

Trade pacts stuck ahead of summit

Up close:Angela Merkel and Narendra Modi during a meeting at the Chancellery in Berlin in May.AP

With the India-European Union (EU) Summit just three weeks away, officials in Brussels and Delhi have told *The Hindu* that formal talks on the proposed bilateral Free Trade Agreement (FTA) have yet to be scheduled, despite a public push from Prime Minister Narendra Modi and German Chancellor Angela Merkel in May.

The officials said India had sent repeated reminders at the levels of the Commerce and Industry Minister, the Commerce Secretary and the Chief Negotiator to restart the talks that stalled in 2013, but the EU had not yet given any official indication on the re-engagement.

The Delegation of the EU to India (and Bhutan) declined to comment on specific questions sent by *The Hindu* on the status of negotiations and reasons for the EU having 'ignored' the Indian requests.

It is learnt that the current sticking point is regarding whether an India-EU Bilateral Investment Treaty (BIT) can be finalised first, as demanded by the EU, or take forward India's plan to make 'investment protection' a part of the negotiations on the proposed comprehensive FTA — officially called the Bilateral Trade and Investment Agreement (BTIA) — and include it in the BTIA as a separate chapter.

The deadlock over 'investment protection' followed the EU's concern over what it called India's "unilateral termination" of separate BITs with "a significant number of" EU countries.

'Gap in protection'

EU Trade Commissioner Cecilia Malmström had written last year to Union Finance Minister Arun Jaitley and the then Commerce Minister, Nirmala Sitharaman, saying: "Given that the EU Member States do not have the possibility to renegotiate the BITs with India, the unilateral termination of the existing BITs by India would ... create a gap in investment protection and consequently discourage EU enterprises from further investing in India."

Variance over duties

The FTA talks are also stuck due to differences over the EU's demands on elimination of India's duties on goods such as automobiles and wines and spirits, and India's pitch for a 'data secure' status (important for India's IT sector to do more business with EU firms) as well as to ease norms on temporary movement of skilled workers.

While the chief negotiators of India and the EU met informally in July in Brussels on the margins of the EU-India Sub-commission of Trade, and are likely to meet again on the sidelines the EU-India Summit in Delhi on October 9 and 10, no decision has been made yet on the formal resumption of the BTIA talks.

An effort by Mr. Modi and Ms. Sitharaman and their EU counterparts, who met in April 2016 in Brussels, also failed to break the impasse.

Asked if 'Brexit' and the related complications were among the factors causing uncertainty regarding re-starting the BTIA talks, an Indian official said, "Brexit is not an issue here. Look at the

progress on the proposed EU-Japan Economic Partnership Agreement [EPA] even after the Brexit referendum [in June 2016].”

In July 2017, the EU and Japan reached an in-principle agreement on the EPA’s main elements.

WTO-level negotiations

“So, if they [the India-European Union] were really keen, they could have given us [India] the dates to restart BTIA talks. But they have not indicated any interest so far, despite many high-level requests from India,” the official said.

The EU-India Summit is also likely to include discussions on issues relating to WTO-level negotiations as well on strategic cooperation between Indian police agencies with Europol on intelligence sharing and fighting terror.

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