

## INDO-FRENCH ECONOMIC AND COMMERCIAL RELATIONS

The economic and commercial linkages are an important component of India's bilateral relations with France.

### **Bilateral Trade**

France is ranked 5<sup>th</sup> in the list of India's trading partners among EU countries (after the UK, Belgium, Germany and Italy). Indo-French bilateral trade has been growing over the years. In 2010, the Indo-French trade increased by 30.83% compared to 2009 (from € 5.37 billion to € 7.02 billion).

**Indo-French trade in the last 10 years is as follows (figures in million Euros):**

Year	Indian exports to France	French exports to India	Total Trade	Balance of Trade for India	%age of increase/decrease
2000	1,441	938	2,379	+503	+18.18%
2001	1,497	1,018	2,515	+477	+5.71%
2002	1,471	1,000	2,471	+471	-1.74%
2003	1,484	1,002	2,486	+480	+0.60%
2004	1,684	1,296	2,980	+388	+19.87%
2005	2,109	1,838	3,947	+271	+32.44%
2006	2,499	2,635	5,134	-136	+30.07%
2007	2,784	3,351	6,135	-567	+19.49%
2008	3,461	3,327	6,787	+131	+10.62%
2009	2,911	2,460	5,371	+447	-20.86%
2010	4,127	2,900	7,027	+1,227	+30.83%
2011 (Jan.- Nov.)	4,389	2,481	6,870	+1,908	+6.04%

Source: *Le Chiffre du Commerce extérieur (Foreign Trade Statistics)*, French Ministry of Economy, Finance & Industry

During President Sarkozy's visit to India in January 2008, it was decided to double the two-way trade by 2012 to € 12 billion. This was reiterated during PM Dr. Manmohan Singh's visit to France in September 2008 and again during President Sarkozy's visit to India in December 2010. Considerable effort will be required on both sides to increase two way trade to achieve this target through enhancement and diversification of the trade basket and encouragement to investments. During President Sarkozy's visit in December 2010, a number of commercial agreements worth USD 20 billion were signed.

The top commodities of Indian exports to France during the last twelve month period (Dec. 2010-Nov.2011) are:

- Refined petroleum products
- Underwear & other wearing apparel & accessories
- Apparel & accessories
- Basic organic chemicals

- Footwear
- Textile articles
- Edible oils & fats
- Automobile equipment
- Garment & accessories
- Pumps & compressors

The top commodities of Indian imports from France during the last twelve month period (Dec. 2010-Nov. 2011) are:

- Aircraft & spacecraft
- Instruments and appliances for measuring, checking & testing
- Motors & turbines
- Electrical equipment & apparatus
- Steel & iron alloy products
- Basic organic chemicals
- Pharmaceutical, medicinal, chemical & botanical products
- Non-dangerous waste
- Chemical products
- Electrical material

### **Investments**

Indian investments: In 2010, India was the 14<sup>th</sup> largest investor in France. There are about 80 Indian companies in France and have invested in IT, pharmaceuticals, plastic industry, auto parts, etc. They are employing over 8,000 persons. Cumulative Indian investments have been around USD 1 billion since April 1996.

French investments: There are about 800 French companies in India. France is the 9<sup>th</sup> largest foreign investor in India with cumulative investment of approximately USD 2.5 billion. The number of technical and financial collaborations approved with France is 952. Major French investments are planned in the energy, automobile, aerospace, food processing and other sectors by 2013.

### **Bilateral Economic Agreements**

India and France signed a Bilateral Investment Protection Agreement (BIPA - [www.finmin.nic.in/bipa/France.pdf](http://www.finmin.nic.in/bipa/France.pdf)) in 2000 and an Avoidance of Double Taxation Agreement was signed in 1992. An MOU on Intellectual Property Rights (IPR) was signed in July 2006. An Agreement on Social Security exemption was signed during the Indian PM's visit to Paris in September 2008. The Social Security Agreement has come into force w.e.f. 1<sup>st</sup> July, 2011.

The Indo-French Joint Committee for Economic and Technical Cooperation was set up in 1976 through an Agreement. Meetings are held at Ministerial level alternately in Delhi and Paris. Several Joint Working Groups at the senior officials level have been constituted under the Joint Committee through MOUs to deal with specific aspects of economic cooperation. The Joint Working Groups are on Urban Development, Roads, Agriculture, IT, Energy, Coal, Mineral Exploration & Development, Posts, Telecommunications, Railways and Environment. The 15<sup>th</sup> Session of the Indo-French Joint Committee on Economic & Technical Cooperation was held in September 2008 at Delhi and the 16<sup>th</sup> Session of the Joint Committee Meeting was held in Paris on 24<sup>th</sup> & 25<sup>th</sup> June 2010.

**India-France CEO's Forum:** During the Indian PM's visit to Paris in September 2008, it was decided to set up an India-France CEOs Forum to be co-chaired by Mr. Narayana Murthy, Chief Mentor of Infosys and Mr. Bertrand Collomb, former President of Lafarge. The first meeting of the Forum was held in New Delhi on 28-29 November 2009 and the Forum has been holding regular meetings. The CEO's Forum is discussing ways and means of enhancing bilateral cooperation and increasing two way business and investments.

**Small & Medium Enterprises (SMEs):** Both India and France are encouraging SMEs. FICCI, ESC and other Indian trade promotion organisations such as NASSCOM, CAPEXIL and AEPC have led delegations comprising mainly SMEs to encourage SMEs of both countries to do business and work with each other in developing new technologies and enhancing bilateral trade.

Bilateral economic and commercial ties have been encouraged by leaders in both countries and a large number of visits have taken place in the last five years. These visits in the commercial and economic field are reflective of the importance given by both governments to expanding trade ties.

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