



CIVIL SOCIETY DIALOGUE

MEETING ON THE TRADE SUSTAINABILITY IMPACT ASSESSMENT (SIA) IN SUPPORT OF NEGOTIATIONS WITH INDIA

Date: 16 June 2023

Time: 9:30 – 11:30 CET

Location: Webex

Lead speakers

- Head of Unit South and South-East Asia, Australia, New Zealand - Directorate-General for Trade, European Commission
- SIA study team led by Trade Impact BV

Moderator

Civil Society Coordinator - Transparency, Civil society and Communication Unit, Directorate-General for Trade, European Commission

1. Introduction

DG TRADE recalled that since the previous CSD meeting on this study held in March, the first meeting of the Trade and Technology Council with India had been held in May. The TTC established three Working Groups, one of them focusing on trade, the resilience of supply chains, market access and multilateral aspects, including India's G20 Presidency this year. Discussions were positive and covered, among others, the EU and India's autonomous measures such as Carbon Border Adjustment Mechanism.

Regarding negotiations with India, the latest round, which took place in March 2023, went well, and created a good momentum that hopefully will be upheld in the next round planned for June (FTA and IPA) and July (talks on Geographical Indications) in India.

Regarding the SIA study, preliminary findings presented at this stage across all pillars of the analysis represent a key step towards the Final Report. The latter will cover the whole analysis, including case studies, conclusions, and recommendations.

2. Presentation of preliminary findings from analysis

The study team presented preliminary findings from the analysis, as well as steps to conclude the study, and an overview of consultation activities conducted to-date. It encouraged stakeholders to provide replies to online consultations remaining open until 26 June and to come forward with written contributions. The study team will also continue interviews with chosen stakeholders from the EU and India. The slides

from the presentation are attached to these minutes and will also be available on the project website.¹

More information about the study is available on the project website² which also includes a contact form.

3. Discussion

The International Confederation of European Beet Growers inquired whether impacts for working conditions in India's agricultural sector will be included into the analysis. Moreover, it was suggested to consider interviews with CIBE, CEFS and ASSUC, as the representatives of the sugar sector.

- The study team informed that impacts related to employment, labour, and environmental standards, and working conditions in agriculture, notably in the rice and sugar sectors, will be considered as part of case study No. 3 (the list of topics selected for case studies has been provided in the presentation). The study team welcomed the availability of sugar sector representatives for an interview.

The European Man-Made Fibres Association (CIRFS) asked if slides would be shared with the participants.

- In response, DG TRADE provided a link to the presentation already published on the European Commission's website³.
- The study team informed slides would also be published on the project website

The London Story informed about news of aerial bombings of civilians in Chhattisgarh in India, in the context of an ongoing armed conflict between indigenous peoples and the state over land and resources. It inquired whether recommendations from the SIA study to the EU negotiators would include a suggestion to raise this matter with the Indian side, also with the new EU Due Diligence Directive in mind.

- The study team responded that while in step one in the SIA methodology, the analysis looks widely at the situation in the EU and India to detect pre-existing vulnerabilities, at the impact assessment stage, the analysis is focused on FTA potential impacts and related recommendations. Therefore, the inclusion or not of certain aspects into the analysis depends on their links with the FTA or IPA under negotiation. As such, if a situation in a certain part of the country, sector or a group is worrisome but not related to the agreement, it will remain outside the scope of the study.

Both ENDS inquired about the reduced land use in agriculture as a result of an FTA and about the scope of other manufactured products sector.

- The study team explained that findings regarding land use are based on the methodology applied to assess impacts of an FTA on biodiversity. It includes selection of sectors likely to increase their production (output) as a result of an FTA and calculation of related land use changes based on the land use intensity attributed to each sector. Given that agricultural sectors projected to grow in India are projected to reduce their output in the EU (which implies reduced land use), the sum of land use changes in both Parties is negative, i.e., the FTA may bring about a reduced land use. That said, there needs to be some caution in using data for India.
- Regarding the other manufactured products sector, the study team informed that there is no detailed information available about its scope.

¹ <https://www.eu-india-tsia.eu/consultations>

² <https://www.eu-india-tsia.eu/>

³ https://policy.trade.ec.europa.eu/eu-trade-meetings-civil-society/second-meeting-csd-sustainability-impact-assessment-support-negotiations-india-2023-06-16_en

ETUC inquired about estimated real wage changes in the EU and India and stressed that negative impacts of the agreement may be expected if there is no strong Trade and Sustainable Development (TSD) chapter included. There is a need to make clear to India that TSD chapter does not represent an attempt by the EU to impose its own standards on India or another partner country but that it includes a reference to the international standards (such as ILO core labour standards) binding also upon India.

- The study team recalled that according to the economic model, a real wage increase for EU unskilled workers of 0.2% is estimated and for skilled ones of 0.1% in the ambitious scenario. In India, real wages would grow by 1.3% and 0.6%, respectively, while in the conservative scenario, the increase would be more modest for workers in both Parties.

Médecines Sans Frontières were pleased to see in the presentation a reference to the extended patent protection period and its consequences for the production and sale of generic medicines in India that are also exported to low-income and middle-income countries. MSF also inquired about inclusion of other elements related to intellectual property and technology transfer into the analysis.

- The study team informed that relevant aspects related to intellectual property rights and technology transfer already are or will be included in the analysis, including its human rights related part and the right on access to medicines.

The European Association of Sugar Traders (ASSUC) inquired about estimated FTA effects on employment in the sugar sector and more broadly in agriculture, as well as impacts of EU autonomous measures, such as the proposed Regulation banning from the EU market products manufactured with the use of forced labour or the draft Directive on Corporate Sustainability Due Diligence. Further questions were whether the estimated effects will have an impact on EU market access offer in FTA talks with India and discussions on TSD chapter.

- The study team informed that the analysis of FTA social impacts for sugar sector would be conducted as part of case study No. 3, as well as part of the general labour standards analysis, given reports about child labour and forced labour in the sector. At that stage, references will also be made to autonomous measures.
- DG TRADE informed that it was too early to talk about EU market access offer in FTA talks with India as the negotiations had not reached that stage yet. So far, India's positions had fallen below the EU level of ambition, including with regard to TSD chapter. The EU remains committed to a strong TSD chapter, in line with the renewed approach and EU negotiators are aware that the TSD provisions to be agreed with India would need to be satisfactory to the EU Member States and the European Parliament for them to give consent for the final outcome of negotiations once the process gets to that point.

The European Man-Made Fibres Association (CIRFS) inquired about modelling results for the textile sector which suggest increase in EU exports to India and employment fall in the EU at the same time. Another question related to the EU strategic objectives and the rise in India's trade with Russia.

- The study team explained that the outcomes of the economic modelling show a situation in the long-term perspective, considering inflation or other factors influencing trade, like trade diversion and creation effects. Also, there is no contradiction between increased EU textile exports (modest in value) and fall in employment given the estimated scale of increased imports from India. Regarding EU strategic objectives, the model suggests that thanks to the FTA, the EU position in trade relations with India will be strengthened compared to other Indian trading partners.

Anti-Slavery International observed that the human rights dialogue with India has been challenging, given that India reacts negatively on any criticism or evidence of its non-satisfactory record of respect for human rights. Regarding the social impacts

analysis, the projected employment increase in the textile, garment and leather sectors in India is of a concern given the high informality levels and poor working conditions in those sectors, notably for women who do not enjoy any protections. There is also evidence of forced labour occurrence in those sectors and Tamil Nadu should be marked in this context as being of a high risk in relation to forced labour.

- The study team concurred with the assessment saying that indeed, according to the analysis, working conditions in sectors estimated to grow in India are precarious, with high informality levels. A detailed analysis will be presented in the draft Final Report, including in a case study. The study team thanked for a report shared during the meeting and reiterated that all inputs whether verbal (provided during meetings or interviews) or in writing will be welcome and will help in further development of the analysis.

European Services Forum (ESF) observed that the type of the economic model used in the study does not capture fully impacts related to trade in services. Moreover, the ESF inquired about the figures coming out as results of the modelling, as they seem to be quite low compared to the increase in trade in services between the EU and India observed in the last few years. That said, there are still many barriers in trade in services between the two Parties which hopefully can be addressed in FTA talks.

- The study team agreed that the economic model does not capture effects of the foreign direct investment (commercial presence) which is important for trade in services and therefore, the estimated effects are only partial. Another factor playing a role in the estimates is the assumed level of ambition, and finally, the economic model does not show the total value or the total growth in trade in services between the EU and India in the future, but a difference made by the FTA compared to a situation without the agreement in place. This means that results discussed in the presentation would go on top of the normal growth.

Amfori inquired about the TSD chapter in an FTA with India and a potential trade-off between a desire to land a trade agreement with an important partner and having a meaningful TSD chapter. There were concerns that the level of ambition for the TSD chapter may be lowered in exchange of having an FTA with India.

- DG TRADE explained there is no contradiction between the two objectives, as the TSD chapter will need to be satisfactory for the EU Member States and the European Parliament to give consent to the whole agreement. That said, one should not assume that the chapter will fully reflect the EU's initial text or that the EU will impose anything on India. There will need to be an agreement reached between the Parties and some adjustments may be necessary. These will be discussed with the EU Member States and the European Parliament.

The European Federation of Food, Agriculture, and Tourism (EFFAT) inquired about effects for the sugar sector and mentioned an ongoing project with the ILO and DG EMPL.

- The study team recalled that social effects related to the sugar sector would be analysed as part of case study No. 3. The study team will also welcome all relevant inputs that will help in developing the analysis.

VDMA observed that India is an important market for the machinery sector, however, maintains high (7.5%) tariffs for products from this sector. Moreover, India wants to exclude some products from liberalisation. This would not be a welcome move.

- The study team thanked for the remark and reiterated that verbal and written inputs will be used in the analysis.

The International Confederation of European Beet Growers expressed concern that further opening of the EU market for sugar imports from India would have detrimental effects for EU sugar sector, not only for the EU Outermost Regions (sugar cane) but also for beet growers in the mainland EU.

- The study team reiterated its interest in getting more insights for the analysis.

FIDH raised several aspects, including the need to consider job quality (in addition to job creation / reduction), a variety of measures (within and outside the agreement) that may be taken to strengthen positive and mitigate negative impacts, caution that should be applied in a discussion about the EU autonomous measures given some of them have not been adopted yet, as well as importance of the human rights essential clause and linkages between the FTA and the right to public participation in India. In addition, FIDH commented on statistics presented in relation to public consultations.

- The study team agreed that impacts related to the EU autonomous measures will depend on their final provisions. Regarding recommendations for flanking measures, these will be developed at the final stage of the project and the study team is happy to receive ideas from FIDH and other organisations. As regards consultations, diverse activities are ongoing and are planned yet for the months to come, and different types of contributions are received. Therefore, a full appreciation of what has been done and what stakeholder engagement has achieved will be possible at the final stage. The study team will then prepare a consultation report providing a summary of activities as part of the project.

DG TRADE thanked the study team for the presentation and participants for discussion and concluded the meeting.