

## **Joint Statement by the Chancellor of the Exchequer and the Finance Minister of India at the 10<sup>th</sup> India-UK Economic and Financial Dialogue, 28 October 2020**

1. We, the Finance Ministers of the United Kingdom and India, met today by videoconference for the 10th Economic and Financial Dialogue (EFD). In celebrating this milestone we reflect on the benefits that EFD cooperation has had for our citizens, and its centrality to our countries' bilateral partnership. India-UK economic relations are strong and growing: we are two of the world's top seven economies with a combined GDP of over \$5 trillion. India-UK trade has more than doubled since the first EFD in 2007, with bilateral investment supporting over half a million jobs across our two countries. While this is impressive progress, we are ambitious for even closer ties, and today discuss our wide-ranging collaboration to address emerging challenges and maximise new opportunities.

### **Coronavirus and the global economy**

2. Coronavirus is the biggest threat the global economy has faced in decades. The UK and India stand shoulder to shoulder in combating its significant health and economic risks. Our countries have responded decisively, taking the right measures to protect lives and livelihoods. The UK welcomes India's significant economic relief package and reforms to transform India's economy and integrate more deeply into global value chains. Similarly, India welcomes the UK's unprecedented support for public services, workers and businesses, and long-term plans to level up the UK economy, supported by bilateral trade and investment between Indian states and the UK regions. We agree to cooperate towards combatting Coronavirus in the following areas:
  - UK Research and Innovation (UKRI) and India's Department of Biotechnology will jointly invest up to £8m of joint investment for research to understand and address the factors leading to the severity of Coronavirus in South Asian populations in UK and in India.
  - The UK Department of Health and Social Care (DHSC) will contribute to India's Coronavirus Joint Response Plan (JRP) and antimicrobial resistance (AMR) via the World Health Organisation with an initial amount of £600,000. This will provide a platform for further bilateral cooperation on AMR through a Fleming Fund partnership with the Ministry of Health and Family Welfare in the future.
3. In an interconnected world, global economic challenges such as Coronavirus can only be met by acting together. The UK and India have long been a joint force for good and we reaffirm our commitment to the multilateral economic system, and the international financial institutions that underpin it. Globalisation has had a positive impact on the world, and we remain strong advocates for open markets and the benefits of trade. We agree to keep key supply chains open and ensure any restrictions to trade are targeted, proportionate, transparent, and temporary whilst not creating unnecessary barriers to trade.

4. Our ministries have been at the centre of the global economic response, jointly drafting the G20 Action Plan outlining the G20's health, economic and financial response to Coronavirus. As co-chairs of the G20 Framework Working Group, we welcome the updated Action Plan agreed at the Annual Meetings earlier this month, and will continue to work to promote strong, sustainable, balanced and inclusive growth. Concurrently, our governments are working to support ongoing collaboration on vaccine research and design, manufacturing and distribution to ensure global equitable and affordable access.
5. We also have an important role to play in the global system in coming years: on the United Nations Security Council, where the UK welcomes India's election as a non-permanent member for 2021-22; in the Commonwealth; and in multilateral groupings, with the UK's Presidency of the G7 and COP26 in 2021, and India's BRICS Presidency in 2021 and G20 Presidency in 2022. During this period of UK and India global leadership, we commit to partner closely. We note that the exchange programme between the UK Government Economic Service and the Indian Economic Service is continuing successfully.
6. We support the G20's Debt Service Suspension Initiative (DSSI) to provide liquidity support to the most vulnerable countries. Given the depth of needs in these economies, we welcome the DSSI's extension to June 2021, and in principle agreement to a Common Framework for Debt Treatments beyond the DSSI. On the taxation challenges of digitalisation, we will continue to work together through the OECD's Inclusive Framework and co-operate towards a fair and equitable solution to implement both Pillars.

### **Building a sustainable recovery**

7. We are committed to ensuring that our recovery from Coronavirus is sustainable, clean and resilient. Ensuring flows of sustainable finance will be central to this. Our governments are working to bring together India's \$1.4 trillion National Infrastructure Pipeline and the City of London, the global home of green finance and long term institutional capital.
8. The UK and India agree to cooperate through a new Partnership on Infrastructure Financing and Policy to support India's ambitious plans for delivering inclusive, resilient and sustainable infrastructure and services as per the Terms of Reference. This partnership will involve experience sharing, knowledge exchange and technical assistance to support India's National Infrastructure Pipeline including setting up a Project Preparation Support Facility cum Centre of Excellence for PPP Projects.

9. Climate change is an issue of central importance to Finance Ministries. We remain committed to the Paris Agreement and are taking major steps to meet our commitments:
  - The UK has legislated to achieve net zero greenhouse gas emissions by 2050, underpinned by a Treasury-led Net Zero Review, and increasing its direct contribution to the \$100bn global climate finance goal;
  - India has a target of achieving 450GW of new renewable energy capacity, which is expected to allow India to exceed 40% non-fossil energy generation with the help of transfer of technology and low cost international finance.
10. Public and private finance is important for achieving climate goals. In 2018 we launched the Green Growth Equity Fund (GGEF), a joint venture with £240 million funding to catalyse financing into green infrastructure in India. The Fund's success continues: it has invested £40 million in four projects and BP has become the first private investor, contributing £54 million. We agree to work together on further joint mobilisation initiatives to catalyse private sector flows into green projects in India, ahead of COP26.
11. Both sides agree to establish a bilateral Sustainable Finance Forum to drive forward deeper cooperation between the UK and India on sustainable finance. Both sides also welcome the ongoing work of the private sector led UK - India Sustainable Finance Working Group, established by the City of London Corporation and the Federation of Indian Chamber of Commerce and Industry, and look forward to receiving its future inputs
12. To promote increased international sustainable finance flows, we also need to mainstream climate risks into financial decision-making. This includes supporting the work of the Central Banks and Supervisors' Network for Greening the Financial System, which the RBI has agreed to explore joining. The UK welcomes India's support for consistent disclosure of climate risks in the financial system and SEBI's expansion of Environmental, Social and Governance (ESG) related disclosures to India's top 1000 companies. We agree to work together to support common international disclosure standards. We agree to work closely together to make the financial system more sustainable, including sharing experience between the Bank of England and Reserve Bank of India on climate stress testing.
13. The UK welcomes India joining as an observer at the Coalition of Finance Ministers for Climate Action. This complements our cooperation through the International Solar Alliance, as well as the Coalition for Disaster Resilient Infrastructure (CDRI), launched by Prime Minister of India and co-chaired by the UK. The UK also welcomes India as a signatory to UK's call for action on Raising Ambition for Climate Adaptation and Resilience.

14. The climate agenda is inseparable from nature and biodiversity. Nature will be at the centre of the UK's COP26 Presidency, and we agree to investigate ways to collaborate to protect biodiversity, restore ecosystems and support development.

### **Financial market development to finance growth**

15. The City of London is one of the world's leading global financial centres and since the first EFD its role in financing India's growth has gone from strength to strength. Both sides noted that since 2016 Indian firms have raised £11.5 billion in masala, dollar and green bonds listed on the London Stock Exchange (LSE), and agreed to work together to explore further measures to encourage financing growth including through masala bond issuances. The UK welcomes India's recent decision to allow Indian companies to list directly on stock exchanges in select foreign jurisdictions, including the UK. We agree to work together to drive stronger flows of international capital to India using this route. The UK also welcomes India's operationalisation of India's Depository Receipts Scheme to support an additional option for Indian companies to raise equity capital.
16. We are pleased to establish a new annual India-UK Financial Markets Dialogue, to share expertise, experiences and deepen collaboration between our financial sectors. The Dialogue will be led by senior officials from both Finance Ministries with participation from financial regulators and the private sector. The first meeting will take place early next year.
17. We also establish a new UK-India strategic collaboration to accelerate the development of GIFT City (Gujarat International Finance Tec-City), India's first International Financial Services Centre, and promote greater links between GIFT City and the UK financial services ecosystem by bringing together both governments, regulators and business to share experiences and expertise. The UK will support the work of the new IFSC Authority by working with the new Chair to share world class regulatory expertise, including through a virtual study visit to the UK. This increased cooperation is underpinned by commercial partnerships, with Standard Chartered and HSBC opening offices in GIFT City in 2020, becoming the first foreign banks to be licensed to operate an international banking unit.
18. The UK welcomes India's decision to allow 100% Foreign Direct Investment (FDI) and remove the 'Indian ownership and control' requirements in insurance intermediaries, and will work together as India examines suggestions on opening up FDI in the insurance sector. India noted the request of UK to make the Offer for Participation regulations more conducive to provide cross-border reinsurers with a more level playing field.
19. We welcome the successful implementation of India's Insolvency and Bankruptcy Code. We agree to deepen the partnership on India's insolvency framework, with

closer co-operation on policy development and capacity building, building on the visit to London in February, 2020 by senior officials from the Ministry of Corporate Affairs (MCA) and Insolvency and Bankruptcy Board of India (IBBI) and subsequent secondment of a UK expert to the MCA. The UK will continue to support India's MCA and IBBI in sharing of best practices, through specialized trainings for creditors and insolvency professionals on pre-packaged insolvency resolutions, liquidation and judicial colloquiums for regulators.

20. The UK welcomes India's decision to grant 100% tax exemptions to sovereign wealth funds for investments in infrastructure. This has a positive impact on the UK government's development capital investments in India and the CDC Group, with its portfolio of £1.23bn invested in over 300 companies in India. We are pleased to note the establishment of the UK India Development Cooperation Fund (UKIDCF) - a Fund of Funds to be managed by the State Bank of India Group and serve as the financial and accounting platform for the UK Government's future development capital investments in India.
21. Both sides recognised the substantial contribution of the India-UK Financial Partnership under the successful leadership of co-chairs Mr Uday Kotak and Lord Gerry Grimstone, which has played a pivotal role in deepening bilateral relations, supporting policy development and generating commercial opportunities. We thank Lord Grimstone for his contribution to the IUKFP and welcome Mr David Craig on his appointment as the new UK co-chair.
22. We are pleased to give the IUKFP a strong and renewed mandate, and ask the IUKFP to drive forward this agenda by holding quarterly discussions and publishing papers at regular intervals. We look forward to future papers including on: UK-India cross-border trade and investment and a stronger financial services corridor, Sustainable finance and the road to COP26, GIFT City, India's corporate bond market, and Fintech and data.
23. India's capital markets have enormous potential to attract capital, and the UK provides access to a large and diversified global capital pool. To unlock this opportunity, both sides welcome establishment of the UK-India Capital Markets Working Group led by the City of London Corporation in partnership with the IUKFP. The group brings together industry experts to recommend actions to grow liquidity, access capital at reasonable cost, develop the corporate bond market, and adopt international benchmarks and best practices.
24. Both Prime Ministers announced in April 2018 a technical assistance programme on financial services. We welcome this cooperation to bring UK and global expertise to India, working with the Indian government, regulators and business to support financial markets.

## **Working together as FinTech innovators**

25. The UK and India have built a strong partnership on FinTech. The UK-India FinTech Joint Working Group met most recently in March 2020, and agreed to collaborate on facilitating the flow of faster and cheaper UK-India remittances. In particular, we agreed to work together to explore potential options for greater connectivity between India's Unified Payments Interface system and the UK payments system, and to support greater acceptance of Rupay cards in the UK. The creation of the FinTech Awards programme to support Indian and UK Fintech entrepreneurs through mentorship, the second round of which is currently taking place. The Regulatory Cooperation Agreement agreed between the Reserve Bank of India and the Financial Conduct Authority (FCA) in summer 2019 will enable regulators to share information about financial services innovations in their respective markets, and business-to-business engagement to boost trade and investment. The UK-India Fast-Track Start-Up Fund backed by SIDBI and the UK Government will fund early-stage tech start-ups with technical assistance focused on capacity building, policy advocacy and deepening entrepreneurial connects with the UK.
26. We welcome the commitment of Indian financial regulators i.e. RBI, PFRDA, and IRDAI to join the FCA-led Global Financial Innovation Network (GFIN), which seeks to drive financial innovation across jurisdictions in the interests of consumers.
27. We welcome the discussions between the UK Information Commissioner's Office and the Government of India on data regulation, and support further discussion on how to deliver effective personal data protection legislation, whilst ensuring that business-critical cross border data flows for foreign firms doing business in India are not restricted or limited by such legislation.

## **Trade and investment**

28. The UK-India trade and investment relationship continues to grow. We welcome the announcement by our Trade Ministers at the 14th Joint Economic and Trade Committee (JETCO) in July 2020, to deliver an Enhanced Trade Partnership (ETP) as part of a roadmap that could lead to a future FTA. The ETP will seek to address non-tariff barriers to trade and explore routes to removing tariff barriers. We understand that this may support the EFD in removing barriers to financial services trade. We welcome the positive move by the UK through the new Graduate Immigration Route and noted the release of UK's Global Tariff as a significant step towards an independent UK trade policy. We are happy to note that UK Research and Innovation (UKRI) and the Indian Council of Social Science Research (ICSSR) commit up to £2.6m for four joint research projects on the future of UK-India trade and investment in a changing global environment.

29. We welcome the expansion of UK Export Finance's presence in India. UKEF has over £4 billion to support Indian public and private projects involving UK goods, services and intangibles.
30. We look forward to the first meeting of the UK-India Investment Dialogue after the EFD. Both sides emphasized the importance of non-discriminatory treatment of foreign investors and a positive investment environment. We agree on the importance of stable and transparent business, regulatory and tax regimes, and will work together to address barriers to encourage sustainable bilateral investment.
31. We look forward to the next EFD, to be held in London in 2021.