



Trade Sustainability Impact Assessment (SIA) in support of Free Trade Agreement and Investment Protection Agreement negotiations between the European Union and the Republic of India

Inception Report

April 2023

Prepared by consortium led by Trade Impact B.V.
April 2023



The views expressed in the report are those of the consultant,
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ABSTRACT

In June 2022, European Commission Executive Vice-President Dombrovskis and India Commerce Minister Goyal launched negotiations on a Free Trade Agreement (FTA) and an Investment Protection Agreement (IPA) between the European Union (EU) and the Republic of India¹. In line with a well-established EU practice, the European Commission requested a study to be conducted during an early stage of the ongoing negotiations, to analyse potential impacts of both agreements.

The study is being carried out, since January 2023, by a team of independent experts led by Trade Impact B.V. It will analyse potential economic, social, environmental, and human rights-related effects of the two future agreements, for the EU and its Member States on one hand, and the Republic of India, on the other. The general part of the analysis will be complemented by three case studies and followed by conclusions and recommendations. Moreover, desk research will be accompanied by a wide stakeholder consultation programme.

This draft inception report presents the scope and objectives of the study, methodology proposed for each part of the analysis, approach to selection and conducting case studies, the stakeholder engagement strategy, and plans for all stages of the study, with a related timeline.

¹ The Parties also negotiate a separate agreement on Geographic Indications (GIs).

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ACRONYMS

ASEAN	Association of Southeast Asian Nations	MFN	Most-Favoured Nation
AEO	Authorised Economic Operator	MSMEs	Micro-, Small and Medium-sized Enterprises
BIT	Bilateral Investment Treaty	NGO	Non-Governmental Organisation
CBAM	Carbon Border Adjustment Mechanism	NTM	Non-Tariff Measure
CCA	Causal Chain Analysis	OECD	Organisation for Economic Cooperation and Development
CGE	Computable General Equilibrium	OHCHR	Office of the United Nations High Commissioner for Human Rights
COP	Conference of the Parties	OR	Outermost Region
CPI	Consumer Price Index	PURs	Preference Utilisation Rates
CSD	Civil Society Dialogue	QCOs	Quality Control Orders
CSR	Corporate Social Responsibility	RBC	Responsible Business Conduct
DG	Directorate-General	RCEP	Regional Comprehensive Economic Partnership
EGSs	Environmental Goods and Services	RoO	Rules of Origin
EP	European Parliament	SDGs	Sustainable Development Goals
EU	European Union	SEZs	Special Economic Zones
FDI	Foreign Direct Investment	SIA	Sustainability Impact Assessment
FRA	EU Agency for Fundamental Rights	SME	Small or Medium-sized Enterprise
FTA	Free Trade Agreement	SPS	Sanitary and Phyto-Sanitary
GATS	General Agreement on Trade in Services	TBT	Technical Barriers to Trade
GATT	General Agreement on Tariffs and Trade	ToR	Terms of Reference
GDP	Gross Domestic Product	TRIPS	Trade-Related Aspects of Intellectual Property Rights
GHG	Greenhouse Gas	TRQ	Tariff Rate Quota
GIs	Geographical Indications	TSD	Trade and Sustainable Development
GPA	Government Procurement Agreement	UN	United Nations
GSP	Generalised Scheme of Preferences	UNCTAD	United Nations Conference on Trade and Development
GST	Goods and Services Tax	UNECE	United Nations Economic Commission for Europe
GTAP	Global Trade Analysis Project	UPR	Universal Periodic Review
HRIA	Human Rights Impact Assessment	WTO	World Trade Organisation
ILO	International Labour Organisation		
IPA	Investment Protection Agreement		
IPCC	Intergovernmental Panel on Climate Change		
IPR	Intellectual Property Rights		
ISDS	Investor-State Dispute Settlement		
ITC	International Trade Centre		
LDC	Least Developed Country		
LULUCF	Land Use, Land Use Change and Forestry		
MEAs	Multilateral Environmental Agreements		

1 EXECUTIVE SUMMARY

Introduction

India is the 3rd largest economy in the Asia-Pacific region (after China and Japan) and one of the EU's strategic partners. Given the size of its economy and population, and dynamic pre-COVID-19 economic growth, its relations with the EU represent potential for significant trade and investment flows and cooperation between the Parties. However, this potential remains largely untapped, because of reasons that include domestic Indian policies, notably the "Make in India" and "Self-reliant India" initiatives and related market access barriers (some of them will be analysed at later stages of this study, together with reasons underpinning their adoption).

As bilateral relations gain momentum, during their 2020 summit, EU, and India Leaders agreed to work towards "balanced, ambitious and mutually beneficial" trade and investment agreements, further opening markets and creating a level playing field (Joint Statement, 2020). In 2021, they agreed to launch talks on three separate agreements: a Free Trade Agreement (FTA), an Investment Protection Agreement (IPA) and an agreement on geographic indications (GIs). The Parties considered the future trade and investment agreements as an integral part of their renewed Strategic Partnership against the background of global challenges, including the COVID-19 pandemic and the following economic recovery, as well as climate change (Joint Statement, 2021). The EU also sees enhanced relations with India as a contribution to its strategic objectives (ToR, 2022).

In June 2022, the EU and India resumed trade negotiations and launched parallel negotiations on investment protection and GIs (European Commission, 2022f). Since then, three negotiation rounds were held in 2022 and the 4th one is ongoing in mid-March 2023. As part of the process and in line with its transparency-related commitments, the Commission has published proposals for legal texts tabled in the negotiations and reports from negotiation rounds on its website².

Sustainability Impact Assessment (SIA)

Pursuant to a well-established practice, further to the decision to resume trade and investment negotiations with India, the Commission (Directorate General for Trade) commissioned an independent external study, to examine potential impacts of the future agreements. The study in object is conducted by a consortium led by Trade Impact B.V. Its findings will feed into the negotiations and provide guidance regarding solutions, which may help achieve the goals of supporting economic growth and job creation, enhancing social inclusion, and promoting sustainable development, including respect for labour and environmental standards and human rights in the EU and India, as well as reducing potential negative impacts of the agreements. The Trade Sustainability Impact Assessment (SIA), which started in January 2023 and is to be completed by the fall 2023, is composed of two interlinked parts:

- A robust analysis of potential economic, social, environmental, and human rights-related impacts of the future EU-India FTA and IPA on the EU, India, and other countries. The analysis will examine effects, which may be created by the reduction of tariffs and Non-Tariff Measures (NTMs), as well as by provisions adopted in the future agreements (based on the proposals for legal texts published by the Commission). It will be based on results provided by the economic (CGE³) model and other methodological tools as well as other data and information sources, including legal texts tabled in the negotiations, and feedback from EU-India dialogues and cooperation activities in areas relevant for the study, such as the Trade and Technology Council. The analysis will help identify sustainability priorities and issues requiring particular attention and further

² EU-India agreement. Documents: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreement/documents_en

³ Computable general equilibrium (CGE) model. For ease of understanding, we will refer to it in our study as the economic model. The results of the modelling exercise will be provided by the European Commission.

analysis early in the negotiation process. Its findings will inform the negotiators. In the final phase, the study team will formulate policy recommendations and proposals for flanking measures, with the objective to:

- strengthen positive impacts,
 - mitigate any negative impacts of the agreements under negotiation, and
 - monitor both categories above, in order to propose and enforce corrective measures, as may be required.
- A wide consultation/stakeholder engagement programme aimed at gathering additional information and testing preliminary findings from the analysis.

The study will also consider how the two agreements under negotiation may contribute to the EU's strategic objectives detailed in the Terms of Reference (ToR).

Phases of the study and the structure of the draft inception report

The study will be divided into three phases: inception, interim and final.

The inception phase, as discussed in this draft inception report, provides background for the study, and defines its scope and objectives (chapter 2). It gives an opportunity to fine-tune the methodological approach (chapter 3) and to finalise planning for the consultation process (chapter 4) and further stages of work (chapter 5). In this phase, the study team will also prepare tools for stakeholder engagement (e.g., the website, an e-mail account, Twitter and LinkedIn accounts, and questionnaires for online consultations) and identify the main issues for negotiations and key stakeholders.

The interim phase will start with an analysis of the situation in the EU and India since 2010 (in areas identified in the ToR), observed trends, and influencing factors. The preliminary findings will be captured in a heat map, while a comprehensive impact analysis will follow for the rest of that phase. Desk research will be complemented by stakeholder engagement and chosen aspects will be addressed in more detail in case studies.

The analysis will be completed in the final phase when conclusions and recommendations will be formulated. The final report will also include a chapter to summarise findings from the analysis linked to the EU's strategic objectives and explain how certain elements of the agreements under negotiation, and recommendations from the study may contribute to achieving those objectives.

The proposed methodology (general analysis)

The economic analysis will follow similar steps as indicated above and will commence with a description of trade and investment relations between the EU and India since 2010, observed trends and factors influencing the situation. This will include the evolution of EU-India trade in goods and services, a review of existing research on the potential effects of an EU-India FTA, and an analysis of current tariff and non-tariff barriers between the EU and India. The analysis will also cover participation of SMEs in trade between the Parties, conditions for bilateral investment, participation of economic operators from the EU and India in public procurement procedures of the other Party, and customs operation. Findings that require further attention will be captured in a heat map. The study will then follow with an impact assessment which seeks to determine economic impacts of the reduction of tariffs and NTMs between the EU and India. This will include effects on trade creation and diversion, value chain diversification, and SMEs, and other costs and benefits, including on GDP, public revenues, and overall welfare effects. The analysis will also estimate impacts on Least Developed Countries (LDCs), the EU's Outermost Regions (ORs) and some third countries, e.g., China, Russia, and Türkiye. It will finish with conclusions and recommendations. Throughout the study, diverse methodological tools and data sources will be used, e.g., the economic (CGE) model, structural gravity analysis, statistics, and evidence provided by stakeholders.

The additional investment-related analysis will seek to determine likely impact of the future IPA on investment flows between the EU and India. It will start with a literature review on the drivers and international policy recommendations regarding how to attract foreign direct investment (FDI). Against this background, the investment climates and conditions in the EU and India and their changes over the last few years will be analysed, as well as access for EU investors to the Indian market, and vice versa. Based on legal analysis and stakeholder engagement, the study will identify similarities and differences between both investment environments and determine the extent to which some elements can be considered as barriers or new enablers to FDI. In a similar way, the EU and Indian approaches to investment promotion and protection will be analysed. Findings from all parts of the analysis will provide guidance for IPA negotiators regarding barriers to be reduced and elements to be introduced or enhanced to attract and facilitate the EU investment to/in India and Indian investment to/in the EU, while keeping them consistent with social, environmental, and human rights-related obligations and commitments of the Parties.

The social analysis seeks to respond to the question of how a reduction of tariffs and NTMs between the Parties through the conclusion of an FTA and IPA may affect a range of social aspects in the EU and India. It also seeks to determine potential direct and indirect social impacts of other provisions of the future agreements. Areas covered by the analysis include employment, gender equality, working conditions, labour standards, public policies and services, and welfare effects (e.g., wages, poverty, and inequality). We also analyse three cross-cutting issues: consumer rights, informal sector, and corporate social responsibility (CSR) / responsible business conduct (RBC) practices. For each of these areas, the analysis starts with a consideration of the current situation in the EU and India, observed trends and influencing factors. Issues identified at that stage as requiring attention and further analysis will be marked in a heat map. The study will then follow with a comprehensive impact analysis. In addition, chosen aspects will be considered more in detail in a dedicated case study. The analysis will finish with conclusions and policy recommendations, as well as proposals for flanking measures aiming at strengthening positive and mitigating any negative impacts of the agreements under negotiation. Throughout the study, desk research will be complemented by stakeholder engagement to test preliminary findings and receive additional evidence.

The environmental analysis considers what kind of effects the FTA / IPA creates for different elements of environment through the reduction of tariffs and NTMs, and other provisions. It also looks at different channels through which impacts can be generated, e.g., the scale effect (impacts resulting from increased production encouraged by the agreements), the structural effects (impacts resulting from changes in the structure of the economy triggered by the agreement, with some sectors growing and others contracting), technology effect, and product effect (both related to efficiencies resulting from an increased competition and an increase in the availability of diverse goods and services, including environmental ones). In the first step, the analysis will describe the situation in the EU and India since 2010, observed trends and influencing factors in five impact areas (climate change, air quality, land use, ecosystems and biodiversity, and waste management and water quality) and two sectors (agriculture, with sub-sectors to be specified yet, and transport). Identified issues requiring further attention and analysis will be marked in a heat map. The study will then follow with the impact analysis in four thematic priority areas (identified in the preceding step), one of which will be examined in a case study. The analysis will finish with formulation of conclusions and recommendations, and proposals for flanking measures.

The human rights analysis looks at how the EU-India FTA / IPA could affect the enjoyment of human rights and state's responsibilities in this area. In the first step, it will identify international human rights obligations of the Parties based on the ratification status of core international human rights conventions. It will then follow with a description of the situation in the EU and India in the reference period regarding respect for human rights, identifying trends and pre-existing vulnerabilities. As in other pillars, issues requiring further analysis will be marked in a heat map. This will be followed by a detailed impact analysis of two specific human rights identified in the preceding steps as likely to be affected by the FTA / IPA. The underpinning evidence will include relevant human rights indicators, outcomes of

the economic modelling, legal texts tabled in the negotiations, and stakeholder views. The analysis will also be deepened through a case study. It will be completed with conclusions and recommendations, as well as proposals for flanking measures.

Case study selection

We propose conducting three case studies. They will provide an in-depth analysis of chosen sustainability priorities, complementary to the general part of the study. In consideration of potential topics, we will use the following selection criteria:

- the importance of the matter for the EU's strategic objectives,
- the importance from the economic, social, human rights or environmental angle (the evidence will be provided by the preliminary baseline analysis, i.e., the screening and scoping, the outcomes of which will be summarised in a heat map),
- the estimated magnitude of the expected economic, social, environmental, or human rights FTA / IPA impact (based on the economic model),
- the importance for stakeholders (evidence will be received in consultations),
- the relevance, importance, or sensitivity from a negotiating perspective (guidance will be provided by negotiators),
- complementarity to the general part of the analysis, offering a more in-depth insight.

While the topics will be selected after the preliminary analysis, it is likely that one of them will focus on social aspects, one on environmental aspects, and one, on human rights. Also, while each case study will be tailored to its topic, all will follow a similar structure. They will start with a definition of the subject matter and the scope of the analysis, and follow with a description of the background, such as the situation in the EU and / or India regarding the subject matter, the latest developments, and influencing factors. The case studies will then provide a quantitative and qualitative analysis of the FTA / IPA effects on the subject matter, and a few main conclusions. They will then finish with policy recommendations and proposals for flanking measures.

Consultations programme

The wide-ranging consultations programme of the SIA rests on four pillars including:

- digital communication tools (a dedicated website, with a feedback mechanism, e-mails, and Twitter and LinkedIn accounts),
- public online survey, meetings, and focused interviews with relevant stakeholders,
- Civil Society Dialogue meetings with EU stakeholders,
- meetings with the Inter-Service Steering Group bringing together the Commission's and the European External Action Service's (EEAS) officials.

The engagement will follow throughout all stages of the study and will have multiple aims. It will provide stakeholders with information about the study, its objectives, timeline, and the opportunities to engage. As the analysis progresses, consultations will focus on sharing updates with stakeholders and seeking their feedback on outcomes. Moreover, the consultation process will help to gather additional evidence for all parts of the analysis to underpin the scope, findings, conclusions, and recommendations. Relevant stakeholders will be identified throughout the project, as the needs for data, information, and feedback are defined. They will include business associations, trade unions, NGOs, think tanks, academia, and consumer organisations, among others. Preliminary lists of EU, India and international stakeholders have been provided in chapter 4 of the Annex to this report.

2 INTRODUCTION: CONTEXT, SCOPE, AND OBJECTIVES OF THE SIA

2.1 The context of the EU-India SIA

India is the 3rd largest economy in the Asia-Pacific region (after China and Japan) and one of the EU's strategic partners. Given the size of its economy, the size of its population, its density and heterogeneity, and its dynamic pre-COVID-19 economic growth, India's

relations with the EU present potential for significant trade and investment flows, and cooperation between the Parties. However, this potential remains largely untapped, with India accounting for only 2.1% of the EU's total trade and ranking 10th among the EU's trading partners. While India has displayed protectionist tendencies recently, e.g., by introducing the domestic "Self-reliant India" initiative, related market access barriers, import duties, sanitary and phytosanitary (SPS) restrictions, domestic standards deviating from international ones, technical barriers to trade (TBT), limitations in access to public procurement procedures, and cancellation of bilateral investment protection treaties (BITs) with EU Member States (ToR, 2022), it has also been pursuing trade negotiations with other partners (such as the UK and Canada) and has already concluded 13 FTAs and six Preferential Trade Agreements (PTAs), most recently with the UAE, Mauritius, and Australia⁴ (Business Standard, India, 21 December 2022). Moreover, India considers the EU an important strategic partner and in certain sectors, especially those that are technology-intensive and environmentally-sound, cooperation with the EU will facilitate modernisation of the Indian economy and contribute to sustainable development. Indeed, the 2021 Joint Statement of the EU's and India's Leaders lists several areas of cooperation which have the potential to enhance trade and investment, including renewable energy, energy efficiency, modernisation of the electricity market, or electrification of the transport sector (Joint Statement, 2021). Further areas have been outlined during the first meeting of the EU-India Trade and Technology Council (see further down, European Commission, 2023b).

The Parties sought to negotiate a Free Trade Agreement (FTA), launching talks in 2007, however, these were put on hold in 2013 due to differences in the preferred ambition level.

More recently, the EU-India relations regained a new dynamic and during the 2020 summit, the leaders agreed to work towards unleashing the trade and investment potential between the Parties to support sustainable growth and jobs. The new vision includes negotiations on "balanced, ambitious and mutually beneficial" trade and investment agreements further opening markets and creating a level playing field. This was complemented by establishing a High-Level Dialogue at the ministerial level providing support for negotiations, addressing trade irritants, discussing how to improve conditions for traders and investors and focusing on supply chain linkages. The leaders also adopted the "EU-India Strategic Partnership: A Roadmap to 2025" guiding cooperation between the Parties (Joint Statement, 2020).

In 2021, the EU's and India's leaders agreed to launch talks on three separate agreements including (in addition to an FTA) an investment protection agreement (IPA) and geographic indications (GIs) agreement. They also acknowledged the need to address long-standing market access issues between the Parties (Joint Statement, 2021).

In July 2022, the European Parliament (EP) adopted a resolution, in which it stressed the economic and strategic importance of the three future agreements to: generate shared prosperity, growth and jobs, boost competitiveness, fight poverty, make progress towards achieving the Sustainable Development Goals, promote labour standards, gender equality and fight against climate change, and to help diversify supply chains. It acknowledged existing sensitivities on both sides, including in relation to trade in agricultural products and further market opening in this area. However, it expressed hope that these can be addressed in the negotiation process, and that a win-win outcome was possible. In the EP's view, the existing EU negotiating mandates, adopted by the Council in 2007 and 2011 remained broad enough to guide the new negotiations. The EP also called on the Parties to include into the FTA chapters on SMEs, digital trade, raw materials, sustainable food systems, gender and trade and sustainable development, as well as core elements related to human rights and environmental standards (European Parliament, 2022).

On 17 June 2022, the EU and India resumed negotiations (European Commission, 2022f). Since then, three negotiation rounds were held (in June/July 2022, October 2022, and November/December 2022). The next one is planned for March 2023. As part of the

⁴ Ministry of Commerce and Industry, India. Trade agreements: <https://commerce.gov.in/international-trade/trade-agreements/>

process and in line with its transparency-related commitments, the European Commission has published proposals for legal texts tabled in negotiations and reports from negotiation rounds⁵.

On 6 February 2023, the EU and India set up the Trade and Technology Council, with three working groups and an annual ministerial meeting. The three working groups will focus on: 1) strategic technologies, digital governance, and digital connectivity, 2) green technologies and clean energy, and 3) trade, investment, and resilient value chains, including access to critical components, energy, and raw materials. The ministerial meeting is planned to be held in spring 2023 (European Commission, 2023b).

2.2 The scope, main features and objectives of the study

Pursuant to a well-established practice, once a decision on re-launching FTA negotiations and IPA talks with India had been taken, the European Commission (Directorate General for Trade) commissioned an independent external study, to examine potential impacts of the future agreements. The study is conducted by a consortium led by Trade Impact B.V. Its findings will feed into the negotiations and provide guidance regarding solutions which may help to support economic growth and job creation, enhance social inclusion, and promote sustainable development, including respect for labour and environmental standards and human rights in the EU and India. The Trade Sustainability Impact Assessment (SIA), which started in January 2023 and will follow until fall 2023, is composed of two interlinked parts:

- A robust analysis of potential economic, social, environmental, and human rights-related impacts of the future EU-India FTA and IPA on the EU, India, and other countries. The analysis will examine effects which may be created by the reduction of tariffs and Non-Tariff Measures (NTMs), as well as by provisions adopted in the future agreements (based on the proposals for legal texts published by the Commission). It will be based on results provided by the economic (CGE) model and other methodological tools, as well as other data and information sources, including legal texts tabled in the negotiations and feedback from EU-India dialogues and cooperation activities, like the Trade and Technology Council, in areas relevant for the study. The analysis will help identify sustainability priorities and issues requiring particular attention and further analysis early in the negotiation process. Its findings will inform the negotiators. In the final phase, the study team will formulate policy recommendations and proposals for flanking measures to strengthen positive and mitigate any negative impacts of the agreements under negotiation. This shall include pragmatic means for both Parties to monitor and address possible deviations in a timely fashion.
- A wide consultation/stakeholder engagement programme aimed at gathering additional information and testing preliminary findings from the analysis. Its elements include meetings, interviews, a dedicated website with a feedback mechanism, an online survey, and social media activity. They are discussed in chapter 4 of this report.

Moreover, as every SIA, this study also has certain features characteristic for this type of the analysis. It needs to be⁶:

- **Integrated:** based on a comprehensive approach which looks at both, benefits and costs and covers economic, social, human rights and environmental considerations in a single document.
- **Independent:** carried out by a team of independent, external consultants in a neutral and unbiased manner, under strict rules on the absence of conflicts of interest.
- **Evidence-based:** based on the best available research, information, and data presented in a transparent manner.

⁵ EU-India agreement. Documents: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreement/documents_en

⁶ The SIA characteristics follow the list outlined in the Terms of Reference for this study.

- **Transparent:** contribute to the transparency of the analysis and of the ongoing trade negotiations by providing stakeholders with comprehensive information on the possible impacts of the future agreements (FTA and IPA).
- **Participatory:** work as a platform for systematic dialogue between stakeholders and trade negotiators, through in-depth consultations, in which all stakeholders are given an opportunity to participate.
- **Proportionate:** its scope and the depth should be calibrated to the importance and the type of trade measures being negotiated, as well as to the magnitude of the expected impacts.

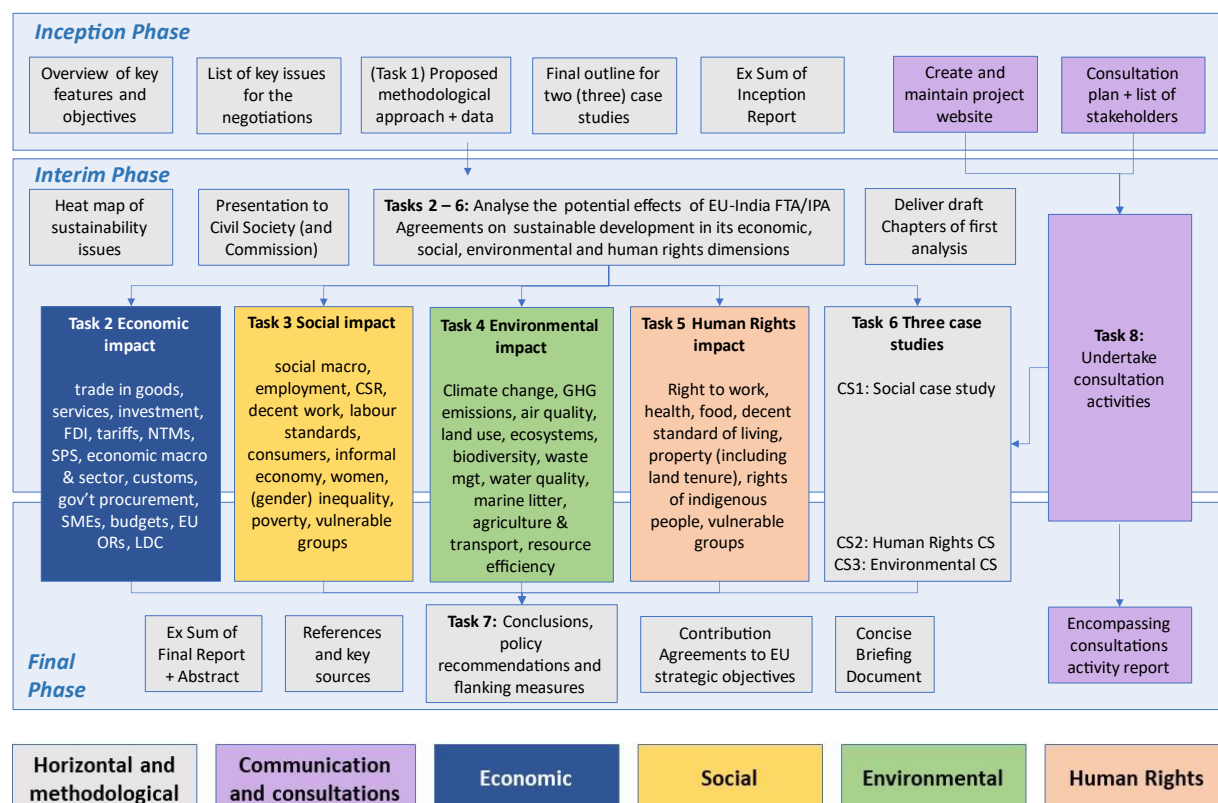
The study will be divided into three phases: inception, interim and final, as outlined in Figure 2.1 (see below).

The inception phase, as discussed in this draft inception report, provides background for the study, and defines its scope and objectives (chapter 2). It gives an opportunity to fine-tune the methodological approach (chapter 3) and to finalise planning for the consultation process (chapter 4) and further stages of work (chapter 5). In this phase, the study team will also prepare tools for stakeholder engagement (e.g., the website, an e-mail account, Twitter and LinkedIn accounts, and questionnaire for online consultations) and identify the main issues for negotiations and key stakeholders.

The interim phase will start with an analysis of the situation in the EU and India since 2010 (in areas identified in the Terms of Reference, ToR), observed trends, and influencing factors. The preliminary findings will be captured in a heat map, while a comprehensive impact analysis will follow for the rest of that phase. Desk research will be complemented by stakeholder engagement and chosen aspects will be addressed in more detail in three case studies.

The analysis will be completed in the final phase when conclusions and recommendations will be formulated.

Figure 2.1: The scope of the study



Source: Author's work based on the Terms of Reference for the study

Moreover, throughout all phases, the study will consider how the agreements under negotiation may contribute to achieving the EU's strategic objectives which the ToR for this study formulate as follows:

- defending and promoting the place and influence of the EU in India, incl. in terms of market shares and how they compare to the market shares captured by India's other key partners, such as China, Japan, the US, the UK, and Russia,
- ensuring greater security in the EU's global supply chains through enhanced supply diversification,
- providing alternative outlets and sources of supply for EU operators (alternatives to Russia and others),
- promoting the EU as a strategic partner for India in the Indo-Pacific region,
- promoting the EU's new approach to trade and sustainability, and advancing the EU's climate and environmental agenda, by focussing on clean technology, renewable energy, green products, services, and technologies, and encountered market access obstacles.

Additionally, the final report will include a chapter, which will summarise findings from the analysis linked to the EU's strategic objectives, explain how certain elements of the agreements under negotiation, may contribute to achieving them and provide recommendations.

2.3 The list of key issues for the EU-India negotiations

The below, non-exhaustive, list of potential issues which may emerge in the EU-India FTA talks is based on the preliminary research and consultations. It will be further developed, based on the advancing analysis, stakeholder engagement and the available feedback from negotiation rounds.

Economic aspects:

- Tariff liberalisation in access to the Indian market in certain sectors, such as wine and spirits, agricultural products (e.g., dairy products), cars, and car parts, machinery, textiles, and clean technology, while India may be seeking tariff liberalisation in access to the EU market in textiles, sugar, and other food products, or bio-based alternatives to plastics and packaging, among others.
- Market access for services (for example regarding provisions on Mode 4, ICT and digital services, legal and accounting services, energy efficiency, water and waste management, industrial design, cooling and other sectors), where differences may relate to the scope, schedules, and the level of ambition regarding possible liberalisation.
- Certain aspects related to NTMs, including SPS measures and Technical Barriers to Trade (TBT), such as differences in domestic approaches and standards, and the existence of regulatory market access barriers.
- Market access in government procurement.
- Some aspects related to foreign direct investment (FDI) and intellectual property rights (IPR).
- Access to international dispute resolution mechanisms for investors.

Social and TSD-related aspects:

- Potential employment effects of tariff reductions, notably in labour-intensive sectors and sectors employing low-skilled workers.
- The scope, the level of ambition and the enforceability of the TSD chapter, including the dispute settlement mechanism. This may include commitments related to the ratification of the remaining ILO fundamental conventions, as well as effective implementation of the ratified conventions (e.g., on minimum age for work and worst forms of child labour), or the extent to which Nationally Determined Contributions (NDCs) and Global Biodiversity Framework (GBF) targets would be made more binding and enforceable.

Environmental aspects:

- The need to address a potential increase in greenhouse gas (GHG) emissions and the risk of increasing pressures on elements of the environment (e.g., resource use, biodiversity, air, and water quality) resulting from growing production and transport use encouraged by tariff reductions.
- Differences in applied environmental standards between the EU and India and regulatory approaches related to the European Green Deal, such as the Carbon Border Adjustment Mechanism (CBAM) or the deforestation regulation.
- The potential for the FTA to promote more sustainable lifestyles and consumption patterns, globally, as well as greener, more efficient, and affordable technologies and business models.

Human rights-related aspects:

- The scope, the level of ambition and the enforceability of future FTA provisions related to human rights, including labour rights, in the TSD chapter and a potential human rights clause. This may also relate to ratification commitments of the outstanding human rights treaties and the protection of rights of vulnerable groups, such as children and indigenous peoples.
- Provisions related to privacy and the level of personal data protection.
- Intellectual property rights related to access to healthcare and medicines.

3 PROPOSED METHODOLOGICAL APPROACH

This chapter outlines the proposed methodological approaches for the general part of the analysis and case studies. Additionally, section 1.1. in the Annex provides a chart outlining the causal chain approach, where results from the economic analysis will provide inputs for the analysis conducted in other pillars. Likewise, outcomes of the social and environmental parts of the analysis will feed into the human rights pillar and consultations will complement the desk research in all parts.

Across all pillars of the analysis, data will be provided for 2010-2019 period (if available) to focus on general trends and avoid analysing effects of the COVID-19 pandemic. The complementary qualitative analysis will cover the period since 2010 to the latest available, and relevant information, which also includes 2022 and the beginning of 2023.

The economic modelling results ("Computable General Equilibrium" (CGE) results) will be provided by the European Commission. The specifications of the modelling exercise have been outlined in section 1.2 in the Annex to this report.

3.1 Economic analysis⁷

The economic analysis consists of the following steps:

- **Step 1:** Developing the baseline scenario, by conducting an analysis of the situation in the EU and India over the last few years, observed trends and factors influencing them.
- **Step 2:** Developing an economic heat map (priority matrix) to highlight key issues for negotiations from an economic perspective.
- **Step 3:** Conducting an analysis of the potential impacts of the future EU-India FTA and IPA on the whole economy and at the sectoral level.
- **Step 4:** Formulating conclusions and recommendations, and proposals for flanking measures to strengthen positive and mitigate any negative impacts.

In each step, relevant information, data sources, and other analytical tools will be used. These will be complemented by stakeholder engagement.

⁷ A preliminary list of indicators that will be used in the economic analysis, as well as a list of identified information and data sources has been provided in section 2.1 of the Annex to this report. The preliminary list of stakeholders for consultations during the study has been provided in chapter 4 of the Annex and a detailed list of references (bibliography) with links, in chapter 8 of the Annex.

We envision a multi-pronged approach to analysing the potential economic effects of the EU-India FTA/IPA. To do so, we will use a combination of:

- Quantitative tools, like the economic (CGE) model and gravity analysis described in sections 1.2-1.4 in the Annex (the latter for FDI and public procurement),
- Statistical analysis: using time series and cross-sectional data to complement the results of the economic modelling and gravity analysis,
- Qualitative tools: in-depth interviews, online survey and other forms of stakeholder engagement, the analysis of texts tabled in negotiations, and qualitative desk research.

This will allow us to cross-validate evidence from diverse information and data sources, strengthening the quality of our analysis and results.

3.1.1 Trade in goods and related tariff barriers

In the first step, we will provide descriptive statistical analysis showing the evolution of trade in goods between the EU and India in the reference period (exports, imports, and trade balance). It will include both, aggregate analysis regarding overall trade flows and the EU's and India's respective ranks among trading partners, as well as disaggregated analysis at the product (HS6) level, or aggregate sector level. The analysis will focus on sectors mentioned in the ToR, such as steel, aluminium, glass and ceramics, textiles and footwear, cars, and cars parts.

We will also include a comparison of EU's trade performance on the Indian market with that of other global competitors (this is related to the analysis of impacts of the FTA and IPA on the EU's first strategic objective).

Additionally, to provide a comprehensive picture of relevant tariff-related obstacles to trade between the EU and India, we will use the following tariff statistics:

- A simple average: the average tariff applied for a product or product group,
- The standard deviation outlining the variation around the simple average (it shows if all tariffs in a product group are close to the average or whether there is a lot of variation),
- The maximum tariff rate and the number of international peaks, enabling the identification of high tariff values for individual products affecting trade in them.

Moreover, we will provide descriptive statistical analysis showing the evolution of trade in global value chains (GVC)-based sectors⁸ (apparel and textiles, chemicals and pharma, electronics, and transport) between the EU and India in the reference period (exports, imports, and trade balance).

In the following step, elements requiring further analysis will be inserted into the heat map.

In the third step, results from the economic modelling will be used to provide estimates of the potential effects of tariff and NTM reductions in the future FTA on EU-India output, and aggregate, bilateral, and sectoral trade flows.

Regarding value chains, we will consider results from the economic (CGE) model related to the likely impact of the FTA on EU-India total and bilateral trade in GVC-based sectors. This will help us ascertain if the potential FTA will result in greater engagement of EU-India trade in global supply and value chains, and thus a greater security and diversification of EU supply chains which is one of the EU's strategic objectives.

In the fourth step, policy recommendations and proposals for flanking measures will be formulated.

⁸ The sector description is based on HS 6-digit products classified as GVC-products following Sturgeon and Memedovic (2010) and the World Bank WITS classification (<https://wits.worldbank.org/referencedata.html>).

3.1.2 Operation of customs authorities

The customs analysis will be based on two parts:

The first one will provide an overview of how Rules of Origin (RoO)-related provisions are applied in India. The main aim will be to determine whether there have been any recent RoO violations (in particular regarding preferential EU imports from India using the GSP, e.g., issues with certificates/fraud, or verification issues). Complementary information will be collected through interviews with stakeholders, notably customs officials and traders. The analysis will also include SMEs' experience, both in the EU and India, with RoO, to identify options for a simplified RoO regime for SMEs in the negotiated FTA. This is important given the findings that RoO are particularly cumbersome for SMEs.

The second part will consider India's experience in applying the EU's GSP rules of origin, including the system of registering Indian exporters under the REX, subsequent verification of origin and administrative cooperation with EU Member States' customs authorities. Desk research will be complemented by stakeholder engagement to receive feedback from Indian exporters regarding the use of the REX system. The analysis will be completed with conclusions and recommendations.

3.1.3 Trade in services

As in other areas, the analysis will follow in four steps. It will start with a description of the EU-India trade in services relationship, and trends observed in the reference period. The analysis will be based on aggregate data regarding the overall trade in services flows between the Parties (exports, imports, and trade balance), the EU's and India's respective ranks among trading partners, as well as disaggregated data at the sector level based on the EBOPS 2010 classification. It will also include analysis by GATS modes of supply.

The analysis related to market access, national treatment and regulatory limitations has been described under the next heading (NTMs).

Elements requiring further attention and analysis will be marked in a heat map. In the following step, results from the economic modelling will be used to provide estimates of the potential effects of services liberalisation, under different scenarios, on EU-India aggregate and bilateral trade.

In the final step, policy recommendations and proposals for flanking measures will be formulated. The analysis in this part will be linked to the investment analysis.

3.1.4 Non-tariff measures (NTMs)

While tariffs are important, NTMs in trade relations between the EU and India will require particular attention. The ToR mention this by particularly referencing Quality Control Orders (QCO). The analysis in this part will provide some challenges. Unlike tariffs, NTMs may be reduced or increased over time. Moreover, while some NTMs may be imposed by one Party and represent a market access barrier, others may simply represent a difference in approaches or regulatory systems. Like in other parts, the NTM analysis will follow in four steps.

In the first step, the analysis will identify and describe the most important NTMs affecting trade and investment relations between the EU and India, for trade in goods and services, including market access, national treatment and regulatory limitations for services and investment / establishment, and FDI flows. It will focus mostly on India and include sectors highlighted in the ToR, including but not limited to steel, aluminium, glass and ceramics, textiles and footwear, cars, and car parts, and the corresponding Quality Control Orders. Desk research in the form of literature review and use of relevant tools, like the EU Access2Markets database and the WTO e-Ping and I-TIP portals, will be complemented by evidence provided by EU stakeholders, guidance received from negotiators, and other sources.

In the second step, the identified NTMs will be prioritised and marked in the heat map. The prioritisation may include criteria, such as the scope (e.g., the number of sectors affected) and the level of restrictiveness (e.g., effective market access ban compared to a limited cost increase).

In the third step, the analysis will aim at quantifying the effects of NTMs, as well as effects of their reduction through the agreements under negotiation. It will be based on the outcomes of the economic modelling, assuming that the model will include results for NTM reductions, and on an analysis of the tabled legal texts of the SPS, TBT, Services, and Investment chapters of the FTA. Additional information sources and tools will also be used at this stage, including a review of studies estimating ad-valorem equivalents (AVEs) of NTMs,⁹ and a review of established indices, such as the OECD's Trade Facilitation Indicators index, the OECD's Services Trade Restrictiveness Index, GATS Trade Restrictiveness Index and the OECD's Foreign Direct Investment Restrictiveness index. This will be complemented by qualitative analysis based on stakeholder consultations and inputs from experts.

In the fourth step, the analysis will conclude with a list of prioritised NTMs, assessed for their economic relevance and sustainability impact, and recommendations regarding their relevance for the negotiation process.

3.1.5 Review of studies related to EU-India trade relations

We will conduct a detailed literature review in support of the baseline work and create an inventory of other studies done on the impact of the EU-India FTA. The work will include the following steps:

- The already identified studies will be reviewed and complemented by other studies That we find, both, for holistic impact assessments, as well as assessments of parts of the agreement (e.g., on agriculture, services, or other specific elements),
- The research will also include impact work related to the sustainability pillars, if such is identified at any stage of the SIA study,
- The literature review on the potential investment effects (pertaining to the EU-India IPA negotiations) will also be added,
- The identified literature will be summarised in a table which will contain the following elements:
 - the definition of the scope of a study, such as focus on specific sectors,
 - list of other aspects (focus points) analysed,
 - a summary of the main results,
 - information about the methodological tools used,
 - a comparison of the study outcomes.

This literature review will provide information to policy makers and interested stakeholders and help contextualise and cross-validate the results of the economic modelling provided for this SIA.

3.1.6 Wider economic impacts (budget, welfare, etc.)

The analysis of wider economic impacts will be based on the results from the economic modelling which will be used to provide estimates of the potential effects of the FTA on prices, fiscal revenues (including revenues foregone), income, and welfare in the EU and India. Policy recommendations and proposals for flanking measures will be formulated accordingly.

3.1.7 Foreign direct investment (FDI)

The analysis in this part will seek to respond to two questions:

⁹ An ad-valorem equivalent (AVE) of an NTM can be viewed as a 'tariff equivalent' value of an NTM. Once expressed as a tariff equivalent, AVEs can be reduced to model NTM-related levels of ambition in trade negotiations.

1. What are the investment conditions that apply in the EU and India respectively and to what extent can they be considered as barriers to realising investment potential?
2. How can these barriers be reduced and what is the role of the EU-India IPA therein?

The analysis of investment and establishment conditions and their impact on investments will follow in four steps:

In the first step, a literature review regarding drivers and international policy recommendations on how to attract FDI (e.g., UNCITRAL, World Bank, OECD, and UNCTAD) will be conducted to identify key policies which help attract FDI.

In the second step, a literature review of the current EU and Indian investment climates will be carried out, identifying areas where improvements have taken place, and others where the attractiveness to investments has been reduced.

In the third step, an analysis of the current investment conditions for EU investors in India and vice versa and their comparison will follow, identifying barriers faced by EU and Indian investors, as well as similarities and differences between the two systems. This will be done through a detailed legal analysis, inputs from investment experts, and stakeholder engagement. This part of the analysis will provide an input for the ongoing EU-India IPA negotiations to inform the negotiators of the level of reciprocity in the bilateral investment conditions.

In the fourth step, the analysis will seek to identify the EU and Indian views on promoting and protecting investments and elements that should be included into an investment agreement. This will include legal analysis and complementary interviews focusing on each Party's bilateral and multilateral positions regarding investment agreements and investment promotion. Based on this, we will establish similarities and differences between the two viewpoints. Outcomes of this analysis will provide an input for the ongoing EU-India IPA negotiations to inform negotiators of similarities and differences in views that could translate into negotiating proposals and options.

Additionally, based on the detailed overview of the current investment climate, where the gap between potential investments and the actual investments is explained, we propose to estimate the effect of preferential investment liberalisation in the EU-India FTA/IPA on their bilateral investment by using a structural gravity model with the most recent data on bilateral FDI from UNCTAD. This is an established and scientifically validated approach that has been described in detail in section 1.3 in the Annex to this report.

The results from this analysis will yield the average investment-creating effect of a bilateral trade and investment agreement which will inform us on the potential for increased foreign direct investment emanating from an FTA between the EU and India.

3.1.8 Public procurement

We will begin by providing a short literature review of public procurement issues in the EU and India. A principal element in that area is that India has not signed the WTO's Agreement on Government Procurement (GPA) yet and until recently, had not opened up its public procurement market in its existing FTAs. Recently, however, India has signed a Comprehensive Economic Partnership Agreement (CEPA) with the UAE that contains a chapter and an Annex on government procurement. This is informative as to India's views on its public procurement commitments (Rastogi, Kumar, 2022; Gov of UAE, no date).

In addition, we propose estimating the effect of preferential procurement liberalisation in the EU-India FTA on their bilateral procurement relations by using a structural gravity model based on data on public imports from the World Input Output Database (WIOD; Timmer et al., 2015) over 2000-2014. The proposed methodology, which is established and peer-reviewed, has been described in detail in section 1.4 of the Annex to this report.

The results from this analysis will yield the average effect of a bilateral procurement agreement which will inform us about the potential for increased public procurement emanating from an FTA between the EU and India.

3.1.9 Least Developed Countries (LDCs) (cross-cutting issue)

Our approach to the analysis of the expected impact of the FTA/IPA on LDCs (see Figure 3.11) will consist of the interpretation of the economic modelling results which, we assume, will aggregate LDCs into the three relevant groups to help us address the tasks outlined in the ToR:

- LDCs South Asia + Maldives. This includes GTAP10's Rest of South Asia (= Afghanistan, Bhutan, Maldives), as well as Bangladesh and Nepal.
- LDCs in Africa (Sub-Saharan Africa).
- Rest of LDCs (mainly Asia-Pacific)¹⁰.

We will combine the modelling outcomes with an export competition analysis for the South Asian countries and will complement it with qualitative analysis. This will allow us to look at the potential effects of the EU-India FTA/IPA on the poorest developing countries – with a special focus on those closest to India (South Asia), as well as the LDCs in the Asia-Pacific region, as requested by the ToR.

Figure 3.1: Least Developed Countries



Source: United Nations (2020)

We will start with the analysis of the expected economic effects, followed by effects on the other sustainability pillars. We do not expect the effect to be very significant for the LDCs because the global impact of the EU-India FTA/IPA negotiations is expected to be limited. An exception could be the group of LDCs geographically close to India, like Bangladesh, (other LDCs in the region being Afghanistan, Bhutan, and Nepal), or other Asia/Pacific LDCs (countries including Cambodia and Myanmar), because of their proximity and their levels of export competition with India in third markets, such as the EU.

We will report findings regarding LDCs (in particular those in South Asia and Asia/Pacific) in the economic part of the analysis, as a cross-cutting issue, with inputs from other sustainability pillars, if necessary. The analysis will be completed with recommendations and, if needed, proposals for flanking measures.

3.1.10 EU's Outermost Regions (ORs) (cross-cutting issue)

A key limitation in the applied economic model is that the EU Outermost Regions (ORs) are not established as a separate region in the model and therefore, it is not possible to get the results estimating impacts of the FTA/IPA for ORs directly from the modelling exercise. The analysis will be conducted in a way addressing this shortcoming.

¹⁰ Some LDCs are grouped by GTAP in "Rest of Oceania" and "Rest of Caribbean".

In the first step, the analysis will focus on a description of exports and imports from and to the ORs to identify sectors and product groups that are important for the ORs' economy, and their trade relations with the mainland EU and (if relevant) other partners. Those findings may be marked in a heat map and in the following step compared with outcomes of the modelling exercise to determine if it is likely that the same sectors or products will be affected by the EU-India FTA/IPA and what this may mean in terms of impacts for the ORs, their economy, and trade.

If there is competition between the ORs and India in access to the EU market (or third countries), then the ORs' sectors may be negatively affected through preference erosion and/or increased competitive pressure in the destination markets for their export. The effects for ORs will be determined qualitatively, distinguishing, if applicable, the regions which might be positively or negatively affected by the agreement.

We will report findings regarding the ORs in the economic part of the analysis, as a cross-cutting issue, with inputs from other sustainability pillars, if necessary. The analysis will be completed with recommendations and, if needed, proposals for flanking measures.

3.1.11 Small and Medium-Sized Enterprises (SMEs) (cross-cutting issue)

To assess the impact of the EU-India FTA / IPA on SMEs, the proposed methodology will focus on two aspects. First, we will investigate, study, and interpret implications of legal uncertainty for SMEs in case dispute resolution is needed (linked to the IPA in the investment section). Second, we will implement the "SME-Test" reflecting the "think small first principle" as described in the Better Regulation Guidelines. Throughout the analysis, we will put emphasis on identifying sectors where SMEs could be stronger impacted by the EU-India FTA than other companies.

The aim of the assessment is to establish whether SMEs are disproportionately affected or disadvantaged compared to large companies in the context of the current EU-India trade and investment relations and if the future agreements may affect SMEs more or in a different way than large companies. To this end, if detailed data is available, we will seek to establish the SMEs density at the sector level and in a geographic break-down to be able to interpret later with more accuracy the results of the economic modelling.

The "SME-Test" itself will be guided by the following steps:

Consultation of SME stakeholders

SMEs are a central element of the consultation strategy and will be present at every stage of it. Additionally, an open and public consultation process (digital consultations, meetings targeting SME representatives) will be conducted to provide inputs into the SME impact assessment section. The consultation process is described in detail in chapter 4 **Error! Reference source not found..**

Identification of affected businesses

At this stage, we will identify whether and which SMEs are among the affected ones. In cases where this is not clear, we will identify the characteristics of the affected businesses/sector(s), such as the distribution of businesses per size class. This might include further information sources, like organisations representing SMEs interests, and additional variables, including (a) the proportion of employment concerned in the various categories of enterprises affected, (b) weight of the different kinds of SMEs in the sector (micro, small, and medium-sized) and (c) links with other sectors and possible effects on subcontracting, suppliers. Key data sources will be Eurostat Structural Business Statistics for the EU SMEs and the Indian Ministry of Statistics and Programme Implementation (MoSPI) for the Indian data. At this stage, we will be able to define whether one or more types of SMEs are affected and based on that further analysis will be conducted.

Measurement of the impact on SMEs

The distribution of the costs and benefits of the FTA and IPA will be assessed with respect to businesses size. It will be done mostly qualitatively and if data availability allows, also

quantitatively. Since the impact on micro-companies can differ strongly from the impact on medium-sized ones, we will avoid a “one-size fits all” approach.

As part of the overall assessment of competitiveness, we will aim to establish the extent to which the FTA / IPA could affect SME competitiveness or the business environment in which they operate compared to larger organisations. Since direct benefits, such as improved working conditions may be offset by various regulatory costs, or since legal remedies’ challenges may not be addressed, our analysis will pay special attention to those regulatory costs that may be felt disproportionately by SMEs, such as compliance and administrative costs.

We aim at comparing the cost and impact identified for SMEs to those of larger enterprises by calculating the average cost per employee. In this way we will have a comparable metric across several types of enterprises.

Assessment of alternative mechanism and mitigating strategies

After the above-mentioned analysis and based on its findings, specific measures to mitigate the negative impacts will be chosen. If considered possible, these measures will be broken down by type of enterprises. The suggestions will be based on the guidelines presented in the Better Regulation toolbox.

Overall, our assessment on SMEs we will look at the possible impact of the FTA / IPA for SMEs in areas including, e.g., the access to public procurement, the impact of rules of origin, custom procedures, technical barriers to trade, innovation, and barriers for SMEs to enter markets. It will furthermore be complemented by a more in-depth analysis of the FTA’s / IPA’s impact on SMEs in selected sectors. The analysis will be completed with conclusions, recommendations, and proposals for flanking measures (if needed).

3.2 Social analysis¹¹

In the social part of the analysis, we will seek to determine which effects across sectors, worker groups and job characteristics may be created by the reduction of tariffs and NTMs and the resulting changes in trade and investment flows between the EU and India. The analysis will also cover three cross-cutting topics, including informal sector, consumer rights and welfare effects, as well as Corporate Social Responsibility (CSR) / Responsible Business Conduct (RBC) practices.

In each thematic section, our work will follow four steps:

- **Step 1:** describing the situation in the EU and India over the last few years, observed trends and factors influencing them,
- **Step 2:** developing a heat map indicating areas which may require further attention,
- **Step 3:** analysing potential impacts of the future EU-India FTA and IPA as a whole, as well as potential effects of certain provisions (e.g., TSD chapter),
- **Step 4:** formulating conclusions, policy recommendations, and proposals for flanking measures to strengthen positive and mitigate potential negative impacts.

In each step, relevant information and data sources, and other analytical tools will be used. They will be complemented by evidence received in stakeholder engagement.

¹¹ A preliminary list of indicators that will be used in the social analysis, as well as a list of identified information and data sources has been provided in section 2.2 of the Annex to this report. The preliminary list of stakeholders for consultations during the study has been provided in chapter 4 of the Annex and a detailed list of references (bibliography) with links, in chapter 8 of the Annex.

3.2.1 *Employment*¹²

In the first step, we will analyse the latest trends in the labour market in the EU and India. This will include indicators, such as employment and unemployment rates, the share of individual sectors in the total employment and labour force characteristics (e.g., education levels), observed trends and factors influencing them. The latter may include economic, labour, and other policy measures applied by the governments (e.g., commitments related to low-carbon economy); new work organisation, including digital platforms; digitisation of the economy and the use of new technologies, such as automation; migration from rural to urban areas; and others.

Based on this, we will develop a heat map highlighting aspects relevant for EU-India trade and investment relations and important from the employment point of view, such as sectoral shares in total employment or workers' education levels. In the following step, the analysis will be focused on assessing quantitative impacts of the FTA/IPA on employment, based on results of the economic modelling¹³. The model will outline how the reduction of tariffs and non-tariff measures will affect the operation of individual sectors in the EU and India and how this may encourage a movement of workers across sectors, towards those estimated to benefit from the two future agreements.

Given that the model is likely to provide a simplified picture of the economy and the labour market (such as assuming a flexible workers' flow between sectors), we will carry out a more in-depth employment analysis of sectors to be affected by the two agreements to test the outcomes of the modelling and to consider them in the right context. Our findings will also be discussed with the relevant EU and Indian stakeholders to verify their accuracy and the likelihood of job creation in the growing sectors and workers' shifts between sectors. For example, differences between skills requirements in growing sectors and skills available in workforce may impede the sectors' growth and filling the vacancies. Likewise, we will analyse trends in job creation in the exporting sectors (Kutlina-Dimitrova, Rueda-Cantuche, 2021) to draw conclusions for this study. We will also make a link to the analysis of the informal economy and employment to estimate impacts of employment changes for informality levels. The analysis will be completed with recommendations.

Throughout the social part of the analysis, including employment, we will also consider the current situation in and impacts for workers employed in the Special Economic Zones.

3.2.2 *Informal economy and employment (cross-cutting issue)*

The analysis in this section will be closely linked to the analysis of effects on employment. In the first step, we will provide a definition of the informal sector (ILO, 2015) and describe its characteristics and the role in the economy, including positive aspects, such as contribution to poverty reduction, and constraints faced by informal enterprises and workers (notably regarding the enjoyment of labour rights). We will also refer to policy measures recommended by the ILO (ILO, 2014; 2015) which may support transition from the informal to formal economy. This part will also include examples of interactions between these two segments of the economy like price competition, which may limit the ability of formal enterprises to invest in development and innovation and to ensure decent working conditions. This will be followed by a description of the size and structure of the informal economy in the EU and India, including its size across sectors and the role in employment, observed trends and factors influencing the situation.

Based on this, we will identify elements for the heat map, such as sectors with a high and low informality levels, and worker groups engaged in the informal activity. In the following step, based on those preliminary findings and the economic modelling results identifying

¹² In this section, we will focus on all workers, while a more detailed analysis related to women, young people, migrants, persons with disabilities and other vulnerable groups of workers will be conducted under separate headings. Moreover, the analysis in this section will be linked to the analysis related to the informal economy and informal employment presented as one of the cross-cutting topics.

¹³ The model description, including employment-related aspects, has been provided in section 1.2 of the Annex to this report.

sectors likely to be affected by the future FTA / IPA, we will seek to determine what kind of jobs and enterprises (formal or informal) may be created or abandoned in the affected sectors as a result of changes brought about by the two agreements. To ensure robustness of our findings, we will conduct a more detailed analysis of a few chosen sectors (affected by the FTA and IPA) to better understand their circumstances regarding informality levels and the influencing factors. In this part, we will also refer to the existing studies analysing impacts of trade liberalisation (including tariff reductions) for the informal economy and jobs in India to support our conclusions. As in other sections, desk research will be complemented by stakeholder engagement and the analysis will be completed by recommendations.

3.2.3 Consumers, poverty, welfare, and income (cross-cutting issue)

The analysis in this section will consist of two parts, the first one focusing on consumer rights and the other, on welfare-related impacts. In the first step of the part related to consumer rights, we will discuss the links between consumer needs and trade liberalisation. This will include the literature review, according to which consumers usually benefit from global trade and FTAs due to lower prices of purchased goods and services resulting from tariffs and NTMs reduction. Further benefits include the availability of a wider variety of traded goods and services being made available to the consumers and the related satisfaction of diverse needs and preferences. We will also establish areas of interest for the EU's and India's consumers and examples of products and services which may benefit consumers and where the ongoing negotiations may contribute to further market opening. The scope of the analysis will also be guided by the EU Better Regulation Tool Nr 33 related to impacts on consumers.

Aspects requiring particular attention and further analysis will be marked in the heat map. Subsequently, we will use the outcomes of the economic modelling to identify sectors with a particular relevance for consumers, where trade between the EU and India will be likely to increase as a result of the future agreement. This will be complemented by findings from the economic part of the analysis and the analysis of negotiation texts tabled by the EU in areas which may be relevant for consumers such as TBT, SPS or digital trade, to name a few. We will also consider and seek advice from negotiators in other relevant areas, such as public procurement. We will also seek to determine, whether the future investment supported by the IPA and the EU-India cooperation may bring about tangible results in the short- to medium-term supporting the FTA results and positive impacts for consumers. Moreover, given the increasing awareness and expectation by consumers that production processes along the value chains respect human rights, labour, and environmental standards, we will also include those elements into our analysis. We will finish with conclusions and recommendations.

The second part of this section's analysis will focus on potential welfare impacts, including wages and other types of income, Consumer Price Index (CPI), poverty and inequality levels, and the situation of vulnerable groups, including vulnerable consumers. In the first step, we will analyse the situation of different consumer groups in the EU and India, observed trends and factors influencing them. This will include, e.g., the analysis of indicators, such as the share of the population living below the poverty line, the share of those being at the risk of poverty and social exclusion, and inequality levels. We will also seek to identify groups in the EU's and India's population which either live in poverty or are at the risk of poverty and social exclusion. These may include elderly people, persons with disabilities, unemployed and other persons inactive in the labour market, migrants, children, and others.

Aspects requiring particular attention and further analysis will be marked in the heat map. In the following step we will use outcomes of the economic modelling to assess potential impacts of the future agreements on wages (for skilled and unskilled workers), prices, welfare, and inequality. We will also refer to the modelling results related to employment changes, given that job creation contributes to poverty reduction. Their comparison with findings from the analysis of the current situation should allow for drawing conclusions regarding effects of the two future agreements for different groups in the population. The

desk research will be complemented by stakeholder engagement and the analysis will finish with conclusions and recommendations.

3.2.4 Gender equality (impacts for women)

In this section, we will seek to determine potential impacts of the future FTA and IPA for women, in their different roles as workers, entrepreneurs, traders (including exporters and importers) and consumers. The methodological approach proposed for the whole chapter will be complemented here by frameworks developed by different authors to analyse trade effects for women (Korinek et al, 2021; UNCTAD, 2017; EIGE, 2016; Fontana, 2009), as well as findings from a few recent publications in this area. For a better flow of the analysis, it will be divided into four thematic parts, accordingly to the four considered women's roles.

In the first step, we will analyse the situation of women in their different roles in the EU and India. For women as workers, this will focus on their participation in the labour market, sectors having large shares in female employment, including in Special Economic Zones (SEZs) in India, working conditions, observed trends and factors influencing the situation (cultural norms, accessibility of childcare facilities and others). In a comparable way, we will also analyse women's economic activity as entrepreneurs and traders, with a consideration of their rights in setting up and running a business, access to assets and supporting measures, as well as sectors where they operate. Finally, for women as consumers, the analysis will include the level and type of generated income, poverty levels and other characteristics. Based on the available data, we will analyse gender inequalities, the observable trends and factors shaping them, including dedicated policy measures taken by the EU and India.

As in other sections, aspects requiring attention and further analysis will be marked in the heat map. Subsequently, we will use outcomes of the economic modelling to estimate the effects of the future agreements for women, separately for each of their analysed roles. For women as workers, we will look at impacts related to employment and consider if expected changes are likely to occur in sectors playing an important role for women, either already employing their large shares or likely to offer them jobs in the future. Similarly, we will analyse impacts for trade flows and output to estimate the effects for sectors where women-led enterprises operate, including those trading internationally. Finally, the analysis of effects for female consumers will include impacts for wages, prices, and welfare.

Moreover, we will analyse potential effects of the TSD chapter, including the commitment to effectively implement the ratified ILO conventions, and the provisions of the proposed Article on trade and gender equality. We will review the proposals tabled by the EU and include findings from stakeholder engagement, and any updates from the negotiation process. The analysis will finish with conclusions and recommendations.

3.2.5 Labour standards

In this section, we will seek to determine potential impacts of the future FTA and IPA on the respect for the ILO core labour standards in the EU and India. The analysis will be split into five thematic parts, each corresponding to two ILO fundamental conventions (child labour, forced labour, freedom of association, non-discrimination at work, and health and safety at work). In each of them, we will follow the same approach, outlined below.

In the first step, we will describe the situation in the EU and India in each of the thematic parts, observed trends and factors influencing them. This will include the ratification and implementation of the ILO fundamental conventions and the analysis of relevant indicators including but not limited to: the poverty rate among children, the number of children engaged in child labour and sectors of their activity, the share of trade union members among workers and their involvement in shaping policy and legislation, participation of persons with disabilities, young people, migrants and other vulnerable workers in the labour market, and the number of fatal and non-fatal accidents at work. The analysis will also cover the policy, legislation, and other measures taken in each area.

In the second step, we will highlight in the heat map aspects which may require attention at further stages including sectors with an identified child labour occurrence or with a high number of accidents at work. Subsequently, based on the results of the economic modelling, we will identify sectors likely to be affected by the future FTA and IPA, and will compare them with the “map” of our preliminary findings to establish in which sectors and to what extent the agreements under negotiation may have an impact on the respect for labour standards. We will also consider indirect impacts, linking our conclusions in this section with findings from other parts of the analysis. For example, creation of jobs for adults, particularly for women and low-skilled workers, may contribute to poverty reduction, including child poverty, and decrease a need for child labour where it is caused by economic reasons.

The analysis will also include potential impacts resulting from the commitments which the EU and India may agree under the TSD chapter, such as the ratification and the effective implementation of ILO conventions, and the policy dialogue and cooperation in the related areas. Moreover, as in other sections, desk research will be complemented by stakeholder engagement to better understand the situation related to the core labour standards and to estimate more accurately potential impacts of the future agreements. In the final step, we will formulate conclusions and recommendations.

3.2.6 Working conditions and labour inspection¹⁴

In this part of the analysis, we will seek to determine the potential FTA and IPA effects for working conditions in the EU and India, notably in sectors likely to be affected by changes in trade and investment flows between the Parties. We will also analyse the role and capacity of labour inspection in the enforcement of labour legislation.

In the first step, we will analyse the situation and trends observed over the last few years in the EU and India concerning job quality. This will include indicators, such as the average number of working hours per employee per week, the number or rate of fatal and non-fatal accidents at work, wage levels (including the existence and the level of the minimum wage), type and duration of contracts, duration or frequency of training provided or paid by employer, and social security coverage. We will also analyse work of labour inspection services, including the number of labour inspectors, the number of inspections per year and trends observed in this matter, as well as conditions of labour inspection’s operation such as if labour inspectors may also conduct unannounced visits at workplaces and if they have access to all sectors of the economy, including informal establishments and SEZs. We will also seek to identify factors influencing those indicators over time, including actions taken by the governments and private sector. Given that the nature of work and related quality indicators may vary across sectors, we will focus on those which require attention (e.g., due to a high number of accidents at work), as well as those which play a key role in trade and investment between the Parties. They will be marked accordingly in the heat map.

In the following step, we will analyse outcomes of the economic modelling to determine sectors likely to be affected by the FTA and IPA. We will also conduct a more detailed analysis of working conditions in those sectors and factors influencing them to estimate more accurately whether the expected changes in trade and investment flows between the Parties may also bring about changes in working conditions. The analysis will also include a consideration of potential impacts of the future provisions of the TSD chapter, taking as the starting point the proposal tabled by the EU as part of the EU-India FTA negotiations. Desk research will be complemented by stakeholder engagement, including evidence collected from trade unions and business associations representing the affected sectors. In the final step, we will formulate conclusions and recommendations.

¹⁴ The analysis in this section will be closely linked to the analysis related to labour standards, notably regarding ratification and implementation of two new ILO fundamental conventions on the occupational health and safety, related indicators (e.g., accidents at work) and provisions tabled by the EU in the proposal of the TSD chapter.

3.2.7 Corporate Social Responsibility/Responsible Business Conduct (cross-cutting issue)

Our analysis in this section will seek to identify impacts of the future EU-India FTA/IPA on uptake of CSR/RBC practices, including the use of international instruments. We will start with describing the EU's and India's approaches to CSR/RBC in the existing legislation and practice. We will also refer to factors which may encourage the application of CSR/RBC practices in business operation.

In the following step, we will use outcomes of the economic modelling to identify sectors which are likely to be affected by the future EU-India FTA, and additionally sectors, in which EU companies invest or are likely to invest in India (and vice versa) with support provided by the IPA. We will conduct for them additional research and stakeholder consultations to determine the extent to which CSR/RBC practices are already applied in these sectors and the likelihood of further improvement resulting from increased trade and investment flows. We will also seek to identify the motivations or incentives which already exist or may be used in the future to encourage further uptake of CSR/RBC practices. In this context, we will also seek to establish whether the already applied (or future) CSR/ RBC practices are likely to build on the existing international instruments, or certification schemes. Moreover, we will consider potential impacts of future TSD provisions, taking as a starting point the proposal tabled by the EU in the EU-India FTA negotiations. We will complete the analysis with conclusions and recommendations.

3.2.8 Public policies and services (education and healthcare)

We will combine our analysis in this section with findings from the economic part regarding impacts on public budgets, and from the social part regarding effects for welfare. This will reflect the fact that the two future agreements may have an impact on public policies and services, such as education or healthcare, through different channels. On one hand, tariff reduction may decrease public revenues. On the other, a more dynamic economic activity supported by the FTA and IPA may generate an additional public income through different types of taxes. Both may have an impact on the availability, quality, and accessibility of public services for different groups of the population. That said, the scale of the impact will depend on the ambition of the agreed tariff reduction, the scale of other expenditures related to the FTA / IPA (e.g., investment in administrative capacity), the tax collection system and its effectiveness, as well as the expected scale of tax payment, given the size of formal and informal economy. Other factors include the division of responsibilities between national, regional, and local authorities regarding tariffs and tax collection, and funding of public services.

In the first step, we will analyse data and information sources describing healthcare and education systems and recent trends in public expenditures in this area. We will use such indicators as expenditures measured as a share of GDP or as part of the national budget. For India, we will also focus on trends in the out-of-pocket expenditures, in particular for healthcare.

In the second step, we will mark in the heat map any points that may require particular attention at further stages of the analysis. Subsequently, we will use the outcomes of the economic modelling related to foregone public revenues resulting from tariff reduction and estimated welfare increases, to calculate the balance of positive and negative fiscal impacts, and to assess how this may influence public services delivery. We also note that the ability to provide public services, and particularly those of high quality, may also depend on other FTA and IPA elements like the agreed tariffs for medicines and medical devices, TBT provisions or removal of TBT market access barriers (e.g., requirements for additional registration of medicines), as well as the access of foreign suppliers to the public procurement system for hospitals. We will complement the desk research with stakeholder engagement and complete the analysis with conclusions and recommendations.

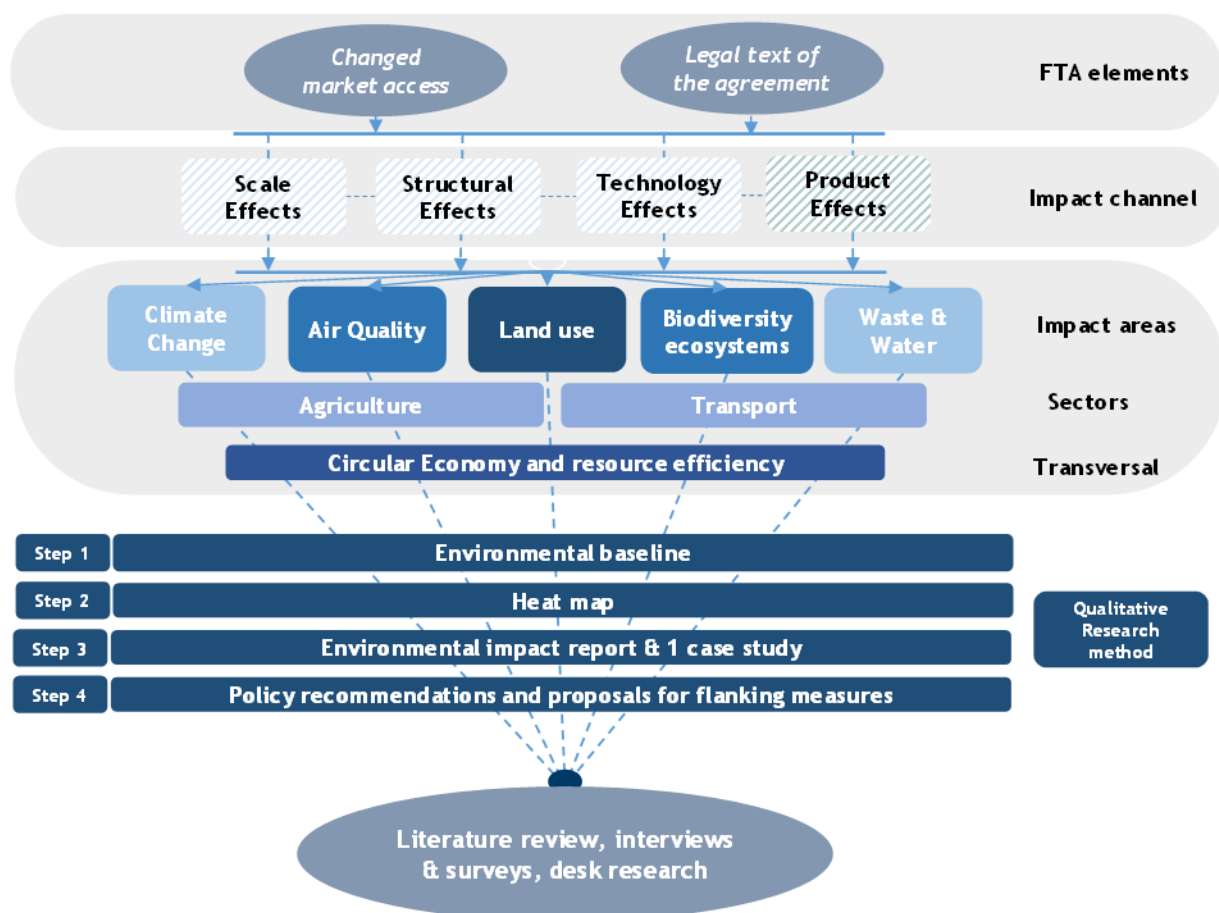
3.3 Environmental analysis¹⁵

This section will seek to estimate the impacts, which may result from the potential EU-India FTA and IPA on the environment. We will outline the main environmental challenges faced by India and the EU before assessing the potential interactions between the FTA and relevant multilateral environmental agreements (MEAs) as well as multilateral efforts to end pollution, restore ecosystems and foster a transition towards Resource Efficiency and Circular Economy.

The analysis will follow four steps and will include elements outlined in Figure 3.22:

- **Step 1:** Establish baseline descriptions for the impact areas and two sectors.
- **Step 2:** Establish a heat map to prioritise the environmental analysis.
- **Step 3:** Impact assessments on four selected impact areas or sectors (GHG emissions, air pollution, etc. – including via a case study).
- **Step 4:** Policy recommendations and proposals for flanking measures.

Figure 3.2: Overall environmental analytical framework



Source: own compilation

Below, we briefly describe the main elements of the analysis, outlined in Figure 3.2.

- **FTA elements:** Impacts which may be generated by the future FTA and IPA will depend on the commitments included therein. Based on the proposals tabled, it seems likely that they will contain measures improving market access for firms in both directions, as well as several rules-based measures relating to common ambitions in the areas of: "energy and raw materials", "sustainable food systems", "resilience", "transition towards resource efficiency and circular economy", "technical barriers to trade" and

¹⁵ A preliminary list of indicators that will be used in the environmental analysis, as well as a list of identified information and data sources has been provided in section 2.3 of the Annex to this report. The preliminary list of stakeholders for consultations during the study has been provided in chapter 4 of the Annex and a detailed list of references (bibliography) with links, in chapter 8 of the Annex.

“intellectual property”. Relevant provisions on circular economy, trade in technologies, business models, environmental goods and services, biodiversity, forest, etc. are likely to be discussed as well either through a dedicated chapter or embedded within the Trade and Sustainable Development (TSD) chapter. This was the case in the most recent FTA politically concluded by the EU with New Zealand in June 2022, and we assume the EU will maintain this approach. That said, we keep in mind a possibility of differences in approaches between the Parties on one hand, and the current global momentum for environmental questions on the other which may encourage a deeper collaboration between the EU and India.

- **Impact channels:** Trade by definition has a direct impact on the environment through the need for shipping goods and the associated greenhouse gas (GHG) emissions. The main environmental impact will start, however, with structural adjustments to the EU and Indian economies as a result of tariff liberalisations, rules-based measures, and changes in NTMs. During the analysis, we will consider the four impact channels that are also distinguished by the Trade SIA Handbook: the scale effects (the impact created from increased production as a result of the trade agreement), the structural effects (the dynamic effect of an FTA on the growth and contraction in different economic sectors), technological effects (impacts triggered through increased efficiencies from increased competition or from a transfer in environmental goods and services) and potentially the product effects (impact via changes in the use of goods in a country, which creates efficiencies like the technology effect).
- **Impact areas:** Ultimately, trade agreements can impact various dimensions of the environment, so-called “impact areas” through different impact channels. In our analysis, we will examine impacts on the following five impact areas: climate change (GHG emissions), air quality, land use (approach through the agriculture sector), ecosystems and biodiversity¹⁶, as well as waste management and water quality. In the first step, a baseline will be developed for each impact area, for the EU and India to provide a picture of the current situation, pre-existing vulnerabilities, and their likely future evolution without the FTA and IPA, both in terms of governance and performance (as measured by appropriate indicators).
- **Sectoral focus:** Additionally, we propose to look at two sectors of activity that are of particular relevance for the above-mentioned impact areas. These are the agriculture and transport sectors as proposed in our methodology. Furthermore, we propose to integrate a transversal approach by looking at Circular Economy and resource efficiency to assess the contribution of the FTA to greening the economies of the EU and India.

This implies that:

- For **climate change**: We will focus on establishing the impacts on the CO₂ and major non-CO₂ greenhouse gas emissions methane (CH₄) and nitrous oxide (N₂O),
- For **air quality**: we will further detail the FTA impacts on the several types of non-GHG air pollutants (ozone precursor gases, acidifying gases and primary particulates),
- We will further focus on the impact of the agreements under negotiation on **land use, biodiversity, as well as water and waste management**.
- The analysis will cover **agriculture (sub-sector relevant for the land use impact area) and transport sectors**. Regarding agriculture, we will look at sustainable food systems, CO₂ emissions, water and biodiversity and ecosystems threats, wetland management, water pollution, the use of nitrogen fertilisers and pesticides, and technology transfer
- We will also review the uptake of Circular Economy approaches by both parties as a way to achieve sustainable development objectives within planetary boundaries. This can take the form of increased trade flows of CE-relevant products and services, or link closely to the waste management sector mentioned above.

We note that outputs related to the outcomes of the economic modelling, such as the expected impact of the agreement on CO₂ and major non-CO₂ GHG emissions, as well as on land-use will be included in the economic modelling.

¹⁶ For this sector, we will use in particular the [EC Methodology for assessing the impacts of trade agreements on biodiversity and ecosystems](#).

3.3.1 Step 1: Establishing the environmental baseline

The aim of this step is to gain a brief understanding of the EU's and India's status quo regarding their environmental governance and environmental performance and the likely developments independently of the FTAs towards the future, in order to aid the heat map development and impact assessment in Steps 2 and 3.

The baseline will cover all impact areas and assess information, such as the current situation in the EU and India in each of these, 'pre-existing vulnerabilities', the multilateral environmental agreements (MEAs) and the state of their ratification and implementation by the Parties (how they shape the environmental governance framework of the country). The results from the desk research will be crosschecked with interview results from first engagements with environmental stakeholders such as environmental NGOs, and EU and Indian think tanks.

3.3.2 Step 2: Heat map of environmental issues

From the perspective of the environmental pillar, our aim is to establish impact areas that are most likely to be affected by the proposed agreements. The findings from this step will provide the basis for the impact assessment in Step 3. The output will be a table containing key information on the impact areas likely to be affected by the FTA / IPA and the degree of the likely impact (see further down for the exact parameters to be included in the table) and a separate explanatory note on the scope of the impact.

We aim to populate the heat map based on the following information:

- the key environmental variables and issues listed in the ToR and the impact areas identified in the environmental baseline (Step 1); we will also pay attention to any issues regarding the biodiversity, transition to a low-carbon economy, climate change and resource efficiency/circular economy,
- the environmental information from the bilateral EU-India trade and investment relationship,
- the environmental baseline that contains information about the key issues and challenges in the EU and India, including so-called 'pre-existing vulnerabilities',
- the state of play and levels of ambition of the ongoing negotiations between the EU and India in the environmental field,
- the results of the economic modelling that will provide us with information on some environmental variables (like CO₂ emissions),
- complementary data, such as statistical information on more GHG emissions, land use, waste management, etc.,
- interview results from first engagements with environmental stakeholders, including but not limited to environmental NGOs, and EU and Indian think tanks.

The environmental heat map will aim to follow to the extent possible the same template as other pillars of the analysis to facilitate comparison and the aggregation of results. The heat map will eventually allow us to prioritise the impact areas and sectors for our detailed impact assessment analysis in Step 3 into four priority areas (impact areas and/or sectors) for a detailed focus.

3.3.3 Step 3: Impact assessment

In this step, the analysis will identify and investigate the most significant environmental impacts that the EU-India FTA can create in the impact areas identified in the baselines (Step 1) and prioritised in the environmental heat map (Step 2). We will look in more detail at four key issues (impact areas and/or sectors) linked to the heat map. As such, the desired result of this step is to provide a clear overview with the main impact of the agreements for the selected impact areas, as well as a detailed explanation of selected potentially major environmental impacts (positive or negative).

As presented in the overall approach, this environmental impact assessment covers impact areas for which the baselines, interviews and the economic modelling results can be used

to quantify the change in certain environmental impact areas, such as the impact of the GHG emissions (as part of climate change) where the analysis will cover CO₂, CH₄ and N₂O as GHG. We also aim to address air pollution by calculating the impact of the FTA on emissions of the most important air pollutants including:

- primary particulates: PM₁₀ and PM_{2.5} (important drivers of air quality)
- acidifying gases: NH₃, NO_x, SO_x and SO₂,
- ozone precursor gases: Carbon Monoxide (CO), Nitrogen Oxides (NO_x), Non-Methane Volatile Organic Compounds (NMVOC)

Impacts on welfare

After calculating the impact on GHG and other air pollutants' emissions, the overall environmental analysis will be extended by an estimation of the welfare effects of the calculated impacts. For each of the pollutants, we quantify and monetise external costs for society induced by the changes of emissions of airborne pollutants. Following the Impact Pathway method developed as part of the NEEDS project (Preiss et al, 2008) and more recent accessors, we will search academic literature and recent research projects for the most up to date values for the external costs of air pollutants. We are aware that valuing the social cost of air pollutants comes with significant error margins and existing estimates are likely to vary largely, depending on assumptions taken, regarding discount rates (how people are assumed to value the future) and the valuation of life benefits. A study from 2005 collected 103 estimates from 28 studies on the value of a tonne of CO₂ emissions for example, showing a median of USD14/t and a mean of USD93/t (Tol, 2005). Theoretically, based on the Impact Pathway methodology, there could be cost estimates available for a variety of impact areas, including human health, loss of biodiversity, crops, building materials etc., but in practice the most reliable estimates are on human health. Based on data availability, we will propose at the later stage of the study which results will be converted into welfare effects.

Consultations

For the in-depth impact assessments for prioritised impact areas/sectors, we will conduct further stakeholder consultations (in addition to the inputs expected to be gathered via website submissions and the two online survey questionnaires that will contain an environmental component). We will do this to validate the work, fine-tune results and generally increase triangulation.

Reporting

We will present the results from the environmental impact assessments for both Parties in environmental impact reports covering the prioritised impact areas identified in the baseline. The reports will follow a similar structure as the baseline reports and present the impact of the agreements on the selected impact areas. In these reports, we will make intensive use of graphs and figures to visualise the environmental impacts. The reports will form an integral part of the selection of chapters and the final report from the study.

Going beyond the environmental impact reports, we aim to go into the detail of potential impact for one specific impact area in the form of a case study.

3.3.4 Step 4: Policy recommendations and flanking measures

The aim of this step is to provide policy recommendations and proposals for flanking measures related to the environmental impact of the FTA/IPA. Recommendations will concern both, the trade policies and non-trade-related measures based on their effects on the environment.

Based on all stages of the analysis, including stakeholders' consultations, interviews, and our desk research, we will develop recommendations for policy responses and flanking measures helping to strengthen positive and mitigate potential negative impacts of the agreements under negotiation on the environment, with a particular focus on the identified key impact areas. Our aim will be to propose solid yet realistic recommendations that can be taken on by policy makers moving forward. Surveys and exchanges with public officials

from the EU and Indian government will be particularly key in that regard in order to get a detailed view of planned policy measures to make our recommendations relevant.

3.4 Human rights analysis¹⁷

3.4.1 Overall methodological approach to human rights analysis

This section provides an overview of the approach envisaged for the analysis of the impact of the proposed agreements on human rights. The key objective will be to determine whether and to what extent FTA provisions related to trade in goods and trade in services, public procurement, TBT, SPS, IPR, TSD chapter and IPA provisions may directly or indirectly impact human rights situations in the EU and India.

The analysis will be based on the international human rights' normative framework, including the core UN human rights treaties and conventions¹⁸, the Charter of Fundamental Rights of the European Union, the European Convention on Human Rights, the ILO fundamental conventions¹⁹, and where relevant, customary international law.

Relying on the recognised methodology (United Nations, 2011; European Commission, 2015), the approach to the human rights analysis will entail four steps and focus on the specific human rights/issues that may potentially be affected by particular measures included in the agreements under negotiation and on the ability of the state parties to fulfil or progressively realise their human rights obligations:

- **Step 1:** Description of the current human rights situation in India and the EU (baseline),
- **Step 2:** Screening and scoping exercises to identify specific human rights/issues that are most likely to be affected by the FTA and IPA and clarify their scope and content (heat map),
- **Step 3:** Detailed analysis of the selected human rights / issues (maximum two), both quantitative and qualitative, linking results of the economic modelling to potential human rights impacts,
- **Step 4:** Drafting policy recommendations and proposals for flanking measures related to human rights.

As per the Terms of Reference of the study, we intend to pay a particular attention to the impact of the agreements under negotiation on indigenous peoples and the rights to property, including land tenure. To strengthen argumentation, the analysis of land rights can also be combined with the analysis of environmental impacts, if data is available for calculating the land use.

Stakeholder consultations will be used throughout all stages of the analysis to ensure continuous communication and active engagement of relevant stakeholders who can share their experiences, priorities, and concerns with respect to the impact of the proposed

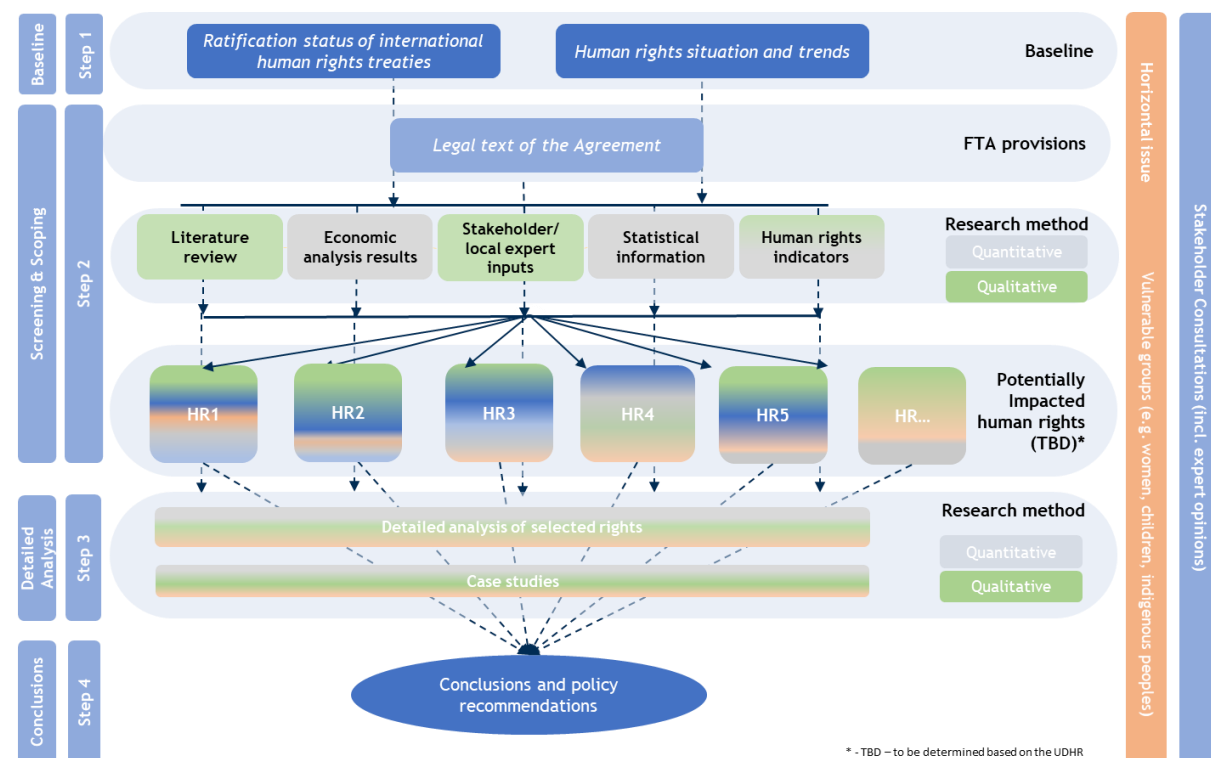
¹⁷ A preliminary list of indicators that will be used in the human rights analysis, as well as a list of identified information and data sources has been provided in section 2.4 of the Annex to this report. The preliminary list of stakeholders for consultations during the study has been provided in chapter 4 of the Annex and a detailed list of references (bibliography) with links, in chapter 8 of the Annex.

¹⁸ Core UN human rights treaties include: International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), International Covenant on Civil and Political Rights (ICCPR), International Covenant on Economic, Social, and Cultural Rights (ICESCR), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), Convention on the Rights of the Child (CRC), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), International Convention for the Protection of All Persons from Enforced Disappearance (ICPED), International Convention on the Rights of Persons with Disabilities (ICRPD), and their Optional Protocols.

¹⁹ ILO fundamental conventions include: Forced Labour Convention, 1930 (No. 29), Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Equal Remuneration Convention, 1951 (No. 100), Abolition of Forced Labour Convention, 1957 (No. 105), Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Minimum Age Convention, 1973 (No. 138), Worst Forms of Child Labour Convention, 1989 (No. 182), Occupational Safety and Health Convention, 1981 (No. 155), Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

agreements on human rights situations in the EU and India. In the human rights impact analysis, stakeholder consultations are crucial not only as a source of information but also as a tool to ensure transparency of the proposed trade initiatives (European Commission, 2015).

Figure 3.3: Methodology for the human rights analysis



Source: own compilation

Figure 3.3 (above) summarises the approach to the analysis in a schematic way.

The causal chain analysis will start from the pre-existing legal situation and pre-existing vulnerabilities regarding human rights determined in **Step 1**. Then, in **Step 2**, relying on specific measures included in the agreements under negotiation and vulnerabilities determined in Step 1, various information sources (literature review, economic analysis results, stakeholder and local expert inputs, statistical information, and human rights indicators) will be used to identify what specific rights may potentially be affected by the agreements. At this stage, the results provided by the economic model that already isolate the potential impact of the agreements, will be used, together with other relevant economic data from the economic analysis. **Step 3** will represent the detailed analysis of pre-selected human rights and a focused analysis of pre-selected case study approved by the European Commission. Because data may be used to a limited extent only, we will use qualitative assessments and consultations. Stakeholder consultations will be of particular importance for the human rights analysis and all steps of the analysis will be adjusted based on the feedback received during interviews with various stakeholders. In **Step 4**, conclusions from the analysis and policy recommendations will be provided, also considering recommendations provided by various stakeholders. Along all steps of the analysis (horizontally), we will focus (to the degree possible) on how the agreements under negotiation may potentially affect specific vulnerable population groups (e.g., women, children, persons with disabilities, indigenous peoples, religious minorities, persons with low income and unskilled workers or workers in the informal sector).

To address the challenge of isolating the impact of the agreements under negotiation from other factors that may affect the enjoyment of a human right over time, in Steps 2 and 3, a methodological triangulation and cross-validation will be applied for each of the prioritised human rights to enhance the validity and credibility of the findings. The potential impact of the agreements will be analysed based on legal provisions of the EU textual proposals tabled in negotiations, results of the economic modelling, analysis of the pre-existing

vulnerabilities regarding human rights, literature review, relevant indicators, expert opinions, and stakeholder inputs. The findings of each of these methods will then be corroborated and cross-validated against each other.

3.4.2 Step 1: Description of the current human rights situations in the EU and India

The aim of this step is to create overall human rights baselines to gain a brief understanding of the EU's and India's status quo regarding international human rights obligations and their implementation, as well as to identify pre-existing vulnerabilities. The findings from this step will aid the impact assessment in Steps 2 and 3. The output from this task will be the human rights profiles for the EU and India and two tables that present an overview of the ratification of core international human rights treaties and the ILO fundamental conventions by each Party.

At this step, attention will be given to the human rights situation before the agreements come into place, specifically the pre-existing legal situation in the EU and in India and pre-existing conditions of stress or vulnerability.

First, we will identify international human rights obligations of both Parties: the status of ratification of international human rights treaties (considering any reservations expressed) and the ILO conventions (because of the particular relevance of labour rights). This will be presented in tabular format. Additional information regarding ratification, reservations and reporting obligations under human rights instruments will be presented in the human rights profiles. The tables will be based on the UN OHCHR data regarding ratification of human rights instruments and the ILO database (NORMLEX) regarding ratification of ILO (fundamental) conventions.

Then, to elaborate on the pre-existing conditions of stress or vulnerability, we will prepare human rights profiles which will be based on literature review of various reports of the UN human rights treaty bodies, the Universal Periodic Review (UPR), stakeholder comments and contributions to these reports, the reports of the UN special rapporteurs on various topics, and other relevant UN documents. These sources will be complemented by reports from such organisations, as the European Union Agency for Fundamental Rights (FRA), reports and recommendations of the Council of Europe and by work of international and local NGOs in this area, such as the International Federation for Human Rights (FIDH), Human Rights Watch, Amnesty International, Eastern Indian Coalition on Human Rights, Human Rights Alert, and others.

3.4.3 Step 2: Screening and scoping (heat map)

The aim of this step is to establish impact areas and identify specific human rights that are most likely to be affected by the agreements under negotiation, using triangulation of various methods (see Figure 3.3).

The focus of the analysis will be on the human rights issues that are most likely to be affected by specific measures under the agreements under negotiation, also in the context of pre-existing vulnerabilities. To identify specific human rights, we will rely on the findings from Step 1 on pre-existing vulnerabilities and triangulation of various methods as presented in Figure 3.3. Namely, the analysis will be based on: (1) the screening of the legal text of the agreements for specific measures that are likely to have a significant impact on the enjoyment of human rights in India and the EU, (2) screening of literature for specific studies related to the potential impact of the proposed agreements on human rights, (3) screening of economic analysis results (results of the economic modelling and additional economic analysis) for specific sectors/areas that can be related to human rights, (4) stakeholder inputs related to specific impacts on specific human rights as a result of the proposed agreements, (5) screening of statistical information that may indicate areas where impact on human rights is possible, and (6) screening of human rights indicators that (upon availability) may indicate areas of concern where human rights impact might potentially materialise.

In line with the EC Guidelines (European Commission, 2015) and making use of the Tool No. 29 of the 'Better Regulation' Toolbox on Fundamental Rights, Including the Promotion of Equality (European Commission, 2021),²⁰ we will further clarify the scope and the content of the identified human rights / issues to direct the focus of further analysis on those human rights where the expected impact may be major. The content of human rights issues will be accompanied by textual explanations, substantiating on the kind of impact, specifying what particular aspects of measures under agreements are expected to lead to human rights impacts and how, as well as (where possible) noting what specific population groups are expected to be affected by the impact.

Based on that and in line with the European Commission's Guidelines for human rights impacts assessments, the table will include the following information:

- what trade measures / provisions are expected to have an impact on human rights,
- reference to the textual proposals (if available),
- specific rights that are likely to be affected by the FTA / IPA and the normative basis of each right,
- whether the potentially affected rights are absolute human rights or not (in line with the Fundamental Rights Check list outlined in Tool No. 29 of the Better Regulation Toolbox),
- what kind of impacts are expected (direct or indirect),
- the degree of the impact (major or minor),
- the direction of the impact (positive and/or negative).

Moreover, an explanatory note will be provided separately from the table to ensure a reader-friendly presentation of the findings.

In the course of stakeholder consultations, screening and scoping will be updated in case new relevant information becomes available.

The output from this task will consist of two concise tables:

- A table with key information on the specific rights likely to be affected by the FTA / IPA the degree of the likely impact, and a separate explanatory note on the scope of the impact.
- A table that summarises the human rights screening and scoping with the baseline analysis of human rights issues and pre-existing vulnerabilities in the format of the heat map approach. The reason for this slightly different approach towards the heat map for the human rights analysis lies in the fact that the human rights analysis has to following the recognised European Commission (2015) methodology.

3.4.4 Step 3: Detailed analysis of the selected human rights

The aim of this step is to conduct a detailed quantitative and qualitative impact assessment of two selected human rights that have been identified as likely to be affected in a major way. The output from this task will be the in-depth analysis of two selected human rights, including one via a case study. In this step, we will also report quantitative estimates (upon availability, with respect to the specific right) and qualitative findings of the impact on the selected rights.

Applicable human rights laws will be scanned (based on the obligations of the Parties under international and regional human rights treaties) to provide a framework of applicable and binding entitlements and duties related to the selected human rights. This scanning explicitly adopts the human rights approach focused on the state obligations to respect, protect, and fulfil human rights. Insofar possible, national legislation will be scanned for protection mechanisms (if legal frameworks exist, and if implementation practice is in place) to mitigate potential negative impacts, of the proposed agreements, and to enhance positive ones, focusing in particular on the changes that could potentially affect the

²⁰ If necessary, we will also make use of Tools No. 30, 31 and 32 of the 'Better Regulation' Toolbox, if that can assist in the analysis of specific human rights, e.g., the right to health.

enjoyment of each of the selected human rights. We will work from the baseline with the existing situation and legal frameworks and policies shaping the selected rights, but also focus on concrete issues linked to the proposed agreements. Then, we will substantiate on the potential impact noting the expected significance of the impact vis-à-vis the baseline and analysing the extent to which measures envisaged in the agreements may enhance or impair the enjoyment of the relevant rights and/or may strengthen or weaken the ability of the Parties to fulfil or progressively realise their international human rights obligations. Particular attention will be given to impacts on vulnerable groups or groups of individuals that are at risk of being marginalised (Danish Human Rights Institute, 2016).

This assessment is intended to be both quantitative and qualitative in nature (as presented in Figure 3.3). Quantitative analysis will be based on the results of the economic modelling prepared by the Commission (that will be used to the extent possible). When relevant, we will also use statistical information and human rights indicators related to those specific rights (OHCHR, 2012). Qualitative analysis will be based on the sources specified above, as well as stakeholder consultations. Like in Step 2, to verify the results we will use triangulation of various methods to provide the most accurate analysis possible for the selected rights at a more detailed level.

3.4.5 Step 4: Policy recommendations and flanking measures

The aim of this step is to provide policy recommendations and proposals for flanking measures related to human rights.

Based on all stages of the analysis, including stakeholders' consultations, we will develop proposals for policy responses and flanking measures that help strengthen positive and mitigate potential negative impacts of the proposed agreements on human rights, with a particular focus on the human rights of the most vulnerable groups. At this stage, we will strive to provide proposals for actions and measures to address the identified needs in an effective way. Recommendations will concern both, trade policies with respect to their effects on human rights, and non-trade-related (accompanying) measures.

In this context, if possible, we would like to use the discussions with the EU and Indian government representatives to develop an understanding of opportunities and constraints related to the implementation of measures supporting the operation of the future agreements, such as planned reforms in areas that may affect specific human rights, to strengthen potential positive impacts of the agreements on human rights, and to mitigate potential negative ones.

3.5 Case studies

The ToR for this SIA require conducting case studies on sustainability impacts which arise from the agreements under negotiation. Case studies represent a unique and suitable tool to highlight specific sustainability dimensions that are focused and provide in-depth insight into the matter, and therefore can complement the general part of the analysis. We propose conducting three case studies whose scope will be selected based on the following criteria, during the inception and the first part of the interim phase of the project:

- the importance of the matter for the EU's strategic objectives,
- the importance from the economic, social, human rights or environmental angle (the evidence will be provided by the preliminary baseline analysis, i.e., the screening and scoping whose outcomes will be summarised in the heat map),
- the estimated magnitude of the expected economic, social, environmental, or human rights FTA / IPA impact (based on the economic model),
- the importance for stakeholders (evidence will be received in consultations),
- the relevance, importance, or sensitivity from a negotiating perspective (guidance will be provided by negotiators),
- complementarity to the general part of the analysis, offering a more in-depth insight.

We have conducted a preliminary assessment of issues for the EU-India FTA/IPA and what case studies could be contemplated (see chapter 3 in the Annex to this report). This first long list will be discussed with the Commission (negotiators) and shared with the EU and Indian stakeholders for comments. Moreover, during the early interim phase of the project, the baseline analysis, outcomes of the economic modelling and inputs from experts are expected to provide additional guidance regarding areas where additional analysis may be required. In this way, we expect to be able to narrow down the list to three topics. They may vary from the proposed ones, depending on the needs for an in-depth analysis.

Then, the analysis in each case study will follow four steps, outlined below:

- **Step 1:** definition of the case study scope and a description of the specific issue in the EU and/or India context,
- **Step 2:** the analysis of the expected quantitative and/or qualitative impacts of the FTA and/or IPA on the subject matter,
- **Step 3:** short conclusions (key takeaways) from the analysis,
- **Step 4:** formulating policy recommendations and flanking measures resulting from the case study insights.

In the first step, the scope of the analysis will be defined (what is and what is not covered) and the chosen methodological approach. Additionally, the context of the analysed issue will be outlined: the current situation in the EU and/or India, developments over the last few years and factors influencing the situation, the links with the EU-India relations and the agreements under negotiation, as well as the importance of the subject matter for the Parties, and for specific groups in the population or economic operators. In this step, we will also identify links of the case study subject matter with EU strategic objectives. We will also provide an overview of the different angles and views towards the issue.

In the second step, the potential quantitative and qualitative impact of the agreements under negotiation on the subject matter of the case study will be analysed. We will look at what sustainability pillars are relevant for the case study, what aspects matter in the context of negotiations, whether there are also links with cross-cutting issues or aspects related to the EU strategic objectives, such as SMEs, consumers, technological change, climate change, competitiveness, third countries, etc. and what kind of impacts may occur. We will use the results of the economic modelling, statistics, relevant literature, inputs from stakeholders and views from negotiators. For this step, to provide a useful input and an added value to the overall analysis, it will be important to select topics (areas) for case studies which have potential links with the agreements and are likely to be affected by them.

In this third step, we will present key takeaways and main insights in a very concise and focused manner.

If the results of the case study are clear, and potential impacts of the agreements on the subject matter have been identified, we will present clear policy recommendations and/or proposals for flanking measures for the negotiators and the Parties to consider.

3.6 Contribution to the EU's strategic objectives

Throughout all phases, the SIA will consider how the EU-India agreements currently under negotiation may contribute to achieving the EU's strategic objectives which the Terms of Reference for this study formulate as follows:

- Defending and promoting the place and influence of the EU in India, including in terms of market shares and how they compare to the market shares captured by India's other key partners such as China, Japan, the US, the UK, and Russia.
 - A combination of statistical analysis and CGE results analysis can be used in this regard as the above-mentioned countries have been split out.
- Ensuring greater security in the EU's global supply chains through enhanced supply diversification.

- This depends on the effect of the market access commitments and specific supply chain commitments in the FTA/IPA under negotiation.
- Providing alternative outlets and sources of supply for EU operators (alternatives to Russia and others).
 - Here, the analysis of trade statistics for both, exports, and imports in total and bilaterally can be used, in a combination with the economic model effects for China, Japan, the US, the UK and Russia to assess the change for the EU trade flows and to what degree the FTA/IPA may help to achieve this strategic objective.
- Promoting the EU as a strategic partner for India in the Indo-Pacific region.
 - This depends on the degree to which the EU and India reach broader elements of collaboration, in addition to an analysis of how the FTA/IPA strengthen economic ties.
- Promoting the EU's new approach to trade and sustainability, and advancing the EU's climate and environmental agenda, by focusing on clean technology, renewable energy, green products, services, and technologies, and encountered market access obstacles.
 - This depends on the agreements finding a balance between the EU's leadership role and research and development in green technologies and trade in these technologies to ensure Indian access without jeopardising EU innovation.

The elements contributing to this analysis will be covered across the pillars but also be gathered as a standalone section with a strong strategic focus. For example, the economic section will include the analysis of current trade flows and investment stocks in the EU's relations with India and will compare the EU's position with the position of other India's trading partners. This will also include the analysis of trade flows in goods in sectors identified by the ToR as a priority and related to supply chains. Moreover, the analysis of tariff peaks and NTMs will help to determine whether any of these are in priority sectors or supply chains and may negatively affect trade between the EU and India. Subsequently, the analysis of results provided by the economic model will help to respond to a question if the future FTA may bring about changes in trade and investment flows in the priority sectors, as a result of reduction of tariffs and NTMs, and if this, in turn, may have an impact on the EU's position on the Indian market and on the diversification of supply chains. The analysis in the investment-related part will provide conclusions about the potential to support bilateral investment thanks to increased investment protection in the EU-India IPA.

Likewise, the economic analysis (e.g., tariff reductions for environmental goods) and the environmental analysis, including regarding impacts of a future TSD chapter, will seek to determine how EU-India future agreements may contribute to the attainment of strategic objective related to sustainability.

We will also keep the EU's strategic objectives in mind when choosing topics for a detailed analysis in case studies. Right now, some proposals included in the long list (see chapter 3 in the Annex) focus on certain sectors, such as pharmaceuticals, textiles, iron, and steel while one includes environmental goods and services. The relevance for the EU's strategic objectives has been chosen as one of the selection criteria for case studies (see the section 3.5 above).

The final report from this study will include a chapter which will summarise findings from the analysis linked to the EU's strategic objectives from across the pillars and explain how certain elements of the agreements under negotiation and recommendations from the study may contribute to their achievement.

4 CONSULTATIONS STRATEGY

Stakeholder engagement is a key component of the SIA methodology. It is important as it contributes significantly to the transparency and participatory nature of the SIA. It helps promote the study, gather additional information and data, identify stakeholders' priorities, interests and concerns related to the ongoing negotiations and determine in a more detailed way areas of potential economic, social, environmental, and human rights-related impacts. Moreover, it provides an opportunity to test preliminary results of the study with interested parties. The consultation process will take place during the entire study, in

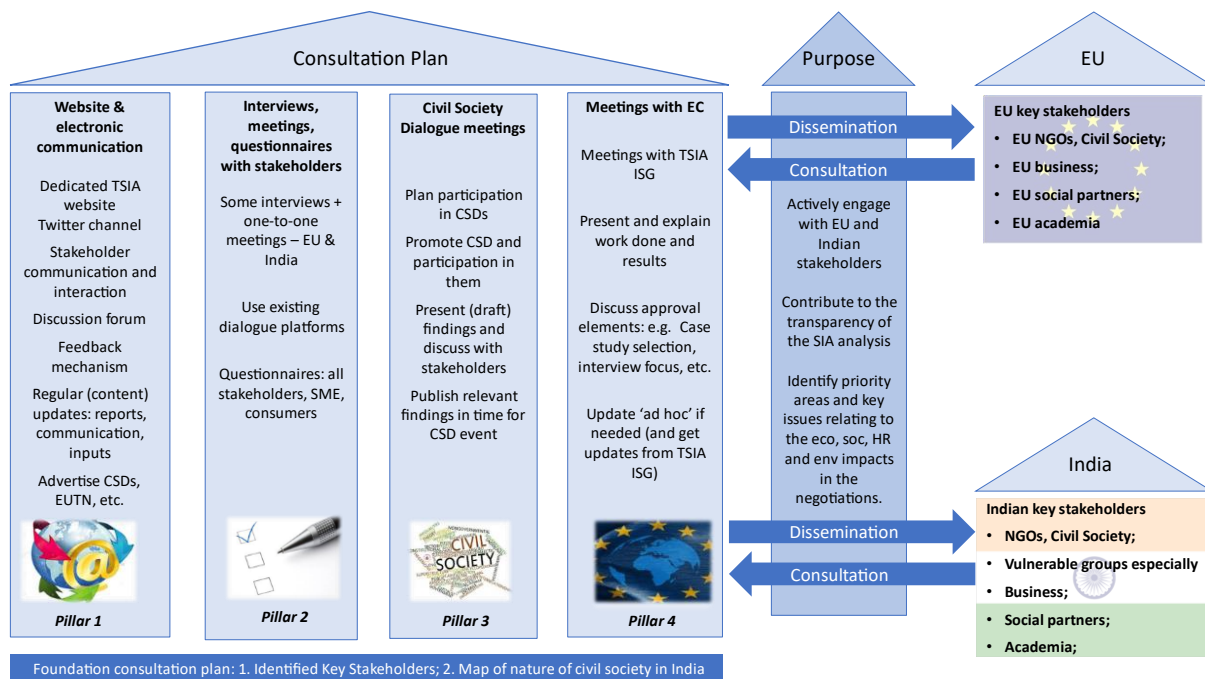
parallel to other activities, and through different channels described below. Relevant stakeholders will be identified throughout the project as the needs for data, information and feedback will be defined. They will include business associations, trade unions, NGOs, think tanks, academia, consumer organisations, and others.

The proposed consultation activities will be grouped into four pillars (see Figure 4.1):

- **Pillar 1:** Digital engagement with key stakeholders through a dedicated website, e-mails, and social media,
- **Pillar 2:** Online questionnaires, meetings, and interviews with key stakeholders,
- **Pillar 3:** Civil society dialogue (CSD) meetings,
- **Pillar 4:** Meetings with the Interservice Steering Group (ISG).

They have started with a preparatory phase, i.e., stakeholder mapping in the EU and India outlined below and discussed more in detail in chapter 4 in the Annex. Additionally, in line with requirements outlined in the ToR, chapters 4 and 5 in the Annex provide a description of other elements of the consultation process. These include preliminary lists of the EU, Indian and international stakeholders identified to-date, and the approach to risk management in aspects related to consultations. Moreover, chapter 6 in the Annex outlines timeline for the SIA delivery, which also includes consultation-related activities. All these elements will be further developed and updated as the study will progress.

Figure 4.1: Consultation plan: four pillars and links to stakeholders



4.1 Stakeholder mapping

This section outlines the process of stakeholder mapping for the EU and India, looking at stakeholder coverage, gaps, collaboration, international organisations, and strengths and weaknesses. Further details have been provided in chapter 4 in the Annex.

Stakeholder coverage

- There is a good stakeholder coverage for all sustainability pillars: economic, social, environmental, and human rights. Non-governmental organisations (NGOs), trade unions and employers' associations, research and public sector are more horizontally organised across sustainability pillars.
- The number of business stakeholders is the largest among stakeholder groups in the EU, but these organisations are strongly concentrated around the economic pillar and their high number results from a high degree of (sub)-sector specific representation. Among the Indian stakeholders, the share of civil society is larger than of business.

- The sector-specific coverage is very strong and diversified among business stakeholders in the EU and India, and very similar when split out between agriculture, manufacturing, and services.

Addressing gaps in stakeholder representation

- Sectoral coverage is ensured by both (sub)sector business organisations and horizontal coverage across the sustainability pillars by social partners, other civil society organisations and international organisations.
- For each pillar of the analysis, we have a strong stakeholder coverage, both in the EU and India, including grassroots, regional stakeholders.
- Larger organisations and actors have greater sway than those working exclusively at provincial and/or grassroots level in geographically more remote locations.

Collaboration between stakeholders

- In the EU, there is a strong stakeholder engagement and collaboration between stakeholders exists. We understand that cases of collaboration and alliances are not necessarily structural, but rather 'issue-based'.
- In India, the level of collaboration between stakeholders is much lower. There is some ad hoc collaboration, but civil society actors often compete for financial resources, rather than work together. Through the multitude of interviews with a large and varied range of stakeholders, we aim to get to the core of issues of interest for the study.

Role of international organisations

The identified international stakeholders are highly relevant for inputs for both, the EU, and Indian sides. In India, they provide funding, allow for capacity building, and bring stakeholders together. Recently, government policies have made it very difficult for the international civil society actors to work in India (cancelled registrations, attack on foreign funding, and anti-national sentiments).

Below, we have also provided a short summary of identified strengths and weaknesses of the non-governmental stakeholders' landscape in India which have been discussed more in detail in chapter 4 in the Annex.

Table 4.1: Strengths and weaknesses in the stakeholder landscape in India

Strengths	Weaknesses
Deep level of knowledge of key issues within own remit / mandate	Very little collaboration (at best: ad hoc) among civil society organisations
Understanding local conditions	Siloed focus on own mission
Many years of experience 'on the ground'	Weak empowerment more recently and the end of international funding
Very diverse representation and views and good coverage of landscape	Limited effectiveness of voice towards decision makers, including through the lack of partnerships among civil society
Social pillar stakeholders support welfare-oriented government schemes	Limited capacity to understand complex links between economic policy and grassroots issues
Long-term achievements: right to information	Extreme positions taken and limited evidence-based work
Large number of civil society organisations	Competing for limited (financial) resources, with a risk of activity discontinuation if funding ends
	Prioritisation of producers over sustainability issues
	Many onerous rules related to civil society engagement

Source: own compilation

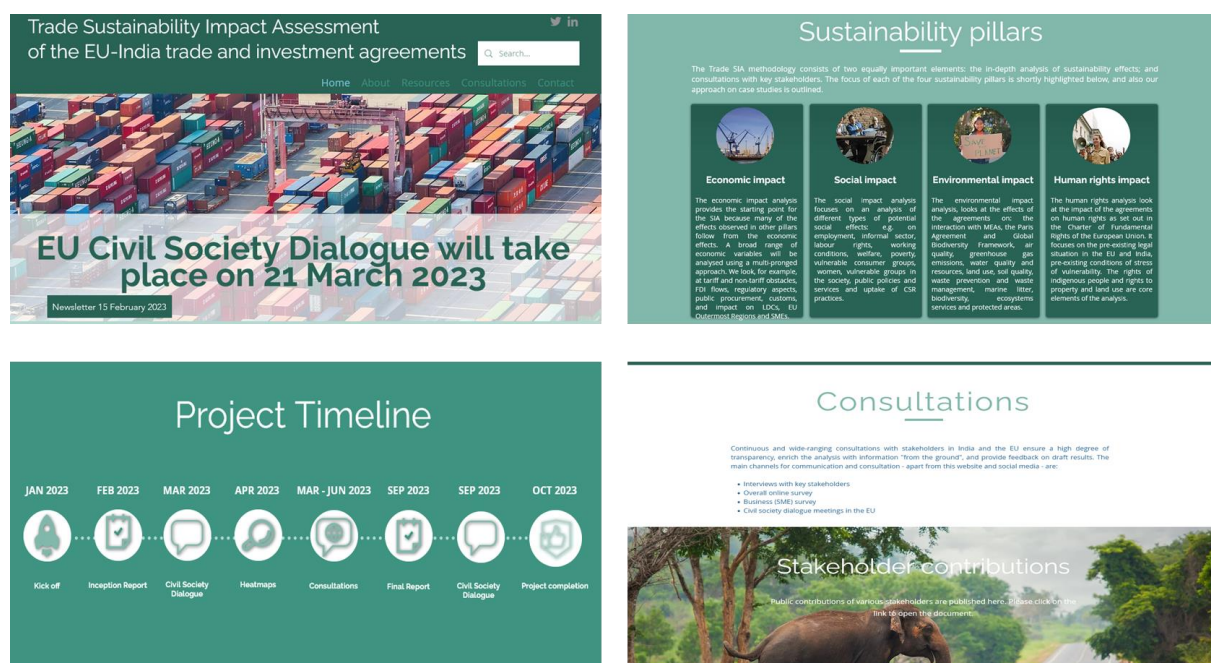
4.2 Pillar 1: Dedicated website and other electronic communication

The website

The project website has already been set up and launched (see: www.eu-india-tsia.eu) and includes the following elements:

- a homepage presenting the study and an indicative timeline,
- links to dedicated Twitter and LinkedIn accounts,
- a search function,
- a contact form to get in touch with the study team and to provide feedback,
- a section outlining further details about the study and its components,
- a section with resources where consecutive products from the study will be uploaded,
- a section with links to background documents, guidelines, as well as websites relevant for the study,
- a section presenting consultation activities (it will also host minutes from CSD meetings Newsletters, links to online questionnaires and stakeholder contributions),
- a link allowing to subscribe to the Newsletter related to the study.

Figure 4.2: Screenshots of the website created for the EU-India SIA



The website will be regularly updated as the study will progress, with study deliverables and other documents and information being uploaded in a timely manner to facilitate the consultation process.

In addition, we will make sure that through the use of keywords and strings of words the website will be found easily on search engines to increase visitor counts and further impact.

We will also reach out on this SIA work via Twitter and LinkedIn as well as via email (in compliance with EU GDPR).

Twitter and LinkedIn accounts

A dedicated Twitter account related to this study has been established (see: @EuIndiaTsia) and the first tweet informing about the launch of the project has been sent. The account will be linked to TradeEU and used throughout the study to:

- inform about publication of the consecutive deliverables from the study (e.g., draft reports) and their main findings,
- inform about the launch of the online survey,

- inform and remind stakeholders about the study's next steps and approaching deadlines, e.g., for comments on the report or replies to the online survey,
- inform and remind stakeholders about engagement activities, e.g., CSD meetings, and their outcomes,
- provide links to the EU trade newsletter, other media and updates relevant to the study,
- draw attention to other outcomes from the study and elements which may be of interest for stakeholders.

In the first e-mail to stakeholders, we informed them of the Twitter activities, inviting them to sign up and follow them.

A LinkedIn account for the study has also been set up ([linkedin.com/in/eu-india-tsia-45828b262](https://www.linkedin.com/in/eu-india-tsia-45828b262)) to reach out to stakeholders through the professional network. It will be used to complement Twitter, with the same objectives.

Email and electronic newsletter

A dedicated e-mail address has been established (contact@eu-india-tsia.eu). It will be used to reach out to stakeholders throughout the study to:

- inform about the events taking place, publication of draft reports, and other milestones (e.g., launch of the online survey) and the related timeline,
- encourage and receive written inputs, such as comments to the reports and additional information and data, as well as other type of feedback (such as proposals for case study topics, suggestions to get in touch with additional stakeholders, etc.),
- send questions and information materials to facilitate preparation for meetings and one-to-one interviews,
- promote the use of other digital tools, such as those listed above and make appointments for one-to-one interviews.

We will also produce a limited number of SIA Newsletters at the milestone points of the study to inform key stakeholders and ask for inputs. The first one informs about the launch of the project and provides an outline of the main upcoming activities. Moreover, we will ensure that the key information about the study is also included in publications and outreach materials of the Commission (EU trade newsletters) and other stakeholders, e.g., the EESC and others.

4.3 Pillar 2: Questionnaires, meetings, and interviews with key stakeholders

Questionnaires for online survey

In line with the Terms of Reference, two questionnaires for an online survey have been prepared:

- The general questionnaire is addressed to everyone in the public, all interested parties from the EU, India, and other countries, including public bodies, business associations, trade unions, non-governmental organisations, academia, think tanks, other organisations, and individual citizens. It covers a set of questions related to potential impacts of the agreements under negotiation across all pillars of the analysis and economic sectors, economic operators, groups in the population, including consumers, and relevant thematic areas. The final questions relate to the EU strategic objectives.
- The focused questionnaire for businesses, including SMEs, covers a set of more technical questions, also related to potential impacts of the agreements under negotiation, seen however from business and trading perspective.

The general questionnaire will be available in English, French and German, while the business survey will remain in English. They were published on the EU survey portal on 10 March and will remain online until 26 June to give everybody sufficient time to respond. We will also encourage stakeholders to take the opportunity and provide the study team with additional written information and data, as well as formal positions, at the time of providing responses to the survey. All responses will be handled in line with data protection rules, and content will be used throughout our reports. Additionally, a summary of the

outcomes from the survey will be presented (along with the outcomes of other outreach activities) in a consultation report at the end of the project.

Interviews and one-to-one meetings

We plan to conduct a number of interviews and one-to-one meetings with private sector, civil society organisations and other key stakeholders. They will be conducted both, in the EU and India, mainly virtually (some may be held in person by the local team in India), which gives us flexibility in their planning throughout the study:

- With EU stakeholders starting during the inception phase, but mainly during the interim phase for inputs and information, and during the interim and final phase for feedback on draft work and validation of the results, including our policy recommendations.
- With Indian stakeholders during the inception phase to get additional information about the productive sectors, case study topics, or negotiation sensitivities that the study should be focused on or aware of. During the interim and final phase, engagement will be used to get feedback on draft work and validation of the results, mainly the policy recommendations.

In total, we envision conducting around 20²¹ in-depth interviews and one-to-one meetings among key EU stakeholders and between 20 and 30 in-depth interviews among Indian stakeholders. Part of the latter are reserved for those stakeholders that have limited access to consultations. However, the exact number of interviews and the composition of interviewed stakeholders will depend on the choice of topics for case studies, outcomes of the economic modelling, as well as quality and availability of information and data (such as those for affected sectors) through other channels.

To strengthen the global impact of the interviews, we also want to talk to organisations with broad sectoral scope like the EU and Indian trade unions, the UN, the ILO, etc. In particular we want to strengthen our outreach to: 1) business communities (in particular SMEs and sector representatives) in the EU and India, 2) vulnerable groups – especially for the social and human rights analyses, 3) key environmental stakeholders focusing on climate change and emissions effects, 4) customs authorities to ensure that trade changes that will be predicted can also logistically be handled and 5) investors and investing companies to discuss barriers to investment and ways to reduce them.

We will also consider using events calendars of other trade, social, environmental, or human rights platforms and insofar possible, integrate them with our study timeline to optimise outreach on the study, as well as engagement with a broad range of stakeholders.

4.4 Pillar 3: Civil Society Dialogue (CSD) meetings

The third Pillar of the consultation process entails engaging with EU civil society in the CSD meetings. This element centres around presenting ongoing work and discussing it with civil society in Brussels, as well as encouraging further inputs and planning additional interviews with chosen stakeholders identified during such meetings.

DG Trade's CSD meetings take place regularly, providing an opportunity for the Commission to discuss trade policy agenda with civil society. As the EU-India FTA/IPA negotiations form an integral part of the EU trade policy, dialogue meetings on the EU-India SIA will also fit into this framework.

The meetings will be held at the inception, interim and final stage of the study, with the dates being established in cooperation with the Commission. The meetings usually include updates from the Commission in relation (in this particular case) to the EU-India trade and investment relations and the ongoing negotiations. This is followed by a presentation by the study team, as well as a questions and answer session. To facilitate discussions, we

²¹ Given that interviews with some stakeholders may cover several pillars of the analysis, the effective number of interviews and the related inputs to the study may be higher.

will make our draft reports (and other relevant deliverables) available 1-2 weeks ahead of the CSD meeting and likewise, will offer the participants and other stakeholders time after the meeting (also around two weeks) to provide comments and additional inputs.

4.5 Pillar 4: Meetings with the European Commission and the EEAS (ISG)

Engaging closely with the Commission and the European External Action Service (EEAS) is the fourth Pillar of the consultation process. It is focused on discussing aspects related to project management, as well as deliverables at each stage of the study. There are four meetings planned in total, with a kick-off meeting launching the project (held in January 2023), and one meeting at each of the following stages, after the submission by the study team of the deliverables due at the respective stage (indicative dates for those meetings have been included into the proposed timeline for the project, see chapter 6 in the Annex). Those meetings also include each time a presentation by the study team and comments from the Inter-Service Steering Committee.

5 STUDY WORK PLAN – MAIN OUTPUTS AND TIMELINE

As outlined in the section 2.2, this study consists of three phases: inception, interim and final. The main outputs expected at each stage have been listed below, while further details regarding their content have been outlined in the Terms of Reference, and the proposed timeline has been provided in chapter 6, in the Annex to this report. Below, we have also provided deadlines for submission of chosen deliverables, as agreed with the Commission. If during the project delivery, the timeline will require limited adaptations, notably for reasons independent from the study team, these will be discussed with the Commission, while the overall objective will remain to finalise the study in October 2023.

The inception phase:

- draft inception report (50 pages), i.e., this report, should be submitted one month after the kick-off-meeting, i.e., on 18 February 2023,
- tools for stakeholder engagement should also be developed at this stage, i.e., a focused website (has been set up), draft questionnaires for public online consultations (have been prepared and published), Twitter and LinkedIn accounts, and an e-mail address (all have been set up).

The interim phase:

- heat map (6 pages) needs to be submitted on 14 April 2023; it will summarise preliminary findings from the baseline analysis (screening and scoping), indicate issues requiring further attention, and sectors most likely to be affected by the agreements under negotiation; it should also include the first feedback from stakeholders, and proposals for topics for three case studies,
- the selection of chapters (half of the future draft final report) should be submitted on 31 May 2023,
- during this phase (and into the final one), the online consultations should be conducted (they were launched on 10 March 2023 and will remain available until 26 June 2023).

The final phase:

- draft final report (max. 150 pages) should be provided on 11 September 2023 and the final report after in October 2023 (the outline of the draft final report has been provided in chapter 7 in the Annex to this report).

During all phases, stakeholder consultations will be conducted and meetings with the ISG (Inter-Service Steering Group bringing together the Commission and EEAS officials), as well as with the EU civil society (Civil Society Dialogue meetings) will be held (see also sections 4.3. and 4.4. above).

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