

EU-INDIA JOINT INITIATIVE FOR ENHANCING TRADE AND INVESTMENT

JOINT RECOMMENDATIONS

MECHANICAL ENGINEERING

This text has been drafted with financial assistance from the Asia-Invest programme of the Commission of the European Communities. The views expressed herein are those of the experts appointed by Asia-Invest and do not engage the European Commission or Asia-Invest. They have been endorsed by the Indian business federation CII and transmitted to the European Commission President and the Indian Prime Minister at the EU-India Business Summit, held in New Delhi on November 22-23, 2001.

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This report is a synthesis of trade and investment recommendations as identified by the team of independent experts and discussed with European and Indian business representatives.

The initial findings have been derived from extensive desk and field research (in Europe and in India) as well as from a large survey to European-invested companies. They were formally submitted to representatives both from the Indian business federations CII and FICCI, and from European business associations or individual companies, at the EU-India Business Forum held in Brussels on October 29, 2001. This Forum provided a venue and an opportunity for an intensive and lively debate on the whole range of issues submitted.

Further reactions and comments were solicited and received, here again both from the Indian and from the European business representatives, through exchanges of notes and the use of the dedicated website.

The consultants have gone at extraordinary lengths to integrate all comments and reactions, to foster a joint approach of the issues, and to highlight the mutually beneficial aspects of the trade and investment recommendations put forward.

After final discussions with European business representatives and the Indian business federations, these recommendations were transmitted to the European Commission President and the Indian Prime Minister at the EU-India Business Summit, held in New Delhi on November 22-23, 2001.

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<ul style="list-style-type: none"> ➤ Facilitate technology upgradation/modernisation by industry, to meet international standards 	<ul style="list-style-type: none"> ➤ Extend Technology Upgradation Schemes for modernization of all segments (along the lines of Technology Upgradation Fund for textiles) ➤ Encourage domestic component sourcing for foreign invested companies to enhance economic spillover effects and transfers of know-how and technology ➤ Ensure availability of low-cost finance for modernisation purposes to be practically accessed by SMEs
<ul style="list-style-type: none"> ➤ Facilitating growth of the end-use sectors such as transport, infrastructure and consumer goods, which drive the growth of engineering goods sector 	<p>For Indian government</p> <ul style="list-style-type: none"> ➤ Catalyse the demand for automobiles, by reducing excise duty and taxes <p>For business</p> <ul style="list-style-type: none"> ➤ Look at India as a base to manufacture engineering products, including for third country exports.
<ul style="list-style-type: none"> ➤ Improving competitiveness in production costs 	<p>For India</p> <ul style="list-style-type: none"> ➤ Introduce labour reforms to create an environment favourable to outsourcing and productivity linked payments <p>For EU</p> <ul style="list-style-type: none"> ➤ To facilitate bilateral transfer of technology <p>For Business</p> <ul style="list-style-type: none"> ➤ Need for EU companies to follow the route adopted by some US auto-component companies in sourcing components from India

<p>➤ Strengthening India’s national laws on intellectual property protection relating to industrial designs, to facilitate protection of proprietary knowledge developed or licensed by foreign companies/subsidiaries within the territory of India.</p>	<p>For India</p> <ul style="list-style-type: none"> ➤ Amend India’s Industrial Designs Act 1911 to <ul style="list-style-type: none"> - Expand the scope of coverage to include machinery and engineering systems as designs and not patents - Expand the period of protection in line with patents for which 14-year protection is available <p>For Business</p> <ul style="list-style-type: none"> ➤ Build technology parks in India where Indian and EU firms will be able to develop new technology for products. These parks can utilise India’s strengths in designing and EU strengths in technology. ➤ Engage industry associations to actively assist in IPR enforcement in manufacturing, on the lines of initiatives by the software sector <p>For EU</p> <p>Provide funding to associations to assist in IPR enforcement</p>
<p>➤ Encouraging development of applied research and industrial design as commercial activities</p>	<p>For India</p> <ul style="list-style-type: none"> ➤ Accord special status to large global research and development centres being set up in India ➤ Extend fiscal incentives to contracted industrial research and design activities, on the same lines as the existing tax incentive for in-house Research and Development