

Bilateral Trade bound for a surge

# The Strengthening French Connection



Jean-Charles Demarquis

Trade relations between France and India have matured over the years like vintage French wine, in terms of both flavour and value. Indo-French bilateral trade had gone up by as much as 80 percent in the decade to 2005, touching Euro 3.64 billion. The two-way trade received a further boost from the visit of French President Jacques Chirac to India in February 2006 to soar to an estimated Euro 10 billion by 2010. Jean-Charles Demarquis, French Consul General and Trade Commissioner in Mumbai, believes that companies from his country will be showing keen interest in India's capital goods sector, aimed at modernizing a host of industries, including textiles, road and rail transport equipment, IT, urban development and food processing.

## Please discuss the history of the trade relation between India and France.

It has been said, that the trade ties between the two countries did not equal the excellent diplomatic relation. This is not true any more. French investments are not marginal since the last two years. French presence strengthened its position as it is proved by some recent successful joint ventures like Renault as well as the constant growth made by Lafarge, Total and Saint-Gobain not forgetting the recent arrival of French luxury brands like Chanel and Louis Vuitton. We can, obviously, recall the Airbus and Scorpene deals which happened in 2005. In the present scenario, France is among the first European investors in India.

French priority given to India is not only linked to the excellent results of the Indian economy. An opportunistic vision cannot and has never been the ground for the trustworthiness of a bi-lateral relationship. If a chronological landmark is to be given, the visit of President Jacques Chirac in 1998 was the starting point for unprecedented growth of exchanges between the two countries. Most recently, this priority has been the occasion for a "French Season in India", in 2003, inaugurated by the former Prime Minister, Mr Jean-Pierre Raffarin. 2004 saw the implementation of the trade action plan by the French

External Trade Ministry. This plan is thoughtfully followed by Mrs Christine Lagarde, the External Trade Minister who has short-listed India as a priority country. The official trip of President Jacques Chirac in February 2006, echoing Dr. Manmohan Singh's visit to France in September 2005, was a significant step.

## Which was the year when the first trade happened and what was the product?

It would be pointless to date back to the first trade between the two countries precisely. We can retain the first quarter of the 18th century as the beginning of the exchanges. The goods exchanged then, like fabric, are still significant nowadays. The French merchants used to bring precious metal like silver and gold in exchange of delicate fabric. At that time, the quality of fabric weaved by Indian craftsmen was very fashionable among the European elite (certain shawls were named 'Indienne'). Let's quote a few, silk from Kasimbazar, muslin from West Bengal or light cotton fabrics from the Karnataka. Alas, not forgetting, the important need of saltpetre from Bihar which was used in the making of explosives.

## What are the potential areas of trade and commerce between India and France which

## you have identified during your tenure?

Main sectors in which French companies show strong interest are: capital goods - aimed at modernising local industries (more precisely textiles, pharmacy, biotechnology, automotive sector), chemical products, transport equipment (road, rail and air), Information Technology, engineering, urban development (water and waste management), agriculture and food processing.

I have also noticed a growing interest of Indian companies for France. For instance, the purchase of the generic division of Aventis by Ranbaxy. The newly settled Invest in France Agency (IFA - [www.ifa.org](http://www.ifa.org)) in New Delhi reinforces this trend. This French government agency is mandated to help businesses in India to find the best solutions for setting-up in France and assist Indian companies in identifying potential partners and acquisition opportunities.

## How has your experience been in India?

A very thrilling one considering the fact that India is rapidly moving forward, creating more and more opportunities for foreign companies.

## What are your views on the activities of the Trade Commissioners Forum as a member of it?

The Trade Commissioners Forum is a very useful tool giving the Indian partner, mainly the institutional ones, a designated partner to enhance the goals and priorities of the local government. It equally acts as a useful medium enabling information sharing.



## What are the bottlenecks that you face during your trade with India? How would you remove those hurdles for a smooth trade relation between India and France?

Considering the discrepancies in welcoming FDI in the different states, it could be very useful to create a nodal agency as a single window at the central level to attract and promote FDI all over India. Taking into consideration the potential of the domestic economy and the priority given to India by foreign investors, the margins of progress in this specific area of economy is substantial. The issue of infrastructure, the foreign investment level cap in certain sectors like banking, insurance for example and the non-opening of the retail sector remain a great concern for the majority of Indian and foreign decision-makers I have met. I share their point of view to a certain extent.

