, like South Korea, Canada, Singapore and Vietnam. Similar agreements are being negotiated with India, the United States, Japan, ASEAN and more.

EU trade policy also aims to reduce child and forced labour, environmental destruction and price volatility. Schemes which ensure transparency and traceability in supply chains are one example.

For the world's poorest countries, EU trade policy looks to combine trade and development. Allowing lower duties, supporting small export businesses, and advising on improvements to governance are just some of the ways trade and development can work hand in hand to ensure the neediest benefit from trade-led growth.

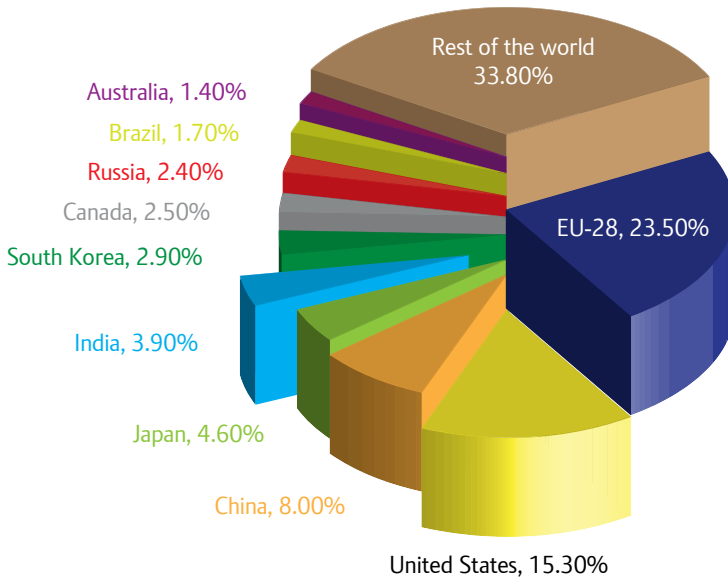
EU Trade in Goods with the World

In 2015, the EU remained the largest Single Market and trading block in the world with € 1,789 billion in exports and € 1,724 billion in imports. The top three destinations countries for EU exports in 2015 were the United States, China and Switzerland. India is the 11th most important export market for EU goods and 9th most important source of imports into the EU.

EU28 Exports to the World 2015				EU28 Imports from the World 2015			
Rank	Partner Countries	Value (€ Bn.)	Share Total (%)	Rank	Partner Countries	Value (€ Bn.)	Share Total (%)
1	USA	369.5	20.7	1	China	350.2	20.3
2	China	170.3	9.5	2	USA	246.2	14.3
3	Switzerland	150.8	8.4	3	Russia	135.8	7.9
4	Turkey	78.9	4.4	4	Switzerland	102.2	5.9
5	Russia	73.9	4.1	5	Norway	74.3	4.3
6	Japan	56.5	3.2	6	Turkey	61.5	3.6
7	Norway	48.8	2.7	7	Japan	59.7	3.5
8	United Arab Emirates	48.4	2.7	8	South Korea	42.3	2.5
9	South Korea	47.8	2.7	9	India	39.4	2.3
10	Saudi Arabia	40.2	2.2	10	Brazil	30.8	1.8
11	India	37.9	2.1	11	Vietnam	29.9	1.7
12	Hong Kong	35.3	2.0	12	Canada	28.2	1.6
13	Canada	35.2	2.0	13	Taiwan	25.4	1.5
14	Brazil	34.5	1.9	14	Malaysia	22.7	1.3
15	Mexico	33.6	1.9	15	Saudi Arabia	21.5	1.2
16	Australia	31.6	1.8	16	Algeria	20.8	1.2
17	Singapore	29.6	1.7	17	Mexico	19.6	1.1
18	South Africa	25.4	1.4	18	Thailand	19.5	1.1
19	Algeria	22.2	1.2	19	South Africa	19.3	1.1
20	Egypt	20.4	1.1	20	Singapore	18.8	1.1
Total Exports (all countries)		1,789.00	100	Total Imports (all countries)		1,724.80	100

EU Trade in Services with the World

Share in World Trade in Services in 2014



World Trade in Services in € billion

	Exports	Imports	Total services trade
EU-28	764.9	602.1	1366.9
United States	534	358.2	892.2
China	175.8	288.8	464.6
Japan	122.3	144.5	266.8
India	117.6	111.3	228.9
South Korea	80.4	86.6	167

	Exports	Imports	Total services trade
Canada	65	80.6	145.6
Russia	49.5	91.1	140.6
Brazil	30.2	66.6	96.8
Australia	40.8	47.8	88.6
Rest of the world	947.2	1024.3	1971.5
Total	2927.7	2901.8	5829.5

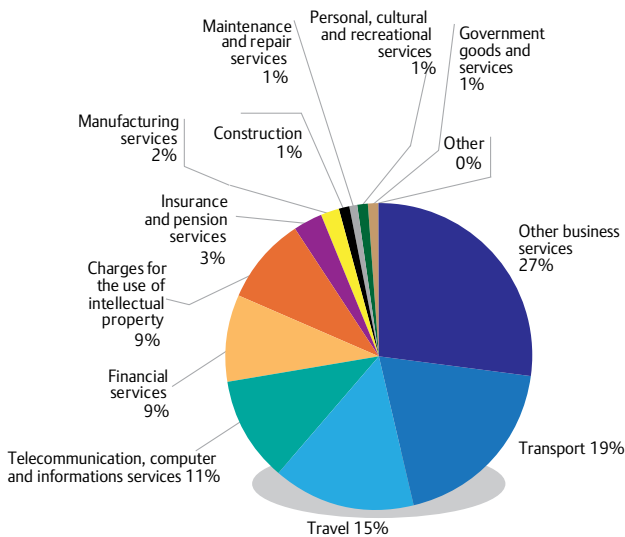
The EU is the leader in world trade in services covering almost one quarter (23.5%) of the worldwide services trade in 2014. It is followed by US, China Japan and India, each with significant contributions.

The EU is also the biggest exporter of services with € 764.9 billion in 2014 and biggest importer of services with € 602 billion in 2014. India is number 5 in the world services trade representing a share of 3.9 %.

Composition of EU Trade in Services with the World

	Exports		Imports	
	(€ billion) 2014	Share in total (%) 2014	(€ billion) 2014	Share in total (%) 2014
Other business services	199.9	26.13	168.6	28.00
Transport	141.5	18.50	122.8	20.40
Travel	108.6	14.20	98	16.28
Telecommunication, computer and informations services	94.4	12.34	55.6	9.23
Financial services	78.2	10.22	38.1	6.33
Charges for the use of intellectual property	49.4	6.46	68.4	11.36
Insurance and pension services	33.5	4.38	13.1	2.18
Manufacturing services	20.6	2.69	6.4	1.06
Construction	13.4	1.75	5	0.83
Maintenance and repair services	10.1	1.32	7.8	1.30
Personal, cultural and recreational services	8	1.05	11.7	1.94
Government goods and services	7.1	0.93	6.4	1.06
Other	0.2	0.03	0.2	0.03
Total	764.9	100.00	602.1	100.00

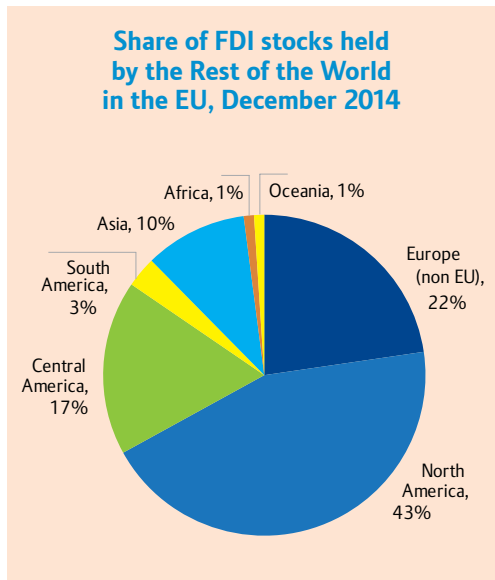
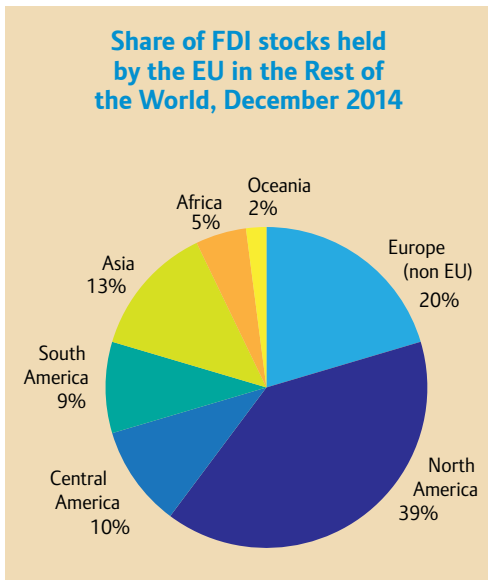
Trade Value 2014 (€ billion)



EU Outward and Inward FDI Stock

FDI stocks are an important indicator of globalisation and provide a measurement of the longstanding links between countries. International investment flows contribute significantly to generating growth and jobs as well as to the wide-spread adoption of best business practices, more efficient technologies and products. At the end of 2014, the EU held FDI stocks of € 5,749 billion in the rest of the world (+7.6% compared with the end of 2013), while stocks held by the rest of the world in the EU amounted to € 4,583 billion (+9.6%), resulting in the net investment position of € 1,166 billion for the EU vis-a-vis the rest of the world.

North America and in particular the United States, represented the main partner of the EU for FDI. At the end of 2014, the US was the leading location of EU FDI stocks (€ 1,985 billion or 35%), followed by Switzerland (€ 632 billion or 11%), Brazil (€ 344 billion or 6%) and Canada (€ 275 billion or 5%). The United States was also by far the main investor in the EU (€ 1,811 billion or 40%) ahead of Switzerland (€ 509 billion or 11%).



EU-India Trade and Investment Ties

At 1.25 billion, India is the second most populous state and largest democracy in the world. With an annual GDP growth rate in excess of 7.5% for over a decade it is now in the world's top ten largest economies (4th by PPP).

As such, India is an important trade and investment partner for the EU combining a sizable and growing market with a growth rate that makes it one of the fastest growing economies in the world, arguably the fastest among the big economies.

Two-way trade in goods between the EU and India reached € 77.3 billion in 2015, that is € 211 million per day. If we add the part of services, the total trade has exceeded € 100 billion/year, or € 275 million worth of trade per day!

The EU and India hope to increase their trade in both goods and services as well as investment through the negotiations for a free trade agreement (better known as Broad-based Trade and Investment Agreement – BTIA) that they launched in 2007.

EU companies are global players and have faced up to the challenge of globalisation, demonstrated by the fact that out of the world's top 20 non-financial Multinational Corporations (MNCs) ranked by foreign assets, 12 are from the EU.

The EU offers important opportunities in terms of technology-sharing and know-how, providing high level synergies in sectors where EU companies are world leaders - this includes infrastructure, transport, telecom and basic industry. This wealth of experience and knowledge means that the EU has much to offer India in its quest to grow, from large scale infrastructure projects to world-class experience in services sectors that are crucial to modern-day economies, and from cutting-edge Research and Development to regular business partnerships.



EU-India Trade in Goods

EU-India trade in goods reached an all-time high in 2011 with total trade exceeding € 80 billion. The figure recorded in 2015 is the second-highest.

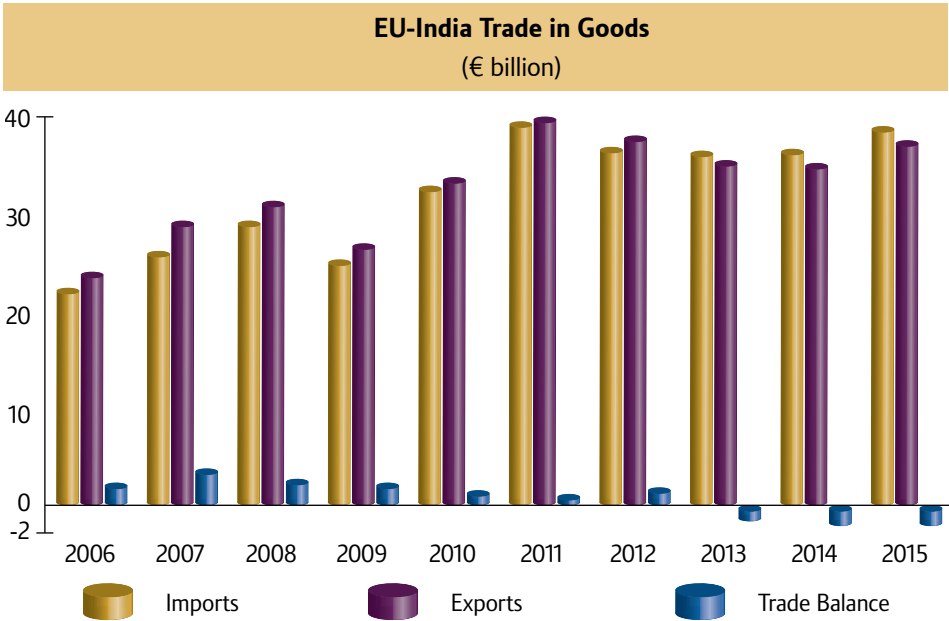
EU-India trade in goods is remarkably balanced. Between 2006 and 2012 the EU has enjoyed a small surplus but since 2013 India's exports have exceeded, marginally, the value of EU goods exports to India.

Over the last 10 years total EU-India trade in goods has increased by more than 66%.

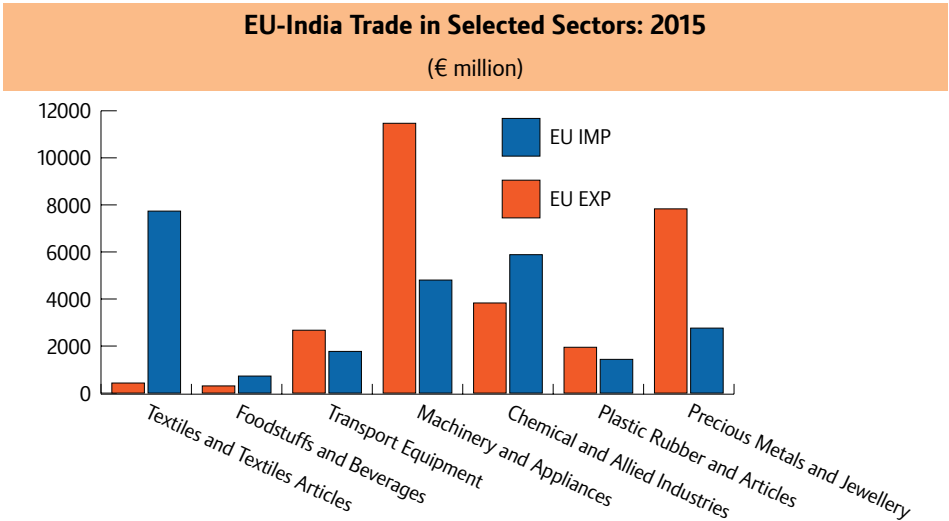
EU-India Trade in Goods 2006-2015 (€ bn.)					
Year	Imports	Exports	Trade Balance	Total Trade	% Change y-o-y
2006	22.3	24.0	1.7	46.3	-
2007	26.2	29.4	3.2	55.6	20.1
2008	29.4	31.5	2.1	60.9	9.5
2009	25.3	27.0	1.7	52.3	-14.1
2010	33.1	34.0	0.9	67.1	28.3
2011	39.9	40.4	0.5	80.3	19.6
2012	37.2	38.4	1.2	75.6	-5.8
2013	36.8	35.8	-1.0	72.6	-4.0
2014	37.0	35.5	-1.5	72.5	-0.1
2015	39.4	37.9	-1.5	77.3	6.6

Source: Eurostat

EU-India Trade in Goods: in Equilibrium



Source: Eurostat

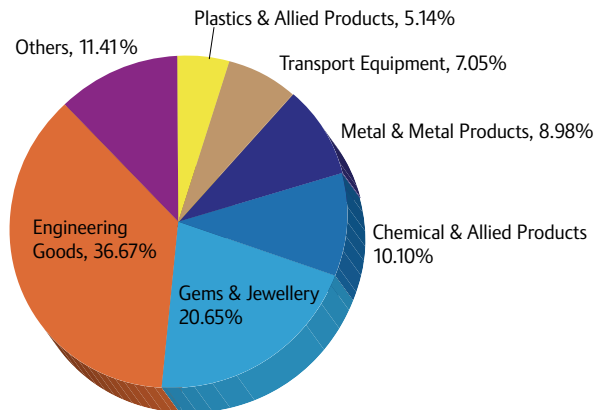


Specific commercial sub-sectors may indeed show large trade imbalances. This is normal as international trade adapts to the comparative advantage of each individual economy. EU-India trade has showed over time that sectoral imbalances are fully compensated and overall trade is almost in perfect equilibrium.

EU-India Trade Basket

During the year 2015, the EU's major exports to India consisted of engineering goods (36.67%), gems and jewellery (20.65%), chemicals and allied products (10.10%), metal and metal products (8.98%), transport equipment (7.05%), and plastics and allied products (5.14%).

EU Exports to India (2015)



Source: Eurostat

During the same period (2015), the EU's major items of imports from India consisted of textiles and clothing (19.61%), chemical and allied products (14.92%), engineering goods (14.92%), metal and metal products (8.77%), leather and leather goods (7.67%), agriculture and allied products (7.21%), gems and jewellery (7.0%) and mineral products (6.19%).

EU Imports from India (2015)



Source: Eurostat

EU Preferential Trade with India

India currently benefits from unilateral preferential tariffs for her goods exports under the EU Generalised Scheme of Preferences (GSP). Those tariff reductions apply to roughly one third of India's exports to the EU and make India the largest beneficiary of the scheme in absolute terms.

The coverage of GSP has been decreasing over the years, as a result of India's growth as a world exporter. Indeed, GSP is geared to help poorer countries to strengthen their economies by opening up export opportunities to the EU market. India is less and less in need of such help.

When the full-fledged Free Trade Agreement (called the EU-India Bilateral Trade and Investment Agreement – BTIA) is implemented, the GSP preferences will be phased out over a period of two years. BTIA is, in fact, a much more powerful instrument than GSP: it is a bilateral agreement, where both parties are placed on an equal footing; it covers both goods and services; and it covers all the important aspects of today's trade relations such as investments, regulations and standards.

Impact of GSP Preferences on Total Exports to the EU (€ million)

	2013	2014	2015
India's Total Goods Exports to the EU (€ million)	36,431	36,825	39,120
Total Exports to the EU which benefited from GSP preferences (preferential exports)	17,537 (48.1%)	14,384 (39.1%)	15,036 (38.5%)

Source: Eurostat

Top Preferential Export Sectors in 2015

Sector	Share of Total GSP Preferential Exports
Apparels and clothing	35.5%
Machines and equipment	13.8%
Footwear	7.9%
Articles of leather and fur skins	7.4%

Source: Eurostat

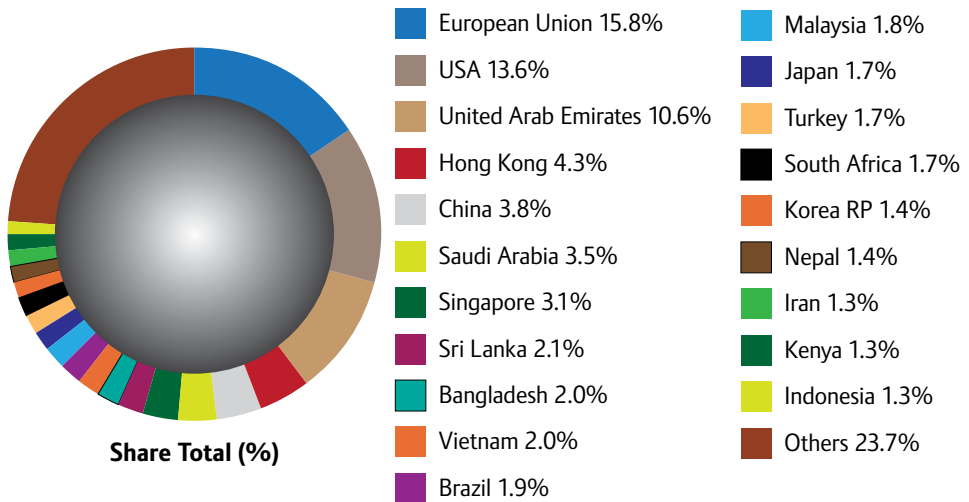
India's Trade in Goods with the World

The EU is India's Number One Trading Partner

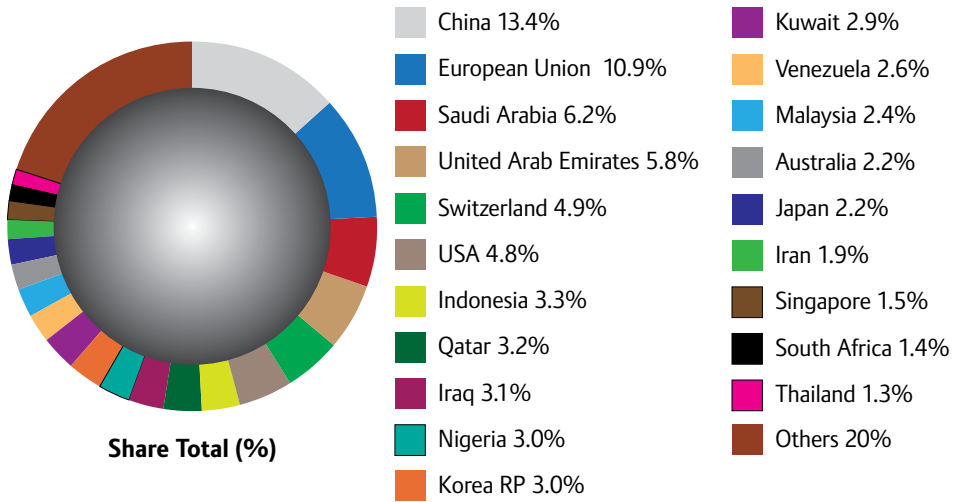
In 2014, India's share in global exports was 1.69% against 1.66% in 2013. Similarly, India's share in global imports was 2.43% compared to 2.47% in 2013. India's rank in world trade in 2014 remained same at 2013 levels at 19 and 12 for exports and imports respectively. India is a member of WTO.

The European Union remains India's largest trading partner with a total trade (import + export) of nearly \$ 100 billion. Other main partners of India are China (\$ 72.3 billion), USA (\$ 62.4 billion), UAE (\$ 59.1 billion) and Saudi Arabia (\$ 39.2 billion). The table below depicts India's trade with the world and its top 20 export destinations and import sources. The figures in the table are given in US\$.

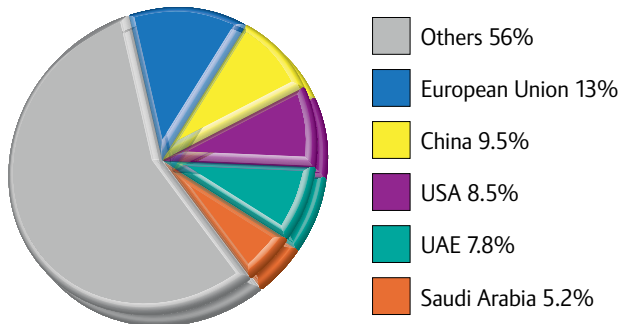
India Exports to the World 2014-15



India Imports from the World 2014-15



India Total Trade (Imp+Exp) with the World 2014-15 Main Partners



India's Total Trade 2014-15 (Imports + Exports): 5 Main Partners			
Rank	Partner Countries	Value (\$ bn.)	Share Total (%)
1	European Union	98.5	13%
2	China	72.3	9.5%
3	USA	64.2	8.5%
4	UAE	59.1	7.8%
5	Saudi Arabia	39.2	5.2%

India's Trade in Goods with EU Member States: 2015

(€ million)

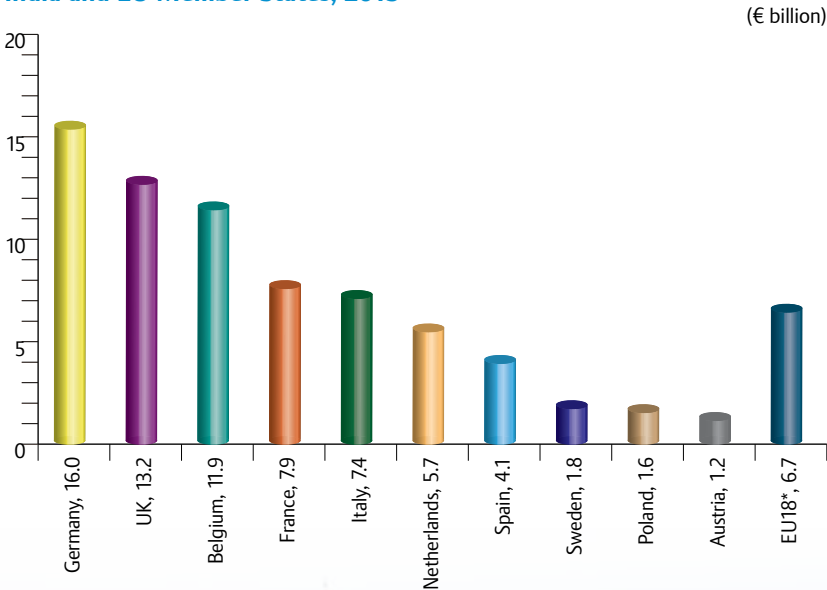
	Total Trade	Exports to India	Imports from India
Germany	16019	9722	6297
United Kingdom	13213	5301	7912
Belgium	11934	7804	4130
France	7901	3525	4376
Italy	7351	3350	4001
Netherlands	5666	1990	3676
Spain	4138	1257	2881
Sweden	1810	1169	641
Poland	1633	419	1214
Austria	1189	739	450
Ireland	967	540	427
Denmark	908	337	571
Czech Republic	871	490	381
Finland	650	451	199
Portugal	537	79	458
Hungary	532	192	340
Romania	470	229	241
Slovenia	355	83	272
Greece	345	60	285
Bulgaria	202	62	140
Slovakia	202	53	149
Croatia	137	17	120
Malta	126	15	111
Lithuania	101	50	51
Estonia	87	63	24
Cyprus	67	11	56
Latvia	53	22	31
Luxembourg	46	40	6

Source: Eurostat

India's Total Trade with EU Member States

The chart below shows total trade between India and EU's 28 Member States in which the top 10 Member States by value of trade are shown individually and the remaining 18 are taken together as EU18*.

India and EU Member States, 2015



Source: Eurostat

*EU 18: Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia and Slovenia.



EU-India Trade in Services by Sectors

Trade in Services EU-28 with India 2012-2014 (€ mn.)									
	Imports			Exports			Balance		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Services	12,567	12,208	11,138	11,744	11,506	11,849	-823	-703	711
Manufacturing services on physical inputs owned by others	35	58	100	271	154	106	237	96	6
Maintenance and repair services n.i.e.	10	120	44	275	332	351	264	212	308
Transport	1,852	1,768	1,875	3,744	3,179	3,068	1,891	1,410	1,193
<i>Sea transport</i>	1,009	982		2,124	2,107		1,115	1,125	
<i>Air transport</i>	647	582		1,425	879		779	297	
<i>Other modes of transport</i>	193	201		186	179		-7	-22	
<i>Postal and courier services</i>	2	4		7	12		5	8	
Travel	1,873	1,838	1,699	1,609	1,639	2,006	-264	-199	307
Construction	142	230	73	213	426	381	71	196	147
Insurance and pension services	87	67	65	225	108	106	138	41	41
Financial services	155	149	142	362	345	350	207	196	208
Charges for the use of intellectual property n.i.e.	105	164	102	411	469	535	307	305	432
Telecommunications, computer, and information services	2,939	3,192	2,554	2,209	2,515	2,792	-730	-677	238
Other business services	5,244	4,447	4,289	1,995	1,811	1,785	-3,249	-2,636	-2,504
Personal, cultural and recreational services	18	85	44	32	110	87	15	25	42
Government goods and services n.i.e.	105	86	75	193	268	140	88	182	66
Services not allocated	4	3		206	150		202	147	

Source: Eurostat, latest available data

Prepared by DG Trade - Chief Economist Unit - Statistics sector

In 2014 India was the 7th largest supplier of services to the European Union, with a share of just under 2% in the EU's total imports of services. On the other hand India was the 8th largest market for EU exports of services with a share of 1.6% in the EU's total exports of services.

Predictably, India's largest exports were in the telecommunications, computer and information services sector. Transport (€ 1.87 bn.) and travel (€ 1.7 bn.) were the other major EU imports from India.

The EU's major services exports to India were transport (€ 3.07 bn.), telecommunications services (€ 2.8 bn.) and travel services (just over € 2 bn.).

India's modest share in the EU's overall trade in services is indicative of the enormous potential for growth. For example, the EU's global imports were € 98 bn. for travel, € 123 bn. for transport and € 68.4 bn. for intellectual property.

EU-India Bilateral Investment Ties

FDI Stock held by the EU abroad, 2014

Partner Country	Stocks held by EU (€ bn.)	Share %
United States	1985.3	34.5%
Switzerland	632.3	11.0%
Brazil	343.6	6.0%
Canada	274.7	4.8%
Russia	171.5	3.0%
China*	144.2	2.5%
Australia	115.3	2.0%
Hong Kong	106.3	1.8%
Singapore	102.9	1.8%
Japan	73	1.3%
India	38.5	0.7%
Total world	5748.6	100.0%

FDI stock held by the rest of the world in the EU, 2014

Partner Country	Stocks held by Partner Country (€ bn.)	Share %
United States	1810.8	39.5%
Switzerland	509.4	11.1%
Japan	166.3	3.6%
Canada	165.9	3.6%
Brazil	113.6	2.5%
Russia	74.4	1.6%
Hong Kong	71.2	1.6%
Norway	70	1.5%
Gulf Arab Countries	60.9	1.3%
Israel	39	0.9%
India	6.7	0.1%
Total world	4582.5	100%

At the end of 2014 the total stock of Indian FDI in the EU was € 6.7 billion and the total stock of EU FDI in India was € 38.5 billion. At the global level India is the 18th largest investor in the EU, while the EU is the second biggest foreign investor in India. The historical trend was confirmed in 2014 when the EU was the second biggest investor in India right after Mauritius and before Singapore. In total the EU outward investment to India in 2014 was almost € 5 billion, while the investment from India destined for the EU was just over € 1 billion.

Indian Investments in the EU

India is investing abroad, like any other commercially motivated investor, seeking access to new markets, technologies, research facilities and economies of scale. In the case of greenfield investments, factors such as skilled workforce availability, government support, favourable business climate and infrastructure, and logistics play an important role.

Geographically, Indian investors preferred the United Kingdom, Germany, Netherlands and Belgium. Indian companies employ more than 130,000 people in these 4 countries and many more in other EU Member States. The biggest Indian employer is the Tata Group, employing approximately 80,000 people in its European companies.

The sectoral mix of investment in EU is consistent with the overall internationalisation of Indian companies globally. Around 20% of Indian investments are in the IT sector, followed by other major sectors such as automotive, manufacturing and steel. FDI by Indian Information Technology and Business Process Outsourcing also target the relatively new EU Member States with Romania, the Czech Republic, Poland and Hungary benefiting from Indian capital. Apart from direct employment, these investments generate tertiary employment in sectors such as construction, housekeeping, catering, security and many more.

Well known Indian companies such as Tata Steel, Infosys, Bharti Airtel, Tata Motors and Bharat Forge have all recently made significant investments in the EU either through greenfield projects or mergers and acquisitions.



EU Investments in India

The EU remains one of the largest investors in India. The sheer size of the domestic consumer market has been a major attraction for investors. A number of EU companies are now household names in India, doing business here for several decades.

Close to 6,000 EU companies are present in India collectively providing direct employment to 1.2 million workers and indirect employment to 5 million. France, Germany, UK, Netherlands, Sweden and Denmark account for the major share of overall European direct job creation in India.

EU investments in India also cover a broad range of sectors including automotive, financial services, infrastructure, logistics, chemicals, pharmaceuticals, health care, IT, food processing, petroleum and natural gas. Well known EU companies include Acciona, Airbus, BAE Systems, BASF, Bayer, British Petroleum, Capgemini, Daimler, Ericsson, Fiat, Ikea, JCB, Kone, Maersk, Marks and Spencer, Philips, Piaggio, Renault-Dacia, Shell, Siemens, Skoda, Solvay, Tetra Pack, Veolia, Vodafone, Volkswagen, among others.

No. of EU Companies in India	Direct Employment	Indirect Employment
6000*	1.2 million jobs*	5 million Jobs*

*approximate figures



EU Participation in India's Flagship Initiatives

Europe is home to many of the most technologically advanced companies in the world. Their excellence, especially in green technologies, can play a decisive role in the many initiatives India is launching to sustain and transform its economic growth (Make in India, Smart Cities, Digital India, Clean Ganga and Swachh Bharat).

The EU is facilitating the involvement of EU business and technologies by establishing partnerships with India's authorities.

As an example, in the last EU-India summit on 30 March 2016, both sides agreed to strengthen links between the Digital India initiative and the EU's Digital Single Market, by cooperating on regulatory issues such as ICT standardisation (e.g. on 5G), Internet Governance, Research and Innovation, and a Startup Europe India Network.

Water management is another field of great importance for India. Following the first Indo-European Water Forum in November 2015, the European Union Delegation to India has organised an event in order to showcase innovative technologies of EU Businesses in the field of treatment of Municipal Sewage and Industrial Effluents, Water Quality Monitoring, GIS-based River Basin Mapping and Micro-irrigation. This first meeting, under the banner of the newly established Indo-EU Water Partnership (IEWP), was held on 7th March 2016 in Delhi. Eventually, such meetings aim to realize a shared vision among IEWP partners for a more sustainable management of water resources.

Joint Declarations on the Water Partnership and the Clean Energy and Climate Partnership agreed on at the EU-India Summit in 2016 will drive cooperation over the following five years, promoting both regulatory and governance dialogue as well as business solutions in many sectors crucial to growth, employment, climate change mitigation, clean cities, water quality and, ultimately, human health.



EU-India Summit

The last EU-India Summit took place in Brussels on Wednesday 30 March 2016.

It was the 13th Summit between the European Union and India and it led to the adoption of two key documents: a Joint Statement and the EU-India Agenda for Action 2020 (a sort of roadmap of areas for actions for the next five years).

The main trade deliverables embedded in these documents can be summarised as follows:

- ◆ At multilateral level, they agreed to stay engaged on global and economic cooperation and governance in the G20 framework and in the ongoing WTO negotiations and future discussions, including re-invigorating and accelerating services negotiations;
- ◆ At bilateral level, EU and India confirmed their engagement to deepen their bilateral trade and investment relations and to resolve trade irritants, including through the negotiations on the Broad-based Trade and Investment Agreement.
- ◆ Specific attention was dedicated to co-operation and exchanges on Intellectual Property (including geographical indications), public procurement, customs and competition, and on pharmaceuticals, but also on traditional knowledge, genetic resources and cultural expressions.
- ◆ In the context of the Make in India initiative, the two sides agreed to strengthen exchanges and create favourable circumstances for investment, including public-private partnership. India also agreed to implement a mechanism to facilitate investments of EU business in India;

The EU and Indian leaders welcomed the European Investment Bank (EIB) commitment to support long-term investment in infrastructure crucial for environmentally sustainable, social and economic development in India, and in particular the EIB's loan of € 450 million in the construction of the first metro line in the city of Lucknow.





Free Trade Negotiations

With its combination of rapid growth, complementary trade baskets and relatively high market protection, India is an obvious partner for a Free Trade Agreement (FTA) for the EU.

EU and India are committed to further increase their trade flows in both goods and services as well as bilateral investment and access to public procurement through the Bilateral Trade and Investment Agreement (BTIA) negotiations that were launched in 2007. This would be one of the most significant trade agreements, touching the lives of 1.7 billion people.

The parameters for an ambitious FTA were set out in the report of the EU-India High Level Trade Group in October 2006, which was tasked with assessing the viability of an FTA between the EU and India. Other studies have reinforced the economic potential of an FTA between the EU and India, notably a sustainability impact assessment was carried out by the EU.

Substantial progress has been made so far even if some outstanding issues have impeded the finalisation of the negotiating process. Key areas that need to be further discussed include improved market access for some goods and services, government procurement, geographical indications, and sustainable development.

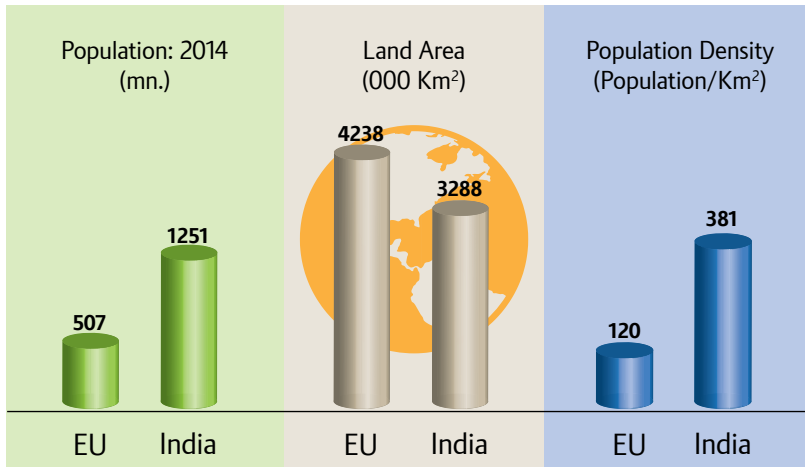
But the EU and India remain committed to a successful conclusion of the negotiations. In the new Communication on EU trade policy ("Trade for All") adopted by the EU Commission in October 2015, there is a clear statement that the EU is seeking "an ambitious outcome of the free trade agreement with India".

In the recent EU-India Summit held in Brussels on 30 March 2016, the President of the European Council, Donald Tusk, the President of the European Commission Jean-Claude Juncker and the Indian Prime Minister Narendra Modi have welcomed that both sides have re-engaged in discussions on how to further the EU-India Broad-based Trade and Investment Agreement (BTIA) negotiations.

The EU & India: Size and Population

The EU and India are two very large entities both in land area and population.

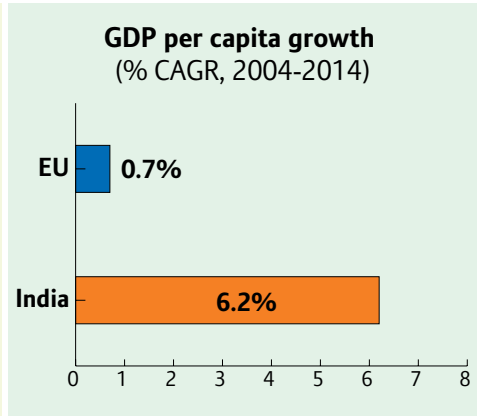
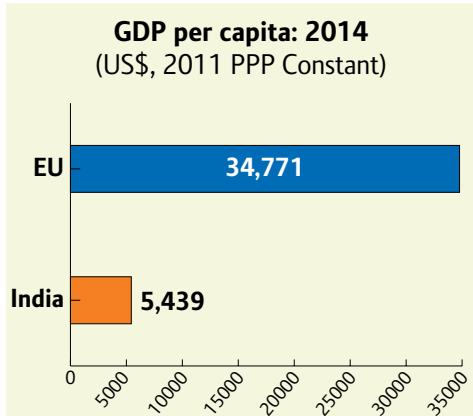
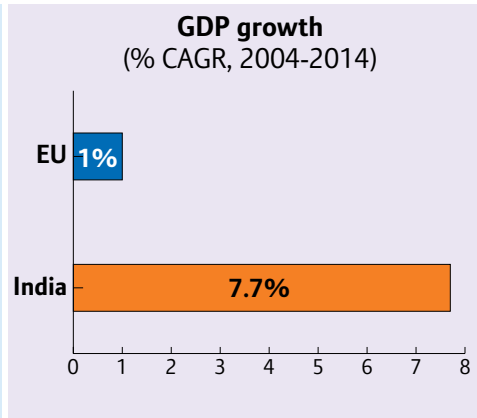
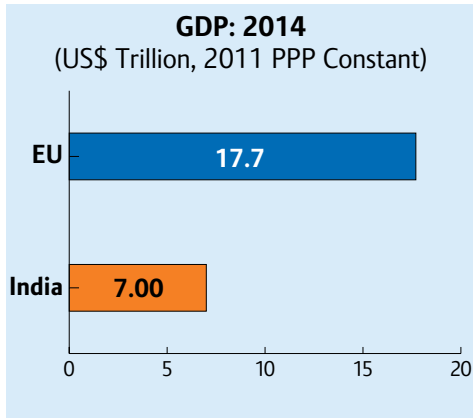
In terms of land surface, the EU (with its 28 Member States) is approximately 28% bigger than India (with its 29 States and 7 Union Territories). But India's population is about 2.4 times the total EU population. This means that India's population density is more than 3 times the EU density.



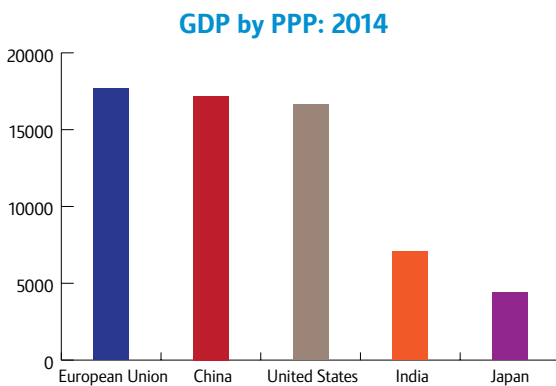
Source: IMF WEO, Eurostat, CSO India



Indian and EU Economies in the Last Decade



Source: World Development Indicator, World Bank



Source: World Bank (values: US\$ billion PPP 2011 constant)

There is still a large difference between the Indian and the EU economy expressed in terms of aggregate and per capita GDP. However, the strong Indian growth recorded in recent years (more than 7 times faster than the EU in the last decade) has made India a middle income country. In 2016, India has become the world's fastest-growing economy among large countries. Currently, the Indian economy is the world's eighth-largest by nominal GDP and fourth-largest by purchasing power parity (PPP).

Organisations of EU Business in India



EBG Federation

The European Business Group (EBG) Federation is based in Delhi and has offices in Mumbai, Bangalore and Chennai. It offers support and advocacy for European businesses in India. The organisation was founded in 1997.

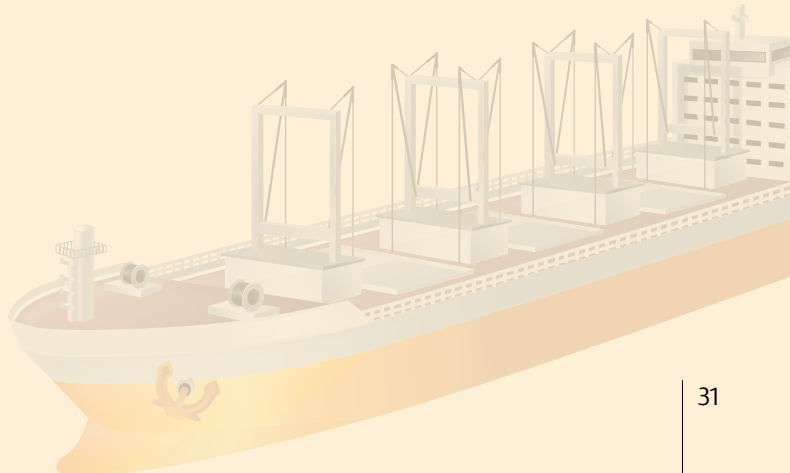
Website: www.ebgindia.com



The Council of EU Chambers of Commerce in India

The Council of EU Chambers of Commerce in India (CEUCCI) was set up in 1992 to foster commercial & economic partnerships between India and the European Union. It is based in Mumbai.

Website: www.euindiachambers.com



Assisting India's Exports



The EU provides support and information to those businesses who want to enter her single market, the world's largest.

The EU Export Helpdesk is a free online one-stop-shop service which explains to business how to export to the EU. In just a few clicks businesses can find EU requirements, taxes, tariffs, preferential arrangements, rules of origin and statistics that apply to their products.

An example of what kind of information a business can find in the EU Export Helpdesk:

- ✓ What are the custom duties for my product?
- ✓ Am I entitled to benefit from a preferential custom duty?
- ✓ Which rules of origin should I comply with?
- ✓ What are the import requirements and the rules on food hygiene and official food controls?
- ✓ Does my product comply with the rules for EU organic farming to bear the EU organic farming logo?
- ✓ Do my exports of chemical products comply with the EU legislation?

For this information and much else, go to:

<http://exporthelp.europa.eu/thdapp/index.htm#>

Capacity Building for India's Trade

The EU also provides help to exporters via the EU-India Capacity Building Initiative for Trade Development (CITD), which was launched in 2013 to support India's capacity to integrate into the global trading system.

The EU has committed € 9 million (₹ 650 mn.) to this project in order to enhance technical cooperation and facilitate expert exchanges.

The initiative covers different areas such as food safety, sanitary and phytosanitary (SPS) issues, technical regulations and customs, intellectual property rights and competition policy.

The Enterprise Europe Network



What is Enterprise Europe Network?

The Enterprise Europe Network (EEN) is a European Union initiative aimed at providing business and innovation support to EU small and medium sized enterprises (SMEs). The EEN is the world's largest business and innovation support network and currently consists of 625 partner organisations located in more than 60 countries, including India. Over 4,000 internationalisation experts and technology transfer practitioners offer a wide range of business and innovation support services to enterprises.

What services are typically offered by the EEN?

The EEN focuses on typical business partnering services, i.e.:

- ◆ Organisation of B2B events & company missions: face-to-face meetings between European SMEs and local businesses.
- ◆ Generation and dissemination of partnership proposals in the Partnership Opportunities Database (POD), a virtual marketplace with 10,000+ partnership proposals

What can the Enterprise Europe Network offer to SMEs?

Membership offer SMEs exclusive relations with Europe's leading business intermediary organisations. Moreover, EEN partners will promote your b2b meetings and company missions to their local clients.

All required background information can be found on our public webpage:
<http://www.enterprise-europe-network.in/>

List of Useful Websites

Delegation website	http://eeas.europa.eu/delegations/india
European Commission	http://ec.europa.eu
DG TRADE	http://ec.europa.eu/trade
Eurostat	http://ec.europa.eu/eurostat
EU Export Helpdesk	http://exporthelp.europa.eu/thdapp/index.htm
European Central Bank	https://www.ecb.europa.eu
European Investment Bank	http://www.eib.org







The European Union

Delegation of the European Union to India

5/5, Shanti Niketan, New Delhi - 110 021, INDIA

Tel: +91 11 66781919 / Fax: +91 11 66781955

email: DELEGATION-INDIA@eeas.europa.eu

Website: <http://eeas.europa.eu/delegations/india>

Like us on: www.Facebook.com/EUinIndia