

EU open to resolving tech trade dispute with India at WTO

SHREYA NANDI

New Delhi, 4 May

The European Union (EU) is ready to re-engage in negotiations with India over the ongoing dispute at the World Trade Organization (WTO) regarding import tariffs imposed by New Delhi on technology products.

A senior EU official told *Business Standard* that the trade bloc is ready to renew talks, provided that India is open to an “amicable settlement” of the dispute. “The EU remains ready to re-engage in negotiations, should India be open to an amicable

settlement of the dispute,” the official said in response to a query.

The longstanding dispute centres on India’s imposition of tariffs on information and communication technology (ICT) goods — gradually introduced since 2014 — on items such as mobile phones, components, and telephone handsets, among others. According to the trade bloc, the tariffs violate WTO norms, which require zero duty on these goods.

While the trade bloc initiated the dispute settlement process six years ago, in April 2023, the WTO’s second-highest adjudicating authority — the Dispute Settlement

Body — ruled in favour of the EU, observing that India had violated global trading norms. It also asked New Delhi to eliminate tariffs on technology products.

However, India immediately appealed against the judgment to the WTO Appellate Body — the highest judicial authority, which is dysfunctional. As a result, resolution was stalled as it was considered an “appeal into the void”. Since then, both sides have been engaging bilaterally to sort out the issue, even though each is prepared for retaliatory action, if required. However, they have not been able to arrive at a



ILLUSTRATION: AJAYA MOHANTY

specific outcome.

The EU official further said that in November, the trade bloc had launched a public consultation under its domestic law — the Enforcement Regulation — in

relation to India’s tariffs on ICT goods that are “incompatible with WTO rules”. The inputs from the consultation will be used when the bloc considers policy measures in response to the tariffs levied by

India, in case there isn’t any “mutually satisfactory solution”.

“This is a first procedural step under the Enforcement Regulation that will allow the EU to gather the necessary information and data on the effect of the Indian tariffs on EU interests and possible countermeasures,” the official said, cautioning that the launch of the consultation does not prejudice any decision it may take in the future in this case.

The Enforcement Regulation allows the trade bloc to retaliate by imposing Customs duties or other restrictions if any country proceeds with an “appeal into the void” due

to the absence of a functioning WTO Appellate Body. An Indian government official said that the issue is being discussed bilaterally.

India has made its stand clear that it is well within its rights to impose tariffs and that these ICT products are not ITA-1 or Information Technology Agreement products.

The EU had approached India to resolve the matter through the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), but New Delhi is against MPIA as a mechanism and is in favour of restoring the WTO Appellate Body.

MPIA is an alternative system for resolving WTO disputes that are appealed by a member nation in the absence of a functioning WTO Appellate Body. It comprises more than 50 WTO member nations.