

# Press Release

## EICC unveils Report on Indian companies reigniting economic growth in Europe

- Have invested €43 billion from 2003-12 including €14 billion in 500+ green field projects
- Employ a workforce of 134,000, up from just hundreds of jobs in the 1990s – creating 40,000 new jobs; 3X times more jobs than similar investments from China
- UK, Germany, Netherlands, France and Belgium were top 5 focus countries for investments
- Information Technology, Financial Services, Professional Services, Pharma and Manufacturing represented top 5 sectoral investments

### Brussels, 19 March, 2013:

The Europe India Chamber of Commerce (EICC) released a special report today highlighting growing investments from India into Europe over the trailing decade from 2003-2012. Titled **“Indian Companies in the European Union: Reigniting Economic Growth”** the report takes an insightful look into recent trends in the economic relationship and makes policy recommendations to further strengthen it.

#### **“RAPID GROWTH IN INDIAN INVESTMENTS”**

The report finds that over the period 2003-2012 Indian companies have invested €43 billion (US\$56 billion) across Europe comprising €29 billion in Mergers & Acquisitions of 411 companies, as well as €14 billion in 511 fresh Greenfield projects. The primary driver behind this investment is the rapid growth of Indian Multinational Corporations (MNC) which are seeking new markets for growth and diversifying risks, access to new technologies/R&D capabilities and leveraging their cash rich positions against low valuations in today’s financial market. Other reports have indicated that 2200 Indian companies are expected to invest overseas in the next 15 years and India is expected to have 20% more multinational firms than china by 2024.

#### **“CREATING EMPLOYMENT”**

Indian companies employ 134,000 professionals in Europe, including 40,000 new jobs created by 511 Greenfield investments, which is 3 times the level of job creation by 428 greenfield projects by Chinese companies in the same period. This represents a landmark progress compared to the 1990s decade where the number of employees of Indian firms in Europe was less than a thousand. The biggest pan-European employer is the salt-to-software Tata Group, which counts approximately 80,000 employees across its 19 companies in Europe, including the IT giant Tata Consultancy Services.

*“Indian Businesses have shown an extremely good track record in turning around troubled companies and that has made their investments even in existing European enterprises as both job protecting and job creating ones.” said Sunil Prasad, Secretary General of the EICC. He added “investment by Indian multinationals in Europe heralds a new reality of economic partnership and their ability to increase Indian brand and prove their competitiveness in a changing European business climate.”*

#### **“PREFERENCE FOR UK BUT GROWING INTO MAINLAND EUROPE”**

Unsurprisingly, a dominant 47% of Indian Greenfield investment and 63% of employment creation accrued to the United Kingdom – with which India has strong historic, social and economic ties. This was followed by Germany, Netherlands, France, Belgium and Italy – which jointly accounted for 41% of investment and 25% of employment creation. This marks a trend of Indian companies look at UK as

the traditional beachhead but being more ambitious in exploring investments more broadly across Europe, including countries like Germany that attracted 100+ Greenfield projects or Netherlands that attracted close to €2 billion in investment over the 10 year period.

*“The conclusions of this report emphasise the importance of interdependence in EU-India economic relations and calls for economic integration at a much faster pace. Inward investments are the need of the hour as Europe strives to create new jobs and increase economic competitiveness.” Said Geoffrey Van Orden, Member of European Parliament and Chairman of the Europe India Chamber of Commerce.*

#### **“STAY INVESTED IN EUROPE”**

The report called for several policy measures to enhance this relationship including tackling any signs of protectionism, speedy adoption of the single permit directive before December 2013, preferential treatment for India under the ongoing Broad based Trade and Investment Agreement (BITA), a single aligned European corporate tax rate and special economic and technology zones – including the creation of a “European Silicon Valley”.

Among the Recommendations, the Report calls upon the European Union to **create ‘Shenzhen’- like special economic zones** that will offer lower taxes, less red tape and other favourable investment conditions to attract overseas investment. It also asks EU to address India’s request for preferential treatment so that the number of work permits given to Indian professionals is increased, Visa and work permit regulations should be simplified for bonafide commercial investors through the speedy adoption of the Single Permit directive as it would allow the EU to deal to a degree with the shortage of European labour and facilitate checks and balances in migratory flows.

The EICC firmly advised Indian businesses to **stay invested in Europe**, inspite of the prevailing frail economic climate, and outlined several opportunities in a Europe that is today more committed to the Union, has an increasingly more competitive cost structure, has seen strong wage corrections and has attractive valuations of business and property prices. It did caution that investing in Europe is a “Long term game” and highlighting a case study of the Tata Group, recommended that Indian companies would do best to venture into the region with a long term sustainable plan of becoming an integral part of the local economy and the local labour pools.

**About EICC:** The Europe India Chamber of Commerce (EICC) is recognized as the Apex Chamber of Europe that promotes bilateral trade between European Union and India. The EICC speaks for multilateral rule based trading system and improvement in European and Indian competitiveness. The chamber is realising its mission through high level strategic dialogue and debate in which trade and economic issues are intensively discussed. EICC has been headquartered in Brussels, since 2005, from where it serves EU-India economic relations nationally and internationally.

For more information on the Report, the Secretary General of the Chamber can be contacted on mail ID: [info@eiccglobal.eu](mailto:info@eiccglobal.eu) or on GSM: 0032-472207338.

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