



EUROPEAN UNION
Delegation to India

Conference on

" Strengthening India-Europe Economic Relations - Opportunities and Way Forward"

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Special Address

It is a pleasure for me to speak on strengthening India-Europe Economic relations. I would like to express my thanks to the PHD Chamber for organizing this important event.

Importance of India for the European Union

India is one of the most important partners of the EU when it comes to trade and investment. In recent years we have seen our partnership expand also into other fields, such as environment, clean energy and sustainable urbanization, just to mention a few.

India's economy is going through a fundamental modernization process and the EU plays a key role as a partner in India's sustainable modernization.

In order to strengthen and deepen this strategic partnership, the EU adopted a new strategy for India last November.

The strategy, developed in broad consultation with European and Indian stakeholders, shows how significant the EU considers India's role in international and regional matters and how determined the EU is to further develop and realize the full potential of this partnership.

The strategy contains both a political and an economic angle. We propose a partnership that can make a difference for peace, security and **sustainable development** in our respective regions and all around the world and a partnership that provides a roadmap to unleash the yet untapped potential of our respective economic interests.

India is the world's fastest growing, large economy, with the potential to become a global growth engine, if it harnesses its full demographic potential.

As an emerging global power, India also plays a key role in the current multipolar world. **To maintain the rules-based, global order, it is vital that the EU and India implement effective multilateralism and global economic governance.**

The EU will therefore seek to consolidate the dialogue on multilateral issues and to coordinate positions with India. In this respect, cooperation in the framework of the United Nations, the WTO and G20 are a priority.

As an example of our increased cooperation on global challenges, Finance Secretary Subhash Chandra Garg visited Brussels just a few weeks ago to participate at a High level conference on sustainable finance. He also conducted bilateral dialogues with his European partners on macroeconomic, financial, investment and development cooperation matters.

When it comes to macroeconomic cooperation, we aim at enhancing our cooperation at G20 and align positions as much as possible given our strong positions in favor of multilateralism. Such approach is also valid regarding the WTO.

We both understand a need to work together in order to defend a multilateral approach in order to strengthen the global economic order in the interest of all of us. Putting together our potential, the EU and India can influence that process.

Expanding trade and investment ties

The EU is India's largest trading partner in goods and services combined and will remain so even after Brexit.

According to latest statistics our bilateral trade in goods and services has gone up and is now around 141 bn USD.

Our trade in goods is also remarkably balanced, with exports and imports in 2018 amounting to 51 billion USD each. Regarding services, we exceeded 39 bln USD.

FDI flows between the EU and India have also been booming. The EU's share in FDI inflows to India more than doubled from 8% to 18% in the last decade, making the EU the first investor in India.

Over 6,000 EU companies are present in India, providing directly 1.7 million jobs and indirectly 5 million jobs and bringing modern technologies.

However, considering the size of our respective economies, these figures fall short of the potential of two-way trade and investment between the EU and India.

The EU has a direct interest in the success of the **economic reforms** needed to unleash the full potential of the Indian economy. With an ongoing debate in India on the benefits of trade liberalisation, there is still a strong reliance on exports and inward investment, and reluctance to open up to imports.

We should also acknowledge that our bilateral trade suffers from a number of trade and investment barriers. While ease of doing business has improved considerably in recent years, hikes in import duties across several sectors hinder EU exports and also increase the prices of inputs for European companies who have invested in the country.

In addition, The Public Procurement Policy gives preference to locally produced goods and services, and therefore limits the participation of non-Indian bidders

Of course, this is not to say that India doesn't face problems in its trade with the EU.

It is in our mutual interest to further strengthen the EU-India bilateral economic and trade relation. **But how do we get there?**

The EU's main objective is to work towards **a sound, transparent, open, non-discriminatory and predictable regulatory and business environment** for European companies trading with or investing in India, including the protection of their investments and the protection and enforcement of intellectual property.

Enhancing market access for EU companies, particularly for SMEs, will require removing existing obstacles and preventing the emergence of new tariff or non-tariff barriers.

In this respect, the EU remains firmly committed to a **comprehensive and balanced Free Trade Agreement with India with sufficient level of ambition to respond to each side's key interests.**

We have an ongoing dialogue with the aim to narrow the gaps and ensure that a future FTA will be economically meaningful and mutually beneficial, delivering real new market openings to both sides.

In this respect I would like to stress also that the different level of development of our economies is fully reflected in these discussions.

When it comes to **investment**, it is worth noting that EU investments to India decreased in the last fiscal year. While there may be many reasons behind this, the lack of investment protection of new investments may play a role. This is why we are also in discussions with

the Indian government regarding a possible, future investment protection agreement between the EU and India. Such an agreement would replace the bilateral investment treaties between India and the EU member states which were terminated a few years ago.

We also want to enhance business cooperation between Indian and European companies by supporting the organisation of regular business summits and business visits to India.

Expanding Business cooperation

While speaking about our economic cooperation, we should also refer to new opportunities coming up from the India's modernisation agenda.

In this respect, I would like to mention the vibrant **EU-India partnerships on water, on resource efficiency, on clean and renewable energy and climate change as well as on sustainable urbanisation, which will bring opportunities for businesses on both sides.**

Following a very successful visit to Delhi recently by the European Commissioner for environment and over 80 EU businesses, we hope to launch soon a new partnership on circular economy and possibly on blue economy.

I would also like to mention the visit to India in February of Mrs Elzbieta Bienkowska, EU Commissioner for Internal Market, Industry, Entrepreneurship and SMEs.

During her visit she launched a new **Business Support project** – an EU financed project which aims at expanding our trade and investment ties with India, in particular in areas where our cooperation is already strong, such as environment (circular economy/resource efficiency), energy, climate, urbanization etc.

The project will set up platforms that facilitate business to business cooperation and communication between European and Indian companies, focusing in particular on small and medium sized enterprises, in order to meet the growing demand in India for innovative technologies.

The project also aims to improve and develop EU-wide advocacy efforts, by bringing together EU business organizations and businesses, with a particular focus on SMEs.

Enhancing market access for EU companies, particularly for SMEs, will require more cooperation on standards, sharing of best practices etc. in order to remove existing obstacles and preventing the emergence of new tariff or non-tariff barriers.

In addition to the business support, I should also mention the funding possibilities that can be provided by the European Investment Bank to support India's climate action initiatives, in particular in the areas of renewable energy and sustainable transport (metro projects in several Indian cities!).

Last but not least, I would also like to draw your attention to a signing ceremony on 15 March between EU and Indian companies working together in the H2020-funded smart grid project 'iElectrix.

iElectrix aims to demonstrate several technical options to increase the distribution network's hosting capacity for distributed renewable electricity (rooftop solar) in the Delhi area. It will use EU technologies and approaches. The project is financed partly by an EU grant, while the remaining part is financed by Enedis and its partners (Schneider Electric, Odit-e, VasaaEtt and Tata power). The cooperation agreement was signed by CEOs of Enedis and Tata Power.

Ladies and gentlemen, these are a only a few examples but I am convinced that there are even more areas where the EU-India business cooperation can be further increased, in particular when it comes to EU's contribution to India's sustainable modernisation.

I wish you fruitful discussions today.

Thank you very much for your attention.