

India-EFTA Trade and Economic Partnership Agreement

By iastoppers | 2024-03-12 15:10:00



Bilateral & International Relations

India-EFTA Trade and Economic Partnership Agreement

India-European Free Trade Association recently signed a Trade and Economic Partnership Agreement (TEPA).



[Ref- EFTA]

Key Highlights of the Agreement:

- India has been working on a **Trade and Economic Partnership Agreement (TEPA)** with EFTA countries comprising **Switzerland, Iceland, Norway & Liechtenstein**.
- For the first time, India signed FTA with four developed nations of Europe and a binding commitment of \$100 bn investment, 1 million direct jobs in the next 15 years.
 - Such investments do not cover foreign portfolio investment.
- It comprises **14 chapters with a main focus** on market access of goods, rules of origin, trade facilitation, trade remedies, sanitary and phytosanitary measures, and technical barriers.
- This also includes **investment promotion**, market access on services, intellectual property rights, trade and sustainable development and other **legal and horizontal provisions**.

Specific economic parameters:

- EFTA is offering **92.2% of its tariff lines** which covers 99.6% of India's exports.
- The EFTA's market access offer covers 100% of non-agri products and tariff concession on **Processed Agricultural Products (PAP)**.
- India is offering **82.7% of its tariff lines** which covers 95.3% of EFTA exports of which more than **80% import is Gold**.
- Sensitivity related to **PLI in sectors such as** pharma, medical devices & processed food etc. have been taken **while extending offers**.
- Sectors like **dairy, soya, coal and sensitive agricultural products** are kept on exclusion list.
- **India has offered** 105 sub-sectors to the EFTA and secured commitments in 128 sub-sectors from Switzerland, 114 from Norway, 107 from Liechtenstein, and 110 from Iceland.
- Services offers from EFTA include **better access through digital delivery of Services** (Mode 1), **commercial presence** (Mode 3) and **improved commitments** and certainty for entry and temporary stay of key personnel (Mode 4).

Provision related to TEPA:

- TEPA would **stimulate services exports** in IT services, business services, personal, cultural,

sporting, and recreational services, other education services, audio-visual services etc.

- TEPA has provisions for **Mutual Recognition Agreements** in Professional Services like nursing, chartered accountants, architects etc.
- Commitments related to [Intellectual Property Rights \(IPR\)](#) in TEPA are at the **TRIPS (Trade-Related Aspects of Intellectual Property Rights)** level.
- India's interests in **generic medicines** and concerns related to the evergreening of patents have been fully addressed.
- TEPA provides an opportunity to integrate into EU markets, with over **40% of Switzerland's global services exports** are to the EU.
- TEPA will give impetus to **"Make in India" and Atmanirbhar Bharat** by encouraging domestic manufacturing in sectors such as Infrastructure and Connectivity, Manufacturing, etc.
- TEPA would accelerate creation many **direct jobs** for India's young aspirational workforce in next **15 years in India**, including better facilities for vocational and technical training.
- TEPA also facilitates **technology collaboration** and access to world leading technologies in precision engineering, **health sciences, renewable energy, Innovation and R&D**.

Benefits for India:

- The agreement will give a **boost to Make in India** and provide opportunities to young & talented workforce.
- The FTA will provide a window for **Indian exporters to access large European and global markets**.
- India signals its commitment to **Sustainable development**, inclusive growth, social development and **environmental protection**.
- Fosters **transparency, efficiency, simplification, harmonization and consistency** of trade procedures
- TEPA will empower India's exporters access to **specialized inputs** and create a conducive trade and investment environment.
- This would boost exports of Indian-made goods and provide opportunities for services sector to access more markets.
- Among EFTA countries, **Switzerland is the largest trading partner of India** followed by Norway.

About European Free Trade Association (EFTA):

- It is the intergovernmental organization 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.
- This offers several growing opportunities for **enhancing international trade in goods and services**.
- Its **Headquarters is in Geneva**, while its **Secretariat operates in Brussels**.
- The **EFTA Council is the highest governing body** of EFTA and meets eight times a year at the ambassadorial level and twice a year at the Ministerial level.
- The **Chairmanship rotates every six months** among its members.
- Three **advisory bodies** function under EFTA which include- Parliamentary Committee (PC), EFTA Consultative Committee (CC), and EEA EFTA Forum.
- The PC is a **forum for parliamentarians** in the four member states while the CC is comprised of **representatives from trade unions and employers' organisations**.

