

1. Trade and Economic Partnership Agreement – Economy

India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA) came into effect. The European Free Trade Association (EFTA) is the intergovernmental organisation of Iceland, Liechtenstein, Norway and Switzerland. It was set up in 1960 by its then seven Member States for the promotion of free trade and economic integration between its members.

Background and Context

India–EFTA Partnership – The India–EFTA TEPA was signed in March 2024 in New Delhi, marking a milestone in India's engagement with the European Free Trade Association (EFTA)—comprising Switzerland, Norway, Iceland, and Liechtenstein.

Historic First – TEPA is the first Free Trade Agreement (FTA) signed by India that explicitly links market access commitments with investment and employment generation.

Strategic Significance – The agreement reflects India's broader strategy to deepen economic integration with advanced European economies beyond the EU, aligning with its "Act West" and "Make in India" agendas.

Scope and Structure of the Agreement

Comprehensive Coverage – TEPA consists of 14 chapters, encompassing multiple dimensions of trade, investment, and cooperation.

Key Areas Included –

1. Market access for goods and services
2. Rules of origin and trade facilitation
3. Trade remedies and dispute settlement
4. Sanitary and phytosanitary (SPS) measures
5. Technical barriers to trade (TBT)
6. Investment promotion and cooperation
7. Intellectual property rights (IPR)
8. Trade and sustainable development
9. Legal and institutional provisions for implementation

Key Features of TEPA

a. Market Access

1. **EFTA's Commitment** – EFTA countries have agreed to eliminate tariffs on 100% of non-agricultural goods and provide concessions on processed agricultural products, covering 99.6% of India's exports.
2. **India's Offer** – India provides tariff concessions on 82.7% of its tariff lines, representing 95.3% of EFTA's exports, while safeguarding sensitive sectors such as pharmaceuticals, dairy, food products, and gold.
3. **Export Boost** – Sectors like machinery, chemicals, textiles, gems and jewellery, and processed foods will benefit from reduced tariff barriers and wider access to high-value markets.

b. Investment and Job Creation

1. **Transformative Commitment** – EFTA countries have pledged to mobilize USD 100 billion in investments over 15 years in India.
2. **Employment Impact** – This is projected to generate one million direct jobs, making TEPA the first FTA with explicit investment-linked job creation provisions.
3. **Sectoral Investments Expected** – Focus areas include renewable energy, pharmaceuticals, manufacturing, and technology.

c. Services and Mobility

1. **Broad Access** – Both sides have offered market access in over 100 sub-sectors in services.
2. **Professional Mobility** – The agreement facilitates temporary movement of skilled professionals, easing visa procedures and recognition of qualifications.
3. **Digital and Commercial Presence** – Promotes cross-border digital service delivery and commercial presence of Indian companies in EFTA nations.
4. **Mutual Recognition Agreements (MRAs)** – Provision for MRAs in nursing, accountancy, architecture, and engineering—key for skilled workforce mobility.

d. Intellectual Property Rights (IPR)

1. **Balanced Protection** – TEPA maintains TRIPS-level IPR standards, ensuring innovation protection without undermining India's generic pharmaceutical sector.
2. **Safeguarding Public Health** – India retains flexibility under the Doha Declaration on TRIPS and Public Health, ensuring access to affordable medicines.
3. **Innovation Cooperation** – Promotes joint research and technology development in biotechnology, health sciences, and renewable energy.

e. Sustainable Development and Skills

1. **Environmental Focus** – Includes a dedicated chapter on trade and sustainable development, emphasizing green growth and responsible business practices.
2. **Skills and Technology Collaboration** – Encourages vocational training, skilling programs, and R&D partnerships in advanced fields.
3. **Renewable Transition** – Encourages collaboration in clean technologies, green finance, and circular economy initiatives.

Economic and Strategic Importance

a. Strengthening European Linkages

1. **Key European Bloc** – EFTA stands as one of the three major European economic groupings alongside the EU and UK.
2. **Advanced Economies** – EFTA's members—especially Switzerland and Norway—are high-income economies with expertise in finance, healthcare, precision engineering, and food processing.
3. **Strategic Leverage** – TEPA enhances India's visibility in Europe and may serve as a stepping stone toward a future India-EU FTA.

b. Boost to Indian Exports

1. **Market Expansion** – EFTA's open market and high purchasing power will enhance India's export performance in industrial and consumer goods.
2. **Value-Added Exports** – TEPA is expected to support India's transition from low-value to high-value exports, particularly in machinery, pharmaceuticals, and processed foods.

c. Employment and Skill Development

1. **Job Creation** – The projected inflow of investments will stimulate employment across manufacturing, technology, and services.
2. **Skill Enhancement** – Collaboration in vocational education and technical training will help India's workforce meet global standards.

d. Bilateral Ties

1. **India-Switzerland Nexus** – Strengthens trade and investment relations with Switzerland, India's largest EFTA trading partner and a key global investor.
2. **Broader Diplomatic Impact** – Reinforces India's role as a reliable trade partner and investment destination in Europe.

Challenges and Concerns

a. Protection of Sensitive Sectors – India has excluded or cautiously negotiated pharmaceuticals, dairy, coal, processed foods, and sensitive agricultural products to protect domestic industries and farmers. Balancing openness with sectoral safeguards remains crucial for sustainable trade expansion.

b. Trade Imbalance – Gold Dominance – Over 80% of EFTA's exports to India consist of gold, creating a narrow and potentially volatile trade structure. Diversification of imports from EFTA into technology and machinery is needed to balance trade benefits.

c. Implementation Complexity – TEPA's execution requires coordination across multiple ministries, regulatory agencies, and industry bodies. Establishing mutual standards, quality certification, and customs cooperation may pose short-term challenges.

d. Limited Market Size – EFTA's combined population is only around 14 million, limiting the scale of consumer demand despite high per-capita income. Hence, the strategic and investment aspects of TEPA may outweigh its direct trade volume benefits.

Conclusion and Way Forward

Transformational Step – TEPA symbolizes a new phase in India's trade diplomacy, integrating market access, investment, sustainability, and employment within a single framework.

Catalyst for Make in India – It strengthens Make in India, Atmanirbhar Bharat, and Viksit Bharat 2047 by attracting capital and technology inflows.

Sustainability Focus – By embedding sustainable development and green growth principles, it aligns with India's SDG and climate goals.

Way Forward

1. Ensure timely implementation and institutional coordination.
2. Promote investment facilitation and technology partnerships.
3. Utilize TEPA as a model for future FTAs, particularly with advanced economies.

Source – <https://www.bbc.com/news/articles/cgmzp1z18wmo>

