



Federation of European Business in India (FEBI)

Vision Document

January 2023

Federation of European Business in India (FEBI): Vision Document

Economic context

India saw its trade with the EU rise from \$88 billion in 2021 to more than \$116 billion in 2022, making the EU India's second largest trading partner. The EU in turn exported in excess of \$50 billion of goods and services to India in the same period, but that still only makes India the EU's tenth largest trading partner, much behind China and the United States, which account for 16.1% and 14.7% of European exports respectively.

The EU and India are potentially on the cusp of a golden age of trade. The potential to increase and *deepen* bilateral trade beyond the traditional confines of commodities or low-value add products from India to Europe and select capital goods from Europe to India is tremendous. The potential to *broaden* the scope of trade is tremendous, to drive trade from all of India's 29 states to all of the EU's 27 member states, and vice versa.

With the rapid development taking place in India and the hunger for products and services that make it easier for Indian companies to grow their businesses there is ample opportunity for European companies to sell the products and services to their Indian counterparts that will help in that growth: machines, ingredients, components and even processes. With Indian companies steadily climbing up the value chain in terms of the quality of products being produced, as has already been evidenced in the automotive and IT sectors over the past two decades and is now beginning to play out in the electronics sector, there is huge scope for Indian companies to become an integral part of the extended supply chains of European companies, serving them and their ultimate customers.

Business process outsourcing to India is on the rise, with an increase in the amount of value being added through business analytics and AI. The fact that India will be a \$5 trillion economy and will in what remains of this decade take its place as the fourth largest economy in the world only makes India even more attractive to European businesses.

Realising the potential of trade requires putting in place legal and business structures that facilitate and support businesses in the conduct of business that clearly demarcate what can and cannot be done without unnecessarily obstructing business itself, as well as help businesses to address (unexpected) changes to legislation.

Commercial imperative

It has been acknowledged by a number of the European missions in India for some time now that there has not been a comprehensive trade body in place that can claim to speak on behalf of many if not all of the 4,500 European businesses in India, who collectively employ more than 1.5 million people in the country and have an investment stock of more than €87 billion as of 2020. Having such a trade body, a federation of businesses and chambers if you will, would make it easier for diplomats

and legislators on both sides of the table, the Indian and the EU, to sound out the business community with regards to existing or impending policies and to design them in such a way that they do in fact facilitate rather than obstruct business.

This need to seek the opinion of the business community at large is particularly relevant now that the EU and India have re-embarked on their mission to come to a Free Trade Agreement and an Investment Protection Agreement between both entities, one that is rumoured in its intent to be much 'broader and more ambitious' than any of the recently concluded trade and investment agreements by India.

It has been mooted therefore to establish in India a Federation of European businesses in India (FEBI).

Tasks for the Federation

In the short term the federation can and will of course provide input to the free trade negotiators on both sides of the table with the aim of helping to accelerate the conclusion of such an agreement. The long-term objectives of this federation are much broader however, and it should have as its ambition to facilitate and guide two-way commercial traffic between India and the EU for decades and centuries to come.

With that in mind, the following objectives can be listed:

Proposed Vision:

- To be the unified, independent, and influential voice of European Business in India
- To be an organisation that in alignment with the affiliated national chambers of commerce across India supports EU companies across all industries and services, delivering value to its members

Proposed Mission Statement:

As a member-based organisation, the Federation of European Business in India seeks to:

1. Promote ease of doing business in India for EU-based companies and their subsidiaries/controlled ventures in India, within the guardrails agreed between EU Members States Missions and EU Delegation, providing an opportunity for EU companies to speak with a unified voice in India

The specific areas that deserve attention under the banner of 'ease of doing business' include:

- Taxation and Customs
- Labour Laws
- Protection of intellectual property
- Tariff setting mechanisms for infrastructural projects
- (Central) banking rules and regulations affecting the cross-border transfer of funds

- Transparency with regards to norms for tendering for projects involving large capital expenditures
 - Alignment of local standards to global standards across domains such as food standards, health standards, material norms, construction standards, educational qualifications, etc.
2. Act as a responsible discussion partner for senior public sector officials of the European Union as well as the Government of India, highlighting to them the perspective of businesses as it pertains to policies and legislation
 3. Enable specific industry and service sectors to conduct fair and equitable business through policy advocacy and engagement on sectoral policy frameworks while highlighting those regulatory frameworks that unnecessarily impede the smooth conduct of business.
Industries that come to mind include
 - machinery
 - aerospace & defense
 - transportation and logistics
 - chemicals, pharmaceuticals, med-tech
 - health and life sciences
 - renewable energy
 - ICT and digital products
 - finance and insurance
 - retail
 - education
 4. Identify areas in which European and India companies could collaborate for mutual benefit, from a sectoral perspective but also from a geographic perspective, to further free trade and a conducive regulatory framework.
 5. Organise and structure an active exchange of information among members and stakeholders on regulatory and policy issues that hinder the ease of doing business
 6. Bring specific information on ease of doing business in India to the attention of its members
 7. Update its members on economic trends and (impending) legislation in India

Our principles

- We are an independent, non-profit organisation governed by our members.
- We work for the benefit of European business as a whole.
- We operate as a single, networked organisation across India.
- We maintain close, constructive relations with the Indian and European authorities while retaining our independence.

- We seek the broadest possible representation of European business in India within our membership: large, medium and small enterprises from all business sectors and European Member States throughout India, as well as national chambers of commerce.
- We operate in accordance with the prevailing laws and regulations of the Government of India as well as those of individual states of the Union of India.
- We treat all our members, business partners and employees with fairness and integrity and always endeavour to be good corporate citizens.

Our values

- Member focused and driven
- Trustworthy
- Fact based

Proposed activities of the Federation

In order to give substance to the broad objectives listed above the Federation should in the course of its daily duties focus on a number of specific activities:

1. Publish an annual position paper covering key sectors and detailing those areas that specifically impede the ease of doing business; recommend specific and practical areas of improvement
2. Publish a number of white papers a year focusing on policy areas of interest for one or several sectors
3. Maintain and disseminate a map of EU investments in India (100% subsidiaries, Joint Ventures, Rep/Project Offices and Branches), by geography and sectors
4. Promote sectoral exchanges and dialogues that feed into policy frameworks to maximise the ease of doing business in key sectors for European businesses
5. Promote the pan- European dimension of the organisation through structured interaction with European business groups and associations/European Chambers in other markets so as to form a consolidated voice when necessary
6. Identify synergies, and share learning and best practice with a view to expand the potential of EU-India ease of doing business and improved business climate
7. Interact with European trade representatives to provide them with insights on improvement areas from an ease of doing business perspective and with a view to expanding EU - India trade as a whole by making recommendations with respect to the regulatory framework
8. Make representations to senior Indian government officials to present insights gleaned from European businesses
9. Ask senior Indian government officials for their observations with regards to the underlying momentum of Indo - European trade, and possible areas of improvement
10. The chamber should have at its disposal multiple instruments to help shape public and private opinion in favour of greater EU - India trade. These instruments can include closed door discussions as well as publicly accessible seminars and occasional larger-scale events aimed at

bringing together senior Indian and European government officials as well representatives of European businesses in India, in addition to the publishing of white papers and reports

DNA of the proposed Federation and its team

The European chambers of commerce in countries such as Japan, South Korea and China have developed into respected discussion partners for officials in their host country as well as in the European Union. The position papers that they put out are documents that command respect and most importantly elicit specific follow up from regulatory authorities and legislators alike. They are invited for discussions by the governments in their host country as well as the senior-most officials in Europe.

The position of the chambers has been hard fought and has in some cases taken decades to achieve, but the chambers in Asia have in common that they all were established with a significant amount of ambition. It is for this reason that it is argued that the Federation in India be established with the requisite amount of heft to deliver on the short-, mid-term and long-term ambitions listed above.

The Secretary General of the Federation should be viewed as a respected discussion partner of business and government leaders alike. She / he should be able to set up a small staff from the very start and build that out as time goes on. The Secretary General should be assured that the Federation is sufficiently funded for the first years of its existence.

The secretariat of the Federation should be supported by a board that is a good cross-section of large, mid-sized and small businesses in India and the national chambers. Members of the board should view their roles as very important additions to their regular jobs and ones that will require them to delve into policy matters in detail and in a manner that is not beholden to the interests of any one company.

The focus of the Federation's management and board will be on policies, which hinder or support the development of EU-India bilateral trade and investment on a sectoral level. Individual companies' issues and market entry strategies will continue to be supported by the national chambers or trade bodies.

Proposed membership tiers

In order to set up the Chamber with the sufficient amount of 'heft' as stated above the right amount of funding is critical. It is proposed that the chamber has a four-tier membership structure (benefits outlined in annex):

1. Patron Members, membership fees of €10,000 p.a.
2. Premier members (more than €20 million turnover in India): membership fees of €1,900 p.a.
3. Growth sector (up to €20 million turnover in India): €1,000 p.a.

4. MSMEs (less than €5 million turnover in India): €500 p.a.

A proposed budget detailing main assumptions, revenue and expenses of the Chamber is hereby attached.

ANNEX

Membership Benefits

By becoming a member of the Federation of European Businesses in India (FEBI), which is the official body, representing the interests of EU businesses present in India, members will be able to avail of the following benefits:

- Liaise with senior officials of the Government of India and their European counterparts as well as officials of various regulatory agencies through regular in-person meetings. Participate in interactions organized for the purpose of presenting industry-specific issues and driving policy advocacy initiatives from a broader EU perspective
- Influence the issues addressed in political forums such as the EU-India Summit and the EU-India bilateral FTA and IPA negotiations by participating in preparatory meetings and / or making policy submissions
- Participate in industry level working groups designed to shape policy advocacy efforts and the drafting of sector-specific policy papers
- Meet and interact with peers from the EU industry
- Receive updates on government policies, taxation, legislation, laws and regulations

FEBI is the only organization in India, which is recognized by the EU Delegation to represent the voice of the European Member States' businesses in India and has the full support of the EU Delegation. Through its close collaboration and connection with the national bilateral chambers, FEBI adds significant leverage to the existing policy advocacy activities of the national bilateral chambers. Jointly and in close alignment they will consolidate and amplify the voice of the business.

Publication

- Your company will be listed in the Annual Membership Directory of the FEBI
- Access to all publications including white papers, knowledge reports released by the FEBI

Additional benefits for Patron Members

- Exclusive access to high-level, invite-only events and meetings, including meetings organised with EU leaders and senior officials visiting from the European Commission.
- Annual visit to EU Institutions - 2 day meetings in Brussels to meet and interact with EU Commission and senior officials (trip and hotel to be paid by participants; these meetings will only be available to Patron Members of FEBI)
- Be part of future creation of a core group of CEOs from EU and India
- Possibility to chair sector specific councils/working groups
