



Ministry of External Affairs
Government of India

2nd CII INDIA EUROPE
BUSINESS AND SUSTAINABILITY
CONCLAVE



Confederation of Indian Industry

INDIA-EUROPE DYNAMIC PARTNERSHIP

2nd CII India-Europe Business and Sustainability Conclave

THEME PAPER

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1.

Introduction

India is one of the rapidly growing major economies in the world and is set to cross US\$ 5 trillion in GDP by 2027-28. It is an important trade and investment partner for many European countries, with the potential for further substantial collaboration.

The historical ties between India and Europe, rooted in centuries of trade and people movement, have been multidimensional and dynamic. References to India's wealth and culture are found in the historical texts of the continent, and Europe has long appreciated India's knowledge contributions.

Since gaining independence in 1947, India has fostered strong connections with all European nations, aiming to enhance its strategic and economic relationships with the region. Both sides are dedicated to principles such as democracy, the rule of law, and open economies, and they benefit from robust institutions and legal frameworks.

India is the fifth-largest economy in the world and an attractive destination for many European countries. Similarly, Europe has been a preferred market and investment destination for Indian companies, particularly in the post Covid-19 world as India is reaching out for a wider economic engagement globally.

India's economic strength lies in its diverse and rapidly growing sectors, including digital technology, services, agriculture, & manufacturing. The country leverages its extensive domestic market, a skilled and technologically proficient young workforce, and a growing middle class for a holistic growth process.

Certainly, the economic relationship between India and Europe has gone beyond trade, and newer sectors like technology & innovations and sustainability, green energy and eco-mobility are taking the front seat. India and the European countries have significantly stepped up collaborations in critical and emerging technologies, healthcare, space, and research.

For example, India's technological prowess has aided the country in moving towards a digital payment system in a robust way. India's instant payment system Unified Payment Interface, commonly known as UPI has taken the world by storm. According to recent data, in December 2023, UPI transactions in value stood at INR 18.23 trillion.

Many European countries have evinced interest in India's UPI system and France became the first European country to adopt it as a payment method, starting with the Eiffel Tower.

With rising concern regarding climate issues across the world and European countries playing a crucial role in mitigating those challenges, India has much to learn and replicate from their experiences.

The combined efforts of European nations have resulted in the reporting of over 3,000 policies and measures aimed at addressing climate change mitigation and energy goals. These initiatives encompass activities such as lowering greenhouse gas (GHG) emissions, increasing renewable energy production, and reducing overall energy consumption.

The 2nd CII India-Europe Business and Sustainability Conclave will witness deliberations on Digital Transformation, Green Energy, Green Financing, Blue Economy and Circular Economy, among other topics.

The theme paper for the two-day conclave elaborates on the bilateral relationship and trade relations between India and European countries. It also delves into the multiple areas that a new green economy offers for mutual collaborations.

The countries studied in the theme paper include the member nations of the European Union, member nations of European Free Trade Association (EFTA) and Other European Countries (OEC).

2.

Highlights of 1st Conclave



1st CII India-Europe Business and Sustainability Conclave



200+
INDIAN
DELEGATES



250+
INTERNATIONAL
DELEGATES



37
COUNTRIES



75+
SPEAKERS



35
EUROPEAN
SPEAKERS



3
COUNTRY
SESSIONS



12
FOCUSED SESSIONS



3.

Bilateral Relations

EU

In the early 1960s, India emerged as one of the pioneers in establishing diplomatic ties with the European Economic Community. The foundation for a robust relationship was laid when a cooperation agreement was inked in 1994, transcending the realms of trade and economic collaboration.

The connection between India and the European Union (EU) is grounded in common values and principles, encompassing democracy, the rule of law, a rules-based international order, and a commitment to multilateralism. This relationship spans a diverse range of subjects, including trade, investment, climate change, science & technology, digital affairs, connectivity, and agriculture.

India-EU Summits

At the 5th India-EU Summit held at The Hague in 2004, the partnership reached a new zenith, evolving into a 'Strategic Partnership'.

Subsequently, a Joint Action Plan was crafted in 2005, outlining measures to fortify political and economic dialogues, boost trade and investment, and foster greater unity between the people and culture of both sides.

Following the highly successful 15th India-EU Summit, the inaugural India-EU Leaders' Meeting took place on 8 May 2021, in a hybrid format in Porto, Portugal. Prime Minister Narendra Modi, leaders from all 27 EU Member States, the President of the European Council, and the President of the European Commission participated in the event.

Key outcomes of the meeting included the leaders' endorsement of the landmark decision to recommence negotiations for comprehensive free trade and investment agreements. Additionally, they launched a robust 'Connectivity Partnership' aimed at bolstering digital, energy, transport, and people-to-people connectivity.

The leaders also reaffirmed their commitment to the objectives of the Paris Agreement, emphasizing joint efforts to

enhance mitigation, adaptation, and resilience to the impacts of climate change.

The President of the European Commission H.E. Ms. Ursula von der Leyen paid an official visit to India on 24-25 April 2022. This was her first visit to India as the President of the European Commission. During her meeting with Indian Prime Minister Narendra Modi, they announced the establishment of an India-EU Trade and Technology Council, a milestone for technology cooperation.

In 2022, India was the EU's 10th largest trading partner accounting for around 2.2% of EU's total trade in goods. India-EU bilateral trade in goods in 2022 was valued at around Euro 115 billion (Euro 67.40 billion exports from India and Euro 47.60 billion imports to India), which was 30% more as compared to the trade value of 2021.

India and the EU have built wide-ranging cooperation in various sectors including Agriculture & Marine, Energy, Environment, Water, Pharmaceuticals, Biotechnology & Medical Devices, Science and Technology, Infrastructure, Information & Communications Technology and Aviation. During the G20 Summit, Prime Minister Narendra Modi met H.E. Mr. Charles Michel, President of the European Council and H.E. Ms. Ursula von der Leyen, President of the European Commission. The meeting took forward cooperation on trade and technology council, Lifestyle for Environment (LiFE) and FTA.

EFTA

Over the past two decades, the total trade between the European Free Trade Association (EFTA) States (Iceland, Liechtenstein, Norway, and Switzerland) and India has been growing steadily. In 2022, the combined EFTA-India merchandise trade surpassed US\$ 6.1 billion.

The primary imports to the EFTA States consisted of organic chemicals (27.5%), while machinery (17.5%) and pharmaceutical products (11.4%), excluding gold, constituted the main exports to India. Furthermore, services trade and foreign direct investment have also reached substantial levels.

On 12-13 December 2023, high-level delegations from EFTA and India met in New Delhi to settle on common priorities and pave the way for the conclusive stages of the Trade and Economic Partnership Agreement negotiations.

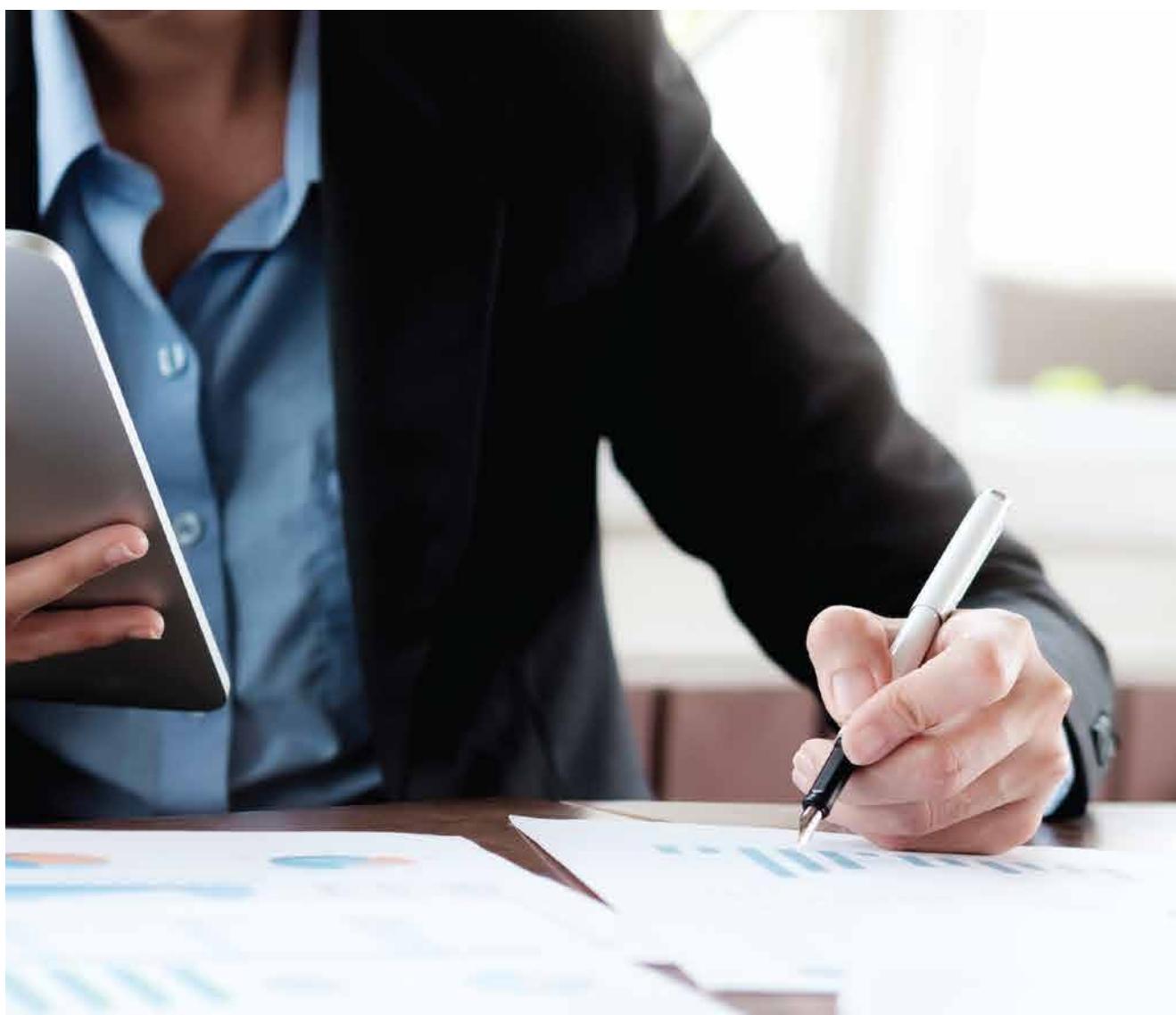
In the EFTA, the large economies of Switzerland and Norway are close partners for India, being among their most preferred trading countries in the region. Norway has been active in the sustainability endeavour of India and the two countries have developed cooperation in research, maritime and shipping and transfer of technology.

With Switzerland, India has cooperation mechanisms for science and technology, financial sector, and defence and has deep ties in areas such as tourism, railways, and climate change and the environment.

UK

India and the UK enjoy historical and multifaceted relations. During the G20 Summit, the two prime ministers agreed on further progress on the landmark India-UK free trade agreement. Frequent governmental interactions have further diversified the relationship.

The two countries have several institutional mechanisms for economic cooperation including the Joint Economic and Trade Committee and the Economic and Finance Dialogue. Science and technology, defence and health are the other key areas of cooperation. The UK is home to a large diaspora of Indian origin and is also a preferred destination for Indian students.



Recent Developments

IMEC: During the G20 Summit, India in collaboration with other partner countries established the India-Middle East-Europe Economic Corridor (IMEC). This corridor envisages an infrastructure build-up for better connectivity between Indian and European production centres and markets via the Middle East countries.

IMEC proposes to include an Eastern Corridor between India and the Gulf region and a Northern Corridor from there onwards to Europe. A railway line and ship-rail transit network along with road transport for multimodal connectivity will be constructed for better economic integration between India and Europe.

The signatories of IMEC include India, USA, Saudi Arabia, UAE, EU, Italy, France and Germany.

Partnership for Global Infrastructure and Investment (PGII): PGII was launched by Prime Minister Modi and US President Joe Biden on the sidelines of the G20 Summit in 2023. It aims at driving greater investments in infrastructure development and connectivity, linking India, West Asia and Europe.

PGII was supported by the leaders of EU, France, Germany, Italy, Mauritius, UAE and Saudi Arabia

India-EU Trade and Technology Council (TTC):

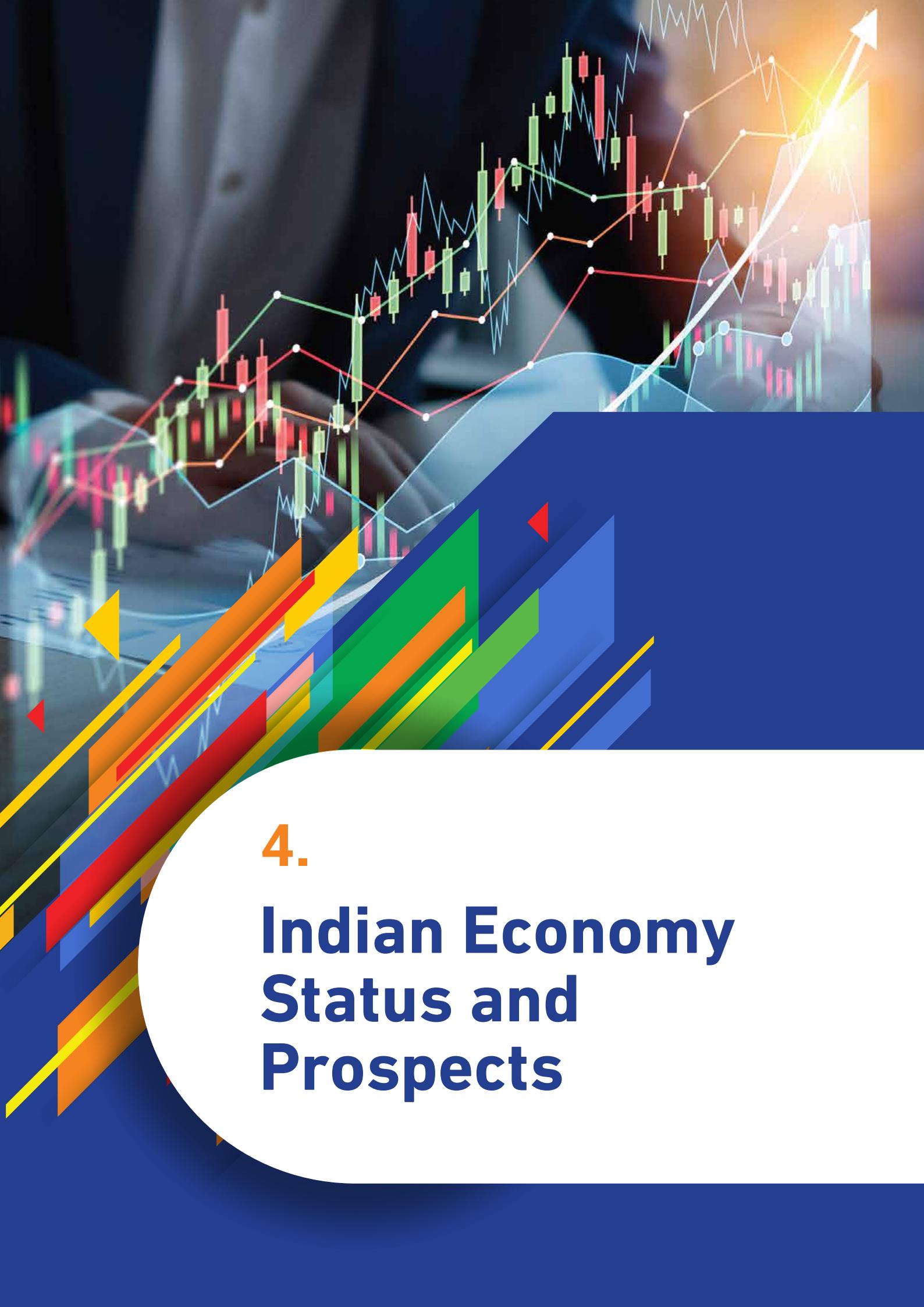
The TTC was launched by Prime Minister Modi and HE van der Leyen, President of the European Commission in April 2022.

It aims to deepen bilateral engagement in strategic and digital connectivity, clean and green energy technologies and trade, investment and resilient supply chains.

The working groups on these cooperation areas have been meeting to drive the agenda. At the latest meeting between External Affairs Minister Dr S. Jaishankar, Minister of Commerce and Industry Mr Piyush Goyal and Minister of Electronics and Information Technology Mr Ashwini Vaishnaw on the Indian side and Executive Vice President Mr Valdis Dombrovskis and Vice President Ms Vera Jourova on the EU side, it was stressed to take research and innovation to the next phase for practical outcomes and projects ahead of the India-EU Summit.

An MoU was signed on semiconductor cooperation.

FTAs: India's talks with the EU, EFTA and the UK on respective FTAs are ongoing. Various rounds of negotiations have been held and there is broad agreement on most of the areas identified. No dates have been set for a conclusion of the talks in each case as yet.



4. **Indian Economy Status and Prospects**

Despite several challenges following the geopolitical conflicts and supply-chain bottlenecks, the Indian economy has showcased a robust and resilient growth story. Its nominal GDP has risen at a sharp pace from US\$ 1.24 trillion in 2007 to US\$ 3.39 trillion in 2022 and US\$ 3.73 trillion in 2023 (forecast). The momentum is expected to continue, with the country likely to emerge as the third largest economy with a projected GDP of US\$ 5 trillion by 2027-28.

The Indian economy is set to retain its tag as the 'fastest-growing major economy' for the entire coming decade. As per the World Economic Outlook (WEO) by the International Monetary Fund (IMF) released in January 2024, India is expected to grow at a rate of 6.5% in both 2024 and 2025.

Further, the IMF also expects India to contribute about 16% to global growth in 2024, which is likely to rise to 18% by 2028. A strong agenda of economic reform policies, which has been instituted over the past few years, has strengthened the prospects of the Indian economy and made India an attractive investment destination. These policies include the Make in India mission, Production Linked Incentive (PLI) schemes for 14 manufacturing sectors, setting up of the Real

Estate Regulatory Authority (RERA), government infrastructure expenditure and digitalization efforts, which have boosted manufacturing, real estate, construction and service sectors. The implementation of Goods and Services Tax (GST), Insolvency and Bankruptcy Code, and liberalization of FDI norms, among others, has also hastened India's climb up the economic ladder by opening many new avenues for investment.

Private consumption remains the primary driver of aggregate demand, accounting for more than half of GDP (average share of about 57% from 2011-12 to 2022-23), with government and fixed investment next.

One of the foremost growth drivers over the last decade or so has been the government's concerted focus on capital spending, with a focus on building resilient infrastructure.

Upgrading existing roads, railways, and ports is being done in a mission mode with public expenditure on infrastructure rising by 33% every year for the last three years. The multiplier impact of capital expenditure has had a salutary impact on the growth prospects of the other productive sectors of the economy and is expected to drive growth in the future too.

India's Nominal GDP (US\$ trillion)

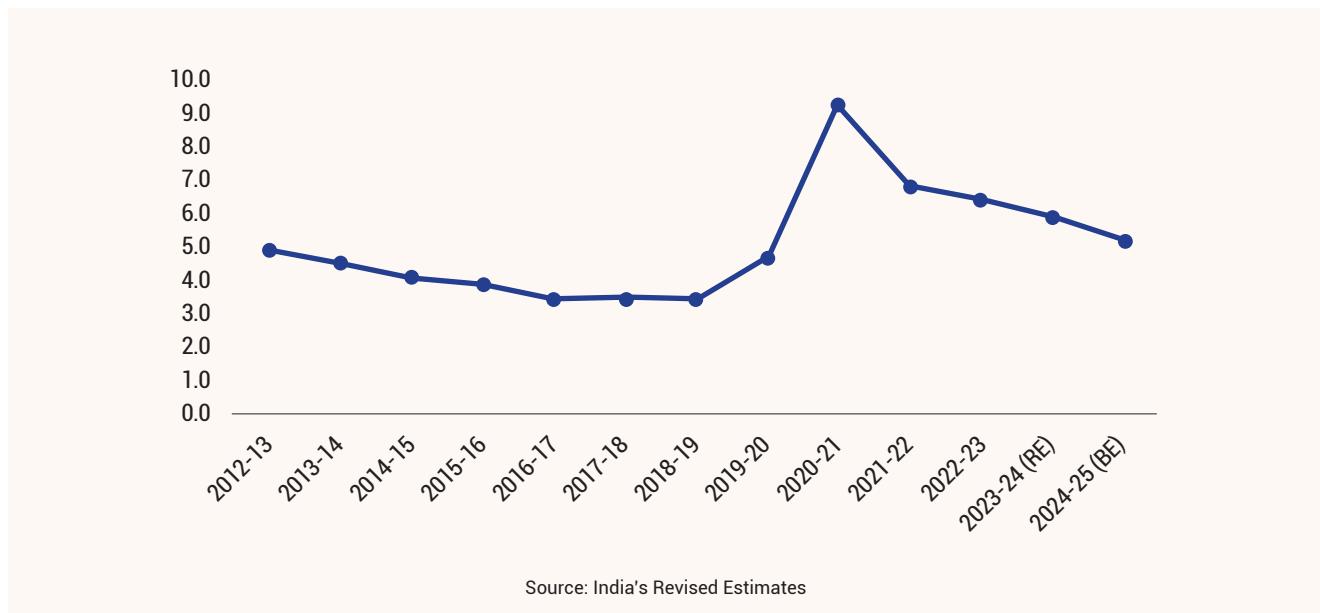


Source: World Economic Outlook, IMF, January 2024

Pre Covid, India had substantially improved its macroeconomic stability as reflected in fiscal deficit which had steadily come down to 3.4% in 2018-19.

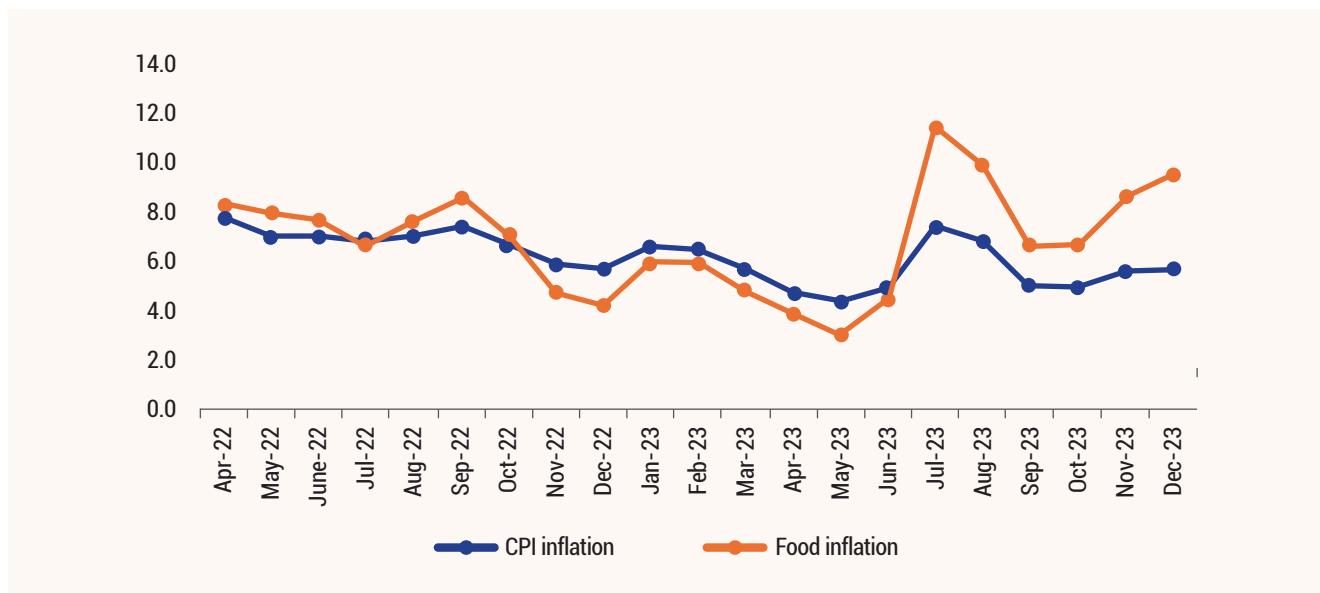
Following fiscal stimulus arising from the pandemic, prudent management has led to moderating the fiscal deficit to 5.8% in 2023-24.

India's Fiscal Deficit as % of GDP



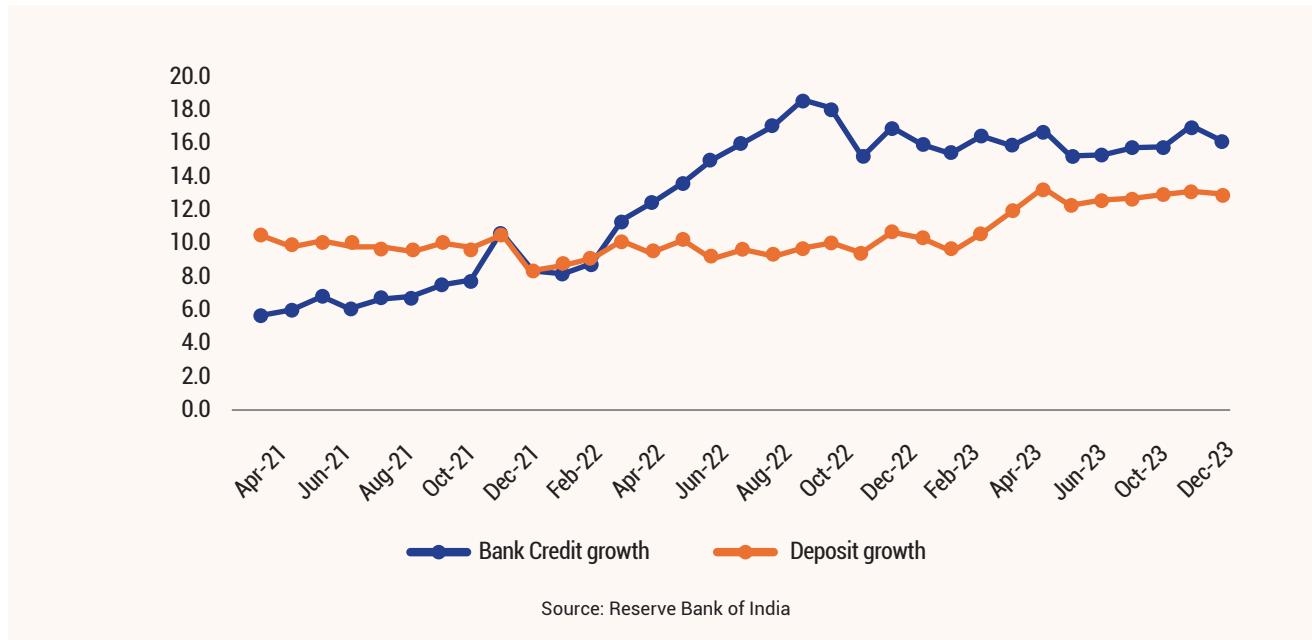
Headline inflation as reflected in the Consumer Price Index has also stepped down from 7.8% in April 2022 to 5.7% in December 2023. The Reserve Bank of India forecasts CPI to stand at 4.5% for 2024-25.

India Inflation, %



India's domestic private investments are seen to be picking up steam as business confidence is robust. This is reflected in bank credit growth expansion between April 2021 and December 2023.

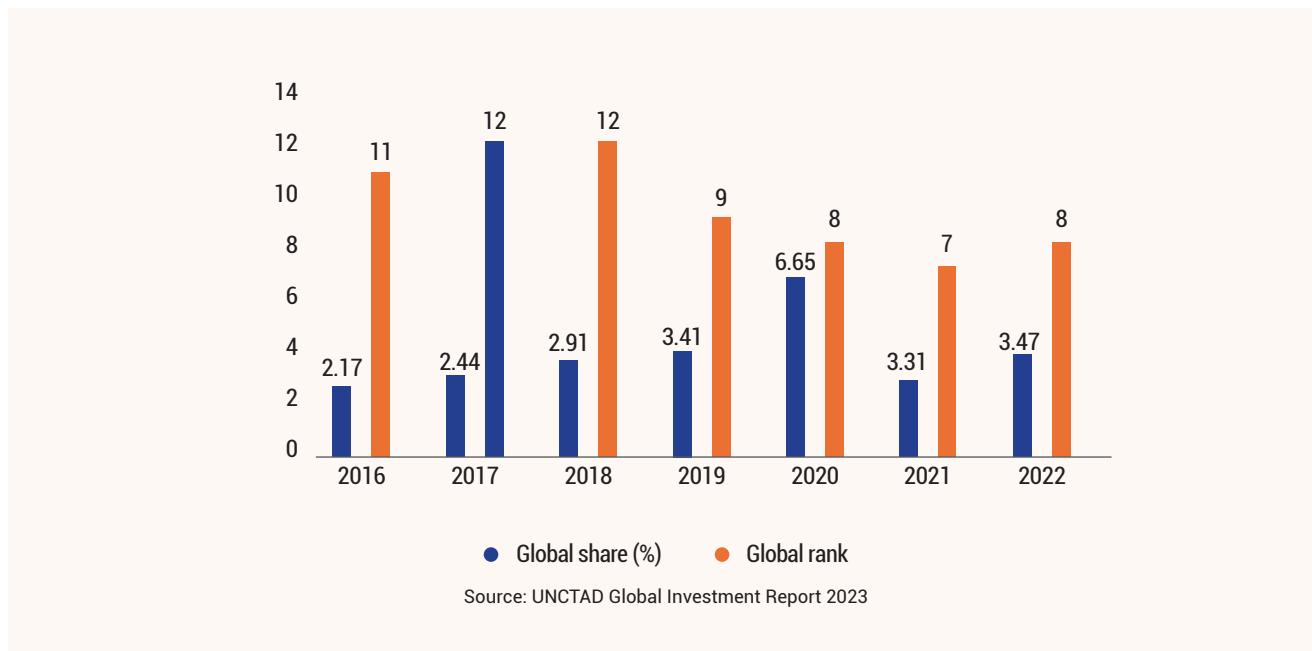
India's bank credit growth



India's FDI inflows have remained steady over the years, standing at US\$ 84.8 billion in 2021-22 and US\$ 71.4 billion in 2022-23.

India was the 8th most preferred destination for FDI flows in 2022, as per the UNCTAD Global Investment Report 2023 and it also became the third-largest host country for greenfield project announcements and the second-largest for international project finance deals.

India's share and rank in global FDI flow



Key Economic Policies

Ease of Doing Business

- National Single Window System, a digital platform for time-bound and fast approvals
- India Industrial Land Bank (IILB), a one-stop repository of all industrial infrastructure-related information
- Annual Business Reform Action Plan (BRAP), ranks stated based on business reforms
- Trade facilitation and digitalisation of processes

PLI Scheme

- Financial incentives of INR 2 trillion (US\$ 30 billion) over a period of 5 years
- Incentive of 4-6% on additional production over a base year.
- 14 sectors
 - Mobile phones
 - Key starting materials and active pharmaceutical ingredients
 - Medical devices
 - Advanced cell chemistry battery
 - Electronic/technology products
 - Automobiles & auto components
 - Pharmaceuticals
 - Telecom & networking products
 - Textile products
 - Food products
 - High efficiency solar PV modules
 - White goods (air conditioner and LED)
 - Specialty steel
 - Drones

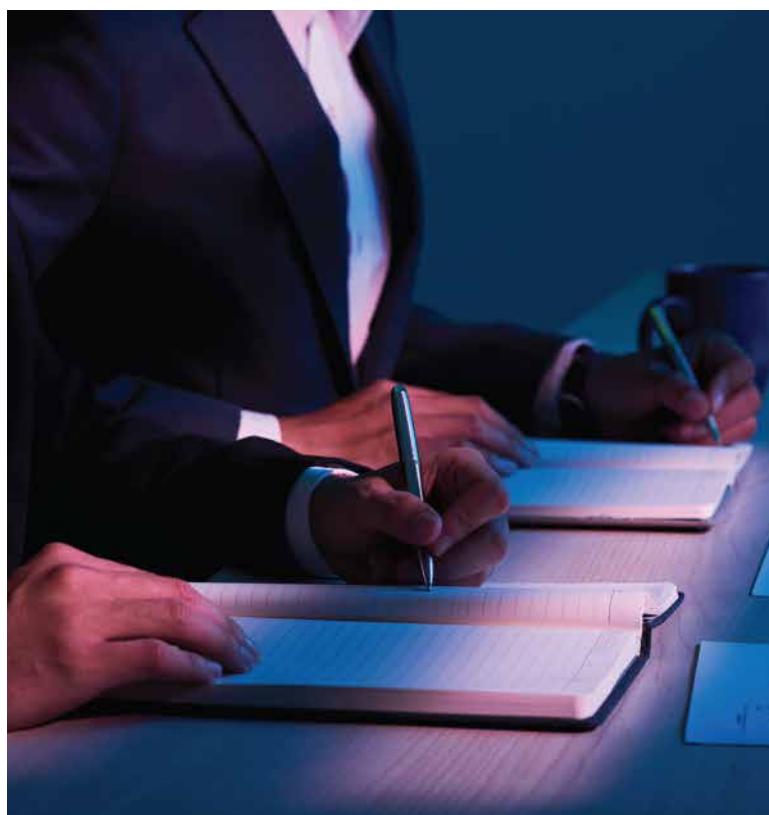
Corporate tax rates

- Corporate tax rates have been brought to Asian levels with the rate at 15% for new manufacturing investments by resident companies.

- For other businesses, the corporate tax rate has been reduced to 22%
- Several reforms have taken place in simplification of laws and procedures relating to taxation.
- The Goods and Services Tax or GST has been a game changer.

The measures announced in the Interim Budget 2024-25 focused on fiscal prudence, capex led growth and programmes & schemes to support the most vulnerable in a manner, which has an overall positive impact on India's long-term growth, resilience and inclusion.

The Interim Budget proposals set India even more firmly on the path towards 'Viksit Bharat', a vision for India to become a developed nation by 2047.

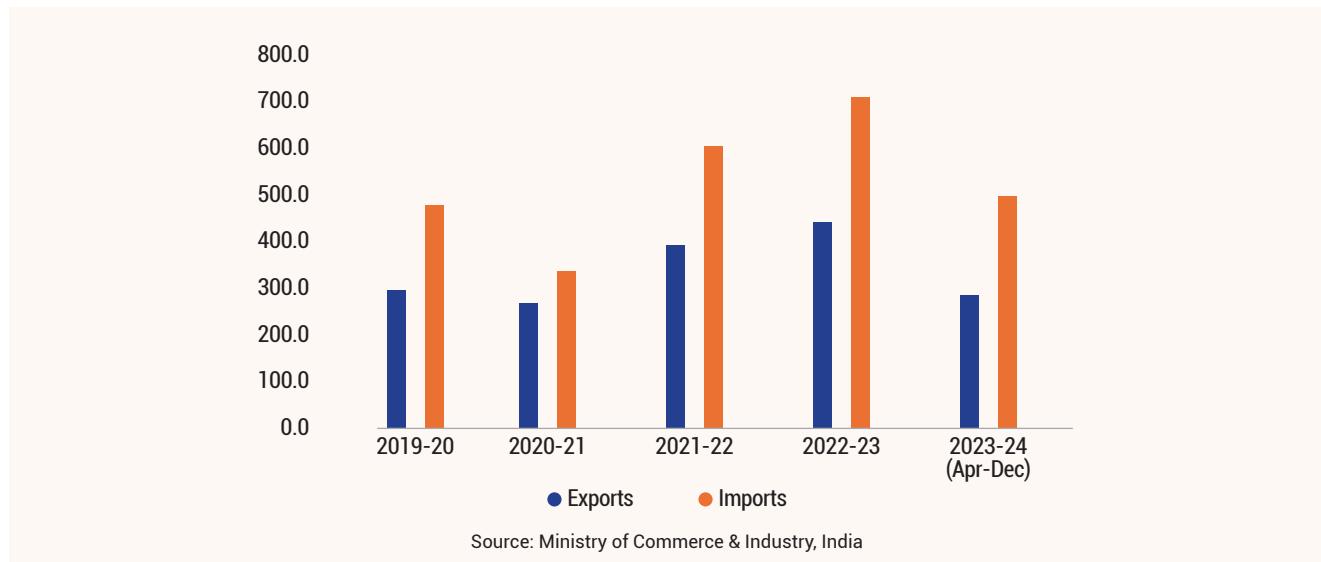


4.1 India's Trade: Last 10 Years

India's total trade has increased steadily and substantially over the last 10 years, between 2012-13 and 2022-23. Total trade increased from US\$ 791 billion in 2012-13 to US\$ 844 billion in 2018-19.

Notwithstanding the pandemic and other global disruptions, Indian trade continued to grow consistently and reached US\$ 1165 billion in 2022-23, an increase of around 51%, year on year, mainly on account of India's surging exports.

India's Merchandise Trade, US\$ billion

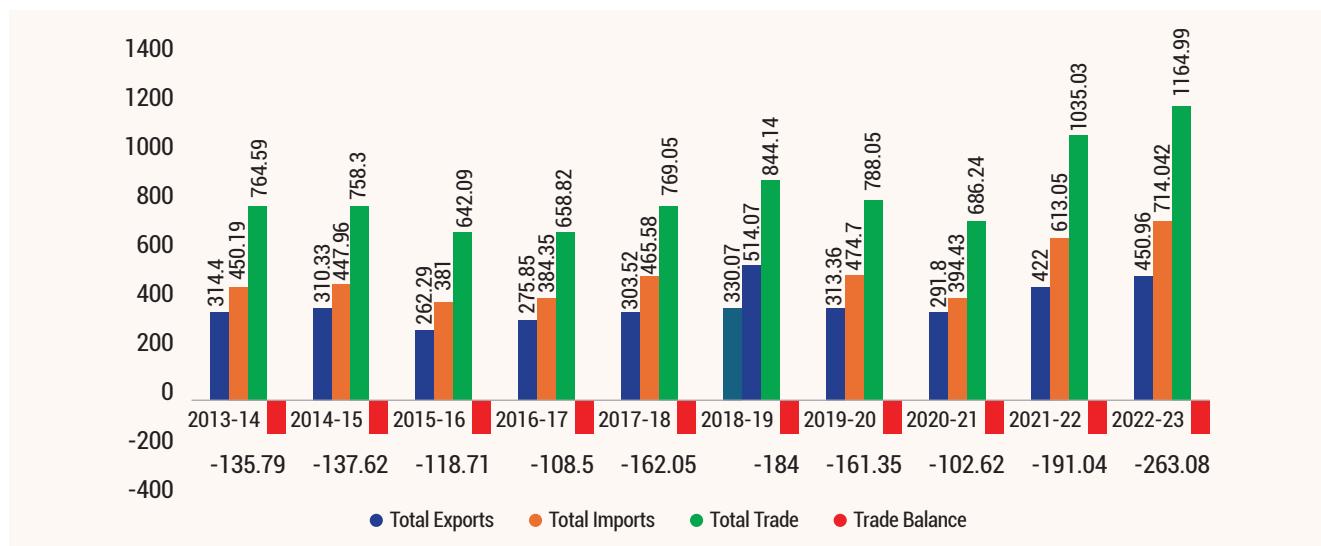


Total exports from India grew substantially over the last decade. Indian exports exhibited a robust performance even during the pandemic and exports continue to grow at a strong pace during post-pandemic period, with trade disruptions moderating and economic recovery underway.

Indian exports to the world increased from around US\$ 300 billion in 2012-13 to US\$ 451 billion in 2022-23.

Indian imports increased from US\$ 491 billion in 2012-13, moderating at US\$ 466 billion during 2017-18, before rising again in 2018-19. In 2022-23, Indian imports stood at US\$ 714 billion.

India's Merchandise Trade, 2019-20 to 2023-24 (Apr-Dec), US\$ billion



4.2 Top Exports

The top Indian exports during 2022-23 belonged to the broad HS 2-digit level categories of mineral fuels and oils (HS 27); gems and jewellery (HS 71); machinery and mechanical appliances (HS 84); iron and steel (HS 72) and organic chemicals (HS 29), among others.

India's Top 20 Exports in 2022-23 (US\$ billion)

HS Code	Commodity	Exported Value
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	101.17
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation jewellery; coin.	38.11
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	28.60
84	Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; parts thereof	27.47
29	Organic chemicals	21.37
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	21.22
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	19.76
30	Pharmaceutical products	19.86
10	Cereals	13.85
72	Iron and Steel	13.39
73	Articles of iron or steel	9.81
76	Aluminum and articles thereof.	8.85
62	Articles of apparel and clothing accessories NOT knitted or crocheted.	8.50
38	Miscellaneous chemical products.	7.87
61	Articles of apparel and clothing accessories knitted or crocheted.	7.70
39	Plastic and articles thereof.	7.64
03	Fish and crustaceans, molluscs and other aquatic invertebrates.	6.62
17	Sugars and sugar confectionery.	6.32
52	Cotton	5.66
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	5.66
40	Rubber and articles thereof.	4.68

Source: Export Import Databank, Ministry of Commerce and Industry

4.3 Top Imports

Top Indian imported items during 2022-23 featured in the categories of mineral fuels and oils (HS 27); gems and jewellery (HS 71); electrical machinery and equipment (HS 85); machinery and mechanical appliances (HS 84) and organic chemicals (HS 29).

India's Top 20 Imports in 2022-23 (US\$ billion)

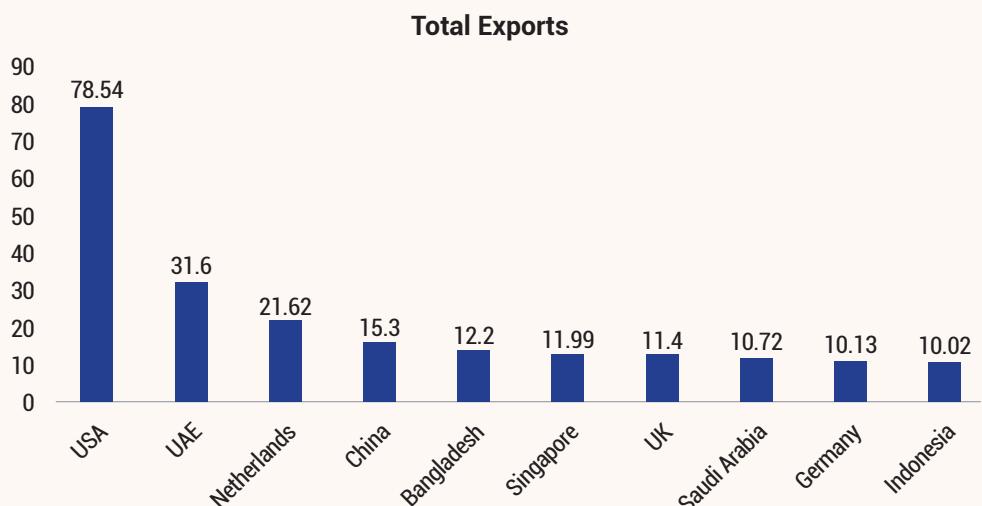
HS Code	Commodity	Exported Value
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.	260.92
71	Natural or cultured pearls, precious or semiprecious stones, precious metals, clad with precious metal and articles thereof; imitation jewellery; coin.	73.93
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts.	67.93
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof.	54.37
29	Organic chemicals	28.97
39	Plastic and articles thereof.	23.12
15	Animal or vegetable fats and oils and their cleavage products; pre. edible fats; animal or vegetable waxes.	21.12
72	Iron and steel	17.72
31	Fertilisers.	15.32
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, or radi. elem. or of isotopes.	12.84
90	Optical, photographic cinematographic measuring, checking precision, medical or surgical inst. and apparatus parts and accessories thereof;	11.67
88	Aircraft, spacecraft, and parts thereof.	9.24
38	Miscellaneous chemical products.	8.21
71	Copper and articles thereof.	7.63
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof.	7.19
76	Aluminum and articles thereof.	7.01
89	Ships, boats and floating structures.	7.00
26	Ores, slag and ash.	5.79
73	Articles of iron or steel	4.78
25	Salt; Sulphur; Earths and Stone; Plastering materials, Lime and Cement	4.71

Source: Export Import Databank, Ministry of Commerce and Industry

4.4 Top Export Destinations

The USA was India's top export destination during 2022-23, with total exports valued at US\$ 78.54 billion. UAE, Netherlands, China, and Bangladesh were India's other largest export destinations during the same period.

India's Top Export Destinations in 2022-23 (US\$ billion)

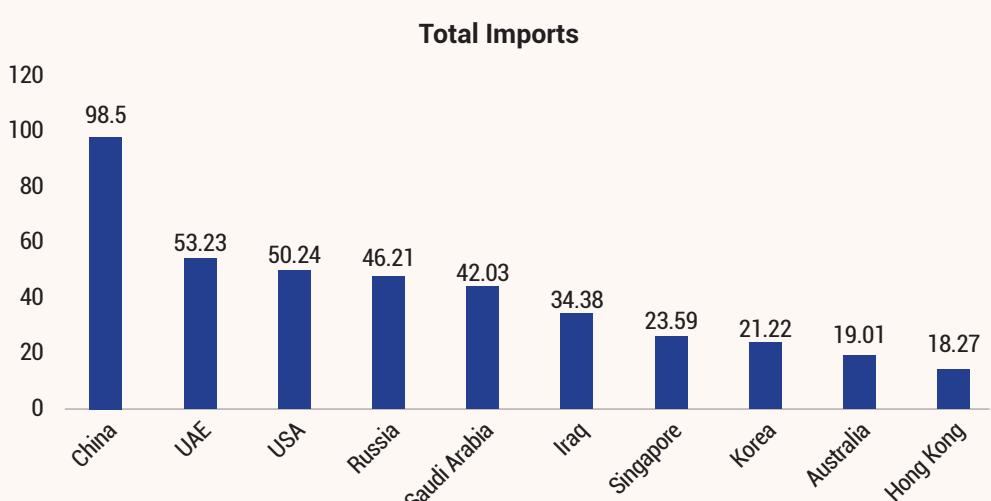


Source: Export Import Databank, Ministry of Commerce and Industry, India

4.5 Top Import Sources

China was India's largest source for imports during 2022-23, with total imports valued at US\$ 98.5 billion. Saudi Arabia was India's fifth largest import destination during the same period. The UAE, USA, Russia and Iraq were India's other significant import partners.

India's Top Import Sources in 2022-23 (US\$ billion)



Source: Export Import Databank, Ministry of Commerce and Industry, India

FTAs

As an externally oriented economy with exports of goods and services comprising almost 19% of its GDP, India has entered into a multitude of free trade agreements since 1998. These include comprehensive agreements covering trade, investments and services trade with ASEAN, Japan, South Korea, Singapore and Malaysia.

FTAs or preferential agreements are also instituted with Sri Lanka, Nepal, South Asian Association for Regional Cooperation (including

8 countries which are its neighbours), Africa, Chile, Argentina, MERCOSUR, and others. India signed an Economic Cooperation and Trade Agreement (ECTA) with Australia on April 2, 2022.

On February 18, 2022, India also signed a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE), which provides enhanced market access for India in both goods and services.





5.

European Economy Overview

The lingering impacts of the Russia-Ukraine war and tightening monetary conditions continue to weigh heavily on the European economy's growth and economic prospects. However, stringent monetary policy action has been effective in reducing inflationary pressures in the region and signs of an improved economic outlook are gradually emerging, amidst an uncertain and challenging global environment.

While the European economy is on a path of recovery, weak consumer sentiment has slowed momentum across the region including the Euro area, which grew at an estimated 0.5% in 2023 and is expected to grow at 0.9% during 2024. Some of the advanced economies in the region, including Germany (-0.3%), France (0.8%) and Italy

(0.7%) recorded less than 1% growth in economic activity during 2023 while countries such as Spain fared better (2.4%). Germany and France are projected to expand modestly at 0.5% and 1% respectively, during 2024 as per IMF World Economic Outlook (WEO) projections of January 2024.

In 2023, the UK grew at the rate of 0.5%. Growth in the UK has also stagnated in the past year as restrictive monetary action has impacted the business environment and slowed investment activity. However, going forward, the growth is expected to increase slightly at 0.6%, as private consumption slowly picks up, with the easing of the energy crisis.

World Economic Outlook Projections (% Change)

Region	Estimate 2023	Projections 2024
Euro Area	0.5	0.9
Germany	-0.3	0.5
France	0.8	1.0
Italy	0.7	0.7
Spain	2.4	1.5
United Kingdom	0.5	0.6
Emerging and Developing Europe	2.7	2.8
European Union	0.6	1.2

Source: World Economic Outlook Update, January 2024

Emerging and developing Europe recorded an overall growth of 2.7% during 2023 and is expected to grow robustly at 2.8% during 2024.

The European Union (EU) recorded a growth of 0.6% during 2023. However, as the global headwinds subside, growth in the region is expected to double as the EU is projected to grow at 1.2% in 2024, as per WEO estimates.



Trade

EU

The European Union is one of the largest trading entities in the world, accounting for 14% of global trade in goods. In 2022, its imports from the world stood at US\$ 7.3 trillion, while its exports were at US\$ 7 trillion. This was a strong recovery from the Covid period, recording 41% growth in imports and 18% in exports over the previous year.

As a result of the conflict in Ukraine and rising prices of energy, the EU experienced a trade deficit of Euro 432 billion in 2022 after a decade of positive trade balance.

Exports remained stable for the EU in January–November 2023, at Euro 2.4 trillion. However, imports declined by 16% to Euro 2.3 trillion, resulting in a positive trade balance in this period.

Germany was the largest trading nation in the EU with 28% of its exports and 20% of its imports. Italy, the Netherlands and France were the next three in rank.

It is notable that intra-EU exports stood at a level of Euro 4.2 trillion in 2022, which is significantly higher than extra-EU trade. While Germany was a major supplier and buyer of goods within the EU, other key exporters were Netherlands, Belgium, Italy and France.

Among the markets for the EU, the US topped the list of countries followed by China, UK and Switzerland. Exports to the US rose strongly in 2022 from a level of Euro 400 billion to well over Euro 500 billion.

China remained the largest import partner for the EU with robust growth from around Euro 475 billion in 2021 to approximately Euro 625 billion in 2022. The US came in second, with UK and Switzerland also in the top import countries.

The EU's imports of energy products rose by 72% in 2022, while imports of machinery & vehicles, other manufactured products and chemicals – its other top imported products – contracted over the year.

Machinery & vehicles were the region's largest exports by far, followed by other manufactured products and chemicals. The first two product groups faced declining exports in 2022, although there was a slight rise in the export of chemicals.

EFTA

The EFTA region is a strong trade player in Europe and the world, reaching close to Euro 900 billion total trade in 2022. In 2023, there was a decline in this level to Euro 783 billion. Total imports for the EFTA came in at Euro 331 billion, with Switzerland as the largest importer at Euro 232 billion.

In terms of exports, Switzerland accounted for Euro 282 billion of total EFTA exports of Euro 453 billion.

Top exports of the region include mineral fuels, pharmaceuticals, organic chemicals, machinery, and clocks and watches.

Pharmaceuticals, machinery, vehicles, electric machinery and mineral fuels are the top five import products for EFTA.

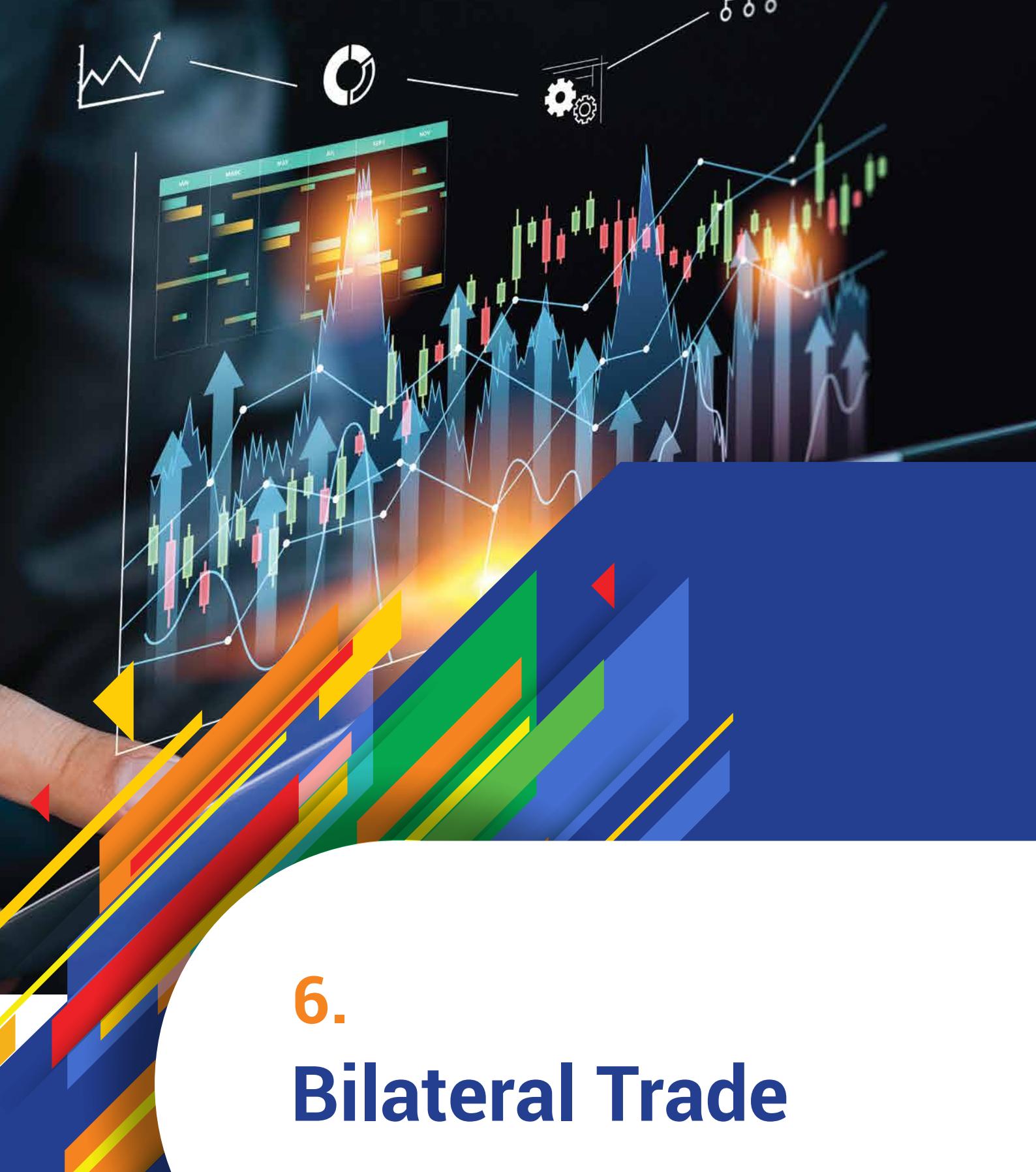
UK

The UK is the world's 13th largest exporting nation with total exports at US\$ 530 billion in 2022. Total imports came in at US\$ 816 billion during 2022.

Its major export destinations include the US, Netherlands, Germany, Ireland and China. Preferred top five import source countries for the UK were China, US, Germany, Norway and France for 2022.

The UK's imports of mineral fuels, its top import product, almost doubled over 2022 due to the rise in energy prices. Other products figuring high in its imports are machinery, vehicles, electrical machinery, and gems and jewellery products.

In terms of exports, the UK has strengths in the categories of gems and jewellery, machinery, mineral fuels, vehicles and pharmaceuticals.



6.

Bilateral Trade

India- Europe Trade

India-Europe Bilateral Trade: Last 10 Years
Bilateral trade between India and Europe has expanded significantly over the last decade, growing from US\$ 124.20 billion in 2013-14 to US\$ 175.50 billion in 2022-23. Trade flows declined briefly during the pandemic years; however, from 2021 onwards, this improved significantly and surpassed US\$ 175 billion in 2022-23. As per latest estimates from Ministry of Commerce and Industry (MOCI), Government of India, the level recorded stood at US\$ 121.86 billion during the April-November period of 2023-24.

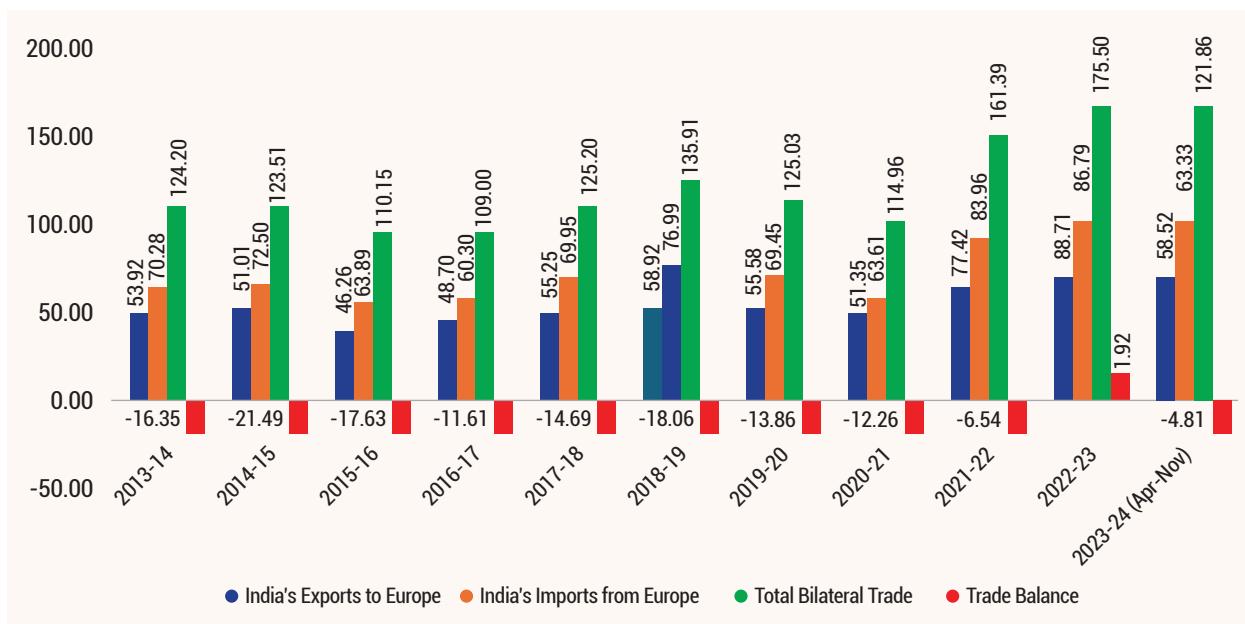
Indian exports to Europe have substantially increased over the last ten-year period, from US\$ 54 billion in 2013-14 to US\$ 59 billion in 2018-19 and further to US\$ 88.7 billion in 2022-23. During the April-November period

of 2023-24, India's exports to Europe stood at US\$ 58.52 billion.

Indian imports from Europe have risen concomitantly during the decade, from US\$ 70.28 billion in 2013-14 to US\$ 77 billion in 2018-19 and further to US\$ 87 billion in 2022-23. Imports stood at US\$ 63.33 billion during the April-November period of 2023-24, as reported by MOCI.

India's trade balance with the European region has significantly improved over the last decade. In 2013-14, India recorded a trade deficit of US\$ 16.35 billion with Europe, which came down to US\$ 6.54 billion during 2021-22. India recorded a trade surplus of US\$ 1.92 with the European economy during 2022-23.

India's Trade with Europe, US\$ billion



Source: CII calculations based on data from Ministry of Commerce and Industry, Government of India: includes EU, EFTA and other European countries

Top Commodities

India's Top Exports to Europe

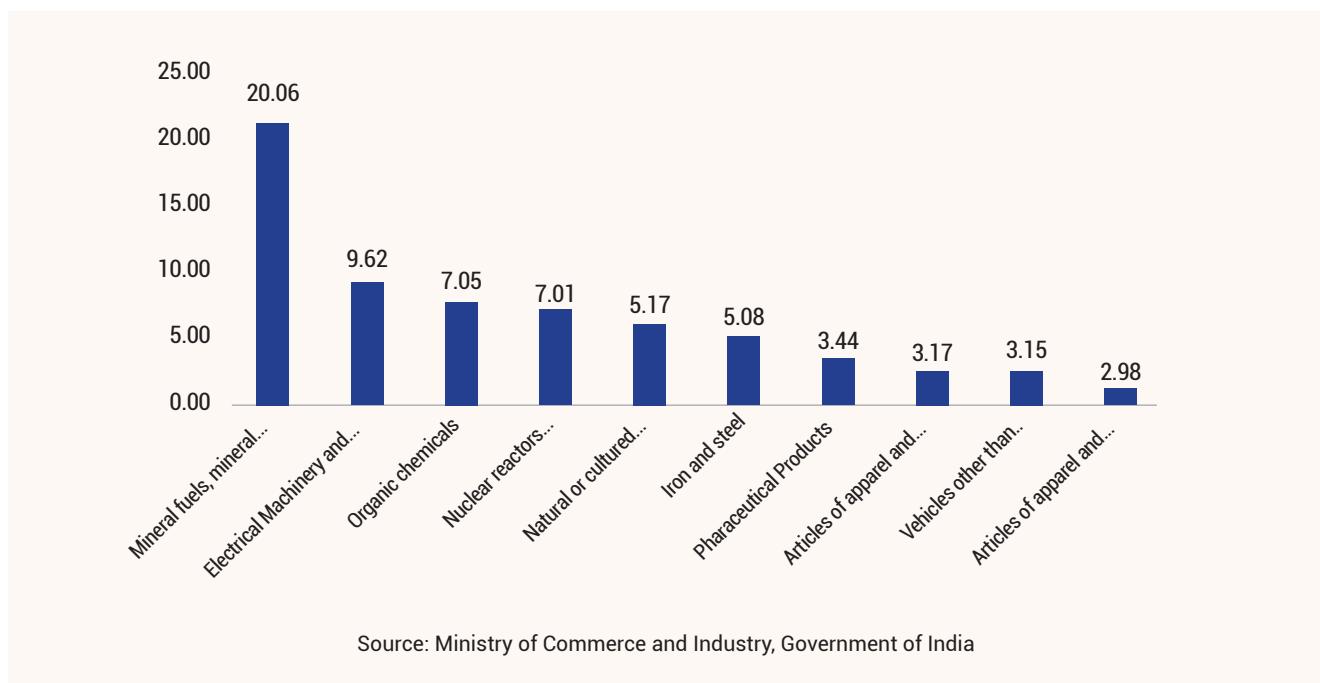
The top five exports from India to Europe in 2022-23 belonged to the broad HS 2-digit level categories of mineral fuels and oil (HS 27); electrical machinery and equipment (HS 85); organic chemicals (HS 29); machinery and mechanical appliances (HS 84) and gems and jewellery (HS 71).

Exports of mineral fuels and oil, India's top export to Europe stood at US\$ 20 billion during the year, which was around 20.4% of India's total exports to the European region.

Exports of electrical machinery and equipment, India's second largest export to Europe was recorded at US\$ 9.62 billion and accounted for about 9.8% of India's total exports to Europe.

Iron and steel (HS 72); pharmaceutical products (HS 30); apparel and clothing accessories (HS 62; HS 61) were some of India's other top exports to the region. The share of India's top ten exports to Europe in India's total exports to the European region was around 68% in 2022-23.

India's Top 10 Exports to Europe, 2022-23, US\$ billion



India's Top Imports from Europe

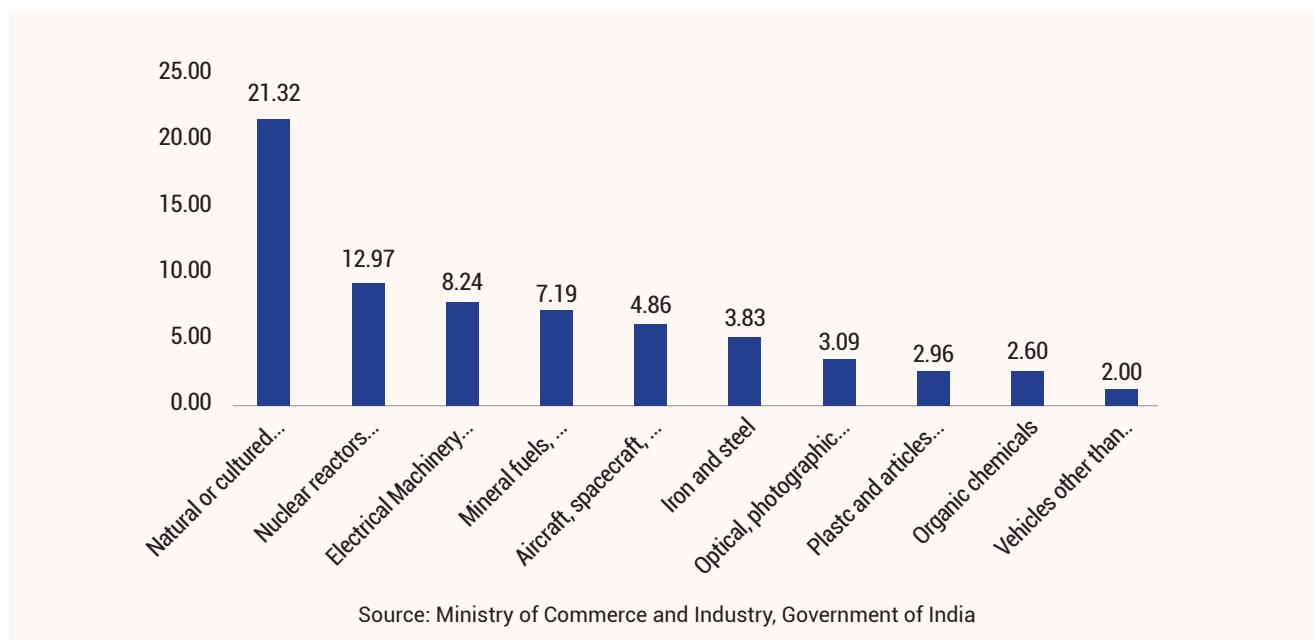
India's top five imports from Europe during 2022-23 were in the HS 2-digit level categories of gems and jewellery (HS 71); machinery and mechanical appliances (HS 84); electrical machinery and equipment (HS 85); mineral fuels and oil (HS 27) and aircraft, spacecraft and parts (HS 88).

India's imports of gems and jewellery, the top imported item from Europe, stood at US\$ 21.32 billion, accounting for around 23.43% of India's total imports from Europe. Imports of

machinery and mechanical appliances from Europe was recorded at around US\$ 13 billion during the year, which was around 14.26% of India's total imports from Europe. The share of India's top ten import items from Europe in India's total imports from the European region was around 76% in 2022-23.

Optical, photographic and medical instruments (HS 90); iron and steel (HS 72); plastic and articles thereof (HS 39) and organic chemicals (HS 29) were other top Indian imports from Europe.

India's Top 10 Imports from Europe, 2022-23, US\$ billion



India-Europe Regional Trade

This report includes 41 countries (Annex), comprising of the three regional blocs of the European Union (EU) countries, the European Free Trade Association (EFTA) and other European Economies.

EU

With a bilateral trade of US\$ 27.58 billion in 2022-23, Netherlands was India's top trade

partner among the EU economies. Netherlands was also India's top export destination in the region, with Indian exports recorded at US\$ 21.62 billion. India recorded a trade surplus of around US\$ 16 billion with Netherlands. Germany, Belgium, Italy and France were India's other top trade partners in the region as well as India's top destinations for exports.

India-EU Trade, 2022-23, US\$ billion

Country	Total Exports	Total Imports	Bilateral Trade	Trade Balance
Netherlands	21.62	5.96	27.58	15.66
Germany	10.13	16.60	26.74	-6.47
Belgium	8.86	9.18	18.04	-0.31
Italy	8.69	5.59	14.28	3.10
France	7.61	6.20	13.81	1.41
Spain	4.66	3.00	7.66	1.66
Poland	2.32	1.37	3.69	0.96
Austria	1.26	0.84	2.10	0.42

Czech Republic	1.17	0.78	1.95	0.39
Portugal	1.01	0.20	1.20	0.81
Sweden	0.96	1.73	2.69	-0.77
Denmark	0.91	0.77	1.68	0.14
Greece	0.79	1.16	1.94	-0.37
Romania	0.74	0.56	1.31	0.18
Slovenia	0.61	0.30	0.91	0.31
Ireland	0.58	3.63	4.21	-3.05
Hungary	0.58	0.31	0.88	0.27
Finland	0.53	1.49	2.02	-0.96
Lithuania	0.36	0.11	0.47	0.24
Croatia	0.34	0.12	0.46	0.22
Malta	0.31	0.05	0.36	0.26
Bulgaria	0.21	0.43	0.64	-0.22
Slovak Republic	0.19	0.07	0.26	0.12
Latvia	0.19	0.25	0.44	-0.06
Cyprus	0.08	0.12	0.20	-0.03
Estonia	0.07	0.14	0.21	-0.07
Luxembourg	0.04	0.10	0.14	-0.06
Total	74.84	61.05	135.89	13.79

Source: Ministry of Commerce and Industry, Government of India

India's total bilateral trade with the EU economies amounted to around US\$ 136 billion in 2022-23, with exports at US\$ 75 billion and imports at US\$ 61 billion. India recorded a trade surplus of around US\$ 14 billion with the region.

EFTA

Switzerland was India's top trade partner in the EFTA with India's bilateral trade at US\$ 17.14 billion during 2022-23. Switzerland is also India's top import partner in the region, with India importing around US\$16 billion worth of goods from the country during 2022-23.

India- EFTA Trade, 2022-23, US\$ billion

Country	Exports	Imports	Total Trade	Trade Balance
Switzerland	1.35	15.79	17.14	-14.45
Norway	0.57	0.94	1.51	-0.37
Iceland	0.01	0.00	0.02	0.01
Liechtenstein	-	-	-	-
Total	1.93	16.74	1.93	-14.81

Source: Ministry of Commerce and Industry, Government of India

Other European economies

Among the other European economies, UK was India's largest trading partner during 2022-23. During the year, India's total bilateral trade with UK stood at US\$ 20.37 billion, with exports at US\$ 11.41 billion and imports at US\$ 8.96 billion.

India's total bilateral trade with the other European economies stood at around US\$ 0.56 billion, with exports at US\$ 0.51 billion and imports at US\$ 0.02 billion.

India's trade with other European economies, 2022-23, US\$ billion

Country	Exports	Imports	Total Trade	Trade Balance
UK	11.41	8.96	20.37	2.44
Others*	0.51	0.02	0.56	0.48
Total	11.92	8.98	20.9	2.94

Source: Ministry of Commerce and Industry, Government of India

*(total trade figures for other European economies including Serbia, Montenegro, Macedonia, Bosnia-Herzegovina, Andorra, Moldova, Monaco and San Marino)





7. **Bilateral Investments**

Investment trends

Bilateral investments between India and European countries have been healthy in both directions and there is significant potential for further rise. In the last two years, the leading European recipient of job-creating investment from India was the United Kingdom, attracting 27% of all Indian investment in Europe, followed by Germany (20%) and the Netherlands (9%), while France, in fourth place, received 7%.

India-UK

The UK is the 6th largest investor in India, with a cumulative investment of approximately US\$ 34.5 billion between April 2000-September 2023. In the services sector, the UK is one of the largest markets in Europe for Indian IT services. According to the Grant Thornton Report 'Britain Meets India', there are 618 British companies in India, which employ around 466,640 people.

India invested in 118 projects and created 8,384 new jobs in the UK to retain the position of second-largest source of foreign direct investment (FDI) after the US, according to the Department for Business and Trade (DBT) inward investment statistics for 2022-2023.

As per the CII-Grant Thornton 'India Meets UK' Report 2023, there are 954 Indian companies operating in the UK, with combined revenues of almost £50.5 billion. Together, they paid over £944 million in corporate tax and employed 105,931 people.

India-Germany

Today, more than 1,700 German companies are active in India, providing around 400,000 direct and indirect jobs. Germany is India's largest trading partner in Europe and among India's top 10 global trade partners.

Germany is the 9th largest foreign direct investor in India with investments from 2000 to September 2023 amounting to approximately US\$ 14.4 billion. German investments in India are mainly in the sectors of transportation, electrical equipment, metallurgical industries, services sector (particularly insurance), chemicals,

construction activity, trading and automobiles.

Indian investments in Germany have also increased remarkably in the last few years.

Indian corporate entities have invested over US\$ 7 billion in Germany. There are more than 200 Indian companies operating in Germany. Sectors such as IT, automotive, pharma and biotech have received a chunk of Indian investments.

India-France

France has emerged as a major source of FDI for India with more than 1,000 French establishments in India. France is the 11th largest foreign investor in India with an overall investment of US\$ 10.76 billion from April 2000 to September 2023.

The highest FDI equity inflows are in the services sector (18.05%), with cement & gypsum products (9.29%) in the second place, followed by air transport (including air freight) (7.59%), miscellaneous industries (7.24%) and petroleum & natural gas (7.10%). These five sectors represent 49.27% of the total equity inflow from France from April 2000 to December 2022.

According to the estimates from the French Embassy in India, French companies employ around 300,000 persons in India and have a turnover of more than US\$ 20 billion and a minimum stock investment portfolio of US\$ 19 billion.

As per the Business France Annual Report 2020, which supports Indian investments in France and French investments in India, there are around 200 Indian businesses in France which employ around 6,000 people.

India-The Netherlands

The Netherlands is one of the largest European investing nations in India and a vital source of FDI. In 2022-23, it was the fifth largest foreign investor in India at FDI estimated at US\$ 2.5 billion, with about 300 Dutch companies operational.

In cumulative terms, from April 2000 to June 2023, the Netherlands was the fourth largest investor in India, comprising 7% of overall investment with inflow of US\$ 45.7.

Similarly, the country is a preferred destination for Indian companies which have invested a cumulative US\$ 24.6 billion between April 2000 and December 2023.

The Netherlands ranks 4th in overseas direct investments by Indian companies after Singapore, Mauritius and the US.

About 300 Indian companies are proactively present in The Netherlands, cutting across sectors such as IT, steel, pharmaceuticals, engineering and others.

India-Spain

Spain is the 16th largest investor in India with cumulative FDI stock of US\$ 3.93 billion [April 2000 – September 2023]. There are more than 280 Spanish companies in India mainly in the sectors of metallurgical industries, renewable energy, automotive, ceramics and infrastructure (highways, transmission lines, tunnels and metro stations). Maharashtra, Tamil Nadu, Gujarat, Andhra Pradesh and Karnataka are the major destinations for Spanish investments in India.

There are about 70 Indian companies in Spain mainly in software & IT services, pharmaceuticals, chemicals and logistics. India is among the top 30 investors in Spain globally and among the top 5 from Asia.

India-Norway

The overall Indo-Norwegian cooperation covers wide areas such as energy and climate change, environment and biodiversity, clean technologies, geo-hazards, health, gender, local governance, culture and business.

There has been growth in economic and commercial relations between India and

Norway in recent years, especially in areas such as oil and gas, shipping and maritime industries, renewable energy, offshore projects and service sectors. However, the current level of bilateral trade is not a true reflection of the size of the economies and the potential that exists between the two countries.

More than 105 Norwegian countries have set up offices in India and some 50 more are working through representatives in the country.

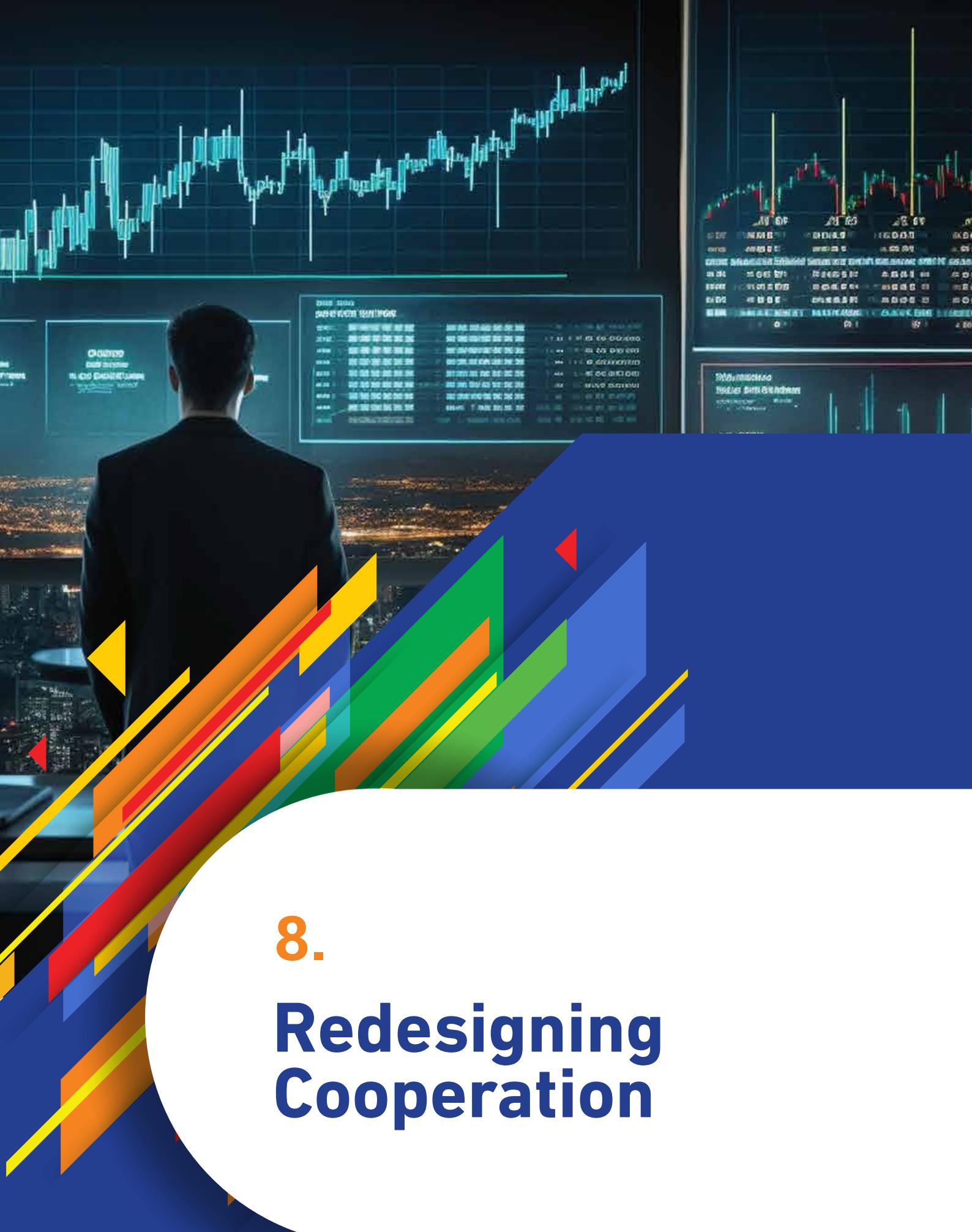
The Norwegian Sovereign Wealth Fund has a strong presence in India with total investments at about US\$ 841 million in 2023. The two countries are seeking to expand ties in maritime sector, energy, climate and environment and research, high education and global health, apart from business cooperation, as per the Norwegian India Strategy launched in December 2018.

India-Switzerland

The country is the 12th largest investor in India with US\$ 9.93 billion FDI in the country between April 2000 and September 2023. Switzerland has emerged as one of India's principal partners in Europe.

The success of some of the Swiss companies in India demonstrates that the two economies are complementary. Switzerland is known in the world for its manufacturing technologies and financial services, while India has to its advantage a large domestic market and one of the largest pools of skilled manpower at a competitive cost.

The business collaboration between Swiss and Indian companies has been growing robustly for a long time. Swiss companies have been actively participating in providing modern technologies and high-tech products to various industrial sectors in India for a long time. This is evident from the fact that now around 250 Swiss companies have their joint ventures or subsidiaries in India.



8.

Redesigning Cooperation

Growth and Sustainability

Trade and investment are key pillars of bilateral partnership. Over the years, the India-EU Summit process has facilitated trade and investments for inclusive and sustainable growth. The Leaders Meeting held in May 2021 agreed to resume negotiations for a balanced, ambitious, comprehensive and beneficial trade agreement and find solutions to market access issues. It was also agreed to commence negotiations on a standalone investment protection agreement and an agreement on geographical indications.

The India EU Trade and Technology Council was a landmark initiative launched in April 2022. The TTC encompasses three working groups, including on Green and Clean Energy Technologies, Strategic Technologies and Trade, Investment and Resilient Value Chains. The Council signifies the importance accorded by both sides to clean and green growth through joint efforts.

The first ministerial meeting of the TTC was held in May 2023 in Brussels. Cooperation in quantum and high performance computing R&D projects, AI, semiconductors and digital public infrastructure were taken up under the working group on strategic technologies.

In the working group on green and clean energy technologies, the two sides discussed cooperation on research and innovation for new and sustainable technology commercialization. Waste water management, recycling of batteries for e-vehicles and standards along with strengthening the role of startups and building skills and capacity were taken up.

The working group on trade, investment and resilient value chains agreed to resolve market access issues and intensify cooperation on carbon border measures.

Sustainability

India has set ambitious targets for climate change mitigation as per its nationally determined commitments. It has committed to reaching a carbon-neutral target by 2070.

India aims to decrease the carbon intensity of its economy by over 45% by the close of the decade and attain a cumulative 50% of electric power generation from renewable sources by 2030.

India and the EU commenced climate change cooperation with the India-EU Initiative on Clean Development and Climate Change in 2005. The EU Strategy on India of 2018 had a high focus on sustainable development while the Roadmap to 2025 announced at the 15th India-EU Summit also accorded high attention to climate change, clean energy and the environment.

The EU has been working with India on over 80 projects including technical assistance to solar parks across Indian states.

The European Investment Bank is planning to invest in green hydrogen in India. Similarly, EU member countries have separately also undertaken sustainability projects in India.





Green Energy

Energy transition is gaining momentum due to the growing integration of renewable energy sources, the advent of electrification and advancements in energy storage.

India aims to develop 500 GW of renewable energy capacity by 2030 and has already completed 180 GW (as of December 2023), including hydropower. Currently, the country stands 4th globally in renewable energy installed capacity. It has also set a high target of producing five million tonnes of green hydrogen by 2030.

One of the key aspirations for India is to expand international cooperation for meeting the targets as per the climate change imperatives. Accordingly, India along with France had initiated the International Solar Alliance as a global platform for solar energy cooperation.

The cost of solar and wind power has fallen drastically in some European countries. The EU and India established the EU-India Clean Energy and Climate Partnership (CECP), which promotes access to and dissemination of clean energy and climate-friendly technologies, and

encourages research and the development of innovative solutions.

Current areas of collaboration include activities in offshore wind energy, rooftop solar and solar parks, integration of renewable energy and storage, smart grids, biofuels and research and innovation solutions..

Energy efficiency in buildings, energy efficient technologies and capacity building are some other areas of potential cooperation.

Green Financing

Green finance is becoming more and more central in global financing. The momentum of green finance is on the rise within the Indian economy, serving as a pivotal instrument for transitioning towards achieving net zero emissions.

In response to the Government's emphasis on sustainable development and the growing demand from businesses and investors to bolster their sustainability profiles, the Reserve Bank of India has implemented directives for banks and non-bank financial companies (NBFCs) to embrace "green deposits". The objective is to guarantee that funds are directed towards initiatives supporting energy efficiency, clean transportation, climate change adaptation, sustainable water and waste management, and green buildings, as well as terrestrial and aquatic biodiversity conservation.

Key initiatives such as green bonds, carbon pricing and sustainable investment strategies are actively propelling the transition towards a more environmentally conscious economy in India.

The dominance of Europe is well-known since green finance was essentially developed within European centres. Green bonds and sustainable infrastructure finance are popular in European countries.

European Union legislators endorsed fresh guidelines for firms issuing "green" bonds, aiming to assist investors in identifying sustainable enterprises and preventing deceptive climate-friendly assertions or greenwashing. The European Parliament gave its approval to a novel voluntary standard,

introducing the "European Green Bond" label, heralded as a pioneering initiative globally. In 2021, Europe, as the foremost global issuer of green bonds, contributed to over half of the total global volume. Public-private partnerships among countries would promote green financing further.

The European Investment Bank (EIB) is involved in numerous initiatives providing financial assistance to various states and cities in India. Notably, the EIB is strategically considering investments in the Indian green hydrogen sector. In February 2023, the EIB became a member of the India Hydrogen Alliance, a significant industry coalition, and declared its commitment to allocate EUR 1 billion for specific projects related to Green hydrogen in India.

Future of Mobility

The trajectory of the Indian transportation industry will be shaped by innovative changes driven by disruptive technologies rooted in intelligent transport systems, guided by Industry 4.0 principles. These transformations encompass a spectrum of advancements, ranging from hyperloop technology to the integration of autonomous and remotely piloted vehicles, all empowered by data analytics, the Internet of Things (IoT) and artificial intelligence.

Electric mobility, biofuel-driven solutions and vehicles powered by hydrogen are positioned to lead this transformation. In alignment with this, the Indian Government has set an ambitious target, aiming for electric vehicles to constitute 30% of new sales in both cars and two-wheelers by the year 2030.

Positioned to emerge as an innovation powerhouse in the mobility sector, the country has the potential to shape the future of automotive technology. Original Equipment Manufacturers (OEMs) are increasingly prioritizing software integration as a pivotal element of their strategic initiatives. The Government's National Electric Mobility Mission Plan (NEMMP) aims to increase the number of electric vehicles (EVs) in India by 2030. The plan's targets include:

- 30% of newly registered private cars will be electric by 2030
- 40% of buses will be electric by 2030
- 70% of commercial cars will be electric by 2030
- 80% of 2-wheelers and 3-wheelers will be electric by 2030
- 400 million customers will use EVs by 2030
- 3.9 million public and semi-public charging stations will be available, with one station per 20 vehicles

Under FAME II, the Indian Government offers a 15% subsidy per unit of electric vehicles with a maximum subsidy of 40% of the vehicle's cost. Tax exemption applies to buyers on interest paid on loans taken for EV purchase, along with other tax exemptions.

India has crossed 1 million unit sales of EVs and this is set to go up exponentially in coming years.

The European mobility scene is increasingly characterized by a well-coordinated and efficient multimodal transport system. The commitment to sustainability is evident through extensive recharging and refueling infrastructure for zero-emission vehicles, as well as the supply of renewable and low-carbon fuels.

Europe is one of the largest markets for electric vehicles with a growing share of sales of EVs. Europe has also been expanding its public charging network. To drive this progress towards a clean economy, the EU has brought out a Sustainable and Smart Mobility Strategy for transformation of the EU transport system. European cities are embracing cleaner and more active mobility practices, contributing to the overall health and well-being of their citizens. These solutions are indispensable in various sectors, including supply chain, logistics and travel.

It is imperative for the two sides to ensure that emerging technologies contribute to a cleaner and more equitable future of transportation, moving away from the current car-centric model.



Digital Transformation

Digital transformation stands as the ultimate revolution in both business and society throughout the 21st century.

India's digital transformation has fundamentally altered lifestyles, propelling economic expansion, and restructuring societal mechanisms. Industries such as finance, technology, and consumer sectors have embraced this transformation. The governmental entities also have been very proactive in adopting technologies capable of revolutionizing their service provision in India.

Governments and other users have the freedom to adopt and adapt digital public goods. Utilizing successfully implemented digital public goods from other countries can lead to resource savings and expedite the process of piloting and implementation. As open-source software, Digital Public Goods (DPG) are freely available for all governments, and others, to use, customize and adapt for their own digital public infrastructure.

Other examples include the distribution of welfare measures through DPG platforms, use of DPG for financial technologies, and health apps.

Fair, inclusive, open and trusted digital public services are major drivers for successfully digitalising European society and economy. Digital and interoperable public services are instrumental for the European countries to stay resilient, competitive and innovative.

Promoting and investing in the development of digital public goods, encompassing open-source software, open data, open artificial intelligence models, open standards, and open content is crucial for realizing the Sustainable Development Goals (SDGs).

It is essential that digital public goods adhere to privacy regulations and other relevant laws, standards and best practices. DPG can be tailored to enhance the delivery of services across the public sector – in areas such as health, education, social services and payments.

Industry 5.0

The European Commission has advocated a new development model termed Industry 5.0, emphasising collaboration between humans and machines for tasks demanding creativity, intricate decision-making and emotional skills. India, with its abundant supply of highly skilled engineers, scientists and technical professionals, is poised to take a pivotal role in driving the Industry 5.0 revolution. The country has demonstrated notable progress in information technology, providing a solid foundation for India to harness its capabilities and emerge as a frontrunner in Industry 5.0.

The Indian Government has introduced numerous initiatives to encourage the integration of advanced technologies within the manufacturing sector. The Make in India initiative, for instance, seeks to elevate the country's manufacturing capabilities and position it as a global centre for cutting-edge, high-quality production. Additionally, the Government is actively endorsing the creation of smart cities, leveraging advanced technologies to improve citizens' quality of life and foster sustainable growth.

The startup ecosystem in India is a crucial catalyst for innovation in Industry 5.0. Numerous Indian startups are at the forefront of developing cutting-edge technologies, including

AI, robotics, and IoT, with the aim of enhancing manufacturing processes, boosting productivity and lowering operational costs.

These startups are garnering substantial investments from both domestic and international investors, underscoring the sector's promising potential for expansion.

Together, India and Europe can collaborate to integrate advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT), robotics, and data analytics into industrial processes. This integration is essential for achieving the goals of Industry 5.0.

This collaboration extends to skill development and workforce training programs to equip individuals with the necessary skills for Industry 5.0. This includes training in digital technologies, automation and advanced manufacturing techniques.

Trade agreements

India has consistently viewed Free Trade Agreements (FTAs) as strategic tools to enhance trade and investment. Aiming for a total trade target of US\$ 2 trillion by 2030, India has been actively negotiating FTAs, including with the European Union (EU).

India's focus on FTAs presents an opportunity for significant growth in cross-border trade. This is significant as India and Europe are both working on developing resilient global supply chains that are balanced and diversified. India has recently signed trade agreements with Mauritius, the UAE and Australia and is in negotiations over several others.

India EU FTA

The negotiations for the India-EU FTA were initially launched in 2007 but in 2013 they were put on hold. In 2020, India and the EU announced their decision to resume the negotiations on the FTA. Eventually, on 17 June 2022, the EU relaunched negotiations with India for a Free Trade Agreement.

Simultaneously, separate negotiations for an Investment Protection Agreement and Agreement on Geographical Indications (GIs) were also initiated. Six rounds of negotiations

have taken place for the India EU FTA, the seventh round will take place in February 2024.

India EFTA trade negotiations

Negotiations on a broad-based Trade and Investment Agreement between the EFTA States and India were officially launched in January 2008. 13 rounds of negotiations were held until 2013. The 21st round of negotiations for the EFTA TEPA was held in Delhi between January 8 - 13, 2024, which mainly focused on areas of trade in services, rules of origin, trade facilitation, investment promotion and cooperation, intellectual property rights, and trade and sustainable development.

India UK FTA

The India-UK free trade agreement negotiations, launched in January 2022 under the ambitious Roadmap 2030 by the Prime Ministers of the two countries. Currently, the 14th round of negotiations is underway between UK and India to close the remaining issues of business mobility, rules of origin, whiskey, automobiles, pharmaceuticals, and a separate agreement to enhance bilateral investments.

Maritime and Blue Economy

During India's G20 presidency, the country emphasized its commitment to a resilient and sustainable blue economy and maritime sector. The concept of a 'blue economy' involves the responsible utilization of ocean resources for economic growth, job creation, and improved livelihoods while preserving the health of the ocean ecosystem, aligning with the three pillars of sustainability: environmental, economic, and social. India's blue economy currently contributes around 4% to the GDP, with a vast coastline of 7,517 km supporting approximately 4 million fisherfolk, making it the second-largest fish-producing nation globally. India actively participates in global discussions on the blue economy, engaging in forums such as the G20 and the Global Maritime India Summit. The focus is on developing green ports, sustainable infrastructure, cruise tourism, and attracting global investments. India aims to enhance its role in the shipping industry, particularly as a hub for ship repair and maintenance, bringing potential economic and geopolitical advantages. Recent policies, including the Deep Ocean

Mission (2021) and the Maritime India Vision 2030, demonstrate India's commitment to accelerating the growth of its maritime sector in a sustainable and environmentally friendly manner.

Recognising the importance of transitioning to a blue economy, various countries have implemented national ocean policies with defined goals and allocated budgets. India, in particular, has established substantial cooperation with France in this sector, prioritizing the blue economy in their economic exchanges. The collaboration between India and France aims to make the blue economy a catalyst for societal progress while upholding environmental conservation and marine biodiversity.

Defence

India stands as one of the world's formidable military forces, holding a strategic significance for its Government. The nation's defence manufacturing industry is a vital component of its economy, consistently ranking among the top importers of defence equipment globally over the past five years. In a bid to modernize its armed forces and reduce external dependence, the Indian Government has initiated several 'Make in India' activities, supported by policy measures.

The Union Budget 2022-23 earmarked 25% of the defence R&D budget for private industry and startups, fostering innovation in defence technologies within India. Meanwhile, the European Defence Market is projected to grow from US\$ 10.45 billion in 2024 to US\$ 12.80 billion by 2029, fuelled by increased defence expenditure and the demand for advanced weaponry to enhance regional defence capabilities.

The multifaceted collaboration between India and Europe in the defence sector spans defence trade, technology transfer, joint military exercises, strategic dialogues and research collaborations. The evolving global security landscape continues to drive the deepening of this partnership.

India and France have outlined a new roadmap,

focusing on joint designing and production in areas such as air, space, maritime, land warfare, robotics and artificial intelligence. This partnership aims to bolster defence cooperation between the two nations.

India and Germany's strategic partnership, established in 2000 and strengthened through inter-governmental consultations since 2011, holds vast potential. Opportunities in the defence production sector include German investments in India's defence industrial corridors in Uttar Pradesh and Tamil Nadu. Additionally, Indian participation in the supply chains of the German defence industry could contribute to supply chain resilience, creating a more symbiotic relationship. The collaboration could leverage India's skilled workforce and cost competitiveness along with Germany's high technologies and investment, fostering shared goals and complementarity of strengths.



Circular Economy

India is asserting its global leadership in championing and implementing circular economy principles, contributing to sustainable development and economic growth in the Global South. With a steadfast commitment to resource efficiency, waste reduction and the establishment of a circular economy ecosystem, India is making significant advancements towards a more sustainable and inclusive future. The objective is not only to address the environmental crisis but also to generate employment opportunities across key sectors and enhance the economy's overall value. Projections suggest that by 2050, India's circular economy could be valued at US\$2 trillion, generating close to 10 million jobs. To realize this vision, the Indian Government has actively formulated policies and incentivizing projects, including the National Solar Mission, initiatives to control plastic pollution and waste, the National Electric Mobility Mission Plan and the National Circular Economy Strategy and Action Plan, among others.

In Europe, adopting circular economy principles is seen not only as an environmental and social benefit but also as an opportunity to achieve a net economic benefit of €1.8 trillion by 2030.

The European Union, through the Green Deal, is leading the transition towards a circular economy. This approach ensures that resources stay within production and consumption systems, maximizing their value and longevity. Europe employs innovative business models guided by the European Green Deal and the Second Circular Economy Action Plan.

Collaboration between India and Europe is crucial in propelling the world towards a sustainable circular economy, with India serving as a prominent partner in the global transition. Europe can enhance its involvement through bilateral and global initiatives, such as the EU-India Trade and Technology Council. International cooperation on research, technological development, and innovation is essential for achieving a transition to more resource and energy-efficient circular economies, with a specific emphasis on collaboration between Europe and India. Strategic exchanges on best practices and

available technologies, particularly digital technologies, are vital in key areas such as building and construction, food, garment and textiles, the mobility sector, Information and Communication Technology (ICT), renewable energy, circular business and service models, sustainable public procurement, and waste management. This includes a focus on construction and demolition waste, electric and electronic waste, plastics and marine litter, as well as cooperation on ship recycling.

Skilling and Capacity Building

With India being home to one of the youngest populations globally, with a median age of 28, there exists an opportunity to leverage this demographic dividend by cultivating a workforce equipped with employable skills aligned with industry needs. India not only acknowledges the potential of its young workforce but also grapples with the challenges inherent in upskilling such a vast population.

The recent years have witnessed a significant transformation in India's skilling landscape. The Central Government has positioned upskilling as a cornerstone of the Indian economy. Notable programs include the Pradhan Mantri Kaushal Vikas Yojana, Jan Shikshan Sansthan and the National Apprenticeship Promotion Scheme-2 (NAPS-2), among others.

India's National Policy for Skill Development & Entrepreneurship aims to address skill development challenges by bridging gaps, enhancing industry engagement, establishing a quality assurance framework, leveraging technology and expanding apprenticeship opportunities.

Prioritizing equity, the policy focuses on marginalized groups, emphasizing skill development and entrepreneurship for women. In the entrepreneurial sphere, the policy facilitates education for potential entrepreneurs, mentorship, innovation, ease of doing business and promotes social entrepreneurship.

India and Germany have strengthened their partnership on the skills agenda. To propel

economic growth by empowering the youth with the right skills and providing them the access to right opportunities, Indo-German joint working group encouraged Vocational Education and Training (VET).

The European industry stands as a significant driver in the ongoing economic and societal transitions worldwide. While Europe possesses the world's most competitive workforce, the green and digital transitions necessitate continuous investments in re-skilling and upskilling. To adapt to a constantly changing environment, labour markets and education systems need updating.

The technological overhaul has resulted in the emergence of new job types requiring specialized skill sets. Higher-end jobs now demand more 'human' skills such as networking, creativity and problem-solving. To establish a robust skilling ecosystem, India must align its skilling policies and standards with global benchmarks, facilitating skills recognition and mobility across sectors and countries. Regions like Europe have successfully implemented the dual education system, combining classroom learning with practical apprenticeships. By adopting a similar approach, India can create pathways for learners to acquire both theoretical knowledge and practical skills, enhancing their employability and global competitiveness.



CII's Major Initiatives with Europe

**CII India-Europe
Business and
Sustainability
Conclave**

**CII India-Nordic
Baltic Business
Conclave**

**Indo-French
CEOs Forum**

**India-Sweden
Business Leaders
Roundtable**

**India-UK
CEOs Forum**

**India-Italy
Leadership
Dialogue**

**Indo-German
Consultation
Meeting**

Conclusion

Historically, India and European countries have engaged in trade and commerce. There exists a huge potential for cooperation and collaboration between India and European countries in various sectors. Given the changing geopolitical world order, trade and investment engagement is central to the future of both sides.

In a complex international environment, work towards balanced, ambitious and mutually-beneficial trade and investment agreements is of paramount importance. Both sides need to take decisive measures to boost trade and investment, with a specific focus on engaging sub-national entities and supporting small and medium enterprises.

India and European nations are cultivating a robust and expansive relationship spanning economic, technological and political realms, poised to serve as a pillar of stability in an ever-changing global landscape.

Both India and Europe are committed to addressing climate change and achieving

sustainable development. Collaboration in areas such as renewable energy, clean technology and environmental conservation is crucial for global efforts to combat climate change.

The partnership between India and European countries has evolved beyond trade and investment, now encompassing global concerns like climate change, sustainability, technological advancements, energy, education and healthcare.

The much awaited-free trade agreement (FTA) between India and the European Union would certainly bring in a new lease of life as far as trade and investments are concerned between the two sides. The FTA deal would provide a level playing field for both the sides.

The current edition of the CII India-Europe Business and Sustainability Conclave will chart the future path of cooperation between India and the European countries in sustainable development, energy and climate change-related issues along with trade facilitation.

Annex

EU Countries

Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania

Slovak Republic

Slovenia

Spain

Sweden

EFTA

Iceland
Liechtenstein
Norway
Switzerland

Other European Countries

Albania
Andorra
Bosnia-Herzegovina
Macedonia
Moldova
Monaco
Montenegro
San Marino
Serbia
UK



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 286 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

As India strategizes for the next 25 years to India@100, Indian industry must scale the competitiveness ladder to drive growth. It must also internalize the tenets of sustainability and climate action and accelerate its globalisation journey for leadership in a changing world. The role played by Indian industry will be central to the country's progress and success as a nation. CII, with the Theme for 2023-24 as 'Towards a Competitive and Sustainable India@100: Growth, Livelihood, Globalisation, Building Trust' has prioritized 6 action themes that will catalyze the journey of the country towards the vision of India@100.

With 65 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 350 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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