

11th EU-India Business Summit, Brussels, 10 December 2010



Joint Business Declaration

by **BUSINESSEUROPE**, the Federation of Belgium Enterprises (VBO-FEB), the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI)

“EU India Partnership Opportunities for Sustainable Development” was the theme of the 11th EU-India Business Summit, taking place on Friday, 10 December 2010, in Brussels / Belgium. It was held in parallel to the Annual Summit of Political Leaders from the two regions and was organised by the Federation of Enterprises in Belgium along with BUSINESSEUROPE, the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI).

In specific sessions, business and political leaders discussed from a European and an Indian perspective key business topics in relation to sustainable development, clean technologies in energy, and transport & infrastructure. A focused meeting of the EU-India CEO Round Table discussed the prospects of the bilateral EU-India trade relationship and expectations for the ongoing FTA negotiations. The 12th EU-India Business Summit will take place in 2011 in India.

Priorities for the EU-India relationship:

1. Fostering the bilateral relationship

Recommendation: The Government of India and the European Union should use the current political momentum in order to make substantial progress towards conclusion of an ambitious, balanced and comprehensive FTA.

The strength of the EU-India economic co-operation is best demonstrated by the fact that the EU remains by far India's largest trade and investment partner, corresponding to 18.2% of its overall trade. EU-India trade has grown impressively by doubling from 28 billion EUR in 2003 to over 55 billion EUR in 2007. India ranks 9th in the list of major EU trading partners, with 2.3% of total EU trade and combines a sizable and growing market of more than 1 billion people. However, while the bilateral relationship between the EU and India is currently strong, it has a long way to develop before it reaches the scale appropriate for two of the largest economic, trading and innovating entities in the world. Broadening bilateral cooperation and bringing European and Indian businesses closer together can help ensure both India's and the EU's competitiveness in the global market-place.

European and Indian companies have noted and support the positive signals that both India and the EU have stepped up their efforts in their bilateral Free Trade Agreement (FTA) negotiations, aiming at a successful conclusion in mid-2011. An ambitious and comprehensive outcome will have to deliver material progress in key areas – goods, services, investment including infrastructure, intellectual property rights and measures to facilitate trade at the border. In essence, the FTA will have to deliver:

- Substantial tariff liberalization.
- Improved access and removing of restrictions for services suppliers, investors and mobility of skilled personnel and providers.
- Tackle non-tariff barriers to trade to ensure that market access is not hampered by unnecessary restrictive regulatory requirements.
- Strong intellectual property rights protection, which is crucial both for Indian and European companies.
- Facilitate cooperation in infrastructure.
- Remove restrictions and afford effective protection for cross-border investment which is expanding rapidly.

The provisions of the final agreement must be guaranteed by a robust dispute settlement process inspired by the principles of WTO, accompanied by an effective mediation mechanism for tackling non-tariff barriers.

2. Assuming global responsibilities on multilateral issues

India and the European Union work together in major global decision-making bodies and should assume their responsibilities for a further promotion of international trade and efforts to tackle climate change.

a. Climate change and energy

Recommendation: India and the EU should strive towards a comprehensive international climate change agreement at Cancun and beyond that is effective, long term and sees a fair distribution of the burden.

The European and Indian business communities support action to combat climate change and are committed to taking their share of the responsibility by reducing emission intensity, investing in modern and innovative technologies and by delivering products helping customers to reduce emissions. The limited outcome of COP 15 in 2009 must not lead to a lower ambition level for an international agreement but must be seen as an opportunity, building on the recovery from the international financial crisis, to promote long-term green growth. In particular, significant progress is necessary on monitoring, reporting and verification of global emissions; financing mechanisms for climate change mitigation and adaptation, including new international carbon offset mechanisms; the technology mechanisms created by the Copenhagen Accord; and options to address forestry. The priority must still be the conclusion of a comprehensive and enforceable agreement by 2012, with commitments for equally strong action from the main economic actors.

Recommendation: The EU and India should increase their bilateral cooperation in the clean energy research area and use the annual EU-India Business Summit as a platform to better advance cooperation on the development of environmental technologies.

Business leaders welcome some of the important steps recently taken by governments worldwide towards the development of policy environment enabling the development of environmental-friendly technologies and solutions. However, efforts are still needed to come up with a stable, coherent policy environment apt to encourage private investments towards clean technologies and processes, and to foster a higher capacity for innovation among all stakeholders at all levels of action.

European and India businesses urge political leaders to quickly agree on the terms of the fast-track finance agreed in the Copenhagen Accord in order to re-establish confidence in international climate negotiators. To mobilise private financing, investor confidence in the future of carbon offsetting mechanisms and in the realisation of a future global carbon market must be re-established. In this context, the Clean Development Mechanisms (CDM) and Joint Implementation (JI) constitute very important vehicles for cost-efficient emission reductions and are the first step towards a global carbon market, but new carbon offset mechanisms must also be developed. Moreover, international finance could be used to create innovative institutional frameworks that support and facilitate technology collaboration based on mutual interest between developed and developing countries.

Business leaders suggest to use the annual EU-India Business Summit as a platform to report on the ongoing collaborative efforts between the European Union and India for the deployment of clean technologies, to explore new ground for building a partnership based on shared interest in a sustainable future, and thereby, to provide the world with an inspiring example of bilateral collaborative efforts at the service of sustainable development.

b. Trade

Recommendation: India and the EU should strive towards an ambitious engagement into the Doha round negotiations to achieve a balanced outcome.

Both business communities recognize the role played by the WTO in keeping protectionist tendencies in check during the economic crisis, and believe that the World Trade Organisation remains the best forum to deliver effective trade liberalisation. They support efforts in the G20 meeting in Seoul to move towards a successful conclusion in 2011. The final deal should deliver effective market access for goods and services, substantially reduce trade distorting support in agriculture, as well as enhance WTO rules to facilitate trade. A positive outcome of the negotiations would send a strong signal on governments' commitment to open economies and significantly contribute to global economic growth.
