



### India's EU trade deal faces a costly hurdle due to strict laws

#### Synopsis

The European Union's stringent environmental regulations pose significant challenges in the ongoing free trade agreement negotiations with India. Issues such as the Carbon Border Adjustment Mechanism and privacy data protection laws could impose additional costs on Indian exports, despite efforts for exemptions or compensatory measures.

The European Union's (EU) aggressive environmental regulations, particularly the carbon tax, deforestation rules, and supply chain due diligence laws are one of the biggest hurdles in the negotiations for a proposed trade pact with India, economic think tank GTRI said on Sunday. It said that these regulations could impose additional costs on Indian exports.

Under the Carbon Border Adjustment Mechanism (CBAM), Indian exports of steel, aluminum, and cement to the EU could face tariffs of 20-35 per cent, even if an FTA is signed, the Global Trade Research Initiative (GTRI) said in its report.

his raises concerns that while EU goods would enter India duty-free, Indian exports would still face these indirect barriers in Europe, it added.

ndia and the 27-nation European Union (EU) bloc will start the tenth round of negotiations for a proposed free trade agreement from Monday in Brussels.

GTRI Founder Ajay Srivastava said that India is pressing for clear exemptions or compensatory measures within the FTA to neutralize the impact of CBAM and related environmental rules.

Without such provisions, India fears that EU's climate policies could act as disguised trade barriers, limiting its ability to export to Europe. One of the biggest hurdles in the negotiations is the EU's aggressive environmental regulations," he said.

In the services sector, the report said the EU imposes restrictions on remote online service delivery (Mode 1) by requiring Indian companies to establish local offices and maintain high minimum salary thresholds for Indian professionals working in Europe.

These requirements undermine the very purpose of digital trade, making it more difficult for Indian IT firms to offer their services remotely, he said adding a long-standing demand from India is for the EU to recognize it as a 'data secure country' under the General Data Protection Regulation (GDPR).

Without this status, Indian companies handling EU citizens' data face additional compliance costs and legal barriers, unlike firms from countries like Japan or South Korea, which enjoy seamless data transfers.

"The EU is urging India to adopt stronger privacy regulations aligned with GDPR, but India sees this as an unnecessary burden on its digital economy. India has just enacted its Digital Personal Data Protection Act, 2023, which it argues should be sufficient, though it does not meet all EU standards," Srivastava said.

In the services chapter of the agreement, India has also called for easier business visas (Mode 4) for its professionals travelling to the EU for short-term assignments.

On the other hand, European firms are seeking greater access to India's banking, legal, accountancy, auditing, and financial services sectors.

The EU wants India to open these markets to European firms.

India is also seeking the recognition of professional qualifications through Mutual Recognition Agreements (MRAs). This would allow Indian professionals in areas like medicine, engineering, and accountancy to work more easily in EU countries, something the EU has been slow to agree upon, it said.

Further, the EU is pushing for access to India's lucrative government procurement (GP) market, allowing European firms to compete for contracts in India's central government and public sector undertakings (PSUs).

"However, India is unlikely to accept this demand, given that the EU's own procurement market is largely closed to external firms. India may not agree to the EU demands as the government procurement is a major Indian policy support for small firms, especially in sectors like infrastructure, defense, and public services," the report said.

In the investment negotiations, while India has proposed its Model Bilateral Investment Treaty (BIT) as the framework, the EU wants India to relax its investment protection clauses to align with European expectations.

India may be unwilling to dilute beyond its Model BIT, which is designed to protect India's regulatory autonomy and prevent excessive legal claims by foreign investors, it added.

The report said that the EU is demanding that India take on binding commitments on labor rights, environmental sustainability, and data protection. India, however, prefers a best-effort approach, arguing that imposing rigid sustainability obligations could interfere with its domestic laws and policies.

European negotiators are insisting that India align its labor laws with international standards, particularly in areas like collective bargaining, workplace safety, and wages, it said adding they also want India to commit to strict environmental norms as part of the FTA.

Intellectual property (IP) remains another area of disagreement. The EU is pressuring India to agree to TRIPS-plus provisions, which go beyond the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement," it said.

The GTRI said that the EU wants stronger enforcement mechanisms, extended data exclusivity for pharmaceutical companies, and tougher patent protection rules.

"India, however, resists these demands, as they could make life-saving drugs more expensive and restrict India's thriving generic drug industry, which supplies affordable medicines to the world," it added.

In the area of Geographical Indications (GIs), the EU is asking India to bypass its normal GI registration process for certain European products, granting them automatic recognition, according to the report.

This would give products like Champagne, Roquefort cheese, and Prosciutto di Parma (a dry-cured Italian ham) immediate GI protection in India without undergoing the standard verification process, it said.

"India insists that the EU follow Indian legal procedures for registering GIs, just as Indian products like Darjeeling Tea, Basmati Rice, and Alphonso Mangoes undergo rigorous scrutiny before receiving GI status in Europe," it added.

The India-EU agreement has the potential to significantly boost trade and investment between the two partners.

The EU, with a GDP of USD 18.4 trillion and a population of 448 million, is a major global trade player, exporting over USD 2.9 trillion and importing more than USD 2.6 trillion annually.

India, with a USD 3.9 trillion economy and a population of 1.4 billion, exported USD 437 billion in goods and imported USD 678 billion in FY'2024.

(Economic Times, 10/3/2025)

## **EU energy chief backs deeper India ties**

### Synopsis

EU energy commissioner Dan Jorgensen emphasizes the need for stronger India-EU collaboration to accelerate energy transition efforts. India's rapid shift to renewable energy, adding 79.4 GW capacity from 2020-2025, impresses Jorgensen. Despite India's continued reliance on coal, he acknowledges India's success in delivering affordable electricity while transitioning to green energy, urging partnership to enhance energy resilience.

At a time when geopolitical fracturing and economic considerations are forcing countries to revisit the pace of the energy transition, European Union's Commissioner for Energy Dan Jørgensen is advocating for greater partnership between India and the European Union.

"India and the EU are in the process of decarbonizing our energy systems. It's not easy," said the former Danish minister who now is tasked with phasing out fossil fuels from the EU's energy

-----  
 Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels  
 Tel+Fax: 3224692677, 02-8402800 Web : [www.europeindia.eu](http://www.europeindia.eu) E-mail: [info@europeindia.eu](mailto:info@europeindia.eu)

Editor: **Secretary General**

system. A closer partnership and collaboration, the EU Energy Commissioner believes will help India and the EU step up their efforts to make their respective energy systems sustainable and resilient.

Jørgensen says that India “continues to astonish” with the speed of its energy transition. India has added 79.4 GW of renewable energy capacity between 2020-21 and 2024-25 compared to the 15.4GW net coal capacity added in the same period according to India Energy Overview, a monthly assessment by Vasudha Foundation, a Delhi-based think tank. It is not just the pace of the transition that has caught Jørgensen’s attention. “What I find really impressive is how India is making it possible to deliver affordable electricity to a huge population, while at the same time going through a green energy transition.” Energy costs top concern for the EU’s energy boss. Just ahead of the visit to India, Jørgensen unveiled the EU’s Affordable Energy Action Plan to address high energy costs in Europe.

Despite the pace of renewable energy capacity addition, India’s electricity sector continues to be dominated by coal. The EU’s Energy Commissioner, who has previously served as Denmark’s minister for energy and climate change is no stranger to India’s energy story. “In India, obviously it's a challenge moving away from coal. We in the EU also still have coal in our energy mix, but that is rapidly changing. Last year, for the first time ever, we produced more electricity from solar than from coal. It is going in the right direction. What we are struggling with right now is to get more independence from outside suppliers of gas,” setting out the challenges.

Clean and green energy systems is a focus of the India-EU Trade and Technology Council. Jørgensen envisions deepening the partnership focusing on areas such as green hydrogen and battery storage. “We need to intensify our collaboration with green and clean hydrogen. Though the technology is mature it commercially still not viable. We need to scale up while bringing down the price. We need to get the value chain for green hydrogen to work. This is something that I see as a big potential for us to work together,” said Jørgensen.

Another area where India and EU can engage is the planning of the energy system, which Jørgensen pointed out becomes extremely important given the rapid speed of the deployment of renewable energy in the system. The increased integration of the grid combined with digitalization, the use of AI and diverse storage possibilities throw up many opportunities for collaboration and for India and EU to draw on best practices and lessons learnt.

The former Danish minister acknowledges that there is a lot of untapped potential in the India-EU partnership. Among the things that India and the EU can work on are issues related to developing common standards and regulations. The geopolitical and geoeconomic situation is giving the partnership a boost. “We need to have even stronger ties with our good friends when geopolitics is difficult. Of course, we would have liked a more stable geopolitical situation, but then it is an opportunity to get even closer to your real friends. India is a very good friend of the EU and the same is true the other way around.”

(Economic Times, 4/3/2025)

## **India's exports face pressure from US, EU trade policies, govt official says**

### Synopsis

Indian exports are under pressure due to aggressive trade policies from the US and EU. Factors such as high import tariffs and technological disadvantages are challenging India's export growth, which needs a 14.4% annual increase to meet targets. The trade deficit persists despite rising exports.

Indian exports are facing mounting pressure from aggressive trade policies by partners such as the United States and the European Union, a senior trade ministry official said on Tuesday.

Citing the U.S. decision to raise import tariffs and initiatives like the CHIPS Act, Santosh Sarangi, head of the Directorate General of Foreign Trade (DGFT), said it was "high time India also looked at our trade and industrial policies comprehensively".

U.S. President Donald Trump's proposal to impose reciprocal tariffs from early April on trading partners including India is worrying Indian exporters in sectors ranging from autos to agriculture, with Citi Research analysts estimating potential losses at about \$7 billion a year.

Indian trade minister Piyush Goyal started on a trip to the United States on Monday to pursue trade talks, ahead of Trump's planned tariff measures.

Limited integration into global value chains, high import tariffs on raw materials, and technological disadvantages in certain manufacturing sectors are hurting India's export ambitions, Sarangi told business leaders in a virtual address.

"India needs an average growth of 14.4% per annum to achieve the target of \$2 trillion in overall exports by 2030/31," he said, calling the goal "daunting" given that overall goods and services exports have grown at an average of just 5.2% annually over the past decade.

Total exports rose to \$682.59 billion in the first ten months of 2024/25 fiscal year through January, up 7.2% year-on-year, from \$636.69 billion a year earlier, while imports hit \$770 billion, leaving a trade deficit of \$87.47 billion, commerce ministry data showed.

The European Union's carbon tax and growing use of protective non-tariff measures are also hurting Indian exports, Sarangi said.

"While exports are growing, India continues to experience a trade deficit, suggesting a need to boost export competitiveness and diversify export markets," he added.

(Economic Times, 4/3/2025)

### **India, EU Eyeing Defence and Security Partnership**

India and the European Union (EU) on Friday decided to work on a major security and defence partnership, and explored ways to promote a free trade agreement.

India and the European Union (EU) on Friday decided to work on a major security and defence partnership, and explored ways to promote a free and open Indo-Pacific based on global law and respect for sovereignty amid China's military muscle flexing in the region.

#### India, EU Eyeing Defence and Security Partnership

India and the European Union (EU) decided to work on a major security and defence partnership and explored ways to promote a free and open Indo-Pacific based on global law and respect for sovereignty amid China's military muscle flexing in the region. Von der Leyen added, "This is not only about stability in our respective regions. But it is also a key part in strengthening our economic security and ultimately our prosperity." "We will work together on triangular development projects for sustainable and inclusive development in the Indo-Pacific region and Africa," PM Modi said.

The EU side welcomed India's interest in joining the projects under the EU's Permanent Structured Cooperation (PESCO) as well as to engage in negotiations for a Security of Information Agreement, the statement noted. Besides the EU, India is in talks with several other nations independently, including the UK, to set up free trade pacts as the world's fastest growing major economy aims to give a boost to its trade ties. The move also comes as the EU and most nations globally are trying to soften the impact of tariffs imposed by Donald Trump.

This is not the first time that India and the EU aim for a free trade agreement. An attempt was made over a decade ago but talks stalled in 2013. Another attempt was made in 2021 and have been on since – both sides pressing hard for the best outcome for themselves.

#### THE CHALLENGE

The European Union is already India's largest trading partner with two-way trade accounting for more than \$137 billion in 2023-24. In the last decade alone – since 2014 – India-EU trade has grown by a massive 90 per cent. But each time an attempt has been made to have an India-EU comprehensive agreement, it has met hurdles. From India, New Delhi has not been in favour of lowering tariffs in certain industries, while for the EU, it has not been willing to ease visa restrictions currently in place to curb Indian professionals to work in Europe. While Europe wants tariffs to be cut on the import of cars and bikes as well as whiskeys and wines, India wants Europe to give greater access to Indian pharma firms to supply cost-effective medicines and chemicals across Europe. India also wants Europe to reduce import tariffs on textiles, garments, leather products. New Delhi also rejects a 20-35 per cent carbon tax imposed on industrial goods such as cement, steel, and aluminium.

#### THE INDIA-EUROPE CORRIDOR

In another significant update, PM Modi confirmed that detailed discussions were held with European leaders on the strategically important India Middle East-Europe Corridor or IMEEC as it is often called.

(Press and Media, 3/3/2025)

#### **Visit of a high-powered Economic Delegation from Belgium led by HRH Princess Astrid to India**

-----  
 Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels  
 Tel+Fax: 3224692677, 02-8402800 Web : [www.europeindia.eu](http://www.europeindia.eu) E-mail: [info@europeindia.eu](mailto:info@europeindia.eu)

Editor: **Secretary General**

Her Royal Highness Princess Astrid of Belgium led an Economic Mission to India from 1 to 8 March 2025. This is the second such Economic Mission to India led by Princess Astrid. The Princess was accompanied by Mr. Maxime Prevot, Deputy Prime Minister and Minister of Foreign Affairs, European Affairs and Development Cooperation; Mr. Theo Francken, Minister of Defence, in charge of Foreign Trade; and Mr. Matthias Diependale, Minister-President of the Government of Flanders and Flemish Minister for Economy, Innovation and Industry, Foreign affairs, Digitisation and Facility Management. The Economic Mission consisted of over 325 Belgian delegates comprising of key CEOs, senior leadership from Belgian businesses, academic representatives as well as high-ranking officials of the country.

2. Princess Astrid called on Prime Minister Shri Narendra Modi. They agreed to work closely to discover new pathways for cooperation across emerging and high-impact sectors, strengthening economic resilience, foster innovation-led growth, and deepen bilateral cooperation to benefit the people of the two countries.

3. External Affairs Minister, Dr. S Jaishankar met with Princess Astrid and her delegation. He also separately met with the Deputy Prime Minister and Minister of Foreign Affairs of Belgium. They held productive discussions in a variety of areas including regular political and official engagement, trade and investment, digital and other technologies, semiconductors, defence, innovation and clean energy, infrastructure, chemicals, agriculture and food processing, and easier mobility of skilled professionals.

4. Besides the above engagements, Princess also held meetings with Defence Minister, Shri Rajnath Singh; Commerce and Industries Minister, Shri Piyush Goyal; and Minister for Electronics and Information Technology, Shri Ashwini Vaishnav. Minister of State for Commerce and Industry, Shri Jitin Prasada attended a business event organised by the Confederation of Indian Industries (CII) and the Federation of Enterprises in Belgium (FEB). During her visit to Mumbai, Princess also met with the Governor of Maharashtra, Shri. C. P. Radhakrishnan and the Chief Minister of Maharashtra, Shri Devendra Fadnavis.

5. During the visit, the delegation also visited the Agristo-Masa potato processing facility in Bijnor, Uttar Pradesh. Agristo would be expanding its operations in India through an additional investment of INR 750 crores to expand its production facility in Bijnor.

6. In addition, a number of B2B meetings, visits to important Belgium investments, seminars on diverse topics like water, women entrepreneurship, strengthening of defence ties, sustainable infrastructure, astronomy, healthcare, education, green hydrogen and logistics, were organized during the visit.

7. As part of the Economic Mission, over 35 business and academic collaboration agreements were signed in diverse areas like Green Technology, Healthcare, Defence, Food Processing, Ports and Education.

8. India and Belgium share close ties underpinned by strong mutual interests in trade & investment. The bilateral trade between the two amounted to over USD 15 billion in 2023-24, making Belgium

-----  
Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels  
Tel+Fax: 3224692677, 02-8402800 Web : [www.europeindia.eu](http://www.europeindia.eu) E-mail: [info@europeindia.eu](mailto:info@europeindia.eu)

Editor: **Secretary General**



5th largest trading partner of India in EU. There are over 175 Belgian companies present in India with cumulative investments from Belgium amounting to USD 4 billion. The Economic Mission led by Princess Astrid would boost two-way investment and diversification of trade.

(Ministry of External Affairs, New Delhi)

March 09, 2025

**Belgium pitches defence cooperation with India amidst Russia-Ukraine turmoil, saying Europe needs “strategic autonomy”**

Belgium to post defence attache in India, defence cooperation MoU by year-end; Belgian visit follows EU Commission delegation; Foreign Secretary to travel to Moscow this week, to prep for Modi-Putin meets.

Europe needs to develop its own “strategic autonomy”, Belgian Deputy Prime Minister and Foreign Minister Maxime Prévot said on Tuesday (March 4, 2025), speaking about the United States’ decision to change its course on the Ukraine war. As a result, Belgium will need to build its defence sector, Mr. Prevot said, pushing for cooperation with India.

He was speaking after the talks between Prime Minister Narendra Modi and Belgian Royal Princess Astrid, who led a delegation of more than 300 Belgian business leaders on an “economic mission” to India. Addressing the media along with Mr. Prevot, Belgian Defence Minister Theo Francken said that India and Belgium will sign an MoU on defence cooperation by the end of 2025.

Meanwhile, New Delhi, which has been engaging all sides in the Russia-Ukraine conflict, will send Foreign Secretary Vikram Misri to Moscow this week for Foreign Office consultations. Mr. Misri is also expected to prepare for a high-level meeting between Mr. Modi and Russian President Vladimir Putin this year, with Mr. Putin due to visit India for the annual summit, and the PM invited to attend Russia’s 80th Victory Day or ‘Pobeyeda’ celebrations in Moscow on May 9.

Situation in flux

The high-powered Belgian delegation’s visit comes amidst turmoil in Europe over the changed U.S. stance on the Russia-Ukraine war, and reports that U.S. President Donald Trump is ceasing all aid to Kiev after his showdown with Ukrainian President Volodymyr Zelenskyy in the White House on Friday (February 28, 2025). The Belgian visit follows last week’s visit by European Union Commissioners led by EC President Ursula Von der Leyen, and comes two days before an extraordinary summit of the European Union to be held in Brussels on Thursday March 6, 2025), where members are expected to chart their future course.

“The situation has changed from a couple of weeks ago, so we need to be flexible and united... That’s the message that we are disseminating in the European Union. So it means that we need to develop our own strategic autonomy, certainly regarding the defence sector,” Mr. Prevot said, in response to a question from The Hindu.

‘India can be strong support’

-----  
Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels  
Tel+Fax: 3224692677, 02-8402800 Web : [www.europeindia.eu](http://www.europeindia.eu) E-mail: [info@europeindia.eu](mailto:info@europeindia.eu)

Editor: **Secretary General**



“Belgium stands by Ukraine, we are with the Ukrainian people. There is an aggressor, and there is a victim [in this conflict]. It is not acceptable that some parts of the world try to put those two countries on the same footing,” Mr. Prevot said, adding that the U.S. and Belgium would, however, remain “strong allies”.

Mr. Prevot said that while the Belgians had not discussed the Ukraine issue with Mr. Modi when they met on Tuesday (March 4, 2025), he was “aware of the concerns of Europe”, and that Europe — and Belgium in particular — hopes India can be a “strong support” in the development of military capabilities, with Belgian companies offering to provide defence technologies to “make in India”.

#### Defence cooperation

As part of overall efforts to scale up defence cooperation with India, Belgium will post a Defence Attache in India and the two countries will sign a Memorandum of Understanding (MoU) on defence cooperation by the end of 2025, Mr. Francken said.

In a related development, Belgium’s John Cockerill Defence (JCD) and Pune-based Electro Pneumatics & Hydraulics (EPH) Pvt. Ltd. announced a joint venture to manufacture tank turrets in India, with an initial focus on the Indian Army’s ongoing light tank contest. They have already joined hands to supply turrets for Zorawar, the light tank developed by the Defence Research and Development Organisation (DRDO) and Larsen & Toubro, which is currently at an advanced trial stage.

The MoUs in the defence sector were among 24 MoUs signed with the Belgian delegation in the fields of food processing, health, engineering, and education.

#### Diamond sanctions

For nearly a year now, India has also been raising concerns over the impact of sanctions by G-7 countries on raw diamonds being sent to India via Antwerp for processing. As part of a resolution, the government had suggested that India be named a “node” or certifying authority to reduce the delays that are costing the Indian diamond industry in Surat heavily at present.

Mr. Prevot said that, while Belgium is a certifying authority, it is not part of the G-7 and therefore could not make that decision. However, officials said that a “compromise” on the issue was being discussed by Indian and Belgian diamond exchange officials.

(The Hindu, 3/3/2025)

### **The great power competition is an opportunity for India amid wars: EU president Ursula von der Leyen**

#### Synopsis

The European Union (EU) and India are strengthening their strategic partnership, with a focus on security, defence, and trade. European Commission President Ursula von der Leyen, speaking in Delhi, underscored the shared global challenges faced by both regions, particularly in light of the Russia-Ukraine war. She announced the exploration of a security and defence partnership, modelled on existing EU collaborations with Japan and South Korea.

-----  
 Europe India Chamber of Commerce (EICC), 69, Boulevard Louis Mettewie, (bte. 18), 1080 Brussels  
 Tel+Fax: 3224692677, 02-8402800 Web : [www.europeindia.eu](http://www.europeindia.eu) E-mail: [info@europeindia.eu](mailto:info@europeindia.eu)

Editor: **Secretary General**

Europe and India are poised to redefine their relationship in an increasingly unstable world. European Commission President Ursula von der Leyen, speaking in Delhi on Friday, highlighted the urgency of closer cooperation in security and defence. With conflicts raging across multiple regions, she argued that the EU and India must work together to secure their shared interests.

“This world is fraught with danger. But I believe this modern version of great power competition is an opportunity for Europe and India to reimagine their partnership,” von der Leyen said at an event organised by the EU and India’s World magazine.

#### Security and Defence: A Shared Responsibility

The backdrop to this push for deeper engagement is the war in Ukraine. Von der Leyen framed it as a pivotal test for the international order.

“Russia’s goal is to tear Ukraine apart,” she stated, warning that a failed Ukraine would not only weaken Europe but also send dangerous signals worldwide. “Other countries are watching closely—whether there is impunity for invading a neighbour, or whether there are real deterrents.”

With security concerns mounting, she announced that the EU is exploring a security and defence partnership with India, akin to those with Japan and South Korea.

“This 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 of attacks on critical infrastructure,” she explained.

India has already expressed interest in joining EU defence industrial projects under the bloc’s Permanent Structured Cooperation framework. Given India’s ongoing efforts to diversify its military supply and acquire advanced capabilities, the proposed partnership could prove mutually beneficial.

“For instance, we can join forces where we have technology and expertise—cyber security, space, drones,” von der Leyen suggested. “This is not just about stability in our regions, but also about strengthening economic security and, ultimately, prosperity.”

#### The Trade Factor: Finalising a Long-Awaited Agreement

Beyond defence, trade is another key pillar of EU-India relations. Negotiations for a free trade agreement (FTA) have been in progress for years, but now there is fresh momentum to finalise it.

“A free trade agreement between the European Union and India would be the largest deal of its kind anywhere in the world,” von der Leyen said. She acknowledged the challenges in reaching a deal but emphasised that the timing was right.

“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 added.

#### The India-Middle East-Europe Corridor: A Game-Changer

Von der Leyen also highlighted the significance of the India-Middle East-Europe Economic Corridor, which was launched in 2023 during India's G20 presidency. She described it as a "historic opportunity" that could reshape global trade.

"It is an amazing project. This can be a modern golden road—directly connecting India, the Arabian Gulf, and Europe. With a rail link that will make trade between India and Europe 40% faster. With an electricity cable, a clean hydrogen pipeline, and a high-speed data cable to link some of the most innovative digital ecosystems in the world," she said.

She stressed that the corridor is more than just a logistics project. "It is a green and digital bridge across continents and civilisations. And it can help bring us closer together, boosting trade on everything from batteries to clean hydrogen and digital services."

#### A Defining Partnership for the 21st Century

Von der Leyen made it clear that the EU sees India as a crucial partner for the future. "This is why the EU and India have the potential to be one of the defining partnerships of this century. And it is why it will be a cornerstone of Europe's foreign policy in the years and decades to come," she asserted.

She reiterated her hope that this visit would mark the beginning of a new era in EU-India ties. "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 security, our prosperity, and our common global challenges."

As global tensions rise and economic alliances shift, the EU-India relationship is set to evolve in significant ways. Whether in defence, trade, or infrastructure, both sides appear ready to move beyond rhetoric and towards action. The coming months will reveal whether they can turn this vision into reality.

(Economic Times, 2/3/2025)

#### **Trade deficit with FTA partners growing: Niti Aayog report**

In the second quarter of 2024-25, trade deficit with the countries which have free trade agreements with India grew by 23% year-on-year to \$26.7 billion.

Even as India goes on signing Free Trade Agreements (FTAs) with countries across the globe, focusing now on developed countries, data shows Indian exports are growing slower than imports with FTA countries. A Niti Aayog report shows that in the second quarter of 2024-25, trade deficit with FAT countries grew by 23% year-on-year to \$26.7 billion.

According to the report, exports to FTA countries totalled \$37.4 billion during the quarter, reflecting a 4% y-o-y decline.

Key regions like ASEAN (-10%), Singapore (-19%), and Australia (-19%) saw notable declines, which contributed to the overall drop. However, there was growth in exports to Japan (31%), Bhutan (22%) and Sri Lanka (11%) highlighting opportunities in these markets.

In comparison, imports from FTA countries grew by 5% YoY during the quarter, reaching \$64.3 billion. UAE led the growth with a significant 48% increase, driven by strong demand for key commodities. Imports from Japan (11.3%), Thailand (26%), and Mauritius (30%) also witnessed strong growth.

However, imports from Malaysia (-34%), Australia (-20%), and Sri Lanka (-17%) experienced sharp decline.

The report highlighted the areas of strength and weaknesses in India's textile exports. It says that though India ranks 6th in global textile exports, its basket remains skewed towards natural fibers with a strong presence in cotton and carpet threads. However, global textile exports are moving towards manmade and technical textiles.

The report says that knitted and non-knitted apparel and clothing accessories account for approximately 60% of global textile export demand, but India holds only a 6% share. This, the report says, reflects India's continued focus on traditional textiles and natural fibers while facing challenges in expanding its presence in the high-growth synthetic and technical textile segments.

(Indian Express, 28/3/2025)

-----