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EU, India free trade pact to be world's largest deal: Ursula Von Der Layen

India and the European Union have agreed to go ahead with a free trade agreement this year, which will be "the largest deal of this kind" in the world, European Commission President Ursula Von Der Leyen said on Friday. "A free trade agreement between the EU and India would be the largest deal of this kind anywhere in the world. I am well aware it will not be easy. But I also know that timing and determination count and that this partnership comes at the right moment for both of us," Ursula Von Der Leyen, who is on a two-day visit to India, said.

"This is why we have agreed with Prime Minister Modi to push to get it done during this year. And you can count on my full commitment to make sure we can deliver," she said.

In an oblique reference to US President Donald Trump's high-tariff policy, Ursula Von Der Leyen said the 27-nation bloc, as well as India, are facing "geopolitical and geoeconomic headwinds" and "a more aggressive posture from major powers".

"The EU and India have potential to be one of the defining partnerships of the century. Our partnership will be around trade and technology, security and defence, and connectivity. Batteries, pharma, chips, clean hydrogen will be among areas of focus," she said.

The announcement comes in the wake of the geopolitical and geoeconomic churn that is taking place with Trump embarking on an 'America First' policy that has added to global uncertainties. The trade war that Trump has triggered has cast a shadow on the revival of the world economy. Pressure has also mounted on European countries to divert more resources to prop up defence, which could hit the production of other goods and spending on social welfare.

The EU is also exploring a future security and defence partnership with India, modelled on the lines of agreements that have been signed with Japan and South Korea.

Commerce and Industry Minister Piyush Goyal held discussions with his European Union counterpart on Friday morning.

"Had a candid and insightful discussion with EU Trade Commissioner Macros Sefcovic over breakfast today on the India-EU FTA and the progress of the Trade and Technology Council. Exciting times are ahead as we work towards elevating our trade & investment ties to the next level as trusted partners," the Indian Minister posted on X.

(IANS, 28/2/2025)

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Editor: **Secretary General**

This is not a time to place limits on India-E.U. cooperation: Von der Leyen

Von der Leyen announced that the European Union is exploring a future 'Security and Defence Partnership' with India in the mould of the pacts it has with Japan and South Korea.

India and the EU are eyeing to seal by this year a free trade deal that would be the largest of its kind globally, European Commission President Ursula von der Leyen said on Friday (February 28, 2025), asserting that the two sides must take the strategic ties to the "next level" to effectively navigate geopolitical challenges.

The top European leader explained how the world is fraught with "danger" and that the modern version of great power competition is an opportunity for Europe and India to "reimagine" their partnership.

Her comments came amid increasing strain in ties between the European Union and the US over trade and tariff as well as on the Russia-Ukraine conflict.

"Over the last 30 years we have done a lot together. But in truth we have only been scratching the surface of the potential that is there. So, this is not a time to place limits on our cooperation," she said at 'India's World'.

"It is time to be pragmatic and ambitious. And to realign our priorities for today's realities," she said ahead of talks with Prime Minister Narendra Modi.

Ms. Von der Leyen, accompanied by the EU College of Commissioners or senior political leaders of the bloc, began a high-profile two-day visit to India on Thursday.

The European Commission Chief said EU and India have the potential to be one of the defining partnerships of this century and New Delhi will be a cornerstone of Europe's foreign policy in the years and decades to come.

"I want this visit to be the start of this new era. Prime Minister Modi and I share the same view. It is time to take our EU-India Strategic Partnership to the next level. For our own security and our prosperity.

"For the common global challenges that we face. And for the benefit of our respective regions and our partners around the world," she said.

The European Commission president said cooperation in trade and technology, security and defence and connectivity and global partnership can take EU-India partnership to next level.

On the free trade agreement, Ms. Von der Leyen said she has full commitment for it.

"A free trade agreement between the EU and India would be the largest deal of this kind anywhere in the world. I am well aware it will not be easy.

"But I also know that timing and determination counts, and that this partnership comes at the right moment for both of us," she said.

“This is why we have agreed with Prime Minister Modi to push to get it done during this year. And you can count on my full commitment to make sure we can deliver,” Ms. Von der Leyen said.

The European Commission president also reiterated the European position on Ukraine.

A failed Ukraine would also intensify the challenges in other parts of the world and not least in this region, she said.

“Other countries around the world are watching very closely whether there is any impunity if you invade a neighbour or violate international borders. Or whether there are real deterrents,” she argued.

On connectivity, the European Commission president said the India-Middle East-Europe corridor can be a modern golden road directly connecting India, Arabian Gulf and Europe.

I believe 2025 is a historic window of opportunity to build an indivisible partnership between Europe and India, she said.

On the proposed India-EU Security and Defence Partnership, Von der Leyen said it will help us step up “our work to counter common threats whether on cross-border terrorism, maritime security threats, cyber-attacks or the new phenomenon we see: attacks on our critical infrastructure.” There is a lot that we can build on, she said.

“For instance, the recent collaboration on maritime security. And I am delighted at India’s interest in joining defence industrial projects under the EU’s Permanent Structured Cooperation,” she added.

“India is working hard to diversify its military supply and to access new capabilities. And I believe we can help each other to deliver on our security objectives,” Ms. Von der Leyen added.

(Hindu, 28/2/2025)

EU Commission prez, top Europe leadership to visit India from Feb 27-28

During the visit, the College of Commissioners and the Indian government will hold a plenary session chaired by President von der Leyen and Prime Minister Modi.

President of the European Commission Ursula von der Leyen accompanied by the College of Commissioners will visit India next week, during which she is scheduled to hold a bilateral meeting with Prime Minister Narendra Modi, the EU delegation said here on Friday.

"The unprecedented visit, one of the first by the College of Commissioners early in the new mandate, highlights the strong momentum in EU-India relations," the Delegation of the European Union to India said in a statement.

On February 27 and 28, President von der Leyen will visit New Delhi accompanied by the College of Commissioners, it said.

"It follows President von der Leyen's announcement of a new strategic agenda with India to be presented this year at the EU-India Summit. The visit emphasises the importance of strengthening ties in key areas vital to the prosperity and security of both Europe and India," the statement said.

During the visit, the College of Commissioners and the Indian government will hold a plenary session chaired by President von der Leyen and Prime Minister Modi, it said.

Members of the College will also meet their counterparts individually, while von der Leyen and Modi will "hold a bilateral meeting followed by a press point", the statement said.

"In this era of intense geostrategic competition, Europe stands for openness, partnership, and outreach. We seek to deepen ties with one of our most trusted friends and ally -- India. Europe and India are like-minded partners, bound by the shared conviction that democracy best serves the people. That's why one of the first visits of the new Commission is to India," von der Leyen was quoted as saying in the statement.

"We are committed to strengthening our strategic partnership to advance trade, economic security, and resilient supply chains, along with a common tech agenda and reinforced security and defence cooperation," she said.

(Business Standard, 22/2/2025)

India working on compromise proposal to resolve origin rules differences with EU in FTA talks

Synopsis

India and the European Union are negotiating product-specific rules of origin for their bilateral free trade agreement to prevent circumvention and the inflow of cheap imports. The discussions include chemicals and textiles sectors, with the tenth round of negotiations scheduled for mid-March in Brussels.

India is working on a compromise proposal to resolve differences with the European Union on issues such as rules for determining the origin of goods, and thereby duty concessions as part of bilateral free trade agreement (FTA) talks.

The proposal is being prepared for certain goods such as chemicals after considering the value chain of exported products and positions reflected in some of India's recent FTAs such as with the EFTA (European Free Trade Association). These rules are vital for checking any circumvention of FTA rules and flow of cheap imports into India.

The development comes ahead of EU trade commissioner MaroŠ Šefcovi's likely visit to India later this month.

"Product-specific rules of origin are being discussed. We have exchanged our key asks and their commercial significance is being assessed," said an official.

Product-specific rules of origin specify that goods which do not originate in a partner country must undergo a change in tariff classification or a specific manufacturing or processing operation for obtaining origin status and tariff concessions.

India's earlier trade pacts had simple rules of origin linked to the wholly-obtained criterion from the trade partner country, value-added criteria or change in tariff heading parameter, which means transformation of a product leading to a change in its duty classification. However, the rules are getting more complex to offer greater flexibility to specific goods.

The compromise proposal also assumes significance as the EU had earlier proposed process rules for India like its other FTAs. In textiles, it had suggested some processes related to spinning for yarn to be considered of European or Indian origin.



Trade Tale

Compromise proposal for origin norms in EU FTA based on value chain of India's exports

To reflect India's positions in EFTA, recent trade deals } **Origin norms key to check flow of cheap imports**

India-EU FTA 10th round of talks in March } **High level talks likely this month end**

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India-EU trade reached \$180 billion in FY24, with India exporting \$106.31 billion in goods and services and the EU exporting \$94.79 billion.

The tenth round of India-EU FTA negotiations is scheduled for March 10-15 in Brussels with both sides expected to look at bridging their differences on issues such as rules of origin and government procurement.

(Economic Times, 4/2/2025)

UK FTA talks to resume after 8 months

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Editor: **Secretary General**

The UK will start by imposing a tax on imports of iron, steel, aluminium, cement and hydrogen. Later, it will go on to cover all products.

After a gap of eight months, India and the UK will resume negotiations on a free trade agreement (FTA) on Monday under the shadow of Trump tariffs that have plunged the world into uncertainty.

Prior to the opening of the 15th round of negotiations, UK secretary of state for business and trade Jonathan Reynolds will hold a bilateral meeting with commerce and industry minister Piyush Goyal. Reynolds' visit to India comes amid the personal storm he faces at home over allegedly falsifying his legal career.

The FTA negotiations were paused in May 2024 because of the general elections in both India and the UK. "The Trump tariffs can impart some urgency to the negotiations though it will have to be seen," trade expert Abhijit Das said. The subject of tariffs that the US is talking of imposing on the countries with which it has a trade deficit could be a part of discussions in the bilateral meeting between Goyal and Reynolds, he added.

Since the last round of talks, India has on its own brought down import duties on cars, motorcycles and even select bourbon whiskey, which is produced in the US. A proposal has also been moved in Parliament to increase the foreign direct investment (FDI) limit in insurance to 100%. Lower duties on cars and insurance liberalisation address some of the key demands of the UK, but India may still not offer to write down the latest import duties or FDI limits in the FTA and commit to it unless it gets anything in return.

The UK is the 16th-biggest trading partner of India. "The changes have been done autonomously and can be reversed but if they become part of FTAs then companies in the UK will continue to enjoy the concession," founder of Global Trade Research Initiative Ajay Srivastava said.

Both Das and Srivastava were of the view that India should seek clarity on how the carbon tax that the UK will collect from January 2027 will be neutralised after the FTA. "If CBAM comes even after the FTA then the agreement does not make sense," Das said.

The UK's Carbon Border Adjustment Mechanism (CBAM) is similar to that of the European Union (EU). However, it will be tax-based and not based on the price of excess carbon emission during the production of a product. The UK will start by imposing a tax on imports of iron, steel, aluminium, cement and hydrogen. Later, it will go on to cover all products.

Srivastava said that because there has been a big gap between the two rounds of negotiations, India should not agree to reopening the chapters or policy areas where agreement has been reached. Sometimes countries do request reopening of discussions on areas already agreed upon.

The negotiations on the India-UK FTA started in January 2022 and it deals with 26 chapters or policy areas. Majority of chapters have been closed or are in an advanced stage of negotiations, officials say.

Apart from tariffs on some key products like motor vehicles and whiskey, the issues where the talks are taking longer are the demand for ease of movement of skilled professionals from India and

greater concessions in the services sector by the UK side. Other issues where talks are taking longer is intellectual property.

Apart from the FTA, India and the UK are also negotiating a bilateral investment treaty. In April-November, the merchandise trade between the two countries stood at \$15 billion with India's exports at \$9.6 billion and imports at \$5.4 billion.

(Financial Express, 24/2/2025)

UK celebrates millions in Indian investments after FTA talks relaunch

Synopsis

The UK celebrated GBP 100 million in investment from Indian companies, which will create hundreds of jobs. Sectors impacted include AI and textiles, with UK insurance companies benefiting from increased FDI limits in India's insurance sector. The visit by Business and Trade Secretary Jonathan Reynolds highlighted this week's FTA negotiations and future growth opportunities.

The UK on Wednesday celebrated recent investment wins worth over GBP 100 million from Indian companies and pointed to India's insurance sector as a growth opportunity for British companies following the relaunch of the Free Trade Agreement (FTA) negotiations this week. As Business and Trade Secretary Jonathan Reynolds concluded his two-day visit to New Delhi after talks with his Indian counterpart, Union Commerce and Industry Minister Piyush Goyal, the UK Department for Business and Trade (DBT) said recent Indian investments are expected to create hundreds of new jobs over the next three years.

These investments are said to cover a range of sectors including artificial intelligence (AI), professional services and textiles, with UK insurance companies "gaining more potential to expand thanks to the Indian Budget earlier this month", which had increased the amount of foreign direct investment (FDI) permitted in the sector from 74 per cent to 100 per cent.

"These investment deals will deliver more than GBP 100 million for the UK economy, creating jobs, strengthening growth, and helping working people," said Reynolds.

"Now the UK will strive to be more ambitious and collaborative than ever before as we show the world why the UK is the best place to invest," he said.

The minister went on to highlight companies in the UK's tech and life sciences sectors as leading the way with their expansion plans for the Indian market.

"I'm proud that government support has helped some of our finest businesses in these sectors to expand into the exciting Indian market. It's great to see them going for growth, and their successes will amount to tens of millions of pounds for the UK economy, which will see living standards improve, and put money in people's pockets," added Reynolds.

Among the recent Indian investments flagged by DBT are Aaseya Technologies, a professional services company specialising in digital transformation through automation, with GBP 25 million

investment and Sastra Robotics' GBP 8 million in Manchester to expand the company's robotics innovation and development.

It also includes University Living, a global student housing managed marketplace, investing GBP 10 million to open a UK office, and Test Yantra, a testing and training services company, investing GBP 10 million.

On the other side of the two-way investment flows, UK businesses that have expanded their exports include Shipley-based Radio Design setting up a manufacturing facility in India; London-based Marcus Evans Group establishing a Mumbai base; Leicester-based chemicals company Microfresh rolling out smart antimicrobial technology across multiple Indian textile and leather players; and London-headquartered Novocuris operating in multiple Indian hospitals.

Meanwhile, UK Investment Minister Poppy Gustafsson travelled to Bengaluru this week as part of her two-city tour that also covered Mumbai to "bang the drum for Britain, champion free trade and promote exciting investment opportunities in the UK economy."

According to official statistics, while UK businesses exported a total of GBP 17 billion goods and services to India in the 12 months to September 2024, Indian FDI stock from India increased 28 per cent at the end of 2023 - with India the second-largest investor in terms of number of projects into the UK for five consecutive years.

"A trade deal which brings down barriers could make selling to this huge market easier and cheaper for businesses, delivering on the government's 'Plan for Change.'

"Already an economic heavyweight, India is expected to become the fourth largest importer by 2035, presenting new opportunities for UK businesses.

(Economic Times, 26/2/2025)

U.K. 'committed' to negotiating a trade deal with India: Downing Street

Talks were paused in March 2024, before both countries went to the polls. The two countries launched trade talks in January 2022 and have completed 14 rounds of negotiations.

The U.K. , under the Labour government, remains "committed" to negotiating a trade deal with India, Downing Street has said, as it confirmed that U.K. Business and Trade Secretary Jonathan Reynolds will visit India at the end of the month for the re-launch of negotiations.

Talks were paused in March 2024, before both countries went to the polls. The two countries launched trade talks in January 2022 and have completed 14 rounds of negotiations.

In addition to looking for greater goods market access for certain exports, India is looking for the greater ease of movement of its students as well as other citizens to deliver services , such as in the healthcare and IT sectors. The U.K. is looking for tariff cuts from India on goods including whiskey, chocolates, confectionary goods and electric vehicles. It is also looking for market access for its services sector, such as in legal, telecommunications and financial services.

Asked about whether facilitating the movement of people across borders to deliver services was going to be challenging, given the tough-line U.K. Prime Minister, Kier Starmer, has adopted on immigration, U.K. officials sought to separate out the temporary movement of individuals and immigration.

“..”Trade and immigration are separate issues, business mobility and the temporary movement of business persons on a short term and temporary basis, are features in trade negotiations and supports trade,” a foreign affairs spokesperson for Mr Starmer told The Hindu at a briefing on Friday.

“ But business mobility commitments are separate to permanent migration, and we keep those separate from trade talks,” the spokesperson said.

Both sides have played down the movement of persons issue or to separate the issue from migration.

In public remarks in June last year, India’s High Commissioner to the U.K. Vikram Doraiswami had said that visas were not the first priority for India in these trade talks and that India was not looking at the FTA as a means to bring people to the U.K., but for a reasonable level of movement of people to deliver services under Mode 4 of the General Agreement on Trade in Services (GATS).

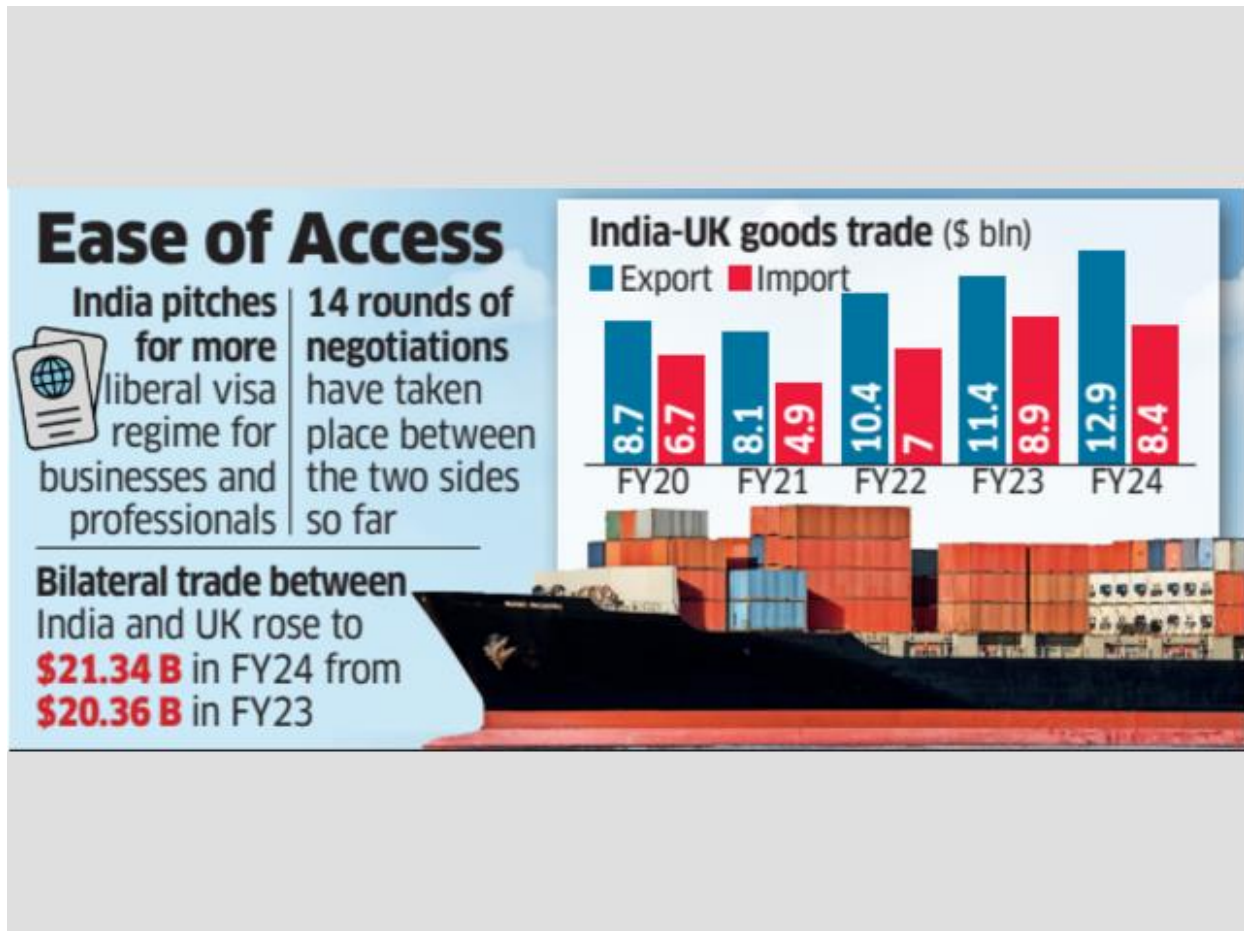
(The Hindu, 7/2/2025)

India-UK Deal to Fire Up Goods Trade 2-3x in 10 Yrs

Synopsis

India and the UK have resumed negotiations for a free trade agreement, aiming to double bilateral trade within a decade. Commerce Minister Piyush Goyal highlights India's willingness to reduce tariffs and the ongoing discussions for a social security agreement. Goyal emphasizes the need for more liberal visa issuance to boost trade and investment.

has the "flexibility and ability" to significantly reduce its tariffs in a free trade agreement (FTA) with the UK and is actively negotiating a social security agreement with Britain, commerce and industry minister Piyush Goyal said Monday, even as he pitched for a more liberal visa regime for businesses and professionals to promote bilateral trade and investments between the two sides.



While announcing the resumption of negotiations for the proposed FTA with UK secretary of state for business and trade Jonathan Reynolds, he also said that India and Britain will aim to more than double bilateral trade in a decade.

Goyal insisted that India has "never ever" discussed immigration in any FTA negotiations.

The negotiations are on three different fronts - FTA, Bilateral Investment Treaty (BIT) and a social security pact called Double Contribution Convention Agreement.

In November last year, Prime Minister Narendra Modi had met his UK counterpart Keir Starmer on the sidelines of the G-20 summit. The two leaders had then agreed to resume FTA negotiations.

On business mobility, Goyal said there was a need for faster and more liberal visa issuance to expand trade and investment between India and the UK clarifying that business visas are part of the FTA discussions whereas immigration is not on the agenda.

Under the pact, he said, the two countries are opening up services in a "big way" and economies to attract more investments.

"If we both wish to expand our trade and investments, obviously we must be faster and more liberal in our issuance of visa," Goyal said.

On this, Reynolds said that the UK welcomes "the huge and important relationship we have with people coming from India to UK, whether to study, be part of the businesses, and obviously business mobility is a separate issue to immigration."

Social security pact, BIT

India is negotiating a social security agreement with the UK. Called the Double Contribution Convention Agreement that would help avoid double contributions to social security funds by Indian professionals working for a limited period in Britain. Goyal said that to bring balance in the opportunities and benefits for both countries, India had flagged the issue of giving attractive services offer in return for an attractive social security or a totalisation agreement from the UK around two years ago.

On the UK's expectations from India's model BIT, he said it is premature to comment. "We have investments on both sides. Around half a million jobs were created out of Indian investments in the UK," he said.

FTA

Terming the pact "pathbreaking," Goyal said it would provide huge opportunities to grow "our current \$20 billion bilateral trade in merchandise to probably 2 or 3x in the next 10 years".

On the deadline to conclude the negotiations, he said it's never "too early nor too late" to conclude a good agreement as these pacts are for a long-term future.

"One has to crystal gaze may be 20-30-50 years into the future and make a robust agreement which is a win-win situation for both sides and therefore we should not rush into things, but it's always good to conclude fast. So, we will have speed but not haste," he said.

As many as 14 rounds of negotiations have taken place between the two sides so far. Trade between India and the UK rose to \$21.34 billion in FY24 from \$20.36 billion in FY23.

Goyal indicated that many of India's current tariffs are in place to protect the country from non-market and non-transparent economies. However, he said that both India and the UK are more flexible and willing to significantly reduce tariffs to enhance business competitiveness between the two nations.

(Economic Times, 25/2/2025)

India, UK resume negotiations for FTA, aims to triple trade in 10 years

The India-UK FTA negotiations were launched on January 13, 2022

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Editor: **Secretary General**

India and the UK on Monday announced the resumption of negotiations for the proposed free trade agreement (FTA), which is expected to double or even triple bilateral trade from the current USD 20 billion in the next 10 years.

The announcement was made by Commerce and Industry Minister Piyush Goyal and UK Secretary of State for Business and Trade Jonathan Reynolds here.

"Today, the Republic of India and the United Kingdom (UK) have resumed negotiations towards a trade deal between our two countries," a joint statement issued after the meeting said.

Both sides have agreed to resume talks towards a balanced, mutually beneficial and a forward-looking deal that delivers mutual growth and builds on the strengths of the two complementary economies.

The strengthening of the trading relationship has the potential to unlock opportunities for business and consumers across both nations and build further on the already deep ties, it said.

Briefing media, Goyal said the pact will be "pathbreaking" and would provide huge opportunities to grow "our current USD 20 billion bilateral trade in merchandise to probably 2 or 3 X in the next 10 years".

On the deadline to conclude the negotiations, he said its never "too early" or "too late" to conclude a good agreement as these pacts are for a long-term future.

"One has to crystal gaze may be 20-30-50 years into the future and make a robust agreement which is a win-win situation for both sides and therefore neither should we rush into things, but it's always to conclude fast. So we will have speed but not haste," he added.

Reynolds said it is the top priority of the UK and such agreements are about the long-term future.

Asked whether the negotiations for the bilateral investment treaty (BIT) would be concluded along with the FTA, Goyal said the two countries are actively negotiating at three different fronts - FTA, BIT, and a Double Contribution Convention Agreement.

"And all three are in parallel and conjoint with each other," he said.

Goyal also said that immigration has never been a part of trade negotiations anywhere in the world and India has "never ever" discussed immigration in any FTA negotiations.

On this, Reynolds said that the UK welcomes "the huge and important relationship we have with people coming from India to UK whether to study, whether to be part of the businesses and obviously business mobility is a separate issue to immigration".

Goyal added that in several countries, including the US, UK, Canada, New Zealand and Australia, Indian students travel for education.

In almost all these countries, to incentivise education, business and attract more people, countries "do give a certain period of time for students to gain practical experience to work in their country

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Editor: **Secretary General**

but that is short-term business work visas . It has nothing to do with immigration as such," he added.

The India-UK FTA negotiations were launched on January 13, 2022.

The agreement is aimed at boosting bilateral trade and investments.

In such pacts, two countries either eliminate or significantly reduce customs duties on maximum goods traded between them. They also ease norms for promoting trade in services and bilateral investments.

The bilateral trade between India and the UK increased to USD 21.34 billion in 2023-24 from USD 20.36 billion in 2022-23.

The United Kingdom is the sixth largest investor in India. The country has received USD 35.3 billion FDI during April 2000 and September 2024.

(Business Standard, 25/2/2025)
