



## Chairman's Message



### Vinod Verma

European Business Group members today recognize that the group has the potential to become something bigger. They believe in its future. EBG is both respected and liked by all stakeholders.

This year, EBG has put together a much improved and substantive Position Paper, thanks to the active participation of its members through various Sector Committees. Newly added Sector Committees in important sectors like Automotive, Defense, Infrastructure and Real Estate have added considerable weight to this year's Position Paper. Contributions from our Knowledge Partners have been noteworthy. Increased interaction with EBG members, Ambassadors and Trade Counsellors of EU and Member States in India, visiting EU Officials from Brussels, Members of the Government of India and the Opposition parties, as well as the media, is leading to a better understanding of EBG and the issues it represents. Concurrently, an enrollment drive to broaden the base of our membership has been launched.

But in a way, the task has just begun. The launch of the Position Paper on April 10th jointly by our Ambassador, H.E. Joao Cravinho and Deputy Chairman, Planning Commission, Government of India, Mr Montek Singh Ahluwalia set an agenda for advocacy and a basis for dialogue with different stakeholders. EBG would like to develop opportunities for Sector Committees to meet various Ministries in the Government of India, help organize sector events and interact with media so as to build a campaign around the suggestions made in the Position Paper.

As well as a stronger Position Paper, a number of new and exciting initiatives have been planned for 2013.

- EBG has identified four streams of interesting events for its members throughout the year: Speaker Series; Sector Specific Event Series; Leadership Workshops for CEOs and Social networking events.
- Internationalization of European MSMEs is an important pursuit. EBG is working on establishing a European Entrepreneur Forum (EEF) to support and network small and micro European enterprises in India.
- EBG will be collaborating with academic partners of excellence to carry on research and document impact of European Investments in India.

- EBG, in collaboration with EBTC, is planning to conduct a survey using questionnaire and meetings to identify IPR issues for European Companies in India and publish its impact on EU-India Trade. This activity will be later extended to include a similar research study on market access and public procurement.
- This year, EBG will actively participate in the establishment of an Indo-European Innovation Award.
- EBG will broaden its base by setting up at least one additional regional chapter in the country.
- EBG is planning to hold a full day National Event of importance, where European and Indian experts on India will speak on a topical subject of larger interest relating to Indian business and economic environment.
- EBG is working on a comprehensive plan to leverage IT for further strengthening its communication and engagement with members and other stakeholders.
- EBG will explore development of a significant CSR activity, possibly in skill development area,

Of course, we will continue to develop the membership base of EBG by enrolling more and more European companies present in India. It's a task in which all our existing members can help, and every little bit counts.

Simultaneously, comprehensive work has begun to strengthen the governance of EBG. One thing is clear: that for EBG to be transformed into strong and vibrant organization, it must be actively driven by its members. I would therefore appeal to all European businesses present in India, to support and actively participate in this transformation of EBG into an effective protector of their combined interests.

## Our thanks to Birthe Foster



Mrs Birthe Foster, Delhi Chapter Chairperson, who has been with EBG supporting the Group for more than a decade, making remarkable contributions to the growth of EBG, has taken a short break from her association with the Group.

Ms. Foster has regularly represented EBGI at high-level meetings and events with the EU's Ambassadors, visiting EU Delegations including Commissioners, Indian government ministers and bureaucrats. She is a well-liked colleague in EBGI.

We would like to thank her for her unstinting efforts in helping to raise the EBG profile and tremendous contribution to the Group.

Following Mrs. Foster's decision, we welcome Mr. Rajiv Dhawan, Director, Magotteaux Industries and Ms. Payal Singh, Delhi Country Director, AGS Fourwinds, who have kindly accepted to take over as the Chairman and Vice chairperson respectively of the Delhi Council.





**Peter Young**  
**First Counsellor - Head,**  
**Trade & Economic Affairs,**  
**Delegation of the**  
**European Union to India**

FTA negotiations have continued at an intensive pace in the last months, as both sides work towards the objective of finalising a deal in the next few months. Chief negotiators met again in Brussels during the week of 18 March to take the negotiations forward.

It has also been a busy period on the regular bilateral front.

On 11 February, the sixth meeting of the EU-India Joint Customs Cooperation Committee took place in New Delhi, co-chaired by Mr. Heinz Zourek, Director General, DG TAXUD and Ms. Sandhya Baliga, Member (Customs). The meeting had a complex agenda with issues such as security and facilitation of international trade supply chains, the parties' respective Authorised Economic Operator (AEO) programmes, hazardous waste, cooperation in areas such as Post Clearance Audit and issues related to mutual administrative assistance. Discussions were held in a constructive and cordial atmosphere. As concerns IPR enforcement, the Indian customs authority offered a detailed presentation of its enforcement system, under which five IPRs (trademarks, copyrights, patents, designs, GIs) are enforced at the point of import and all companies' applications for action are registered in a central database (ARTS), which is used for risk analysis purposes and which apparently has received a WCO best practice recognition. Following the Joint Committee, the delegation from Brussels met EBG members to hear their perspectives first hand.

The annual EU-India dialogues on Financial Services and on Macro-Economic Issues took place in Brussels on 24-25 January. The Indian delegation was led by S. Das, Additional Secretary at the Ministry of Finance and the EU one by J. Faull Director General for the Internal Market and Services in the European Commission. These dialogues help ensure a better understanding of respective positions and policy approaches, especially important for both sides now that the euro has become the world's second-largest reserve currency. The discussions also allow for information sharing and coordination as appropriate on current hot topics in the global agenda such as those taken up in the G20. On this occasion, discussions covered developments in the global financial regulatory field, in particular stability in the financial

sector and implementation of the Basel III commitments which govern international capital adequacy norms, recent regulatory changes in the EU and those further planned eg creation of a Banking Union and in due course a single resolution authority and a single deposit guarantee scheme. India also briefed the EU on its regulatory agenda in banking and insurance and set out its plans to get the fiscal deficit under control and growth onto a higher track.

The European Commission published on 14 March its third annual report on EU efforts to combat protectionism and create better trade and investment conditions. The report focuses on key strategic trading partners of the EU and accordingly also deals with India. In relation to India, it highlights the progress achieved concerning Cotton, telecoms licensing, tyres and steel products. At the time, however, the report also notes the difficulties European business still face when importing agri-food products to India and describes recent regulatory developments which might negatively affect trade prospects in electronics, telecom and IT goods, as well as renewable energy technologies.

We all know that such progress as we have been able to achieve through this "EU trade diplomacy" on the market access front over the past year depends in part on timely and good quality interaction with those most directly affected, ie business and traders. For this, the Delegation relies in part on the valuable inputs provided by EBG, such as the annual position paper, regular contacts in the framework of the sectoral committees and the face to face interactions organised whenever suitable opportunities arise in connection with high level visits from Brussels. And as we continue our efforts to make progress on these various ongoing market access and regulatory challenges, this will continue to be an essential element in the process.

The EU Trade and Investment Barriers Report 2013 can be consulted at: <http://trade.ec.europa.eu/doclib/html/150742.htm> and the related press release at: [http://europa.eu/rapid/press-release\\_IP-13-226\\_en.htm](http://europa.eu/rapid/press-release_IP-13-226_en.htm).

Finally, we also welcomed a new colleague, Klaus Pendl, in February. Klaus, who is Austrian, joins us from the European Commission services in Brussels, where he was a desk officer in the Directorate-General for Communications Networks, Content and Technology – or DG CONNECT for short. He will work on all aspects of Telecom and ICT sector relations with India. This will include market access and regulatory issues on the trade and investment front – where telecoms and ICT are an increasingly live issue in the bilateral relationship – as well as issues that fall under a more political heading, such as cooperation in global efforts to fight cyber-terrorism, as well as under a more scientific or technology-based one, such as sectoral cooperation in innovation and R&D.

## The Agenda for Advocacy: EBG has a role to play

The Government of India, under the leadership of its Prime Minister Dr Manmohan Singh, has placed a high priority on reforming the current business environment in India. Such reform measures, as and when taken, significantly influence levels of private sector investment and FDI flows into the country, leading to long term economic growth and poverty alleviation in the country. Businesses can contribute significantly to building a sustainable pipeline of such reforms and refinements by identifying the real business roadblocks and developing potential solutions.



Mr. Vinod Verma, EBG Chairman, Shri M S Ahluwalia, H.E Mr. João Cravinho and Mr. Rajeev Gupta, Chairman, Sector Committees and Position Paper after the release of the EBG Position Paper 2013.

In the run up to the publication of this year's Position Paper, EBG has enabled the European companies to come together, sector by sector, and present their concerns and solutions. The Position Paper will thus set an agenda for advocacy by EBG and the basis of a dialogue with policy makers and concerned Government agencies. By acting as the voice of its members and promoting those policy reforms that do not serve individual interests, but rather the whole European business community in India, EBG can play an essential role in supporting a sustainable reform momentum in the country.

Considering its importance, business advocacy will be an important part of EBG's work. Going forward, EBG will coordinate and facilitate more contacts with member companies to understand systemic regulatory constraints. We firmly believe that if EBG can explain pragmatically why a certain regulation is problematic and also suggest a credible solution supported by strong reasoning, examples of best international practices etc., there are few reasons for such suggestions not being accepted.

There are many challenges in building a successful advocacy campaign. EBG will not only have to build an atmosphere of trust with various Government agencies, but also motivate our membership to proactively engage in this effort. It is important that the views of all are represented and we need to remain observant that policy advocacy agendas are not hijacked by vested interests of few.

In conclusion, the main objective of our advocacy efforts will be to create improved levels of trust, partnership and cooperation between the Government and the European business community in India. EBG aims to be a credible partner in India's progress by taking part in a constructive dialogue with the Government on reform solutions. It is to fulfill these objectives that our members and knowledge partners have invested their time and knowledge by participating actively in various sector committees over the last six months.

## Budget 2013 – between hopes and missed opportunities

On the eve of the Union Budget 2013 the growing economic stress was made visible to parliamentarians, and the public at large, with the macro-economic data contained in the Economic Survey which was tabled in parliament. The year-on-year growth in gross domestic product (GDP) was reported at modest 5 percent in nominal terms, perhaps the slowest in the last decade; fiscal and revenue deficits were reported higher than earlier estimates.

In presenting the budget, the Finance Minister outlined policy measures targeted to nudge growth in strategically important sectors in the economy. For example, to encourage resource mobilisation in infrastructure sector, the investment limits in tax free infrastructure bonds and new infrastructure debts funds was enhanced. These measures are baby-steps towards the planned investment objective for infrastructure sector which requires approximately USD 1 trillion over the 12th Plan period. As expected, there was an announcement of possible transition for licensing oil & gas acreages from Production Sharing Contracts to Revenue Sharing basis and that a policy framework for shale gas exploration is on the anvil.

The key tax proposals for next fiscal include status quo in the base corporate and individual income tax rates albeit with a higher surcharge of 10 percent for incomes over Rs 10 million. The following tax proposals can hurt investors:

- Enhanced rigor for determining tax residency for non-residents claiming relief under the Double Taxation Avoidance Agreements. Fine print of the relevant amendment in the Finance Bill reveals that a 'tax residency certificate' shall be a necessary but not sufficient condition for relief under the applicable DTAs, with retroactive effect from April 2012. Therefore, there is an increased documentation hurdle to avail of tax treaty benefits going forward;
- Increased domestic tax rate for royalty /FTS income for non-residents – proposed to be increased to 25 percent from present 10 percent. This could have significant implications for non-resident providers of services and technology to India. The can impact cash flows at the remittance stage wherein tax withholding is often required to be effected on domestic law as provisional determination of tax liability and not tax treaty; and Buyback of stock will be liable to an income tax at 20 percent.

The much anticipated deferral of general anti-avoidance rules (GAAR) by two financial years should bring a sign of relief in a highly charged tax environment. The proposed investment allowance (in addition to tax depreciations) for large investments (> INR 1 billion) in manufacturing /production activities is a move targeted to stimulate investment. Setting up of 'Tax Administration Reforms Commission' has been welcomed, and it could do well in overhauling India's image amongst foreign investors, provided the recommendation will be implemented with on-ground administration aligned with the larger policy intent. The budget proposals were conspicuous with their silence to resolve the controversy introduced last year with retrospective amendment to tax offshore sale of shares.

Indirect taxes rates remain unchanged; voluntary disclosure scheme introduced for defaulting service taxpayers. The Government reiterated its willingness to build consensus and for constitutional amendment required for introduction of Goods & Services Tax (GST) in financial year 2014-15. To emphasise its commitment, it allocated INR 90 billion as budgetary allocation towards compensation to the state governments.

Courtesy: BMR Advisors





Following Mr. Vinod Verma's appointment as the EBG India Chairman in January 2013, he has been doing intensive work to raise EBG's profile, improving its visibility and developing new partnerships across the country. Here is a snapshot of his achievements in the past three months.



7th January - Meeting with H.E Mr. Pierre Vaesen, Ambassador of Belgium to India and Mr. Antoine Delcourt, Counsellor Economic Affairs, Embassy of Belgium with Mr. Rajiv Dhawan. We presented our objectives and plans for 2013-agreed to hold a joint event with BLBA. The joint seminar was organized on 21 March 2013 on the subject **GLOBAL MOBILITY: ISSUES & CHALLENGES**.



3rd February - TV interview with Vickram Behl at the studios of ITMN TV on EU India Trade Relationship- Highlighted the trade and investment potential and advocated for Data Protection and Privacy Laws. Role of EBG in building EU-India trade relations was adequately highlighted. Other participants were: Ambassadors of EU, Spain and Italy, Naina Lal Kidwai of HSBC and Kandarp Singh of TetraPak.

5th February - Attended a Seminar on "Safety drive" and demonstration by our member BOSCH at Chennai. Our member very much appreciated our participation and introduced EBG and its work to their Chief Guest, His Highness, The Prince of Kent.

7th February - Represented EBG in the first meeting of Science, technology and Innovation Platform: Highlighted the work done by our Bangalore Chapter; EBG was included as a permanent member of this forum.

8th February - Meeting with Heinz Zourak, Director General, Taxation and Customs, EU, Brussels at the EU Delegation office. Prominent EBG members presented significant information on issues faced by them in this area.



13th February - Participated as a panelist alongside H.E Mr. João Cravinho, EU Ambassador; Mr. Dhruv Sahney, CMD, Triveni Engineering and Co-Chairman, Indo French CEO's Forum; Mr. Bertrand Collomb, Head of Lafarge and Mrs. Geneviève Fioraso, French Minister for Higher Education and Research on a round table discussion on PPP in Research and Innovation.



Later in the evening, attended the reception for Francois Hollande, President of France, during his visit to New Delhi at the French embassy.

21st February - Represented EBG and its role in GNSS project at a meeting organized by Space Tech and GNSS Team in India in New Delhi.



23rd February & 24th February - TV interview Prebudget expectations broadcast on CNBC; other participants included Kanoria, ex- President FICCI and Tax experts from BMR Advisors



5th March - Roundtable on Private-Public Partnerships in Research-Innovation & Economic Diplomacy with the participation of Mr. Paulo Portas, Portuguese Minister of Foreign Affairs in the New Delhi.

## Delhi Chapter Events January to April 2013

The first in the new series of EBG's Leadership workshops was organized on Friday, 25 January 2013 at the Leela, New Delhi. The workshop was entitled "From Global to Local - A Personal Journey". Mr. Kandarp Singh, Managing Director, Tetra Pak, South Asia Markets brilliantly presented the case study on the subject spending a couple of hours to share his views on the leadership paradigm of running an operation locally whilst belonging to a global organisation.



It was a very interactive session which was moderated by Mr. Henry de Montjoye, Managing Director, Mercuri Urval. The participants were interested and wanted both to share their experience and ask questions making the debate rich for everyone. The core issue was how to groom best our local leaders and avoid them falling into the wrong attitudes. The workshop was attended by CEOs of leading European companies.

EBG members were invited to attend the B2G meeting organized by Karnataka Udyog Mitra (Government of Karnataka Organisation) at the Leela Kempinski, Gurgaon on Wednesday, 6 March 2013 at 6:00 pm followed by networking dinner

An interactive session with Shri Yashwant Sinha, a senior leader of the Bharatiya Janata Party, currently the largest Opposition party in India spoke on the subject "Are reforms in India a casualty of partisan politics?" was organized on Wednesday, 20 March 2013 in New Delhi. Shri Sinha said that reforms are important. Participation in global value chains is important for internal reforms and is fundamental for the prosecution of reforms. Shri Sinha spoke extensively about the various reforms introduced in India.



### Welcoming new members

- Accuracy
- BPW Trailer Systems
- Camfil Farr Air Filtration India Pvt. Ltd.
- Cobham
- ING Vysya
- Louis Dreyfus
- Morpho
- Saxo Bank
- West Courte



**21st March** - European Business Group in partnership with Belgian-Luxembourg Business Association with KPMG as Knowledge Partners organised a **Seminar on Global Mobility: Issues & Challenges**. The Seminar was attended by H.E. Mr Gaston Stronck, Ambassador of Grand Duchy of Luxembourg & senior representatives from leading companies. The session broadly covered the subjects of Individual Taxation, Corporate Taxation & Social Security Matters followed by Q&A.



**23rd March** - EBG members were invited to a typical **Indian Mela** on the occasion of the colorful festival of Holi, organized by the Dhvani Group. During the evening, performances of contemporary and traditional dance form of Kathak were enjoyed by several EBG members who attended the event.

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Present

### Dateline Delhi

A panel of eminent journalists will answer your questions on current affairs, including

**Mr. Victor Mallet, Financial Times**  
**Mr. Anil Padmanabhan, Mint**  
**Mr. Patrick de Jacquilot, Les Echos**  
**Ms. Indrani Bagchi, Times of India**

Questions to be submitted in advance

**The British High Commissioner, Sir James Bevan KCMG**  
**has kindly agreed to moderate the session**  
 followed by a Cocktail Reception

**at 6.30 pm on Tuesday, 30 April 2013**

**Venue: The British Council**  
 17, Kasturba Gandhi Marg, New Delhi  
**(Invitation is open to spouses)**

For more details and to send in your questions, please contact Sharon at delhi@ebgindia.com or call at 9818885562



For your copy of the EBG Position Paper 2013, contact Neema Sunil Kumar at gm@ebgindia.com or call at 9811418874

**10th April** - Launch event of the EBG Position Paper 2013 - **Wednesday, 10 April 2013 at Diwan-i-am, Taj Mahal Hotel, New Delhi**

The EBG Position Paper 2013, launched on Wednesday, 10 April, is a solid step in the right direction. It was a very important event for the EBG as the Position Paper is an essential policy document which presents the concerns and recommendations of the European Business community for doing business in India to the Government of India. We are privileged that Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission and H.E. Mr. Joao Cravinho-EU Ambassador gave time to speak to us and release the position paper.

The event was well attended with over 120 participants and had representation from CEO's, CFOs and Managing Directors of major European companies, consultants and EU memberstate Embassies. Ambassadors and senior officials from the EU Member states attended the event. To name a few companies – Technip, Orange, Michelin, BMW, Moët Hennessy, BASF, ING Vysya, TOTAL Projects. SAAB India, Tractebel Engineering, DCNS, Vodafone, Steria, RBS, GDF Suez, British Telecom, Societe Generale, Control Risks, Vygon, Swedish Chamber, Ecorys, KUKA, Cobham etc. There were representatives from E&Y, BMR Advisors and Grant Thornton as well.

The EBG Position Paper 2013 is indeed our most ambitious paper yet, covering 12 sectors, from telecommunications to automotive, defence to real estate, and banking to beverages, healthcare to infrastructure, aviation, oil and gas, power etc.

The event was sponsored by RBS, BMW, Michelin, Vodafone, Moët Hennessy and Steria and received significant press coverage.

#### EBG Newsletter

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**12th April** - EBG organized a lunch meeting with H.E. Mr. Tonio Borg, European Commissioner (Minister) for Health and Consumer Policies for members in healthcare, pharmaceutical, medical devices and SPS sectors in New Delhi.



## Mumbai Chapter event



Mumbai Chapter organised its annual welcome party at Mr. Ashok Mittal's bungalow in Mandwa on Saturday, 21 January 2013

## Bangalore Chapter events

**31st January** - Bangalore facilitated the delegation visit of **Mr Denis Dambois, European Patent Attorney, Intellectual Property and Public Procurement (IPR), European Commission- DG Trade** on 31st January 2013 at EBG Office. This meeting was very crucial as it provided the points for discussion between EU and India on IPR issues. It was presided by Ms. Anandi Iyer, Chairperson, EBGI-Bangalore Chapter and attended by Mr. Anil Jagalur (IP Counsel, Philips IP & Standards), Ms. Jayashree P (Director, BMR Advisors), Ms. Lakshmi T Gandikota (Head of Patent Analysis India, Shell) and Mr M Bhaskar (Director, TUV Rhineland). This initiative of EBG Bangalore Chapter was to put across IPR views from the companies in India. Mr Dambois recognised the opinions and congratulated Ms. Iyer for organising this.

**23rd February** - **2nd Annual EBGI Soiree**

The Soiree proved to be a great opportunity for informal networking for the business heads of companies across various industries. The evening was well attended by around 60 people. It was held in the newly built Marriott Hotel Whitefield. Good raffle prizes and an international band contributed to making it an enjoyable evening.



**19th February to 21st February** **GNSS.asia India Industry Workshop**

The GNSS.asia India Industry workshop programme was organised from 19th Feb to 21st Feb 2013 in Bangalore and Delhi. The focus during the workshop was to discuss in detail the GNSS market in India and promoting Galileo and EGNOS. The programme included four industry visits, one full day workshop in Bangalore, meeting with the Airport Authority of India, New Delhi and Jointly organised networking meeting with 25 plus members of International Foundation for Aviation and Aerospace Development – India Chapter. The team from European GNSS Industry was also present for the workshop programme.







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