

# INDIA AND THE EUROPEAN UNION – INTERNATIONAL RELATIONS

**NEWS:** India and the European Union (EU) chief negotiators have concluded another round of talks on the proposed free trade agreement (FTA) and agreed to reach a deal in two phases.

## WHAT'S IN THE NEWS?

### India-EU Free Trade Agreement (FTA) Negotiations – Overview

1. **Resumption of Talks:**  
Negotiations for the India-EU FTA resumed in June 2022, after being suspended for eight years. Talks had stalled in 2013 due to unresolved differences, particularly related to market access issues.
2. **Agreement Objective:**  
The proposed FTA seeks to be comprehensive in scope, covering a broad range of areas such as trade in goods and services, investment protection, and geographical indications (GIs).
3. **Phased Negotiation Strategy:**  
India is pursuing the FTA in two phases, adopting a phased approach similar to its FTAs with countries like Australia, reflecting a cautious strategy in a volatile global trade environment shaped by events such as US tariff measures.
4. **Political Push:**  
The leadership of Prime Minister Narendra Modi and European Commission President Ursula von der Leyen has committed to concluding the FTA by the end of 2025 to strengthen bilateral economic ties.

### Key Focus Areas in FTA Negotiations

1. **Market Access Demands:**  
The EU has been pressing for tariff reductions or duty cuts on sensitive product categories such as:
  - Automobiles and auto components
  - Medical devices
  - Alcoholic beverages (e.g., wines and spirits)

- Agricultural products (e.g., meat and poultry)

## 2. Services and Investment:

- Focus is on liberalizing market access in services (e.g., IT, finance, professional services) and investment.
- India seeks greater mobility for its skilled professionals in the EU job market.

## 3. Regulatory and Technical Standards:

- EU is advocating for a stronger Intellectual Property Rights (IPR) framework in India.
- Discussions also cover sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), customs procedures, government procurement, and sustainability standards.

## Potential Benefits for India

### 1. Export Competitiveness:

Indian exports likely to benefit include:

- Ready-made garments and textiles
- Pharmaceuticals and chemicals
- Petroleum products and steel
- Electrical machinery and engineering goods

### 2. Investment Climate:

The FTA is expected to ensure stronger investment protections, legal clarity, and modern dispute resolution mechanisms to attract more European investments into India.

### 3. Innovation & Sustainability Collaboration:

The agreement would promote cooperation in innovation, green technology, and sustainable development goals (SDGs), aligning with global climate goals and India's green transition.

## 1. Historic Ties:

- India-EU diplomatic relations date back to the early 1960s.
- The 1994 Cooperation Agreement expanded the scope from trade to broader economic and political cooperation.

## 2. Summits and Strategic Partnership:

- The first India-EU Summit in 2000 was a landmark in elevating relations.
- The 5th Summit in 2004, held in The Hague, formally upgraded the relationship to a 'Strategic Partnership'.

## 3. Institutional Dialogue Platforms:

- Regular summits, ministerial dialogues, and Track 1.5/Track 2 diplomacy have strengthened bilateral cooperation across sectors.

## Economic and Sectoral Cooperation

### 1. Trade Relations:

- In 2023–24, bilateral trade in goods between India and the EU reached USD 137.41 billion, making the EU India's largest trading partner for goods.
- The EU accounts for approximately 17% of India's total exports, while 9% of EU exports are directed to India.

### 2. Sectoral Cooperation:

- India-EU Water Partnership (IEWP) (established in 2016) promotes cooperation in water governance, wastewater treatment, and technological innovations in water management.
- In 2020, a bilateral agreement was signed for research and development in peaceful nuclear energy, between India and the European Atomic Energy Community.
- The Trade and Technology Council (TTC), established in 2023, serves as a platform for strategic dialogue on trade, innovation, digital infrastructure, and security.

## European Union (EU) – Background and Structure

### 1. What is the EU?

- The European Union is a political and economic union of 27 European countries.
- It seeks to ensure economic integration, political stability, and shared democratic values across member states.

### 2. Historical Evolution:

- The roots of the EU lie in the European Coal and Steel Community (ECSC), formed in 1950 with six founding members: Belgium, France, Germany, Italy, Luxembourg, and the Netherlands.
- The European Economic Community (EEC) was established in 1957 under the Treaty of Rome and later evolved into the European Community (EC).

### 3. Formation of EU:

- The Maastricht Treaty, signed in 1992 and enforced in 1993, officially created the European Union, integrating political and economic aspects of member states.
- It laid the foundation for a common foreign and security policy, economic union, and greater democratic accountability.

### 4. Monetary Union:

- Out of the 27 EU members, 20 countries use the euro (€) as their official currency, forming the Eurozone.

### 5. Global Role:

- The EU is one of the largest trading blocs in the world, actively influencing global trade rules, environmental standards, and human rights policies.

Source: [https://www.business-standard.com/economy/news/india-eu-conclude-another-round-of-fta-talks-deal-likely-in-two-phases-125051800635\\_1.html](https://www.business-standard.com/economy/news/india-eu-conclude-another-round-of-fta-talks-deal-likely-in-two-phases-125051800635_1.html)