

## 2. EU-India Relation – International Relations

The EU and India are deepening their strategic partnership through a new agenda, aiming to finalize a landmark Free Trade Agreement (FTA) by the end of 2025. This collaboration across trade, technology, and security is significant, despite challenges like differing geopolitical stances and specific negotiation demands.

### A New Strategic Vision for EU-India Relations

The European Union (EU) has adopted a New Strategic EU-India Agenda, a detailed roadmap designed to significantly elevate the bilateral relationship. This agenda focuses on deepening cooperation in critical areas like trade, technology, defence, and climate change. A central goal is to finalize a landmark Free Trade Agreement (FTA) by the end of 2025, positioning the partnership to navigate a shifting global geopolitical landscape. This strategic push is marked by a high level of political commitment. The vision was formalized in a joint communication by the European Commission and its High Representative, Kaja Kallas.

The first-ever visit of the EU College of Commissioners to India, attended by 22 of the 27 Commissioners, further underscored this commitment. During the visit, European Commission President Ursula von der Leyen emphasized that the partnership is "rooted in shared interests and guided by common values" like democracy and a rules-based order. Despite the strong alignment, some geopolitical issues remain points of contention. The EU has expressed concerns over India's continued purchase of Russian oil and its participation in Russian-led military exercises, flagging them as hurdles to a closer strategic relationship.

### Key Areas of Cooperation in the Strategic Agenda

The new agenda outlines a multi-faceted framework for collaboration across several key pillars –

1. **Trade and Investment** – The primary objective is to finalize the ongoing FTA negotiations. This deal is anticipated to be the largest of its kind globally, strengthening commercial ties and helping both economies diversify their supply chains away from single-country dependence.
2. **Technology and Digital Cooperation** – Engagement will be channeled through the EU-India Trade and Technology Council (TTC). Key proposals include an EU-India Startup Partnership and an invitation for India to join the Horizon Europe research programme. The goal is to align on digital governance and collaborate on cutting-edge technologies like AI, 6G, and semiconductors.
3. **Defence and Security** – A future EU-India Security and Defence Partnership is being explored. This aims to institutionalize collaboration on maritime security (especially in the Indo-Pacific), cyber defence, and counterterrorism. Negotiations are also underway for a Security of Information Agreement to facilitate the secure exchange of classified information.
4. **Connectivity and Mobility** – The agenda aims to strengthen infrastructure links through the India-Middle East-Europe Economic Corridor (IMEC) and Global Gateway projects. It also proposes initiatives to facilitate legal labour mobility for study, work, and research between India and the EU.
5. **Global and Regional Cooperation** – Both partners will enhance joint engagement in multilateral forums to uphold international law. This includes cooperation on geopolitical challenges such as Russia's war in Ukraine, hybrid threats, and ensuring stability in the Indo-Pacific.

### The India-EU Free Trade Agreement (FTA)

The FTA is the economic cornerstone of the EU-India strategic partnership. After years of stalled talks, a firm deadline now signals strong political will from both sides.

**Deadline and History** – A concrete deadline has been set to conclude negotiations by the end of 2025. Talks, which originally began in 2007 but were suspended in 2017, officially resumed in 2022.

**Scale and Scope** – The India-EU FTA is poised to be the largest trade deal of its kind globally. Alongside trade in goods, parallel negotiations are progressing on crucial agreements for investment protection and the recognition of geographical indications (GIs).

**Economic Significance** – The importance of the deal is highlighted by the massive bilateral trade volume, which reached \$137.41 billion in goods and \$51.45 billion in services in 2023-24.

Benefits of the Proposed EU-India FTA. The agreement is designed to be ambitious and mutually beneficial, unlocking significant economic potential.

Key Benefits for India

**Enhanced Market Access** – Indian goods, especially in the textiles and apparel sectors, will benefit from significant tariff reductions, making them more competitive in the EU market. Agricultural exports like tea and spices will also see fewer regulatory hurdles.

**Growth in Key Sectors** – India’s world-leading pharmaceuticals industry will gain easier regulatory approval, while the IT and professional services sectors will benefit from reduced trade restrictions and enhanced mobility for skilled professionals.

**Boost to Foreign Investment** – As one of India’s largest investors, the EU is expected to increase Foreign Direct Investment (FDI) in critical sectors like manufacturing, renewable energy, and infrastructure.

**Economic Growth** – Increased exports and investment are projected to generate millions of jobs and provide a significant boost to India’s GDP growth.

Key Benefits for the EU

**Access to India's Market** – The FTA will provide European industries, including automobiles, machinery, and luxury goods, greater access to India’s vast 1.4 billion consumer base by reducing high tariffs and other barriers.

**Diversification of Supply Chains** – The agreement will allow EU companies to reduce their over-reliance on China by sourcing from and investing in India, aligning with the "China +1" global business strategy.

**Stronger Investment Climate** – The parallel investment protection agreement will ensure a stable and transparent business environment for EU companies investing in India’s rapidly expanding digital and green economies.

**Strategic Collaboration** – European firms will gain better access to participate in India’s strategic sectors like defence, space, and cybersecurity through initiatives like “Make in India”.

Challenges in the FTA Negotiations

Finalizing the deal requires resolving several complex and long-standing issues where the demands of each side differ significantly.

Key Demands of the EU	Key Demands of India
<b>Significant Tax Cuts on Wines, Spirits &amp; Automobiles</b> – The EU is pushing for deep reductions in India's high import duties, a sensitive issue for India's domestic producers and state revenues.	<b>"Data Secure" Status for IT Sector</b> – India is advocating for data adequacy recognition, which would allow for the seamless flow of data and easier market access for its IT and IT-enabled services (ITES) companies.
<b>A Robust Intellectual Property (IP) Regime</b> – The EU seeks stronger IP protections, particularly for pharmaceuticals. India is cautious, seeking to protect its generic drug industry and ensure access to affordable medicines.	<b>Greater Access to EU's Services Market</b> – India wants simplified visa and work permit processes to improve mobility and market access for its skilled professionals in engineering, healthcare, and IT.

India’s Broader FTA Landscape

The EU FTA negotiation is a key part of India’s wider strategy to deepen its global economic integration. India has already signed numerous trade agreements, including –

Agreement Name	Key Features & Significance
<b>India-EFTA TEPA (2024)</b>	Agreement with Iceland, Liechtenstein, Norway & Switzerland. Focuses on enhancing trade and investment.
<b>India-Australia ECTA (2022)</b>	Promotes trade in key sectors like agriculture, minerals, and education.
<b>India-UAE CEPA (2022)</b>	A comprehensive agreement that has significantly boosted bilateral trade.
<b>India-Mauritius CECPA</b>	India’s first comprehensive trade agreement with an African nation.

Agreement Name	Key Features & Significance
<b>(2021)</b>	
<b>India-South Korea CEPA (2011)</b>	Reduces tariffs and promotes trade in goods and services.
<b>India-Japan CEPA (2011)</b>	Eliminates tariffs on a vast majority of goods traded between the two countries.
<b>India-ASEAN FTA (2010/2014)</b>	A cornerstone of India's "Act East" policy, covering goods and services.
<b>SAFTA (2006)</b>	Implemented among SAARC nations to reduce tariffs within the South Asian region.
<b>India-Sri Lanka FTA (2000)</b>	India's first modern Free Trade Agreement.

### The Way Forward

To meet the 2025 deadline, both India and the EU must demonstrate flexibility and a commitment to finding a middle ground on contentious issues. Leveraging institutional mechanisms like the India-EU Trade and Technology Council (TTC) will be crucial for resolving complex challenges.

In conclusion, the push to finalize the India-EU FTA is a pivotal moment in the bilateral relationship. A successful agreement would not only create immense economic opportunities but also solidify a strategic partnership between two of the world's largest democracies, setting a new global benchmark for trade rooted in shared values.

**Source -** <https://indianexpress.com/article/business/trade-tech-defence-eu-rolls-out-new-strategic-roadmap-for-india-10256424/>

