EU-India Trade and Technology Council

The EU-India Trade and Technology Council was announced by the European Commission in April 2022, and launched in February 2023. It is the EU's second such endeavour after the one with the United States, and its aims are broadly similar, i.e. to increase bilateral cooperation, to boost bilateral trade and investment (in the same context as the free trade agreement under negotiation between the two parties), and to capitalise on both parties' strengths to ensure their technological and industrial leadership while preserving their shared values.

Introduction

The decision to establish an EU-India Trade and Technology Council (TTC) was first announced by the European Commission President, Ursula von der Leyen, and India's Prime Minister, Narendra Modi, in April 2022. After the TTC's formal launch in February 2023, its first ministerial meeting was held in May 2023, alongside the FTA negotiations. The ministerial meeting was co-chaired by Commission Executive Vice-Presidents Margrethe Vestager and Valdis Dombrovskis on the EU side, and by the Minister of External Affairs, Subrahmanyam Jaishankar; the Minister of Commerce and Industry, Piyush Goyal; and the Minister of State for Skill Development and Entrepreneurship and Electronics and Information Technology, Rajeev Chandrasekhar, on the Indian side. They were joined by the High Representative/Vice-President Josep Borrell, as well as the Commissioner for the Internal Market, Thierry Breton.

The TTC is the second such bilateral forum for the EU, after the one launched with the United States (US) in June 2021, while being the first for India. For the EU, its TTC with India complements a series of partnerships it signed with Asian countries in 2022 and 2023, including Japan, Singapore, and South Korea, to address issues related to the digital divide and to strengthen 'a fair, inclusive and equal digital environment for all'. It also builds on other EU initiatives, such as the Joint Commitment to Digital Transformation in the EU-Africa Joint Vision for 2030, and the EU-Latin America and Caribbean (LAC) Digital Alliance. These partnerships also form part of the EU's idea of working with like-minded partners to promote a 'positive and human-centric vision of the digital economy and society' as envisioned in its 2030 Digital Compass (long-term strategy for the digital transformation of the EU).

India, for its part, has been actively participating in various platforms and initiatives aimed at strategic recalibration of trade and technology. These include the Quadrilateral Security Dialogue (*the Quad,* comprising Australia, India Japan and the US) working group on emerging and critical technology, whose goal is to foster collaboration on setting standards and frameworks for emerging technology such as 5G/6G networks, AI, digitalisation and quantum computing. Together with Japan and Australia, India launched the supply chain resilience initiative in 2021, to share best practices and promote inclusive growth. India and the US also launched an initiative on critical and emerging technology (iCET) in May 2022, to expand the strategic technology partnership and defence industrial cooperation between the two countries.

Experts note that the TTC is part of a joint effort to steer the EU and India closer towards strategic autonomy by reducing the EU's dependence on China, and India's reliance on Russia. In this context, a January 2023 report by the Netherlands Institute for International Relations highlights some opportunities for the counterparts to enhance their cooperation on military technologies, technology and data governance, and other critical technologies (such as semiconductors, batteries, data), as well as on the restructuring of India's and the EU's supply chains. In the same vein, a September 2023 article notes that the EU, the US and India should focus on the resilience of the semiconductor supply chain and specifically increase India's presence in semiconductor packaging (at present the industry is concentrated in China). They should also focus on quantum information science and technology (QIST). Here the authors see the potential in using the EU's experience in managing and linking quantum projects across Member States (e.g. the European High Performance Computing Joint Undertaking and the European Quantum Communication Infrastructure). Lastly, they should cooperate on digital infrastructure, especially next-generation wireless networks such as 6G.

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PE 757.587 – January 2024

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The EU-India TTC working groups

In its current configuration, the TTC has three working groups that focus on i) strategic technologies, digital governance and digital connectivity, ii) green and clean energy technologies, and iii) resilient value chains, trade and investment. Following the May meeting, several initiatives have been highlighted.

The **first working group** has launched three initiatives. The first involves coordination within the Global Partnership on Artificial Intelligence (GPAI), a multi-stakeholder initiative announced in 2018 and launched in 2020, to bridge the gap between theory and practice on AI through research and applied activities. This enhanced coordination is happening in the context of the EU's forthcoming artificial intelligence act, expected to be adopted early in 2024, India's national programme on AI (adopted in March 2022) and its draft national data governance framework policy (July 2022).

The second initiative focuses on policy coordination in the semiconductor sector. India and the EU have sought to reduce vulnerabilities in their supply chains in this sector. In this context, the EU implemented its Chips Act in September 2023, to strengthen manufacturing and reduce critical dependencies. The Indian government has also stepped up its efforts by offering a production-linked incentive of US$10 billion for manufacturers to set up and invest in a manufacturing value chain for semiconductors. Multilaterally, India is working with its partners in the Quad semiconductor supply chain initiative. On 23 November 2023, the EU and India finalised a memorandum of understanding on semiconductors, committing to further deepen cooperation on the semiconductor ecosystem, its supply chain and innovation.

The third initiative involves work towards increasing interoperability between India's and the EU's digital public infrastructure (DPI) and towards promoting credible solutions for developing countries. India is a global leader in the development of DPI, where it has put in place an ecosystem for the implementation and adaptation of three critical aspects of DPI, also known as the 'India stack': digital identity, digital payments and data-sharing. Under the Indian presidency of the G20, the 2023 G20 Leaders' Declaration welcomed the 'G20 Framework for Systems of Digital Public Infrastructure', recognising the role of DPI in the delivery of services for the whole of society. The EU has also worked on these areas under its Digital Decade policy programme 2030 and its Global Gateway, which focuses on digital technology and infrastructure to promote inclusive growth and sustainable development.

In the area of green and clean energy technologies (**second working group**), the parties reiterated their commitments to net-zero goals and identified three areas of cooperation: renewable and low-carbon hydrogen, batteries for electric vehicles, and standards. India and the EU have cooperated with each other on clean energy and climate matters since 2016. Their cooperation expanded further under the 2020 EU-India strategic partnership, and following the joint statement released after the 2021 India-EU Summit. As part of this cooperation, India and the EU will start implementing joint wastewater treatment and management projects to facilitate their market uptake. They will also work on wastewater to energy and on waste to hydrogen. Another important deliverable is a gap analysis on how to tackle marine plastic litter and pollution. The counterparts will also share knowledge on circularity aspects of batteries and the possibility to recover raw materials. They have also pledged to develop standards that can ensure interoperability, including for renewable and low-carbon hydrogen.

Lastly, in the context of the **third working group**, the parties have agreed to work towards establishing principles on cooperation by identifying specific supply chains and mechanisms for the screening of foreign direct investment (FDI). To this end, the two sides intend, in the years to come, to focus on four areas. First, they will agree on broad principles for cooperation and then work towards establishing mutual interest for resilient value chains. They aim to identify and resolve market access issues in order to jointly remove identified trade barriers. They will also work on the exchange of information regarding each other's mechanisms for FDI screening, to enhance mutual understanding about these mechanisms.

In the context of bilateral trade, it is noteworthy that remaining and possibly new challenges exist between the two parties. These include a dispute at the WTO level regarding New Delhi's import duties on specific information and technology products, as well as India's concerns over the implementation of the EU's carbon border adjustment mechanism (CBAM).

The next meeting of the co-chairs is scheduled for early 2024 in India, when the parties will take stock of the progress achieved and decide on further action.