



EUROPE INDIA CHAMBER OF COMMERCE

69, Boulevard Louis Mettewie (bte.18)

1080 Brussels (Belgium)

Tel & Fax: 0032 2 469 2677, 02-840 2800 GSM: 0472 207 338

E-mail: info@europeindia.eu; sunil.prasad@telenet.be Website: www.europeindia.eu

Chairman: Ravi K Mehrotra, CBE Secretary General: Sunil Prasad

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CALL FOR ENHANCING EUROPEAN UNION – INDIA RELATIONS AND FOR AN ENHANCED ENGAGEMENT TOWARDS AN AMBITIOUS AND BALANCED FREE TRADE AGREEMENT

Statement issued by Europe India Chamber of Commerce (EICC) ahead of the 15th Summit (Virtual) between European Union and India, Wednesday, 15 July 2020

COVID-19, International Solidarity and Economic Recovery

The Europe India Chamber of Commerce, the Apex Chamber of Europe which promotes trade, economic and bilateral relations between European Union and India, is deeply concerned the unprecedented impact the COVID-19 is having on businesses in European Union countries and in India. The health pandemic has caused an unimaginable collapse of economic activities, and on human lives; both directly and indirectly. We offer our thoughts and prayers to the individuals and their families in EU countries and in India who have been affected by this pandemic, and we extend our sincere thanks to the healthcare professionals who are tirelessly working to save lives.

Covid-19 is going to have major economic consequences for EU and India, and both must make difficult economic choices. The post-pandemic economy is likely to be anaemic for all countries, not just for India and for European Union who have managed themselves well. With hopes of a sharp rebound from the pandemic-induced recession fading and uncertainty still in the air, policymakers in EU and India will need to take stock of what it will take to achieve a sustained economic recovery, and how they can jointly address the crisis. This will require hard choices and a show of political will, and EICC is convinced that both EU and India will do what is right and wishes to congratulate the leadership of India and EU who have shown great courage, political will and determination to address the crisis in solidarity and cooperation.

As India and EU countries reel from the impact of COVID-19, we need proactive new solutions. We are witnessing one of the worst health crises to ever confront the humanity, but it also offers us the unique opportunity to confront the challenges unitedly. What is required now is a series of trade and economic policy initiatives that can help encourage overall economic recovery of both EU and India.

While the pandemic has created an unprecedented challenge for humanity, the economic disruption has offered India a unique opportunity to reinvent itself as a manufacturing powerhouse. As companies want to diversify their supply chains post-COVID 19, this represents a golden opportunity for India, which it should seize with market-friendly approaches. By harmonizing trade and FDI policies, it could further improve its competitiveness, and European companies can become partners in progress. It is usually said that India is at its best when in crisis and its reforms rise from the ashes of the crisis.

China's expansionism; threat to peace and security in Asia

With the world distracted by the pandemic's devastating toll, and the world preoccupied with attempting to reign in the COVID-19, pandemic, China is using every attempt available to flex its military muscles internationally including the recent standoff at the Line of Actual Control (LAC) in India's Ladakh region. China is doing this with an aim to continue its expansionist policy and divert attention of the global community including the European Union, about China's mishandling of COVID-19 pandemic and its

disinformation drive. Chinese government must be held accountable for its lies, deception, and cover-ups that ultimately led to the global COVID-19 pandemic.

Chinese expansionist behaviour especially along the Line of Actual Control (LAC) with India as also in the South China Sea (SCS) is threatening regional stability which will have adverse and far reaching impact on the economic recovery of EU countries affected by COVID-19. China's expansionism and “dream of hegemony” is the greatest challenge of our time in the post-war peaceful world and is a threat to global peace, security, and development. It is a 'wake-up call' for European companies to introspect their investment policies and take suitable action for re-structuring their supply-chain dependency on China. It is important now more than ever that EU redefines its China policy from the position of strength.

China's aggressive moves to claim jurisdiction over land and sky in the Asia-Pacific is undermining peace and security in the region and beyond. We ask European Union to stand firmly against a disturbing pattern of aggressive and destabilising behaviour from China which includes weaponizing the global commons, using predatory economics and debt for sovereignty deals, and promoting state-sponsored theft of other nations' intellectual property, including from EU countries.

Partnership through Multilateralism

As the world struggles to contain the coronavirus disease (COVID-19) and mitigate its impact on our lives and livelihoods, it reminds us the value of multilateralism and the necessity to preserve it. It also reminds that international cooperation is the only effective way to win the battle, and multilateralism is our best weapon in this fight — and our best defense against such future global threats. The COVID-19 pandemic is a wake-up call for enhancing multilateralism and European countries and India must remain united in their shared values to fight against this global pandemic, which has become a battlefield between life and death with speed and spread.

With a new economic and security architecture evolving in Asia, European policy makers would need to realise that without partnering with India, their engagement with Asia would be incomplete. EICC believes that EU's new strategies on India has all required objective to serve as a blueprint for a new dawn in the EU-India relationship as it goes beyond the realm of strategic partnership and opens door for new areas of cooperation. Therefore, it is important that EU shifts its strategic focus on India, and at the same time New Delhi should heartily reciprocate the outreach with open heart and clear mind in its endeavour to play a larger role in the global affairs.

European Parliament and misplaced objectives

EICC has noticed that in the name of human right, there are deliberate attempts by some misguided Members of European Parliament, with vested interest, to damage European Union's strategic relations with India. These Deputies have been misled to raise India's internal administrative issues and this does not serve EU's long-term interest and policy in Asia. European Parliament has an important role to enhance European values by working with countries who share similar vision. Such uncalled-for activism and misadventure, therefore, only do lasting damage to the EU-India trade and strategic relations.

EU-India Free Trade Agreement

The Europe India Chamber of Commerce, representing scores of European and Indian businesses, is strongly committed to an ambitious, balanced, and comprehensive Free Trade Agreement (FTA) which would deliver significant economic benefits and economic growth for European Union member states and India.

An ambitious, balanced and value adding FTA would include, inter alia, elimination of tariffs and technical barriers to trade, market access for goods and services, protection of investment and intellectual property rights, as well as competition. Urgent and constructive engagement by both parties is vital if an agreement is to be reached. Success would create growth and employment, provide more of a level-playing field for all economic operators and serve the public interest, in the post-pandemic world.

To gainfully benefit from an EU-India FTA, and for business to be able to support its conclusion, the FTA must provide equal market opportunities for each party to the agreement. Consequently, we call on the European Commission and the Government of India to take all necessary required steps to ensure that companies can compete fairly for business in each other's markets. The removal of trade and regulatory barriers through the envisaged agreement would allow for a higher degree of trade, investment and economic integration and generate important gains for both parties.

Improving economic relations between the EU and India is essential for Indian and European companies, whose business links extend beyond import and export to include alliances and partnerships in supply chains, joint research projects and significant direct investments. This agreement should also act as a catalyser of important administrative and economic reforms that would improve the overall business environment for companies in both entities. Realizing the full potential of bilateral trade is particularly important when the economies of the EU and India are now facing difficult times due to COVID-19.

A free trade agreement between European Union and India would build on the existing strong relations between them to simultaneously boost more than one and a half decade of their strategic partnership. Also, a free trade agreement between them would encourage greater innovation and manufacturing efficiencies by stimulating joint technological development, practical applications, and new cooperative ventures.

EICC realises that negotiating a successful trade deal which will impact the lives of 1.8 billion people is a complex and complicated exercise and therefore it requires a careful calibration of the difficult issues involved. The FTA could be a win-win for both EU and India but to reach an agreement will need flexibility, creativity, accommodation, and courage at the highest political levels in India and in EU states.

With the above in mind, we urge European Commission and the Government of India to make every effort to capitalise on a great opportunity the pandemic has offered and to give fresh vitality to the EU-India relations and move rapidly to the completion of the EU-India Free Trade Agreement.

EICC will follow closely the progress in the EU-India relations and in the FTA negotiation.



Secretary General