

**Joint Statement by Smt Nirmala Sitharaman, Minister for Finance and Corporate Affairs, India and Mr Jeremy Hunt, Chancellor of the Exchequer, United Kingdom at the 12<sup>th</sup> India -UK Economic and Financial Dialogue on September 11, 2023**

1. We, the Finance Ministers of India and the United Kingdom, met today in New Delhi, India, for the 12<sup>th</sup> Economic and Financial Dialogue (12<sup>th</sup> EFD). We celebrate the strength of the partnership between India and the UK, the significant success and collaboration between our two nations, and we acknowledge the importance of these Dialogues as a mechanism for progress in our strong bilateral relationship. We also celebrate our strong multilateral relationship, and the UK congratulates India on the success of its G20 2023 Presidency.

2. Underpinned by the ambitious India-UK Roadmap to 2030, we aim to work together to maximise new opportunities and address emerging challenges. We are, therefore, pleased to make new commitments focussed on: enhancing economic growth; securing economic resilience; furthering climate action and sustainability; and transforming our economies through technology and infrastructure.

**Enhancing economic growth**

3. Financial services represent a key opportunity in our economic partnership. We welcome the increase in UK-India financial services trade over the last year, and agree to work together to grow this further, in line with our joint ambition to double trade by 2030 as part of the India-UK Roadmap. The Financial Markets Dialogue (FMD) held in London in April 2023, provided an opportunity to deepen our cooperation across a variety of subsectors, including banking, insurance, pensions, capital markets, asset management, and sustainable finance, and our teams will meet for the next FMD in India in 2024. We agree today to engage further on increasing the financial services links between our two countries.

4. Both sides welcome the progress by the India-UK Financial Partnership (IUKFP) under its co-chairs Uday Kotak and Bill Winters, supported by business leaders in both countries. The IUKFP have shared a synthesis of their work since the inception of the Partnership and we note the interim recommendations of the IUKFP capital markets connectivity workstream.

5. The UK welcomes India's recent announcement to enable Indian companies to list their equity shares on the international exchanges in GIFT IFSC, which will facilitate access

for the entities based in UK to invest in Indian companies, and welcomes the possibility being explored by India for the direct listing of securities by domestic firms at London Stock Exchange and other foreign jurisdictions in future.

6. We welcome cooperation between the Indian and UK insurance sectors. Both sides noted the critical role of a strong pensions sector in delivering safe retirement incomes and supporting economic growth through productive investment, including in green infrastructure as we seek to decarbonise our economies. Similarly, the insurance sector plays an important role in protecting against insurable risks and promoting trade. Both sides are pleased to have agreed to develop a workplan with the objective of supporting our respective pensions and insurance sectors to channel private capital into our economies, while growing investment between our markets. Planned actions in the workplan, which will be overseen by the FMD, will be taken forward by the time of the next EFD and include:

- a. The facilitation of pension fund delegation visits to each country;
- b. Deepening knowledge-sharing on recent and planned regulatory reforms in our insurance and pension sectors; and,
- c. The sharing of UK expertise to support GIFT City's further development as a reinsurance hub.

In this regard, the UK side welcomes the initiative taken by the IFSCA under its regulations, permitting IFSCA Insurance Offices (IIOs) to invest in foreign jurisdictions including in UK.

7. On reinsurance, both sides agree on the scope for increasing trade between our markets. The UK notes India's amendment of the Order of Preference regulations for reinsurers operating in India, promoting greater UK investment in GIFT IFSC.

8. We welcome the strong and growing collaboration under the UK-India strategic partnership on GIFT City (Gujarat International Finance Tec-City), India's International Financial Services Centre. We welcomed the growing presence from UK financial institutions and look forward to further cooperation across all asset classes with a particular focus on green finance. Both sides welcome the ongoing engagement between IFSCA and the UK to explore potential partnerships with UK universities and other educational institutions. The two sides also welcome the ongoing dialogue between FCA and IFSCA to explore inter-regulatory MoU cooperation.

9. We acknowledge the importance of strong domestic banking sectors in driving growth, and welcome the continued presence of Indian and UK banks operating in one

another's jurisdictions, and will continue to explore investment opportunities including through private sector in the banking sector of the other's jurisdiction.

10. We welcome the continuation of free trade agreement negotiations and bilateral investment treaty negotiations, following the twelfth round of talks in New Delhi in August. The aim of the FTA and BIT is to expand bilateral trade and investment, provide practical benefits and facilitate business in both countries.

11. We acknowledge the importance of regulatory cooperation in facilitating investments and promoting ease of doing business. The cooperation through various dialogues have helped us to understand the regulations and market infrastructure in India and UK. Both sides agree to cooperate further on ways to further enhance the ease of doing business in our respective jurisdictions.

### **Securing economic resilience**

12. We agree that a strong and robust UK-India relationship enhances the resilience of both economies, including through trade, macroeconomic cooperation and collaboration on global challenges, both bilaterally and multilaterally. The UK was pleased to offer a new 'UK-India Economic Cooperation Programme' which will deploy cross-country knowledge exchanges, capacity building and technical assistance to support India's proposed economic reforms, climate, private investment and infrastructure development priorities in line with its long-term growth objectives.

13. Both sides recognise the importance of addressing debt vulnerabilities in low and middle-income countries. To that end, the UK and India agree to continue working together to implement debt treatments for the Common Framework cases and beyond, in a predictable, timely, orderly and coordinated manner.

14. Subsequent to the OECD/G20 Inclusive Framework statement on Two-Pillar solution in 2021, and the publication of the OECD/G20 Outcome Statement in July 2023, both sides recognise the importance of enabling countries to benefit from existing and new international tax standards and build sustainable tax bases. We are proud of our peer-to-peer tax capacity building cooperation, formalised through the signing of an MOU in 2022. Our mutual exchanges in 2023, alongside our recent UK-India Wilton Park event in partnership with the Commonwealth, demonstrate our commitment to deliver together for the global good. We agree to deepen our capacity building partnership to enable tax administrations in the South Asia region, and wider Commonwealth, to effectively

implement new international tax and transparency standards and realise the benefits of rapid technological change for tax administration.

### **Furthering Climate Action and Sustainability**

15. Both countries are taking important steps towards reaching their respective Nationally Determined Contributions and net zero goals and to adapt and build resilience to climate impacts. We look forward to working together constructively at COP28 to continue progress on meeting the goals of the Paris Agreement, acknowledging the different national circumstances. We expect to make substantive progress towards setting an ambitious new collective quantified goal to support developing countries to meet their Nationally Determined Contributions and adapt to the impacts of climate change. In addition, we look forward to continued collaboration at COP28 on the new fund and funding arrangements to assist developing countries in addressing loss and damage due to the adverse effects of climate change.

16. We recognise the importance of mobilising affordable and adequate public and private finance for climate action. We recall and reaffirm the commitment made by developed countries to the goal of USD 100 billion climate finance per year by 2020, and annually through 2025 to address the needs of developing countries. Developed country contributors expect this goal to be met for the first time in 2023. In this context, the UK Government highlighted their commitment to spend £11.6 billion on international climate finance by 2025/26.

17. Both sides are committed to ongoing cooperation in the development of sustainable finance. We are pleased to have held in-depth discussions on mutual areas of interest in the green finance space at the FMD in April, and welcome ongoing cooperation between our regulators on approaches to climate risk analysis and sustainability disclosures.

18. Noting the continued value of public-private partnership on sustainable finance, we welcome the work of the private sector-led India-UK Sustainable Finance Working Group (IUKSFWG), co-chaired by Richard Abel and Hitendra Dave, and with the support of the City of London Corporation and FICCI. We also noted the progress of the Climate Finance Leadership Initiative India partnership, a private sector collaboration launched at the 11<sup>th</sup> EFD to accelerate efforts to mobilise private capital into supporting India's climate transition.

19. We are pleased to note that the UK's Development Finance Institution - British International Investment (BII) - committed over \$300 million in climate finance in India last

year including to solar solutions, electric vehicles, and sustainable agriculture. BII will continue to pursue climate finance opportunities in India that support sustainable and inclusive economic development.

20. Both sides welcome the success of the UK-India Green Growth Equity Fund, the largest fund of its kind in emerging markets, demonstrating the benefit of public-private partnerships in channelling finance at scale. Following its success and building on ten years of UK India Development Capital Investment partnership, India and the UK agreed to explore new investment opportunities in areas of shared priority.

21. India welcomes the signing of a guarantee by UK with the World Bank. This guarantee will facilitate \$1billion of World Bank lending to the Government of India to strengthen the enabling policy framework to promote clean energy investments by (a) promoting green hydrogen; (b) scaling up renewable energy; and (c) enhancing climate finance for clean energy investments.

### **Transforming our economies through technology and infrastructure**

22. India and the UK welcomed the 3rd India-UK FinTech Joint Working Group (FJWG) held in 2022, which discussed respective approaches to FinTech regulation and outlined areas for cooperation and deeper bilateral FinTech investment, and propose to hold another meeting later this year. We welcomed the IUKFP report, 'Harnessing the power of Fintech and Data', launched at the FMD in April, and agree to take forward priority recommendations through the next FJWG.

23. India has been at the forefront of global advancements in digital payments, and the UK welcomes the sharing of expertise. On cross-border payments, both sides agreed to convene a stakeholder group, to explore how existing payment corridors can be made more efficient, taking into account wider G20 work on cross-border payments.

24. Both sides welcome the IRDAI and PFRDA's admission in to the FCA-led Global Financial Innovation Network (GFIN), and ongoing collaboration with the RBI and IFSCA as pre-existing members on regulatory approaches to emerging and innovative financial services products. SEBI is also examining the possibility of joining GFIN to join this global conversation.

25. Both sides welcome the Crypto-Asset Reporting Framework (CARF), which is an integral addition to the global standards for automatic exchange of information. Both sides

also support the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) in its efforts towards the implementation of CARF by relevant jurisdictions per appropriate and coordinated timelines, noting the aspirations of a significant number of these jurisdictions to start exchanges by 2027

26. Both sides welcome the progress on the international work on crypto assets under India's G20 Presidency, including the finalisation of the FSB's high-level recommendations on crypto assets and global stablecoin arrangements, and the IMF's work on the macroeconomic issues. We welcome the IMF-FSB Synthesis Paper including the Roadmap on crypto-assets. The adoption and implementation of the Roadmap on crypto-assets will be an important step towards achieving a globally coordinated and coherent policy framework for crypto assets that will help prevent regulatory arbitrage.

27. We welcome the strong cooperation to date through the UK-India Infrastructure Partnership. We recalled the agreement from the 11th EFD to work together to support India's National Infrastructure Pipeline, including raising investment via the City of London. We are, therefore, pleased to announce today the launch of the UK-India Infrastructure Financing Bridge, a collaborative initiative, co-led by NITI Aayog and City of London Corporation, which will leverage expertise in structuring and phasing major infrastructure projects in order to unlock infrastructure investment. The UK also looks forward to further supporting India's infrastructure development through technical expertise to support India's Infrastructure Finance Secretariat as part of the UK-India Economic Cooperation Programme.

28. We look forward to the next EFD in London in 2024.