

Territorial NEWSLETTER Europe

EETPCINDIA
ENGINEERING THE FUTURE

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Chairman's Pen



In this issue of the Territorial Newsletter on Europe, we have highlighted the Bilateral Trade and Investment Agreement between India and EU. EU is one of the largest export destinations for India and it is also India's largest FDI partner. Given this, an FTA with EU is important in India's context – an FTA with EU may protect India from the adverse impact of the TPP (signed by the US, Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru) and the TTIP (being negotiated between US and EU). Hence, we have focused this month on the EU-India FTA negotiations, termed Broad-based Trade and Investment Agreement (BTIA). The negotiations started in 2007 have already have 16 rounds however there are still some issues to be resolved for a complete BTIA.

The note on EU-India FTA negotiations has been compiled from several exiting studies showing the various aspects and impact of the FTA on the economy of both EU and India.

I sincerely hope our readers will be benefitted from this issue.

T S Bhasin

EU Territorial Committee Chairman's Note



This edition of the newsletter focuses on India's FTA negotiations with the EU countries that started in 2007. Since EU is a major trade and investment partner of India, it is very important for us to understand the nuances of this FTA and its impact on Indian economy, including socio-economic impact, once it becomes effective. The newsletter also presents recent trend in engineering trade between India and the EU. Further, it also provides a list of upcoming events and tender information.

I sincerely hope that readers will find this edition useful.

R P Jhalani

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EU Section: Basic Facts

Countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia, Spain, Sweden, United Kingdom (UK), Turkey

Area: 4, 324, 782 Sq. km

Population: 513, 949, 445

GDP: USD 19.18 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

Focus: India-EU Agreement on Bilateral Trade and Investment and its impact on India

India is currently negotiating an FTA termed Broad-based Bilateral Trade and Investment Agreement (BTIA) with EU. The negotiation was launched in 2007 and till now there have been 16 rounds between the two countries. Since EU is one of the largest trading destinations for India and one of its largest FDI partners, this edition of Europe newsletter focuses on the current status of the BTIA and what can be the expected outcome.

Both sides have agreed that once completed, the FTA can have a positive impact on the GDP and trade of both India and EU. There is also significant positive impact expected from the FTA on the social conditions in both the regions. However both parties have certain contentious issues and without reaching agreement in these aspects, the FTA will remain inconclusive.

What is India's most sensitive line in engineering?

For India the most sensitive line in engineering for this FTA is automobile and auto components (HS Chapter 87). Reports suggest that although India has reduced duty on auto components, the duty on assembled cars have remained high at around 60%. This is one of the most contentious issues in the India-EU FTA. While European carmakers want the duties to be reduced, Indian car makers feel that with lower duty European car companies will eat into their market share. They further argue that such a step may deter European car manufacturers from investing in India and setting up factories in India. However, this may be a false notion given the fact that studies show that competing in India successfully especially in the most popular compact car market (with 80% Indian manufacturers) without a manufacturing base and good sales and services network will be difficult for the European car companies. In fact several European companies such as Volkswagen, BMW, Skoda and Mercedes (Daimler AG) have plants in India manufacturing and assembling vehicles. Therefore a cautious decision needs to be taken keeping in mind the interest of our indigenous players.

What is the major hindrance that India may face in the course of this FTA?

Difference between Indian standards and regulations and that of the EU is one of the major hindrances that India may face in the wake of this FTA. The main Indian standard making body that is Bureau of Indian Standards (BIS) is the signatory in almost all the international standard making bodies such as ISO and IEC. According to BIS, the institute has signed a range of MoUs and MRAs with the standard making institutes of several other countries such as USA (American National Standards Institute), Germany (Duetsches Institut fur 8.Normung), France (Union Technique de l'Electricite), UAE (Emirates Authority for Standardization and Metrology) and even its SAARC neighbours such as Bangladesh (Bangladesh Standard and Testing institution), Pakistan (Pakistan Standards & Quality Control Authority) and Sri Lanka (Sri Lanka Standards Institution). In spite of this, BIS standards face major issues due to non-harmonization of BIS standards with its international counterpart. For instance, out of 2900 BIS standards in electronic sector, approximately 1900 are harmonized with corresponding IEC standards. As per one of EEPC's own analysis including the top 5 engineering panels exported by India, only around 28% of the total product codes (HS-8 digit) have Indian standards harmonized with the international counterparts. The European standards are mostly over and above the prevalent international standards. Due to the lack of harmonization between Indian and international standards, there is still doubt that how much European standards can Indian goods adapt.

Another major hurdle that India may face is lack of infrastructure and issue of red tape. Since an expanded BTIA would imply increased investment in India, India has to be ready with better infrastructure, good governance and ease of doing business.

Plausible Impact on India:

Economic impact: Some evidences show that if a broad based FTA is negotiated, it will have more positive impact on India's GDP in both percentage and absolute terms. Some studies estimate India's GDP to increase by 0.5% each year once FTA becomes fully effective. Bilateral trade between EU and India would also increase with exports to EU increasing by more than two-fifth of the current level; and imports increasing by over one-fourth of the current level.

Social and environmental impact: Some evidences demonstrate that the FTA will have marginally positive impact on the wages especially for the medium and high-skilled workers. Also, there may be a marginally negative impact on prices. One of the key engineering sectors that may experience a large percentage change in employment is electrical engineering. Automotive sector may have decline in employment.

The FTA may have marginal positive impact on labour conditions and environmental impact especially CO2 emissions.

Trade Trend Analysis- India-EU

The top 5 EU nations which had the highest demand for Indian engineering products during March 2016 in absolute values include:

Country	Export in March 2015 (USD million)	Export in March 2016 (USD million)	Growth (%)
UK	186.81	201.62	7.93

Germany	166.91	184.69	10.65
Turkey	178.81	148.30	-17.07
Italy	169.49	146.05	-13.83
France	192.22	99.67	-49.97

Between March 2015 and March 2016, Germany and UK are the only countries among the top 5 export destination to experience a positive growth in India's export.

Some Trends in engineering exports to EU in March 2016

Exports of engineering products to EU in March 2016 decreased by 7.69% compared to March 2015. In value terms, exports decreased from USD 1222.492 million to USD 1128.47 million. During March 2016 EU's share in total Indian engineering exports remained at 21.80%

On the basis of the export data of February 2016, the EU countries which feature in the top 25 export destinations for India include UK, Germany, France, Italy, Turkey, Poland, Netherlands, Belgium and France.

Top 10 panels exported to EU in March 2016 include

Name of the Panel	Export in March 2015 (USD million)	Export in March 2016 (USD million)	Growth (%)
Motor vehicles and cars	91.37	157.28	72.14
Products of iron and steel	142.48	136.68	-4.07
Auto components and parts	101.24	112.29	10.92
Iron and Steel	167.16	111.75	-33.15
Electrical machinery	103.00	97.78	-5.06
Industrial machinery	75.20	77.05	2.47
IC engines and parts	59.16	73.91	24.93
Aircrafts spacecrafts and parts	103.30	62.95	-39.05
Aluminium and its products	28.56	45.16	22.00
Medical and scientific instruments	29.52	33.21	58.11

European Free Trade Association (EFTA) Section: Basic Facts

Countries: Iceland, Liechtenstein, Norway, Switzerland.

Area: 5, 29, 600 Sq. km

Population: 13, 589, 956

GDP: USD 623.5 billion

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

Natural resources: Natural gas, petroleum, coal, metals

Trade Trend Analysis- India-EFTA

Country-wise exports of India to the EFTA region are given below. As is evident from the below figure exports to almost all EFTA countries have experienced a fall except Iceland.

Country	Export in March 2015 (USD million)	Export in March 2016 (USD million)	Growth (%)
Switzerland	17.24	12.05	-30.12
Norway	2.40	2.88	19.73
Iceland	0.25	0.01	-99.31
Liechtenstein	0.02	0.01	432.81

Between March 2015 and March 2016, engineering exports to EFTA experienced an increase of 40.89% from USD 18.39 million to USD 26.67 million.

Top 10 panels exported to EFTA in March 2016 include

Name of the Panel	Export in March 2015 (USD million)	Export in March 2016 (USD million)	Growth (%)
IC Engines and parts	0.01	11.08	>100
Industrial machinery	1.72	1.96	14.43
Aircrafts spacecrafts and parts	3.15	1.86	-40.88
Electrical machinery	2.27	1.69	-25.54
Products of iron and steel	1.79	1.66	-6.92
Motor Vehicles and cars	0.04	1.46	>100
Medical and scientific instrument	0.49	0.81	64.65
Iron and steel	2.89	0.50	-82.52
Auto components and parts	0.41	0.50	20.59

News in Focus

India-EU Summit agrees on new agenda for strategic partnership

India and EU have endorsed the 'EU-India Agenda for Action 2020' as a common road map for the strategic partnership in the next five years, the European Commission said on Thursday.

Link: http://www.business-standard.com/article/economy-policy/india-eu-summit-agrees-on-new-agenda-for-strategic-partnership-116040100053_1.html

No decision yet on re-starting talks with India, says EU envoy

India and EU have not taken any decision on re-starting the formal negotiating rounds on the Broad-based Trade and Investment Agreement (BTIA), said Tomasz Kozlowski, Ambassador of European Union to India.

Link: <http://www.thehindubusinessline.com/economy/policy/no-decision-yet-on-restarting-talks-with-india-says-eu-envoy/article8505357.ece>

Brexit and the EU referendum: the big four issues

What do UK industry and academia think about being in or out of the European Union? Tereza Pultarova and Chris Titley talked to both camps to sift facts from myth.

Link: <http://eandt.theiet.org/magazine/2016/04/brexit.cfm>

Pune firm's water management plan gets a thumbs up

A city-based organization's water management plan is among the four projects selected by the Centre and the European Union (EU) for study and implementation.

Link: <http://timesofindia.indiatimes.com/city/pune/Pune-firms-water-management-plan-gets-a-thumbs-up/articleshow/51933812.cms>

EU exit to affect trade of UK, Europe: Nicolas Sarkozy

It was time for EU to relook at its policies and consolidate its outlook, said Nicolas Sarkozy, Former President of the French Republic, at an interactive session on 'France, Europe, India: Challenges and Opportunities' organized by FICCI jointly with the Indo-French Chamber of Commerce and Industry.

Link: http://www.business-standard.com/article/news-ani/eu-exit-to-affect-trade-of-uk-europe-nicolas-sarkozy-116041300799_1.html

Upcoming Events in EEA

Date of the event	Name of the Event	Location	Industry
19-21 May	Bressica Industrial Exhibition	Montichiari, Italy	Industrial equipment
24-27 May	Industry Days	Budapest, Hungary	Industrial goods, subcontracting, C-technologies, factory automation
24-26 May	SPS/IPC/Drives Italia	Parma, Italy	Industrial automation
24-27 May	EMA	Nitra, Slovakia	Electric technique, measuring, automation and control

30 May-3 June	IFAT	Munich, Germany	Water, sewage, refuse and recycling
31 May-03 June	Sepem Industries Est	Colmar, France	Equipment, control technology and maintenance in Industrial production
31 May- 2 June	Engine Expo	Stuttgart, Germany	Specialized engine technologies, materials, coatings and engineering concepts
31 May- 02 June	Traffic Expo	Kielce, Poland	Infrastructure
07-09 June	Technology hub	Milan, Italy	Innovative technology for the future
07-10 June	ITM Poland	Poznan, Poland	Innovation, technologies, machine
07-09 June	Subcon	Birmingham, UK	Industrial equipment, electrical engineering, subcontracting, surface treatment
15-16 June	Match Industry MI16	Pori, Finland	Maritime, offshore, automation and energy technologies, industrial equipments
21-24 June	Automatica	Munich, Germany	Automation, Mechatronics

Tender Information in EEA

Contract Notices

TED Reference	Title	Link
140852-2016	Norway-Oslo: Pacemaker	http://ted.europa.eu/udl?uri=TED:NOTICE:140852-2016:TEXT:EN:HTML&src=0
140837-2016	Former Yugoslav Republic of Macedonia-Skopje: Parts of machinery for mining, quarrying and construction	http://ted.europa.eu/udl?uri=TED:NOTICE:96939-2016:TEXT:EN:HTML&src=0
96937-2016	Former Yugoslav Republic of Macedonia-Skopje: Parts of machinery for mining, quarrying and construction	http://ted.europa.eu/udl?uri=TED:NOTICE:96937-2016:TEXT:EN:HTML&src=0
96925-2016	Former Yugoslav Republic of Macedonia-Skopje: Switchgear	http://ted.europa.eu/udl?uri=TED:NOTICE:96925-2016:TEXT:EN:HTML&src=0
96919-2016	Former Yugoslav Republic of Macedonia-Kumanovo: Insulated wire and cable	http://ted.europa.eu/udl?uri=TED:NOTICE:96919-2016:TEXT:EN:HTML&src=0
96807-2016	Poland-Bydgoszcz: Parts and accessories for vehicles and their engines	http://ted.europa.eu/udl?uri=TED:NOTICE:96807-2016:TEXT:EN:HTML&src=0
96805-2016	Germany-Wuppertal: Railway equipment	http://ted.europa.eu/udl?uri=TED:NOTICE:96805-2016:TEXT:EN:HTML&src=0
96801-2016	France-Strasbourg: Furnace burners	http://ted.europa.eu/udl?uri=TED:NOTICE:96801-2016:TEXT:EN:HTML&src=0
96800-2016	Germany-Berlin: Parts of pumps, compressors, engines or motors	http://ted.europa.eu/udl?uri=TED:NOTICE:96800-2016:TEXT:EN:HTML&src=0
96797-2016	Italy-Milan: Mechanical spare parts except engines and engine parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96797-2016:TEXT:EN:HTML&src=0
96793-2016	Estonia-Tallinn: Public-service buses	http://ted.europa.eu/udl?uri=TED:NOTICE:96793-2016:TEXT:EN:HTML&src=0
96791-2016	France-Marseille: Engines and engine parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96791-2016:TEXT:EN:HTML&src=0
96788-2016	Spain-Madrid: Brakes and brake parts	http://ted.europa.eu/udl?uri=TED:NOTICE:96788-2016:TEXT:EN:HTML&src=0
96787-2016	Germany-Eisenberg: Low-floor buses	http://ted.europa.eu/udl?uri=TED:NOTICE:96787-2016:TEXT:EN:HTML&src=0
96786-2016	Austria-Bregenz: Medium-voltage cable	http://ted.europa.eu/udl?uri=TED:NOTICE:96786-2016:TEXT:EN:HTML&src=0
96779-2016	Greece-Athens: Crane and dumper trucks	http://ted.europa.eu/udl?uri=TED:NOTICE:96779-2016:TEXT:EN:HTML&src=0

For more contract notices and notice by country, Please register with EU Tenders Electronics Daily and follow the link: <http://ted.europa.eu/TED/browse/browseByBO.do>

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