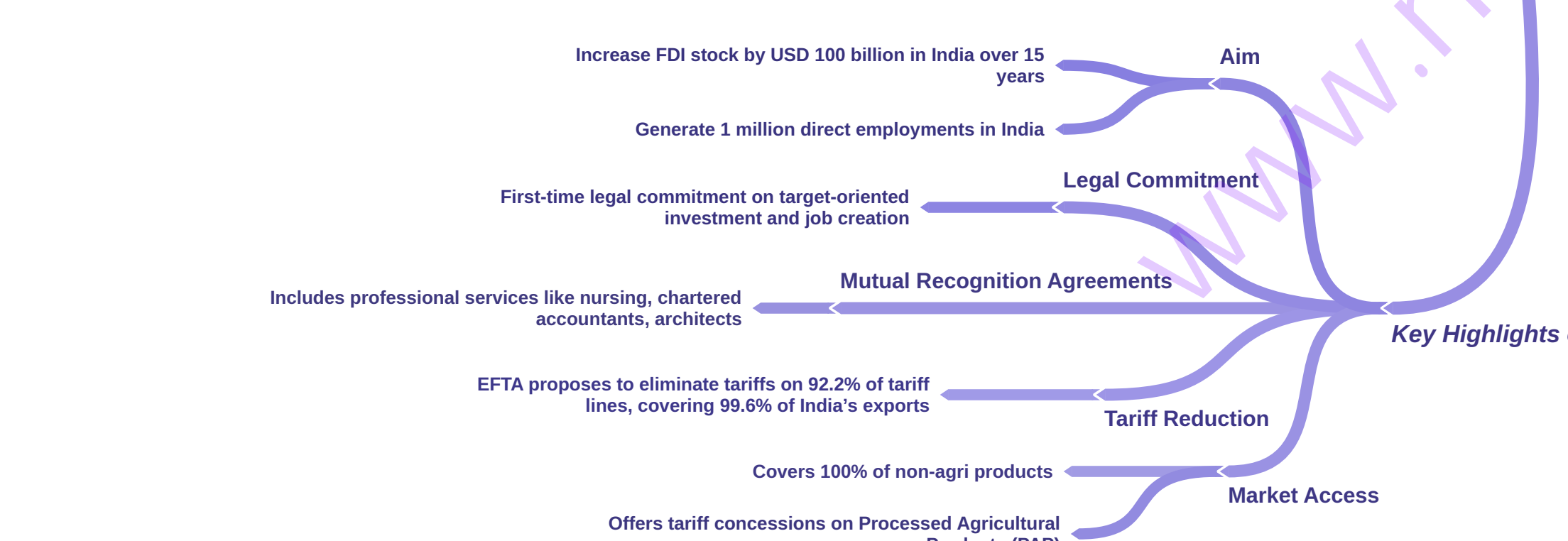
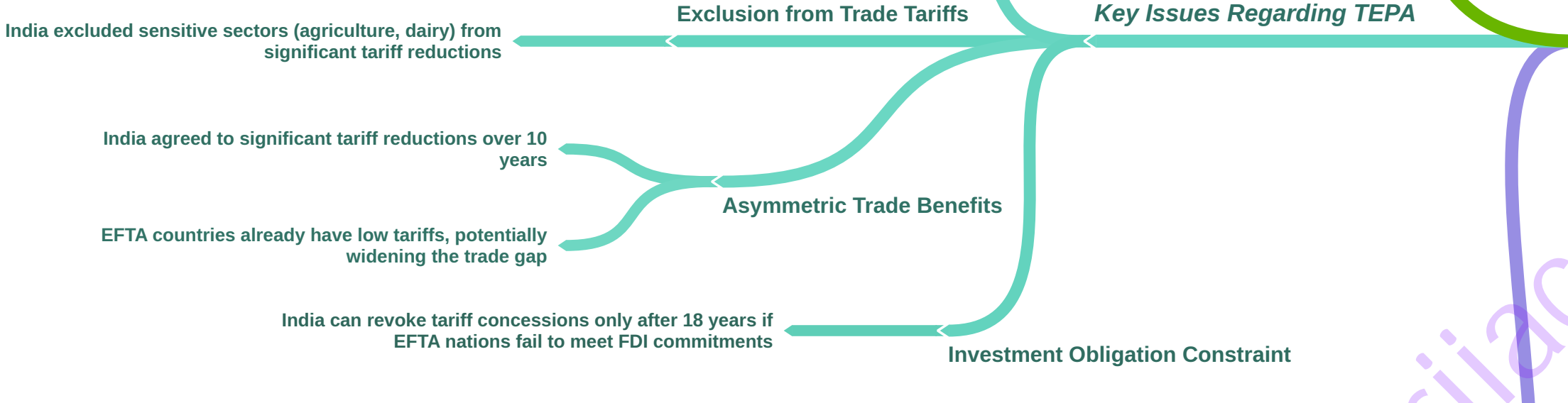
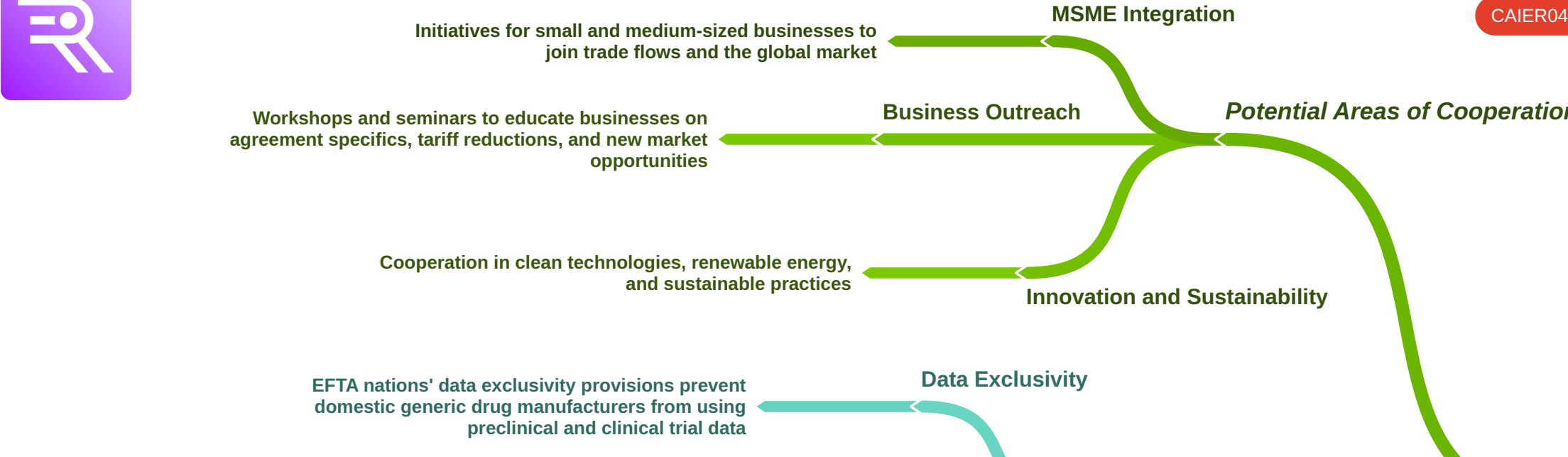
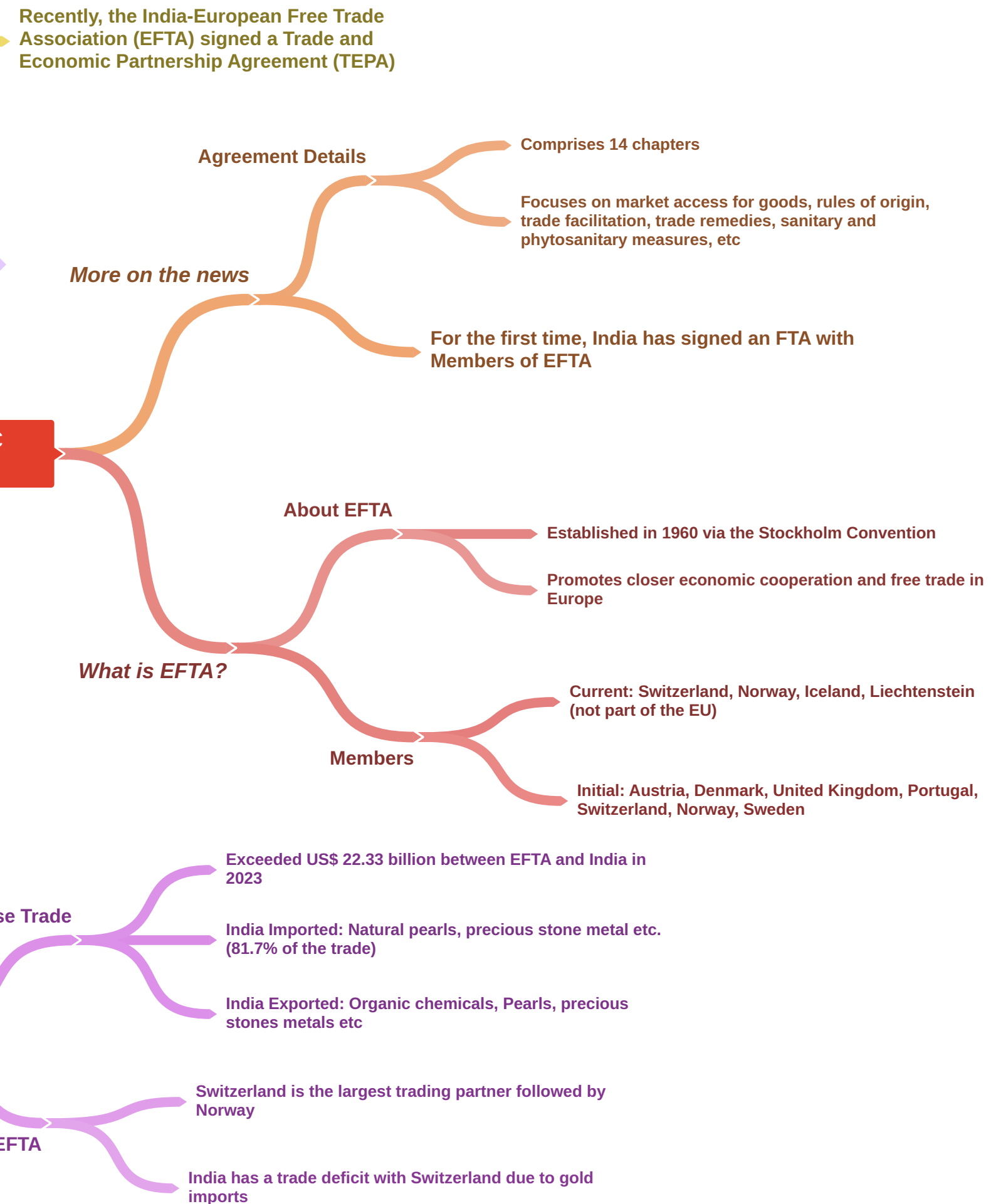




INDIA-EFTA TRADE AND ECONOMIC PARTNERSHIP AGREEMENT



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Why in News?

India recently signed a Trade and Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA), marking India's first Free Trade Agreement (FTA) with EFTA members.

Key Features of the Agreement

- 1. Scope and Coverage:** Comprises 14 chapters, focusing on market access for goods, rules of origin, trade facilitation, trade remedies, and sanitary measures.
- 2. Historic First:** India has signed its first FTA with Switzerland, Norway, Iceland, and Liechtenstein (members of EFTA).
- 3. Investment and Employment Goals:**
 - Target: USD 100 billion in FDI to India over 15 years.
 - Creation of 1 million direct jobs in India.
- 4. Professional Services Recognition:** Mutual Recognition Agreements for professional services like nursing, chartered accountancy, and architecture.
- 5. Tariff Reductions:**
 - EFTA to eliminate tariffs on 92.2% of tariff lines, covering 99.6% of India's exports.
 - 100% market access for non-agriculture goods and concessions for processed agricultural products.
- 6. Intellectual Property Rights (IPR):** Aligns with TRIPS standards, ensuring robust IPR protection.

India-EFTA Trade Relations

- Total Merchandise Trade (2023): Over USD 22.33 billion.
- Imports: India primarily imports natural pearls and precious metals.
- Exports: Organic chemicals and precious stones.
- Key Partner: Switzerland is the largest trading partner, though India faces a trade deficit due to gold imports.

Key Challenges

- 1. Data Exclusivity:** EFTA nations seek provisions preventing Indian generic drug manufacturers from using preclinical and clinical trial data, which India has rejected.
- 2. Sensitive Sectors Excluded:** India has excluded sensitive sectors like agriculture, dairy, and soya from tariff reductions, creating contention.
- 3. Asymmetric Tariff Benefits:** EFTA nations already have low tariffs, while India must make significant reductions, potentially widening the trade deficit.
- 4. FDI Commitments:** India can revoke tariff concessions only after 18 years if EFTA nations fail to meet FDI commitments.



Future Potential Areas for Cooperation

1. **MSME Integration:** Enable MSMEs to access global markets and be part of trade flows.
2. **Business Education:** Organize workshops to help businesses understand tariff benefits and market opportunities.
3. **Innovation and Sustainability:** Collaborate in clean technology, renewable energy, and sustainable trade practices.

Way Forward

1. **Address Trade Imbalances:** Revisit tariff schedules and balance trade dynamics to reduce deficits.
2. **Protect Domestic Sectors:** Maintain safeguards for agriculture and dairy while promoting competitive exports.
3. **Enhance Bilateral Cooperation:** Expand into areas like digital economy, AI, and green technology.
4. **Strengthen Implementation:** Monitor commitments and ensure adherence to agreed terms, especially FDI and job creation targets.

Conclusion

The TEPA between India and EFTA is a significant step toward deeper economic integration. While challenges like trade imbalances and sectoral sensitivities persist, a well-structured implementation plan and strategic collaboration can turn this agreement into a mutually beneficial partnership.

Do you know?

- The EFTA was established in 1960 through the Stockholm Convention, to promote closer economic cooperation and free trade in Europe.
- **Members:**
 - Presently, its members are Switzerland, Norway, Iceland, and Liechtenstein, which are not part of the European Union.
 - Austria, Denmark, United Kingdom, Portugal, Switzerland, Norway, and Sweden were initial members of EFTA.