



EUROPE INDIA CHAMBER OF COMMERCE

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EICC-2021

Brussels, 23 August 2021

Shri Piyush Goyal
Union Minister for Commerce & Industry
Government of India
New Delhi-110011

Dear Honourable Minister,

Re: India - EU free trade negotiation

For last eight years, the negotiations for a free trade agreement between India and the European Union have been deadlocked due to differences over various issues. However, we are glad to learn that both India and EU are now set to restart the negotiations on fast-track basis. The decision could not have come at a better time for both the sides since the evolution of geo-political situation in Asia offers an opportunity for India to deepen not just the trade and economic ties, but also geostrategic relations with the European Union, which has been India's largest trading partner for years, accounting for more than 11 per cent of total Indian trade.

We, at the Europe India Chamber of Commerce, the sole pan-EU chamber of commerce representing Indian interests, are writing to you to express our support to India's growing relations with EU and we urge you to consider the Bilateral Trade and Investment Agreement (BTIA) beyond the narrow scope of trade and investment.

The dramatic shift in how not just the EU, but also other major western nations, notably the USA, Canada, Australia, and Japan see China is an unprecedented window for India to establish itself as a reliable economic, social, and strategic partner since most of the Western nations no longer see China as an irreplaceable trading partner and instead see it as a major economic and military threat.

With EU's Comprehensive Agreement on Investment (CAI) with China on life support in the intensive care - and it is most likely to be unplugged or put under slow burner by the French Presidency of the European Union next year - we think India cannot afford to miss the opportunity to offer EU as a most reliable trading partner. Geo-political developments are causing major adjustments in Global Value Chains (GVCs) and EU firms so far working with China are now looking for alternative locations for their operations. Also, China's lack of transparency on the source of Covid and capitalising in the global economic and social disruption has the EU fuming on China and it is very unlikely that EU will ever trust China. It is therefore advantage India to become not just a trusted political partner, which it already is, but

also the go-to business partner as an open free and democratic market in the reforming post-Covid world order.

In this perspective, the BTIA has strategic importance, and it is a geo-political opportunity for peace and security in Asia-Pacific, and a geo-economic opportunity for entering free trade agreements with reliable trading partners around the world. As global power dynamic shifts, it is important that India and EU assert their roles in an emerging multipolar world and a closer economic cooperation can help the EU and India to achieve their ambitions. Trade and investment continue to be the primary focus of India-EU relations and free trade agreement can be the engine which will propel trade, investment and business and strengthen the backbone of India-EU relationship. The infamous 'Bombay Club' may have disappeared, but it is still active in some forms and India cannot afford to become hostage to some sectors of business in reaching key international trade and economic co-operation with EU, which will help not a few, but the entire spectrum of the Indian economy.

We are aware that negotiating a successful trade deal with EU which will impact the lives of 1.8 billion people is a complex and complicated exercise and requires a careful calibration of the difficult issues involved. However, we are confident that both sides will innovate and come up with new ideas and find synergy to sort out the contentious issues. This will require a bold leadership, capable of taking difficult decisions with a visionary approach where "rigidity" has no place and "compromise" becomes the mantra of the negotiating mechanism. Sir, this time failure to resolve differences is not an option and to leave the issues to be resolved through natural course is an illusion.

Deepening economic relations between the EU and India is essential for Indian and European companies, whose business links extend beyond import and export to include alliances and partnerships in supply chains, joint research projects and significant direct investments. The FTA thus will offer two largest democracies of the world working together to collectively change the geo-political and economic dynamics of the post-Covid19 world order. Europe is more than a market and India has a lot of stakes in Europe. It is here where Indian entrepreneurs and business leaders find many things in common to do business. Also, more than 2.5 million Indian Diaspora has made Europe their home.

A quick deal will create an incredible dynamic of innovation and material prosperity in India. We believe that given the ongoing stakes in the global economic disorder, New Delhi and Brussels together can lead the future of global trade by concluding the agreement.

Sir, the EU today is the world's most formidable trade and economic block incorporating 450 million people in an integrated market and it has proved to be an extraordinary experiment in shared sovereignty creating a zone of peace. The integration of the EU is just not an obligation but a credible commitment which has transformed the EU as an extraordinary

successful machine for generating prosperity. Inking an FTA with EU would be like creating a new trading block of 1.8 billion people.

We believe that both sides are now primed for a quick revival of talks with adequate momentum to lead to results in a reasonable time frame in order to deepen ties across the entire spectrum.

Next year, India will celebrate 75th anniversary of its Independence. Will it not be a good idea to celebrate also India's success in concluding FTA with EU and other key partner countries.

We hope that you will look into the merits of a free trade deal and take due steps to conclude the BTIA at the earliest so not just India, but even the EU can celebrate August 15 as its Independence Day, independence from dependence on China.

With kind regards,

Yours sincerely,



Secretary General

Cc. His Excellency Mr. Santosh Jha, Ambassador of India to Belgium, the EU and Luxembourg