



# Europe India Chamber of Commerce

## Newsletter

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**EICC NEWSLETTER WISHES HAPPY NEW YEAR TO ITS READERS. MAY GOD FULFIL ALL THE WISHES OF YOUR LIFE. YOU WILL BE BLESSED WITH HEALTH AND WEALTH... JOY AND HAPPINESS... BE ALWAYS PART OF OUR CHAMBER.**

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### **Expect to sign at least 2 more FTAs in 2023, says Piyush Goyal**

As of now, with the agreement with Australia, India has separately struck trade agreements with 13 of the 15 countries in the RCEP, while only New Zealand and China remain.

Union Commerce Minister Piyush Goyal on Thursday said he expects at least two more free trade agreements to be signed up in 2023. Negotiations are scheduled with the UK, European Union and Canada, Goyal said at an event here, adding that his ministry does not have the bandwidth to tend to requests by smaller trading partners like New Zealand with which the bilateral trade stands at USD 350 million.

“India today works from a position of strength, we negotiate with confidence,” Goyal said, adding that the country will sign at least two such free trade agreements.

Speaking at the event to mark the operationalisation of the India-Australia Economic Cooperation and Trade Agreement signed in April this year, Goyal said January itself is filled with meetings between Indian Commerce Ministry officials and their counterparts abroad.

After handing over certificates of origin to the first among the Indian goods being sent to Australia after the agreement, Goyal said the FTA will benefit a slew of sectors, including textiles, gems and jewellery and also information technology, which gets aided by the dropping of double taxation.

Goyal said he expects Indian IT companies’ billing to Australia alone growing to USD 1 billion in the next 5-7 years from USD 200 million at present.

The Regional Comprehensive Economic Partnership (RCEP), which India walked out of in 2019, would have become a free trade agreement with China in effect, Goyal said, adding that Indian industry was “petrified” with the earlier UPA government’s move to start negotiations on the same.

He called the walkout an economically prudent and wise decision.

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Editor: **Secretary General**

As of now, with the agreement with Australia, India has separately struck trade agreements with 13 of the 15 countries in the RCEP, while only New Zealand and China remain.

He said on a conservative basis, the ministry expects the bilateral trade between India and Australia to increase to USD 31 billion in five years with the free trade agreement in place.

The agreement is a win-win document that has the complementarities as its fundamental building block, Goyal said, adding that India will get access to cheaper raw materials like coal from Australia while the finished Indian goods will have a market there.

With the new government in Australia ratifying the agreement, 98 per cent of the Indian exports by value will enter the country sans any duties, Goyal said.

Meanwhile, when asked about the critique of former chief economic advisor Arvind Subramanian about the tariffs hurting the government's production-linked incentive scheme, the country's inward-looking attitudes on trade and the disservice done to Indian enterprise by the government's urge to create "national champions" in the industry by promoting specific groupings, Goyal said the former CEA wants India to open up at a go while the government is in favour of adopting a calibrated approach.

"We believe that it is important that we calibrate the opening up so that Indian industry gets enough time to mature, develop themselves and be able to compete on fair terms," Goyal said.

(Financial Express, 30/12/2022)

#### **EICC-Foundation Frison Horta collaboration**

Europe India Chamber of Commerce and Foundation Frison Horta on 25 November announced Partnership to reconnect Europe and India through trade, business, and culture. The objective of this partnership is to tap the changing dynamics of trade and investment and bring new dynamism to connect European and Indian businesses together. It shall also build bridges between Europe and India and develop sustainable support networks to create a dynamic and business development model mutually beneficial for communities. Here is some info about the Foundation:

*RESTORATION. PRESERVATION. SHARING.*

Foundation Frison Horta is an Active Cultural Bridge Between East & West Restoring, Preserving and Sustaining Rich Art & Craft of the By-Gone Era, in an Artistic Art-de-Vivre form. "Excellence in Craftsmanship and Métiers d'Art". The Foundation Aims to Foster Greater Understanding and Appreciation of the Rich Heritage & Cultural Traditions of the East particularly of Indian Sub-continent In Europe and vice versa. Foundation Frison Horta is working Extensively in Restoring the image of Brussels with Art Nouveau as its National Identity to a Global Audience. Maison Frison is the Only one of a kind house of Victor Horta that was Constructed for Double Function Maurice Frison (Lawyer of the Court of Belgium) office and living space. Foundation Frison Has Continued the double function of Horta with Foundation museum activities and the living space making it a One of a kind in the world "A Living Museum" an Exceptional Unique Time capsule of 19th Century Total Art, Art Nouveau Gem of Victor Horta!

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Foundation Frison Horta has become a Global Example as "A Living Museum" and how in the past 6 years, Nupur has restored this Emblematic Heritage single Handedly. Now at it's last phase of the restoration, hence public Support is crucial to finish the restorations. All the information is on our website [www.foundation-frison-horta.be](http://www.foundation-frison-horta.be) to see all the work we are doing in restoring preserving and sharing this Emblematic heritage.

We are Now also working with younger generations Schools and Universities to valorise heritage and Culture and bring the story of East and West through Culture to unite these worlds in a very polarised times. 2023 is the year of ART NOUVEAU in Europe and the frescos at the Maison Frison Horta are part of this Emblematic Heritage. Along with the facade which needs to be restored in order to offer its best to the region and it habitants!its is a collective asset of unifying for the inhabitants and a means of International influence for Belgium and Brussels.

The Foundation Frison Horta ( [www.foundation-frison-horta.be](http://www.foundation-frison-horta.be) ) is appealing for your financial support in order to complete this final phase of restoration and return the frescos to their former beauty. Electronic contact detail of the Foundation: Email: [contact@foundation-frison-horta.be](mailto:contact@foundation-frison-horta.be);

(Source: EICC and Frison Horta)

### **India has signed 13 FTAs, six preferential pacts so far, says minister**

#### Synopsis

Further, India is also actively engaged in FTA negotiations with some of its trading partners including the UK, European Union and Canada.

India has signed 13 free trade agreements (FTAs) and six preferential pacts so far with its trading partners for ensuring greater market access for domestic goods and promoting exports, Union minister Anupriya Patel said on Wednesday. The country has recently signed three such agreements with Mauritius, the UAE and Australia.

Further, India is also actively engaged in FTA negotiations with some of its trading partners including the UK, European Union and Canada.

Trade negotiations with partner countries is a dynamic and continuous process for obtaining better market access for India's exports and other business opportunities, Minister of State for Commerce and Industry Anupriya Patel said in a written reply to the Lok Sabha.

"India has so far signed 13 Free Trade Agreements (FTAs) and six Preferential Trade Agreements (PTAs) with its trading partners for preferential access for its products," she said.

In a separate reply, the minister said that six rounds of negotiations have been held so far between India and the UK for a proposed trade pact.

Replying to a separate question, Patel said that the government's decision of November 19, to withdraw export duty on iron ore with 'less than 58 per cent Fe content', iron ore pellets, pig iron and certain steel products will boost exports.

(Economic Times, 22/12/2022)

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### **Remittance inflows in India to top \$100 billion in 2022: World Bank brief**

Remittance inflow pattern in India has undergone a structural shift from gulf countries to high-income countries in the past few years.

Remittance inflow in India in 2022 is expected to top the \$100 billion mark for the first time ever. It will continue to retain the top spot in the list of countries with the highest remittance receipts, a report by World Bank said.

"Remittance flows to India were enhanced by the wage hikes and a strong labour market in the United States and other OECD countries," World Bank said in its Migration and Development Brief.

India will be followed by Mexico with \$60 billion in remittance receipts. At \$51 billion, China, which occupied the second spot earlier will receive the third-highest remittances this year, the report added. However, in the South Asia region, the remittances in all countries except Nepal and India are expected to fall.

The rupee's falling value also led to a rise in remittance flows.

"Indian migrants may have taken advantage of the depreciation of the Indian rupee vis-à-vis the US dollar (10 per cent between January and September 2022) and increased remittance flows," the brief said.

It added that the remittance inflow pattern in India has undergone a structural shift from gulf countries to high-income countries in the past few years.

"Remittances have benefitted from a gradual structural shift in Indian migrants' key destinations from largely low-skilled, informally employment in the Gulf Cooperation Council (GCC) countries to a dominant share of high-skilled jobs in high-income countries such as the United States, the United Kingdom, and East Asia (Singapore, Japan, Australia, New Zealand). Between 2016–17 and 2020–21, the share of remittances from the United States, United Kingdom, and Singapore increased from 26 per cent to over 36 per cent, while the share from the 5 GCC countries (Saudi Arabia, United Arab Emirates, Kuwait, Oman, and Qatar) dropped from 54 to 28 per cent," the report added.

Moreover, a change in the qualifications also led to a change in remittance patterns and quantum.

"The structural shift in qualifications and destinations has accelerated growth in remittances tied to high-salaried jobs, especially in services. During the pandemic, Indian migrants in high-income countries worked from home and benefitted from large fiscal stimulus packages. Post-pandemic, wage hikes and record-high employment conditions supported remittance growth in the face of high inflation," the report added. (Business Standard, 2/12/2022)

### **Under its EU presidency, Sweden to push for early finalisation of India-EU FTA: Swedish minister**

The key areas of cooperation between the two countries are innovation, health care and green transition.

Weeks before Sweden takes over the presidency of European Union, Swedish foreign trade minister Johan Forssell on Friday said pushing for an early finalisation of the India-EU free trade agreement will

be one of the key priorities of his country's year-long tenure at the 27-nation. He said Sweden will act as an "honest broker" and do its best to conclude the negotiations for the FTA as it will be in "everyone's interest".

The minister described India's procurement of crude oil from Russia amid the Ukraine conflict as part of domestic policies, saying every country must make their own decisions. "I have not come here to tell you what to do. The war has affected Europe in many ways, especially in the energy situation. Every country must make their own decisions and I totally agree with Prime Minister [Narendra] Modi saying that this is no time for war," he said while interacting with a group of journalists. "We very much hope for the war to end and hopefully very soon because there are no winners here. The situation in Ukraine is terrible. Having a war in the middle of Europe today is a disaster, a catastrophe," he said.

Asked about the proposed free trade agreement between India and the European Union, Forssell said Sweden would strongly push for early finalisation of the pact during its EU presidency. At the same time, he admitted that there are certain obstacles to finalising the pact. Forssell said he discussed the issue of India-EU FTA with Commerce Minister Piyush Goyal on Thursday. "We are looking for an agreement that is in everyone's interest. There must be discussions and flexibility, but this is one of the areas where we could cooperate during the Swedish presidency (of the EU)," he said. "The growth story of India has only just begun and Sweden wants to be part of it," he added.

In June, India and the European Union restarted the negotiations for the long-pending trade and investment agreement after a gap of over eight years. "It is also based on trust. You can't have it my way or the highway. You need to listen to all sides and you need to see what the obstacles are and then have an open discussion on that," Forssell said. The minister said the FTA negotiations may not be concluded in 2023. "To be honest, I do not think such an agreement could be finalised and signed during the Swedish presidency. But we will try to give it a push forward and perhaps for the next presidency to finalise," he added.

The negotiations for the ambitious free trade agreement were suspended in 2013 after several rounds of talks spanning six years. Launched in June 2007, the negotiations for the proposed agreement have witnessed many hurdles as both sides had major differences on crucial issues. The talks were stalled after the two sides failed to iron out differences related to tariffs on certain goods and the movement of professionals. Besides demanding significant duty cuts in automobiles, the EU wanted tax reduction in wine, spirits and dairy products, and a strong intellectual property regime.

The Swedish minister said lowering tariffs by India for various products would boost its trade and attract more investments. "I find the relationship between Sweden and India to be based on trust and there is a very positive view of India in Sweden," he said. Forssell arrived here on Thursday in his first official trip to India. This is his first trip to Asia, after having been appointed as the minister of foreign trade in Sweden's new Government on October 18. Forssell is accompanied by a business delegation of chairpersons and CEOs of Swedish companies including Ericsson, Saab and Perstorp.

India and Sweden enjoy robust cooperation in diverse areas. More than 250 Swedish companies are present in India and form an important part of the growing economic and trade partnership. Next year, Sweden and India will celebrate 75 years of diplomatic relations. The key areas of cooperation between the two countries are innovation, health care and green transition. (Financial Express, 10/12/2022)

## UK cricket exports eye boost with India free trade deal

### Synopsis

According to DIT, an FTA could see taxes cut or even removed entirely, along with a range of duties on other exports that would help UK firms expand into an economy due to become the world's third largest by 2050.

Cricket bat and pad exports from the UK to India could be in line for a big boost if a free trade agreement (FTA) between the two countries gets finalised, the UK government has said.

The Department for International Trade (DIT) issued the update on Saturday following the sixth round of FTA negotiations wrapped up in New Delhi last week.

It said the agreement seeks to cut red tape and tariffs for businesses, which could include reducing the current 20 per cent tariff on cricket bats and pads made in the UK.

"English cricket is rightly proud of its world champion players - but also of our brilliant exports like the willow that goes to make the bats hitting boundaries across the world," said Andrew Bowie, UK Minister for Exports.

"We look forward to concluding a modern ambitious trade deal with India that helps UK exporters of all types hit their sales targets and builds on the increasing amount of British goods and services sold to India, worth 12 billion pounds in the 12 months to the end of June," he said.

The DIT said any reduction could benefit iconic British brands like Gunn & Moore, whose bats are used by England captain Ben Stokes and have been trading with India for more than a century.

The Nottingham-based firm, which uses English willow in its bats and exports both wooden bat "clefts" and fully made bats to India, welcomed the negotiations, saying cuts to tariffs would help its business.

"Gunn & Moore Cricket are fully supportive of a UK-India trade deal and look forward to that having a very positive outcome for both countries," said Richard Lowy, Gunn & Moore Sales Director.

According to DIT, an FTA could see taxes cut or even removed entirely, along with a range of duties on other exports that would help UK firms expand into an economy due to become the world's third largest by 2050.

It pointed out that the latest round of negotiations completed a week ahead of Friday's Indian Premier League (IPL) auction, which saw its teams bid for players like Stokes and some of his England ICC T20 Men's World Cup-winning team-mates to represent them in the season ahead.

"England and India have long shared a passion for cricket that extends beyond the boundaries of play. We are fortunate to have a game that can not only inspire millions of people across both countries but which creates opportunities to compete and learn from one another in major tournaments such as the IPL and bring us all closer together," said Clare Connor, England and Wales Cricket Board Interim CEO.

Board of Control for Cricket in India (BCCI) Honorary Secretary Jay Shah added: "Since 1932, when India played its first-ever Test against England at Lord's, India-UK cricketing bonds have only grown stronger with each passing year.

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Editor: **Secretary General**

"While India enjoys tremendous support in England, the English players have been the crowd favourites in India and are certainly on the must-buy lists of IPL franchises."

The latest DIT statistics peg the India-UK trading relationship as worth more than 29 billion pounds, with two-way investments supporting nearly half a million jobs across both countries.

(Economic Times, 26/12/2022)

### **India to rise to 3rd spot on the World Economic League Table by 2037 from 5th in 2022: CEBR**

#### Synopsis

The British consultancy said in its annual World Economic League Table 2023 that over the next five years, the annual rate of GDP growth is expected to average 6.4 per cent, after which growth is expected to average 6.5 per cent in the subsequent nine years.

The Centre for Economics and Business Research (CEBR) on Monday said that India's growth trajectory will see the country rise from fifth place on the World Economic League Table in 2022 to third in the global rankings by 2037.

The said in its annual World Economic League Table 2023 that over the next five years, the annual rate of GDP growth is expected to average 6.4 per cent, after which growth is expected to average 6.5 per cent in the subsequent nine years. This growth trajectory will see India rise from fifth place on the World Economic League Table in 2022 to third in the global rankings by 2037, the consultancy said in the report released on Monday.

Cebr said India had an estimated PPP-adjusted GDP per capita of USD 8,293 in 2022, classifying it as a lower middle-income country. PPP GDP is gross domestic product converted to international dollars using purchasing power parity rates.

Though agriculture employs a bulk of majority India labour market, Cebr said most of the country's economic activity is accounted for by the nation's services sector, as its economy has diversified and developed over the years.

"The pandemic had a particularly devastating effect on the South Asian country - in absolute terms, India has the third highest death toll globally. This, in turn, led a significant decline in economic activity, with output contracting by 6.6 per cent in fiscal year 2020-21," the consultancy said.

Cebr said in the report that a sharp rebound in economic activity followed, fuelled by an uptick in domestic demand, as the pandemic subsided, resulting in GDP growing by 8.7 per cent in fiscal year 2021-22, making it the fastest-growing major economy in the world.

The UK-based consultancy still expects growth in fiscal year 2022-23 to remain robust, at 6.8 per cent, in spite of decelerating global demand and tightening monetary policy to curb inflationary pressures. This, in turn would bring output 8.4 per cent above 2019 levels.

The consultancy report said output growth is expected to ease in fiscal year 2023-24, however, with Cebr forecasting growth of 5.8 per cent, as accelerating, price levels bite into domestic demand. Annual

inflation in India has exceeded target in 2022, at 6.9 per cent, thereby above the Reserve Bank of India (RBI)'s tolerance band upper margin of 6 per cent, according to the report.

The report also stated that inflation in India had been lower than in most other large economies as inflation in the country remains both closer to its target range, and to the previous decade's average of 5.8 per cent than in many other countries.

Moreover, much of India's current inflation rate reflects higher food prices, an erratic item but one that also accounts for a larger share of the consumer basket than in any other G20 country, Cebr said in the report.

The RBI has raised interest rates to bring back inflation to its target range. According to Cebr, higher borrowing costs will weigh on public debt, especially on top of expanded infrastructure spending and targeted fiscal measures.

The report said government debt currently stands at 83.4 per cent of GDP, with a high fiscal deficit amounting to 9.9 per cent of GDP in 2022 and added that fiscal consolidation would eventually be necessary to ensure that debt levels do not destabilise the economy.

The Cebr takes its base data from the IMF's World Economic Outlook and uses an internal model to forecast growth, inflation and exchange rates.

(Economic Times, 26/12/2022)

### **Third round of India-EU FTA talks starts on Nov 28, to focus on critical issues says German Envoy**

Speaking to Financial Express Online exclusively in New Delhi, German Ambassador Dr Phillip Ackermann said Germany is extremely keen on having this FTA.

The third round of India-EU FTA talks are set to take off on Monday (from November 28 to December 9, 2022). The talks will be in New Delhi for three weeks and will focus on market access for agricultural goods, digital trade, environment & sustainability, Intellectual Property, among other issues. The talks between India and EU are also expected to address issues like geographical indicators (GI) as well as investment protection agreement.

Speaking to Financial Express Online exclusively in New Delhi, German Ambassador Dr Phillip Ackermann said, "The third round starts on Nov 28. We had the second round of discussions in Brussels early October. And now at the end of November, beginning of December, a big delegation of European delegates is coming to India and they will sit down and negotiate."

"I have seen the agenda. There are a couple of subjects for example – geographical indicators, domination of origin, among others," he added.

Will the FTA be ready to be signed by 2023?

"Every FTA is complicated. And India is big and a very self confident partner so I foresee a lot of rounds to come, whether we'll be ready by the end of 23, maybe not. But I think it's good to have ambitious goals. I think both sides want this agreement. That's a very good basis. The rounds of negotiations are



on track. And what will the third round deliver after three weeks we have to see,” the German envoy said.

Adding, “Germany is extremely keen on having this FTA. However there are some difficult questions that need to be addressed. The European Parliament has imposed on the FTA – the question of standards. Both India and the EU are talking. I cannot guarantee that it will be done before 2023 ends. However, there are two important elections scheduled in 2024 – General Elections in India and European Parliament Elections,” Dr Ackermann explained.

Last year on May 8, India and EU both agreed to resume negotiations for a comprehensive, ambitious and mutually beneficial trade agreement and to also launch separate negotiations on an investment protection agreement and also an agreement on Geographical Indicators (GI), and find solutions for market access issues.

#### Background

The negotiations between the two sides had started in 2007 when the Strategic Partnership agreement was signed and the negotiations went on till 2013. The talks were stuck due to certain issues including the movement of professionals and also custom tariffs on automobiles.

(Financial Express, 1/12/2022)

#### **India's export destinations: Netherlands and Brazil leapfrog ahead**

##### Synopsis

Citing commerce department data, the report highlights that the Netherlands is now India's third-largest export destination. Brazil, India's 20th biggest export destination between April and October 2021, is currently in the eighth position. US & UAE remain on top. While India's total exports have risen 12.5% to over \$263 billion, oil product exports have soared around 70%.

Netherlands and Brazil have jumped ahead from their previous positions on India's list of export destinations in the ongoing fiscal, a TOI report showed.

Citing commerce department data, the report highlights that the Netherlands is now India's third-largest export destination. Brazil, India's 20th biggest export destination between April and October 2021, is currently in the eighth position. US & UAE remain on top.

Exports to Tanzania have grown three times to \$2.4 billion in the ongoing fiscal so far. Over 80% in exports from India are on account of more petrol and diesel shipped to the African nation.

While India's total exports have risen 12.5% to over \$263 billion, oil product exports have soared around 70%.

While several countries have reduced their dependence on Russia-refined oil products, India, which has seen a sharp spike in crude imported from Russia, is seen to be processing it and exporting to many countries, especially in Europe.

India's exports saw a marginal growth of 0.6 per cent to USD 32 billion in November, according to the data released by the government. Exports of the country stood at \$31.8 billion in November last year.

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Editor: **Secretary General**

Imports rose 5.4 per cent to USD 55.9 billion in November as compared to \$53 billion in the corresponding month a year ago, the data showed. Trade deficit widened to \$23.9 billion during November month.

India's overall export, which included both merchandise and services, stood at USD 58.22 billion in November, which showed a 10 per cent growth over the same period last year.

(Economic Times, 19/12/2022)

### **Free trade agreement with Australia to create level-playing field for Indian home textile exporters: Report**

However, given the discretionary nature of textile products, Ind-Ra expects the slowing demand in Europe, the US and other parts of the world to have an impact on textile exports.

Even as there is a slowdown in demand for Indian garments in the US and Europe, free trade agreement (FTA) with Australia is likely to provide a level-playing field for home textile exporters in 2022-23, according to a report. The build-up of inventories on account of the cut on discretionary expenditure and reallocation of expenses to services have reduced imports into the key US market, according to a India Ratings and Research (Ind-Ra) report.

Consequently, the home textile segment continued to experience a demand slowdown, whereas other segments of cotton, apparel and man-made spinning continue to benefit from the China+1 sourcing and continuing US ban on the use of cotton from Xinjiang, China. However, given the discretionary nature of textile products, Ind-Ra expects the slowing demand in Europe, the US and other parts of the world to have an impact on textile exports. In addition, the report stated that small yarn players facing cotton availability issues are likely to get impacted.

Further, the report stated that the FTA with Australia eliminates the import duty on textile exports from India, bringing the Indian product prices at par with China, Vietnam and Bangladesh. India's exports to Australia contribute 5-6 per cent to the total Australian requirement and at a value of USD 500-600 million, they remained at 1-2 per cent of total textile exports from India in 2020. Given the economic challenges being faced by some exporting nations and the increasing need to diversify supply chains, Indian home textile or garment producers are likely to benefit.

Given the slowdown being experienced by the US and Europe, this could provide partial relief along with other FTAs likely to be signed with the UAE, UK, Canada and Israel. These markets have an aggregate textile import of USD 60 billion and even an incremental gain of 5 per cent for India would be a 50 per cent gain on the existing exports of USD 6 billion. The total textile export from India to the world aggregated USD 43 billion in FY22, it added.

"Our rating outlook on textile companies remains stable and while we expect a demand slowdown in exports to developed markets, some of that may be mitigated by domestic demand and softening cotton prices." The benefits of FTAs are likely to be at the margins in the initial couple of years, but over a period of time, this will provide opportunities for diversification and moving up the value chain for the Indian cotton industry," Ind-Ra Director Rohit Sadaka added.

(Financial Express, 8/12/2022)

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Editor: **Secretary General**

## Sixth round of India-UK FTA talks to begin from Monday

### Synopsis

In a free trade agreement, two countries either significantly reduce or eliminate customs duties on the maximum number of goods traded between them. The UK side is demanding duty concessions in the automobile sector. Last month, Commerce and Industry Minister Piyush Goyal said the agreement is a high priority for both countries. He added that things are progressing well and it will yield good results.

The sixth round of negotiations between senior officials of India and the UK for a proposed free trade agreement (FTA) will begin here on Monday with an aim to conclude the talks at the earliest, an official said. The negotiations are happening after a brief gap due to recent political developments in the UK.

The last round of talks was held on July 29.

"The sixth round of talks are starting from December 12," the official said.

Trade in goods, including passenger vehicles, is one of the areas under the negotiations, which started on January 13, 2022.

In a free trade agreement, two countries either significantly reduce or eliminate customs duties on the maximum number of goods traded between them. The UK side is demanding duty concessions in the automobile sector.

Last month, Commerce and Industry Minister Piyush Goyal said the agreement is a high priority for both countries. He added that things are progressing well and it will yield good results.

"We are all very well aware that it was progressing very fast until we had a little bit of a blip because of political happenings in the other country...We have a stable government...in office now (in the UK) and I am already in touch with my (UK) counterpart. We are working together to possibly have an in-person meeting also very soon but our teams are already engaged. Next month, the next round of negotiations are slated to happen," Goyal had said.

India and Britain launched negotiations for the FTA in January with an aim to conclude talks by Diwali (October 24), but the deadline was missed due to political developments in the UK. There are 26 chapters in the agreement, which include goods, services, investments and intellectual property rights.

Reduction or elimination of customs duty under the pact would help Indian labour-intensive sectors like textiles, leather, gems and jewellery to boost exports in the UK market. The UK is seeking duty concessions in areas like Scotch whiskey and automobiles.

The bilateral trade between the two countries increased to USD 17.5 billion in 2021-22 compared to USD 13.2 billion in 2020-21. India's exports stood at USD 10.5 billion in 2021-22, while imports were USD 7 billion.

India's main exports to the UK include ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, transport equipment and parts, spices, metal products, machinery and instruments, pharma and marine items.

Major imports include precious and semi-precious stones, ores and metal scraps, engineering goods, professional instruments, non-ferrous metals, chemicals and machinery.

The UK is also a key investor in India. New Delhi attracted foreign direct investment of USD 1.64 billion in 2021-22. The figure was about USD 32 billion between April 2000 and March 2022.

In the services sector, the UK is one of the largest markets in Europe for Indian IT services.

(Economic Times, 11/12/2022)

### **FTAs and India's global outreach**

Free trade agreements will enhance India's integration with the world economy and deepen its participations in the global business value chain.

By Sanjiv Mehta

The India-Australia relationship reached a milestone with the decision to enforce the Economic and Cooperation Trade Agreement (ECTA) from December 29, 2022. A week earlier, the Australian Parliament had ratified the agreement which was signed between the two countries in April of this year. India will have access to 100% of their tariff lines with duty-free access with the caveat that 113 lines will have duty phase out over five years. The agreement will provide a boost to Indian industry in 6,000 broad sectors with zero duty access to India for 96.4% of our exports to Australia from the very first day. Currently, our exports are subjected to 4-5% duty in Australia. In return, India will remove duties for 85% of the tariff lines for Australian exports. This agreement will significantly accelerate bilateral trade between the two countries, and we could see it doubling to \$50 billion and beyond in the next few years.

The deepening of economic engagement between the two countries should also pave way for nurturing new growth avenues beyond the realm of conventional trade, such as services, sports, and sustainability.

This development comes close on the heels of the India-UAE Comprehensive Economic Partnership Agreement (CEPA), which was signed on February 18, 2022, and has been another big moment for our country. This strategic partnership is significant as UAE is also a gateway to the expanded Gulf Cooperation Council (GCC) market, West Asia, Africa, and even the CIS region. CEPA is expected to catapult India-UAE bilateral trade from the current \$ 60 billion level to \$ 100 billion in the coming years. Trade in services is likely to touch \$50 billion within the next five years.

In addition to UAE and Australia, countries and economic blocs like United Kingdom, Canada, GCC, and the European Union are also keen to sign economic cooperation agreements with India. We need to look at this enhanced level of relationship across the world as a fundamental shift in our shared vision for the future, both at the bilateral and multilateral level.

India and the UK are working towards concluding a comprehensive free trade agreement (FTA). The FTA intends to cover a large part of the trade tariff and significantly enhance bilateral trade between the two countries. Presently, the trade between both countries is dominated by services which account for almost 70% of total trade. The FTA is expected to bring in benefits to India, such as reducing barriers to

trade in sectors like automotive, agri-foods, machinery, clean energy, and pharmaceuticals, and increased opportunities in trade in services like financial markets and high-end digitalisation and interdisciplinary research.

With Canada, India concluded the fourth round of negotiations on an Early Progress Trade Agreement (EPTA) in September 2022, paving the way for India-Canada CEPA. It is expected that when fully concluded, the CEPA will boost export gains in agriculture, natural resources, and manufacturing, among other sectors. It will also help diversify economic engagement to research, technology cooperation, and high-tech manufacturing using advanced materials.

In September 2022, the Indian government also announced its intentions to revive its talks with the EU for an FTA. A well-negotiated agreement will boost trade, and investment flows between India and the EU. Currently, the EU is India's second-largest trading partner after the USA and a major source of technology. It is also India's second-largest destination for exports. The India-EU FTA negotiations are expected to focus on industrial goods; agricultural tariffs and services; access to each other's markets for goods and services and to public procurement contracts, framework for investment, intellectual property, quality standards, and commitments on sustainable development goals.

Likewise, the economic agreement with GCC is expected to build on the achievements of the CEPA with UAE but will offer India a highly diversified opportunity for cooperation in the areas of manufacturing, infrastructure, energy security, and value-added services. The negotiations on the same are expected to start anytime soon.

India is on the cusp of reaching the inflection point in its journey of becoming the third-largest economy and a middle-income country. The economic agreements, which also stem from India's growing economic clout, underscore a significant shift in our approach towards free trade and multilateralism. They will enhance India's integration with the world economy and deepen its participation in the global business value chains. Despite the world's retreat from globalisation, India is playing a proactive role in moving to a more collaborative world. Connectedness with cooperation is the mantra.

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