

Full text of Joint Press Statement by the Chancellor of the Exchequer and the Finance Minister of India after the seventh round of the UK-India Economic and Financial Dialogue held in New Delhi on July 8, 2014

1. We, the Finance Ministers of the UK and India, met today in New Delhi for the seventh round of our annual Economic and Financial Dialogue. The dialogue included senior representatives of our Finance Ministries and Central Banks. At today's meeting, we discussed ways to strengthen our mutual cooperation and further boost trade and investment between our two countries.

Macroeconomic Risks and Policy Responses

2. We are encouraged by signs of recovery in the global economy in recent months. In the UK, the economy is growing, employment is strong and the deficit is falling, but risks remain and the government will continue to deliver its economic plan. After stabilizing at a low level of around 5 percent, growth in the Indian economy is expected to pick up in the coming quarters supported by improved implementation and structural reforms.

3. The UK and India share a common commitment to take the necessary steps to support growth and jobs, ensure financial stability and restore fiscal sustainability. In an increasingly globalised world, we cannot tackle these challenges alone. We will continue to work closely together and are committed to multilateral co-operation through the G20 and International Financial Institutions.

4. India and the UK are taking determined actions to strengthen our respective economies and are working to improve further the business environment. Both sides welcomed this year's focused approach in the G20 to achieving strong, sustainable and balanced growth through the development of comprehensive growth strategies that will be presented at the Brisbane Summit.

5. The UK and India remain committed to the Base Erosion and Profit Shifting project and we will continue to work together through the G20 and OECD to reform the international tax rules to ensure that they are fair and consistent.

6. The UK and India reiterated their determination to lead on tackling tax evasion, noting that the two countries would begin exchanging tax information on an automatic basis from 2017 with each other and with a large number of jurisdictions as part of their commitment to early adoption of the new Global Standard. Both countries called on other G20 countries and international financial centres that have not yet done so to match their commitments to early adoption.

7. We reiterated our commitment to preventing the misuse of legal persons and legal arrangements, and will continue to support the G20 leading by example, through effective implementation of the Financial Action Task Force (FATF) standards on beneficial ownership.

Trade and Investment

8. Both countries emphasised the importance of investment, including in infrastructure and small and medium enterprises, to strengthen the global recovery and lift economic growth, and welcomed the G20's work developing country-specific and collective actions on investment, including to promote long-term private sector investment, and to enhance the catalytic role of Multilateral Development Banks.

9. The UK and India remain strong supporters of an ambitious EU-India Broad based Trade and Investment Agreement (BTIA) that stands to bring significant benefits to businesses and consumers on both sides. The UK looks forward to negotiations between India and EU on BTIA.

Infrastructure Financing

10. Both countries agreed to pursue joint work on the common aim of exploring ways to encourage increased institutional investment in infrastructure. The ambitious package of measures to support investment in Indian infrastructure will include a £1 billion line of credit from UK Export Finance (UKEF) to support Indian infrastructure projects, such as Bengaluru-Mumbai Economic Corridor (BMEC). This will be supported by the announcement today that 10 global banks are in discussions with UKEF to deliver government funded loans through the £3bn Direct Lending Scheme, with more banks expected to join them in the coming weeks. This will provide competitive finance to purchasers of UK exports in India.

11. Further progress has been made on the Infrastructure Feeder Fund whereby Ministry of Finance (MOF), Government of India will facilitate Her Majesty's Treasury (HMT) of UK in its interactions with Infrastructure Debt Funds (IDFs) for exploring the design of a London-based fund targeted at raising capital at scale from the London market for investment in Indian infrastructure debt.

12. We signed an Accord to formalise the cooperation between the UK and India on infrastructure and Public-Private Partnerships.

Financial Services and Regulation

13. The UK and India remain committed to ensuring that the international financial reform agenda stays focused, proportionate and consistent across the global financial system. We encourage the G20, with support from the Financial Stability Board, to continue to make progress implementing key reforms such as those enhancing the transparency of Over-the-Counter (OTC) derivatives markets and improving the effectiveness of cross-border co-operation in bank resolution. We discussed the steps that are being taken to harmonise financial services legislation in each of our countries and agreed to continue to work together to guard against regulatory fragmentation and extraterritoriality.

14. We welcome the deepening of financial services links between our countries. We will build further collaboration and recognise Mumbai's role as a financial centre by launching the UK-India Financial Partnership, a strategic partnership supported by the UK and Indian Governments and financial services industries which will establish closer ties between London and Mumbai as financial centres. The partnership will be set up over the next three months. We expect the Partnership to cover the following work-streams within its first year: (i) Collaboration to develop the Indian corporate bond market; (ii) Mutual sharing of expertise on banking regulation and capitalisation; (iii) Enhancing financial training and qualification; (iv) Financial inclusion; (v) Developing a programme around the opportunities to improve cross border provision of financial and insurance services. The UK and Indian leads for this work will report on its progress and make recommendations for further work ahead of next year's EFD.

15. Today's dialogue reaffirmed the continued strength of the UK-India economic and financial relationship. Both sides agreed to continue to work closely throughout the year, including a mid-year stock take by senior officials and to follow through on their commitments. We look forward to the next Ministerial level meeting of the UK-India Economic and Financial Dialogue in 2015 in London.

