You will co-chair, together with Executive Vice-President Vestager, the first meeting of the EU-India Trade and Technology Council (TTC), which was formally established on 6 February 2023. On the Indian side, the TTC will be co-chaired by Dr. Subrahmanyan Jaishankar, External Affairs Minister, Piyush Goyal, Minister of Commerce and Industry, and Ashwini Vaishnaw, Minister for Railways, Communications, Electronics, and Information Technology. On 15 May, prior to the TTC, there is a dinner planned with the three Indian Minister, as well as a stakeholder event in the margins on the TTC. Further, there is a bilateral meeting scheduled on 16 May with Minister Goyal, where the substantive trade business will be addressed.

The TTC agenda includes a brief welcome followed by two sections.

- The first part will be devoted to the work programme of the TTC for the year ahead, notably in the areas of work to be covered by the three working groups. Some 90 minutes (30 minutes per working group) will be devoted to the presentation by the working groups’ co-chairs (or their deputies) of each working group’s work programme, already approved by the two sides. This will be followed by a rather brief discussion on each work programme and the approval thereof at ministerial level, which should be a formality. Your primary focus during the meeting will be on working group 3 concerning trade, investment, and resilient value chains, while Executive Vice-President Vestager will be focusing on working group 1 on strategic technologies, digital governance, and digital connectivity, and working group 2: Clean and green energy technologies.

- The second part will consist of a discussion on two strategic issues, economic security, and cooperation with third countries in connectivity, with a focus on the Global Gateway initiative. The two issues are rather consensual and should give rise to constructive exchanges, as the two sides share interest in beefing up their partnership. This will be a choreographed discussion between participants, with short interventions. You will moderate and introduce the discussion on economic security, while Executive Vice-President Vestager will moderate the one on connectivity.

The meeting should not touch upon issues related to the on-going bilateral negotiations on trade, investment protection, and geographical indications, as the TTC’s Terms of Reference clearly establishes two separate tracks for the TTC and the negotiations. Further, any issue of substance related to the negotiations should be addressed during your bilateral meeting with Minister Goyal prior to the TTC.

Also, we understand that the Minister is expected to raise the Carbon Border Adjustment Mechanism (CBAM)
Main messages

Welcome remarks (5 minutes, shared with Executive Vice-President Vestager)

[The EU side will open. Executive Vice-Presidents Vestager and then Dombrovskis.]

- I would like to echo my colleague’s warm welcome. The TTC is a major new endeavour between the EU and India which will further consolidate our already strong and forward-looking strategic partnership.

- In the area of trade and investment, the TTC will allow us to explore concrete issues that complement the agreements on trade, investment protection, and geographical indications that are currently under negotiations.

- We must be focused and concrete to have a real impact. In this respect, I look forward to listening to the report of the co-chairs of Working Group 3.

- I also look forward to our open discussion on strategic issues. The EU and India share key strategic interests, and this is an opportunity to exchange views on our respective approach with a view to strengthening our cooperation to bolster our economic security and connectivity initiatives.

- It is a great pleasure to have you here today.

[Give the floor to the Indian co-chairs.]

Part 1 – Working Groups’ Reporting

Working Group 3:

Opening (5 minutes, shared with Minister Goyal)

[Executive Vice-President Dombrovskis will open followed by Minister Goyal.]

- Working group 3 covers areas of critical importance, in their own, but also in relation to the other working groups. Trade, investment, and resilient value chains are indeed central to the dissemination of critical goods and components, and to the uptake of critical technologies. They are key enablers of progress and of our economic security.

- The EU and India are also negotiating a trade and investment protection agreement, as well as an agreement on geographical indications. Once finalised, and I have no doubt that we have the political will to advance quickly, these agreements will be the cornerstone of a privileged economic relation between the EU and India.

- Art 4(1)(a)

- This is where the TTC comes into the picture, with the potential to complement and strengthen these agreements, looking into areas that are not covered.

- I look to hear from colleagues about their deliberations in working group 3 and the issues that intend to take forward in the coming year.

[Give the floor to Minister Goyal.]

Reporting on working group 3 (10 minutes by chairs/co-chairs) followed by reactions from principals: (10 minutes, shared by Indian Ministers and EU principals)

[Indian Ministers will start, followed by EU principals.]

- As regards the point in the cover note on the EU’s Carbon Border Adjustment Mechanism, I take note of India’s concerns with the implementation of the Carbon Border Adjustment Mechanism. I welcome that DG Weyand and Commerce Secretary Barthwal have agreed that the TTC can provide a forum for intensifying this dialogue, and in particular to clarify the necessary steps for ensuring compliance with those obligations by public and private stakeholders.
Regarding resilient value chains, we have reached a good outcome by focusing on the key principles guiding our work. Agri-food has its space in this discussion, and so have other potential topics such as clean tech or pharmaceuticals.

The working group should now set out the specific topics for further work as a priority, to ensure we achieve tangible results.

Concerning market access issues, we already have a long history of exchanges. The TTC offers a unique opportunity to deliver real progress in a new setting.

I see a greater focus on processes and mutual understanding of our respective approaches. This could yield positive results, notably on the more structural issues such as quality control orders.

Regarding foreign direct investment (FDI) screening, this is a very useful strand of work. It is important to better understand each other’s screening systems and learn from each other. I look forward to an open and fruitful exchange.

On global trade issues, with 10 months until Ministerial Conference 13, and with the WTO still aiming to maintain its role as custodian and enforcer of the multilateral trading system’s rulebook, I strongly welcome the inclusion of this work stream.

India and the EU are two key players in the multilateral trading system. At a time where we are stepping up our bilateral relations, it is particularly important that we work together on WTO matters.

A successful WTO Ministerial will also importantly demonstrate the capacity of India and the EU to lead at a time of geopolitical instability, where support for multilateralism is in our essential strategic interest. From our, we envision a package of outcomes that includes:

- restoring a fully functioning two-tier dispute settlement system;
- ratification of the ‘phase 1’ agreement on fisheries subsidies and agreement on ‘phase 2’ negotiations on additional provisions on overcapacity and overfishing;
- agreement on the proposal on the graduation of least developed countries;
- follow-up to the declaration on food insecurity and agreement on a way forward on agricultural reform, including on public stockholding;
- launch a reinforced process of deliberation in key areas for the multilateral trading system, including in trade and industrial policies, and trade and environmental challenges;
- a solution to the extension of the e-commerce moratorium.

**Art 4(1)(a)**

**Art 4(1)(a)**. In this context, we should also, in the future, use the TTC to take stock of discussions in the G20 and coordinate our positions therein.

**Conclusion: (5 minutes, shared with Minister Goyal).**

[Minister Goyal will start, followed by Executive Vice-President Dombrovskis]

- I want to thank our co-chairs, deputies and leads, on both sides, for the hard work under a lot of time pressure. I think we have here a solid framework for the working group’s work for the year to come.
- Key priorities have been identified for four strands of work, and these will have to be further refined through exchanges between our experts in the coming period.
I believe our goal in view of the next meeting of the TTC is to be operational and deliver concretely, to have an impact.

Let me add that I find it important to keep a measure of flexibility in the work of the working groups. The world changes at an accelerated pace and we need to keep the agility to address urgent issues of common interest as they surface.

I look forward to seeing the concrete result of our work.

**Part 2 – Discussion on strategic issues**

**Economic security**

[Executive Vice-President Dombrovskis will introduce the point and moderate its discussion]

For this important discussion on economic security, let me begin by outlining how we, in Europe, assess the changes we are seeing in the world.

We believe we are at the beginning of a new chapter in globalisation, marked by a greater risk of fragmentation and geopolitical tensions, economic challenges, and climate change.

It is not the end of globalisation, nor is it the end of rules governing trade for a stable and fair economic environment. Rather, we see a partial, but consequential, shift from a rules-based order to a power-based one.

We see trade becoming a prime tool of broader external relations used to pursue geopolitical goals alongside other economic and non-economic tools.

Art 4(1)(a)

Art 4(1)(a)

The partial shift from a rules-based order to a power-based one creates new risks, risks which we need to understand, assess and de-risk.

Therefore, the European Commission is working on an EU economic security strategy, which will be presented on 21 June.

The strategy will set out the framework under which the EU is to pursue and build its economic security. It will map out where we need to strengthen our economic security, and how to make better use of our trade and tech security tools.

This strategy will be firmly rooted in the rules-based system Art 4(1)(a)

For us, economic security is not something confined to internal and autonomous measures. Cooperation with like-minded partners, such as India, as well as broader global cooperation will be a key part of our strategy.

We recognise the importance of global cooperation to advance shared interests, such as sustaining the rules-based system. We recognise the importance of international cooperation in strengthening our mutual economic security.

Developing cooperation with reliable partners on a bi- and plurilateral level, for instance through our network of free-trade agreements or our TTC with India, will be a vital part of our approach.
I believe we have a joint interest in de-risking our overall trade relations by intensifying our bilateral trade relations. This does not come without some difficulties. But if we each – on the Indian and the EU side – assess our overarching strategic interests and keep them in mind at every step of the way, I believe we will jointly come to the conclusion that it is worth taking yet another step forward in our trade and economic relations – even if there are challenges. The EU is currently preparing a new economic security strategy in which we recognise the importance of international cooperation in strengthening our mutual economic security.

Closing remarks (2 minutes per participant)

[Executive Vice-President Dombrovskis to speak first.]

- Again, I would like to thank you all for travelling to Brussels and for this very interesting, and promising, exchange.
- Let me underline again that I do not see the TTC process as static. We have defined areas of work for the first year, but within these areas we must have the ability to adapt to circumstances to ensure that our work makes a difference. The same goes for our discussion on strategic issues.
- From the trade point of view, I see the TTC as very much complementary to the ongoing negotiations, and as way to tackle issues that are not covered by the three agreements which, I have no doubt, we will be finalising in the near future.
- I now expect our sectoral leads to take matters forward and come back with concrete and actionable deliverables for our next TTC meeting next year. I look forward to meeting you all again next year.

Defensives

CBAM:

The EU hasn’t engaged bilaterally with India on CBAM.

- The EU has been a role model for transparency of its European Green Deal measures, including CBAM through public consultations, impact assessments and outreach from an early regulatory processes and implementation stages in different fora in the EU and outside (in Brussels, through the EU delegations in partner countries, in the WTO in Geneva and via bilateral dialogues). In particular, the EU Delegation has organised an outreach event on CBAM end of April for Indian business and other stakeholders, which I am told was well attended.
- The Commission has been regularly engaging also with India and we will continue to do so. As said before, the entry into force is this October, but with two years of transitional period. So we still have time for dialogue.
- With the aim to facilitate the implementation of the system as much as possible and provide third country producers with guidelines and assistance. Also, next month, we will launch a public consultation on draft measure detailing the methodology to calculate embedded emissions in the transitional period.
The EU has increasingly protectionist policies in the guise of environmental or climate-motivated measures, or other sustainability objectives. This will undermine the benefits of the FTA for India.

- The EU is indeed developing a number of legislative instruments aimed at upholding its international commitments, notably in relation to climate change. This includes the Carbon Border Adjustment Mechanism (CBAM), the Deforestation Regulation or Corporate Sustainability Due Diligence.

- I can reassure you that our policies are aligned with internationally-agreed goals. These mechanisms are in fact the EU’s contribution to reaching these international goals.

- Furthermore, these EU policies are non-discriminatory: they will apply to both domestic and imported goods based on objective data and criteria. They are designed to be compatible with our WTO obligations.

- I shall add that we have been totally transparent and repeatedly consulted with partners bilaterally and in relevant multilateral fora.

Is it necessary to conclude an agreement with the EU to allow for the deduction of a carbon price paid at origin?

- The CBAM proposal is conceived to consider decarbonisation efforts of our trading partners. The non-immediate entry into force of CBAM will allow the Indian industry to prepare and invest in green technologies with a view to obtaining a complete/partial offset of the adjustment.
• The possibility offered by the Regulation to conclude an agreement aims at facilitating compliance by importers of CBAM goods from the countries that are party to such agreement. Such agreements will define appropriate modalities of deduction for carbon price. They are meant for administrative simplification and to facilitate compliance by importers of CBAM goods but are not a prerequisite for the deduction of a carbon price paid in the country of origin.

• The right to deduct the ‘carbon price’ paid is unconditional as long as the price was effectively paid and to the extent it was not rebated later.

• Currently, we have not yet entered any discussions with any third country of a potential bilateral agreement.

How can you affirm that CBAM is compatible with WTO principles?

• CBAM is a climate-oriented, environmental policy tool that will be applied in an even-handed manner that does not discriminate among products nor countries.

• By mirroring the EU ETS, the CBAM proposal ensures that an equivalent carbon price will be paid by domestic and imported products. This means that imported products will get “no less favourable treatment” than EU like products.

Does CBAM oblige third countries to introduce carbon pricing?

• Absolutely not. CBAM is designed to consider in an open manner all decarbonisation efforts by EU trading partners (be it through regulation or through carbon pricing mechanisms, such as emissions trading system or carbon taxes).

• Any initiative at a country level or at a business level that will reduce the embedded carbon emission of goods will result in a lower CBAM to be applied.

• If our trade partners like India adopt effective climate measures, then the need for an adjustment at the border will be less.

• The deduction of carbon prices paid abroad only comes next, to ensure that goods are not subject to a double carbon price, and to leave our partners with a choice of the route they decide to take towards decarbonisation.

Defensive on the methodology and reporting requirements:

• The Commission is currently developing the guidelines and reporting requirements for reporting embedded emissions of the goods subject to the Carbon Border Adjustment Mechanism during the transitional period. The methods for calculating embedded emissions in the goods subject to CBAM are being developed to mirror the ones used in the EU Emissions Trading System in compliance with WTO.

• These methods will become available in the coming months together with a set of tools aimed at facilitating the understanding and communication of the reporting requirements. These include webinars, videos and trainings together
with guidelines which will ensure correct understanding of the regulation and the requirements.

- The first report will be due in January 2024 and should include the emissions of the exports of CBAM goods that have entered the EU from the 1st of October to the 1st of January 2024. These reports will be due on a quarterly basis.

- The objective of the transitional period is to collect data, as specified in the upcoming implementing act, with a view to defining a thorough methodology for the definitive period starting on 1 January 2026.

- Analysis of the information gathered during that period will inform the implementing acts to be adopted in the course of that period.

- On the basis of Article 7(7) of the CBAM Regulation as formally adopted by the co-legislators, an implementing act reflecting this new methodology will be adopted by the Commission following the same procedure related to the Implementing act regulating the transitional period, including an open public consultation of all stakeholders, so we invite India and Indian stakeholders to also reply to the consultation, which will be available for four weeks in the course of June 2023.

- We will keep you updated on the developments of these methods and will continue to maintain constructive channels of communication with Indian representatives on the CBAM. We look forward to continuing the important and relevant discussion on measures to reduce emissions and our joint efforts to fight climate change.
Working Group 3

Art 4(1)(a)

Market access issues:

Art 4(1)(a)

India cannot comply with EU’s quality standards because of the costs and complicated certification process.

- In the EU, products must comply with the requirements set in technical regulations. Yet it is up to the manufacturers (from anywhere in the world) to use any standards or other technical means to achieve those requirements.

- Further, most products, are subject to suppliers’ declaration of conformity, meaning that there are no requirements for any third-party testing or certification. This is a simple and cost-free process that typically applies to low-risk products.
In India, on the other hand, the regulatory system does not provide for a suppliers’ declaration of conformity without additional testing and certification. On the contrary, quality control orders prescribe burdensome auditing, testing and certification procedures, even for very low risk products.

The EU’s sanitary and phytosanitary (SPS) standards are a barrier to trade, as they are neither predictable nor science based.

- The EU enforces a high level of SPS protection with high standards for animals, plants, and their products (including foodstuffs), to protect consumers, as well as human, animal and plant health.
- Our SPS system is extremely transparent and the EU’s risk management decisions are science-based. The system gives ample prior notification, giving EU operators and trading partners enough time to prepare for compliance. It is also flexible, offering partner countries the possibility of import tolerances.
- Furthermore, the EU system is not discriminatory: it equally applies to EU producers and importers. We cannot be expected to end up in a situation where we expose our own consumers and market to unacceptable risks.
- The EU is in fact working with competent Indian authorities and Indian producers and exporters to help them adapt to EU SPS requirements.
- Let me add that EU importers have their own problem with India’s SPS complex import requirements. Our Member States have many SPS pending market access applications and Indian doesn’t reply to EU requests for information and invitations for technical cooperation.

How does the EU view outbound investment screening? Will it announce such a screening soon?

- Art 4(3)
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What does the critical raw materials communication propose concerning trade?

- The EU will never be self-sufficient in supplying critical raw materials and will continue to rely on imports for most of its consumption. International trade and investment are therefore essential to ensure sufficient global production and diversification of supply.
• The EU will strengthen its global engagement with reliable partners to develop and diversify investment and promote stability in international trade. The Communication highlights the need to strengthen a rules-based international system for undistorted trade and investment in raw materials - strengthening the WTO and building on our extensive network of bilateral trade agreements - as well as to develop practical cooperation with resource rich third countries.

• In particular, the EU will seek mutually beneficial partnerships with emerging markets and developing economies, notably in the framework of its Global Gateway strategy.

• With a view to building mutually beneficial long-term relationships with resource-rich countries, the EU will seek win-win partnerships in full complementarity with the Global Gateway strategy. While these partnerships should contribute to the diversification of the EU’s raw materials supply chain, they should equally contribute to increase in-country value addition and support economic development compatible with the highest standards of environmental and social sustainability.

Cooperation with third partners, including connectivity

[Minister Vaishnaw will introduce the point and Executive Vice-President Vestager will moderate the discussion.]

Global Gateway

• Art 4(1)(a)

• In this context, it is crucial for the EU to focus on our partners’ needs and ambitions and how these can be best addressed through concrete initiatives. The Global Gateway is a centrepiece of our approach.

• The Global Gateway is a strategy for proactive outreach to EU partners. It heralds a positive agenda, with a clearly defined, values-based, and large-scale EU support for infrastructure investment.

• It also provides a clear EU contribution to multilateral connectivity work.

• Ultimately, the Global Gateway should be a platform to identify and finance projects which contribute to our economic, political, and security interests, creating resilience both in the EU and our partners.

• The EU’s trade policy, though its instruments, is a key enabler for implementation of the Global Gateway. This notably concerns our network of free trade agreements, and the promotion of international standards, a level playing field, as well as sustainable, open, and fair procurement procedures.

Art 4(1)(a)

• Art 4(1)(a)

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• Art 4(1)(a)
Contact – briefing contribution: Art 4(1)(b)