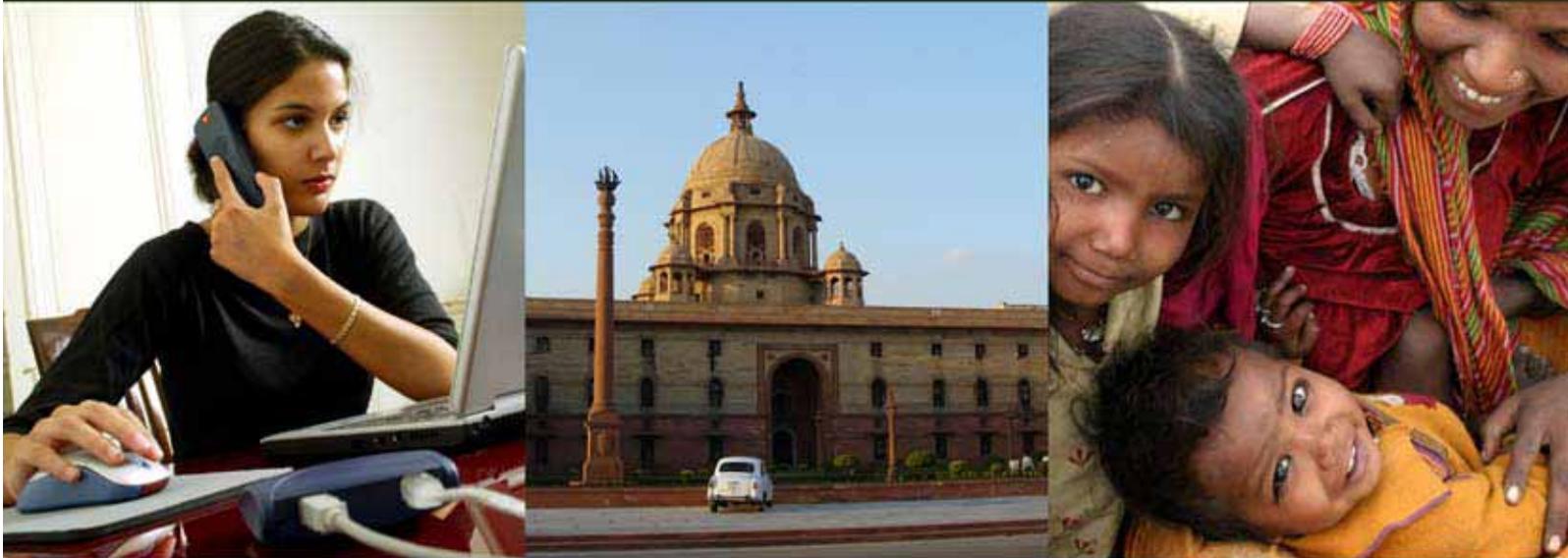


THE DANISH GOVERNMENT 2008



DENMARK - INDIA

A NEW PARTNERSHIP

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## 1. DENMARK-INDIA – A NEW MUTUALLY BENEFICIAL PARTNERSHIP

The Government's Asia Strategy states that future-proofing our welfare requires that Denmark does well in globalisation. Denmark must adapt to Asia's role as the locomotive of globalisation and be better at utilising the opportunities provided by growth and development in Asia.

In order to implement the Asia strategy, the Government has decided to draw up programmes of action regarding India and China with a view to strengthening cooperation with these countries concerning political, economic, environmental, energy and climate, and cultural issues. While the programme of action regarding India indicates priorities for efforts in relation to the country, it does not in itself trigger new funds.

India is undergoing rapid and dramatic change. Denmark has a great economic and political interest in strengthening its partnership with India to contribute to and benefit from this development. A new partnership is to be based on reciprocity and equality.

The Danish presence in India must be significant – also on the part of the private sector – because Denmark is only genuinely interesting to India if we are present with a sufficient critical mass of visible competences that are in demand in India, and have a contact network that enables Denmark to continuously pick up economic and political opportunities and challenges. In 2007 the Ministry of Foreign Affairs strengthened the Danish political and trade presence in India with new staff at the Embassy. The enhanced involvement is necessary to be able to

represent the increasing Danish interests that follow on India's growing importance for Denmark.

Developing bilateral relations is decisive to ensure Danish interests. However, Denmark will also handle some of its interests in India through the EU. The overall strength of the EU and its ability to combine political, economic and commercial instruments provides a firm platform for handling Denmark's interests vis-à-vis India. The implementation of the Treaty of Lisbon will make the EU an even stronger foreign policy actor. Enhanced bilateral Danish partnership with India and a significant presence in the country are preconditions for increased Danish influence on the formulation of EU foreign policy on India and for representing specific Danish interests.

	<b>Denmark</b>	<b>India</b>
Area	43,094 sq km	3,287,590 sq km
Land Boundaries	68 km	14,103 km
Coastline	7314 km	7517 km
Highest point	Yding Skovhøj 173 m	Kanchenjunga 8,598 m
Population	5,470,919	1,129,866,154
Population growth	0.3 %	1.6 %
Sex ratio	0.98 male/female	1.06 male/female
Life expectancy	Total: 77.96 years	Total: 68.59 years
Fertility rate - female	1.74 children born/ woman	2.81 children born/ woman
Literacy	Total population: 99 %	Total population: 61 %

Denmark must be an active partner and a constructive actor in India's process of growth and change. The aim is twofold: Denmark must be a co-actor in India's economic growth to the benefit of both countries, and Denmark is also to be a political partner for India in the work of furthering global security, stability, climate, democracy and human rights.

## 2. INDIA – A MAJOR GLOBAL POWER OF THE FUTURE

India is the largest democracy in the world and has been able to safeguard this while respecting cultural and religious diversity. India is a federal republic consisting of 28 states, 6 union territories and the national capital territory of Delhi. To understand India, it is important to acknowledge the diversity of the states with respect to language, culture, economy, potential and autonomy in relation to the central government. Introducing and maintaining a democratic form of government in a country the size of India, at its stage of development and with its extensive ethnic, social and economic diversity has been a great success. From the point of view of domestic policy, the greatest challenges facing the Government are economic reforms and problems concerning poverty. Through 'growth with a human face' the Government is seeking to improve the standard of living of a wider section of the population.

### 2.1 Economy, trade and investments

India has one of the most dynamic economies in the world with annual GDP growth of 7-9 per cent. This development has resulted in a position as the 9th largest economy in the world and, measured in purchasing power, the world's 4th largest economy. This high economic growth is primarily due to increased domestic economic liberalisation, a more liberal trade policy, and targeted efforts within high growth areas - supported by an excellent education system at third level and a competitive level of expenditure. India is expected to be the second largest world economy around 2040, surpassed only by China, and it will be the most populous country on a global level by 2030.

The reforms on which India's swift development are based were established at the beginning of the 1990s. A sustained, high annual growth rate will, however, require more reforms which open up the Indian economy further along with increased Indian and foreign investments. The large budget deficit of approx. 10 per cent of GDP presents a great macroeconomic challenge. Interest on the public debt alone constitutes a quarter of the state's fixed expenditures, thus limiting the Government's domestic economic scope. To this may be added, for reasons of growth and employment, the need to develop the industrial sector in the coming years. The industrial sector comprises a mere 28 per cent of GNP while the service sector accounts for 54 per cent.

	Denmark	India
GDP	1,454.7 billion DKK	4,079.2 billion DKK
GDP growth rate	1.6 %	7.9 %
GDP per capita	242.858 DKK	4.277 DKK
GDP – composition by sector	Agriculture: 1.6 % Industry: 26.1 % Services: 72.2 %	Agriculture: 17.5 % Industry: 27.9 % Services: 54.6 %
Labour force	2.9 million	506.9 million
Unemployment rate	3.8 %	7.9 %
Export	804.2 billion DKK	753.1 billion DKK
Import	807.4 billion DKK	736.2 billion DKK
Human Development	Number 14	Number 128
Global Competitiveness	Number 3	Number 48

The EU is India's largest trade partner today, with respect to both import and export, with the USA in second place. India has been slower than China opening up to foreign investments. In the last financial year (2006/2007) India attracted USD 15.7 billion in foreign investments, representing a 183 per cent increase on the previous year. But this is only a quarter of the amount that China attracted in the same period.

The Indian Government is working to make the economy more export driven and aims at doubling India's share of world trade by 2009. This target is to be reached by creating better framework conditions for the business sector, less bureaucracy, and setting up export promotion programmes for selected sectors and growth companies, as well as the improvement of international investment conditions. In the longer term the ambition is to maintain high growth by means of further openness in the economy, investments in infrastructure and new growth areas, and reforms in the public sector and the tax system. The budget deficit is simultaneously to be continuously reduced.

## 2.2 Relations with the outside world

India's growing integration in the global economy will not only change conditions for the global business sector but will also exert a significant influence on the international political agenda. India is actively taking a higher degree of co-responsibility for global and regional development. India is undisputedly the largest military power in Southeast Asia at present – with atomic weapons and the third biggest army in the

world. India's profile in international fora has, moreover, been strengthened, and the country is seeking more influence on the formulation of international rules, inter alia in the WTO and the UN. At the same time India is increasingly playing an active part in resolving a number of international challenges such as combating terrorism, the non-proliferation of weapons of mass destructions and peacekeeping operations. In the context of foreign policy, India is an important country, and in the 21st century we will witness an India that plays an increasingly active role in international development and in international fora. It is thus important to continue to engage India positively as a co-player in the global challenges of the coming years.

India has established close cooperation with both the USA and the EU. India was one of the first countries to express unconditional support for the USA and the fight against terrorism following the terrorist actions on September 11 2001. This was the culmination of a ten-year long paradigm shift in reaction to the fall of the Berlin Wall and the break-up of the Soviet Union, which replaced the decades-long 'anti-hegemonic' policy and pronounced scepticism vis-à-vis the American military presence in Asia.

Today India imports 70 per cent of the oil and gas it consumes and this is expected to rise to 90 per cent in 2020. For this reason great emphasis is placed on energy supply in India's foreign policy. As a part of India's new foreign policy and to strengthen ties to the USA, the two countries have entered a civil nuclear agreement intended to pave the way for the export of technology and reactor fuel for the civil Indian atomic programme at

the same time India is required to make commitments in the field of non-proliferation. There remains, however, an agreement between India and the International Atomic Energy Agency in this regard, an important element of which will be the assessment of the meaning of the agreement for non-proliferation efforts. The USA's strategic approach to India bears witness to India's increased global importance.

In 2005 the EU and India adopted a joint plan of action that will be put into practice in The Strategic Partnership. In addition to political dialogue, this joint plan of action encompasses concrete cooperation on peacekeeping/crisis management, non-proliferation, the fight against terrorism, free trade, consular issues, education/research, as well as cooperation between peoples. The joint action plan is to undergo automatic review in 2008.

Relations with Pakistan have been central ever since 1947, when the two countries became independent, and have been improving in recent years. In 2003 it was decided to commence a formalised process of dialogue, "the Composite Dialogue", between India and Pakistan.

The Indian Government is pursuing an ambitious trade policy that aims at doubling the country's share of world trade (less than 1 per cent as yet) by 2009. In the area of free trade, India and China are working together with ASEAN to establish a common economic market with over 3 billion people and sustained high growth of 6-8 per cent.

In 2005 China and India initiated dialogue with respect to entering a bilateral free trade agreement, and in connection with the summit between President Hu Jintao and Prime Minister Manmohan Singh in New Delhi in November 2006, it was decided to work towards doubling Chinese-Indian trade to USD 40 billion before 2010. India is simultaneously negotiating free trade agreements with a great number of other partners that include the EU, the ASEAN countries and the countries of South Asia.

Relations between India and China are marked by the fact that two of the most populous states in the world have a clear common interest in maintaining internal social and political stability, as well as continued high growth through expanded economic cooperation. China and India signed an agreement in 2005 about the development of a strategic and cooperating partnership.

India is at present phasing out bilateral development cooperation with most of the "small" donors as it wishes to have development cooperation with a few large donors only. India received a total of DKK 6 billion in development assistance from Denmark from the 1960s to 2005, in particular in the fields of health, water supply and agriculture. At the same time India is increasing its own development assistance related involvement in a number of Asian and African developing countries. The fact that the country now has the vigour and competence to help others is an important part of the new Indian self-perception. But the assistance must also be viewed

in the light of India's strategic interests, including the area of energy supply.

To an increasing extent, India's relations with other countries will be determined by the country's economic interests. This dictates a higher priority on links with the USA, the EU and China. On top of this may be added consideration for future energy supplies necessitating particular attention being paid to such countries as Iran, Burma, the Central Asian republics and a number of African countries.

### **2.3 World-class high technology**

The process of economic reform in India has primarily led to growth in the service sector rather than growth in industrial production, as in China. The service sector's share of GDP has risen from 41 to 54 per cent in 13 years.

The two high technology sectors, Information and Communication Technology (ICT) and biotechnology, have the greatest growth potential in India. ICT is occupying an increasingly larger position in India's economy, even though the sector by no means has a dominant place in the Indian economy. The turnover of the Indian IT industry was approximately USD 40 billion in 2006/2007, representing an increase of around 30 per cent compared to the previous year. This growth is mainly due to increased export based on rising international demand, which underlines the fact that the Indian IT industry is absolutely world class. India's best IT universities can match the very best IT educational institutions in the US and Europe.

India is also strongly equipped for the future in the field of biotechnology and is expected to be one of the biggest actors in the global market for technology in the next 5 to 10 years. Growth in the biotech industry has been at 30-40 per cent in recent years, and analysts estimate that India's global market share will comprise 10 per cent already by 2010.

### **2.4 The backlog of the future – poverty, human rights and environment**

At the same time as progress is being made, India is facing enormous challenges that continue to be linked to fighting poverty, ensuring human rights for all population groups, and environmentally sustainable development. Sections of society continue to be characterised by inefficiency, corruption and too much bureaucracy. It is a precondition for continued political stability and economic progress that a number of profound political and socioeconomic reforms are implemented. The reforms should ensure that the economic and social development is benefitting the entire population.

The World Bank estimates that 35 per cent of the population, or approximately 400 million people, are living on less than one dollar a day. This means that India has just as many impoverished people as sub-Saharan Africa. Although the desire and the will are present, realising the UN's Millennium Development Goals will constitute an immense challenge for India, especially with regard to poverty, education and gender equality.

India has made progress in the human rights field in recent years and in general human rights are safeguarded in the constitution and by legislation. However, not everyone in India has full access to these rights. With respect to the caste system, legislation has been adopted in India that guarantees formal, equal treatment of all population groups. Quotas have been introduced for lower castes in the public sector and the education system. Nonetheless, caste discrimination is still widespread, inter alia on the labour market. Assaults against indigenous peoples, women and girls and violence against civilians continue, in particular in areas marked by political instability.

In the area of environment India is experiencing great pressure on its water resources alongside and wide-ranging environmental problems caused by industry, among others, and which include waste management, hazardous waste and discharge of polluted water with the health problems derived from this.

India is, moreover, one of the most climate-vulnerable countries in the world. The UN Climate Panel, the IPCC, has calculated that a 2-degree rise in temperature towards 2100 would lead to India losing as much as 5 per cent of its GDP. This is twice as much as the EU and approximately one per cent more than Africa. India's high degree of climate vulnerability is partly due to the fact that a quarter of its population live less than 50 kilometres from the coast along the approximately 7500 kilometre-long coastline, and that about 2/3 of the population are employed in agriculture. India still refuses to undertake binding targets for reducing greenhouse gas emis-

sions on the ground that this would have an adverse effect on the potential for economic growth. India also refers to the very low per capita greenhouse gas emissions which do not immediately indicate that India should assume a particular responsibility. Climate changes can imply a greater need for disaster relief for India. Denmark has contributed to NGO-assistance in connection with earthquakes and floods in the country.

In spite of significant challenges such as poverty, infrastructure, corruption and environmental pollution, India is in a positive development spiral, where the economy allows further investments to be made in education and infrastructure, which in turn will strengthen economic development.

### 3. PRIORITIES FOR STRENGTHENED DANISH-INDIAN COOPERATION

The partnership between Denmark and India will focus on six major areas:

- Political dialogue
- Trade and investments
- Research, science and technology
- Energy, environment and climate
- Education, cooperation between peoples and culture
- Attracting foreign labour

A Joint Commission at Foreign Minister level will be established in order to facilitate strengthened partnership and further the political dialogue between India and Denmark. The Joint Commission is to create the framework for a number of cooperation fora between Danish and Indian authorities in such areas as political dialogue, trade and investments, shipping, research and development, and education and culture. The Joint Commission is an expression of the mutual desire to re-define the partnership and strengthen the economic and political ties following the termination of Danish development cooperation.

The general development and coordination of the cooperation will thus be undertaken through the Joint Commission. The concrete further development of the cooperation will take place between the relevant line ministries and other partners on both sides and will include the setting up of professional and sector-specific fora. Professional cooperation has already been initiated in the biotech area under the Ministry of Science, Technology and Innovation, and ICT cooperation is

being negotiated. Other obvious fields of cooperation are shipping, environment and energy, and education and culture.

#### 3.1 Political dialogue

In general Denmark's bilateral cooperation with India should cover Denmark's interests in relation to India and in a great number of areas complement the broad-based cooperation between India and the EU, also within the joint EU-India action plan. In this dialogue it is important to keep India's size and diversity in mind. It is important to acknowledge and understand the role of the states in India's federal structure and to improve knowledge of and dialogue with the relevant regional actors.

The political dialogue in the Danish-Indian partnership will take its point of departure in common values concerning global security, strengthening democracy and respect for human rights, and rule-based international cooperation. The possibilities for furthering concord on a global agreement to reduce greenhouse gases will be a key topic in the dialogue up to COP15.

Denmark and India have a common interest in combating terrorism in collaboration with the UN and the rest of the international community. India suffers frequent terrorist attacks and makes great efforts to combat these. Because of its highly developed democratic system, India has been successful in creating a good balance in a country with vast ethnic, religious and cultural diversity. This experience and India's

great involvement in the area makes the country a particularly interesting partner in the context of the global fight against terrorism and radicalisation.

Both Denmark and India support the development of efficient multilateral organisations and codes of practice. Denmark wishes to develop its cooperation with India, ensuring greater multilateral involvement in resolving conflicts – also in Asia. Denmark, furthermore, supports a reform of the Security Council that reflects the global order where Asia is playing an increasingly greater role.

Denmark grants significant, active development assistance to the South Asian countries of Bangladesh, Bhutan and Nepal, all of which are neighbouring countries to India. India and Denmark thus have a common interest in discussing the development in these countries in order to further stable, democratic development. Denmark and India have conducted good, constructive dialogue regarding development in Nepal.

The official exchange of visits between Denmark and India is to be made a strategic priority in the partnership and will include regular exchange of visits between the parliaments of the two countries. Most recently, the Business Affairs Committee of the Folketing (Danish parliament) visited India in February 2006, the Minister for Science, Technology and Innovation in 2004, and the Minister for Foreign Affairs in 2007. The Prime Minister is visiting India in February 2008.

Denmark is working to expand European cooperation with India, which will include entering a free trade agreement and a partnership agreement. The partnership agreement is to ensure that the EU has fully developed, up-to-date cooperation with India in all fields of common interest, and ensure the implementation of the common strategic partnership.

Closer cooperation can include:

- Establishment and implementation of a Joint Indian-Danish Commission as a frame for partnership and political dialogue.
- Intensified exchange of visits at both ministerial and parliamentary committee level.
- Strengthened dialogue on climate and energy with a view to ensuring concord concerning a new global climate agreement up to COP15 in 2009.
- Working towards a wide-ranging EU-India partnership agreement intended to ensure broad strategic dialogue and cooperation.
- Strengthened dialogue and concrete measures to further global and regional security, including fighting terrorism and the proliferation of weapons of mass destruction.
- Concrete political cooperation to promote peace and stable democratic development in the region and in India's neighbouring countries where Denmark is particularly engaged; these include Afghanistan, Bangladesh, Burma, Bhutan and Nepal.

- Continued focus on the promotion of respect for human rights, also in international fora and as part of the regular human rights dialogue between the EU and India.
- Continued support for a reform of the Security Council, including expanding it with India, among others, as a permanent member.
- Danish-Indian cooperation on disaster prevention, inter alia in the light of climate changes.
- Conducting regular meetings between a Danish research institution and one of the leading Indian think tanks with a view to discussing highly prioritised subjects and furthering joint solutions.
- Strengthening Danish dialogue with the Indian State Governments that are of special interest to Denmark.

### 3.2 Trade and investment

There is considerable potential for increased trade and investment in India. The interest of the outside world in India has grown significantly in recent years, and therefore Denmark has a clear interest in exploiting the opportunities created by India's impressive growth. Approximately 75 Danish companies have set up on the Indian market with subsidiaries, representative offices or in joint ventures. Several of them are market leaders such as A.P. Møller and F.L. Smidth. According to the Indian Finance Ministry, Denmark is number 15 on the list of foreign investors in India (period 1991-2005) ahead of Russia, for example. Even if there is a trade deficit, all in all there is a surplus of approx. DKK 1.5 billion, including services and

shipping. However, Danish trade with India is still relatively limited in relation to the size of the country, and, for example, far smaller than trade with China. Denmark does not have the same growth rate in exports as other EU Member States, and has experienced a decline in export to India over the past two years.

India was one of the 23 original members of the GATT, which became the World Trade Organisation, WTO, in 1995. In this context India traditionally spoke for the developing countries and is playing a key role in connection with the current Doha round. In the summer of 2007 India and the EU commenced talks about entering a free trade agreement. The EU would also like a broadly organised partnership agreement. Denmark is working to ensure that the maximum possible consideration is shown for Danish commercial interests and for sustainable development, labour rights etc. in the ongoing agreement talks.

As an illustration of the fact that economic globalisation means mutual advantages and that outsourcing of jobs goes both ways, Indian companies are to an increasing extent investing in the West. They wish to get closer to the customers and gain access to the technology that is necessary to remain competitive. An example is the decision of the Indian windmill manufacturer, Suzlon, to place their main global sales office in Denmark. Another example of an important Indian investor is India's largest private company, Reliance. Reliance has bought Trevira in Silkeborg with a view to further developing their competences in the area of polyester. The investment has since

meant that Reliance has set up a new organisation in which Trevira in Silkeborg is to become an important global competence centre for weaving and dyeing.

The infrastructure in India is underdeveloped and badly maintained, and therefore this is an area where Danish expertise has a lot to offer. In the longer term this could include not only greater opportunities for cement factories and consultant services, for instance, but also for operating harbour facilities and supplies for the massive development and renovation of airports. There is also demand in India for Danish competences in agriculture and the processing of agricultural products. Marine transport is already one of the biggest areas in trade between Denmark and India. Danish shipping serves India within all the important market segments and several Danish shipping companies have opened their own offices in India. Danish shipping companies also operate harbours and terminals in India, including picking up international freight within the country. Denmark is already engaged in dialogue with India concerning shipping, but attaches great importance to the ongoing negotiations between the EU and India on entering a shipping agreement. Some of the obvious mutual interests of Denmark, India and the EU are combating piracy and armed attacks on ships. India is geographically close to the pirates' area of operations and is actively fighting piracy.

The Indian market contains a number of challenges for Danish companies. Partly because of the state structure, the market is so varied that it is impossible to speak of one Indian market.

There are, in addition, a number of culturally determined factors in India that can present challenges.

The opportunities and challenges for Danish companies in India speak in favour of the Danish Ministry of Foreign Affairs offering local consultancy services and the possibility of business-to-business (B2B) arrangements. The planned expansion of The Ministry of Foreign Affairs' missions in India will strengthen these areas. Outsourcing and production in India is a particularly important area in this regard. The problems include unfair competition, an unpredictable, non-transparent and unstable investment climate, bureaucracy and market distorting subsidies. Danish businesses specifically point out disproportionately high import tariffs and a lack of transparency in customs procedures. When Danish firms outsource or establish businesses, they are increasingly concerned with their Indian partners' economic, environmental and social responsibilities. This applies, for example, to supplier management, which presents a great challenge in handling human rights, labour rights, corruption and environmental protection. In this area, Danish companies can draw on knowledge and tools that can help them to integrate these considerations. The so-called "CSR Compass" (Corporate Social Responsibility) can be of assistance to Danish companies in making ethical demands on their sub-contractors. The CSR Compass contains a country profile for India providing Danish companies with an overview of social and environmental risks in relation to their Indian suppliers. Moreover, the Danish Institute for Human Rights, cooperating with the International Dalit Solidarity Network (IDSN), has developed a free instrument that can guide Dan-

ish companies in avoiding becoming involved in caste discrimination. The Ministry of Foreign Affairs also has a special profile for India in the anti-corruption area. The Ministry of Foreign Affairs – by means of consultancy and trade policy effort – also provides assistance in obtaining market openings and removing non-tariff barriers.

All the Danish public commercial instruments in the GoGlobal cooperation work actively for Danish companies in India. The GoGlobal cooperation consists of the Trade Council of Denmark, Danida, Eksport Kredit Fonden (EKF), and the Industrial Fund for Developing countries (IFU). Between 2005 and 2008, the Trade Council of Denmark increased consultancy resources in India by 60 per cent. In addition in 2006 an incubator scheme was established which offers office facilities and export consultancy to Danish companies considering setting up on the Indian market. The incubator was set up in connection with the Embassy in New Delhi, and since its establishment it has successfully served a number of large and small Danish firms. IFU acts as a co-investor and grants loans for Danish firms' investments in India. Up to the present the IFU has taken part in the establishment of 75 Danish-Indian joint venture companies with a total investment sum from IFU of almost DKK 700 million and anticipated jobs for almost 15,000 people. The activities are wide-ranging, from the development of infrastructure and the manufacture of sub-components, to IT development assignments. The IFU finds it important that the projects live up to high standards in the areas of environment, work environment and ethics. EKF provides competitive conditions for Danish exports by insur-

ing against the risks of financing businesses in unsure markets. EKF thus also plays an important role in financing Danish activity on a growth market such as India – via guarantees/insurances that banks and insurance companies do not normally cover alone. As of October 2007 EKF is engaged in India in the shape of environmentally approved export credits and investment guarantees of approx. DKK 850 million for Danish export and investments within infrastructure, renewable energy and manufacturing.

The Ministry of Foreign Affairs has also supported the work of Indian companies with social responsibility with a total of DKK 11 million under the Public-Private Partnerships Programme between 2004 and 2007. A further three partnership agreements with pledges totalling DKK 6 million are expected to be entered in 2008. Danida, moreover, supports the financing of Danish equipment supplies with interest-free loans under the Mixed Credits scheme. Ten projects in all in the areas of wind energy, food processing and training programmes have been initiated with a total contract sum of DKK 150 million. A limited number of project proposals have been submitted to the Mixed Credits Secretariat since 2000, and at present there are no concrete project proposals for Mixed Credits in India.

Within the framework of the proactive trade policy strategy, Denmark will, inter alia:

- Work actively through the EU and the WTO to create optimal framework conditions for Denmark's commercial relations with India.
- Work for the EU-India free trade agreement that considers Danish interests to the widest possible extent in relation to market access, labour rights and the environment.
- Strengthen trade policy and customs-technical advice concerning India, so that this is operational for Danish companies contemplating outsourcing production to India.
- Further measures to strengthen activities for Danish companies in India, including removal of the high import tariffs and greater transparency in customs procedures.
- Expand investment promotion efforts in India in 2008 through Invest in Denmark with a view to attracting further Indian investments to Denmark.
- Expand the Embassy in New Delhi in 2008 with a new sector expert in the area of health.
- Intend to open a new trade commission in India in 2009. This will add competences, resources and increase regional presence in India.
- Convene a new Danish-Indian shipping seminar at the beginning of 2008 with the participation of representatives from companies and authorities.
- Work for a shipping agreement between India and the EU that considers Danish shipping interests.

- Offer advice to firms in the area of CSR (Corporate Social Responsibility), including, among other things, human rights, labour rights and anti-corruption targeted at the Indian market.
- Strengthen GoGlobal cooperation in India, which will benefit Danish firms with an interest in India.
- Conduct several business promotion drives in India under official leadership.

### 3.3 Research, science and technology

Denmark must be equipped to the greatest possible extent to be in the vanguard of international competition. This requires that Denmark should cooperate with the best research and education in the world. There is considerable research, scientific and technological potential in India and both countries will profit greatly by expanding their cooperation. Although several Asian countries will continue to be able to compete with India on prices, none of them can match India's annual production of more than 2 million highly educated and well-qualified, English-speaking graduates. This will constitute India's comparative strength in the increasingly more competitive global economy of the coming years.

India's public investments in research, development and high technology will be further enhanced in the coming decade. The Government is aiming at an even better position in the global knowledge economy. This requires development of the education system, among other things by the establishment of 'centres of excellence' at renowned universities, which is to be

combined with improved incentives for research and development enterprises.

Plans to develop cooperation between Denmark and India in the areas of research, science and technology are already advanced – and they are in accordance with the plans that figure in a joint action plan for the strategic EU-India partnership. The EU and India have entered a cooperation agreement within science and technology, and India has high priority in the EU's 7th framework programme for research (FP7).

Denmark has a well-established and politically rooted research cooperation with India in the biotech area and will furthermore concentrate on building a partnership with India in information and communication technology (ICT). These are the two areas where India is strongest at present.

**Biotechnology** is a crosscutting technology with development perspectives in the fields of health, environment, energy, food, agriculture etc. Therefore this technology opens the possibility of cooperation and results in a number of sectors. There are approximately 800 biotech companies in India. Growth in the sector will not only be driven by increased export but also by more sales to the domestic market's increasingly larger and more affluent middle class of more than 300 million consumers.

In October 2004 Denmark signed a MoU on the biotech area with India, and a steering group in the biotech area was subsequently set up in both Denmark and India. The two

steering groups have initiated network activities to further the possibility of forming public-private partnerships in the field of biotechnology with both Danish and Indian partners. For example, joint workshops and the allocation of so-called ScoutIndia scholarships for studies in connection with identifying relevant research groups in the partner country have helped to create close contacts between Danish and Indian research environments.

Biotech:

- Holding joint, thematically defined and specialist biotech-workshops with participants from India and Denmark to support research collaboration and knowledge sharing.
- Joint ScoutIndia initiative which supports the possibility of researchers to visit universities and research institutions to identify future cooperation partners and possibilities.
- Joint ScoutIndia initiative that facilitates existing Danish and Indian research groups' cooperation by supporting, for example, holding workshops and exchange of researchers.
- Organising industrial delegations from India and Denmark.
- Career development for researchers from India and Denmark between companies and research institutions.
- Discussions between Danish and Indian education and research institutions concerning the possibility of establishing mutual exchange programmes for students, Ph D students and post-docs.

- Danish-Indian matchmaking arrangements that can strengthen the business relations between Danish and Indian biotech companies.

**The information and communication technology (ICT) business** in India is world class. This can be seen by the fact that 43 of the 52 IT companies that, on the global level, have been awarded the industry’s most coveted certificate of quality (“SEI-CMM Level 5”), have a branch in India. It is only the US that surpasses India on this point. India’s leading IT university also belongs in the absolute world class and can compete with even the best European and American universities.

Denmark should concentrate on close cooperation with India in the area of ICT. In this connection, the Minister for Science, Technology and Innovation has entered dialogue with the Indian Ministry of Communication and Information Technology concerning the launching of an operationally oriented process to identify cooperation possibilities between Denmark and India regarding ICT.

If ICT collaboration should start up, the following elements could be included:

- Signing a Danish-Indian framework agreement/MoU concerning ICT cooperation.
  - Identification of possibilities for cooperation in the field of ICT.
  - Collecting experience from Danish-Indian collaboration projects concerning IT outsourcing.
- Danish-Indian matchmaking arrangements that can strengthen the business relations between Danish and Indian biotech and ICT companies.
  - A Joint ScoutIndia initiative which supports the possibility for researchers to visit universities and research institutions with a view to sourcing out future cooperation partners and possibilities.
  - Establishing joint workshops and seminars with a view to supporting research collaboration, knowledge sharing and transfer of technology.
  - Discussions between Danish and Indian education and research institutions concerning the possibility of establishing mutual exchange programmes for students, Ph D students and post-docs.

	Denmark	India
Telephone landlines in use	3.1 million (57 %)	49.75 million (4 %)
Mobile subscriptions	5.84 million (107 %)	166.1 million (15 %)
TV stations	26	562
Internet users	3.17 million (58 %)	60 million (5 %)

### 3.4 Energy, environment and climate

In the coming years India will experience a dramatically rising demand for energy. Coal is by far the most important fuel in energy production in India today, and the country is continuing to meet the growing energy demand by using coal. India has enough of its own coal reserves to cover production for

the next 45 years in the estimation of the International Energy Agency (IEA), and at the same time an increase is expected in the country's coal imports. In addition, India is seeking to cover its energy demand through cooperation with Central Asia, Iran and with Pakistan – chiefly concerning establishing oil and gas supply pipelines. India also cooperates with Latin American and African countries such as Venezuela and Sudan concerning oil supplies. To an increasing extent India is importing hydroelectric energy from Nepal and Bhutan. In the medium and longer term, an agreement with the US on cooperating on civil exploitation of atomic energy can mean increased focus on atomic energy in India's energy supply. Three per cent of the electricity capacity at present comes from atomic energy.

India is very interested in more efficient energy utilisation and adopted the Energy Conservation Act in 2001. This Act sets up requirement regarding energy efficiency measures and energy labelling. India has emphasised energy efficiency as a decisive element in its energy strategy. The energy savings potential is 13-15 per cent in the assessment of both the IEA and the Asian Development Bank (ADB). In spite of this it is relatively difficult to find financing internally in India, where it is mainly the public and multilateral organisations that invest in infrastructure projects. The rising CO<sub>2</sub> emissions create a need for clean-coal technologies, and a building boom is creating a demand for central cooling and energy efficient installations. This provides Denmark with an obvious opportunity for forming an extensive partnership with the Indian Government

and Indian businesses, as Denmark is a market leader in the environmental technology and energy savings area.

Denmark will map the commercial export potential in the areas of sustainable and renewable energy and energy efficiency. In the first instance the focus is on utilising the synergy in the excellent Danish political and business experience with environmentally conscious energy efficiency for a commercial effort vis-à-vis the countries that traditionally are net importers of energy and which simultaneously have the lowest energy efficiency, in particular the US, China, India and Brazil.

The environmental consequences of India's swift growth and increase in welfare are reflected in massive environmental problems in the cities and the destruction of water resources. The growing pollution problem in the big Indian cities is an area where Danish environment and energy technology as well as knowhow can contribute to a better environment and create possibilities for increased cooperation. Denmark also has a lot to offer in the areas of chemicals, waste management, clean drinking water and fighting air pollution.

In the field of energy and environment, India is one of the 16 selected countries in which Denmark is focusing on export promotional activities in connection with COP15. The 16 countries have been chosen according to their market and growth potential as well as their "maturity" in relation to the COP15 negotiation process. In the case of India, a business promotion drive has been planned in the field of wind energy in August 2008 and two fact-finding missions on coal-fired

power plants and water purification in 2008 and 2009, respectively.

Closer cooperation can include:

- Development of commercial Danish-Indian cooperation through closer cooperation between the public and private sectors concerning the export of Danish environmentally friendly and energy efficient technology, including business promotion drives and visits to Denmark by public and private Indian companies.
- Increasing awareness of the Indian challenges and the great potential within sales of and cooperation on environmental technology.
- Work in international fora to assist the developing countries gaining access to the necessary energy technology. India will be a significant partner in this process.
- Strengthening the cooperation between Danish actors to promote partnerships within environment and technology.
- Posting of a climate attaché to the Embassy in New Delhi is being considered in order to strengthen dialogue concerning climate issues.
- Signing and implementation of a MoU in the CDM area in order to support sustainable development through the application of CDM.
- Signing and implementation of a Danish-Indian framework agreement/MoU in the field of renewable energy and energy efficiency measures.
- Signing and implementation of a Danish-Indian framework agreement/MoU on environment.

- Stepping up communication efforts (public diplomacy), including placing of articles, speeches and seminars on climate and Danish experience.
- Ministerial visits, including an anticipated visit by India's Minister for New and Renewable Energy in 2008.

### 3.5 Education, cooperation between peoples and culture

There are as yet no Government agreements with India on exchanges in the education area, and the existing cooperation takes places bilaterally at institution level. Student exchanges of 1-2 semesters in the academic year 2003/2004 included only 30 Danish and 22 Indian students. The number of Indian students taking full education programmes in Denmark is, however, higher. In 2007 approximately 300 Indian students are expected to be given residence permits. In general, up to now Indian students in Europe have preferred British universities.

There is a need to strengthen Danish actors' knowledge of India. Closer cooperation should be facilitated between the public sector, research institutions, the business sector, civil society, cultural institutions and students. A dialogue with a broad range of Danish actors can make a contribution to identifying the potentials in closer cooperation with Indian partners and thereby utilising the best of both worlds. There should be particular focus on the competences that are in demand in the knowledge society. Cultural barriers and potentials should likewise be part of a closer dialogue.

From the academic year 2006 a free place and scholarship scheme has been introduced for the most able students outside of the EU/EEA, including students from India. In the terms of the scheme, the universities can offer free instruction and a scholarship to cover living expenses.

Danish educational institutions are showing great interest in entering bilateral exchange agreement with well-accredited Indian higher education institutions in the fields of IT and economics, but also concerning health, education and technology programmes.

The Nordic Centre in India is an example of cooperation in the education and cultural area. Nordic universities and their Indian partners cooperate here to organise courses and seminars in India as well as exchanges of students and teachers with educational institutions. The centre was established in 2001 and in November 2004 received final approval to operate in India.

The Danish National Museum's Tranquebar Initiative is a research and restoration project between the National Museum and a number of Indian and Danish institutions. The objective is to focus on the Danish settlements in India and their significance in Danish history from the 18th to the 20th century. The activity consists of a number of projects including conservation of buildings and gardens, collecting ethnographic pieces from Tranquebar, creating a network between individual researchers and institutions in Denmark and India, and

creating a model for future Danish research cooperation with non-European countries.

State development assistance to India ceased at the end of 2005, but a possibility still exists for development assistance to India through Danish NGOs. In 2006 DKK 29.8 million of the NGO allocation was used on development projects in India. The assistance is channelled through such Danish NGOs as Caritas, the India Group Funen, Danmission, the Danish Association of the Blind, and the Danish Beekeepers' Association and used on projects in the areas of health, agriculture and strengthening civil society. It could be considered whether it would be more advantageous for civil society to work more strategically with the areas in which Denmark desires extended cooperation, including with environment and human rights.

Denmark wishes to strengthen contacts between the Danish and the Indian peoples. Increased dialogue between different cultures and religions is a decisive precondition for developing the cooperation between Asia and Denmark.

	<b>Denmark</b>	<b>India</b>
Number of movies produced annually	Approx. 20	Approx. 800
Nobel prize winners	12	11
Miss World titles	0	5
Price of a ½ litre of Coca-Cola	12.95 DKK	1.75 DKK
Price of 1 McChicken	29.95 DKK	6.50 DKK

Closer cooperation can include:

- Establishing an India Forum for Danish stakeholders with a view to strengthening knowledge sharing and knowledge of and interest in India, inter alia by means of intensifying research.
- Exploitation of the great potential for exchange in the education area.
- The proposed education scholarship for Danish students should be targeted at select Indian universities.
- Danish universities and other higher education institutions should focus on attracting Indian students.
- Exploring the possibilities for a framework agreement/MoU in thematic areas within the education sector, inspired by the corresponding agreements with China and Korea, respectively.
- Continuing support to civil society in India via Danish NGOs with a focus on human rights and environment.
- Support contacts between the Danish and the Indian peoples, inter alia through the ASEM cooperation.
- Exploring the possibilities of setting up bilateral exchange and cooperation concerning innovative use of ICT in teaching, as well as the development of adult and vocational education.
- Creating a website about the possibilities of studying in Denmark
- Ongoing cooperation with newspapers and magazines targeted at students.
- Drawing up a cooperation agreement on research, education and exchange between the Indian University Consortium, India Institute of Technology and

Copenhagen University and the Technical University of Denmark.

- Cooperation concerning the restoration of selected buildings from the Danish period in Tranquebar.

### 3.6 Attracting foreign labour

The lack of manpower will be one of the greatest challenges facing the Danish economy in the coming years. Recruiting and attracting foreign workers will thus be an important task, which is a priority for the Government.

In October 2007 the Government presented a general plan of action for international recruitment, inter alia to market Denmark as a place to work and to make it easier to be permitted to work in Denmark.

India offers great potential for Danish recruitment efforts due to the large number of newly and well educated persons who speak English. India will be an obvious target for a number of the planned initiatives in this field. There is a tradition in India for the well-educated to seek work abroad for a shorter or longer period. The target group for a Danish drive is primarily to be found in the engineering area, among IT specialists and in the health sector. The lack/need is greatest within these job sectors in Denmark, and there are plans to conduct a marketing campaign in India over the next 4 years to attract precisely these target groups as part of the overall plan for the “Proactive marketing of Denmark.”

The launching of the Government's 13-point plan in September 2006 created an opening for the Danish Missions to assist companies on an individual basis to recruit manpower. Both the Embassy and the trade commission in Bangalore are building their competences in this area.

The "Brain Drain" issue is a constant element in the considerations concerning the different activities in the area. As a point of departure, India has a positive attitude to labour migration. This is due to both the large amounts of money remitted by the migrants and the fresh knowledge that the often highly specialized migrants bring back with them to India.

Closer cooperation can include:

- India as the target of a marketing campaign to attract highly qualified manpower to Denmark, including health-care personnel.
- Further development of the competences of the Embassy and the trade commission regarding recruitment on an individual basis for Danish companies.
- Careful consideration of the "Brain Drain" problem in the context of recruitment activities.
- Actively support the development that has resulted in 447 Indian IT specialists relocating to Denmark.
- Work towards a bilateral agreement with India with respect to recruiting health-care personnel.
- Increased mention of Denmark as a country to work in the international, including Indian, media, organising trade fairs, bazaars etc. at higher education institutions in India.

- Possible signing of a social insurance agreement that enables Danish pensions to be paid out to persons resident in India. This will strengthen Denmark as an attractive country in which to work.

**Denmark - India**  
**A new partnership**

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