

**Inaugurational address of Vice President Haferkamp  
at the occasion of the opening of the India Trade Centre  
in Brussels - 29 February 1980 (Extracts)**

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This is an important day for India and for the European Community.

After careful and laborious preparations we are today in the position to present to the European trading community the India Trade Center in Brussels.

- This Center is the fruit of a truly cooperative effort between the Indian government and the EC Commission. Its origin goes back to the year 1975, when the Indian government and the EC Commission jointly commissioned a report on the possibilities for a more dynamic trade and economic cooperation between Europe and India. This so-called Smallman-Report was submitted to the Indian government in July 1977.
- One year later the Indian government decided to take up one of the ideas advanced by the Smallman Report, the establishment of a trade centre somewhere in Europe.
- Last year finally, the Commission and His Excellency, Mr. Dave, concluded a financing agreement under which the Community will contribute an amount of 1.5 Million Dollar (1.1 ECU) for the operation of this center during its first three years of activities.

The Community has already in the past lent its assistance to the setting up of other similar trade centers of Developing Countries

But never before have we committed such a big amount of money for one single project in the field of trade promotion and never before did a developing country choose Brussels, where most European Community Institutions are concentrated, as the seat of its European centre from which to operate throughout the Community. (trade)

We are convinced that the European market offers a great number of "loopholes" for developing countries' producers to sneak in. The job of those in the Trade Center will be to find out these "loopholes" and to draw the attention of Indian manufacturers and exporters to them. This requires solid market research in Europe, imagination about potential new product lines as well as thorough knowledge of the Indian industrial, managerial and marketing capabilities.

The four priority products electronics, engineering products, jute & coir, leather, on which the Centre wants to concentrate its initial marketing activities appear to be well chosen.

Though Community imports of engineering goods from India have quadrupled between 1973 and 1978 their total volume in 1978 was still no more than some 100 Mio ECU. And despite the impressive scope of Indian industrial production more than 80% of Community imports of Indian manufactures are still concentrated on only four types of products: textiles, precious stones, silver and leather.

We are certain that both for traditional exports of manufactures and new ones the Community market offers immense possibilities, provided the necessary marketing efforts are being undertaken. We have seen in the past many examples of remarkable export performances whenever the right type of product was offered at the right price, at the right moment and at the right quality.

India can boast of at least two outstanding success stories during the last year :

- One is that of precious stones whose imports from India have been sky rocketing since 1973 (from 42 to 305 Mio ECU), largely because Belgian producers and traders discovered the exceptional skill of Indian workers in the field of precious stones;
- The other success-story is that of clothing whose imports have grown sixfold in the five year period 1973/1978. We all remember when Indian ladies' blouses [in 1977/78] were the great hit in the European fashion market.

Import restrictions, whether tariffs or non-tariff barriers, do no longer constitute a real handicap to trade between developing countries and the European Community.

We still consider ourselves of being not only the biggest but also the freest and the most easily accessible market in the world for manufactures from developing countries. Our average import duties are presently less than 10% (on dutable items) and will be around 6% by the end of the decade, when the successful tariff cuts of the recent GATT round will have been completed.

The majority of our imports from India is coming in duty-free, either because we do not apply any duty at all, or because we offer duty-free access under our system of generalized preferences.

We are proud to have been the first to have introduced generalized preferences in 1971. And I hope that the Community will also be the first to announce its willingness to extend its system of general preferences until the end of the century.

The Commission will in the next few days propose to the Council of Ministers such an extension.

With the exception of very few items, we do not impose any quantitative restrictions to imports. Like all other industrialized countries we had, of course, to resort to quantitative ceilings for textiles in 1978 in order to slow down the excessive growth of imports from low-cost countries and to prevent the European textile industry from being virtually wiped out.

But we do not have the impression, that the unsatisfactory Indian export performance in this field since 1976 can be primarily attributed to our restrictions. Overpricing, quality problems and unreliable delivery schedules seem to have been more important causal factors. Indeed, in 1978 India was able to use only 7% of the available textile quotas and while Indian textile exports went down by some 30% (in quantities) from 1976-1978, those of other competing Asian countries went up by more than a quarter.

Admittedly our market is extremely complex and volatile. A big sales runner in 1979 may well prove unsalable<sup>1980</sup> because the weather conditions or the fashion may have changed. Flexibility is therefore a fundamental requirement for successful selling in the European market. The market needs to be constantly and closely watched. Business men must be allowed to work together as they wish, unhampered by any bureaucratic restrictions. ↑

↑ We need a constant flow of Indian businessmen coming to Europe and vice-versa.

We also advocate a better regional balance of Indo-European trade within the Community. It is not normal in the long run, that only two Member States, UK and Germany, should account for 57% of total trade between India and the Community.

Our support for the India Trade Centre in Brussels is part of our overall effort to help India and other developing nations in their efforts to better sell their products in our market. We believe that the principle "Trade not Aid" still holds good. ↑

A liberal trade policy in favour of developing countries is in our view an essential part of a healthy development policy.

It is encouraging to see how rapidly imports of manufactures from India and other Asian countries have been growing in the past few years. In 1978 our manufactures imports from India were more than three times as big as 5 years ago. Three quarter of our total imports from India are now composed of manufactur

Trade is only one, however important sector of cooperation between nations. That is why we took up the Indian government's wish to broaden the existing trade agreement into an agreement on commercial and economic cooperation. We hope, that we shall very soon be able to begin the negotiations on the new cooperation agreement. It is our wish to conclude them before the summer vacation.

Let me in concluding make a few more general remarks on the relations between the European Community and the Indian subcontinent.

I specially welcome here today the presence of the Ambassadors of Bangladesh, Pakistan and Sri Lanka. We consider this presence as the expression of your growing cooperation,

a cooperation made necessary in the light of common economic and political changes. You have to face fundamental challenges. You must overcome hunger, and misery. You have common economic interests to defend on the international scene. You are members of the group of the non aligned countries.

We welcome your cooperation.

The Community, being herself a regional grouping composed of nine and soon ten free, democratic nations, supports the efforts of developing nations to join their hands in peaceful cooperation.

We are hopeful that the successful operation of the India Trade Centre in Brussels will also have positive by-effects on India's neighbours. Let us therefore all wish the people who are to run this Centre a good start.

It is my privilege and pleasure to declare the India Trade Centre in Brussels formally opened.

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