

Joint Statement on the India – U.S. Economic and Financial Partnership

November 1, 2019

Indian Finance Minister Nirmala Sitharaman and U.S. Secretary of the Treasury Steven Mnuchin met in New Delhi to continue the India – U.S. Economic and Financial Partnership, a dialogue meant to deepen the economic partnership between the two countries and advance work in a number of areas to support economic growth and security. Following the conclusion of the dialogue, Indian Finance Minister Sitharaman and Treasury Secretary Mnuchin signed the following joint statement:

NEW DELHI – The Seventh Meeting of the Economic and Financial Partnership (EFP) was held in New Delhi on 1st November, 2019, between the Ministry of Finance of the Republic of India and the Department of the Treasury of the United States of America.

The Indian delegation was led by Smt. Nirmala Sitharaman, Minister of Finance, Government of India and the U.S. delegation was led by Mr. Steven Mnuchin, U.S. Secretary of the Treasury.

The Seventh Meeting of the India – U.S. Economic and Financial Partnership is meant to deepen the economic partnership between the two countries as a framework, commensurate with the growing importance of our economic relations and significant business and cultural ties that already exist between the two nations, and to undertake further work in a number of areas to improve cooperation and support for economic development. During this meeting of the EFP, both sides had in-depth exchanges of views on a range of issues such as the global, US, and Indian economic outlooks, global debt sustainability, financial sector reforms, leveraging of capital flows and investment, and tackling money laundering and combating the financing of terrorism (AML/CFT).

India and the United States discussed policies to stimulate economic growth and noted the significant steps India has taken to strengthen the financial sector, including Public Sector Bank recapitalization and plans to merge some of the state-owned banks. Both sides also discussed capital flows, investment promotion related issues, and the external economic environment.

Both sides are committed to greater economic cooperation on global economic issues, both bilaterally and multilaterally in the G20 and other fora. India and the United States look forward to enhanced collaboration to address the challenges to global growth under the G20 Presidency of Saudi Arabia. As India gears up for the 2022 Presidency of the G20, the United States stands ready to support India in hosting a successful and focused Presidency.

Our respective financial regulatory authorities have also recently discussed financial regulatory developments in the Financial Regulatory Dialogue. The United States and India recently signed a Memorandum of Understanding for cooperation, coordination, consultation and exchange of information relating to the Regulation of the Insurance Sector. Both sides look forward to the ongoing discussion on issues related to data localization.

The United States and India recognize the importance of foreign portfolio investors for supporting economic growth, and discussed ways to build on India's positive steps in further opening to greater foreign portfolio investment. Both sides welcome the growing bilateral foreign direct investment between our countries and underscore the importance of India taking steps to improve its investment climate for all types of investors. These investments will help to boost growth for both countries.

Both sides are working together to attract more private sector capital to finance India's infrastructure needs and further raise growth for both countries. India has set up the National Infrastructure and Investment Fund (NIIF) to catalyze private institutional investment in Indian infrastructure, for which the United States has provided technical support. The United States helped the Indian city of Pune successfully launch municipal bonds in 2017 to finance local infrastructure needs to support the government's Smart Cities initiative. India and the United States look forward to working together for preparing more cities to issue municipal bonds, including technical assistance, and to having a more broad-based relationship with respect to institutional investment into infrastructure in India.

Both sides took note of the importance of having greater attention to transparency and debt sustainability in bilateral development lending. India and the United States both support global efforts to improve debt sustainability and transparency, including through the international financial institutions' multipronged approach and the efforts of the G20 and other groups. In 2019, India has voluntarily associated with the Paris Club to cooperate in its work, as an observer.

Both sides appreciated the recent signing of an arrangement that enables automatic exchange of Country-by-Country Reports for purposes of high level transfer pricing risk assessment. Both

sides also noted the significant progress in recent years to resolve bilateral tax disputes between the two countries, and applaud ongoing efforts to prevent tax disputes and provide certainty to taxpayers through the existing Mutual Agreement Procedure and bilateral Advance Pricing Agreement relationship.

India and the United States took note of the progress made in sharing financial account information between the two countries under the Inter-Governmental Agreement pursuant to the Foreign Account Tax Compliance Act (FATCA), and encourage both sides to work together to further improve the quality and usability of data for mutual benefit. Both sides will continue to collaborate and share experiences for tackling offshore tax evasion.

India and the United States will continue to enhance our cooperation in tackling money laundering and combating the financing of terrorism (AML/CFT). Our relationship has strengthened over time as both sides have developed a holistic approach to our bilateral engagement on AML/CFT issues of shared concern. Our cooperation includes but is not limited to, information exchanges to combat global terrorist financing and to support the designation of specific terrorist facilitators and financiers, coordinating on AML/CFT and maintaining the integrity of the Financial Action Task Force (FATF) global standards for AML/CFT. India has demonstrated its support for action against non-compliant countries. In addition, India and the United States continue to work on developing AML/CFT frameworks to mitigate the associated illicit finance risks.

Both sides are encouraged with the developments that have taken place since the last meeting of the Economic and Financial Partnership and look forward to continued engagement to strengthen our bilateral relationship, our economies and our economic security.

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