

## INDIA NEWS

**EU wakes up, moves on FTA with India**

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Valdis Dombrovskis, EU executive Vice President for trade, and Prime Minister Narendra Modi.

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By **Shishir Gupta** , Rajeev Jayaswal, New Delhi

India's successful free-trade agreements with the United Arab Emirates and Australia in the last two months have encouraged the country and the European Union to plan three rounds of talks, all within this year to conceptualise a basic frameworks under which the partners will negotiate a comprehensive deal to raise bilateral trade to over \$220 billion in five years, two people aware of the development said.

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The UK, too is keen to expedite bilateral trade negotiations with India and separate formal discussions with it could also happen with the year, in addition to the talks with the EU, the people added, asking not to be named. After its exit from the EU, the UK is keen to conclude a trade agreement, they said.

The EU recently expressed its intent to a team of Indian government officials led by commerce secretary B.V.R Subrahmanyam, one of the people said. "The EU has agreed to start formal negotiations soon after it will conceptualise a basic framework to proceed on this matter with New Delhi. It may take three rounds of discussions that may conclude within this year," this person added.

Commerce ministry officials did not respond to an email query. On April 2, after signing the India-Australia Economic Cooperation and Trade Agreement (ECTA), commerce minister Piyush Goyal said New Delhi is working on FTAs with the UK, Canada, Israel, Gulf Cooperation Council, and the EU.

"Both FTAs – the UAE and Australia – have been concluded by respecting mutual sensitivities in an environment of trust. Successful FTA with developed country [Australia] has energised both the EU and the UK, especially when India has emerged as a reliable partner and a significant factor in global supply chain," the second person said.

The India-EU FTA is expected to double bilateral trade between the two partners from the existing \$110 billion, the first person said. Subrahmanyam, who recently visited Europe, met key officials of both the EU and the UK. During his visit to Brussels last week, he also met executive vice president Valdis Dombrovskis and EU director general for trade Sabine Weyand.

The second person said it's possible that the India-UK FTA may happen before the EU deal as both New Delhi and London may not insist on a two-stage trade deal; this is because the UK is keen to conclude a full free trade agreement (FTA) without resorting to an interim deal, this person explained. The current value of bilateral India-UK trade is \$ 50 billion (both goods and services).

Negotiations on the FTA are set to start before the end of the year and the British side has indicated that it prefers that the talks lead to a comprehensive pact, he said. Since its exit from the European Union, the UK has concluded trade deals with 69 countries and one with the EU. However, deals with 63 countries are "rollover" arrangements similar to those it had when it was an EU member.

"The conceptualisation [with EU] is a great step forward which will make it easier to start negotiations for a comprehensive trade deal within this framework," said Federation of Indian Export Organisations (FIEO) director general & CEO Ajay Sahai said.