

# EMBASSY OF INDIA BRUSSELS

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## **Annual Economic and Commercial Report-2004**

### **A. GENERAL INTERNAL DEVELOPMENT:**

#### **Belgo-Indian Chamber of Commerce & Industry Celebrates 50<sup>th</sup> Anniversary:**

The Belgo-Indian Chamber of Commerce & Industry completed 50 years of its existence in 2004. On 8 November 2004, a seminar "India Target 2005" was organized in Brussels to mark the event. The seminar was attended by business and industry representatives in Belgium and Luxembourg having interests in India. The Belgian Crown Prince is expected to lead a high-powered business delegation to India in 2005. While appreciating the steady growth in economic relations between India and Belgium, the seminar emphasized the need for a stronger image projection by India to the world to attract more investment. Over 200 people participated in this event which was also graced by the presence of the Crown Prince. This event also served as a curtain raiser for the visit of the Crown Prince to India in March 2005 heading the economic mission.

#### **Belgium Celebrates Completion of 175 years:**

Prime Minister Verhofstadt opened the festivities of the 175<sup>th</sup> anniversary of Belgium on 16 November 2004, which has also been a federation for 25 years. "Our country can be proud of a distinguished past" the Prime Minister said before the Royal family and the members of the Parliament, "but we believe that this year of celebrations gives us the ideal opportunity for enhancing the pillars that make the unity of our country", he added. Mr Verhofstadt then unveiled the seven essential parts of the program of the celebrations. The institutions of Belgium will be at the center of the celebrations, with the organization of exchanges between North (Flanders) and South (Wallonia) and the organization of an international congress on federalism. The celebrations will also highlight the Monarchy, the Belgian culture, folklore and the Belgian society and economy.

#### **Belgium among Top 10 business reformers:**

Belgium has been ranked among the Top 10 countries for business reforms by the World Bank's annual Doing Business Report for 2003. The country's reforms in the areas of starting a business, hiring and firing, and getting credit were the three indicators that impacted on its overall standings and also placed it among the EU's Top 5 reformers. In the "starting a business" category of indicators, Belgium's move to a single company identification number was listed among the principles of good regulation. The report, which sampled 145 countries, placed Belgium 16th in its ranking of the Top 20 economies for the ease of doing business.

#### **Belgium among Europe's productivity leaders:**

Belgium is one of six EU-15 countries with productivity levels higher than the US despite the fact that overall productivity of the EU has fallen to 92% of the US level. The Conference Board's latest report on global productivity also notes, however, that gain by

the European Union's old and new members has resulted in raising the growth rate. Productivity in the EU-25 nation bloc grew from 1.3% to 1.6% in 2004 and labor input growth increased from -.2% to .7%. The Conference Board reported that, on average, the productivity level of the EU-15 was at 92% of the US level in 2004, down from 99% in 2000 and 100% in 1995, with the decline reflecting both the relatively slow pace of European productivity growth and the acceleration of US productivity gains after 1995.

### **Belgium in EU top three for quality of life**

Belgium is the third country in the EU for quality of life, according to the new United Nations figures. The latest UN's Human Development Report 2004 ranks Belgium sixth in the world in terms of health and life expectancy, education and earnings. This places the Belgians in third place after Sweden and the Netherlands within the European Union. The United States occupies the eight places in the ranking. The Belgians have an average life expectancy of 78.7 years and an average per capita GNP of \$ 27 570. Belgium also scores particularly high in the field of education: its combined primary, secondary and tertiary education enrolment ratio is the 4<sup>th</sup> in the world. The Human Development Index (HDI) focuses on three measurable dimensions of human development: living a long and healthy life, being educated and having a decent standard of living. Thus it combines measures of life expectancy, school enrolment, literacy and income to allow a broader view of a country's development than does income alone.

### **B. ECONOMY AND COMMERCE:**

#### **India-Belgium bilateral trade registers an impressive growth of 15.4%**

In 2004, the bilateral trade between Belgium and India crossed the Euro 6 billion mark and reached new heights at Euro 6.49 billion. This is a substantial jump from Euro 5.62 billion in 2003 registering a growth rate of 15.4%. As usual, the trade in diamonds dominated the bilateral trade. The other major exports from India to Belgium included iron and steel items, mineral fuel, oils and products thereof, articles of knitted/not knitted apparel & clothing accessories, organic chemicals, fishery products, man-made staple fibres, electrical machinery and equipment/parts etc. The major items of export from Belgium to India during 2004 were precious stones and metals, boilers, machinery and mechanical appliances & parts, iron and steel items, pharmaceutical products, organic chemicals, plastics and plastic products, electrical machinery & equipment and parts, optical, photographic, cinematographic & measuring equipment, pulp of wood or of other fibrous cellulosic materials etc. The increase in trade has come at a time when the Belgo-Indian Chamber of Commerce & Industry is celebrating its 50<sup>th</sup> anniversary and the Crown Prince is contemplating his third visit to India in March 2005. The interest of doing business with India has been on the rise in Belgium as well as Luxembourg. The Mission organised a number of presentations on Indian economy which were well attended and widely appreciated.

#### **Belgian Economy Performs Strongly in 2004:**

2004 was by all accounts a very good year for the Belgian economy. According to the National Bank of Belgium, GDP grew in 2004 by 2.7%, faster than the 2.1% average in the euro zone as a whole. Meanwhile, inflation remained low at 2.0%. With more than 80% of its GDP exported, Belgium benefited greatly from the increase in foreign demand since mid-2003. The economy was also supported by an increase in consumer spending, higher than in the other European countries. Indeed a survey among 8.000 Europeans in 12

countries by the bureau Cetelem shows that the Belgians had the most confidence in the economic situation of their country. Higher growth rates in 2004 led to almost 18,000 extra jobs, with 45,000 more expected this year. As a result, the unemployment rate will decrease from 8% in 2003 to 7.8% in 2004. On January 6, the government announced that for the fourth year in a row, it finished the financial year with a balanced budget. The economic outlook for this year is good too. GDP is expected to grow at 2.3%, compared to 1.9% in the euro zone, whereas inflation should fall slightly to 1.8%. Important factors such as oil prices and the value of the dollar remain of course uncertain. But with another balanced budget anticipated, the government should be able to focus increasingly on its main economic priority: job creation

### **Luxembourg registers impressive Economic Growth in 2004:**

The Central Services for Statistics and Economic Studies STATEC Luxembourg, in its Report has stated that the main macro-economic indicators bear witness to sustained activity in 2004, together with a strong increase in employment. STATEC confirms its estimate of 4.2% growth in the volume of GDP in 2004, and marginally revises its forecast for 2005 downwards from 4.2% to 4%. For 2006 and 2007, STATEC continues to forecast sustained growth in the Luxembourg economy at a rate of just over 4%. This rate of expansion, though very favorable compared to other European countries, goes hand in hand with under utilised production capacity. Potential GDP i.e. maximum production achievable without putting pressure on prices-(given the stock of capital, manpower resources and technological progress)-should meanwhile grow at an average of around 4.5% during the near future. From 2002 to 2005 the Luxembourg State will have injected the equivalent of some 6% of GDP into the economy. According to the 2004-2007 Stability Programme, this expansionist policy, which has probably sustained demand and prevented a more marked cyclical slowdown, is unlikely to last beyond 2005. The public deficit is likely to stabilize at around 1% of nominal GDP. According to the Ministry of finance and the Luxembourg Central Bank, the structural deficit, which neutralizes the effects of the economic situation on public expenditure and revenue, will probably fall between 0.5% and 1% of GDP in 2004 and 2005. The next version of the public sector accounts, drawn up by STATEC under the 'notification of excessive deficits' procedure to be published in early March will provide a better picture of the state of public finances and the cyclical impetus of budget policy in 2004 and 2005.

### **Starting a Business 50% Faster in Belgium:**

The time needed to create a business in Belgium has been reduced by 50% in 2004. The cabinet official overseeing the reduction of paperwork within the federal government, Mr. Vincent van Quickenborne, announced in the Parliament that it took on average 27 days to complete the paperwork to start a business in 2004, compared to 56 days in 2003. By mid-2005, your business should be up and running in 3 days. One of the important factors in this process has been the introduction of the single ID number for companies, which replaces a range of previous numbers used for VAT, company registration and social security. Progress towards a single number to cover all administrative matters began with the establishment of Crossroads Bank for Companies, a central databank, in mid-2003. From January 1, 2005, all businesses in Belgium are required to use their unique company number when dealing with various government departments.

### **Peer Review of Kimberly Process:**

The Peer Review of the EU concerning implementation of the Kimberley Process (KP) in the diamond industry was held from 8<sup>th</sup> to 10<sup>th</sup> November 2004 at Brussels and Antwerp. The Review Team was led by Mr. Jacob Thamage (Botswana). The other team members were Mr. Don Law-West (Canada), Mr. Eli Izhakoff (World Diamond Council), Mr. Ian Smille (Partnership Africa Canada), NGO and Mr. P.K. Mahapatra, Director, Ministry of Commerce & Industry, India. On 8<sup>th</sup> November 2004, the team called on officials in the DG-RELEX in the European Commission. On 9<sup>th</sup> November 2004 the Review Committee visited the Antwerp office of Federal Public Service (Economy) which is the Community Authority for Kimberley Process implementation in Belgium where they made a detailed presentation for the Review Committee. On 10<sup>th</sup> November 2004, the Review Committee visited the offices of the Diamond High Council and the Diamond Bourses to physically inspect the implementation of the KP, specially the issue of KP certificates by the Community Authority and checking and authorizing the KP certificates received from the exporting authorities. The Review Team appeared satisfied with the implementation of the Kimberley Process at the Diamond Office in Antwerp.

### **Record Year for Belgian Ports:**

Preliminary data indicate that traffic at the Belgian ports rose sharply in 2004. Freight volume at the port of Antwerp increased by almost 7% to 152 million tons, a new all-time record. Cargo traffic between the US and Antwerp was the highest with 20.3 million tons or 13.4% of total freight volume. Over the past three years overall freight volume in Antwerp grew by one third. Like the other Belgian ports, Antwerp witnessed in particular an increase in container volume (+11%). It is still the second-largest port in Europe by a wide margin, with an expanding market share. There were similar patterns at the other ports. Traffic increased in Zeebrugge to 31.8 million tons (+4.3%), and in Gent to 24.3 million tons (+ 3.4%). 2004 also marked the first time the 7.5 million mark was overtaken in the port of Oostende.

### **Belgian companies among Europe's fastest growing:**

"Europe's 500", a report listing the 500 fastest growing European companies, has identified a number of Belgian and Flanders-based companies as growing faster in terms of turnover and job creation than the average of their European counterparts. Compiled with the support of Microsoft and PricewaterhouseCoopers, the report is issued every three years with the recently published edition covering the period to the end of 2003. Some 24 Belgian companies appear on the list, with a total average job creation figure over the three years of 21% against the average European report figure of 15%. Cumulative growth in turnover of these companies reached 96% against a European report average of 54%. Of particular note was the Belgian biotech sector, with biotech firms in the Top 500 creating an average of 634 jobs per company in the last three years as against the European average of 280 in the same sector. Three Belgian companies appeared in the Top 25 of "Europe's 500". The Flanders-based pharmaceuticals distributor Omega Pharma was the highest-placed in fifth position. Second was the aluminum systems maker Aliplast in 19th and third was the biotech firm Eurofins Scientific in 22nd.

### **Belgium rises in 'Competitiveness Report':**

Belgium has risen two places to 25th on the World Economic Forum's "Global Competitiveness Report" growth index. The report, based on the input of 8,700 business people, ranks 104 countries according to their underlying competitiveness position and

includes indicators such as tax, government, the macro-economy, infrastructure, political stability, work ethic and corruption levels. Belgium was in the Top 3 countries for quality of education and centralization of economic management, and was in the Top 10 for access to healthcare and childcare. It also scored well in indices such as low levels of corruption, criminality and inflation.

### **Brussels fourth in Business cities:**

Brussels has maintained its position as the fourth strongest business city in Europe according to the 15th annual European Cities Monitor rankings, published by the commercial firm Cushman & Wakefield annually. The rankings are compiled through interviews with some 500 business leaders. London continued to hold its top place this year, followed by Paris and Frankfurt, while Madrid and Barcelona pressed strongly in the Top 7. Brussels score highly because of its geographical location, telecommunications and facilities. The annual study looks at a number of factors such as cost of labour, market accessibility, telecommunications, promotion, quality of life and investment climate.

### **TCS opens offices in Brussels and Luxembourg**

Tata Consultancy Services has inaugurated a new office in Brussels and signed an agreement with a joint venture recently established by KBC Bank and Rabobank Nederland to process securities transactions for both retail investors and professional parties, TCS has announced. TCS will provide and support the new Quartz core software used by the joint venture. Both banks' systems were due for replacement and the joint venture now allows them to share the cost of investing in new IT systems.

TCS also opened a new office in Luxembourg. This investment by TCS is the first one in Luxembourg by a company headquartered in India. Luxembourg is an interesting market for IT companies, since its economy is essentially service based and therefore a big consumer of modern IT solutions.

### **DHL to leave Brussels in 2008**

After much negotiations between the Belgian Government and DHL, DHL announced that by 2008, Brussels (Zaventem Airport) will cease to be the European hub of the company and become just a regional center. The consequence will be the retrenchment of about 1700 employees of the 3700 in Brussels. The location of the future European hub of DHL is being speculated now – it may be Vatry in France or Leipzig in Germany. The Deutsche Post, the main office of the DHL may be able to influence the relocation of DHL to Leipzig, according to many.

### **Diamond bourses launch quality label:**

The Federation of Belgian Diamond Bourses started offering a quality label for diamond traders in 2004. The diamond bourses which have traditionally established codes of good conduct for the diamond industry and have supervised compliance with these codes would like to promote a yet greater level of transparency in the sector. The diamond bourses are the guardians of norms and values in the international diamond trade. Each diamond bourse employs a system of weekly commissioners for that purpose: 2 experienced members who assume disciplinary roles during disputes. Following the internal arbitration rules as stipulated in the Identical Regulation for Diamond Bourses, the recognition of the bourses by the European Commission during the implementation of the Kimberley Agreements and the cooperation with the FOD (federal public service) Economy in the

struggle against diamonds from areas of conflict, the quality label is the jewel in the crown of a process that began in 2000. The Deontology Code describes the regulations concerning integrity and the behaviour code among the diamond traders themselves and in their relation to their clients. It obliges the traders to adhere to the highest professional standards, to report all proposed diamond deals, not to take advantage of the financial situation of colleagues, condemn child labour and comply with UN resolutions concerning diamonds from areas of conflict. Each trader who is a member of one of the four Antwerp Diamond Bourses, subscribes to the Deontology Code and complies with its conditions is eligible to hold the title of a diamond trader certified by the Federation of Belgian Diamond Bourses. The certified diamond traders will receive a letter of proof and they can use the logo of the Federation of Belgian Diamond Bourses as a quality label. By means of this quality label the sector also wants to take an additional step in the direction of having the diamond trade recognised as a profession. Diamond traders certified by the Federation of Belgian Diamond Bourses stand for guaranteed quality and ethics. This recognition will provide confidence to other traders and clients. There are four diamond bourses in Belgium: The Antwerpse Diamantkring cvba, the Beurs voor Diamanthatel cvba, the Diamantclub van Antwerpen cvba and the Vrije Diamanthatel nv.

### **Janssen opens state-of-art research center**

Janssen Pharmaceutica has opened a new 68 million euro, state-of-the-art research center at its headquarters in Beerse, Flanders. The new building will house all 300 researchers at the facility. Research at Janssen, a subsidiary of Johnson & Johnson, focuses on the central nervous system, oncology and metabolic diseases such as obesity and diabetes. The 300 research staff at Beerse represent a quarter of Johnson & Johnson's worldwide pharmaceutical research personnel. Last year, some 868 million euro was spent on basic research in Beerse, up from 805 million in 2002 and 775 million in 2001.

### **Interbrew buys AmBev for \$ 9.7 Billion**

Louvain-based brewing giant Interbrew has been reborn under the name Inbev after it bought Brazil's AmBev for \$ 9.7 billion. The merger created the biggest brewer in the world with 13% of the world beer market, taking over the current No. 1, Anheuser-Busch of the US, the maker of Budweiser, into second place, in terms of output volume. During the year, the company has also acquired 70% share in the Chinese brewery Shilang Brewery Company, paying \$ 53.2 million.

### **Merger of Virgin Express and SN Brussels Airlines**

Virgin Express and SN Brussels Airlines have signed a letter of intent (non-binding) on 16<sup>th</sup> March 2004 with a view to conclude a merge. The move would allow the airlines to stop competing with each other at Zaventem and focus on taking on Ryanair, Europe's largest low-fare airline, which operates out of nearby Charleroi airport. Under the terms of their letter of intent, the two airlines are planning to form a holding company in which Virgin would hold a 29.9% stake, including an option to sell that stake for €64 million.

### **Pakistan creates interest in Europe:**

Some sixty Belgian company leaders met the new Pakistani Prime Minister Shaukat Aziz, on the invitation of the Walloon Export Agency (Awex). This event shows the growing interest of the business sector for a 160 million people market. Mr. Aziz, former Finance Minister and a former banker was promoted as head of the Pakistani government in August 2004. He was in Brussels on an official visit where he met representative of the

European Union, Belgium and NATO. Pakistan had never been an attractive place for foreign investors because of the bad reputation of a government that was associated with military regimes and, more recently, because of supposed links with Islamic fundamentalism and international terrorism. However, the image of Pakistan is changing and the European Union has welcomed the government for its actions for bringing democracy in Afghanistan, for its policy with India and for its contribution to dismantling of Al Qaeda. Premier Shaukat Aziz underlined that his country has become one of the most performing economy among emerging countries. Credit institutions, like the Belgian 'Office Ducroire' has positively re-evaluated Pakistan's risk level for investors.

### **C. EUROPEAN UNION**

#### **Fifth India-EU Summit :**

On 8<sup>th</sup> November 2004, Fifth India-EU Summit was held in The Hague. The Summit took place between India's Prime Minister, Dr Manmohan Singh, and the Dutch Prime Minister Mr. Balkenende and was attended by the European Commission President, Mr. Romano Prodi. At the Summit, the two leaders discussed India-EU political and economic relations and decided to form a Strategic Partnership between India and EU. The Summit adopted the EC's Communication on Strategic Partnership with India and India's response to the Communication and decided that an Action Plan will be drawn up for final adoption at the next Summit. The Summit discussed the issues relating to economy and investment, cooperation in the areas of science & technology including GALILEO and IETR and space research and suggested that the two sides should enter into a dialogue on industry, environment, research, IT and biotechnology. It was agreed that a joint panel on energy will be set up and an India-EU Environment Forum will be organized in Delhi. An India-EU Business Round Table was also organized on the margin of the Political Summit which was attended by 15 leaders of industry and business from each side. The two Prime Ministers addressed the Round Table. The Trade/Commerce Ministers of the two sides and Trade Commissioner of the EC were present in the Summit and the Round Table.

#### **EU-China Summit:**

At the 7<sup>th</sup> Annual EU-China Summit, which took place on 8 December in The Hague, the European Union and China further strengthened their maturing strategic partnership by signing eight cooperation agreements. Nevertheless, the EU did not lift the 15-year-old arms embargo on China. Chinese Prime Minister Wen Jabao referred to the arms embargo as "the fruit of the Cold War", and assured "that the lifting of the embargo does not necessarily mean that China will buy huge quantities of arms from the EU. The EU does not exclude lifting the embargo and sent China a positive signal. The Dutch Prime Minister and acting President of the European Council, Jan-Peter Balkenende, stressed that "the EU is disposed to work towards the lifting of the embargo in the long term" and also added that "this means that the European code of conduct on arms exports will have to be tightened up." The eight cooperation agreements signed by the two parties include a common Declaration on Non-proliferation and Arms Control that should be part of the multilateral process for non-proliferation of weapons of mass destruction. Another significant step in the growing EU-China partnership is the conclusion of an essential Customs Agreement facilitating trade and the fight against piracy and counterfeiting. The EU and China also concluded four financial agreements, including the University Exchange Programme Erasmus Mundus and an Information Society Project. Both parties also signed two sectoral agreements, the most important being the Euratom Agreement on

the peaceful use of nuclear research and an agreement in the area of Scientific Research and New technology Development.

### **European Commission**

After an EU wide election, the European Parliament approved the appointment of Mr Jose Manuel Barroso as the new President of the European Commission on 22<sup>nd</sup> July 2004. On 12<sup>th</sup> August 2004, Mr Barroso presented the policy portfolios of the 24 nominee Commissioners, which was subject to a vote of approval by the European Parliament. However, he ran into some difficulties concerning appointment of his Commissioners which delayed the forming of the new Commission scheduled for 1 November 2004. Subsequently, his new proposal was approved by the European Parliament on 18<sup>th</sup> November 2004.

### **EU backs Pascal Lamy's candidature for DG, WTO:**

Mr Peter Mandelson has taken over as the new EU Trade Commissioner. The former Commissioner Pascal Lamy has been identified as the next EU candidate for the post of Director-General of the World Trade Organization. Since the term of office of the current WTO Director-General, Supachai Panichpakdi from Thailand, ends in August 2005, his successor has to be named by May 2005. Three other persons are reported to be in the running: Uruguay's Perez del Castillo, Brazil's Correia and Mauritian Cuttaree.

### **Textile quota abolition by EU:**

EU Council has approved the Commission proposal to lift quotas maintained by the EU on imports of Textiles and Clothings wef 1.12005, in accordance with its obligations under ATC. All imports up to end March 2005 will be counted against quota for 2004, where after it will be allowed to enter the EU freely. Further, a statistical monitoring system will be set up to monitor imports and efforts will be made to remedy possible problems through dialogue. The Commission has expressed satisfaction with apparent assurances by China (at the bilateral textiles dialogue and during the EU-China summit of 8 December) that expansion of Chinese imports will be done progressively. The Commission is also shortly expected to adopt guidelines for application of safeguards.

### **EU's sugar subsidy policy:**

In a public hearing held in the European Parliament (EP) in December 2004, the proposals of the European Commission for reduction of EU sugar production, cutting back export refunds, and lowering by one-third the price paid to European farmers and other suppliers like India and the ACP countries were discussed. After the WTO having ruled against EU sugar subsidy regime last month, the EU is considering reforms in its internal sugar market. Many MEPs, however, believe the European Commission's proposals will neither ensure decent living standards for European sugar farmers nor help poor developing countries. They want some degree of price regulation. Under the present dispensation, India can export up to 10,000 tones of white sugar each year to the 25 member states of EU. While India, and 70-plus African, Caribbean and Pacific (ACP) countries linked to the EU through a special trade-and-aid agreement, the Cotuno Convention enjoy this benefit, other sugar producers like Brazil, Philippines and Thailand do not enjoy this privilege. India and the ACP countries can export a fixed amount of sugar to the EU each

year at roughly the price the EU pays its own sugar producer in eight member countries, which is three times the world market prices. While EU sugar exports are at the international prices, it provides refunds to its exporters to compensate their earnings. European sugar producers, therefore, are also up in arms against the proposals to reform the EU sugar market.

#### **Financial Services:**

Setting out his priorities in achieving an integrated market in financial service, Mr. Charlie McCreevy, the new European Commissioner for Internal Market and Services has proposed some new steps. The steps being envisaged include improvements on the so-called Lamfalussy method of regulation (which provides for a broad framework approach to rule-making, with much of the detail delegated to EU and national committees of regulators), raising corporate governance standards throughout the EU, and establishing regulatory dialogue with US, China, Japan, India and other major markets, in the search for what he called “friction-free” relations that promote growing capital markets. The commission is also closely looking at the International Accounting Standards being formulated.

#### **D. PROMOTIONAL ACTIVITIES:**

Diamond Seminar: Belgo-Indian Chamber of Commerce & Industry, in collaboration with M/S Rosy Blue and this Mission, organized a seminar on “Diamond and India” in Antwerp in 20<sup>th</sup> April 2004

Round Table on India: Walloon Export Agency, in collaboration with Belgo-Indian Chamber of Commerce and this Mission, organized a Round Table on India in 28<sup>th</sup> May 2004 at Nivelles.

AWEX, the Walloon Export Agency, in collaboration with Belgo-Indian Chamber of Commerce & Industry, organized a Round Table on Agro-alimentary products in Liege on 4<sup>th</sup> June 2004.

Export Flanders, in collaboration with AGORIA, Belgo-Indian Chamber of Commerce & Industry and this Mission, organized a Seminar on “Opportunities India – Automotive” in Brussels on 7<sup>th</sup> June 2004.

A Seminar on “Target India” was organized on 8<sup>th</sup> November 2004 in Brussels by the Belgo-Indian Chamber of Commerce & Industry in collaboration with this Mission to mark the 50<sup>th</sup> anniversary of the Chamber which was attended by over 200 participants including the Crown Prince Phillippe.

The Mission brought out a special publication in November 2004 titled “India-Belgium Relations” in collaboration with M/s LB Associates, New Delhi to mark the 50<sup>th</sup> anniversary of the Belgo-Indian Chamber of Commerce & Industry.

#### **E. TRADE DELEGATIONS THAT VISITED INDIA:**

**Working Group on Textiles**, chaired by the Joint Secretary, Ministry of Textiles on the Indian side and the Head of Unit, DG-Trade on the EC side was held in New Delhi on 6<sup>th</sup> February 2004.

**Working Group on Consular Issues**, chaired by the Joint Secretary, Ministry of External Affairs on the Indian side and the Presidency of the European Union in Delhi, was held in New Delhi on 26<sup>th</sup> February 2004.

**Working Group on ICT**, chaired by the Additional Secretary, Ministry of Communications & Information Technology on the Indian side and the Director, DG-Information Society on the EC side, was held in New Delhi on 26<sup>th</sup> March 2004.

**Sub Commission on Development Cooperation** chaired by the Joint Secretary in the DEA on the Indian side and the Director/Head of Unit in the DG External Relations or EuropeAid was held in New Delhi on 18<sup>th</sup> June 2004.

**Sub Commission on Trade and Commercial Cooperation**, chaired by the Additional Secretary, Ministry of Commerce & Industry on the Indian side and the Director, DG Trade on the EC side, was held in New Delhi on 2<sup>nd</sup> September 2004

**Sub Commission on Economic Cooperation**, chaired by the Additional Secretary, Ministry of Commerce & Industry on the Indian side and the Director/Head of Unit in the DG External Relations or EuropeAid, was held in New Delhi in September 2004.

**Working Group on Agriculture & Marine Products**, chaired by the Joint Secretary, Ministry of Commerce & Industry on the Indian side and Director, DG Agriculture on the EC side, was held in New Delhi on 11<sup>th</sup> October 2004.

#### **F. TRADE DELEGATIONS THAT VISITED BELGIUM:**

**Working Group on Environment**, chaired by the Secretary, Ministry of Environment and Forests on the Indian side and the Director, DG-Environment on the EC side, was held in Brussels on 13<sup>th</sup> January 2004.

A **trade promotion delegation on table grapes** comprising Mr S. Dave, Director, Agricultural and Processed Food Products Export Development Authority (APEDA), New Delhi and Mr Nitin Agrawal, Managing Director, Euro Fruits Pvt Ltd., Mumbai visited Brussels, Hamburg, Rotterdam and London in the 2<sup>nd</sup> and 3<sup>rd</sup> week of April 2004 to hold discussions and make presentation to the officials of the European Commission, EU national health authorities, import associations and the importers about the system put in place in India to improve the quality of table grapes exported to the EU. In 2003, a large number of Indian table grape consignments were rejected by the EU health authorities on the ground of presence of excessive pesticide residues. These presentations helped in gaining EU consumer confidence.

A delegation from The Marine Products Export Development Authority (MPEDA) led by its Chairman Mr G. Mohan Kumar along with about 20 exporters and a number of traders participated in the **European Seafood Exposition (ESE)** held in Brussels during 4-6 May 2004. The ESE, which is an annual event, is considered as world's largest exhibition in the seafood sector and is well attended by businessmen from all over the world.

A delegation from Indian Sugar Exim Corporation Ltd, led by Mr S.L. Jain, Director General of Indian Sugar Mills Association visited Brussels on 2<sup>nd</sup> September 2004 to hold discussions with the officials of DG-Agriculture, European Commission to convey India's

concerns on the EU's sugar reform proposal and for requesting restoration of India's sugar quota.

The 14<sup>th</sup> meeting of the **India-EU Joint Commission**, headed by the Commerce Secretary on the Indian side and Director General (External Relations – RELEX) on the EC side, was held in Brussels on 10<sup>th</sup> September 2004.

A delegation from the Office of the Development Commissioner (Handlooms) and a number of exporters participated in the **Textiles d'Interieur Premiere (TIP) Fair** held in Brussels during 10-13 September 2004.

Mr S. Dave, Director, Agricultural and Processed Food Products Export Development Authority (APEDA), New Delhi, visited Brussels during 27<sup>th</sup> September – 3<sup>rd</sup> October 2004 for participation in the **Drafting Group meeting on Principles and Guidelines for Microbiological Risk Management**, held under the aegis of the Codex Alimentarius Commission, at the premises of the European Commission.

Mr P.K. Mahapatra, Director, MoC&I visited Antwerp during 8-16 November 2004 for participation in the **Kimberley Process Peer Review** meeting.

A 4-member Parliamentary delegation led by Shri Rupchand Pal, MP attended a **Parliamentary Conference on WTO** organized by European Parliament in cooperation with the Inter-Parliamentary Union, on 24-26 November 2004 in Brussels. The Conference discussed the significance of the July 2004 Framework Agreement, the issues relating to trade in agriculture and services, the capacity building among the developing countries and adopted resolutions in these areas.

A two-member delegation from the Indian Telecom Dispute Settlement and Appellate tribunal headed by Justice D.P. Wadhwa visited Brussels from 2-3 December 2004 to discuss the **implementation of the regulatory framework** and related issues with the European Commission.

An official delegation led by Minister for Water Supply, Minister for Agriculture and the Principal Secretary, Government of Gujarat visited Antwerp during 17-18 December 2004 to meet the Antwerp Indian Association for their support and participation in the event '**Vibrant Gujarat**' organized in Ahmedabad in January 2005. The delegation also held meetings with diamond companies requesting them to open their trading activities in Gujarat.

#### **G. MINISTERIAL VISITS:**

EAM Shri K. Natwar Singh met Foreign Minister of Belgium Mr Karel de Gucht on 15 September 2004 at the Egmont Palace in Brussels. Meeting for the first time, the Ministers engaged in a broad exchange of views on key current events, the situation in South Asia as well as EU-Indian and Belgo-Indian relations.

Shri Jagdish Tytler, MOS(IC) for NRI Affairs attended GOPIO Conference on 3-5 October 2004 in Brussels.

#### **H. BILATERAL TRADE:**

## India-Belgium Trade:

Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
India's exports	1767198	2245550	27.07%	34.6%
India's imports	3851773	4241459	10.12%	65.4%
<b>Total trade</b>	<b>5618971</b>	<b>6487009</b>	<b>15.4%</b>	

## Major items of Indian exports to Belgium:

Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
Precious stones and metals	1033047	1175960	13.83%	52.37%
Iron and steel	39968	191900	380.14%	8.55%
Mineral fuel, oils and products thereof	27326	138046	405.17%	6.15%
Articles of Apparel & Clothing accessories, knitted	72032	83988	16.60%	3.74%
Articles of Apparel & Clothing accessories, not knitted	64469	71686	11.19%	3.19%
Organic chemicals	46846	48823	4.22%	2.17%
Fish & crustaceans, mollusks & other aquatic	43129	48355	12.12%	2.15%
Man-made staple fibers	32783	38379	17.07%	1.71%
Electrical Machinery & Equip & parts	26481	37111	40.14%	1.65%
Other made-up textile articles	27167	36263	33.48%	1.61%

## Major items of Indian imports from Belgium

Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
Precious stones and metals	3402565	3650601	7.29%	86.1%
Boilers, machinery and mech appliances & parts thereof	79579	106809	34.22%	2.5%
Iron and steel	65446	82712	26.38%	2.0%
Pharmaceutical products	25789	76322	195.95%	1.8%
Organic chemicals	43977	58794	33.69%	1.4%
Plastics and plastics products	42211	51468	21.93%	1.2%
Electrical Machinery & Equip & parts thereof	28580	23287	-18.52%	0.5%

Optical, photographic, cinematographic & measuring equip	15407	13725	-10.91%	0.3%
Photographic or cinematographic products	8925	13425	50.42%	0.3%
Pulp of wood or of other fibrous cellulosic materials	7760	11951	54.00%	0.3%

### India-Luxembourg Trade:

#### Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
India's exports	13942	11268	-19%	51.0%
India's imports	10423	10822	3.83%	49.0%
Total trade	<b>24365</b>	<b>22090</b>	-9.3%	

### Major items of Indian exports to Luxembourg:

#### Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
Man-made filaments	5676	4952	-12.8%	43.9%
Articles of iron and steel	3122	2719	-12.9%	24.1%
Boilers, machinery & mech appliances & parts thereof	843	547	1029.0%	4.9%
Precious stones and metals	822	532	-35.3%	4.7%
Plastic & Plastic products	119	461	287.4%	4.1%
Elec. Machinery, equipment and parts thereof	406	297	-26.8%	2.6%
Glass & Glassware	30	297	890.0%	2.6%
Articles of Apparel & Clothing Accessories, knitted	426	276	-35.2%	2.4%
Tanning or dyeing extracts, tanning & their de	406	141	-65.3%	1.3%
Articles of Apparel & Clothing Accessories, not knitted	330	119	-63.9%	1.1%

### Major items of Indian imports from Luxembourg:

#### Figures in Thousand Euro

Product	Jan-Dec 03	Jan-Dec 04	% change	% share in 04
Boilers, machinery & mech appliances &	6619	8065	21.8%	74.5%

parts thereof				
Iron and steel	937	902	-3.8%	8.3%
Plastics & Plastics products	1379	471	65.8%	4.4%
Aluminum and articles thereof	58	255	340.4%	2.4%
Optical, photographic, cinematographic & measuring equipment	185	217	17.2%	2.0%
Electrical Machinery & Equipment & parts thereof	263	142	-46.0%	1.3%
Other base metals; cermets; articles thereof	29	142	394.4%	1.3%
Articles of Iron & Steel	507	72	-85.8%	0.7%
Copper and articles thereof	39	50	27.1%	0.5%
Wadding, felt & nonwovens; special yarns; twine, cc	1	18	0%	0.2%

**I. TRADE ENQUIRIES:**

During the year 2004, the Commercial Section received 765 trade enquiries. Appropriate action was taken on each of them.

**J. TENDERS:**

During the year 2004, the Commercial Section received 57 tender notices. These were widely publicized among the Chambers of Commerce and relevant Trade Associations in Belgium and Luxembourg.

Siddharth  
Adviser (Comm. & TD)

Distribution: As per standard list

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