



# Europe India Chamber of Commerce

## Newsletter

**Issue: 152 Volume: 15**

**June 2021**

### **India and EU to resume negotiations for FTA after 8 yrs; Launch comprehensive connectivity partnership**

#### Synopsis

These decisions were taken during a virtual summit between Prime Minister Narendra Modi and the heads of state or government of all the 27-member states of the bloc with a focus on expanding overall cooperation in areas of trade, investment and connectivity.

India and the European Union (EU) have agreed to resume discussions about a free trade agreement (FTA), eight years after the talks got stalled, the two sides announced on Saturday, along with kick-starting negotiations for agreements on investment protection and geographical indications.

Decisions in this regard were taken at a summit between Prime Minister Narendra Modi and the 27-member EU, which was held virtually due to Covid-19 and attended by leaders of all members of the trading bloc. Prime Minister Modi also urged the European leaders to support India and South Africa's proposal at the World Trade Organization for waiver of patents to expedite production of Covid-19 vaccines.

India and the EU decided to restart talks about a balanced, ambitious, comprehensive and mutually beneficial trade agreement, Vikas Swarup, secretary (West), ministry of external affairs, told media persons. He said the decision to resume FTA talks was the biggest achievement from the summit. FTA talks, which began in 2007, have been deadlocked since 2013 over issues including tariffs, market access and data security status.

"India's interests lie in greater market access in Europe for our goods and services, skilled manpower," commerce and industry minister Piyush Goyal said after the summit. "Countries are looking for trusted trading partners and our track record, I hope, gives confidence to our European friends that India will be your most natural and reliable ally, partner and friends."

#### Safe, Affordable Access to Covid-19 Vaccines

"With the cost of production high in Europe but competitive and reasonable in India, it gives European business great opportunity to produce in India. We can create a win-win partnership," Goyal said.

At the summit, India and the EU decided to support universal, safe, equitable and affordable access to Covid-19 vaccines, diagnostics and treatments, and the strengthening of health systems, while acknowledging the key role of the Access to Covid-19 Tools Accelerator (ACT-A) in this regard.

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Editor: **Secretary General**



**India, EU to launch negotiations on a standalone investment protection agreement**

**Talks on a separate pact on geographical indications will also begin**

**Summit also focused on measures to combat the pandemic**

**Two sides decided to support universal, safe, equitable & affordable access to vaccines, diagnostics and treatment**

**Also agreed on early operationalisation of joint task force on artificial intelligence**

**Working arrangement between Europol & CBI soon to combat terror**

All EU leaders at the summit individually thanked India for the medical supplies last year when they were battling a surge in Covid-19 cases. They expressed solidarity with Indian citizens and committed to provide whatever support they can to help India overcome the deadly second wave of the pandemic. The PM appreciated the EU's and its individual member states' quick support and assistance to fight the pandemic.

The two sides agreed to cooperate on resilient medical supply chains, vaccines and active pharmaceutical ingredients, as well as the application of international good manufacturing standards to ensure high quality and safety of products. While Portuguese Prime Minister Antonio Costa, the host of the summit, proudly referred to his status as an Overseas Citizen of India, the Belgian PM, Alexander De Croo, greeted his Indian counterpart in Gujarati, saying "Kem Chho". French President, Emmanuel Macron, said India does not need to listen to lectures from anyone about vaccine supplies.

"India has exported a lot for humanity to many countries. We know what situation India is in," he said. Spanish PM, Pedro Sanchez, on his part, warmly recalled India's assistance last year when his country was going through its worst phase of the pandemic.

In order to give a fresh push to the FTA talks, India and the EU agreed that it is imperative to find solutions to long-standing market access issues. They also decided to start negotiations on a separate

agreement on geographical indications, which could be concluded separately or integrated into the trade agreement, depending on the pace of negotiations.

The two sides decided to create a joint working group to intensify regulatory cooperation on goods and services, including but not limited to the green and digital technologies. “We also agreed to set up a joint working group on resilient supply chains, building inter alia on the experience we have gained from the Covid-19 pandemic,” said a joint statement.

The bilateral high-level dialogue on trade and investment has been tasked with ensuring progress on market access issues and supervising negotiations, as well as keeping progress on cooperation on regulatory aspects and resilient value chains under review.

India and the EU agreed on early operationalisation of the Joint Task Force on Artificial Intelligence, besides enhancing partnership in relation to 5G technology and beyond 5G. They also decided to deepen technological cooperation on quantum and high-performance computing.

In addition, the two sides sought early conclusion of the working arrangement between Europol and India’s Central Bureau of Investigation, which will support coordination and synergies in preventing and fighting terrorism and organised crime. They decided to enhance dialogue in the area of security and defence, including through joint initiatives and exploring negotiations for a framework partnership agreement.

There was significant focus at the summit on the Indo-Pacific partnership as well, as the two sides emphasised commitment to a free, open, inclusive and rules-based Indo-Pacific region, underpinned by respect for territorial integrity and sovereignty, democracy and rule of law, transparency, freedom of navigation and overflight, unimpeded lawful commerce, and peaceful resolution of disputes, in accordance with international law, including the United Nations Convention on Law of the Sea. In this context, India welcomed the development by the EU of its strategy for cooperation with the Indo-Pacific

### **India, EU announce Connectivity Partnership to checkmate China**

#### Synopsis

This is India's first such connectivity initiative with any foreign partner that will cover three geographical zones and therefore has global ramifications amid BRI that has pushed certain countries into debt trap. India and EU on Saturday announced a comprehensive Connectivity Partnership on supporting resilient and sustainable connectivity both in India and in third countries and regions, including Africa, Central Asia and the Indo-Pacific that will provide an alternative to China's mega Belt and Road Initiative (BRI).

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The EU-India Connectivity Partnership covers cooperation in the digital, energy, transport, and people-to-people sector. It includes joint work on standards and the regulatory environment, as well as on concrete infrastructure projects. It is fundamentally rooted in support for the twin digital and green transitions, adherence to and development of international standards, as well as the shared norms and values of social, environmental, economic and fiscal sustainability and level playing field, officials said, adding, the new Connectivity Partnership aims at pooling resources, norms and expertise to serve the needs for the next generation of sustainable and quality infrastructure.

The private sector from both entities are envisaged to play a role in this Partnership. “Both sides agree that connectivity requires the active participation of the private sector. In order to facilitate large-scale private investments in sustainable connectivity, the two sides express their commitment to implementing relevant international standards, to ensure a level playing field for companies and to ensure reciprocal access to markets,” according to the Connectivity Partnership document.

Cooperation under the Connectivity Partnership would take place through existing dialogues with overall monitoring through the EU-India Strategic Partnership Review Meeting. The Connectivity Partnership does not intend to create any legally binding rights or obligations for either side under international or domestic law. Its implementation will be aligned with that of the EU-India 2025 Roadmap, according to the document.

The EU-India Connectivity Partnership is the second such partnership for Europe, after the one between EU and Japan in September 2019. The India-EU initiative is comprehensive compared to the Blue Dot network formed by USA-Japan-Australia to provide assessment and certification of infrastructure development projects worldwide on measures of financial transparency, environmental sustainability, and impact on economic development. The India-Japan Asia Africa Growth Corridor launched a few years back focuses primarily on the Indo-Pacific region.

President of the European Commission, Ursula von der Leyen, said, “This partnership, concluded today between the EU and India in the presence of our 27 Member States, begins a new chapter in our relations. While the coronavirus still causes terrible devastation, we must also focus on building back better. This Connectivity Partnership will guide our actions over the coming years, providing for joint efforts in creating a greener, more inclusive and prosperous future for the EU, India, and in regions around the world.”

EU High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, Josep Borrell, said: “There are rival models for development, infrastructure, trade and governance. The European Union is the most integrated region in the world, and we are proud of the way in which we have enhanced the lives of European citizens with an approach founded on international standards, sustainability and common rules. It provides for stability, financial and environmental responsibility, and brings direct benefits to the populations involved. India shares our vision, and we are looking forward to working together not just in our respective countries but also elsewhere, to help shape the world of tomorrow.”

(Economic Times, 8/5/2021)

#### **India, EU to conclude trade, investment pacts simultaneously: Piyush Goyal**

Commerce and industry minister Piyush Goyal on Saturday said India and the European Union (EU) will begin negotiations for separate bilateral trade and investment agreements simultaneously under a comprehensive Free Trade Agreement as investments are an area of the EU’s interest while India is keen to get more market access for its goods and services there. The minister said trade and investment go hand in hand, and the two sides are committed to conclude the two pacts together at an early date. “We have decided to launch negotiations for a balanced, ambitious, comprehensive and mutually beneficial agreement on trade and investment. These will be separate agreements and negotiated in parallel track simultaneously,” Goyal said at the EU-India Business Roundtable organised by CII.

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ET had reported in January that keen to accelerate investments, technology and capital flows from the EU, New Delhi wants an investment deal and trade deal to happen parallelly and independently unlike earlier when the two were negotiating the Broad-based Trade and Investment Agreement (BTIA) whose negotiations were suspended in 2013.

“We are also committed to conclude them together at an early date,” Goyal said, adding that investment and trade go hand in hand.

As per the minister, the two sides must look at a comprehensive dialogue for a comprehensive FTA covering all the tracks of trade in goods and services, and investment protection.

“This will benefit both sides immensely,” he said.

On goods, Goyal said bilateral trade is balanced and complementary with a “highly diverse and technologically advanced” basket of goods. India’s key exports to the EU include engineering goods, ready made garments, gems and jewellery, and pharma while imports are medical devices, alcoholic beverages and aircraft.

#### Pandemic impact

Goyal said that India is going through a severe second wave of the Covid-19 pandemic and ramping up production capacities.

“We are ramping up our vaccine production so that we can expand vaccination coverage to other countries across the world through high quality affordable vaccine and other medical supplies,” he said, appreciating the supply extended by Europe during the pandemic.

#### Reliable supplier

Goyal said that countries are looking for trusted trading partners amid the pandemic and given India’s track record, it will be the EU’s “most natural and reliable ally, partner and friend”.

Noting that high cost of production high in Europe but competitive and reasonable costs in India, give European business an opportunity to produce in India, he said: “We can create a win-win partnership”.

“As the world moves away from over-concentrated risky supply chains, I’d like to ensure that you can trust India to provide a multitude of investment and manufacturing opportunities,” he said, adding that by emphasising on global

quality and productivity standards, India is “looking at changing the entire landscape of a billion people to align ourselves with the developed world”.

He said investments are protected in India and there is no compulsion for any company to transfer their technology when they come to India.

(Economic Times, 9/5/2021)

## India-EU connectivity plan to take off with BIMSTEC members

### Synopsis

The India-EU Summit has decided to seek synergies and complementarities between their cooperation on connectivity with third countries and regions, including Africa, Central Asia and the Indo-Pacific, and BIMSTEC has been identified as one of the geographical zones to focus on.

India and the European Union plan to support regional connectivity, beginning with the member states of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). This was decided as part of their Connectivity Partnership initiative for third countries, announced at Saturday's Summit.

The India-EU Summit has decided to seek synergies and complementarities between their cooperation on connectivity with third countries and regions, including Africa, Central Asia and the Indo-Pacific, and BIMSTEC has been identified as one of the geographical zones to focus on.

Besides India, BIMSTEC comprises Nepal, Bhutan, Bangladesh, Myanmar, Sri Lanka and Thailand. India has been taking lead to impart dynamism to BIMSTEC, a bridge between South Asia and Southeast Asia, in the last few years.

In early April, a virtual meeting of BIMSTEC foreign ministers finalised a major connectivity master plan for the Bay of Bengal region. The India-EU Connectivity Partnership is significant in this backdrop, sources indicated to ET.

The ambitious air, land and sea connectivity master plan is the outcome of more than a decade of consultations among the member states.

Addressing the April meeting, external affairs minister S Jaishankar had said the master plan would be an important step towards fulfilling people's aspirations for better connectivity and integration. He said the grouping should put in place a legal framework for smooth connectivity by speedily finalising the BIMSTEC coastal shipping agreement and motor vehicles agreement.

India and the EU also want to focus on digitalisation for sustainable development or digital financial inclusion as one possible area, and also explore developing new and innovative market-based mechanisms to achieve the Sustainable Development Goals in Indo-Pacific; Central Asia and Africa. Joint ventures between the EU and Indian businesses in infrastructure projects in third countries are also being planned, according to the Connectivity Partnership document.

It was also decided to develop EU-India cooperation in the international regulation of government support for export finance – both bilaterally and multilaterally – including with regard to connectivity infrastructure.

(Economic Times, 10/5/2021)

## **EU Parliament refuses to endorse investment pact with China after India Summit**

### Synopsis

In a resolution adopted on Thursday, the EU Parliament has condemned in the strongest possible terms the baseless and arbitrary sanctions recently imposed by the Chinese authorities on several European individuals and entities, including five MEPs.

Close on the heels of the EU's decision to resume FTA talks with India, Members of European Parliament (MEPs) hardened their position against China by refusing to consider any talks on ratifying the EU-China Comprehensive Agreement on Investment (CAI).

In a resolution adopted on Thursday, the EU Parliament has condemned in the strongest possible terms the baseless and arbitrary sanctions recently imposed by the Chinese authorities on several European individuals and entities, including five MEPs. The MEPs stated that the move by Beijing is an attack on fundamental freedoms and urged the Chinese authorities to lift these wholly unjustified restrictive measures.

The resolution was approved by 599 votes in favour, 30 against with 58 abstentions in the European Parliament, according to persons familiar with the developments.

MEPs also called for re-balancing EU-China relations. Earlier this month, ahead of the India-EU Summit, European Union, in a path breaking move, put its CAI with China in cold storage.

The EU and China had signed a new investment agreement in December 2020 intended to guarantee a stable framework of conditions for trade and investment in each other's markets. The CAI was signed after seven years of negotiation. To enter into force, it must be ratified by EU member states and the European Parliament.

Thursday's resolution emphasised that any consideration by the European Parliament of the CAI, agreed in principle between the EU and China in December 2020, as well as any discussion on its mandatory ratification by MEPs, have "justifiably been frozen" because of the Chinese sanctions.

The MEPs demanded that China lift the sanctions before they consider the agreement, "without prejudice to the final outcome of the CAI ratification process." They also reminded the European Commission that MEPs will take the human rights situation in China, including in Hong Kong, into account when deciding whether to endorse the agreement or not.

The resolution further mentioned that other trade and investment agreements with regional partners, including Taiwan, should not be held hostage by the suspension of the CAI ratification.

Despite Beijing's reaction, the EU Parliament welcomed the listing by the EU of four Chinese individuals and one entity under its EU Global Human Rights Sanctions Regime, because of their role in severe human rights violations against the Uyghur and people from Muslim ethnic minorities in China's Xinjiang region.

The MEPs supported a toolbox of autonomous measures such as legislation against distortive effects of foreign subsidies on the internal market, an import ban on forced labour goods as well as an enhanced

and strengthened EU Foreign Investment Screening Regulation. The EU also needs to adequately address China's cybersecurity threats and hybrid attacks, the MEPs stated.

The five MEPs sanctioned by China are Reinhard Bütikofer (Germany), Michael Gahler (Germany), Raphaël Glucksmann (France), Ilhan Kyuchyuk (Bulgaria) and Miriam Lexmann (Slovakia).

(Economic Times, 22/5/2021)

### **UK launches consultation round in run-up to FTA talks**

The consultation follows the Enhanced Trade Partnership agreed at the virtual meeting between Prime Minister Narendra Modi and his British counterpart Boris Johnson on 4 May, where they launched a '2030 Roadmap' which will provide a framework for UK-India relations.

The UK has launched formal preparations for a free-trade agreement with India which will open new opportunities for various industries and boost bilateral trade in science and services and thereby job creation. The consultation follows the Enhanced Trade Partnership agreed at the virtual meeting between the Prime Minister Narendra Modi and his British counterpart Boris Johnson on 4 May, where they launched a '2030 Roadmap' which will provide a framework for UK-India relations.

Trade Secretary Liz Truss started preparations on Tuesday for a trade deal with India with the launch of a 14-week consultation to seek the views of the public and businesses, in a run-up to the formal negotiations for a UK-India FTA aiming to start in autumn. "The UK wants a deal that slashes barriers to doing business and trading with India's £2 trillion economy and market of 1.4 billion consumers. This includes removing tariffs of up to 150% on whisky and 125% on British-made cars," a statement from the British High Commission said.

Before negotiations start, the UK and India must complete a pre-negotiation scoping phase – a period of engagement with businesses and the public. The public consultation, which runs to August 31, includes a questionnaire that will gather information from participants about their experiences and priorities when doing business with India.

The UK and India are seeking to double trade between their two countries by 2030, up from about 23 billion pounds (\$33 billion) in 2019. The ETP creates opportunities for British businesses in India across industries such as food and drink and life sciences by improving market access. Non-tariff barriers on fruit and medical devices will be reduced, allowing businesses to export more of their products to India.

The statement from BHC also said that the UK aims to make it easier for services firms to operate in the Indian market, boosting the UK's status as an international services hub. India's growing middle-income population and highly connected youth will be the target consumers for the type of goods and services the UK excels in. The consultation on the potential accord will focus on wide input from consumers and businesses across all sectors and will help the UK craft a deal that includes closer cooperation in future-focused industries such as science, technology and services, creating high-value jobs across the country.

(Financial Express, 26/5/2021)



### **Europe's economy shrinks in first quarter as US rolls ahead**

Economists said they expected an upturn in the coming weeks as vaccinations accelerate. The International Monetary Fund forecasts growth of 4.4 per cent for the eurozone for all of this year. Europe's economy shrank 0.6 per cent in the first three months of the year as slow vaccine rollouts and extended lockdowns delayed a hoped-for recovery – and underlined how the region is lagging other major economies in rebounding from the coronavirus pandemic.

The fall in output for the 19 countries that use the euro currency was smaller than the 1 per cent contraction expected by economists but still far short of the rebound underway in the United States and China, two other pillars of the global economy.

Figures announced Thursday showed the U.S. economy grew 1.6 per cent during the first quarter, with business supported by strong consumer demand. On an annualised basis, the U.S. grew 6.4 per cent.

In Europe, the second straight quarter of falling output confirms the region is in a double-dip pandemic recession after a rebound in growth in the third quarter. Two quarters of falling output is one definition of a recession.

France showed unexpected growth of 0.4 per cent compared to the quarter before, while the main negative surprise came in Germany, the continent's largest economy. Activity there shrank by a larger-than-expected 1.7 per cent as the manufacturing sector was hit by disruption of parts supplies on top of the hit to services and travel from pandemic-related restrictions on activity.

French authorities are anticipating the COVID-19 outlook in the country to be better next month, when a greater proportion of the population will be vaccinated. The government is slowly starting to lift partial lockdowns, despite still-high numbers of coronavirus cases and hospitalised COVID-19 patients.

President Emmanuel Macron said Thursday that the outdoor terraces of France's cafes and restaurants will be allowed to reopen on May 19 along with museums, cinemas, theaters and concert halls under certain conditions.

Worry about a potential second straight lost vacation season has clouded the outlook for Mediterranean countries Italy, Spain and Greece, which rely heavily on tourism. Greece has lifted quarantine restrictions on visitors from EU countries and will allow restaurants and cafes to reopen for outdoor service from May 3. Travel receipts there sank 75 per cent last year.

Economists said they expected an upturn in the coming weeks as vaccinations accelerate. The International Monetary Fund forecasts growth of 4.4 per cent for the eurozone for all of this year.

Thus far, Europe's unemployment rate has increased only gradually to 8.1 per cent in March, thanks to extensive furlough support programs that help companies keep workers on. The US saw its jobless rate fall to 6.0 per cent after spiking as high as 14.8 per cent during the worst of the pandemic.

A major factor holding back the recovery in Europe is the slow vaccine rollout, which has led to prolonged lockdowns. Another is less fiscal support for the economy from new government spending. U.S. President Joe Biden's USD 1.9 billion relief package, coupled with spending from earlier support efforts, will mean additional cash support of about 11-12 per cent of annual economic output for this year, according to economists at UniCredit bank.

By contrast, the European fiscal stimulus amounts to about 6 per cent of gross domestic product, even after Europe's more extensive social safety net is factored in.

China was hit first by the pandemic but got it under control through strict public health measures and was the only major economy to grow in 2020. The U.S. was hard hit by the virus but has rolled out vaccinations at a rapid pace.

(Financial Express, 3/5/2021)

### **EU upgrades outlook for economic growth**

The European Commission upgraded its forecasts for the EU and euro area economies Wednesday, as people's lives gradually return to normal, but it warned that many risks continue to hang over the region.

"The shadow of COVID-19 is beginning to lift from Europe's economy," said the economy Commissioner Paolo Gentiloni: "After a weak start to the year, we project strong growth in both 2021 and 2022." He added that the "unprecedented fiscal support" remains essential in helping Europe's workers and companies to weather the storm.

The Spring 2021 Economic Forecast projects that the EU economy will expand by 4.2% in 2021 and by 4.4% in 2022. The euro area economy is forecast to grow by 4.3% this year and 4.4% next year. This represents a significant upgrade of the growth outlook compared to the Winter 2021 Economic Forecast which the Commission presented in February. Growth rates will continue to vary across the EU, but all Member States should see their economies return to pre-crisis levels by the end of 2022.

The coronavirus pandemic has represented a shock of historic proportions for Europe's economies. The EU economy contracted by 6.1% and the euro area economy by 6.6% in 2020. Although in general, businesses and consumers have adapted to cope better with containment measures, some sectors - such as tourism and in-person services - continue to suffer.

The EU economies are expected to rebound strongly as vaccination rates increase and restrictions are eased. This growth will be driven by private consumption, investment, and a rising demand for EU exports from a strengthening global economy.

Public investment, as a proportion of GDP, is set to reach its highest level in more than a decade in 2022. This will be driven by the EU's 'Recovery and Resilience Facility' (RRF).

Labour market conditions are slowly improving after the initial impact of the pandemic. Employment rose in the second half of 2020 and unemployment rates have decreased from their peaks in most Member States.

The unemployment rate in the EU is forecast at 7.6% in 2021 and 7% in 2022. In the euro area, the unemployment rate is forecast at 8.4% in 2021 and 7.8% in 2022. These rates remain higher than pre-crisis levels.

Inflation rose sharply early this year, due to the rise in energy prices and a number of temporary, technical factors, such as the annual adjustment to the weightings given to goods and services in the

consumption basket used to calculate inflation. The reversal of a VAT cut and the introduction of a carbon tax in Germany also had a noticeable effect.

Inflation in the EU is now forecast at 1.9% in 2021 and 1.5% in 2022. For the euro area, inflation is forecast at 1.7% in 2021 and 1.3% in 2022.\*

Public support for households and businesses has played a vital role in mitigating the impact of the pandemic on the economy, but has resulted in Member States increasing their levels of debt.

The aggregate general government deficit is set to rise by about half a percentage point to 7.5% of GDP in the EU this year and by about three quarters of a percentage point to 8% of GDP in the euro area. All Member States, except for Denmark and Luxembourg, are forecast to run a deficit of more than 3% of GDP in 2021.

By 2022, however, the aggregate budget deficit is forecast to halve to just below 4% in both the EU and the euro area. The number of Member States running a deficit of more than 3% of GDP is forecast to fall significantly.

In the EU, the ratio of public debt to GDP is forecast to peak at 94% this year before decreasing slightly to 93% in 2022. The euro area debt-to-GDP ratio is forecast to follow the same trend, rising to 102% this year and then falling slightly to 101% in 2022.

The report underlines the fact that risks surrounding the outlook are high and will remain so as long as the shadow of the COVID-19 pandemic hangs over the economy.

Developments in the epidemiological situation and the efficiency and effectiveness of vaccination programmes could turn out better or worse than assumed in the central scenario of this forecast.

This forecast may underestimate the propensity of households to spend or it may underestimate consumers' desire to maintain high levels of precautionary savings.

The impact of corporate distress on the labour market and the financial sector could prove worse than anticipated.

On the other hand, stronger global growth, particularly in the US, could have a more positive impact on the European economy than expected. Stronger US growth, however, could push up US sovereign bond yields, which could cause disorderly adjustments in financial markets that would hit highly indebted emerging market economies with high foreign currency debts particularly hard.

(EUBusiness)

### **India, UK unveil 10 year roadmap; announce enhanced trade partnership**

#### **Synopsis**

When asked at a media briefing whether the extradition of Indian fugitives --Vijay Mallya and Nirav Modi-- to face trial in India figured in the talks, Joint Secretary in the Europe West division in the MEA Sandeep Chakravorty said extradition of economic offenders was discussed.

India and the UK on Tuesday unveiled an ambitious 10-year roadmap to boost cooperation in key areas, including defence, security and healthcare, and announced an enhanced trade partnership under which

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Editor: **Secretary General**

they agreed to negotiate a comprehensive and balanced FTA including an interim trade pact for delivering early gains.

The decisions were taken at a virtual summit between Prime Minister Narendra Modi and his British counterpart Boris Johnson.

The Ministry of External Affairs said the two leaders agreed to expand partnership on coronavirus "vaccines, therapeutics and diagnostics on COVID 19 and beyond through joint research including on nasal vaccines."

When asked at a media briefing whether the extradition of Indian fugitives --Vijay Mallya and Nirav Modi-- to face trial in India figured in the talks, Joint Secretary in the Europe West division in the MEA Sandeep Chakravorty said extradition of economic offenders was discussed.

He said Modi mentioned that economic offenders should be sent back to India at the earliest for a trial.

On the overall outcome, Chakravorty said though it was a virtual summit, the talks set a new milestone, and in many ways, has "opened a new chapter" in bilateral relations in terms of substance and outcomes.

He said both sides agreed to substantially strengthen defence and security ties including in the domains of maritime security, counter-terrorism and cyberspace.

Chakravorty said there was also some discussion on co-production and co-development of defence items.

On vaccine cooperation, he said Johnson did inform Modi that Serum Institute of India is investing in the UK and it will be manufacturing vaccines in that country.

The MEA official said the five key areas identified under the 'roadmap 2030' to boost cooperation are people-to-people ties, trade, defence and security, climate and health

He also termed as "big-ticket announcement" the declaration of enhanced trade partnership.

According to a statement from Johnson's office, "more than 6,500 new jobs will be created around the UK thanks to the one billion pounds of new UK-India trade and investment announced by the Prime Minister today."

The package contains over 533 million pounds of new Indian investment into the UK, which is expected to create more than 6,000 jobs in vital and growing sectors such as health and technology, Downing Street said.

This includes a GBP 240 million investment by the Serum Institute of India (SII) in the UK into its vaccine business and a new sales office in the country, expected to generate new business worth over USD 1 billion, it added.

Johnson was scheduled to visit India late last month. But days before the visit, he called it off in view of the coronavirus pandemic.

In January too, Johnson's planned trip to India to participate in the Republic Day parade as the chief guest was cancelled following a surge in COVID-19 infections in the UK.

Earlier in the day, External Affairs Minister S Jaishankar and British Home Secretary Priti Paten signed a migration and mobility partnership agreement.

Jaishankar is currently on a four-day visit to the UK to attend a meeting of foreign ministers of G7 countries.

"A fruitful meeting this morning with Home Secretary @pritipatel. Signed the Migration and Mobility Partnership Agreement that would facilitate legal travel and encourage talent flows. The living bridge between India and the UK will get stronger as a result," he tweeted.

(Economic Times, 5/5/2021)

### **India, UK to reduce trade barriers in food, medical devices, cut duty on whiskey, auto under trade pact: UKIBC**

#### Synopsis

The two sides had decided earlier this year to launch an ETP to develop a roadmap that would lead to a potential comprehensive free trade agreement (FTA), including considerations on an interim pact on a preferential basis.

Reduction or removal of tariffs on whiskey and automotive products, and removal of barriers to trade in food and drink, services, and healthcare and medical device sectors are the objectives of the India-UK Enhanced Trade Partnership (ETP) that commerce and industry minister Piyush Goyal launched on Tuesday with his UK counterpart, Elizabeth Truss, secretary of state for international trade.

"It will enhance bilateral trade cooperation, reduce market entry barriers & boost job creation in both countries," Goyal said in a tweet.

The two sides had decided earlier this year to launch an ETP to develop a roadmap that would lead to a potential comprehensive free trade agreement (FTA), including considerations on an interim pact on a preferential basis.

Bilateral trade and investment ties were a key subject of talks between Prime Minister Narendra Modi and his British counterpart Boris Johnson during a virtual summit held Tuesday.

"In this regard, it was great news that the ETP...removed barriers to trade in food and drink, services, and healthcare sectors. Non-tariff barriers on fruit and medical devices will be lowered," the UK India Business Council (UKIBC) said in a statement.

It said there was also a commitment to deepen co-operation in educational services including the recognition of UK higher education qualifications, which will help Indian students to study and work more fluidly between the UK and India besides a pledge to work to remove barriers in the Indian legal services sector. The two sides have also announced GBP 1 billion of new UK-India trade and investment.

"It is also hugely encouraging that lowering or removing current tariffs such as those of up to 150% on whisky and up to 125% on automotive have been highlighted as objectives of the ETP," the council said.

The ETP, part of a 10-year roadmap of bilateral co-operation, aims to double the annual trade between the UK and India by 2030.

In the year before the pandemic bilateral trade grew 10% to GBP24 billion.

“The ETP is a great opportunity to grow this rapidly, particularly in sectors such as food and drink, life science and healthcare, advanced engineering, energy, digital technology, defence, education, and legal, financial and professional services,” it said.

To make the ETP “future-proofed”, UKIBC said that alongside growth in goods trade, it expects significant trade growth to be in services, particularly the technology, digital, financial, and IP-rich services where the UK and India are globally competitive and where there is scope for far greater bilateral activity.

As per the council, the UK-India ETP and FTA can be a model for all trade deals that follow.

(Economic Times, 5/5/2021)

### **India to take back illegal migrants to UK in return for visas for young workers**

#### **Synopsis**

The pact will provide enhanced employment opportunities for 3,000 young Indian professionals annually, in return for India agreeing to take back any of its citizens who are living illegally in the UK, Sandeep Chakravorty told a news conference. The migration pact comes after the two countries announced 1 billion pounds (\$1.39 billion) of private-sector investment.

Britain and India on Tuesday signed an accord on migration and mobility, an Indian foreign ministry official said, as they look to deepen economic, cultural and other ties following the UK's departure from the European Union.

The pact will provide enhanced employment opportunities for 3,000 young Indian professionals annually, in return for India agreeing to take back any of its citizens who are living illegally in the UK, Sandeep Chakravorty told a news conference.

The migration pact comes after the two countries announced 1 billion pounds (\$1.39 billion) of private-sector investment. Talks on a full trade deal are due to begin in the autumn.

"It is our solemn duty that Indian nationals who are undocumented, or are in distress abroad and not being given nationality or residence permits, have to be taken back," Chakravorty said.

Britain's interior ministry said in a statement that the deal aimed to attract "the best and brightest, and supporting people coming to the UK through legal routes, while stopping the abuse of the system and speeding up the removal of those who have no right to be in the UK".

Migration has long been a source of friction between the two countries, with a similar proposal collapsing in 2018 due to disagreements.

At the time, London claimed there were as many as 100,000 Indians living illegally in the UK, though New Delhi disputes this figure.

Tens of thousands of Indians study in the UK each year, and New Delhi has complained about a lack of employment opportunities available to them when they finish their studies.

Earlier on Tuesday, India's Prime Minister Narendra Modi pressed his British counterpart Boris Johnson during talks by telephone over the status of two Indian fugitive tycoons, Vijay Mallya and Nirav Modi, who are wanted by New Delhi on fraud charges and are believed to be in the UK.

Johnson said he faced some "legal hurdles" but was committed to extraditing the pair back to India as soon as possible, Chakravorty added.

(Economic Times, 5/5/2021)

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