

# **EU-INDIA JOINT INITIATIVE FOR ENHANCING TRADE AND INVESTMENT**

## **JOINT RECOMMENDATIONS INFORMATION TECHNOLOGY**

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.

### INFORMATION TECHNOLOGY

ISSUES	RECOMMENDATIONS
<p><b>How to develop a long-term strategy to enhance India-EU business cooperation in IT development and future initiatives, responding to the generational lead taken by the US?</b></p>	
<p>Extend India’s human resource potential to non-English speaking environments in software development as well as emerging IT-enabled services (Business Process Outsourcing)</p>	<ul style="list-style-type: none"> <li>➤ Initiate urgent measures to overcome the language barriers that impede induction of Indian programmers in on-site projects</li> <li>➤ Sponsor or invest in training institutions that combine professional IT skills with European language- proficiency and cross-cultural training</li> <li>➤ Develop a base of front-line semi-skilled persons to spearhead initiatives in IT-enabled services in European languages besides English</li> </ul>
<p>Address the socio-cultural complexities of immigration</p>	<ul style="list-style-type: none"> <li>➤ Focus on India-centric offshore business models, backed up by long term investment in world class back-office and IT enabled service infrastructure in India</li> </ul>
<p>Improve harmonization and transparency on regulations governing the IT sector</p>	<ul style="list-style-type: none"> <li>➤ The EU should improve its custom classification of IT products and reduce overall tariffs on IT hardware products</li> <li>➤ It should harmonize regulations on IT outsourcing through onsite services, especially the EU taxation of professionals present for short durations</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Harmonize cyber laws in India and EU</li> </ul>
<ul style="list-style-type: none"> <li>➤ Engage Indian talent in next-generation intelligent devices / improve EU awareness on Indian IT potential</li> </ul>	<ul style="list-style-type: none"> <li>➤ Use India as the global node for embedded software and advanced intelligent devices development</li> <li>➤ Take advantage of export incentives applicable to software and IT enabled service exports</li> <li>➤ Secure IPR protection under the classification of Integrated circuits on which Indian laws do not deviate from international laws.</li> <li>➤ Actions should be initiated immediately to encourage organisations from India to participate on a project-by-project basis in the Information Society Technologies (IST) Programme under the 6<sup>th</sup> Framework Programme due to be launched in 2002. These actions should include an Awareness Campaign in conjunction with the IST management of the Commission, establishment of Information Centres in India to promote participation in the programme, to help potential Indian participants identify partners for project consortia, and set up procedures for funding Indian participants with successful proposals from R&amp; D funding mechanisms within India</li> <li>➤ Improve business to business communication on specific application potential(e.g. tele-education, tele-medicine, Business Process Outsourcing) as well as on third country possible co-operation.</li> </ul>