Stakeholders’ Meeting on Trade, Investment and Resilient Value Chains

15 May 2023

A stakeholders’ meeting was organised on 15 May in the margin of the first meeting of the EU-India Trade and Technology Council (TTC), co-chaired by Executive Vice-President Valdis Dombrovskis and Indian Commerce Minister Piyush Goyal. The meeting brought together business representatives of both sides, who made short interventions on their priorities for the TTC, with a focus on the topics identified by Working Group 3 on trade, investment and resilient value chains for the year ahead, namely: resilient value chains (RVCs), market access issues, screening of foreign direct investment, and multilateral trade issues.

On the EU side, the business participants were:

- Art 4(1)(b) BusinessEurope.
- Art 4(1)(b) DigitalEurope.
- Art 4(1)(b) FoodDrinkEurope.
- Art 4(1)(b) COPA-COGECA.
- Art 4(1)(b) European Automobile Manufacturers’ Association (ACEA).
- Art 4(1)(b) European Federation of Pharmaceutical Industries and Associations (EFPIA).

On the Indian side, the business participants were:

- Art 4(1)(b) Sanmar Matrix Metals Limited.
- Art 4(1)(b) Confederation of Indian Industry (CII).
- Art 4(1)(b) Shahi Exports.
- Art 4(1)(b) Sornin Investments.
- Art 4(1)(b) Sterlite Technologies.

The interventions of participants can be summarised as follows:

BusinessEurope (BE) welcomed the setting up of TTC, which shows the importance both sides devote to their relationship. At the same time, successful trade and investment protection negotiations are BE’s top priority, and they should remain a separate track. RVCs are of fundamental importance and TTC should look beyond agri-food at digital, pharmaceuticals, automotive, raw materials, etc. BE underlined the importance for the EU to diversify its investment beyond China, and the need for India to facilitate EU investments, e.g. a green lane to bypass red tape. BE also flagged the need for the EU and India to work on a joint agenda for the 13th WTO Ministerial Conference (MC13), notably to bring dispute settlement back on track.

Sanmar Matrix Metals Limited welcomed the FTA’s potential for India’s engineering goods sector. The withdrawal of GSP preferences is having a negative impact on the sector, and it is therefore key to sign the FTA. Regarding chemical and petrochemical, the difficulty for Indian industry to align with EU standards was underlined.

DigitalEurope (DE) flagged the huge untapped digital potential and called for digital to be embedded in all trade and investment discussions. DE welcomed both the FTA negotiations and the TTC, flagging that they must remain separate tracks. It mentioned the industry’s
following areas of interest: connectivity (common interest in openness and standards); avoiding disruption of RVCs (like what happened for chips); green energy; AI and cybersecurity standards; and roadmap for investment.

CII focussed on steel, expressing its concerns about the impact of CBAM and on steel exports to the EU. CII flagged that Indian industry is taking steps towards sustainability. It called for flexibility to help Indian industry handle the burden of CBAM, notably in terms of inspections.

FoodDrinkEurope welcomed both the FTA negotiations and TTC, hoping that they would allow to cut tariffs and solve some non-trade barriers. It underlined the importance of making progress at the WTO with a view to MC13. Resilience of open supply chains is a key issue, notably in relation to food supply – unilateral export restrictions must be avoided. FoodDrinkEurope would welcome work on regulatory cooperation and encouraged embracing global standards to address market access issues.

Matrix Clothing Private Limited focused on the textile industry. The sector is the larger Indian employer after agriculture. A vertical supply chain is available in India, which is seldom the case. The sector looks at FTA negotiations with eagerness as the biggest competitors are from neighbouring that enjoy some form of preferential access to the EU market. Matrix Clothing noted that resilience of supply chains is a key issue calling for strengthened verticality in India. The sector’s main market access concern is related to sustainability, and is working on it. It encouraged the EU to expedite customs procedures for Indian exporters.

COPA-COECA underlined the complexity of the situation for farmers. It called on active Indian participation in WTO to secure the rules-based international system. While stressing how the Russian aggression against Ukraine disrupted supply chains, it also noted that resilience is also about sustainability, which has become a key issue in the EU. COPA-COECA also mentioned the importance of innovation in agriculture, pointing at the two sides’ assets in this area.

Shahi Exports focus on apparel. It noted that 90% of raw materials are sourced in India. The Indian industry combines the advantages of cheap labour and a highly trained IT workforce, which is quite unique. Some 80% of Indian producers in the sector are SMEs, which must be taken into consideration.

EFPIA welcomes the potential of TTC for the pharmaceutical sector. It underlined the sector’s important investment in India, stressed the combined innovative potential of the EU and India, and flagged the key of an enabling environment in this respect. EFPIA emphasised the following priority issues: local content requirements in Indian government procurement (minimum of 25%); the key role of a functioning WTO rules-based system (it notably encouraged India to sign the WTO agreement on the elimination of pharmaceutical tariffs); and jointly working on procedures and legal security, with support of IT.

Sornin Investments focused on private equity and capital. It highlighted Indian progress in ease of doing business, manufacturing, infrastructure development and increasingly sustainability. It welcomed the increased equity from the US and the EU notably. It flagged the important potential in sustainability-related sectors.

ACEA welcomed the TTC and the focus of Working Group 3. It stressed that India is amongst the top-5 markets for cars but that EU exports are negligible, hence the need for a comprehensive FTA. ACEA also stressed the need to bring Indian regulation closer to the
international one (UNECE), and to address market access issues related to Quality Control Orders (QCOs) and conformity requirements (e.g. safety glass, wheel rims). ACEA also mentioned the issue of batteries and the need to align with related international standards (UN platform). Finally, it flagged its support for the WTO e-commerce moratorium.

Sterlite Technologies focussed on digital infrastructure focus, notably optical fibre and 5G. It flagged the huge opportunity to share knowledge and experience between the two sides.