

EU, INDIA TO MEET ON RESUMING FTA NEGOTIATIONS

Relevant for: International Relations | Topic: Europe, European Union (EU) and India

Building ties: In this photo dated October 6, 2017, Prime Minister Narendra Modi interacts with EU representatives at the 14th EU-India summit held in New Delhi. PTI

Seven years after talks on a free trade agreement were suspended, India and the European Union (EU) are set to agree on a “high-level dialogue on trade and investment” to restart negotiations.

The announcement is expected at a virtual EU-India Summit, led by Prime Minister Narendra Modi and External Affairs Minister S. Jaishankar, who will engage with President of the European Council Charles Michel and President of the European Commission Ursula von der Leyen.

During this summit, India and the EU are expected to conclude several agreements including a roadmap for cooperation, an agreement on research sharing for civil nuclear cooperation and launch a maritime security dialogue as well as negotiations between Europol and the CBI.

According to officials, tackling COVID-19 and its impact on the economy and the global order will be high on the agenda. In particular, medical developments on vaccines and treatment will be discussed along with the withdrawal of the U.S. from multilateral organisations (like the World Health Organisation), and concerns over an ‘assertive’ China.

European Union officials said they had been fully briefed by New Delhi and Beijing about the situation at the Line of Actual control, as they were deeply concerned by the deadly clashes at the Galwan Valley last month, and they were “pleased” that both sides have since agreed to military de-escalation.

The trade and investment dialogue, to be conducted between Commerce Minister Piyush Goyal and EU Trade Commissioner Phil Hogan, is expected to give a boost to negotiations on the Bilateral Trade and Investment Agreement (BTIA) as the EU-India FTA is known.

“The leaders have expressed their ambition to move towards a comprehensive free trade agreement and an investment protection agreement and we will announce a new dialogue which will give a political impetus to such efforts,” said EU officials based in Brussels.

An EU official, who specialises in trade issues, admitted that there was “no timeline” for the BTIA talks yet and that negotiators are still “quite far apart” due to what Europe perceives as India’s “protectionist stance”.

“We have witnessed a trend in India that goes towards the protectionist side. The Make in India programme was accelerated by the COVID-19 crisis and recent pronouncements that India wants to go “self reliant”, didn’t help the situation,” the official said, referring to Mr. Modi’s launch of “Atmanirbhar India”.

The official said trade with India formed under 3% of the EU’s global trade, which is “far below” what was expected of the relationship. Conversely, the EU is India’s largest trading partner and investor, and accounts for 11% of India’s global trade. The official also said the EU has

reservations about the model “Bilateral Investment Treaty” (BIT) that New Delhi has proposed, especially on dispute mechanisms in Indian courts.

Speaking about the importance of multilateralism and cooperation on global forums, the officials said the EU had welcomed India’s election to the UN Security Council next year, and that India’s role would be important in reconciling the UNSC “paralysed by vetoes and infighting”.

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