

EFTA trade deal to include investment commitment

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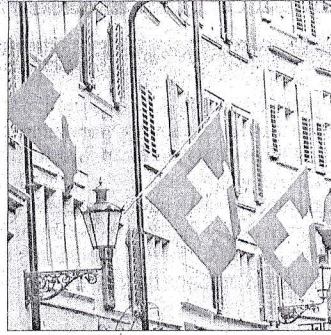
AS THE NEGOTIATIONS on a free trade agreement (FTA) with the four-nation European Free Trade Association (EFTA) nears conclusion, in return for market access, India has also sought a commitment of \$100 billion investment from the bloc in 15 years, sources said.

The EFTA, which includes Switzerland, Norway, Iceland and Liechtenstein, will be encouraging \$50 billion of investments by their companies in India in the first 10 years of the FTA coming into force. The remaining \$50 billion will come in the next five years, sources said.

The investment offer brings some gains on the table from the FTA, which is formally called EFTA-India Trade and Economic Partnership Agreement, for India. Already the tariffs in the four countries of the grouping are very low.

India's largest trading partner in EFTA, Switzerland, has brought down import tariffs on all industrial goods to zero from January 1 this year, so it has nothing more to offer in the trade deal in manufactured goods.

The tariff removal by Switzerland does not extend to agricultural



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products and fisheries but getting access to this market is difficult even if tariff concessions are managed in the FTA.

Exporting agricultural produce to Switzerland remains challenging due to the complex web of tariffs, quality standards and approval requirements. India's average industrial tariffs are around 18% and any cuts from those highs in the FTA would give EFTA an edge against the competition.