



EUROPE INDIA CHAMBER OF COMMERCE

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EICC-2021

Brussels, 4 January 2021

Mr. Valdis Dombrovskis
Executive Vice President and EU Commissioner for Trade
European Commission
Brussels

Dear Executive Vice-President Mr. Dombrovskis,

Re: EU-India Free Trade Negotiations

Europe India Chamber of Commerce wishes you a very joyful New Year and expresses hopes and dreams for better days ahead in 2021.

I am writing to you about the uncertainties that surrounds the free trade negotiations between European Union and India. Despite several rounds of negotiations which started in 2007, the proposed EU-India Bilateral Trade and Investment Agreement (BTIA) covering trade in merchandise, services and investment is far from concluded. We are concerned that EU and India may be sleepwalking their way to another lost decade on the FTA negotiation.

While we are glad that EU and India in their 15th Annual Summit last year, committed to restart trade negotiations, they did not spell out a roadmap on how to break the six-year-old logjam in talks which stalled in 2013, and if there is a sense of flexibility on either side to conclude the negotiations. In this respect, the statement by the Commerce Minister of India that the country is open to the idea of a Preferential Trade Agreement (PTA) with the EU to get faster outcomes before hammering out a more ambitious Free Trade Agreement (FTA) is significant. This is a big policy shift on the FTA regime by any country - plucking low hanging fruits and leaving thorny trade issues to be resolved with incremental approach. This approach should be suitable for both India and EU and therefore this is the most appropriate time to move forward and craft the agreement. Also, a series of economic and geo-strategic factors make the need for an economic deal more urgent. While we welcome this new thinking, we feel that all opportunities should be availed for a comprehensive trade agreement within a time frame.

Despite the disruptions caused by the pandemic to the global economy, the EU-India relationship is set to witness an extraordinary momentum. The impact of the pandemic may have knocked off India and pushed it back to being the world's sixth biggest economy in 2020, the country is set to regain its position as the fifth-largest economy by 2025 and emerge as the third-largest economy by 2030 in dollar terms. India has tremendous potential as an export market for EU products and services and the country will continue to become an important source of global aggregate demand, or a significant consumer in the global marketplace. Therefore, it makes lot of economic, businesses and strategic sense for EU to secure a trade agreement with India, an economic superpower in the making, and integrate the economies of the two largest democracies and a combined market of 1.8 billion people.

In the post-Covid world, the economic and social challenges India and EU face are daunting, but this moment should be recognized as an opportunity to take hard political decisions and difficult compromises. With world governments increasingly resetting their approach to trade agreements in the post-pandemic world, it is important for EU and India to proactively step up their efforts to rejig their trade relations by overhauling their FTA negotiating strategies. With the post-Brexit trade deal between EU and Britain now in place, both EU and India need flexibility on both sides to restart serious efforts to conclude the negotiations. Stakes are high for EU and India and they need transformative change in their relations to play a larger role in the global trade and development. India and EU today need innovative new ideas to enhance their trade and economic cooperation; this being the key component for stronger partnership promoting economic growth in these troubled times.

We believe strongly in the wisdom of the strategic investment both EU and India have made in each other's shared future since their strategic partnership agreement, and for India and the EU to maximize the return, both must take a longer-term view, keeping in mind the challenges of emerging broader geo-political and economic world order post-Covid, and their commitment on intense bilateral trade and investment relationship. The sooner both recommit themselves, and their partnership, to bring the fourteen years of trade negotiations to a fruitful conclusion, the better for their economic prosperity.


As is evident from 14 years lost in discussions, the present consultative structure and negotiating mechanism needs visionary approach and diplomatic strategies. We believe that both the EU and India have reached a crucial point where old paradigms of negotiating practices should be replaced, and new ideas brought on board. EU-India FTA negotiations have come to a stage where it needs to adopt some of the most efficient parts of the process followed during the Brexit negotiations. Even though they were far more complex than the EU-India FTA, the Brexit talks reached a conclusion within a timeframe for two main reasons.

Once, both sides had agreed to a deadline by which the negotiations had to end and second, perhaps even more crucial element was the constant presence and supervision of the negotiations by the top leadership of the EU and the UK. Both the sides appointed senior persons with just one mandate – to conduct the negotiation and to reach an agreement before the deadline. The seniority of the persons as well as remarkably close supervision by UK Prime Minister Boris Johnson and the EU President Ursula von der Leyen ensured that the negotiations were complete in time and to the broad satisfaction of both the sides. This is exactly what is needed for breaking the deadlock on EU India trade talks as well. A "Marathon" trade discussion at ministerial level with definite timeline and framework.

We hope you will take our views in the perspective of the issues I have mentioned above and in making the EU-India trade negotiation to see the light of the day.

With kind regards,

Yours sincerely,



Secretary General