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EICC General Body and Board of Directors Meeting to be held on 15 October 2013 in Brussels

Chamber's Board of Directors and General Body will meet in Brussels on 15 October 2013 on the eve of the EICC Trade, Investment and Partnership Summit on 16 October. The meeting will be held in the HOTEL SHERATON TOWER, Place Rogier 1210 Brussels.

As at EICC's Board and General Body meetings essential mechanisms for policy issues on trade, investment, economic cooperation and coordination between Indian and EU business are discussed, it is important that all members attend the meeting and share their thoughts. The important topics to be discussed will cover areas of EU-India cooperation, general current programme and future meetings and activities, in addition to issues connected with EICC's policy and programmes.

Management Guru Soumitra Dutta to address EICC TIPS 2013 as Guest Speaker

Chamber's Trade and Investment Partnership Summit (TIPS) to be held in the European Parliament on 16 October, will also be addressed by Prof Soumitra Dutta, Dean of the Cornell University. The European Business Technology Centre, a programme funded by the European Commission and managed by the EUROCHAMBRES, as main collaborator, will be the main collaborator and both are working closely to see that the Summit meets its objectives. Titled as "***Dynamics of EU-India Relations in a Changing Europe: Challenges and Opportunities for Accelerating Trade and Investment"*** the theme of the Summit will also mark the 50 years of India's engagement with the EU. TIPS will be the largest business event in the context of India and European business relations of 2013 in Europe and will provide the highest level platform for a concrete and constructive dialogue in the context of improving trade and investment between EU and India and will offer Indian and European companies to build their collaboration. The EU Trade Commissioner Karel De Gucht has been invited to address the summit.

Over the past two months, the Chamber has been hard at work committed to building a sustainable relation, building a strong participatory framework and foundation for closer cooperation between European and Indian business and how together they can enhance EU-India trade. In the quest for meeting is mission objectives with larger participation of business, Chamber's efforts has been very successful. Business houses, companies, organisations and agencies who have confirmed their participation include Dalmia Group of Companies (India), Foresight Limited (UK), The FifthVeda Entrepreneurs (India), KHS Machinery (India), Binani Group of Industries (India), Bajoria Group (India), Avantha Group (India), Tata Consultancy Services (India), Poddar Group (India), CMI Group (Belgium),

Commonwealth Business Council (UK), FIT (Belgium), Deloitte, PwC, Andras House (N. Ireland), AWEX (Belgium), Captiveway (France), LOYENS & LOEFF (The Nederland), GIANNI, ORIGONI, GRIPPO, CAPPELLI & PARTNERS (Italy), DLA Piper, Uflex Limited (India), Ernst & Young, Indian Chamber of Commerce (India), Alliance for Natural Health International (UK), BNP Paribas, Ransat Group (UK), Chatham House (UK), APCO Worldwide and JBF-RAK (UAE). Mr. James Fontenella of Financial Times will also be a speaker in the Panel.

The Summit will bring together leaders from various fields to discuss challenges, opportunities and commitment required by companies to enhance business collaboration. TIPS will seek to bridge trade and economic divide between the two countries will bring policy makers, industrialists, business leaders, and high representatives of the European Commission and heads of trade bodies. The summit will attempt to build better and innovative relationship by exploring the dynamics of changing Europe through discussion and exchange of ideas among high profile business leaders, experts from wide range of discipline from Europe and India. The sessions will focus on some of the leading innovative companies sharting their experience, extertise and concerns on the issue of trade and investment between EU and India. The event will also discuss the broader side of the trade related issues such as regulatory and legal framework, taxation policies and other incentives in India and Europe. The TIPS will make comprehensive overview of India-EU relations in content and context and will suggests ways to give it a strategic dimension. The summit will serve as a key platform offering an unparalleled access to a full spectrum of more than 150 industry leaders, business executives, policy makers, representatives of the European Commission to share their views on issues related to trade and investment. The summit will provide an opportunity for the delegates to access important presentations to engage in discussions and network with specialists across a range of topical issues and suggests ways to give it a strategic dimension. Industrial sectors that will be discussed in depth for bilateral cooperation include Pharmaceuticals, Renewable Energy, Infrastructure and Retail.

India-EU FTA talks hits roadblock as India fails to get through the legislation on FDI in insurance

Negotiations in the crucial round talks between India and the European Union (EU) for the free trade agreement (FTA) hit a roadblock due to India's failure to get through the legislation on hiking foreign direct investment (FDI) limit in the insurance sector to 49 per cent, a major demand by EU member countries, especially Germany.

The government, on 8 May, informed the Parliament that final positions of India and EU were yet to emerge as the negotiations on various contentious issues, including duty cuts in the automobile sector, were still on. "Final positions are to emerge as the negotiations across various sectors, including cars, are ongoing," Minister of State for Commerce and Industry D. Purandeswari said.

Of late, Germany, along with some other member EU countries, has been very vocal in its demand for opening up of the insurance and automobile sectors for EU companies. The Indian Government had assured the EU leaders that India was actively working on opening up of the insurance sector and legislation was now pending before Parliament for hiking the FDI limit to 49 per cent from 26 per cent. In fact, Germany's Ambassador to India Michael Steiner, before Dr. Singh's visit to Berlin last month, has pitched strongly for opening up of the automobile sector for EU companies and hiking the FDI limit in the insurance sector. German Chancellor Angela Merkel had also raked up the topic with Dr. Singh, and strongly pushed for an increase in FDI cap in the insurance sector and termed it as an 'undeniably' important issue.

However, the failure of the government to get through the insurance legislation in Parliament is likely to cast a shadow over the May 15 round of negotiations. "The inability of the government to get through the Bill on hike in insurance sector is likely to impact the progress of talks. We don't expect anything dramatic to happen in view of the latest developments," a senior official in Commerce and Industry associated with the negotiations said.

On the other hand, Dr. Purandeswari said India was seeking a good package on services, including cross-border flow of IT and ITeS, movement of Indian professionals and grant of data secure status. Negotiations across a number of tracks, including trade in goods and services, investment, sanitary and

phytosanitary measures (dealing with basic rules for food safety and animal and plant health standards), technical barriers to trade, trade remedies, government procurement, customs cooperation and trade facilitation, dispute settlement, competition and intellectual property rights are underway. So far, 15 rounds of negotiations have been held since the launch of the talks.

India and the 27-nation bloc have been negotiating a Broad-based Trade and Investment Agreement (BTIA) since June 2007, but a breakthrough has not yet been achieved due to strong differences on several of the issues.

New bulk drug export norms to comply with EU standards

Indian Commerce and Industry Ministry, on 23 May, issued new guidelines for pharmaceutical makers to comply with the European Union (EU) Good Manufacturing Practice (GMP) standards.

In a statement the Ministry says such a move will give a boost to pharma exports from India. “India has demonstrated its keenness to meet international requirements for exports of pharmaceutical products yet again by taking timely action for complying with the new procedural requirements of the EU for import of Active Pharmaceutical Ingredients (API) into the EU,” the statement adds.

Active Pharmaceutical Ingredients, commonly referred to as bulk drugs in the industry, are used in making medicines. The new legislation, which will come into force from July 2, requires a written confirmation by a competent authority nominated by the government that the API has been manufactured in accordance with the EU GMP standards, the Ministry says in the statement.

The authority will also give a written confirmation that the manufacturing facility, where the API is produced, is subject to control and enforcement of GMP standards and is equivalent to those in the EU countries.

The EU had issued a new directive on June 8, 2011, to lay down a community code relating to medicinal products for human use and to ensure that the defective products do not reach consumers. The directive lays down a system of control over the entire supply chain for pharmaceuticals. “Various EU industry members have been expressing their concern over the ability of India to comply with the new procedure by the July 2 deadline. However, India is optimistic that its pharma industry will be able to meet regulatory requirements within the given timeframe.

“This landmark achievement underlines the seriousness of India towards pharma exports. Compliance by pharma industry with the EU directive is expected to have a positive impact on the companies as many of them are aspiring to export to developed countries,” the statement adds.

IKEA in your bedroom; it is final now

The Cabinet Committee on Economic Affairs (CCEA) of Indian government on May 2 formally cleared Swedish furniture retailer IKEA's proposal to invest €1.5 billion in retail outlets, paving the way for the roll-out of its furniture-cum-restaurant chains in India.

''The Cabinet Committee on Economic Affairs today gave its approval to the proposal of Ingka Holding BV, Netherlands, as recommended by the Foreign Investment Promotion Board (FIPB),'' a brief release said, adding that the approval would result in FDI inflows amounting to Rs10,500 crore approximately into the country.

"Yes, it is cleared," information and broadcasting minister Manish Tewari said, referring to IKEA's investment proposal.

Last June, IKEA had proposed an investment of Rs10,500 crore to set up 10 furnishing and homeware stores as well as allied infrastructure that include cafeterias in India over the next 10 years. Subsequently, it plans to open 15 more stores.

In January, the country's Foreign Investment Promotion Board (FIPB) allowed IKEA to invest Rs 4,500 crore out of its proposed Rs10,500 crore, in opening single-brand retail stores across the country.

The proposal was forwarded to CCEA for consideration, as foreign direct investments above Rs 1,200 crore of require CCEA's approval.

Apart from furniture, IKEA had in its original application, sought approval to sell items such as upholstery and other accessories, consumer electronics, leather products, and lifestyle products, food and beverages at cafes in its premises.

IKEA has sent its application for review, seeking permission to let it open cafeteria / restaurant inside all its stores in India, in line with its global concept.

IKEA, controlled by Sweden's Kampard family, is the world's largest furniture retailer running 338 stores in 38 countries across the globe and reported a turnover of €27.5 billion for the fiscal year ended August 2012.

The proposal, if approved, will be the largest investment in Indian retail sector since the government amended the laws last year to allow 100 per cent foreign investment in single-brand retail.

Meanwhile, Swedish fashion retailer Hennes & Mauritz has also applied for 100-per cent FDI in single-brand retail in India seeking to invest 700 crore for opening 50 stores to market its products (See: Swedish clothing retailer H&M wants to open 50 stores in India)

Separately, CCEA is also likely to take up two major port proposals with an investment of Rs 16,000 crore in its next meeting.

The two ports, one in West Bengal and the other one in Andhra Pradesh, are expected to ramp up the country's port capacity by 100 million tonnes.

According to experts land acquisition will be a major hurdle for Swedish furniture retailer IKEA to set up its stores in India and it may have to even depend on public auction by government, according to real estate consultants.

The company, which has received nod from the Government for its plans to invest Rs 10,500 crore earlier this month, may also have to tweak their business model for India considering the constraints for right space, consultants added.

“Land acquisition is a difficult and challenging proposition in India. The company may acquire land in two ways -- through public auction by the Government or directly purchasing it from owners,” Jones Lang LaSalle India Managing Director (Retail Services) Pankaj Renjhen told the news agency.

IKEA India Chief Executive Officer Juvencio Maeztu is reported to have said that company will acquire land for opening stores, which will be spread across three lakh sq ft and is well-connected by highway and metro train.

Renjhen said acquisition from owners directly may take longer for IKEA “as they don’t know India very well compared to a domestic player who has been in the country for years”.

“The option of directly acquiring land has many issues involved and it may be a costly affair in terms of profitability for the company,” he added.

Expressing similar views, Cushman & Wakefield India Director (Retail) Jaideep Wahi said: “The major challenge for them (IKEA) will be real estate, predominantly land cost. Globally, they are known for affordable products, but with so high real estate value in India, we will have to see how they are going to handle it.”

Store size is very important for IKEA and to have such huge stores, they may have to move to suburbs, he added. “I think they may tweak their model slightly for India,” Wahi said, adding that IKEA’s business model is right for only long term purpose.

“Such project will not be successful in a short period of time. It is not for 3-6 year timeframe,” he said. CBRE South Asia Chairman and MD Anshuman Magazine also said real estate is a big challenge for any retailer entering India.

“The kind of size that IKEA is looking at for opening a store, options will possibly be at outskirts of a big city. It is not very easy, but it is possible...It will take time for them to understand the market,” he added. Magazine said as IKEA will have to invest on realty,vendors, manpower, supply chain, product quality, etc. It is going to be a long-term affair for them as retail is very capital intensive.

Speaking specifically about IKEA’s model, he said: “In this format of retail, you cannot make money until you scale up. Just to have good profit, you have to have big scale of presence, because one store may not make good money but it has to be compensated by another.”

Comments from IKEA could not be obtained as an e-mailed query to the company spokesperson in India remained unanswered. Earlier this month, the Indian government had allowed IKEA to invest Rs 10,500 crore -- the biggest ever FDI proposal in single-brand retail -- for setting up home furnishing stores in the country.

The company has proposed to set up 10 furnishing and homeware stores as well as allied infrastructure over 10 years in India. Subsequently, it plans to open 15 more stores.

Withholding tax rate, norms eased for FIIs, QFIs; to provide incentive to encourage investment

In a bid to encourage development of the domestic debt market and accelerate the pace of economic growth, the Indian government, recently, announced reduction in withholding tax rates along with simplification of norms to attract greater subscription in debt securities by foreign investors.

Consistent with its policy of gradual easing of withholding tax (WHT) norms and extending the benefit of lower rates at 5 per cent — instead of 20 per cent earlier — to a larger cross-section of investors, the government has now sought to provide broad-based incentive and encourage greater offshore investment by foreign institutional investors (FIIs) and qualified foreign investors (QFIs) in the country’s debt market, including bonds issued by Indian companies and government securities.

Announcing the liberalisation, a Finance Ministry, in a statement, said: “…it has been decided that the benefit of lower withholding tax [i.e. 5% instead of 20%] shall be available in respect of interest on investment made in bonds issued by Indian companies and Government securities.”

The benefit, it said, would be available in respect of interest income of FIIs and QFIs accruing between June 1, 2013, and May 31, 2015, irrespective of the date of investment. The necessary amendment to the Income Tax Act has been made through the introduction of new Section 194LD, and other consequential changes.

Further, the norms have also been simplified for cases of investment in long-term infrastructure bonds covered under Section 194LC where the PAN (Permanent Account Number) of non-resident investor was not provided and the benefit of 5 per cent WHT could not be availed of due to the conditions of Section 206AA.

Aimed at rectifying the problem, the Ministry statement said: “Considering the practical difficulty involved in obtaining PAN of non-resident investor in case of investment in long-term infrastructure bonds, it has been provided that the benefit of reduced WHT shall be available even if the PAN of foreign investor is not obtained by the Indian company which is responsible for payment of interest and deduction of tax in respect of long term infrastructure bonds.”

It may be recalled that to augment the availability of resources for development of the country's infrastructure, the rate of WHT on interest payments on borrowings of Infrastructure Debt Funds (IDF) was reduced from 20 per cent to 5 per cent in the Budget for 2011-12. Subsequently, in the Budget for 2012-13, Section 194LC was introduced in the Income Tax Act to reduce the WHT rate from 20 per cent to 5 per cent in respect of interest paid on money borrowed in foreign currency from a source outside India in a period of three years — July 1, 2012, to June 30, 2015 — under a loan agreement and by way of long-term infrastructure bonds issued in foreign currency.

More recently, in the Budget speech for the current fiscal, Finance Minister P. Chidambaram had announced that necessary changes are proposed to be made to section to provide the benefit of reduced WHT to cases where investment is made by a non-resident in rupee-denominated long-term infrastructure bonds. However, the latest easing is aimed at providing FIIs and QFIs with the same benefits as is available to other categories of investors.

India placed sixth in economic confidence: Survey

India's economic confidence dropped last month due to plethora of corruption allegations against the Union government ministers and the country is now the sixth most economically confident country in the world after Saudi Arabia, Sweden, China, Canada and Germany.

According to a survey by global research firm Ipsos, India's economic confidence dropped by 2 points to 63 per cent in the month of April 2013 compared to the month of March 2013. The drop in economic confidence of the country was despite the fact the there has been a continuous decline in inflation rate and upbeat investor confidence, Ipsos said.

"Frequent allegations of corruption is revitalising negative public perception among Indians about the state of its economy despite indications that inflation is gradually subsiding and investor are increasingly becoming confident about business opportunities in India," Ipsos India CEO Mick Gordon said.

The global assessment of national economies surveyed in 24 countries slipped slightly this month as 36 per cent of global citizens rate their national economies to be 'good', down 1 per cent from last month.

Saudi Arabia (80 per cent) continued to lead the world on national economic assessment, despite seeing a downward trend over the past quarter. It is followed by Sweden (73 per cent), China (72 per cent), Canada (65 per cent), Germany (64 per cent) and India (63 per cent).

Meanwhile, four in 10 Indian citizens (41 per cent) believe that their local economy, which impacts their personal finance, is good and has seen a marginal rise of 2 points. About 47 per cent people expect that the economy in their local area will be stronger in next six months.

Mr. Gordon further said that Indian economy is expected to grow at around 6 per cent in 2013-14 on account of robust domestic demand, strong savings and growth in private investment rate. "With food prices and commodity prices expected to remain stable and slow growth because of weak manufacturing prices, inflation is expected to be on a broad downtrend for the next six months and this, we believe, opens up room for more rate cuts by RBI to propel growth," Mr. Gordon added.

The online Ipsos Economic Pulse of the World survey was conducted among 18,331 people in 24 countries.

India represents only 8% rise in global energy-related carbon emission

This is one battle where India has an upper hand over China. India was responsible for only eight per cent increase of the global energy-related carbon dioxide emission in 2000-10, while China represented 68 per cent, according to a Climate Policy Initiative (CPI) report.

"Though India is better placed, it needs some real policy level intervention from the government. It should focus more on renewable space," said David Nelson, senior director, CPI. However, the report adds that in

India, as with China, most new power generation since 2000 came from conventional sources, though the past decade saw exponential growth in renewable energy generation. During the 10 years from 2000, India's wind energy capacity grew by 1,250 per cent.

Even though renewable electricity in China grew 661 per cent from 2000 to 2010, these sources still only produced the equivalent of 0.68 per cent of electricity from conventional sources by the end of that period. India is planning to double its renewable energy capacity from 25,000 Megawatt (Mw) in 2012 to 55,000 Mw by 2017. "With more units in place, sources like solar energy would become more cost-effective. India can surely reap long-term economic benefits of low-carbon development, without sacrificing short-term growth," believes Nelson. (Key Findings)

The report suggests that though India has aggressive renewable energy targets and industry energy efficiency policies, it faces significant infrastructure challenges. In the US and India, renewable energy targets have been given to the states, even as the national governments develop policies to incentivise it. Europe experiments with a range of interconnected national and EU level policies, which are often further targeted by economic sector, while China experiments with special economic zones, incentives, and regulation for its low carbon cities and low carbon provinces.

From 2005 to 2010, Indian states phased in renewables portfolio obligations for their electricity markets. As of 2010, these statewide targets translated to around 5.5 per cent nationwide target for renewable energy in China, the CPI report adds. The report looks into three decades of evidence from five key economies - India, China, Brazil, the EU, and the US - which together contain slightly more than half of the world's population and account for nearly two-thirds of global greenhouse gas emissions.

S&P warns India of rating downgrade; retains negative outlook

Global agency Standard & Poor's on Friday warned that it may downgrade India's sovereign rating to junk grade if the government fails to pursue reforms and check deterioration in fiscal and current account deficits.

While retaining India's sovereign rating at 'BBB-' with a negative outlook, S&P said there is at least a one-in-three likelihood of a downgrade within the next 12 months.

"We may lower the rating if we conclude that slower government reforms than we currently expect would not lead economic growth to recover to levels experienced earlier this decade," S&P said in a statement.

'BBB-' is the lowest investment grade and a downgrade would mean pushing the country's sovereign rating to junk status, making overseas borrowings by corporates costlier.

"High fiscal deficits and a heavy government debt burden remain the most significant constraints on our sovereign ratings on India. Nevertheless, the government has regained control of public finances and embarked on fresh structural reforms since September 2012," S&P credit analyst Takahira Ogawa said. S&P said although part of this slower growth in India is cyclical, rigidities in the labour and product markets and inadequate infrastructure constrain the country's medium-term growth prospects.

"Despite the initiatives from the cabinet committee on investments to cut red tape on infrastructure and power projects, that committee's success in raising investment growth remains uncertain," it said. In April during a meeting with S&P representatives, Finance Ministry officials had pitched for a ratings upgrade arguing that the government has been taking steps to contain fiscal deficit and promote investments. India's long-term growth prospects and its high foreign exchange reserves support the rating, while its large fiscal deficits and a heavy government debt burden constrain it.

"We expect the GDP growth rate of 6 per cent in the current fiscal. Headline and core inflation has come down in recent months," Ogawa said in a conference call.

Asked what could reverse the negative outlook, he said: "If the government carried forward current reform agenda, push some more reforms like land bill, GST as well as narrow down fiscal deficit and CAD and

trim subsidies. This could significantly change the outlook". He, however, said compared to an year ago, there is an easing of pressure on ratings downgrade.

S&P said there could be a rating downgrade in case of anaemic investment growth, reversals on diesel or other subsidy measures, or inability to increase electricity supply to meet increasing demand.

"We believe these measures could restore India's robust growth, and thereby ameliorate its public debt trajectory," S&P said. It further said it expects the current account deficit (CAD) to improve slightly -- mainly because of lower prices of oil and gold -- but remain high at about 4 per cent in the current fiscal year it said. The CAD, which is the difference between the outflow and inflow of foreign currency, touched a historic high of 6.7 per cent in October-December quarter.

"India's external position remains resilient despite a deterioration in the past two years," Ogawa said. In the current fiscal, the economy is projected to grow at 6.1-6.7 per cent, up from the decade's low level of 5 per cent growth clocked in 2012-13 fiscal.

Foreign investors betting big on Indian consumers

A series of in-bound investments in recent months highlights investors' rising preference of consumption-led Indian companies; they bet 1.2 billion Indians will spend more on food, travel and telephones.

From Diageo and Unilever to GlaxoSmithKline, all multinational companies want a bigger slice of the Indian consumption story - fuelled by rising income and small families, say bankers.

"We are seeing a secular growth trend in all consumer-led businesses, whether it's consumer products or health care - primarily driven by favourable demographics and increasing purchasing power. That is reflected in increasing M&A deal volumes, besides higher sustainable market valuations, as foreign investors don't feel concerned about any regulatory or governmental overhang that they see in other sectors in India," says UBS Investment Bank Managing Director Ravi Shankar.

The recent investments show foreign investors have completely shunned the infrastructure sector - roads and power, for example - which is facing serious issues of environmental clearances and land acquisition.

A top official of US-based Blackstone said all of the company's investments in the Indian infra sector were blocked due to problems plaguing the industry. "There is no option but to remain invested in infra companies," he said.

In contrast, in 2012, Indian food & beverage sales rose 21.2 per cent, while sales of home and personal care grew 17 per cent. Sales for airline and cell phone companies also grew. A Morgan Stanley report says food & beverages sales in India will rise another seven-eight per cent, while home and personal care sales will go up four per cent, ahead of a rise in disposable income over the next six years.

Adding to the consumption story are rising rural wages, which have continued to grow, 18.3 per cent on a year-on-year basis as of November 2012 - thanks to the National Rural Employment Guarantee Scheme. The growth rate moved up from 10-13 per cent in the first half of 2008 to an average 19 per cent annually over the past three years. Against this backdrop, as economies across the world slow down, the Indian consumers are providing investors comfort to open their purses and put their money in companies here.

Tata, Tel Aviv University join hands to fund tech innovations

India’s Tata Industries has announced that it has joined hands with Ramot at Tel Aviv University Ltd, the university's tech transfer company, to fund and generate leading edge commercialisation ready technologies.

Tata Industries and Ramot at Tel Aviv University Ltd (Ramot), have entered into a strategic Memorandum of Understanding (MoU) under which Tata Industries will become the lead investor in Ramot's Technology Innovation Momentum Fund, the company said in a statement.

"Under the MoU, Tata Industries through its wholly-owned overseas subsidiary will be the lead investor in Ramot's USD 20 million Technology Innovation Momentum Fund, which will invest in promising breakthrough technologies," it said.

The focus of technologies will be in a wide range of fields, including engineering and exact sciences, environment and clean technology, pharmaceuticals and healthcare.

Commenting on the development, Tata Industries Executive Director KRS Jamwal said: "Tata has taken the decision to partner with Ramot and TAU (Tel Aviv University) with a desire to enhance capabilities of Tata companies and leverage technology as a differentiator for our businesses." An extensive due diligence process was conducted by CTOs from major Tata companies prior to this MoU and the company was encouraged by the technological leadership, the passion and the commitment demonstrated by TAU, he added.

"During this process, the Tata team was exposed to more than 70 promising innovations and had the opportunity to interact with leading scientists at TAU," Jamwal said. Stating that the partnership "creates a major opportunity to impact communities across the world", Ramot CEO Shlomo Nimrodi said: "Being a lead investor, Tata will be able to see a pipeline of technologies. They will have an option to commercialise certain promising opportunities from TAU."

Technologies with significant commercial potential will be selected by committees comprising global domain experts and Tata representatives, who will drive the process to translate such innovations into licensing opportunities for industry, Tata Industries said.

Tata Industries promotes Tata group's entry into new and high-technology businesses. It has initiated and promoted several Tata ventures in sectors like control systems, IT, auto components, advanced materials, telecom hardware and services.

Huawei to set up R&D centre in Bangalore; invest $150 mn
Telecom gear maker Huawei will set up a new research and development (R&D) centre in Bangalore with an investment of $150 million (about Rs 813 crore) in the second half of this year.

“Since 2004, we have invested around $200 million in activities around research and development. We are setting up new R&D centre in Bangalore with an additional investment of about $150 million to consolidate our operations under one facility,” Huawei Technologies Head (International Media Affairs) Scott Sykes told the neww agency here.

He said it will be set up in the second half of this year. In India, Huawei employs around 6,000 people out of which it has close to 2,500 people are working at its R&D.

This new facility will have capacity to house 5,000 people but the company is yet to firm up its hiring plan for India. “Huawei is building capacity in India. Hiring will be done as per business need. We expect to see better business there in second half of this year” Sykes said.

The company peaked revenues of $1.2 billion in 2011, registering a growth of around 30 per cent compared to the previous year. The company’s business had been almost flat in 2012, he said.

Huawei is also evaluating to shift its Indian global network operation centre (GNOC) to this new facility.

“We are looking to centralise our GNOC in India. Under the plan we may shift our GNOC under this new facility,” Sykes said. The company has about 500 employee at GNOC and manages services for Idea Cellular, Aircel, Reliance Communications and Tata Teleservices.

Complying with legal issues abroad challenge for Indian Cos

Complying with legal requirements in developed countries and successfully integrating the two companies post-acquisition are some of the major challenges that are commonly faced by Indian companies when they invest abroad, says a study.

According to a Baker & McKenzie report that examined country-specific opportunities and challenges of doing M&A transactions, outbound investments from China and India have shown robust growth in recent years despite the global financial crisis and economic slowdown.

However, some of the challenges that confront Indian companies include complying with legal requirements in developed countries; successfully integrating the two companies post-acquisition; navigating unfamiliar market practices (such as labour unions) and cultural differences.

The report further added that determining the bidding prices particularly if a target's value is heavily dependent on intangible assets.

According to the report, the natural resources, IT/ telecom and financial services sectors present the biggest investment opportunities for Indian companies and to avoid regulatory issues, it is important for Indian companies to gain an understanding of the compliance requirements related to the acquired company and execute a plan to address those compliance requirements quickly.

The report further noted that Indian companies should keep existing management in place for two years or longer after the acquisition to help smooth out the transaction.

The report noted red-tape, protectionism, non-compliance with anti-corruption laws and lack of legal certainty continues to be the major challenges commonly faced by foreign investors when they invest in Indonesia and Vietnam.

EU-US trans-atlantic trade talks: keep Parliament on board, MEPs warn

Parliament must be kept on board in talks with the US on what could become the world's largest free trade area, it warns in a resolution voted on 24 May. MEPs strongly favour starting the talks, but also state their expectations, e.g. as regards opening up access to the US procurement market and safeguarding the EU's cultural and audiovisual services market. This resolution is Parliament's input to the EU negotiating mandate.

“An ambitious and comprehensive agreement would give a badly-needed, low-cost boost to our economies”, said rapporteur Vital Moreira (S&D, PT), before the vote on Parliament's input to the negotiations on a Transatlantic Trade and Investment Partnership (TTIP).

“This resolution should now be duly taken into account by the Council and the Commission, as Parliament will only give its final consent if we have a positive outcome for our businesses, workers and citizens”, he added.

Besides giving the green light to start talks (460 votes in favour, 105 against and 28 abstentions), MEPs remind negotiators of their duty to keep Parliament "immediately and fully informed" at all stages of the talks.

They point out that no deal agreed in these talks can take effect without Parliament's consent, and that "its positions should therefore be duly taken into account at all stages". As Mr Moreira put it, "Parliament has teeth and can bite".

MEPs expect the deal to open up new opportunities for EU firms, especially small and medium-sized ones. For example, they expect the European Commission to seek full access for EU firms to US public procurement markets, and the removal of current US restrictions on EU suppliers of maritime and air transport services and particularly foreign ownership of airlines, and financial service providers.

As the talks will focus on differences between the two sides' laws and standards, which create the biggest barriers to transatlantic trade, MEPs caution that EU values that must be defended in the talks.

These values include the EU legislators' well-established precautionary principles with regard to food safety, such as genetically-modified organisms (GMOs), cloning, intellectual property rights, as the backbone of the EU's knowledge-based economy, the EU's geographical indication of origin system and a "high level of protection for personal data". MEPs also ask that the EU's labour and environmental standards should not be undermined.

In a separate vote, MEPs ask that cultural and audiovisual services, including online ones, be excluded from the negotiating mandate, in order to protect the cultural and linguistic diversity of EU countries (381 votes to 191, with 17 abstentions).

In a joint effort to revive the economy on both sides of the Atlantic, EU and US leaders announced at the start of 2013 that they would seek to achieve a comprehensive economic deal to exploit the full potential of economic cooperation.

Current impact assessments suggest that free trade with the US could boost EU GDP by 0.5%, which would translate into extra €545 a year for each family of four in the EU.

The EU Council of Ministers plans to authorize the opening of negotiations and approve negotiating directives in June. Talks could then begin in July and the Commission hopes to conclude them by the end of 2014.

EU’s annual report shows how competition policy helps unlock potential of EU Single Market

The European Commission's 2012 report on competition policy shows that without an effective European competition policy, the internal market cannot deliver its full economic potential. Private barriers to trade and competition would risk replacing the public barriers to free movement that have been painstakingly dismantled. Subsidy races would risk wasting precious budgetary resources, distorting competition between companies established in different Member States.

The Commission's action in 2012 focused in particular on sectors of systemic and cross-cutting importance to the EU economy such as financial services; key network industries such as energy, telecoms and postal services; as well as knowledge-intensive markets such as smartphones, e-books and pharmaceuticals. In those sectors, EU competition enforcement complements Single Market regulation.

State aid control is also a key pillar of the Single Market. The past year saw the first decisions applying the new framework on state aid for services of general economic interest (SGEIs) adopted at the end of 2011. In May 2012, the Commission launched an even more ambitious reform agenda with the State Aid Modernisation (SAM) initiative.

The Commission also remained active in the fight against cartels. For example, the Commission fined seven international groups of companies close to € 1.5 billion for colluding to raise the prices of tubes used in TV and computer screens, increasing input prices for manufactures and end-consumers.

In the financial sector, the Commission continued to apply the state aid rules to make sure that banks receiving aid were either resolved in an orderly fashioned or were thoroughly restructured in order to return to long-term viability. The rules also reduced the burden for the taxpayer and avoided undue distortions of competition.

As part of the economic adjustment programmes for Ireland, Portugal and Greece, state aid control continued to contribute significantly to the restructuring of those countries' banking sectors. This was part of a wider effort involving not only the Commission but also the European Central Bank (ECB) and in most cases the International Monetary Fund (IMF). Again, a key concern was to ensure the integrity of the Single Market in a context of massive public financial support.

In line with the sector programme for the Spanish financial sector agreed in July 2012 by the Eurogroup, the whole Spanish financial system was fully capitalised by the end of 2012 in accordance with state aid

rules. The process was particularly efficient: restructuring plans were approved after just a few months and before the programme aid was disbursed. The burden for European taxpayers was also reduced to the minimum necessary to preserve financial stability thanks to extensive burden-sharing.

The Commission also used its merger control tools to ensure competitive prices for companies which manage their risks by investing in derivatives in the EU: in February 2012, the Commission prohibited the proposed merger between Deutsche Börse and New York Stock Exchange Euronext.

In the gas and electricity sectors the antitrust enforcement action focused on central and eastern European gas networks which tend to be less interconnected across borders than western European networks. The Commission opened antitrust proceedings against Gazprom in relation to a possible abuse of its dominant position in a number of central and eastern European gas markets.

Likewise, in telecoms markets, where ex-monopolists still maintain strong market positions by virtue of their ownership of the fixed networks they rolled out during the monopoly era, the Commission pursued a number of enforcement actions involving alleged abuses and collusion by telecoms incumbents. The Commission sanctioned an agreement between Telefónica and Portugal Telecom not to compete with each other on the Iberian telecommunications markets.

In digital industries, network effects and lock-in can create entrenched market positions which could be used to shut out competitors or new entrants. Potential misuse of standard-essential patents in the so-called patent wars among smartphone manufacturers were a particular focus during 2012. The Commission opened three proceedings concerning possible abuses by Samsung and Motorola of their standard essential patents. These investigations will help clarify EU antitrust rules in this field where the Commission received numerous complaints.

The Commission also accepted the commitments offered by Apple and several publishers to restore competition in the sale of e-books. The sale of the publishing and music businesses of EMI was approved subject to conditions, thereby preserving both cultural diversity and innovation in a context where consumers increasingly use digital platforms to listen to music.

Pharmaceuticals are another sector where knowledge, inventions and ideas and the intellectual property rights (IPRs) they embody are of central importance. Pharmaceutical companies may be tempted to enter into anticompetitive agreements delaying the entry of cheaper generic medicines, with the risk of harming both patients and public budgets. The Commission issued a number of statements of objections concerning potentially anticompetitive conduct and agreements in this area.