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SUBJECT : EU-India Relations in Advance of the November 6 Summit

Introduction

- This year's EU-India Summit on November 6 comes at a crucial time for the world economy and our efforts to tackle climate change.
- The summit should seek to address these issues in general but the biggest contribution the summit could make is to push forward our bilateral trade negotiations.

Trade

EU-India Free Trade Agreement

- The EU India Trade and Investment Agreement negotiations need to move forward based on material progress in key areas – goods, services and behind-the-border issues such as procurement.
- On manufactured goods, it is not possible to conclude an agreement that totally excludes any industrial goods from liberalisation. There will simply not be a constituency in Europe to support the deal.
- EU companies are eager to see two-way trade in services and share many of the interests of Indian firms in promoting labour mobility and investment. However, the agreement must also address the longstanding obstacles to services market access in key sectors such as insurance, retail and of course legal services.
- Procurement liberalisation will bring benefits to India's citizens through more efficient and cheaper services and infrastructure. Obviously this is a key area for European firms also.

Doha Round of WTO Negotiations

- We wish to see real progress towards conclusion of an ambitious deal in 2010.
- Clearly the US is a major obstacle to that at present.
- We welcome India's constructive approach, particularly the efforts of Mr. Sharma. When the US comes back to the table India's role will be very important to achieve a deal.



The Economic Crisis and the G20

- Our top priority is access to finance for companies. We must have robust reform, properly coordinated through the G20, but this must not jeopardise the flow of capital to companies.
- The G20 should also work to ensure coordination as regards state intervention in the economy, which should not create competitive distortions.
- The G20 must also continue its strong statements on the need to avoid protectionism. This was less than satisfactory in the Pittsburgh text and we must continue to be vigilant.

Climate change

- The EU's climate policy program is the most ambitious in the world and is supported by business.
- But this does not come for free. The direct cost of mitigating emissions is estimated at €91 billion per year in 2020
- India, we recognise, is taking important steps in the area of green technologies.
- But it is crucial that an international climate agreement is forged in Copenhagen this December.
- To achieve this all major economies – including India – must make equivalent efforts to that of the EU. We need our India to commit to setting its own reduction targets, while accepting the principle of common but differentiated responsibilities.
- The opportunities of the green economy can only be realised if we have a stable, predictable global framework to stimulate investment.