

Updated Date
March 2020

Q India and European Union although bilateral allies find it difficult to arrive at consensus over finalization of a free trade Agreement. Highlight the major issues creating the road blocks in such an agreement. (250 words)

India was one of the first countries to develop relations with European Union. The EU is India's largest trading partner and investor, and accounts for 11% of India's global trade.

Conversely, the Bilateral Trade & Investment Agreement (BTIA) as the EU-India FTA is known, have failed to be resumed despite several commitments, including at the last EU-India summit in 2017.

ISSUES

1) According to EU official, India's programmes like 'make in India' and 'Atmanirbhar Bharat' have given rise to protectionist tendencies.

2) EU restrictions on some Indian agricultural goods due to PhytoSanitary measures reg Indian mangoes in 2004.

- India restrictions on IT sector and Telecom.

3) Demands -

- EU wanted labour, environment & government procurement to be included in talks

- India demand is for easier work & study visa norms as well as data secure status, that would make it easier for European companies to outsource business to India, not received enthusiastically by the EU.

- 4) There was "no timeline" for the BTIA talks.
- 5) • Non-flexible FDI rules in India is for wholesale trade.
 - EU also tighten FDI rules to prevent hostile take over.
- 6) In spite of IT act 2000, India lacks behind data security and that's why EU states that India don't stat satisfy the European standards.
 - EU companies are looking for alternative investment spaces in the wake of deteriorating relationship between China and the U.S. So, It is an opportunity for India-EU relations.
 - BTIA put back on track or at the very least, we may conclude a separate Investment Protection Agreement
 - High technology collaboration including 5G & AI.
 - India need to work more on FDI rules and phytosanitary measures
 - EU & India needs to reduce tariff & non-tariff barriers.