

India, EU to step up trade talks amid US tariff shocks

SHREYA NANDI

New Delhi, 4 April

India and the European Union (EU) intend to step up discussions on bilateral trade amid Washington's decision to impose 26 per cent and 20 per cent reciprocal tariffs on New Delhi and the trade bloc, respectively.

Commerce and Industry Minister Piyush Goyal and Commissioner of the European Commission for Trade and Economic Security, Maroš Šefčovič, are expected to hold talks over the next few days. "Both ministers are likely to talk over phone over the coming days or at the earliest opportunity," a person aware of the matter told *Business Standard*.

The US decision to impose reciprocal tariffs on its key trade partners has stoked a global trade war. While China has announced 34 per cent additional tariffs on US goods, the EU has planned countermeasures against these new tariffs. These geopolitical uncertainties are forcing European nations to scout for new markets, including India, considering it is one of the fastest-growing large economies. India is also focusing on forging bilateral deals with some of its large trade partners, amid the growing importance of bilateralism in trade.

In February, Prime Minister Narendra Modi and

European Commission President Ursula von der Leyen set an ambitious deadline to sign the long-pending free trade agreement (FTA) by the end of 2025. Finalising a trade deal is expected to give fresh impetus to the relationship between India and the EU, amid fast-changing geopolitical scenarios. The timing of these FTA talks will be crucial since India and the US are also in discussion to finalise the first phase of a trade agreement by the fall of 2025.

India and the EU are also expected to intensify their efforts to progress the FTA negotiations. The 11th round of negotiations will take place during the week of May 5 in Delhi. The 10th round of negotiations took place in March in Brussels.

The India-EU Broad-based Trade and Investment Agreement (BTIA) was first mooted 18 years ago. However, after 15 rounds of discussions, negotiations were stalled in 2013 as both sides were not able to bridge the differences. Thereafter, talks were relaunched once again in June 2022, but fundamental differences remained. An assessment remained pending at a 'political' level after the previous round of negotiation in September.

At \$75.9 billion, the EU accounted for 17.4 per cent of India's overall goods exports during FY24, while imports stood at \$61.5 billion, with a 9 per cent share. The trade bloc is India's second-largest trading partner in terms of goods.



Timing of these FTA talks will be crucial since India and the US are planning to finalise the first phase of a trade deal by fall of 2025