

Second meeting of the Civil Society Dialogue on the Trade Sustainability Impact Assessment (SIA) in support of negotiations with India

The purpose of this second meeting is to present to EU civil society organisations the state of play of ongoing work [in the interim phase] on the Trade Sustainability Impact Assessment (SIA) in support of Negotiations with India, considering the preliminary findings of the economic, social, human rights and environmental analyses as well as stakeholders consultation activities.

- **Date:** 16/06/2023, 09:30-11:30
- **Location:** WEBEX

Speakers

Lead speakers

- Christophe Kiener Head of Unit South and South-East Asia, Australia, New Zealand – Directorate-General for Trade, European Commission
 - 4th round of negotiations had been positive but positions remain far apart still
 - 5th round will take place in Delhi week of 19 June, building on limited momentum of 4th round and extending progress
 - 26-28 June will be next round on investment protection, and 4th round of GI negotiations will take place on 11-14 July in Delhi
 - 1st meeting of EU – India TTC on 16 May, lots of bilateral interaction on the sidelines on the trade chapter
- SIA study team led by Trade Impact BV

Interim results presented by Anirudh Shinghal

The screenshot shows a presentation slide titled "Economic analysis: effects on bilateral trade and output". The slide contains a bulleted list of findings from an economic analysis. The findings are as follows:

- EU merchandise exports to India are estimated to grow by 107.6% (€112.5 billion) in the ambitious scenario while India's merchandise exports to the EU are expected to rise by 86.6% (€110.7 billion).
- Most EU sectors report more than a doubling in value of their bilateral exports to India, including the EU's largest merchandise sectors - chemicals, electronics and machinery - as well as the agricultural, textiles, pharma, minerals, metals and transport equipment sectors.
- Several sectors also report large percentage gains in bilateral exports on the Indian side, including India's largest sectors – wearing apparel and chemicals - as well as dairy, grains, sugar, meat, textiles, motor vehicles and transport equipment (all report gains in bilateral exports to the EU in excess of 100%).
- The FTA is expected to increase EU's services exports to India by 4.7% (€1.6 billion) and India's services exports to the EU by 0.1% (€124 million).
- All the constituent services sectors for the EU report a rise in bilateral exports while transport and other services report a decline in bilateral exports to the EU on the Indian side.
- Regarding output, in the ambitious scenario, the EU reports the largest expected gains in absolute terms in minerals, machinery, electronics, and paper; and the biggest expected losses in textiles, wearing apparel and ferrous metals. In percentage terms, the EU rice sector is expected to be the worst hit. For India, wearing apparel and textiles are the largest beneficiaries in absolute and relative terms.

The slide is displayed in a web browser window with a zoom level of 88%. The browser address bar shows "Viewing Tatiana Berden-Antonenko's a...". The presentation interface includes a "Layout" button in the top right corner and a control bar at the bottom with buttons for "Unmute", "Start video", "Share", and "Participants".

Viewing Tatiana Berden-Antonenko's a... 88% + Layout

Economic analysis: effects on EU ORs, LDCs & Türkiye

- **EU ORs:** India's sugar exports to the EU could increase by 177% elevating the already existing competition that Guadeloupe and La Réunion sugar producers face in exporting to the EU.
- Canary Islands, Azores and Madeira mostly export agricultural products to the EU – vegetables, animals, food and beverages, fish, and dairy products – and producers in all these sectors are likely to face competition from a rise in Indian exports to the EU as a result of the FTA.
- **LDCs:** South Asian and South-east Asian LDCs report a 0.1% decline in their GDPs in the ambitious scenario, with the remaining LDCs being largely unaffected.
- In terms of welfare, trade, and tariff revenue effects, **South Asian LDCs are relatively more adversely affected than South-east Asian LDCs** – their welfare is expected to fall by -0.2%, their total exports by -1.1% and their tariff revenue and total imports by -1.2% (the export decline for South Asian and South-east Asian LDCs emanates largely from wearing apparel).
- **Türkiye:** Limited negative impacts for Türkiye, mainly due to the fall in its trade and production in textiles and garment, both competing with imports from India (Türkiye's GDP is projected to fall by 0.0% or €748 million in the ambitious scenario and by 0.0% or €505 million in the conservative scenario).

AS 5

Unmute Start video Share Participants Chat

Antoine Oger

Viewing Tatiana Berden-Antonenko's a... 88% + Layout

Environmental analysis

- The EU-India FTA is expected to lead to an **increase in CO₂ emissions** in both the EU (+0.1%) and India (+0.4% in ambitious scenario, +0.2% in conservative scenario) as per the results of the economic modelling.
- The **meat sector** in particular is expected to benefit from the FTA and is strongly related to the emissions of certain GHG and air pollutants in both partners, especially NH₃, N₂O and CH₄ (between 25% and 33% for all). Emissions of these gases from the meat sector are expected to increase by 0.5% to 0.8% in India.
- Sectors of concerns for India also include **garment** (+15.8%), **leather** (+7.3%) and **textiles** (+3.6%). The share of emissions from these sectors is insignificant hence little overall effect is expected in terms of CO₂ emissions. Yet the growth in these sectors is expected to pose **serious challenges in terms of water and waste management issues**. Climate change and rising demand would lead to at least 40% of the Indian population living with water scarcity by 2050 compared to about 33% now.
- Preliminary findings point towards a **decrease of land used for agriculture** due to the EU-India FTA which can be considered positive for biodiversity potential in both Parties. This should be leveraged as several **biodiversity indexes are decreasing steadily in India** mostly due to habitat fragmentation, degradation and loss. Many EU Member States also **score poorly on Biodiversity Habitat Index**.
- Forestry activities are the cause of most of the India's loss of tree covers, rather than drivers of permanent deforestation. Yet, such activities should be limited in **humid primary forests** which are key sources of biodiversity.
- India ranks 80th worldwide on the **Species Habitat Index** and is on a concerning trend over the last decade. The EU presents a very contrasted situation with Ireland ranking 15th worldwide while Finland ranks 139th and Luxembourg 152nd. All trends are also negative in the EU over the past decade.



AS 12

Unmute Start video Share Participants Chat

Tatiana Berden-Antonenko

Viewing Tatiana Berden-Antonenko's a... 88% + Layout

Human rights analysis – Step I: Baselines

- International human rights obligations
 - UN Conventions
 - ILO fundamental Conventions :  C087, C098, C155, C187, P029  C155, C187, P029
- Human Rights profiles: EU & India
 - Key pre-existing vulnerabilities  a.o. labour rights violations, discrimination, restricted civil space, reported forced/bonded labour and child labour, high poverty levels, land rights, etc.
 -  a.o. inequality and poverty exacerbated by COVID-19 pandemic and energy crisis, discrimination

AS 13

Unmute Start video Share Participants Chat

Viewing Tatiana Berden-Antonenko's a... 88% + Layout

Case studies

The following **topics for three case studies** have been agreed:

- No. 1:** Impact of the EU-India FTA / IPA on employment and respect for labour standards in the textile, apparel, and leather sectors.
- No. 2:** Impact of a potential FTA on the transition of India to a low-carbon, climate-neutral and resource efficient economy, focusing on the electric mobility / vehicles sector; and the contribution that trade in relevant services sectors can bring to this transition.
- No. 3:** Impact of a future EU-India FTA on employment and respect for labour and environmental standards in agriculture, notably in the rice and sugar sectors.

The work has started, and results will be provided in the draft Final Report.

MR 17

Unmute Start video Share Participants Chat

Christophe Kiener (DG TRADE)

- No discussions yet on the Market Access, this is still very early stages and the discussions are just at the point of looking at the very broadest possible parameters (ambition level etc.)
- All EU legislation will have to be respected for all Indian imports
- No link between specific sector and the TSD provisions, but EU has made clear a strong TSD chapter is needed for the FTA
- India has identified TSD as by far the most difficult issue in the negotiations, with reactions from India being far from min. level of ambition to be credibly able to present an agreement to stakeholders

- No contradiction with what Sabine said, about how TSD has to be approached for India FTA.
- A strong TSD chapter will be needed in order for the FTA to be ratified by the EP and Council
- India has positioned itself very strongly in relation to the TSD being against the TSD approach of the EU, and the TSD presents sensitivities and the Commission will have to see what it can do about this. The Commission will have to readjust its initial approach, in full coordination with MS and EP