

Press Release

Berlin, 29 May 2017

German industry wants to exploit chances in India. For this, the course needs to be set now.

- **Negotiate Free Trade Agreement again now**
- **Market access in India remains difficult for German businesses**
- **Criticism on the cancellation of the Indo-German bilateral investment treaty**

“Insufficient legal certainty, a cumbersome administration and missing infrastructure make it difficult for German businesses to invest into the Indian market. This applies especially to small and medium sized enterprises. Regarding tariffs and trade barriers India needs to open up more in order for our businesses to expand their commitment in the country.” said Hubert Lienhard, Chairman of the Asia-Pacific Committee of German Business (APA) on Monday prior to the Indo-German Business Summit 2017 with Chancellor Angela Merkel and India’s Prime Minister Narendra Modi.

“The cancellation of the Indo-German bilateral investment treaty creates uncertainty among German investors” explained Lienhard. This action compromises the trust of German investors because investments in India can no longer be secured by federal warranties for direct investments.

“The negotiations for the bilateral EU-India Free Trade Agreement need to be re-opened. Concluding such an agreement would be an important signal to German investors”, Lienhard.

India’s Prime Minister Narendra Modi introduced various initiatives such as slimming down administration, preparing India for the digital age or improving the educational system. Lienhard: “The introduction of the Goods and Services Tax is promising and an investment incentive for German businesses. Our economy hopes for more such reforms.”

India is one of the fastest growing emerging markets. For 2017 and 2018 growth rates of 7.4 and 7.8 percent respectively are predicted. The bilateral trade between Germany and India rose to 17 billion Euro in the previous year. Of these 17 billion Euro approximately ten billion Euro are German exports to India. The stock of German investments in India amounted to 13 billion Euro at the end of 2015.

About APA

The Asia-Pacific Committee of German Business is the voice of German business active in Asia-Pacific. APA engages in the dialogue on economic policy with the

German government and those in the Asian region. APA voices the concerns and interests of German companies' interests towards Asia-Pacific. APA strives for more intense cooperation with Asia-Pacific and helps promoting trade and investment in both directions. APA is an initiative of the Federation of German Industries (BDI), the Association of German Chambers of Industry and Commerce (DIHK), the German Asia-Pacific Business Association (OAV), the Federation of German Wholesale, Foreign Trade and Services (BGA) and the Association of German Banks (Bankenverband). Since February 2014 it is chaired by Dr. Hubert Lienhard, President and CEO of Voith GmbH.

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