

EUROPE & INDIA

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New
Direction

the foundation for european reform

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GEOFFREY VAN ORDEN MBE MEP

**LET'S GIVE FRESH
PRIORITIES TO
STRENGTHENING
RELATIONS WITH INDIA**

TATA CHEMICALS LIMITED

TRADE EXPECTATIONS

**DAVID LANDSMAN, TATA
A PARTNERSHIP OF
THE POSSIBLE**

JCB

**MANUFACTURING
IN EUROPE AND INDIA,
TRADING WITH
THE WORLD**

New Direction



A Brussels-based free market, euro-realist think-tank and publisher,
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5

FOREWORD
by Tomasz Poręba



6

GUEST EDITORIAL
by Geoffrey Van Orden MBE MEP



8

EUROPE & INDIA - A PARTNERSHIP OF THE POSSIBLE
David Landsman



10

EU - INDIA: RELATIONS / FACT SHEET



30

FTA, EUROPE AND INDIA
David Campbell Bannerman MEP



24

Daniel Hannan MEP



34

CASE STUDY - JCB - MANUFACTURING IN EUROPE AND INDIA, TRADING WITH THE WORLD



18

TRADE EXPECTATIONS
TATA Chemicals Limited



38

Mr Navtej Sarna

INFOGRAPHICS & FIGURES

- 9 TATA: Quick Facts
- 15 EU - INDIA: Strategic Partnership
- 16 EUROPEAN UNION - TRADE WITH INDIA
- 16 Key Figures
- 16 Imports / Exports 2016
- 17 Total goods: EU Trade flows and balance, annual data 2006 - 2016
- 17 Total goods: EU Trade flows and balance
- 22 Trade flows by SITC section 2016
- 22 Trade flows by SITC product grouping 2016
- 23 Trade flows by SITC section 2013 - 2016
- 23 Trade flows by SITC product grouping 2013 - 2016
- 28 Trade flows by HS section 2016
- 29 Trade flows by HS section 2013 - 2016
- 29 INDIA - TRADE WITH WORLD
- 36 Total Goods: Trade flows and balance
- 36 Total Goods: Top trading partners 2016
- 36 EUROPEAN UNION - TRADE WITH WORLD
- 37 Total Goods: Trade flows and balance
- 37 Total Goods: Top trading partners 2016
- 37 Total Goods: Top product sections 2016



Tomasz Poręba
Member of the European Parliament
and President of New Direction -
The Foundation for European Reform.

As European Conservatives we firmly believe that **free markets** and **free trade** form the basis of global wealth creation and provide an essential framework for enterprise, opportunity and prosperity. With many Member State economies still grappling with the effects of the worst economic crisis since the Great Depression and facing significant challenges to return to solid and consistent growth we believe trade is key to the EU's recovery and our ability to compete in a global marketplace.

However, future economic growth must be sustainable in the long term and not built on unsustainable levels of debt. To this end, a strong and competitive European market is required, one that attracts significant overseas investment, secures outgoing investment in countries globally and is committed to free and fair trade. We must have a European Union that is committed to fighting protectionism and removing barriers to trade and investment in the interest of jobs and growth.

The 21st Century will be the global Century, with 90% of world growth occurring outside the EU and the emergence a new and wealthier global middle class. It will be essential that an outward looking, flexible European Union that builds upon and allows businesses to capitalise on a truly

global economy where barriers to doing business are reduced and people can trade freely with one another. The simple truth is that by reducing tariffs, subsidies and quotas, and by making sure that regulations are kept to a minimum, you can improve the lives of billions of people, including in developing and emerging countries.

Whilst strengthening and widening the multilateral system and concluding the WTO Doha Round (including ratifying the recently agreed Trade Facilitation Agreement) remain crucial objectives given their expected benefits in terms of growth and job creation, especially for developing countries, European Conservatives believe that renewed attention should also be given to bilateral, plurilateral and regional agreements, particularly with strategic partners and those whose markets are expanding at a significant pace.

More generally, we will continue to push for the EU's free trade agenda, focussing on the world's most vibrant economies and continue to work for a multilateral solution to the Doha Development Agenda with some early harvest of agreements to benefit developing countries trade their way out of poverty. Trade, not aid, is the key to allowing developing countries worldwide to escape the poverty trap, empowering their citizens and helping them to achieve the targets set out in the Millennium Development Goals. ■

Geoffrey Van Orden MBE MEP

LET'S GIVE FRESH PRIORITIES TO STRENGTHENING RELATIONS WITH INDIA

The scope for greater cooperation between the European nations, the EU, and India is enormous. This is not just a matter of shared values and historic bonds but common challenges and mutually beneficial capabilities.

While there is much focus on economic and trade relationships there is a strong need for cooperation in other areas. These include dealing with the security threat posed by Islamist terrorism and hybrid and cyber warfare; development policy; health, environmental and climate change policies; population growth and migration issues; and the impact of the information age and social media on governance. How India approaches such issues in the years ahead will impact directly on European interests.

Given India's strong economic growth in recent years - over 7% annually - we might ask why the pace of cooperation seems so slow. We should

all be encouraged by Prime Minister Modi's mission to make it easier to do business in India - strengthening intellectual property rights, paving the way for a world-leading services sector to operate in the Indian market, opening up new investment opportunities - benefitting India and Europe alike. But while statistics may look impressive at first glance, they conceal a different picture.

The value of trade between the Europe and India has grown from €28.6 billion to €72 billion between 2003 and 2013. But this is relatively small in terms of the overall trade of the European nations. At the EU level, the Bilateral Trade and Investment Agreement - under negotiation since 2007 - seems to be stuck. Among other areas, it is supposed to cover access to markets, goods and services, procurement contracts, the financial sector and issues of sustainable development. Difficulties have arisen over intellectual property, agriculture, the retail sector, and tariff barriers on cars and



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alcohol as well as other areas. There seems to be little enthusiasm on either side for making progress. Either a different approach - sectoral, less ambitious - is required, or the process needs investing with more energy and higher political priority.

It is both unfortunate and incorrect for the EU to usurp and monopolise the notion of "Europe". This ambition becomes even less appropriate in the future when the UK, one of Europe's most powerful nations and the one with the closest and strongest ties with India, is no longer an EU member. And India herself seems to prefer its bi-lateral dealings with individual European countries to its EU relations. This is not just a matter of custom and familiarity but also sensitivity to an EU that all too often seeks to intrude on social, cultural and 'human rights' issues in India or to prioritise relations with China.

While there is a natural propensity for countries to carry out much of their foreign trade with close neighbours (hence the need for the EU to arrive at a sensible and mutually beneficial free trade agreement with the UK - which will also have an effect on trade and investment with India) many individual European nations - not least Britain, Germany, Belgium and France - have put a lot of effort into increasing their trade with India. But this still remains relatively small in terms of overall trade figures. The United Kingdom, like others, has sent large, Prime Minister-led, trade missions but the results still seem rather

flat. Nevertheless, Britain still invests more in India than any other G20 country, and India invests more in Britain than it does in all other EU countries put together. Indian businesses - over 800 - are a fixture of British life, and include major manufacturers such as the Tata-owned Jaguar Land Rover. Mr. Modi's decision to open up the defence sector, allowing foreign companies to own as much as 100% equity in a company where it is likely to result in access to new technology or 49% in other circumstances, should provide great opportunities, particularly as India is currently the world's largest buyer of defence equipment.

Mr Modi's government is grappling with a backlog of structural problems that hold back economic progress - not least the complications of devolved economic and infrastructure responsibilities at state level. And just as there is a push for "make in India" and for Indian access to the latest technology, so foreign companies and governments are naturally cautious about the long-term implications for their own businesses. The reality is that the growing Indian market has space for plenty of foreign involvement and there are already many excellent examples of effective partnerships benefiting both sides - the JCB experience stands out in this regard.

It seems to me that the relationship with the great democracy that is India, particularly on the part of the UK with all its historic and institutional links, should be lifted to a different level. If a solid and reliable strategic partnership can be developed, the trade and investment aspects will also prosper. ■

David Landsman

EUROPE & INDIA

A PARTNERSHIP OF THE POSSIBLE



David Landsman
Executive Director,
Tata Limited

The pace of change in Europe has probably never been greater than it is today. In the emerging markets – for example in India with growth near 8% and a population likely to exceed China’s by the early 2020s – the prospects have never been more exciting. Not only are millions being lifted out of poverty, but we can all share in the benefits which are coming from the rise of the emerging markets. For Europe and India to make the best of a modern relationship, creating growth and jobs, we have to be prepared constantly to challenge our stereotypes: nothing is changing as quickly as the economic models themselves.

At the centre of this debate is the question of where economic activity takes place. We became

used to the increasing use of offshoring of support services, with a heavy element of labour market arbitrage. This was followed by “midshoring”, with part of the value chain based closer to the customer but in lower cost locations with a strong skills base, including for example in Central Europe.

IT WOULD BE A HUGE MISTAKE TO LOSE HEART AND RETREAT TO OUTDATED MODELS AT JUST THE MOMENT WHEN THE UNDERLYING ECONOMIC TRENDS ARE CREATING A NEW SET OF EXCITING OPPORTUNITIES FOR EUROPE TO MEET THE TECHNOLOGICAL CHALLENGES OF THE TWENTY FIRST CENTURY.

But now the picture is more complex and we need to keep up. Change in technology such as robotisation and 3D-printing have led to the phenomenon of “reshoring” some jobs to the most developed economies. At the same time, countries like India are now competitive at the top of the value chain: for example Tata Consultancy Services (TCS) and Tata Technologies, in IT services and engineering respectively, offer state of the art services and develop their own AI and IOT solutions.

The old ways of analysing the economic model make increasingly little sense. For companies like TCS and Tata Technologies, it’s less about offshoring or onshoring, but global delivery with operations in Europe, Asia and the US working together to service equally global customers. For investors like Tata, Europe offers important benefits. These range from the size of the market to the entrenched rule of law and from the skills of its people to the innovation potential of its universities and research institutions which can play a particularly strong role in shaping industries to meet the “new” challenges, particularly climate change.

Equally, we need to get away from zero-sum thinking. The “Make in India” campaign of



Prime Minister Modi presents far more opportunities than threats to Europe, if we look at global value chain as a whole. A job created in India does not mean a job lost in Europe. On the contrary: given India’s rapidly growing middle class, its skilled workforce and dynamic approach to innovation, Europe has much to gain as supplier, customer and partner.

So, as we update our understanding of the business models, we need also the economic and political frameworks to make the best of the new opportunities. An EU/India FTA – and the other measures we can take while working towards that goal – should facilitate deeper exchanges in both goods and services. And, of course, when it comes to services, that must include (as the WTO models make clear) mobility of skilled labour. Again, this is need not be a zero sum. We all know that Europe has challenges in engineering and technology skills where India can help. At Tata, our potential to recruit and train within Europe is only enhanced when we can grow our European operations drawing on a global talent base.

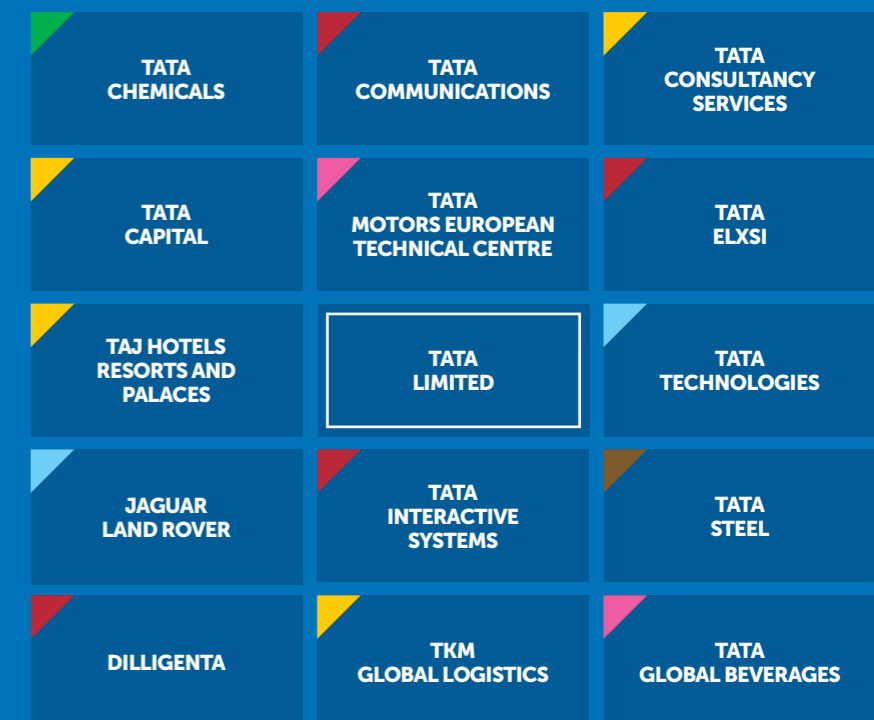
When we look at the prospects for global trade in 2017, it’s easy to become distracted by an uncertain political picture. But it would be a huge mistake to lose heart and retreat to outdated models at just the moment when the underlying economic trends are creating a new set of exciting opportunities for Europe to meet the technological challenges of the twenty first century. To see where these opportunities can come from, there’s no better place to look than India. ■



QUICK FACTS

60,000+
Number of employees

19
Number of companies, including:



■ IT AND COMMUNICATIONS ■ ENGINEERING ■ MATERIALS
■ SERVICES ■ CHEMICALS ■ CONSUMER PRODUCTS ■ ENERGY

250 million
Number of servings of tea, coffee and water from Tata brands consumers every day globally

1,000 tonnes
The amount of steel, produced by Tata Steel, contained in the Shard

100+ years
Tata has had a presence in the UK for over a century

£8bn
The amount Tata contributed to UK GDP in the last financial year

24%
Tata Communications delivers almost a quarter of all internet traffic

125,000+
The number of training courses and qualifications that Tata offers its employees

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EU ↔ INDIA

RELATIONS / FACT SHEET

The EU-India Strategic Partnership was created in 2004, but EU-India diplomatic relations date back to 1962. The 1994 EU-India Cooperation Agreement, the legal framework for EU-India relations, boosted political, economic and sectorial cooperation. EU-India relations have evolved through regular Summits, Ministerials and expert-level meetings on a broad range of issues. In addition, regular Parliamentary exchanges have taken place.

To underpin that Strategic Partnership, the 2005 Summit adopted the EU-India Joint Action Plan (the 'JAP'), which was updated in 2008.

EU and Indian Leaders held their 13th Summit on 30 March 2016 in Brussels (Joint statement). Donald Tusk (President of the European Council), Jean-Claude Juncker (President of the European Commission) and Narendra Modi (Prime Minister of India) gave a new momentum to the Strategic Partnership. Leaders endorsed the EU-India Agenda for Action 2020 - a roadmap with practical actions for the next five years covering political, security, human rights, global issues (climate change, Sustainable Development Agenda-2030), sector policy cooperation (e.g. energy, environment, ICT, Research and Innovation) and people-to-people contacts.



POLITICAL AND SECURITY COOPERATION

The EU and India discuss increasingly political and security matters in a number of fora and at various levels, including Summits. **Political cooperation** covers **foreign policy** (for example India participated in the EU hosted Brussels Conference on Afghanistan in October 2016; and the Brussels Conference on Supporting

the Future of Syria and the Region of April 2017), **security** (counterterrorism, counter-piracy, cyber-security, non-proliferation/disarmament); and **human rights**. The 2016 EU-India Summit adopted a **Joint Declaration on the fight against Terrorism**.

Human rights are also addressed in the **EU-India**

Human Rights Dialogue. The EU is the only partner with which India has a bilateral human rights dialogue, and this provides an opportunity for both sides to discuss a broad range of human rights issues (gender issues, religious and minority rights, decent work, death penalty, etc.) as well as cooperation in multilateral fora.

Source: European External Action Service



TRADE AND INVESTMENT

The EU is India's largest trading partner, accounting for 13.5% of India's overall trade, ahead of China (10.8%) and the United States (9.3%). India is the EU's 9th largest partner, with the value of EU exports to India amounting to €37.8 billion in 2016. The total value of EU-India trade stood at €77.1 billion in 2016. Major EU exports to India include machinery and appliances (30.5%), gems and jewellery (19%) and chemical and allied products (10.7%). The primary EU imports include textiles and clothing (19.8%), chemical and allied products (15%) and machinery and appliances (12.1%).

Bilateral trade in commercial services has almost tripled over the past decade, increasing from €10.5 billion in 2005 to €28.1 billion in 2015. In 2015 the EU exported services worth €14.4 billion (top three sectors: ICT, transport and travel), while it imported €13.7 billion (top three sectors: business services, ICT and travel).

The EU is the second largest investor in India (after Mauritius), with an investment stock valued at €51.2 billion in 2015, and is the primary destination for Indian foreign investment.

Given the significant untapped potential in EU-India trade,

the two parties have been negotiating an ambitious **Free Trade Agreement** since 2007, covering, inter alia, effective market access in goods, services and public procurement, framework for investment including investment protection and rules that frame trade, such as intellectual property and competition. Substantial progress has been made during a number of negotiation rounds, whilst further discussions are needed on key outstanding issues that include improved market access for some goods and services, government procurement, geographical indications, sound investment protection rules and sustainable development.



COMPREHENSIVE SECTORAL COOPERATION

The EU and India share a number of interests across a range of policy areas, including energy and climate change; environment; research and innovation; pharmaceuticals, biotechnologies, migration and mobility; ICT; competition policy; macroeconomic issues, sustainable development; and education. This is reflected in the breadth and depth of EU-India bilateral contacts in a number of dialogue fora at various levels.

The EU supports sectoral cooperation through an ever-increasing number of loans of the European Investment Bank (EIB), which on 31 March 2017 opened a regional office in New Delhi. EIB loans support, for example, urban development projects (Lucknow Metro) or clean energy projects (solar power plants).

Policy cooperation and dialogue is furthermore supported through the EU's Partnership Instrument. The EU and India remain close

partners in the G20 context and have developed a regular **macroeconomic dialogue** to exchange experience on economic policies and structural reforms.

India has rapidly growing **energy** needs due to a growing GDP and population and a huge energy infrastructure deficit. India is focussing on domestic production, including renewables and nuclear, and on energy efficiency. EU-India energy cooperation was considerably strengthened over the past years, which led to the launch, at the 2016 Summit, of an **Indo-European Clean Energy and Climate Partnership**. The partnership brings together, in a joined-up approach, the EU and its Member States, EU and Indian institutions, businesses and civil society. The aim is to jointly implement concrete projects, to promote access to and disseminate clean energy and climate friendly technologies

and encourage research and development.

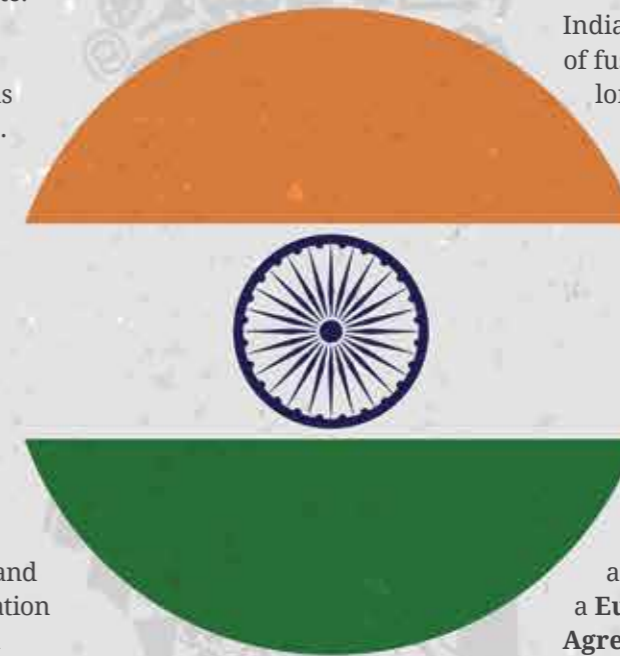
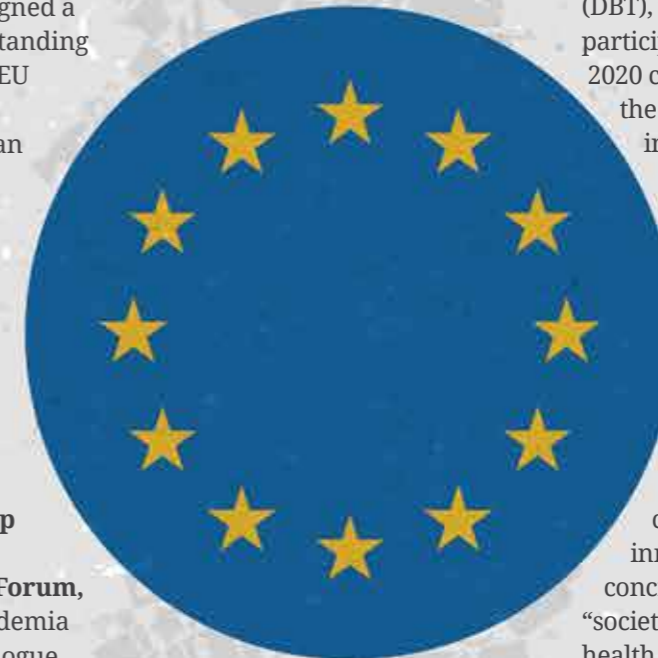
An Energy Panel meets annually at senior officials' level and an energy security working group was launched in 2016. Working groups on clean coal and renewable and efficient energy are also active. Energy cooperation is thus ongoing on a broad range of energy issues, like smart grids, energy efficiency, offshore wind and solar, infrastructure and research and innovation (cooling).

India was a key player to achieving a **global climate agreement** in Paris in December 2015. Climate Action **Commissioner Arias Cañete** met his Indian counterpart twice in the recent past. The first joint climate related events took place in Delhi and at the COP22 in Marrakesh.

Regarding **environment and water**, the 2016 Summit

launched an EU-India Water Partnership. As a follow-up, during his visit to India in October 2016, the Environment Commissioner Karmenu Vella and his Indian counterpart signed a Memorandum of Understanding on this partnership. The EU and India also cooperate closely on the Indian Clean Ganga initiative and deal with other water-related challenges in coordinated manner. The EU works in a 'joined-up' approach, involving Member States, water authorities, business and NGO's. Dialogue takes also place in a **Joint Working Group on Environment and an India-EU Environment Forum**, along with business, academia and civil society. The dialogue focuses increasingly on global environmental issues including the transition to a green economy. The Forum, last held in October 2016 in Delhi, addressed water, resource efficiency/business opportunities, biodiversity, forests, chemicals and waste.

EU-India **Research and Innovation** cooperation has been strong in recent years. Regarding academic collaboration in particular, the EU is India's leading partner in terms of joint publications. Following the conclusion of the **EU-India Science & Technology Cooperation Agreement** in 2001, India became very active participant in the EC Framework Programmes for Research and Innovation. A Joint Declaration signed at the 2012 EU-India Summit started an ambitious Indo-European Partnership on Research and Innovation. India participates in **the EU's Horizon 2020** Framework Programme for Research & Innovation. A



co-funding mechanism has been agreed with the Indian Department of Science and Technology (DST) and the Department of Biotechnology (DBT), thus facilitating Indian participation in several Horizon 2020 calls for proposals. Within the Horizon 2020 framework, individual Indian researchers can receive grants from the European Research Council (ERC) or Marie Skłodowska-Curie fellowship (MSCA). The **India-EU Joint Steering Committee** (November 2015, New Delhi) paved the way for a further strengthening of cooperation in research and innovation, and for developing concrete solutions to common "societal challenges" such as water, health, energy, ICT, and climate change. The next meeting, planned for 6 June 2017 in Brussels, will be focused on launching an EU-India flagship initiative on water and extending the scope of the co-funding mechanism to additional topics.

India, recognising the importance of fusion energy research in its long-term energy security, participates, with the EU, US, China, Russia, Japan and South Korea, in the international **ITER fusion project**. ITER is a pioneering project to build and operate an experimental facility to demonstrate the scientific viability of fusion as a future sustainable energy source. Bilaterally the EU and India cooperate under a **Euratom Cooperation Agreement on Fusion Energy Research**, focussing on projects (20 are ongoing) supporting the success of ITER and the future construction of a fusion electricity demonstration facility (DEMO).

The EU and India aim to link the 'Digital Single Market' with the 'Digital India'. Regular dialogue on economic and regulatory matters is held in the **Joint ICT Working Group** and **ICT Business Dialogue**. Cooperation covers ICT market access issues, standardisation, Internet governance and research and innovation. A **Partnership Instrument** project supports cooperation on ICT standardisation, and a new "**Startup Europe India Network**" initiative has been launched in 2016.

Further, an **EU - India Cyber Security Dialogue** has been set up that focusses on exchange of best practices on addressing cybercrime and strengthening cyber resilience.

The EU and India hold regular dialogues at the **Joint Working Group on Pharmaceuticals, Biotechnology and Medical Devices**, covering economic and regulatory matters. India and the EU are very important partners in these areas. Around 30% of active pharmaceutical ingredients sold in the EU are manufactured in India, while 75% of India's total demand for medical devices is currently met by imports, with nearly 30% of it being supplied by the EU alone. Strengthening cooperation serves patient's safety, addresses non-tariff trade barriers and facilitates access of innovative EU industry to the growing Indian market.

There is scope and interest on both the EU and Indian sides to strengthen cooperation on **competition policy**, in particular following the signature, in the margins of a visit of former

European Commission Vice-President Almunia, of the **EU-India Memorandum of Understanding on Competition Policy** (November 2013, New Delhi).

India's rapid urbanisation and the associated challenges related to the environment, water, transport, and energy make **urban development** a clear area for enhanced cooperation. EU-India cooperation supports the Indian 'Smart cities' initiative and mutually benefits business. Cooperation can build on an initiative to twin cities on clean technology and energy efficiency, an EU-Mumbai partnership (with a major event in November 2013) and a Partnership Instrument project.

The EU and India strengthened cooperation on **migration and mobility** through the endorsement, at the 2016 Summit of the EU-India Common Agenda on Migration and Mobility (CAMM). The CAMM addresses four priority areas in a balanced manner: better organised regular migration and the fostering of well-managed mobility; prevention of irregular migration and trafficking in human beings; maximising the development impact of migration and mobility; and the promotion of international protection. The CAMM, as a framework for cooperation, is the start of a longer-term process which will lead to deeper cooperation and solid mutual engagement on migration, a key global policy area. An **EU-India High Level Dialogue on Migration and Mobility** was held on 4 April 2017.

The **EU-India 2008 Joint Declaration on Education** launched a Senior Officials' policy dialogue covering skills, quality assurance and the recognition of qualifications. The dialogue, was last held in 2013. India was a top-ranked country under the **Erasmus Mundus** (2007-2013) mobility scheme, and also participates in its successor programme **Erasmus+** (2014-2020) as well as under the Jean Monnet and Marie Skłodowska-Curie actions supporting teachers and researchers' mobility. There have been increases in numbers of Indians participating in these programmes over the past year, thanks to a wide EU publicity programme.

The European Union's **development cooperation** with India has a successful track record, spanning several decades. Major focus areas included education, health, water and sanitation. Since 2014, the EU has categorised India as a "graduated" country and thus bilateral development aid is being phased out. India remains eligible for EU thematic and regional co-operation aid programmes. Some 130 projects worth €400 million are currently ongoing in India under these programmes. At the 2016 EU-India Summit, leaders decided to strengthen cooperation on the implementation of the Agenda 2030 for Sustainable Development. Under the Partnership Instrument projects are ongoing to support the implementation of the EU-India Agenda for Action-2020 in areas such as ICT, energy, water, climate change, urban development and resource efficiency. ■

STRATEGIC PARTNERSHIP EU ↔ INDIA

JOINING FORCES ON THE GLOBAL SCENE



INNOVATING TOGETHER



JOBS, GROWTH, TRADE AND BUSINESS



Key Figures

INDICATOR	UNIT	PERIOD	IMPORTS	EXPORTS	TOTAL TRADE	BALANCE
Last year		2016	39.276	37.745	77.021	-1.530
Rank as EU partner		2016	9	10	9	
Share in EU trade	%	2016	2,3	2,2	2,2	
Annual growth rate	%	2015-2016	-0,5	-1,0		
Annual average growth rate	%	2012-2016	1,1	-0,6		

Imports 2016

AMA/NAMA PRODUCT GROUPS					
PRODUCT	Value Mio €	% Total	PRODUCT	Value Mio €	% Total
Agricultural products (WTO AoA)	851	2,3	Agricultural products (WTO AoA)	851	2,3
Fishery products	9	0,0	Fishery products	9	0,0
Industrial products	36.885	97,7	Industrial products	36.885	97,7
Total	37.745	100,0	Total	37.745	100,0

SITC PRODUCT GROUPS					
PRODUCT	Value Mio €	% Total	PRODUCT	Value Mio €	% Total
Primary products	6.075	15,5	Primary products	3.629	9,6
Manufactures	32.927	83,8	Manufactures	32.930	87,2
Other products	144	0,4	Other products	308	0,8
Other	130	0,3	Other	878	2,3

TOP 5 - HS SECTIONS					
PRODUCT	Value Mio €	% Total	PRODUCT	Value Mio €	% Total
Textiles and textile articles	7.780	19,8	Machinery and appliances	11.522	30,5
Products of the chemical or allied industries	5.893	15,0	Pearls, precious metals and articles thereof	7.165	19,0
Machinery and appliances	4.732	12,0	Products of the chemical or allied industries	4.033	10,7
Base metals and articles thereof	3.419	8,7	Base metals and articles thereof	3.176	8,4
Pearls, precious metals and articles thereof	2.768	7,0	Transport equipment	3.056	8,1

TOP 5 - SITC SECTIONS					
PRODUCT	Value Mio €	% Total	PRODUCT	Value Mio €	% Total
Miscellaneous manufactured articles	9.976	25,4	Machinery and transport equipment	14.696	38,9
Manufactured goods classified chiefly by material	9.716	24,7	Manufactured goods classified chiefly by material	10.828	28,7
Machinery and transport equipment	6.867	17,5	Chemicals and related prod, n.e.s.	5.211	13,8
Chemicals and related prod, n.e.s.	6.509	16,6	Miscellaneous manufactured articles	3.059	8,1
Food and live animals	2.717	6,9	2 Crude materials, inedible, except fuels	1.799	4,8

Total goods: EU Trade flows and balance, annual data 2006 - 2016



Total goods: EU Trade flows and balance

PERIOD	IMPORTS			EXPORTS			BALANCE	TOTAL TRADE
	Value Mio €	% Growth*	% Extra-EU	Value Mio €	% Growth*	% Extra-EU	Value Mio €	Value Mio €
2006	22.637		1,7	24.241		2,1	1.604	46.878
2007	26.666	17,8	1,8	29.181	20,4	2,4	2.515	55.847
2008	29.632	11,1	1,9	31.356	7,5	2,4	1.724	60.988
2009	25.503	-13,9	2,1	27.499	-12,3	2,5	1.996	53.003
2010	33.464	31,2	2,2	34.985	27,2	2,6	1.521	68.448
2011	39.927	19,3	2,3	40.648	16,2	2,6	721	80.575
2012	37.528	-6,0	2,1	38.595	-5,1	2,3	1.067	76.123
2013	36.843	-1,8	2,2	35.959	-6,8	2,1	-884	72.801
2014	37.147	0,8	2,2	35.625	-0,9	2,1	-1.522	72.772
2015	39.464	6,2	2,3	38.125	7,0	2,1	-1.340	77.589
2016	39.276	-0,5	2,3	37.745	-1,0	2,2	-1.530	77.021

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017

TRADE EXPECTATIONS

Smart companies understand that overseas trade is an engine for both their own growth and economic prosperity. For UK-based businesses in the run-up to Brexit, Exports are doubly important. Tata's European operations are seizing the opportunity

There's never been a bad time for businesses to look to overseas markets. But the rise of globalisation, new trade routes, new options for logistics – including super-sized container ships – and technology-driven interconnectedness have all opened new doors to exports in every country.

That much is evident from the data. In 1997, when the forces of globalisation were taking hold and the web was beginning to bloom, UK exports ran to £172bn. By 2011, that figure had risen to £308bn, and, despite the global recession, it remains above £300bn.

For businesses based in the UK, energetic exporting has also become a strategic necessity as they gear up for a post-Brexit world. While it's true that trade with the EU will certainly continue, devoting additional energy to global exports is a brilliant way to offset EU risks as well as drive fresh growth from new customers.

To support these efforts, the UK Department for International Trade (DIT) has created a roster of regional 'Export Champions', seasoned professionals in industry who help spread the word about the benefits of international trade. And, as of February, they include Tata Chemicals Europe exports account manager Cristina Velasco

Ayra (pictured below), based in the company's Northwich facility.

"We are pushing really hard for exports outside the UK and Ireland, and outside Europe, because that's where the growth is," she explains. "Exporting is about mitigating risks. For example, when the recession hit the UK and Europe in 2008 and some customers in these countries closed down or reduced their consumption, South America was still booming. The more countries you export to, the more the risk is spread. If something happens in Argentina, that's not going to affect your market in Thailand."



IT'S GREAT TO BE INVOLVED WITH THE GOVERNMENT, MAKING CONNECTIONS WITH OTHER COMPANIES, AND IT WILL GIVE US EXPOSURE TOO,

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EXPORTING IS GREAT

Cristina Velasco Ayra's duties as a North West Export Champion often take place under the 'Exporting is Great' programme. This is part of a suite of government initiatives to boost British business, and includes advice on every aspect of exporting, from shipping and logistics to finance and marketing.

"It's not just about Brexit," says Kevin Ledwith, export finance manager at UK Export Finance. *"We want to encourage companies to export more and perhaps import a little less."*

Companies can set up a profile at great.gov.uk to find matches with overseas buyers, as well as check out trade events and updates on business practices and paperwork in most global markets.

ALTHOUGH EXPORT MARKET CONDITIONS RISE AND FALL, CUSTOMERS ALWAYS WANT TO TRADE WITH US AS THEY APPRECIATE THE LEVEL OF SERVICE WE PROVIDE.

TAKING OPPORTUNITIES

The DIT chose Tata Chemicals Europe as an Export Champion thanks to its successes in global bicarbonate markets. And, in part, that's a consequence of the company seizing opportunities wherever they crop up. *"Our competitor in Australia closed down, and, since then, we've been able to reach many new countries all around Asia and Oceania,"* says Velasco Ayra.

"We've also entered new markets in countries where we were already active. So, if we were in the pharma industry, we entered the food industry. In sodium bicarbonate, the global pharma sector is a growing market – and we want exposure to those high-value sectors."

While the weak pound over the past year has seen the cost of imports rise, many UK businesses are eager to establish new global relationships as their own prices, relative to their target markets,

are cheap. *"I've had many more enquiries because the pound is low,"* Velasco Ayra says.

"We have to think about exchange rates all the time, not only with the dollar and the euro, but also with the currencies in the different countries against the currencies we sell into, and versus the currencies of our competitors. In the past, I couldn't enter markets because of exchange rate differences."

STRATEGIC EXPORTING

Driving exports is clearly great for businesses seeking to grow and diversify. (According to a UK government survey, 85% of companies say exporting has led to a level of growth not otherwise possible.) But it's also a strategic imperative for any government – not least in the UK, as it gears up for 18 months of Brexit negotiations and less certain trading conditions with the EU in 2018.

The Export Champions scheme shows how much the UK government values partnership with business as Brexit looms. The relationship is building value in other ways too. *"It's great to be involved with the government, making connections with other companies, and it will give us exposure too,"* says Velasco Ayra.

Bev Mullin from the DIT stresses that all these benefits are important. *"We need to sell more products and services overseas, and we are determined to encourage and support as many companies as possible to take up the export challenge,"* she says. *"We know that companies are enthused and inspired by their peers, so the Export Champions' success stories are hugely influential."*

The scheme also demonstrates the support that exporters can get from the state. *"The government can help exporters in many ways, such as trade missions to*

different countries, led by politicians and civil servants," says Velasco Ayra. *"You have access to the embassies in the countries and different companies there, allowing you to get the right contacts and promote your organisation."*

THE WORLD: YOUR OYSTER

So what does it mean to be that kind of regional role model? *"I'm attending a number of events for companies that want to grow in exports,"* Velasco Ayra explains. *"The aim of the North West Export Champions initiative is to help companies on their journey, guide them and let them know what to*

watch out for. But, most of all, it's to encourage them. They may see their company is like ours and want advice."

Reaching out to new customers and entering new markets is a long road, and some markets are easier than others to navigate. *"We have just started doing business with countries that we began working on two years ago,"* says Velasco Ayra. *"New markets involve so much work from all departments of the business: customer service, supply chain, commercial, quality... It can be very frustrating if paperwork is rejected, but that's because everything has to be perfect. For example, in the UK everyone signs in black ink."*

In some other countries, if you sign in black ink, they will send it back and ask you to sign in blue ink. Something as simple as that can cause delays. But we are starting to feel the benefits of all that hard work, so it is very much worth it."

Ultimately, for any business, it's quality that counts, wherever you're selling. *"In many markets, once you get in with a customer and provide a good service, you've earned their trust,"* Velasco Ayra says. *"Although export market conditions rise and fall, customers always want to trade with us as they appreciate the level of service we provide."* ■

THE CAR'S THE STAR

Tata Chemicals Europe is finding new markets and customers with its progressive approach to exporting. But another Tata business, Jaguar Land Rover, is continuing its long run as one of Britain's great exporters, selling cars in 136 markets worldwide. Range Rover is Britain's largest luxury export, accounting for 85% of all luxury cars built in the UK.

Non-EU exports have become more significant for Jaguar Land Rover. Last year, sales to North America were up by 29% and China by 14%. And the top five bestselling British cars in India, for example, are the Discovery Sport, Range Rover Evoque, Jaguar XF, Jaguar XE and Jaguar F-Pace.

Whatever the twists and turns of Brexit – or any other trade negotiations – support for exporters like Jaguar Land Rover should be high on the negotiators' agenda. As Jaguar Land Rover CEO Dr Ralf Speth told CNBC in March: *"It's important for the complete export industry to have free and fair trade."*



Trade flows by SITC section 2016

	IMPORTS				EXPORTS			
	Value Mio €	% Total	% Extra-EU	% Growth*	Value Mio €	% Total	% Extra-EU	% Growth*
TOTAL	39.276	100,0	2,3	-0,5	37.745	100,0	2,2	-1,0
Food and live animals	2.717	6,9	2,7	-3,6	445	1,2	0,5	47,6
Beverages and tobacco	173	0,4	2,1	-14,2	158	0,4	0,5	0,2
Crude materials, inedible, except fuels	962	2,5	1,6	-4,1	1.799	4,8	4,8	-7,0
Mineral fuels, lubricants and related materials	1.852	4,7	0,7	-13,2	322	0,9	0,4	-5,9
Animal and vegetable oils, fats and waxes	234	0,6	2,6	-5,0	64	0,2	1,2	-47,3
Chemicals and related prod, n.e.s.	6.509	16,6	3,5	1,1	5.211	13,8	1,7	3,4
Manufactured goods classified chiefly by material	9.716	24,7	5,4	0,3	10.828	28,7	5,7	-5,8
Machinery and transport equipment	6.867	17,5	1,2	4,1	14.696	38,9	2,0	1,3
Miscellaneous manufactured articles	9.976	25,4	3,7	-0,8	3.059	8,1	1,5	6,2
Commodities and transactions n.c.e.	140	0,4	0,2	11,4	285	0,8	0,5	-32,9
Other	130	0,3	n.a.	n.a.	878	2,3	n.a.	n.a.

Trade flows by SITC section 2013 - 2016

	IMPORTS (Value Mio €)				EXPORTS (Value Mio €)			
	2013	2014	2015	2016	2013	2014	2015	2016
TOTAL	36.843	37.147	39.464	39.276	35.959	35.625	38.125	37.745
Food and live animals	2.382	2.655	2.817	2.717	179	210	302	445
Beverages and tobacco	166	170	202	173	115	146	157	158
Crude materials, inedible, except fuels	915	938	1.003	962	1.752	2.017	1.934	1.799
Mineral fuels, lubricants and related materials	4.963	2.847	2.133	1.852	241	292	342	322
Animal and vegetable oils, fats and waxes	215	205	247	234	36	39	121	64
Chemicals and related prod, n.e.s.	5.640	5.756	6.436	6.509	4.375	4.734	5.043	5.211
Manufactured goods classified chiefly by material	8.493	9.349	9.686	9.716	12.553	11.966	11.498	10.828
Machinery and transport equipment	5.765	5.918	6.595	6.867	13.110	12.557	14.503	14.696
Miscellaneous manufactured articles	8.057	9.049	10.052	9.976	2.619	2.603	2.880	3.059
Commodities and transactions n.c.e.	131	123	125	140	392	398	424	285
Other	116	136	169	130	585	663	920	878

Trade flows by SITC product grouping 2016

	IMPORTS				EXPORTS			
	Value Mio €	% Total	% Extra-EU	% Growth*	Value Mio €	% Total	% Extra-EU	% Growth*
TOTAL	39.276	100,0	2,3	-0,5	37.745	100,0	2,2	-1,0
Primary products	6.075	15,5	1,3	-7,5	3.629	9,6	1,4	-24,1
- Agricultural products (Food (incl. Fish) & Raw Materials)	3.764	9,6	2,5	-4,4	1.321	3,5	0,9	7,8
-- Food	3.237	8,2	2,6	-5,1	667	1,8	0,6	14,6
--- of which Fish	942	2,4	4,0	2,9	7	0,0	0,2	-5,8
-- Raw materials	528	1,3	2,3	0,2	654	1,7	2,9	1,6
- Fuels and mining products	2.311	5,9	0,7	-12,2	2.308	6,1	2,1	-35,1
-- Ores and other minerals	321	0,8	1,2	-2,9	1.145	3,0	8,2	-11,2
-- Fuels	1.852	4,7	0,7	-13,2	322	0,9	0,4	-5,9
--- of which Petroleum and petroleum products	1.799	4,6	0,9	-15,5	223	0,6	0,3	8,8
-- Non ferrous metals	138	0,4	0,4	-18,3	841	2,2	4,0	-56,3
Manufactures	32.927	83,8	2,9	1,0	32.930	87,2	2,3	3,0
- Iron and steel	1.831	4,7	6,9	3,2	964	2,6	3,3	-9,9
- Chemicals	6.509	16,6	3,5	1,1	5.211	13,8	1,7	3,4
-- of which Pharmaceuticals	1.552	4,0	2,1	0,5	981	2,6	0,7	20,7
- Other semi-manufactures	5.300	13,5	5,6	-0,4	8.798	23,3	7,2	6,2
- Machinery and transport equipment	6.867	17,5	1,2	4,1	14.696	38,9	2,0	1,3
-- Office and telecommunication equipment	416	1,1	0,2	10,6	1.333	3,5	1,7	-14,3
--- Electronic data processing and office equipment	98	0,3	0,1	-0,3	390	1,0	1,7	-15,7
--- Telecommunications equipment	201	0,5	0,2	4,9	756	2,0	2,3	-14,6
--- Integrated circuits and electronic components	117	0,3	0,5	35,8	186	0,5	0,9	-10,1
-- Transport equipment	2.556	6,5	1,7	18,1	3.525	9,3	1,1	1,4
--- of which Automotive products	1.646	4,2	2,4	19,5	1.223	3,2	0,7	-8,0
-- Other machinery	3.895	9,9	1,8	-3,9	9.814	26,0	2,8	4,4
--- Power generating machinery	580	1,5	1,3	-15,3	1.487	3,9	2,6	15,2
--- Non electrical machinery	2.029	5,2	2,5	-1,9	6.103	16,2	2,9	2,7
--- Electrical machinery	1.286	3,3	1,5	-1,2	2.223	5,9	2,5	2,3
- Textiles	2.447	6,2	9,3	1,1	222	0,6	1,2	1,0
- Clothing	5.664	14,4	6,6	-0,7	103	0,3	0,4	23,3
- Other manufactures	4.308	11,0	2,4	-0,8	2.933	7,8	1,7	5,6
-- of which Scientific and controlling instruments	385	1,0	0,9	18,1	1.738	4,6	2,9	9,1
Other products	144	0,4	0,2	6,6	308	0,8	0,5	-30,4
Other	130	0,3	n.a.	n.a.	878	2,3	n.a.	n.a.

Trade flows by SITC product grouping 2013 - 2016

	IMPORTS (Value Mio €)				EXPORTS (Value Mio €)			
	2013	2014	2015	2016	2013	2014	2015	2016
TOTAL	36.843	37.147	39.464	39.276	35.959	35.625	38.125	37.745
Primary products	8.765	6.909	6.569	6.075	4.498	4.454	4.782	3.629
- Agricultural products (Food (incl. Fish) & Raw Materials)	3.391	3.662	3.937	3.764	935	1.037	1.226	1.321
-- Food	2.905	3.183	3.411	3.237	331	396	582	667
--- of which Fish	635	874	916	942	4	7	8	7
-- Raw materials	485	479	527	528	603	640	644	654
- Fuels and mining products	5.375	3.247	2.632	2.311	3.563	3.417	3.556	2.308
-- Ores and other minerals	287	306	330	321	1.148	1.375	1.288	1.145
-- Fuels	4.963	2.847	2.133	1.852	241	292	342	322
--- of which Petroleum and petroleum products	4.943	2.847	2.128	1.799	196	186	205	223
-- Non ferrous metals	125	94	168	138	2.174	1.749	1.925	841
Manufactures	27.825	29.974	32.591	32.927	30.466	30.095	31.980	32.930
- Iron and steel	1.691	1.871	1.774	1.831	1.025	984	1.070	964
- Chemicals	5.640	5.756	6.436	6.509	4.375	4.734	5.043	5.211
-- of which Pharmaceuticals	1.287	1.342	1.544	1.552	642	771	812	981
- Other semi-manufactures	4.498	5.093	5.322	5.300	9.158	9.039	8.281	8.798
- Machinery and transport equipment	5.765	5.918	6.595	6.867	13.110	12.557	14.503	14.696
-- Office and telecommunication equipment	645	487	376	416	1.135	1.172	1.555	1.333
--- Electronic data processing and office equipment	70	92	99	98	349	381	463	390
--- Telecommunications equipment	486	263	191	201	596	629	885	756
--- Integrated circuits and electronic components	89	131	86	117	191	162	207	186
-- Transport equipment	2.195	2.046	2.164	2.556	3.338	3.043	3.476	3.525
--- of which Automotive products	1.665	1.261	1.377	1.646	1.178	1.084	1.329	1.223
-- Other machinery	2.925	3.385	4.055	3.895	8.557	8.279	9.405	9.814
--- Power generating machinery	336	470	685	580	1.000	1.110	1.291	1.487
--- Non electrical machinery	1.642	1.779	2.069	2.029	5.581	5.174	5.941	6.103
--- Electrical machinery	946	1.135	1.301	1.286	1.977	1.995	2.173	2.223
- Textiles	2.179	2.291	2.421	2.447	191	192	220	222
- Clothing	4.650	5.195	5.702	5.664	70	75	84	103
- Other manufactures	3.402	3.849	4.341	4.308	2.528	2.509	2.777	2.933
-- of which Scientific and controlling instruments	218	269	326	385	1.399	1.356	1.593	1.738
Other products	136	128	135	144	410	413	443	308
Other	116	136	169	130	585	663	920	878

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017



Daniel Hannan MEP

A CLOSER RELATIONSHIP BETWEEN OUR
TWO GREAT
DEMOCRACIES
MAKES SENSE MORALLY,
NOT JUST COMMERCIALY



Daniel Hannan MEP
*Secretary General
of ACRE*

India is the third largest investor in the UK, behind the United States and China and a whisker ahead of France. The UK, for its part, is the third largest investor in India, after Mauritius and Singapore, and level with Japan.

Nothing surprising there, you might think. The histories of Britain and India are so intertwined that, in places, they are hard to prise apart. It's true that that history wasn't always a happy one: the British occupation of India involved acts of cruelty, repression and confiscation, as well as moments of fair-mindedness. None the less, we are left with unique ties of language and law, habit and history, culture and kinship. More than 1.4 million Britons are of Indian origin. When it comes to trade, though, it's a very different picture. Britain is only India's eighteenth trading partner, and

India Britain's twentieth. Why the disparity? Because, while Britain is in the EU, trade policy is controlled by Brussels rather than London. The EU and India have been discussing a trade deal in a desultory way since 2006, but no real progress has been made.

Brexit gives both nations a chance to eliminate barriers. Britain is not constrained by the agrarian and industrial protectionism that weighs down many Continental states. The main sticking point, we keep being told, is migration. But there is a strong case for Britain inviting more Indians to work and study in the UK – not as a favour to India, but as a favour to itself. The restriction of student visas in recent years has pushed many Indians toward North American or Australian universities, which not only costs the UK direct revenue, but also impairs its long-term relationship with Asia's foremost democracy.

It's true that most Indian businessmen want Britain to trade freely with the EU. So do British Eurosceptics. So do Brussels officials. So does everyone else. The current withdrawal talks will see fierce arguments over lots of issues – citizenship rights, money, agrarian standards, more money, fish, financial regulation, more money. But, so far, no one on either side has suggested imposing new tariffs of trade barriers.

In order to be able to trade freely with India, Britain will leave the EU's customs union. But that doesn't mean it will

law arbitration system. Culture trumps distance.

Sadly, though, it doesn't always trump politics. An Indian World War Two veteran, arriving at Heathrow Airport, must line up with the rest of the world while men who might have served on the other side stroll through as EU nationals. Non-EU students, of whom Indians used to be the largest component, are chased out of Britain on the completion of their degrees to free up space for unlimited numbers of EU migrants, who have the right to settle as if they were British, even when they have no connection whatever to the UK.

is not a price to be paid for a broader free trade agreement. It is the right thing to do in itself.

This year, we mark the centenary of the conquest of Baghdad and Mosul, largely by British Indian troops. Even a hundred years on, the numbers are humbling. An extraordinary 1.3 million men from what are now Pakistan, India and Bangladesh volunteered to defend Britain in the First World War. Their achievement was, if anything, surpassed by their sons, 2.5 million of whom enlisted in the Second World War – the largest volunteer army in history.

**AN EXTRAORDINARY
1.3 MILLION MEN
FROM WHAT ARE
NOW PAKISTAN,
INDIA AND
BANGLADESH
VOLUNTEERED TO
DEFEND BRITAIN
IN THE FIRST
WORLD WAR**



leave the European market. Like Switzerland, it should aim to trade freely both with its neighbours and with more distant states.

Two generations ago, when most business was localised and freight costs were high, regional customs unions had a certain appeal. But in the Internet age, geographical proximity has never mattered less. A firm in my constituency will deal as easily with one in Ludhiana as with one in Ljubljana – indeed, arguably more easily, since the Indian company will share its language, accounting system and common

Among my constituents of Indian origin, many families have experienced problems with visas for visiting relatives. Because there is a practical limit to the amount of inward migration that any country can take, as long as we are obliged to open our doors to 600 million EU nationals, we have to crack down on other forms of immigration.

All these problems should be tackled by a fair deal on immigration with India and its neighbours. Not an open door, but a hard-headed agreement to allow in qualified workers and students. To repeat, such a deal

Those jawans from the Ganges plains whose names are carved into the Menin Gate at Ypres, those ryots from the Deccan who dropped their ploughs to shoulder rifles in East Africa, created a bond between Britain and India that neither time nor distance can fray. In winning those two terrible wars, we created a world in which private property, personal liberty and free trade could flourish. A closer relationship between our two great democracies makes sense morally, not just commercially. Let's not allow the moment to slip. ■



**FREE PEOPLES
FREE NATIONS
FREE MARKETS**

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Trade flows by HS section 2016

HS SECTIONS	IMPORTS				EXPORTS			
	Value Mio €	% Total	% Extra-EU	% Growth*	Value Mio €	% Total	% Extra-EU	% Growth*
TOTAL	39.276	100,0	2,3	-0,5	37.745	100,0	2,2	-1,0
Live animals; animal products	933	2,4	3,5	2,0	33	0,1	0,1	-19,3
Vegetable products	1.712	4,4	3,2	-6,2	323	0,9	1,3	77,2
Animal or vegetable fats and oils	235	0,6	2,5	-4,9	66	0,2	1,2	-46,4
Foodstuffs, beverages, tobacco	644	1,6	1,5	-11,5	310	0,8	0,4	2,0
Mineral products	2.111	5,4	0,7	-13,0	481	1,3	0,6	-2,2
Products of the chemical or allied industries	5.893	15,0	3,6	-0,1	4.033	10,7	1,4	5,5
Plastics, rubber and articles thereof	1.549	3,9	2,8	8,0	1.890	5,0	2,8	-2,9
Raw hides and skins, and saddlery	1.527	3,9	10,2	-4,7	153	0,4	1,0	1,4
Wood, charcoal and cork and articles thereof	65	0,2	0,5	-8,2	147	0,4	1,2	3,4
Pulp of wood, paper and paperboard	159	0,4	1,0	-3,2	882	2,3	3,1	-1,0
Textiles and textile articles	7.780	19,8	7,1	0,6	457	1,2	1,0	7,1
Footwear, hats and other headgear	1.401	3,6	6,1	-4,3	30	0,1	0,3	23,8
Articles of stone, glass and ceramics	593	1,5	4,5	2,4	323	0,9	1,6	-0,5
Pearls, precious metals and articles thereof	2.768	7,0	3,0	0,2	7.165	19,0	12,9	-8,5
Base metals and articles thereof	3.419	8,7	3,5	-1,2	3.176	8,4	3,4	-6,3
Machinery and appliances	4.732	12,0	1,1	-1,6	11.522	30,5	2,6	0,3
Transport equipment	2.113	5,4	1,5	19,2	3.056	8,1	1,0	4,5
Optical and photographic instruments, etc.	631	1,6	0,9	14,3	2.314	6,1	2,5	7,4
Arms and ammunition	4	0,0	0,4	-39,4	20	0,1	0,5	30,5
Miscellaneous manufactured articles	731	1,9	1,6	2,5	314	0,8	1,0	0,7
Works of art and antiques	7	0,0	0,2	3,3	8	0,0	0,1	-42,1
Not classified	269	0,7	1,5	-8,3	1.042	2,8	3,8	-7,7
AMA / NAMA PRODUCT GROUPS								
TOTAL	39.276	100,0	2,3	-0,5	37.745	100,0	2,2	-1,0
Agricultural products (WTO AoA)	2.782	7,1	0,2	-7,4	851	2,3	0,0	14,9
Fishery products	944	2,4	0,1	3,0	9	0,0	0,0	-1,6
Industrial products	35.550	90,5	2,1	0,0	36.885	97,7	2,1	-1,3

Trade flows by HS section 2013 - 2016

HS SECTIONS	IMPORTS (Value Mio €)				EXPORTS (Value Mio €)			
	2013	2014	2015	2016	2013	2014	2015	2016
TOTAL	36.843	37.147	39.464	39.276	35.959	35.625	38.125	37.745
Live animals; animal products	627	867	914	933	26	36	41	33
Vegetable products	1.577	1.628	1.825	1.712	70	87	182	323
Animal or vegetable fats and oils	215	205	247	235	38	42	123	66
Foodstuffs, beverages, tobacco	758	740	728	644	247	307	304	310
Mineral products	5.205	3.112	2.426	2.111	369	422	492	481
Products of the chemical or allied industries	5.067	5.249	5.898	5.893	3.354	3.665	3.823	4.033
Plastics, rubber and articles thereof	1.317	1.335	1.435	1.549	1.773	1.755	1.946	1.890
Raw hides and skins, and saddlery	1.357	1.499	1.603	1.527	136	145	151	153
Wood, charcoal and cork and articles thereof	52	57	71	65	120	119	143	147
Pulp of wood, paper and paperboard	127	148	164	159	790	888	891	882
Textiles and textile articles	6.506	7.124	7.733	7.780	361	373	427	457
Footwear, hats and other headgear	1.214	1.382	1.463	1.401	30	27	24	30
Articles of stone, glass and ceramics	468	545	579	593	308	275	325	323
Pearls, precious metals and articles thereof	2.400	2.674	2.763	2.768	9.156	8.553	7.831	7.165
Base metals and articles thereof	3.000	3.339	3.459	3.419	3.169	3.366	3.388	3.176
Machinery and appliances	3.902	4.286	4.811	4.732	10.190	9.994	11.483	11.522
Transport equipment	1.900	1.638	1.773	2.113	2.826	2.540	2.925	3.056
Optical and photographic instruments, etc.	369	444	552	631	1.913	1.839	2.155	2.314
Arms and ammunition	5	5	7	4	14	14	16	20
Miscellaneous manufactured articles	532	609	713	731	290	272	312	314
Works of art and antiques	7	6	7	7	14	11	14	8
Not classified	240	257	293	269	764	895	1.130	1.042
AMA / NAMA PRODUCT GROUPS								
TOTAL	36.843	37.147	39.464	39.276	35.959	35.625	38.125	37.745
Agricultural products (WTO AoA)	2.767	2.779	3.003	2.782	453	550	741	851
Fishery products	636	875	917	944	5	7	9	9
Industrial products	33.440	33.493	35.544	35.550	35.501	35.067	37.374	36.885

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017

% Growth: relative variation between current and previous period % Total: Share in Total: Total defined as all products % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017



David Campbell Bannerman MEP

FTA EUROPE INDIA

THE BENEFITS
FOR ALL SIDES IN
GETTING A DEAL
DONE SOON



David Campbell Bannerman MEP
Standing Rapporteur for the European
Parliament on EU-India FTA negotiations

Having spent the early years of my life in the great trading city of Mumbai, where I was born, Kolkata where my father and sister are from, I have monitored past negotiations between both India and the EU with great interest. Quite simply, I want to see this deal done.

India, as the world's largest democracy with a growing economy (at 7 percent per annum) and relatively high levels of market protection (150 percent on fine whisky and luxury cars for example), represents an excellent trade and investment opportunity for EU exports, as well as an attractive partner for increased imports into the EU, not only in goods but also in services.

The EU is India's second largest trading bloc, accounting for around 20 percent of Indian trade, with the value of EU imports from India increasing from €22.6 billion in 2006 to €39.3 billion in 2016 (at the top with chemicals, engineering goods, and textiles and clothing). This opportunity cannot be missed.

I continue to believe that the EU-India Free Trade Agreement (FTA) can be a win-win agreement for both sides, but recognise that flexibility and some imagination will be needed in order to re-start negotiations and reach a final agreement. Trade liberalisation is in and of itself beneficial to both developed and developing economies and combined with appropriate flanking measures can lead to rapid and sustainable economic

development, as the example of the "Asian Tigers" clearly demonstrates.

Indian investments into the EU were €1.1 billion in 2014-15 and EU investments into India were €5.3 billion in 2014-15. Jaguar Land Rover, the iconic British multinational car manufacturer was purchased in 2008 by the Indian conglomerate Tata Group, who is the largest private-sector industrial employer in the United Kingdom.

India will become the world's largest market in the next few years and remains a key strategic partner in the South Asia region. By 2050 the Indian economy will be a world leader.

One of the most frustrating experiences I have had in the European Parliament has been trying to push progress on this new EU-India FTA (what India terms 'Bilateral trade and investment negotiations') for which I am the Parliament's 'standing' Rapporteur. Rather than standing it has been more a case of sitting whilst awaiting signs of progress after an extraordinary 10 years of negotiations have now sadly been stalled for some time.

Whilst I am driving a new INTA monitoring group meeting on this FTA shortly, our role in the Parliament is to oversee the work of the Commission's Directorate General of Trade who are charged with the actual negotiations using the guidelines laid down by the European Council. If there are no negotiations there is little to monitor.

EU-INDIA TRADE NEGOTIATIONS

Negotiations for a comprehensive FTA started in June 2007 and discussions are currently taking place on a number of key outstanding issues.

This FTA would be one of the most significant trade agreements, touching the lives of 1.7 billion people.

The negotiations cover mainly but not exclusively:

- access to each other's markets, for goods, services and to public procurement contracts
- the framework for investment, including investment protection
- the rules that frame trade, such as intellectual property and competition
- sustainable development, to ensure growth in trade is in tandem with the environment, social and labour rights.

In the meantime, India continues enjoying unilateral trade preferences when accessing the EU market under the EU Generalised Scheme of Preferences.

INDIA, AS THE WORLD'S LARGEST DEMOCRACY WITH A GROWING ECONOMY AND RELATIVELY HIGH LEVELS OF MARKET PROTECTION, REPRESENTS AN EXCELLENT TRADE AND INVESTMENT OPPORTUNITY FOR EU EXPORTS, AS WELL AS AN ATTRACTIVE PARTNER FOR INCREASED IMPORTS INTO THE EU



A great British company the world over.



The negotiations for the FTA cover the following key areas:

- **Market access for goods and services as well as access to procurement markets;**
- **The framework for investment;**
- **The rules that frame trade, such as intellectual property and competition;**
- **Sustainable development, covering environmental social and labour issues.**

The reasons for this lack of progress are multiple and varied, and involve both parties, but the reality is that a feeling of protectionism and an implied resistance to free trade has been shown, opposition by certain member states to the 'Mode 4' terms which refer to the temporary presence of skilled experts to undertake specific tasks and EU Blue Card procedures, thorny issues around agriculture, Geographical Indicators (GIs) and pharmaceuticals, and a distrust of EU institutions as opposed to Member States.

There have been glancing mentions on the FTA in the margins of other events, and we are hopeful there may be some progress is an EU-India

Summit on 6th October and a WTO mini Ministerial, including an expected meeting between the EU negotiator Helena Koenig, Director DG Trade, and the new Indian Minister of Commerce and Industry, who was recently appointed in September. But there is strong opposition to calling such progress 'negotiations' even.

There are sub-commissions on trade in a number of areas such as biotechnology, textiles and clothing, medical devices, Sanitary and Phytosanitary (SPS)/ Technical Barriers to Trade (TBT), and Intellectual Property under a separate India-EU Joint Action Plan, and a steel contact group. But these discuss, cooperate and inform, but they do not negotiate. This is frustrating because India is now such a large and growing economic presence in the world with a booming population of 1.3 billion.

What remains clear is that for any meaningful progress to occur, agreement will be needed at the highest political levels, specifically between the Indian government and EU Member States. In absence of such political support, sadly it remains difficult to foresee the conclusion of talks in the near future. ■

EU AND INDIA

India has embarked on a process of economic reform and progressive integration with the global economy that aims to put it on a path of rapid and sustained growth.

However, India's trade regime and regulatory environment remains comparatively restrictive (see *World Bank 2016 Ease of Doing Business Report, Commission 2016 Report on Trade and Investment Barriers and Protectionist Trends*).

With its combination of rapid growth, complementary trade baskets and relatively high degree of market protection, India is an obvious partner for a free trade agreement (FTA) for the EU.

The parameters for an ambitious FTA were set out in the report of the EU-India High Level Trade Group in October 2006.

Other studies have reinforced the economic potential of an FTA between the EU and India, notably a sustainability impact assessment concluded in 2009.

WHAT REMAINS CLEAR IS THAT FOR ANY MEANINGFUL PROGRESS TO OCCUR, AGREEMENT WILL BE NEEDED AT THE HIGHEST POLITICAL LEVELS, SPECIFICALLY BETWEEN THE INDIAN GOVERNMENT AND EU MEMBER STATES.

JCB is the world's third largest manufacturer of construction equipment.

It manufactures a broad range of innovative products in 22 factories, of which 11 are in the UK and five in India.

Over 12,000 people are employed by JCB around the world manufacturing more than 350 products that are sold to customers in over 150 different countries.



JCB

MANUFACTURING IN EUROPE AND INDIA TRADING WITH THE WORLD



JCB wheeled loading shovels, used in construction, quarries & waste industries

LORD BAMFORD'S MOST INSPIRED DECISION WAS TO SET UP JCB'S FIRST OVERSEAS OPERATION IN INDIA. THAT WAS IN 1979 WHEN FEW COMPANIES WOULD HAVE CONTEMPLATED ENTERING THE INDIAN MARKET.

infrastructure, but many machines are also exported from India to over 50 different countries in South East Asia, Africa, Russia and the Middle East.

JCB's manufacturing footprint in Europe and India is extensive, with 11 factories in the UK and five in India. They have become industry-leading examples of manufacturing excellence, making innovative products to a global quality standard. More importantly, as both countries have become export hubs for JCB equipment, they also have a proven and enviable track record in international trade ■

JCB is also very proud to "Make in India" where its product range now extends to 43 high-performance machines, including backhoe loaders, tracked excavators, wheeled loaders, compaction equipment and power generators. These are being used to build India's domestic



JCB is one of Britain's most successful family-owned businesses. It was established in 1945 by Joseph Cyril Bamford in the market town of Uttoxeter in Staffordshire and has since grown to become the market leader for construction equipment in the UK, Europe and India.

His son, Anthony (now Lord Bamford) has been Chairman of JCB since 1975, during which time he has presided over the prolific global expansion of a brand that stands for strength, durability and reliability in products ranging from 46 tonne tracked excavators to children's toys.

JCB IS VERY PROUD TO "MAKE IN INDIA" WHERE ITS PRODUCT RANGE NOW EXTENDS TO 43 HIGH-PERFORMANCE MACHINES, INCLUDING BACKHOE LOADERS, TRACKED EXCAVATORS, WHEELED LOADERS, COMPACTION EQUIPMENT AND POWER GENERATORS.

to manufacturing in Britain. With over 6,000 employees in its British operations exporting over 75% of its UK production, JCB generates export revenues of £1.35bn for the national economy and makes a positive contribution to the nation's trade balance. An independent analysis by Oxford Economics has calculated that JCB contributes £1.4 billion to UK GDP, £555 million in taxes and 24,000 jobs overall to the UK economy.



The iconic JCB 3CX backhoe loader

Since becoming Chairman, Lord Bamford has taken JCB from a one-factory operation in Staffordshire with a turnover of £43 million to a global business with 22 plants around the world making over 350 different products. Recent results speak for themselves - JCB reported a turnover of £2.62 billion in 2016 and earnings of £287 million.

JCB may be the world's third largest construction equipment manufacturer by volume, but its Chairman remains firmly committed

It was during the 1970s that Lord Bamford set about transforming JCB into a world leader in construction equipment. An early move was to start producing major components in-house by opening an axle factory in Wales in 1978.

This was the first of many decisions taken over four decades to vertically integrate the company's operations. Today, JCB makes its own transmission systems in Wales, hydraulic cylinders and cabs in Staffordshire and off-highway engines in Derbyshire.

Lord Bamford's most inspired decision was to set up JCB's first overseas operation in India. That was in 1979 when few companies would have contemplated entering the Indian market. His love for the country, its people and an absolute conviction in its long-term potential have paid dividends as JCB now employs over 5,000 people in India, which has become the company's single largest market.



JCB's Indian HQ in Ballabgarh, Haryana where the company has been manufacturing since 1979

Total Goods: Trade flows and balance

PERIOD	IMPORTS		EXPORTS		BALANCE		TOTAL TRADE	
	Value Mio €	% Growth*	Value Mio €	% Growth*	Value Mio €	% Growth*	Value Mio €	% Growth*
2006	140.651		95.996		-44.655		236.647	
2007	171.482	21,9	112.199	16,9	-59.284	32,8	283.681	19,9
2008	191.369	11,6	120.818	7,7	-70.551	19,0	312.187	10,1
2009	184.728	-3,5	118.441	-2,0	-66.286	-6,0	303.169	-2,9
2010	264.602	43,2	168.154	42,0	-96.448	45,5	432.756	42,7
2011	334.106	26,3	220.608	31,2	-113.498	17,7	554.714	28,2
2012	381.704	14,3	231.368	4,9	-150.336	32,5	613.072	10,5
2013	352.346	-7,7	237.277	2,6	-115.069	-23,5	589.623	-3,8
2014	346.642	-1,6	239.167	0,8	-107.475	-6,6	585.809	-0,7
2015	353.526	2,0	239.901	0,3	-113.625	5,7	593.427	1,3
2016	322.405	-8,8	236.573	-1,4	-85.832	-24,5	558.978	-5,8

Total Goods: Top trading partners 2016

IMPORTS			EXPORTS			TOTAL TRADE		
Partner	Value Mio €	% World	Partner	Value Mio €	% World	Partner	Value Mio €	% World
World	322.405	100,0	World	236.573	100,0	World	558.978	100,0
China	54.693	17,0	EU 28	41.735	17,6	EU 28	78.413	14,0
EU 28	36.679	11,4	USA	37.899	16,0	China	62.776	11,2
USA	18.588	5,8	United Arab Emirates	27.648	11,7	USA	56.487	10,1
United Arab Emirates	17.414	5,4	Hong Kong	11.948	5,1	United Arab Emirates	45.062	8,1
Saudi Arabia	16.665	5,2	China	8.083	3,4	Saudi Arabia	21.224	3,8
Switzerland	13.459	4,2	Singapore	6.841	2,9	Hong Kong	18.375	3,3
Indonesia	11.116	3,4	Vietnam	5.381	2,3	Switzerland	14.394	2,6
South Korea	11.034	3,4	Bangladesh	5.160	2,2	South Korea	14.243	2,5
Iraq	9.019	2,8	Saudi Arabia	4.559	1,9	Indonesia	13.955	2,5
Japan	8.892	2,8	Nepal	4.169	1,8	Singapore	12.911	2,3

* % Growth: relative variation between current and previous period World trade: excluding intra-region trade Top partners: excluding region member states
Source: IMF



Total Goods: Trade flows and balance

PERIOD	IMPORTS		EXPORTS		BALANCE		TOTAL TRADE	
	Value Mio €	% Growth*	Value Mio €	% Growth*	Value Mio €	% Growth*	Value Mio €	% Growth*
2006	1.368.254		1.152.485		-215.768		2.520.739	
2007	1.450.340	6,0	1.234.482	7,1	-215.858	0,0	2.684.822	6,5
2008	1.585.231	9,3	1.309.147	6,1	-276.084	27,9	2.894.378	7,8
2009	1.235.636	-22,1	1.093.961	-16,4	-141.675	-48,7	2.329.598	-19,5
2010	1.531.518	24,0	1.354.055	23,8	-177.463	25,3	2.885.573	23,9
2011	1.729.980	13,0	1.554.511	14,8	-175.469	-1,1	3.284.491	13,8
2012	1.798.757	4,0	1.684.928	8,4	-113.829	-35,1	3.483.686	6,1
2013	1.687.440	-6,2	1.736.371	3,1	48.931		3.423.812	-1,7
2014	1.692.185	0,3	1.702.915	-1,9	10.731	-78,1	3.395.100	-0,8
2015	1.729.207	2,2	1.789.154	5,1	59.947	458,7	3.518.361	3,6
2016	1.708.318	-1,2	1.745.247	-2,5	36.929	-38,4	3.453.564	-1,8

Total Goods: Top trading partners 2016

IMPORTS			EXPORTS			TOTAL TRADE		
Partner	Value Mio €	% World	Partner	Value Mio €	% World	Partner	Value Mio €	% World
World	1.708.318	100,0	World	1.745.247	100,0	World	3.453.564	100,0
China	344.468	20,2	USA	362.153	20,8	USA	609.979	17,7
USA	247.826	14,5	China	170.083	9,7	China	514.551	14,9
Switzerland	121.669	7,1	Switzerland	142.455	8,2	Switzerland	264.123	7,6
Russia	118.811	7,0	Turkey	78.005	4,5	Russia	191.219	5,5
Turkey	66.702	3,9	Russia	72.408	4,1	Turkey	144.707	4,2
Japan	66.561	3,9	Japan	58.086	3,3	Japan	124.647	3,6
Norway	62.984	3,7	Norway	48.382	2,8	Norway	111.366	3,2
South Korea	41.435	2,4	United Arab Emirates	45.859	2,6	South Korea	85.939	2,5
India	39.276	2,3	South Korea	44.504	2,6	India	77.021	2,2
			India	37.745	2,2			

Total Goods: Top product sections 2016

IMPORTS			EXPORTS		
Product	Value Mio €	% Extra-EU	Product	Value Mio €	% Extra-EU
HS SECTIONS			HS SECTIONS		
Machinery and appliances	416.782	24,4	Machinery and appliances	449.795	25,8
Mineral products	285.181	16,7	Transport equipment	293.569	16,8
Products of the chemical or allied in...	163.747	9,6	Products of the chemical or allied in...	279.404	16,0
Transport equipment	136.479	8,0	Base metals and articles thereof	94.108	5,4
Textiles and textile articles	110.027	6,4	Optical and photographic instruments,...	92.614	5,3
SITC SECTIONS			SITC SECTIONS		
Machinery and transport equipment	552.298	32,3	Machinery and transport equipment	745.274	42,7
Miscellaneous manufactured articles	268.277	15,7	Chemicals and related prod, n.e.s.	313.842	18,0
Mineral fuels, lubricants and related...	264.381	15,5	Miscellaneous manufactured articles	205.872	11,8
Chemicals and related prod, n.e.s.	184.721	10,8	Manufactured goods classified chiefly...	189.901	10,9
Manufactured goods classified chiefly...	181.407	10,6	Food and live animals	83.918	4,8

* % Growth: relative variation between current and previous period % Extra-EU: imports/exports as % of all EU partners i.e. excluding trade between EU Member States
Source: Source Eurostat Comext - Statistical regime 4, 03-05-2017

Mr Navtej Sarna

INDIA HAS BEEN TRANSFORMED OVER THE PAST TWO YEARS. AND DOING BUSINESS IN THE NEWLY CREATED INDIAN 'COMMON MARKET' IS NOW EASIER THAN EVER



His Excellency Mr Navtej Sarna
Navtej Sarna served as Indian High Commissioner to the UK until autumn 2016

Over the past two years, India has emerged as the fastest-growing large economy in the world. It is now the third largest by purchasing power parity, according to the World Bank, with a GDP of over \$2.1tn. The International Monetary Fund has kept projections for India's growth in 2016-17 at 7.5% – remarkable, given global growth forecasts have been downgraded to 3.2% – and called the country a 'bright economic spot' in the world.

Rapid economic growth has made foreign investors sit up and take notice. India was named among the top-ten foreign direct investment (FDI) destinations in 2015. The further liberalisation of the FDI regime announced in June is also seen as a huge positive for the economy. India's investment climate has brightened with steps taken to foster growth, price stability and fiscal prudence, giving a big push to many key sectors, including railways, defence, insurance and medical devices.

This year, India improved its position in the World Bank's 'Ease of Doing Business' rankings by several places. It is getting easier still. Parliament has passed the most ambitious tax-reform measures in its history in the form of the goods and services tax (GST), subsuming 17 central and state-level indirect taxes into one 'all-India' tax, and creating a common market. This will reduce the administrative and compliance burden, improve the flow of goods across inter-state borders, and lower costs by eliminating the cascading effects of taxation.

This all signals that the government is committed to reform as a continuous process towards its stated aim: 'minimum government and maximum governance'.

PARLIAMENT HAS PASSED THE MOST AMBITIOUS TAX-REFORM MEASURES IN ITS HISTORY

There is a simultaneous effort to focus on the rural economy and social-welfare schemes, too. The government is working closely with the states in a spirit of cooperative federalism to ensure that economic growth is complemented by stability and sustainability. Initiatives such as Pradhan Mantri Jan-Dhan Yojana – India's national mission for financial inclusion to ensure affordable access to financial services – shows how important this social dimension is to the story.

There are many initiatives under way, in fact. Make in India promotes the nation as a global hub for manufacturing, design and innovation. Digital India will connect rural areas with high-speed internet, and boost digital industries and citizen access. Smart Cities is an urban-renewal programme for 100 cities. Skill India Portal runs the National Skill Development Mission (Pradhan Mantri Kaushal Vikas Yojana) and the Skill Loan Scheme.

The prime minister, Narendra Modi, has announced some visionary steps to help entrepreneurs, too. These include a dedicated start-up fund worth 100 billion rupees; exemption from paying income tax on profits for the first three years; and working towards fast-track patent applications.

As the prime minister said: 'We have initiated many steps. Many more lie ahead. Some have begun bearing fruit. What we have achieved so far gives me the confidence that, with the support of the people, we can transform India.'

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