

# Territorial NEWSLETTER Europe

**EPCINDIA**  
ENGINEERING THE FUTURE

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## Chairman's Pen



**T S Bhasin**

The bilateral trade between India and Europe is far below the potential. It is the right time to invite companies and investors from the European Union to explore the investment opportunities in India's manufacturing sector to make in India and cater to global markets. There are numerous areas like infrastructure development, clean and renewable energy, smart cities and many more where European investors will find compelling business opportunities. India is receiving good level of cooperation from European Union for 'Smart Cities' project of the Government. Such types of collaborations in other important sectors are anticipated.

There are clear indications that both EU and India are willing to expedite the ongoing FTA negotiations. Signing of FTA will definitely be fruitful to Indian exporters. This edition of Europe newsletter, besides analyzing trend in engineering trade, also includes a section on major trade destinations in Europe for Indian business communities.

I hope that our readers will enjoy reading this newsletter.

## EU Territorial Committee Chairman's Note



**R P Jhalani**

In this edition of the 'Newsletter on Europe', we analyze India's engineering export trend with the EU. It is noteworthy that December 2016 has sustained the positive trend, all the top five countries – UK, Italy, Germany, France and Belgium – recorded positive growth in December 2016 in imports of engineering products from India. With regard to export in the top 15 panels, it is observed that 9 panels recorded positive growth during April-December 2016 period. Overall trend seems to be quite positive for India, though it is

difficult to consider it a sign of turnaround.

While the real trend will become visible in the next few months, I am hopeful that the Newsletter will give fruitful information to our readers and help them in taking informed business decisions.

## Basic Facts: EU

Territorial  
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**Area:** 4, 324, 782 Sq. km

**Population:** 511, 434, 812

**GDP:** USD 18.15 trillion

**Climate:** cold temperate; potentially subarctic in the north to temperate; mild wet winters; hot dry summers in the south

**Natural resources:** Iron ore, natural gas, petroleum, coal, copper, lead, zinc, bauxite, uranium, potash, salt, hydropower, timber

## India not interested in standalone bilateral investment treaty with EU

India has decided to unilaterally terminate all existing investment treaties with partner countries from 31 March, 2017. In the light of this, India is most likely to reject an offer from the European Union (EU) to start negotiations for a stand-alone bilateral investment treaty (BIT) while negotiations for the comprehensive bilateral trade and investment agreement (BTIA) remain suspended.

It might be noted that, in January 2017, European Trade Commissioner, Cecilia Malmström, in a meeting with commerce minister Nirmala Sitharaman on the sidelines of the World Economic Forum at Davos had proposed EU and India first negotiate a BIT before they restart talks for the free trade agreement (FTA).

On the other hand, India wants to follow the middle path and sign a toned-down version of BTIA which would include an investment chapter and leave aside contentious issues for the time being. However, EU is yet to agree to the offer. India started the process of negotiation for a comprehensive trade and investment treaty, with its intention to do it as part of BTIA. In July 2016, India had offered EU to do an early harvest of BTIA. However, no progress has been achieved with regard to acceptance of India's offer from the EU. 'If they want to go for comprehensive BTIA, we have also expressed our willingness to restart negotiations. The ball is in EU's court, not in our court', a commerce ministry official argued speaking under condition of anonymity.

"They knew existing investment treaties are coming to an end two years back; so now, it is up to them how they want to take it forward. We have acted in a transparent manner in this matter and have given countries enough time to restart negotiations for fresh BITs. They can still allow individual EU countries to sign BITs with India and we have conveyed it to them. But it is their policy problem that they don't allow it," an India official said.

India is looking at a situation where it may not have a bilateral investment treaty with a large number of countries, including those in the EU, on 1 April 2017. As indicated above, India would unilaterally terminate all such existing treaties on 31 March, having given one year's time to countries to renegotiate the treaties based on the model Bilateral Investment Treaty (BIT) passed by the cabinet.

India brought out a new model BIT in December 2015, intending to replace its existing Bilateral Investment Promotion and Protection Agreements (BIPAs) and future investment treaties, after being dragged into international arbitration by foreign investors who sued for discrimination, citing commitments made by India to other countries in bilateral treaties.

The model BIT approved by the cabinet excludes matters relating to taxation. Controversial clauses such as most favoured nation (MFN) have been dropped while the scope of national treatment, and fair and equitable treatment clauses have been considerably narrowed down.

In the recent past, many multinationals including Vodafone Group Plc and Sistema have dragged India to international arbitration, citing treaty violations. In the case of White Industries versus the government of India, for instance, the Australian investor cited a favorable substantive MFN provision in the India-Kuwait BIT that it

said was absent in the India-Australia BIT. The Australian company, which argued for including the provision in the India-Australia BIT, won the case in 2012.

India has served termination notices to as many as 57 countries, including European nations, with whom the initial term of the treaty has either expired or will expire soon.

EU likes India to extend BIPAs for six more months. “It would be very helpful if India could extend the existing BIPAs for six months to enable new mechanisms to be put in place. The EU has consistently wanted to have an ambitious agreement whereas I think on the Indian side, there’s more of an aim towards picking and choosing. I think we need to work hard if we agree to a FTA; it would do enormous good to both sides,” Geoffrey Van Orden, a member of the European Parliament added.

Extract from ‘India on collision course with EU over trade treaty’, Mint, Feb 21 2017, <http://www.livemint.com/Politics/UKLWUwDn33uBuwRrmBRE5M/India-on-collision-course-with-EU-over-trade-treaty.html>

## Trade Trend Analysis in the EU

On the basis of the export data of February 2017, the EU countries which feature in the top 25 export destinations for India include Italy, Germany, UK, France & Belgium. The top 5 EU nations which had the highest demand for Indian engineering products during February 2017 in absolute value are shown in Table 2.

Table 2: Country wise trend in engineering exports from India to EU			
Country	Export in February 2016 (USD million)	Export in February 2017 (USD million)	Growth (%)
ITALY	130.64	215.80	65.18
GERMANY	172.32	202.26	17.37
U K	170.66	183.21	7.35
FRANCE	88.13	177.08	100.92
BELGIUM	48.26	136.44	182.68

As demonstrated by the table above, in all the five countries, exports of engineering products from India realized positive growth, with France and Belgium recording growth of over 100% and over 182% respectively. Export data for the last few months reflect that adverse situation has eased out and the market seems to have attained a recovery mode. Positive trend in export is being witnessed in several countries.

Panel wise cumulative trend in engineering exports to EU during April-February 2017

Eleven out of top 15 panels realized positive growth in February 2017 compared to its corresponding month in 2016. And in some cases, such as iron & steel (227%) and aircrafts & spacecrafts (194%), growth was significant (see Table 3).

**Table 3: Top 15 Engineering Panels exported from India to EU region**

Name of the Panel	India's Export in February 2016 (USD million)	India's Export in February 2017 (USD million)	Growth (%)	Export in Apr 2015- Feb 2016 (USD million)	Export in Apr 2016- Feb 2017 (USD million)	Growth (%)
<b>Iron and Steel</b>	88.77	290.88	227.68	1279.33	2210.07	72.75
<b>Motor Vehicle/cars</b>	150.77	161.41	7.05	1099.88	1638.96	49.01
<b>Electric Machinery</b>	84.48	134.14	58.80	1500.23	1418.58	-5.44
<b>Aircrafts &amp; Spacecrafts</b>	45.11	133.05	194.92	965.51	1289.22	33.53
<b>Products of Iron</b>	127.95	128.07	0.09	730.93	1193.35	63.26
<b>Auto Components/Part</b>	104.41	100.99	-3.27	1130.77	1099.50	-2.77
<b>Industrial Machinery</b>	71.19	67.79	-4.78	770.88	772.11	0.16
<b>IC Engines and Parts</b>	75.25	63.00	-16.27	870.77	721.12	-17.19
<b>Aluminium and products</b>	24.43	55.07	125.48	508.76	624.89	22.82
<b>Other misc. items</b>	40.09	48.44	20.82	254.02	511.57	101.39
<b>Medical and Scientific instruments</b>	28.83	38.31	32.87	302.88	378.56	24.99
<b>Machinery for ATMs</b>	20.62	23.71	14.95	235.82	231.06	-2.02
<b>Other Construction Material</b>	11.24	17.76	58.01	197.52	198.45	0.47
<b>Hand Tools Cutting</b>	17.50	17.34	-0.93	143.01	160.77	12.42
<b>Other Non Ferrous Metals</b>	14.44	14.48	0.24	162.60	158.07	-2.79

Almost a similar trend is observed on cumulative basis – ten out of 15 top panels realized positive growth during April-February period of 2016-17 with highest growth achieved by iron & steel, followed by aircrafts & spacecrafts and aluminium and products. During the eleven month period, iron & steel remained the most important items of export from India to EU in value terms. It recorded growth of 72% compared to its corresponding period April-February 2015-16. It is followed by motor vehicles/cars, electric machinery and aircrafts & spacecrafts (see Table 3).

## EU-India – Information Guide

India enjoys trade preferences with EU under generalized scheme of preference.

EU has a website – EU Export helpdesk which provide crucial information on export opportunities provided to the exporters. The website has detailed information on definite product codes which include:

- ❖ Specific requirements for exporting to EU including public health, labeling, etc.
- ❖ EU import procedures

- ❖ Internal taxes (VAT and Excise duties) applicable in the EU countries
- ❖ Relevant laws, national authorities and border inspection posts

The link for the website is given below:

[http://www.exporthelp.europa.eu/thdapp/display.htm;jsessionid=2AB732F02EE24ACB09D625E3F11BD3E6?page=au%2fau\\_AboutUs.html&docType=main&languageId=en](http://www.exporthelp.europa.eu/thdapp/display.htm;jsessionid=2AB732F02EE24ACB09D625E3F11BD3E6?page=au%2fau_AboutUs.html&docType=main&languageId=en)

The European Investment Bank also supports a large number of projects in India in assisting the SMEs and Mid-caps in various fields. Till September 2016, the bank has granted a loan to the tune of Euro 1.5 billion. To have more information on the various projects supported by the bank, please go to the below link:

<http://www.eib.org/projects/loans/regions/ala/in.htm>

## Some ongoing trade related investigations by EU against India

**Table 1: Ongoing EU's Investigations against India**

1. Stainless steel bars (certain)	India	Anti-dumping	Measures in force	Investigation ongoing
2. Stainless steel wires (SSW)	India	Anti-dumping	Measures in force	Investigation ongoing

Source:

[http://trade.ec.europa.eu/tdi/completed.cfm?number=&prod=steel&code=&scountry=all&proceed=all&status=all&measures=all&measure\\_type=all&search=ok&c\\_order=cstat&c\\_order\\_dir=Up](http://trade.ec.europa.eu/tdi/completed.cfm?number=&prod=steel&code=&scountry=all&proceed=all&status=all&measures=all&measure_type=all&search=ok&c_order=cstat&c_order_dir=Up)

## News in Focus

### Theresa May should 'bite the bullet and pay EU's £52bn bill, says Lord Mandelson

Lord Mandelson has said the Prime Minister should "bite the bullet" and meet the EU's demands for a settlement payment, describing the proposed £52bn payment as "small change."

"Britain is not one of those countries that doesn't pay its bills, for good reason not least the impact it would have on the markets and market confidence in our future debt-raising," he told an audience at the Institute for Government.

Link: <http://www.independent.co.uk/news/uk/politics/theresa-may-pay-eu-brexite-bill-peter-mandelson-bite-bullet-small-change-a7668521.html>

### No parallel Brexit and trade talks, EU's Barnier insists

Britain must stop pressing for immediate parallel talks with the European Union on a post-Brexit free trade deal, EU chief negotiator Michel Barnier said on Wednesday, and first agree on withdrawal terms. Barnier said Prime Minister Theresa May's letter a week ago to trigger the two-year exit process was clearly a call for two parallel negotiations, one on how Britain quits the bloc and another on its future trade relationship with the EU.

Link: <http://www.nasdaq.com/article/no-parallel-brexit-and-trade-talks-eus-barnier-insists-20170405-00224>

### **Theresa May says post-Brexit Britain can inherit up to 50 existing EU trade agreements with the rest of the world**

THERESA MAY yesterday claimed Britain will be able to inherit as many as 50 existing EU trade agreements with the rest of the world after Brexit. Setting up the first major clash with Brussels, the PM claimed it “will be possible” to simply cut and paste deals with countries such as South Korea, Mexico and Jordan.

But she triggered a backlash yesterday by appearing to admit it could take longer than the two years of divorce talks to finalise a new free trade deal with the EU.

Link: <https://www.thesun.co.uk/news/3258008/theresa-may-says-post-brexit-britain-can-inherit-up-to-50-existing-eu-trade-agreements-with-the-rest-of-the-world/>

### **India, France to set up Aerospace and Defence Centre of Excellence in Bengaluru**

Keeping in mind the Make in India theme and a fast developing ecosystem of aerospace and defence industry, a Centre of Excellence is being set up in Bengaluru in collaboration with a French non-profit for imparting industry-specific, high-end skill training to make the available manpower readily employable.

As part of the centre, two campuses will be started by the government of Karnataka along with French aerospace and defence major Dassault Systems.

Link: <https://yourstory.com/2017/02/aerospace-and-defence-centre-of-excellence/>

## **Tender Information in EU**

### *Prior information Notices*

<b>Location</b>	<b>Deadline</b>	<b>Summary</b>
Germany	28 Apr 2017	Supply Of Electrical Power In Db Ag's Network
France	14 Apr 2017	<u>Provision Of Power And Electrical Power At The Hta Delivery Station And Supply, Transport And On-site Storage Of Propane Gas For The Intercommunicating Aquatic Center</u>
France	20 Apr 2017	Replacement Of The Air Treatment Plants

Location	Deadline	Summary
Netherlands	10 May 2017	Procurement Of Approximately 10 Trucks Equipped With Loading Crane And Provided With Four Shafts
Luxemburg	19 May 2017	<u>Heating, Ventilation And Air-conditioning Installation Work</u>
Belgium	08 May 2017	<u>Supplying Electrical Energy To Imog Installation Harelbeke And Moen</u>
Netherlands	18 May 2017	Replacement Process Automation Wwtps
France	18 Apr 2017	<u>Supply Of Aeraulic Filters</u>
Germany	27 Apr 2017	<u>Electricity Supply Contract 2018 With 100% Green Electricity</u>

**For more contract notices, please follow the link: <http://www.tendersinfo.com/searchresult>**

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