

Speaking Notes for HE Mr. Manjeev Singh Puri, Ambassador of India to Belgium, Luxembourg and the European Union and the Annual Lunch of the Belgo-Indian Chamber of Commerce and Industry, Brussels, September 11, 2014

Baron Philippe Vlerick, Chairman, BICCI

Ladies and Gentlemen,

Thank you, Baron Vlerick, for inviting me to speak to BICCI members at your annual lunch this year.

Today is 9/11 and I must bow my head to the memory of all those victims of terrorism, the scourges of our times. Coming from India, which has been the victim of terrorism in its most abhorrent forms for over three decades, I must underline that we all need to be resolved in our fight against terrorism.

Belgium and India have known each other for centuries and indeed the fine works of Val St Lambert made fine crystal synonymous with Belgian glass in India.

But this time of the year a hundred years back, in 1914, is particularly important in our relations as it saw more than 130,000 Indian soldiers come to Belgium and fight in the trenches in and around Ypres in defining actions of World war One. Nearly 10,000 of them laid down their lives, also being victims of the first gas attacks. It is important for us to remember the sacrifice and valour of these soldiers and the fact that their actions helped put together a global order that allows our citizens to pursue a better and peaceful life. India is proud to have been associated in the establishment of this global order

Ladies and Gentlemen

BICCI was set up in 1954. I congratulate all of you on 60 years of the existence of this excellent organization and am very thankful to all those who have piloted BICCI in these 60 years.

BICCI can rightfully claim credit to propelling Belgium and India to the top of our trading relationships. It may surprise some of you that India is Belgium's 2nd largest export destination outside the EU. And we are your 4th largest trading partner outside the EU. On the other hand, Belgium is India's 3rd largest trading partner among the 28 EU Member States.

Diamonds, of course, continue to dominate the India-Belgium trade but I am very glad to see the ties spread on both sides into numerous other areas, including high technology and services.

Just a few months back I inaugurated the Antwerp office of Tech Mahindra, one of our big IT companies, and was most pleased to learn that they would be key players in the 3G roll-out of BASE telecom. I have been equally pleased to see the TATAs tell me of their expansion activities in Belgium and learning of Indian companies setting shop in Belgium in different areas of industry, including agriculture and machine tools.

At the same time I am delighted to constantly note a steady flow of Belgian investments in India, from the Trade and Investment bodies of Flanders, from the private sector and from funds that think that India is a good investment.

My special words of appreciation, of course, are for Baron Philippe Vlerick, who has been Chairman of BICCI since 2007, and whose tenure has seen Indo-Belgian economic relations strengthen exponentially. My gratitude to Baron Vlerick also extends to so much else that he continues to do to cement relations between India and Belgium, including in his lead role as Commissioner-General for the huge Europalia-India festival held last year. I was, of course, most delighted that his services were recognized with a Royal honour.

Ladies and Gentlemen,

India went to the polls some months back. It was a huge exercise lasting nearly two months which saw 550 million people vote, more than the combined electoral colleges of the EU and USA. And, the result was a sweeping victory for the Bharatiya Janata Party and the leadership of Prime Minister Shri Narendra Modi with people hugely putting their faith in his track record and poll focus on development. This was the first time in three decades that a party got such a clear majority. The last time it happened was in 1984

Though it has been barely a 100 days since the formation of our new government, everyone is watching them with hope and expectation. Let me take this opportunity to detail for you the actions of the government even in this short period of time on their promise of resolute, result-oriented, target driven and accountable governance with no complacency and corruption. I will also attempt to demonstrate the very positive results of the direction setting action of the Government.

The government has relaxed norms for foreign direct investment in key sectors like defence and railways. Railway infrastructure now allows up-to 100% FDI with only such activities as have security implications requiring special Cabinet clearance if FDI is over 49%. In the defence sector, FDI up-to 49 % has been opened up with higher FDI possible with Cabinet approval on a case to case basis. The manufacturing sector, in-fact, is receiving special attention with the Prime Minister's call "come make in India". A new Foreign Trade Policy is also on the anvil

A bill has been introduced in Parliament to increase FDI cap in insurance sector to 49 per cent from the current 26 per cent. This is expected to be through in the coming Winter Session of the Parliament. Moreover, the government has already taken some key disinvestment decisions and the Goods and Services Tax (GST) is expected to get a push, the first disinvestment decisions have been taken and a new Foreign Trade Policy is on the anvil.

On the infrastructure side, the Government has announced the setting up of 100 smart cities and improvements in the existing urban areas and there is a huge emphasis on "clean India", an across the board set of activities on clean energy, clean water, clean air and sustainability in general.

The efforts are for an inclusive development as can be seen in the Financial Inclusion Mission- Pradhan Mantri Jan Dhan Yojana (PMJDY) announced by the Prime Minister on our Independence Day, 15th August. On the very first day of the launch of this scheme, on 29 August 2014, 15 million new bank accounts were opened bringing the benefits of the formal banking system to the poor along with the facility of a debit card and an insurance cover of Rs. 100,000.

The latest data on the Indian economy shows that GDP growth is showing signs of recovery and in the period April-June 2014, quarterly GDP has shown growth of 5.7 % over the corresponding quarter of the previous year. More importantly, there has been growth in the manufacturing sector and our infrastructure growth hit a nine month high of 7.3 % in June 2014 led by a surge in cement and electricity output .On the macroeconomic front, India will contain its Current Account Deficit within 2%.

This confidence of business has seen FDI equity inflows in the April-June 2014 period increasing by 34 % to India when compared to the same period in 2013. Comparisons of the FDI equity inflows in the first six months of 2014 show a growth by 38% when compared to the first six months of 2013.

Investor confidence in India's growth is also reflected in the Foreign Portfolio Investments (FPIs) pumping in US\$ 20 billion (Rs 1,23,081 crores) in the Indian markets (equity + debt) in the first five months of 2014-15 which is 2.4 times the investments seen in FY 2013-14 of US\$ 8.5 billion (INR 51,649 crores) (SEBI data).

This, we believe, is the beginning of a journey towards a sustained growth of 7-8 % within the next 2-3 years.

In my opinion three areas stand out for investment possibilities in India. One is the energy sector – India has one of the highest levels of energy poverty. The other is the entire area referred to as “clean India” and, of course, infrastructure.

I have already noted Belgium's high place in India's trade partnership. I must also note that the European Union is India's largest trading partner. Last year, the EU was also the largest source of FDI equity flows into India. I have no doubt that Europe will continue to remain one of our biggest economic partners leveraging our shared values of democracy, free enterprise and rule of law.

Having said this and noted the fact that Belgium and Europe and India have old commercial ties, I must underscore that doing business with India means playing in a global field where one has to be prepared to meet competition on both price and technology and quality of work. Price and returns are, of course, important. No one is going to give contracts if the criteria of competitiveness are not met; similarly I don't think that anyone is going to bid for contracts if the returns don't justify the investment.

Business-persons in Europe also need to understand that things have changed as far as India is concerned. Contracts will not come your way just because you have old contacts or simply because you are the proven purveyors of high technology. Also, competition is no longer with others in Europe or in the United States. Today, as good if not better technological inputs are obtainable from a host of countries - South Korea, Japan, Brazil, South Africa, companies from ASEAN, several other emerging economies and, of course, China. And, these tend to be highly competitive.

As far as Belgium is concerned, I believe that your special strengths in infrastructure, especially port and road infrastructure, clean technologies and high technology mechanics, make for huge opportunities in India. I would urge all of you to leverage your connections and partnerships with India quickly and gain “first mover” advantage. While my colleagues in Brussels will certainly be there to help and facilitate, I am sure you will also receive high cooperation from your Embassy in Delhi which is today headed by an Ambassador who has studied in India and has a very good insight into our country. I am glad to see a colleague of his from Delhi here along with senior members of the Foreign Ministry.

Some weeks back I had an opportunity of meeting one of your important members who has numerous interests in sea and port infrastructure. I mentioned to him that we had just created a new State, Telangana. While this State would retain Hyderabad as its capital, the State of Andhra Pradesh would have to build a new capital. In my view, given its long coastline, Andhra Pradesh had every incentive to develop a major sea port. It was time to reach out to the State. After-all, if you are part of those giving the idea, the chances are that you will be part of the implementation.

Ladies and Gentlemen,

India gained independence on 15th August 1947. The very same year, in November 1947, Belgium opened its Embassy in New Delhi and Prince Eugene de Ligne became the first West European Ambassador in India. India reciprocated and opened one of its first Embassies in West Europe in Brussels in early 1948.

The good story does not end here. SABENA’s then Chairman Tony Orta, piloted Prince de Ligne to Delhi in a special flight being persuaded that there was enough business to sustain direct air-links with Brussels. I am glad that Jet Airways has proved him right.

Please allow me, once again, to congratulate BICCI on 60 years of glorious existence. On this day I would also request its esteemed members to leverage its considerable influence and interests to promote India in Belgium in ways other than pure trade and commerce too. As an example I hope to see you also take an interest in the areas of fashion, alternative medicine and contemporary art. This would add to building links at the level of people and further strengthen economic ties between India and Belgium.

Thank you.