Conclusion and Suggestions
Chapter IX

CONCLUSION AND SUGGESTION

CONCLUSION

In its purest definition, international business is described as any business activity that crosses national boundaries. The entities involved in business can be private, public or a mixture of the two. International business can be broken down into four types: foreign trade, trade in services, portfolio investment and foreign direct investments.

In foreign trade, visible physical goods or commodities move between countries as exports or imports. Exports consist of merchandise that leaves a country. Imports are those items brought across national borders into a country. Exporting and importing comprise the most fundamental and usually the largest, international business activities in most countries.

International business is not new, having been practiced around the world thousands of years, although its forms and methods have been changing over times. In ancient times, the Phoenicians, Mesopotamians and Greeks traded along routes established in the Mediterranean. Commerce continued to grow throughout history as sophisticated business techniques emerged, facilitating the flow of goods, resources and funds between countries. Some of these business methods included the establishment of credit for exchange, banking, telecommunication, transportation and pooling of resources.
in joint stock ventures. This growth was further stimulated by colonisation activities, which provided the maritime nations with rich resources of raw materials as well as a enormous potential markets in the new world.

The industrial revolution further encouraged the growth of international business by providing improved methods of mass production and more efficient methods of utilising raw materials. As industrialisation increase, greater and greater demand was created for suppliers, raw materials, labour and transportation. The flow and mobility of capital also increased as expanded production provided surplus income, which was, intern, re-invested in further production domestically or in the colonies.

The volume of trade among nations has grown enormously since World War-II. In 1948 the volume of world trade was only $51 billion. It rose to $331.72 billion in 1970 and to $11.06 trillion in 2004. The international trade arena continues to be dominated by industrialised country, which account for as much as 73.35% of world trade. Major changes have occurred in trading patterns within the industrialising country, however, for example, China increased export by an average of 19% from 1990 to 1995 and secured an increase of 35% in 2003. China now accounts of for 6% of the world’s exports.

On the other hand the US shares of worlds export decline from 13.7% in 1970 to 9.8% in 2006. These trends show that the world trading environment in now truly international, in the sense that it is no longer dominated by any one country. There has, in fact, been a reversal of role for some countries, most significantly the United
States, which incurred huge trade deficits in the 1980's and has moved from being the world's largest creditor to being the world's largest debtor.

Increasing economic, financial and commercial interdependence among nations of the world after World War-II created a need to co-ordinate international action and policies to secure the smooth flow of trade. After a number of meetings the representatives of different nations and corporate world it was decided to have a permanent organisation to provide stability and continuity to the process of international economic inter change. Some supranational bodies were set up in the period immediately following World War-II while more were established in the following decades. These supranational bodies can be classified into two categories: i) having global focus and ii) having focus on a particular region.

Under the first category the General Agreement on Tariff and Trade (GATT) and World Trade Organisation (WTO) are placed while under the second category the regional trading blocs, custom unions, common markets, free trade areas, and economic areas can be placed. To name a few under this category are: North American Free Trade Agreement (NAFTA), South American Free Trade Agreement (SAFTA), Mercosur Accord, Caribbean Community on Common Market (CARICOM), European Union (EU) and the Association of South East Asian Nations (ASEAN).

GATT remained successful in attaining its objectives. World trade grew enormously since 1948. Giving the increasing importance in service sector and intellectual property sector in the world economy
the members of GATT decided to replace GATT by a new international trade institution. The Uruguay round of trade talk concluded at the end of 1994 reached at the conclusion that GATT be expired in favour of a new organisation known as the World Trade Organisation. As an effect of World Trade Organisation came into existence in January 1995 to increase the scope of the trade agreements beyond manufactured products.

The WTO currently has 151 member nations that participate in trade discussions. The WTO is both a forum for resolving trade disputes and an arena for agreeing on the rules of operation in the international trade. One of the essential conditions of joining WTO is globalisation of economy. India as a founder member join the WTO and signed the agreement after liberalising its economy from certain restrictions to provide a global orientation by lifting certain protectionist measures.

After independence in 1947 and until the beginning of the 1990s, India's trade policy was heavily influenced by the "Swadeshi" (self sufficiency) mentality and the "license raj" system of restrictions on production and imports. A first generation of reforms (1991-1996) aimed at, inter alia, liberalising trade-led to a reduction of import tariffs, elimination of quantitative restrictions, exchange rate reforms and deregulation of industry resulting in yearly growth rates of around 7% (compared with 3% before the reforms).

A second generation of reforms was initiated in 1990 to address issues related to lack of competitiveness, poor infrastructure and over
regulation. Over the past four years India has met her ambitious target of an annual growth rate of 8%.

India is a member of all major multilateral economic forum, including the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB). India was a founding member of both GATT and the World Trade Organisation (WTO).

At regional level, India is a member of SAARC, (South Asia Association of Regional Co-operation) of BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Co-operation) and Bangkok Agreement. India has a free trade agreement with Singapore and with the other SAARC countries (SAFTA) and is in the process of negotiating one with Japan, Chile, Thailand, MERCOSUR, South Korea, GCC, ASEAN and with the EU.

After witnessing a drastic change in the world economic scenario as an outcome of WTO, European Economic Community (EEC) also decided to change its rules and forms. European Union came into existence as a result of Maastricht Treaty in the year 2000, with the concept of European Economic Area and European Monetary Area with Euro as a common currency of EU countries.

With a population of 461 million and a GDP of EUR 9.25 trillion, the European Union of 27 states is now the world’s biggest economic bloc. India is the world’s second most populous nation, has a dynamic economy that has experienced robust growth in recent years and is emerging as a world leader in key economic sectors such as ICT. Trade and economic relations between the two are therefore of paramount importance to both sides. In 2003, actual EU foreign direct investment
(FDI) in India amounted to EUR 535 million, as compared to EUR 337 million for the USA and EUR 76.5 million for Japan. The EU is also India’s biggest trading partner, sourcing 16.7% of India’s imports and taking 23.7% of exports in 2004.

India and the EU face many common challenges and have shared economic philosophies and mutual interests. These factors have underpinned the relationship for 40 years and were formalised in a series of bilateral cooperation agreements, in 1973 and 1981. In 1994, the EU India cooperation agreement on partnership and development established a formal structure, with a ‘Joint Commission’ (a joint monitoring body) meeting regularly to scope out areas for cooperative action. The Joint Commission’s work has inspired a series of joint initiatives and bilateral economic and trade cooperation projects. The economic cooperation chapter of the joint action plan that was adopted at the sixth EU India summit in New Delhi, in September 2005, covers a broad range of areas where the EU and India have strong mutual interests in promoting closer collaboration. The importance of this common approach has become even more evident in the age of globalisation. This has been reflected in the discussions at the highest level between India and the EU since regular summit meetings were instituted in 2000 and in the initiatives and actions that have resulted.

This work entitled "Impact of Globalisation on India’s Foreign Trade with European Union" attempts to examine the impact of globalisation of Indian economy on its pattern and volume of its trade especially with European Union. The basic objective of this
study is to bring in to the focus the impact of globalisation of Indian economy with reference to its foreign trade policy and volume of trade with European Union. The problems associated with it and the prospects and possibilities of increasing its foreign trade in the changed world environment particularly with European Union.

The work is divided into nine chapters. The chapter one introduces the subject and gives background knowledge on the subject. Chapter two narrates the problem under study and research methodology. Chapter three provides a full profile of European Union. Chapter four and five are devoted to trade with European Union classifying the trade items into traditional and non-traditional ones. Chapter six reads the impact of WTO on trade with European Union. Chapter seven gives an account of composition of India's foreign trade, its growth and the trends of exports to European Union, imports from European Union and trade with rest of the world. Chapter eight is devoted to problems and prospects, this chapter point out the weak and strong point of India's foreign trade and its trade policy. At last the ninth chapter concludes the discussion and contains valuable suggestions of the problems.
SUGGESTIONS

Detailed analysis of India’s position in the world trade and India EU trade pattern revealed that neither E.U. nor any other trading partner can afford to undermine India in matters of global trade. India is on fast track of growth and exploring the new possibilities of growth in a planned way. No doubt, India is weak on certain counts but India’s strength is more convincing. That is why India has been able to attract increasing volume of Foreign Direct Investment (FDI). Before exploring the scope of further improvement, this is worth making strength and weakness analysis.

India’s strength: Today, India is one of the six fastest-growing economics of the world. It is vibrant, rapidly growing consumer market, comprising over a 250 million-strong middle class with increasing purchasing power. An abundant and diversified natural resource base, sound economic, industrial and market fundamentals, combined with highly skilled and talented human resources, make India a destination for business and investment opportunities with a considerable potential for attractive returns. India had achieved a growth rate averaging 6% during the 1990s and are currently poised to grow at 8.5% and above in the coming years. This growth is underpinned by strong macro-economic fundamentals, modest inflation and a healthy external sector represented by foreign exchange reserves of over $110 billion. The strong macro-economic fundamentals have also been complemented by all the three engines of growth, namely industry, manufacturing and services, simultaneously registering high rates of growth. It is now being
increasingly recognised that India is developing as a global hub for outsourcing for many manufacturing companies. This is coupled with Indian industries becoming globally competitive - a fact which is indicated by the rapid increase in our merchandise exports over the last decade. Such growth has been possible as a result of major initiatives in banking reforms, telecom deregulation, a massive national highway development programme, deregulation of ports, power sector reforms, formulation of a new civil aviation policy, imitation of agricultural and urban sector reform and streamlining of approvals for foreign investment. A characteristic feature of India's growth in the 1990s has been the fact that the share of services has risen from 43.7 per cent to almost 54 per cent of GDP, while that of industry has declined. This is a peculiar phenomenon since it signifies a process of "leapfrogging" from the agricultural phase to the services phase, and bypassing the industrial phase as witnessed in other emerging markets. In addition, the Indian demography has significant comparative advantages. India has a young population, with 25% being in the age group of 20-35 years, a dynamic upper middle class increasing at the rate of nearly 40 million a year and changing consumption pattern of India's large rural market, with nearly 60% expenditure now being incurred on non-food items. This young India is shaping India's future rapidly. The challenges facing us are being overcome in a manner reflecting the national consensus which has guided India's economic reforms since 1991.

India's economic progress has been made against the backdrop of political stability and the strength of its democratic institutions. We remain firmly committed to multilateral values and are determined to
actively contribute to the cause of peace and security across the globe. India's aspiration for a permanent seat in the UN Security Council is firmly based on a perception of its universal role, apart from adherence and contribution to the UN's goals and ideals since the San Francisco Charter. India, by virtue of its history, geographical location, size and population has a definite role to play even outside its proximate neighborhood. India lies at the conjunction of various intersecting geo-political circles, sharing ideals and goals not only with other SAARC nations but also with its extended neighborhood, comprising the countries of South East Asia, the Middle East and Central Asia, among others. India has been able to leverage its unique historical and political linkages to develop close relations with a variety of regional and sub-regional groupings, including ASEAN, SAARC, BIMSTEC, GCC, AU and MERCOSUR. India's close relations with these regions, coupled with its growing politico-strategic influence and capabilities, underpin the rationale for a strategic partnership between India and the EU. The European Union is not only India's largest trading partner but also its largest source of foreign direct investment, an important source of technology and home to a large, diversified and influential Indian Diaspora. Trade between India and the EU, which was a modest 12.6 billion Euro in 1993, has increased to about 28 billion Euro in 2003 and about 46 billion Euro in 2006. The EU, taken as a bloc, is India's largest export destination and has a share of over 20% in its total exports. However, it is but clear that current levels of trade fall well short of potential.

**India's weaknesses**: Despite impressive GDP Growth in India institutions could not gain much of the strength. Political leadership
in India is badly confused and lacking determination. On account of this the process of reforms is very slow and certain measures, it seems have been taken half heartedly. Corruption is wide-spread at all levels of politics and bureaucracy. The Govt. Staff has yet not been made learn work culture. Different political groups are playing politics with different ideologies with their self motives without caring national interest. Social institutions have weaken and fast loosing their significance. In fact, these institutions have deliberately been corrupted by the politicians to become their instrumentals. There are in fact no statesmen of national stature able to inspire and unify the public for a noble cause. These factors have deteriorated the national values and national valuation as well. The diplomatic and political image of India is not as sound as it used to be till about two decades back.

India is also suffering from certain economic weaknesses. The most important among them is poor infrastructure. Poor credibility, poor grading and poor quality of goods and services are also common weaknesses. India is having very large young population but even then there is virtual dearth of qualified personells. Among those holding professional degrees only a few are capable to be appointed to man key positions. The educational institutions are not well equipped and dedicated to quality education. Privatisation process has come to a fix because of political bout. Developmental projects are much delayed, in some cases above 10 years. Many important projects are awaiting clearances for couple of years. Many of those cleared are waiting sanctions of funds for implementation. Foreign investment proposals take more than a year’s time to get clearances. Power position is
becoming grim day by day. Roads, ports and air services are in pitiable state. Tax laws and procedures are unduly lengthy and complicated. Given all these weaknesses this is surprising that India’s economy is surging ahead and foreign trade has been steadily increasing. Perhaps this is underlying strength of India’s economy that show potentialities to grow faster even in the adverse circumstances.

The following suggestions can be moved to remove the obstacles connected with foreign trade of India and to increase India’s foreign trade particularly with the EU:-

1. **Services Exports**: The EU, with a large ageing population would need the services of additional professionals and workers in the medium term. With the size and age structure of Europe’s population undergoing dramatic changes due to a variety of factors, including declining fertility rates (1.5 per woman in EU-15) and increasing life expectancy at birth (by one year per decade in the EU-15), the population of the EU is projected to start falling beyond the year 2020. The population of working age between 15-64 years is projected to drop by 40 million persons or 18%. At the same time, the Old-Age Dependency Ratio (OADR) in the EU is likely to increase from 40% in 2005 to 70% in 2050. The population of older persons, aged 65 and above is also estimated to increase by 60 million. These developments will have considerable implications for the budget and social welfare systems in the EU in terms of healthcare and productivity. As the demographical balance of Europe changes, the gap between the availability of a skilled workforce and the need for such workforce to
maintain the current productivity and efficiency levels will increase. The EU's own projections of skilled person's migration will be limited to 600,000 per annum till 2050, in view of the current migration policies in place. The EU's social and economic structure will clearly necessitate adjustments to its migration policy in order to sustain its economic efficiency and productivity levels. There are ample possibilities of service sector exports and job outsourcing for India.

2. Drugs and Pharmaceuticals Exports: Indian exports in this sector amount to less than 150 million Euros, indicating a large untapped potential, based on considerations of comparative advantage and mutual benefit. In this context, an in-depth study of the patent and approval regime in EU for drugs and pharmaceuticals, including simplification of procedures followed by EU Member-States for granting approval of Indian pharmaceutical products, is necessary. The procedures not only need simplification, but should also allow recognition of the clinical trial procedures followed in India. The market potential for alternative traditional medicines in EU markets is large because of cost advantages and perceived minimal side-effects. However, the regulatory treatment of Indian 'Ayurvedic' herbal drugs in EU markets needs substantial improvement. The EU should actively consider waiving the requirement of 15 years use in the EU for fast track approvals of such drugs, if such Ayurvedic drugs have been in use in any third country, including India, for the stipulated period. India proposes a sectoral industry/government/EU dialogue in this area.
3. Textiles Exports: India is happy to note that the EU had eliminated quotas in line with its international obligations by the end of 2004. The post-quota elimination phase indeed threw challenges for both EU and Indian industry. It would be useful for both sides to meet under the aegis of the Joint Working Group, or any other suitable forum, to discuss how markets on both sides are going to adjust to this new phase. It is believed that the EU is considering certain measures to restructure the EU textile industry in the post-quota phase. Some of the measures proposed may affect third countries such as India, which are major textile and clothing exporters to the EU. India’s exports of textile and clothing products constitute 35 per cent of its total exports to the EU. Both sides are committed to raising the levels of bilateral trade. In the post-quota phase, India expect that its exports will get unbridled access to the EU market. We would also expect to continue to benefit from duty concessions on textile products under the EU’s new GSP scheme. It is also India expectation that the EU will be transparent and non-discriminatory in its preferential trading arrangements like GSP. The Indian textile & clothing industry employs millions of workers and is a key component of the Indian manufacturing sector. India is consistently opposed to any linkages between trade and social/environmental standards. Further, in keeping with the EU’s WTO commitments, India would expect EU not to use trade defence instruments on textile and clothing imports from developing countries, including India, in the post-quota phase, as all WTO member countries had committed at the Ministerial Conference in Doha. India has been steadily reducing its import tariffs on these products. The EU still maintains a high tariff rate on imports.
on textiles and clothing. India should continue to seek increased access to the EU market for this product maintaining its demand of tariff reduction.

4. Agriculture Products Exports: Trade in agriculture constitutes a significant component of the India-EU trade relationship. However, the potential of the sector is still far from being fully realized. India is a major producer and exporter of agricultural products in the world. Agricultural practices prevalent in the country make it ideally suitable for organic farming. Indian products largely meet EU concerns about health and public safety and also complement the quality consciousness of the EU market. The harnessing of commonality of interests can considerably enhance trade between the two sides. However, Indian exporters continue to face difficulties in the EU market in spite of several initiatives. We feel that the EC could demonstrate greater flexibility in extending increased market access to Indian agricultural products by laying down more transparent and internationally recognized standards and requirements. This will be vital for the promotion and sustained growth of India-EU bilateral trade. There is need for closer cooperation between India and EU in the areas of quality supervision; inspection and quarantine; and for establishing a mechanism for prompt redressal of issues adversely affecting market access on both sides. The training of Indian personnel in EU laboratories for up-gradation of their skills should constitute an integral part of this close cooperation.

5. Information and Communication Technology Exports: Information Technology and IT enabled services have contributed to a
substantial growth in India-EU Trade. Almost 1/4 th of India’s software exports go to Europe. Indian companies have distinguished themselves in the EU by providing services and products which are of the highest quality. Indian experts in the software sector have brought the world’s largest concentration of SEI-CMM certified companies to India. India has 75 SEI/CMM level-5 companies, which is over two thirds of total SEI/CMM level-5 companies in the world. India also has over 300 IT companies having ISO-9000 certification.

6. Civil Aviation Collaboration: The Indian Budget 2004 proposed raising the foreign equity up to 49 percent in domestic air carriers. However, non-resident Indians and corporate bodies are allowed to hold up to 100 per cent equity in domestic air transport services. The government is pursuing a policy of enhancing the role of the private sector in improving the efficiency of airport infrastructure in the country. India has allowed 100 per cent FDI in airports (FDI upto 74 per cent through the automatic route). The proposed privatisation of four of the largest international airports at Delhi, Mumbai, Chennai and Kolkata is a key element of this strategy. The government is also seeking private investment in building new airport facilities. Two new airports at Hyderabad and Bangalore are being set up through private participation. India looks forward to technical collaborations with EU industry in the field of civil aviation, particularly with R&D organizations and the international aerospace industry. India is ready to consider the EU proposal for a comprehensive Agreement on Air Transport, including in the areas of regulation, access and traffic management security. The Agreement
will have to be harmonized with the air services agreements that India has already signed with some Member States of the EU.

7. **Road Transport Collaborations**: India has massive projects for strengthening and upgrading the national road network based on BOT, BOLT and other terms. India solicits technology collaboration and investment in this sector from EU industry.

8. **Energy Collaborations**: It is estimated that by 2010, India will need to triple its electricity production to meet increasing demand. Given that energy security is a strategic priority for India, India welcome the EU’s suggestion for the setting up of an energy panel to guide joint working groups dealing with fossil fuels, renewable energy and nuclear energy. Another field of study could be energy management. India would also be interested in clean coal technology, given our huge coal reserves. India enjoys an abundance of solar energy resources, but technological up gradation of its photovoltaic cell production process is required to make it cost-effective. EU industry’s commercial and technological collaboration in this field could prove mutually beneficial. India needs frontier technology for producing environment-friendly fuels. Areas for possible technology tie-ups are: gas pipelines, upstream and downstream operations, storage technology, offshore drilling, technologies for renewable energy etc.

9. **Biotechnology Collaborations**: India and the EU are today at the forefront of biotechnology. Enhanced cooperation between us would lead to faster progress and greater benefits for both. India welcomes the suggestion for greater interaction between the two sides
involving industry and research institutions and proposes the creation of a joint Working Group. Among other activities, the Joint Working Group could consider organizing periodic India-EU biotechnology conferences inviting industry representatives, research institutions, government officials and NGOs for dissemination of information regarding research activities and possibilities for their commercial exploitation. Possible areas of cooperation are medical biotechnology involving the development of drugs and drug delivery systems, vaccines and diagnostics for communicable and non-communicable diseases, vaccines for HIV/AIDS, and nano-biotechnology. In the area of food and nutritional security, India would be interested in collaboration in food biotechnology, bio-fortification for nutritional enhancement, nutraceuticals, food processing technologies and nutrigenomics, agricultural biotechnology, and transgenic with better nutritional traits and in advanced biotechnology, including stem cell research and human genetics.

10. Space Research Collaborations: India has excellent credentials in space research. India’s ongoing programme of exchange of scientists between the ESA (European Space Agency) and the ISRO (Indian Space Research Organisation) should be intensified. Eight Indian satellites have already been launched on board the Ariane series of launch vehicles. India has also assisted in the development of the German Bird satellite which was launched aboard an Indian Polar Satellite Launch Vehicle (PSLV). The same launch carried a Belgian satellite called PROBA. India and France are cooperating in the joint satellite mission “Megha-Tropiques” to study the tropical monsoon system. India has developed considerable capabilities in the field of
satellite navigation and is already embarking on technology demonstration for a satellite-based augmentation system called GAGAN. Specific new areas/projects for cooperation could be identified by the respective space agencies for further discussion/implementation. India would be happy to participate in the space mission and satellite launching projects undertaken by the member states of EU.

11. Maritime Agreement: India and the EU should explore synergies to develop maritime shipping between India and Europe. The joint press statement released at the end of the last India-EU Summit in New Delhi had mentioned the launch of negotiations for entering into a bilateral Indo-EU Maritime Agreement. The Agreement is aimed at, inter alia, improving the conditions under which maritime cargo transport operations are carried out, providing fair and non-discriminatory access to cargo, ports and auxiliary services to each other, and free movement of Indian seafarers and auxiliary workforce within EU territory and vice-versa. This can be hoped that the technical negotiations currently underway between the two sides will lead to a mutually acceptable text.

12. Radio Satellite Navigation: India is interested in participation in the Galileo Satellite Navigation project. The two sides have held several meetings and a draft agreement has been exchanged, which will form the basis of further negotiations. India has proven capabilities in launch vehicles, satellite fabrication, tracking and maintenance of satellite constellations, development of ground receivers and related application software. The objective of the
proposed agreement, thus, is to encourage, facilitate and enhance cooperation between India and the EU to contribute towards a global civilian satellite navigation system. India's participation in the project would enhance cooperation between the respective industries through the Concession scheme, joint ventures and mutual participation in relevant industrial associations; and between our research institutions under the aegis of the EU's Framework Programmes for Research & Technology Development, and between the European Space Agency and the Indian Department of Space.

13. Engineering and hi-tech products Development Cooperation: The profile of bilateral trade and investments in the engineering and high-technology products is growing and the trade has grown nearly two-fold in the last 5 years. While new products are being added to the trade basket in this sector, it is felt that a smoother flow of trade and investments in this sector will be facilitated by an appropriate regime for transfer of technology. The Industrial Product Research (IPR) issues are also relevant. The India-EU Business Summit should create a forum for a detailed dialogue in this area.

14. Cooperation in Environment & Sustainable Development: India's environmental administration today has clearly marked and well-designated areas of intervention and the national government is committed to make sustainable development a visible reality. Fully conscious of its capacity to contribute towards global environment management, India has played a responsible role in international efforts towards environment management. It is a party to many important multilateral conventions and recognises the
interdependencies in the field of environment and the trans-boundary character of many of the environmental problems. Environmental issues are vital in maintenance of products quality standard.

15. Trade and Investment Cooperation: In 2003, India was the 19th largest exporter to the EU, and occupied a share of 1.35 per cent of the EU’s total imports. At the end of 2006 India stood at 10th position with 1.8% share of EU’s total exports & imports. The growth of trade is, however, restricted by the trade regulations in the EU and several Non Tariff Barriers (NTBs). Decelerations in global and internal growth in the EU have limited the growth of Indian exports in the last three years. It is critical that further measures are taken to expand trade in sectors of mutual interest such as marine products, pharmaceuticals and chemicals, steel, engineering, development of Information and Communication Technology (ICT) products and services etc.

16. Multilateral Level Trade: Both India and the EU stand for the strengthening of the multilateral trading system. India however needs development space if it has to fulfill its ‘Vision 2020’. Its priorities and views on multilateral issues may, therefore, not necessarily converge with that of the EU. However, as mature partners and established democracies, both sides understand each other’s sensitivities and concerns, and their respective offensive and defensive interests. A framework agreement has now been reached between WTO members. It is hoped that the Doha Work Programme will now get the necessary impetus, and will reach early fruition. India seeks the EU’s understanding, at all levels, to retain the centrality of the
element of "development" which lies at the heart of the Doha Agenda. India seeks access to developed countries markets, removal of agricultural subsidies, and other trade distorting subsidies, and is opposed to any linkage of trade with non-trade or social issues. The Doha agenda has been given better focus by dropping the three controversial Singapore issues relating to Investment, Competition Policy and Government Procurement. In the area of services, special attention needs to be given to facilitate the movement of natural persons. Both India and the EU share a common interest in the extension of the protection of geographical indications under the TRIPS agreement to products other than wines and spirits. It is also expected that the thread of special and differential treatment for developing countries will run. India also expects the EU’s understanding and support for the resolution of implementation-related concerns of the developing countries including India.

17. Bilateral Investment Measures: An adequate infrastructure for business and industrial operations has been created in India today. Special economic zones and software technology parks have been set up where the investments are welcome and imports are totally duty-free for exports. The opportunities are inviting. The savings in cost are considerable and there are long-run advantages in terms of market presence. However, there are still certain misconceptions and distortion in the perceptions of EU investors, which need to be removed through concerted action. The EU and India need to sensitive their industry not only about the advantages of a cooperative relationship in the economic context, but also the inherent
stability and legal predictability of an investment relationship in a
democratic set up.

18. Harmonisation of Quality Standards: India-EU trade in
agricultural and marine products has been stagnating between Euro
1.25 and 1.5 billion over the last five years which is far below its
potential. Both sides should work towards overcoming the outstanding
issues in the available institutional framework of Joint Working Group
on Agricultural and Marine Products. India welcomes EC’s
commitment on greater cooperation in maintaining quality standards.
Both sides should recognize the need for food safety measures and
work towards harmonization of standards and bringing them at par
with Codex/international standards and at a level commensurate with
risk assessment. India is ready to reciprocate the EC commitment
towards facilitating exchange of information on legislation,
certification, inspection and accreditation procedures with a view to
streamlining the same and removing any impediments to trade
between the two countries. This cooperation should be extended.

19. Customs Cooperation: The primary focus of the EU-India
Customs Co-operation and Mutual Administrative Agreement is
exchange of information and mutual administrative assistance for
preventing, investigating and combating breach of customs legislation.
The objective of finding solutions to problems facing EU and Indian
companies may not be strictly within the ambit of the Customs Co-
operation agreement, rather they could be covered under the Co-
operation Agreement between the European Community and the
Republic of India on Partnership and Development of 1993. This step would help expansion of trade between India and EU.

20. Training and Development Centers: The Govt. of India must give due weightage to small and medium enterprises (SME) sector in formulation of its EXIMS policy. India EU bilateral trade agreement recognised the importance of SME sector and emphasis was laid on promotion of this sector in the interest of trade growth. But this is surprising that Govt. of India till the data has made no efforts to identify and resolve the problems of small and medium enterprises excepting that certain priorities have been fixed in making finance available to the units of this sector through financial institution including commercial banks.

SME sectors can play even more a dominant role in India’s export trade directly and indirectly. Art and craft items, handicrafts garments and apparels, carpets and furnishing, gems & jewelry, fish, meat, marine products, process foods and agro products etc. are produced and exported by small and medium enterprises. These products constituted about 19.07% of total exports of EU at the end of year 2006. This can be seen from the past data that exports of these items is falling gradually because of the quality and designing problem being faced by the exporters. Govt. of India must immediately pay attention towards pending demand of the exporters to setup training centers and designing studios to provide help and guidance to the exporters belonging to SME sectors.

21. Testing Labs Facilities: The emphasis of importers about on quality of products and services well explained quality standards
and growing competition in international market has brought the quality of service and product to the core of international trading activities. In such an environment where creation and maintenance of quality is the 'Mool-mantra' to stand in the market, none can think exporting without caring about quality. Quality testing facilities are unavoidable in export trade. As setting up of these facilities require big investment, which may not be affordable by the small business entities engaged directly or indirectly in export trade. Then becomes the responsibility of the Government to extend such facilities to the new and established entrepreneurs in order they can compete in international market in matters of quality atleast. In order to boost exports the Govt. both union and states should take quick steps to set up quality testing labs in each of the centers of exporter clusters. This facility should be of international standard available at a affordable rate with advisory services. This will not only help the manufacturers to comply with the buyers requirements but also motivate them to develop their products more innovatively.

The above suggestions are targeted at removal of the hurdles impeding India's performance in international market. At present India's share in the world trade is as meagre as 1% of total volume of world trade, which is not justifiable from any angle, looking at India's potentialities. This research has revealed that much of the problems are practical in nature than theoretical. A progressive thinking and sincere efforts of resolution can solve many of these easily. Suggestions for improvement of these have been suggested under "collaboration" and "cooperation" headings. Resolution of certain problems requires policy changes and investment that can be done
without much of the difficulties in the present state of affairs. Provided, however, there is a willingness and determination.

I am confident that if the foregoing suggestions are accepted and implemented in their true sense India's world trade including that with member states of European Union will increase fastly to become double of the present level within 5 years of period. There is ample scope of trade expansion and investment. We should not forget that India does possess ample of natural resources, the world-class talent, and outstanding capabilities to perform.

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