

CECILIA MALMSTRÖM
MEMBER OF THE EUROPEAN COMMISSION

Brussels, 10. 04. 2017
JM/is Ares(2017)

Dear Mr Abruzzini,

Thank you for your letter of 21 March 2017 outlining EUROCHAMBRES's concerns and recommendations regarding the termination by India of the bilateral investment treaties (BITs) with EU Member States.

I agree with your assessment that India's unilateral decision to terminate these BITs is very unfortunate and has important consequences for the rights and protection afforded to European investors in India. In particular, new European investors are facing a period of legal uncertainty, with inherent additional costs and risks associated with investing in India.

In autumn 2016, the EU proposed to India to resume FTA negotiations, and in that context to fast-track negotiations on investment. In parallel, we asked India to suspend the termination of these BITs in order to avoid a legal gap in the protection of EU investors between the expiry of Member States' BITs and the entry into force of a new EU wide agreement, including investment protection, with India. Unfortunately, India decided not to suspend the termination of the existing BITs and has already allowed several of them to expire.

Nonetheless, I confirm that the Commission remains interested in concluding an ambitious and comprehensive FTA with India. We are currently reflecting on how best to move forward with the Indian side in order to determine the most appropriate mechanism to re-establish effective investment protection for European investors in India as well as for Indian investors here in Europe. Against this background, VP Katainen has also proposed to his Indian counterpart the idea of establishing a high level economic and trade dialogue in order to enhance our strategic partnership with India and prepare the ground for a possible joint way forward on the FTA, including investment protection. We are awaiting the Indian reply to this initiative.

Let me encourage EUROCHAMBRES to continue to be an active player in what we see as a collective effort. Your contribution to a matter to which the Commission attaches great importance continues to be very welcome.

Yours sincerely,

Art. 4.1(b)

Cecilia Malmström

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