

INDIA EFTA-TEPA AGREEMENT: INTERNATIONAL RELATION

NEWS: Switzerland greenlights India-EFTA mega trade pact; sets stage for October rollout

WHAT'S IN THE NEWS?

Switzerland has officially ratified the **Trade and Economic Partnership Agreement (TEPA)** signed between India and the **European Free Trade Association (EFTA)**, which includes Iceland, Liechtenstein, Norway, and Switzerland. The agreement promises USD 100 billion investment in India over 15 years and aims to boost trade, job creation, and technological innovation.

India–EFTA TEPA Agreement & Switzerland's Ratification

Background – Switzerland's Ratification of TEPA

- Switzerland has **officially ratified the Trade and Economic Partnership Agreement (TEPA)** between India and the **European Free Trade Association (EFTA)**.
- EFTA includes **Iceland, Liechtenstein, Norway, and Switzerland**—countries not part of the EU but strongly economically integrated with it.
- The ratification marks a **major milestone in India's bilateral economic diplomacy** and trade diversification strategy.

About EFTA (European Free Trade Association)

- **Founded:** 1960 as a counterbalance to the European Economic Community (now EU).
- **Members:**
 1. **Iceland**
 2. **Liechtenstein**
 3. **Norway**
 4. **Switzerland**
- **Purpose:** Promote free trade and economic integration among member countries and with third countries (like India).
- EFTA countries are **not part of the EU**, but are highly developed and have close economic cooperation with it.

Key Provisions of the India–EFTA TEPA

1. Reduction of Trade Barriers

- Aims to **streamline customs procedures**, reduce tariffs, and improve ease of doing business.
- Facilitates better integration of supply chains between India and EFTA countries.

2. Enhanced Market Access

- Grants **improved access for Swiss and EFTA exports** into the Indian market, especially in high-tech and pharmaceutical sectors.
- India benefits from **greater export opportunities and diversified trade partners**.

3. Investment Commitment by EFTA States

- **Total investment of USD 100 billion** promised by EFTA countries in India over the next 15 years.
- Sectors likely to benefit: **manufacturing, green energy, R&D, pharmaceuticals, and services**.
- The investment is linked to **implementation timelines and performance review mechanisms**.

Expected Impacts of the Agreement

1. Job Creation

- The TEPA is expected to **generate 10 lakh jobs** across India.
- Employment generation will be driven by **foreign investment, infrastructure development, and high-skill jobs** in innovation-intensive sectors.

2. Economic Growth

- The agreement is seen as a **“win-win” model**, ensuring benefits for both India and EFTA countries.
- Boosts India’s image as a **trusted global investment destination**.

3. Boost in Swiss Investments

- Switzerland is currently the **12th largest investor in India**.
- Swiss FDI in India has increased from **₹5,935 crore in 2000** to **₹1,07,736 crore in 2024**.

4. Swiss Corporate Footprint in India

- Over **330 Swiss companies** operate in India.
- Sectors: **engineering, precision instruments, chemicals, pharmaceuticals, financial services**.

Strategic Domains of Cooperation

1. Innovation and Research

- Launch of the **Swiss-Indian Innovation Platform** in Bengaluru (October 2023).

- Collaboration between:
 - Indian Institutes of Technology (IITs)
 - Swiss technical universities
 - Private sector entities
- Focus: **Joint R&D, innovation pipelines, commercialisation of tech, and academic exchanges.**

2. Global Challenges and Sustainability

- Both countries are working together on:
 - **Climate change mitigation**
 - **Disaster-risk reduction**
 - **Environmental sustainability and green technologies**

Institutional Mechanisms and Bilateral Relations

1. Long-standing Partnership

- India and Switzerland have maintained a formal partnership for **77 years** since the **Treaty of Friendship (1948)**.
- The treaty made Switzerland the **first country** to sign such an agreement with independent India.

2. Institutional Support for TEPA Implementation

- Launch of the **EFTA Desk** in February 2025 to coordinate investment facilitation and help EFTA businesses enter India.
- Coordination with:
 - **Indian central and state authorities**
 - **Business chambers**
 - **Trade bodies** to ensure smooth execution.

Source: <https://timesofindia.indiatimes.com/business/india-business/trade-pact-breakthrough-switzerland-ratifies-india-efta-agreement-100-billion-investment-and-10-lakh-jobs-likely/articleshow/122392046.cms>