

**Joint Statement of the 17th session of the India-France
Joint Committee held in Paris on the
24th of October 2017.**

The Indo-French Joint Committee (JC) constituted through exchange of letters between the Governments of the Republic of India and the Republic of France, in 1976, held its Seventeenth Session in Paris, France, on 24th October 2017, seven years after the last session held in 2010.

The Indian delegation was led by Mr. Chhotu Ram Chaudhary, Minister of State for Commerce and Industry and the French delegation was led by Mr. Jean-Baptiste Lemoyne, Minister of State for Europe and Foreign Affairs.

The agenda is in Annex-I and the composition of the two delegations is in Annex-II of this Joint Statement.

The Joint Committee discussed avenues to deepen bilateral cooperation, after the visit of Prime Minister Narendra Modi to France and his meeting with the President of French Republic E. Macron in June 2017; and before the next presidential visit to India in March 2018. The Joint Committee – which also included bilateral meetings between Mr. Chhotu Ram Chaudhary and Mr Jean-Yves Le Drian, Minister for Europe and Foreign Affairs, and Mr. Benjamin Griveaux, Minister of Economy and Finance –focused on a reinforced strategic partnership (including cooperation in the civilian nuclear field and defence), on multilateral issues of common interest (G20 and WTO issues), on EU-India relationships, and also on strengthening of our bilateral relations in various areas (trade and investment exchanges, market access, investment protection, industrial and sectorial cooperation). Both sides also reaffirmed the objective of increasing bilateral trade as well as bilateral direct investment in a mutually beneficial approach.

Both sides agreed to hold biennial sessions of the Joint Committee.

1. Economic and financial outlook

The French side indicated that growth in the Eurozone was getting more robust, supported notably by external demand, as well as positive employment dynamics in most countries, while inflation was contained. Although Brexit was associated with lower growth in 2017 and lower growth prospects, the impact for the Eurozone should be limited. Concerning the French economic situation, its improvement will be supported both by a favorable international environment (faster growth in the euro area and stronger external demand), by a dynamic domestic demand (improving labor market developments, with still high corporate margins), but also by French structural reforms based on three main pillars: the labor market reform, an action plan in favor of SMEs growth and disruptive innovation and a sound management of public finances.

The French side congratulated India for its impressive growth surrounding 7%, in spite of the recent slowdown. The Indian side underlined the wide-ranging structural reforms that had been initiated. These reforms should increase the growth potential, such as the Goods and Services Tax (GST) and the bankruptcy code. The Indian side presented all the ongoing measures aimed at attracting foreign companies and investors, and contributing to a sustainable and inclusive growth, like the '*Smart Cities*', '*Make in India*' and '*Innovate in*

India’ Programs. The French side recognized the good fundamentals of the Indian economy (GDP, public finances under control etc.) which can allow a qualitative and not only a quantitative growth, despite some challenges to face, like the 12-million-a-year new coming workers on the Indian labour market.

2. Global issues

2.1. Main WTO issues

The Indian side recalled the pending case concerning subsidies and reaffirmed its will to call, during the 11th WTO conference, for a permanent solution on public stockholding of grains for food security programs. The Indian side also reiterated its demand for having a two-year period in order to comply with the EU sanitary and phytosanitary (SPS) regulations concerning basmati rice. On steel overcapacities, India explained that it considers that steel overcapacities do exist in China while India is way below the international standards in per capita consumption of steel. The Indian side explained the rationale and targets of its National Steel Policy and mentioned that new policy is rolled out for increase in capacities for meeting growing needs of India.

The French side called for finding a balanced solution between food security for the Indian people and the struggle against distortive trade at the WTO level. The French side also recognized the importance of SPS regulations in trade negotiations, notably to ensure consumers’ security. On steel overcapacities, the French side asks for India’s support in the WTO arena, but also for others matters like the reinforcement of the Dispute Settlement Mechanism’s role as a tool for a fair and transparent regulation of the international trade.

2.2. EU issues

The French side indicated its will that the EU-India Summit of October 6th, 2017 be followed by a strengthened trade, economic and regulatory cooperation between the EU and India, on issues such as: industrial overcapacity, intellectual property, government procurement and sanitary and phytosanitary issues. The French side was also confident that the EU and India would find a satisfactory solution to enable, once the conditions are met, the revival of the negotiation of an ambitious and mutually beneficial free-trade agreement (FTA), including rules on sustainable development and provisions on investment protection, in order to ensure the legal certainty necessary for all investors. Concerning precisely investment protection, the French side reminded the ‘*Note Verbale*’ sent by the Indian Embassy last April and asked for a clarification of the status of the France-India Bilateral Investment Treaty (BIT). The French side also indicated that France was not in a position to renegotiate a new treaty, as India was negotiating a free trade agreement, including investment provisions, with the EU.

India explained that after the approval of the model BIT by the Cabinet in December, 2015, Department of Economic Affairs (DEA), through Ministry of External Affairs (MEA), had written regarding the termination of the existent BITs with all the countries with whom the initial duration for which the treaty was signed was over. The model BIT was shared with these countries so that renegotiation could start. These countries included 22 EU countries. France was one of the countries.

The French side firstly reiterated its request for an official notice of termination of the bilateral investment treaty (BIT). The French side suggested to extend the validity of the BIT until the next joint committee. The Indian side recalled its will to negotiate new bilateral investment treaties with EU Member States and asked the French side whether the EU could authorize the Members States to do so. The Indian side also indicated its intention to modernize the standards of investment protection by renegotiating new BITs, and its openness to negotiate

investment provisions within the EU-India FTA, but with no ‘*fast track*’ procedure.

3. Trade, investment and sensitive matters

3.1. Bilateral trade and market access

On bilateral trade and Indian market access, the French side underlined the substantive growth of our bilateral exchanges in recent years, with more than €13 billion for goods and services over the last 12 months, contributing to make India France’s 20th largest provider, as well as its 20th largest client. The French side also underlined that removing tariff and non-tariff barriers (mainly in the agri-food sector, pharmaceuticals and cosmetics) would not only help French companies cater to the needs of the Indian market, but also make it easier for them to invest in India. The French side also reaffirmed the importance of moving ahead on the EU-India FTA negotiations, so as to give a new momentum to our bilateral trade flows.

On sanitary and phytosanitary barriers, the French side mentioned the difficulties encountered by French exporters because of restrictive Indian regulations (for dairy products, poultry, pork, bovine and avian genetics, and mineral waters), despite they welcomed recent advances in the certification of pig meat and hams and fumigation with methyl bromide required for imports of peas.

On the protection of intellectual property rights, the French side recalled the existence of restrictive criteria in addition to cumbersome procedures that tend to discourage French companies from filing patents in the pharmaceutical field. The French side would also welcome India to cooperate on the protection of intellectual property rights and to combat piracy.

3.2. Exchange of views on crossed investments

The Indian side indicated that France was strongly welcomed in India to contribute to the strategic development of its infrastructures. The Indian side then made a comprehensive presentation of the ‘*Make in India*’ program, as well as five other programs (‘*Digital India*’, ‘*Skill India*’, ‘*Startup India*’, ‘*Aadhaar*’, ‘*Jan Dhan Yojana*’) at the core of the Prime Minister’s economic policy. All those reforms were promoted as key programs for the Indian economic and social development. The Indian side also mentioned its 2016 IPR policy aimed at modernizing and facilitating the protection of intellectual property rights. Other economic measures to open and simplify the Indian market were also presented by the Indian side, notably the Goods and Services Tax and the liberalization of foreign direct investments.

The French side welcomed all of those recent Indian liberalization measures which had already had a positive impact on bilateral inflows. The French side also emphasized France’s status as one of the most important foreign direct investors in India (5th largest G20 investor) and that “sunrise sectors” – such as urban development, renewable energies, engineering & innovation and food processing – offered a significant potential, well-aligned with French areas of expertise. The French side also briefly presented four emblematic cases concerning current French investors in India (involving *Louis Dreyfus Armateurs*, *InstitutMérieux*, *Bolloré* and *Air Liquid*) and expressed its will to see them solved soon, in the respect of both parties’ rights. The Indian side took good note of this demand and suggested to create an informal and dedicated mechanism to try and solve amicably this kind of cases - to the extent possible.

India raised the issues being faced in repatriation of fund of SBI branch in Paris, due to closure of its operations.

Ministerial meeting between CR. Chaudhary and B. Griveaux (24th of October 2017 - 18.00hrs)

The meeting between the two Ministers allowed good exchanges on strategic, economic and financial issues, from multilateral questions (G20, fight against terrorism financing, corruption and money laundering) to strategic cooperation in many areas (civil nuclear, defense affairs, railways).

On climate issues, both sides reaffirmed their shared objective to struggle against climate change and recalled the forthcoming founding ceremony of the International Solar Alliance (ISA) on the occasion of the next French presidential visit to India in 2018.

On the fight against terrorism financing, both sides shared this priority and expressed their common interest in enhancing the FATF's role and efficiency.

On the civil nuclear project in Jaitapur, both Parties expressed their full support to this major project and expressed their respective expectations and approach (on costs/financing scheme, liability etc.), in order to go ahead and make it a corner stone of their strategic partnership in the nuclear field for the next decades.

On military affairs, the French side welcomed the high quality of cooperation between India and France in the area of defense (as recently strengthened by the Indian decision to choose Caracal helicopters to equip its coast guards) and the French contribution to the development of a substantially high-tech Indian industrial base in the defense sector through the respect of its offsets requirements. The French side also asked the Indian side for as much clarity and predictability as possible regarding offsets. The Indian side expressed its will to upgrade its military industry through the "Make in India" policy. In this regard, the French side answered positively by proposing future bilateral industrial partnerships in third countries.

Concerning the cooperation in the railway sector and the modernization in semi-high speed of the Delhi-Chandigarh railway line, the French side reaffirmed its availability to accompany the French firms in this strategic project for India's development. The Indian side indicated that the next steps -structure of the contract, financing scheme, would be discussed soon after the delivery of the feasibility study by SNCF.

Both sides concluded this meeting and this Joint Committee by taking the common commitment to hold biennial sessions of this dialogue; the next one will take place in New Delhi in 2019.

ANNEX I : FINAL AGENDA**INDIA-FRANCE ADMINISTRATIVE ECONOMIC AND TRADE COMMITTEE (AETC)****Paris - 24/10/2017**

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| I- | <u>Joint Committee meeting</u> – Ministry for Europe and Foreign Affairs | 9h30-11h30 |
| | Opening remarks – Jean-Baptiste Lemoyne – C. R. Chaudhary | 09h30-09h40 |
| | 1. <u>Economic and financial outlook</u> | 09h40-09h55 |
| | 1.1. Exchange of views on the macroeconomic and financial situation in France & Europe (inc. <i>Brexit</i>)– <i>Lead France</i> | |
| | 1.2. Exchange of views on the macroeconomic and financial situation in India and its reform process (Goods and Services Tax, investment regime, demonetization, insolvency law) <i>Lead India</i> | |
| | 2. <u>Global issues</u> | 09h55-10h20 |
| | 2.1. Main WTO issues (level-playing field, notifications on steel...) <i>Lead India</i> | |
| | 2.2. EU issues (EU-India FTA, Investment protection) – <i>Lead France</i> | |
| | 2.2.1. EU-India FTA : taking stock of the main achievements and looking forward | |
| | 2.2.2. Investment protection: clarifying the status of the French-India BIT | |
| | 3. <u>Trade, investment and sensitive matters</u> | 10h20-10h50 |
| | 3.1. Bilateral trade and market access (current situation, barriers and perspectives) <i>Lead France</i> | |
| | 3.2. Exchange of views on crossed investment (Indian and French policies to attract FDI / ongoing difficulties) <i>Lead India</i> | |
| | 4. <u>Strategic and sectoral cooperation</u> | 10h50-11h20 |
| | 4.1 Sectoral cooperation in India <i>Lead France</i> (Smart cities, transport inc. railways, renewable energy, supercomputers) | |
| | 4.2 French Treasury and AFD financing tools in India <i>Lead France</i> | |
| | 4.3 Presentation of the industrial policy in India and in France <i>Lead India</i> | |
| | 4.4 French proposal for an administrative cooperation on customs <i>Lead France</i> | |
| | Conclusion | 11h20-11h30 |
| II- | <u>Bilateral meeting</u> – Ministry for Foreign Affairs – M. Jean-Yves Le Drian | 11h30-12h |
| III- | <u>Working lunch</u> – Ministry for Foreign Affairs | 12h30-14h00 |
| | 1. Ongoing trade negotiations in Asia and exchanges on initiatives to foster economic integration in Asia (Belt and Road Initiative, Free and Open Indo-Pacific Strategy) <i>Lead India</i> | |
| | 2. Climate issues (climate change, climate financing...) <i>Lead France</i> | |
| | 3. Any other bilateral business (International Solar Alliance...) <i>Lead India</i> | |
| | <u>IV-Bilateral meeting</u> – Ministry for Economy and Finance - Benjamin Griveaux | 18h-19h |
| | 1. Fight against terrorism financing, corruption and money laundering | |
| | 2. Strategic cooperation (civil nuclear, defense affairs, railways) | |
| | 3. G20 issues (FATF's reform, climate change, taxation of digital economy, etc.) | |

ANNEX II :INDIAN AND FRENCH DELEGATIONS**1- Indian delegation**

- Mr. C R Chaudhary, Minister of State for Commerce & Industry
- Smt. Anita Praveen, Joint Secretary, Ministry of Commerce and Industry
- Mr. P.C. Meena, Private Secretary to Minister of State for Commerce and Industry
- Mr. Sia Sharan, Joint Secretary, Department of Industrial Policy and Promotion
- Mr. V.M. Kwatra, Ambassador of India to France
- Mr. Sarvjeet Soodan, Head of Economic and Commercial Wing, Embassy of India.

2- French delegationMinistry For Europe and Foreign Affairs

- Mr. Jean-Baptiste Lemoyne, Minister of State
- Mr. Alexandre Ziegler, Ambassador of France to India
- Mrs Anne Boillon, Chief of Staff
- Mr. Thierry Mathou, Director for Asia and Oceania
- Mr. Martin Juillard, Deputy Director for Business, the International Economy and Tourism Promotion
- Mrs Sonia Barbry, Head of South Asia Division
- Mrs Emilie Gaillardon, Desk Officer for India, South Asia Department

Ministry for Economy

- Mr. Thomas Courbe, Deputy Director-General / Directorate-General of the Treasury
- Mr. Jean-Marc Fenet, Head, Economic Services for India and South Asia
- Mr. Joffrey Célestin-Urbain, Head of Bilateral and Economic Relations Department, Directorate General of the Treasury
- Mrs Muriel Lacoue-Labarthe, Head of Trade Policy and Investment Department, Directorate General of the Treasury
- Mr. Martin Landais, Head of Asia and Oceania Unit, Directorate General of the Treasury
- Mrs Marie-Céline Favier, Deputy Head of Asia Unit, Directorate General of the Treasury
- Mr. Clément Robert, Deputy Head of Aid- project Unit, Directorate General of the Treasury
- Mrs Brigitte Schars, Policy Officer (India, China, South-East Asia), International Affairs Unit, Directorate General for Enterprise

AFD

- Mr. RémiGenevey, Director for Asia Department