

India-EU FTA may come into force in 2027 after ratification process: EU Ambassador to India

SWIFT ROLLOUT. BMW makes a case for fast implementation to avoid postponement of purchases by customers

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The EU is hopeful that the ratification process in EU Parliament for the India-EU Free Trade Agreement (FTA) would go smoothly given the broad-based political support for it and the pact would enter into force in 2027, EU Ambassador to India Herve Delphin said.

However, the bloc is disappointed with the exclusion of investments from the deal and wants the matter to be "re-visited" after two years of implementation through a review process, he added.

"Currently, legal teams are going through the negotiated text to give it a legal scrubbing. After scrubbing, the EU has its own ratification process that should go smoothly considering broad-based political support FTA enjoys in Brussels," the Ambassador said at an event organised by the Federation of European Business in India

(FEBI) on decoding India-EU FTA, which will lead to steep duty cuts in both markets.

"So what we are looking at is the FTA entering into force in 2027," he added.

TRADE PACT

Earlier, there were expectations from both sides that the trade pact would be implemented by the end of 2026 and now suggestions of a later timeline has led to concerns among industry players.

The India-EU FTA should be implemented faster to avoid postponement of purchases by consumers in India who would await lowering of import duties, pointed out BMW Group India President and CEO Hardeep Singh Brar.

"We will request the faster entry into force of the FTA because there is a question that we are answering -- when is this going to happen? The delay in implementation will potentially lead to cus-

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tomers postponing purchases, which is not good because everybody is anticipating a lowering of prices," Brar told reporters on the sidelines of the event.

Earlier, while speaking at the event, Brar urged customers not to postpone their purchases if they were in a hurry as actual implementation of the pact could take time.

Delphin said the two sides need to also look at unfinished business as the pact does not cover all relevant areas, and investment was the main case in point.

European companies not yet present in India want to come and are ready also to invest more, but need favourable conditions, he added.

INVESTMENT PROTECTION

"Hopefully, the EU and India should revisit this area (of investments) two years down the road after the entry into force of the FTA, as envisaged in the review clause, to see whether we can find common ground and address this missing element of the investment liberalisation chapter," he said.

The Ambassador also made a case for speedy conclusion of the ongoing negotiation on investment protection agreement (IPA), which should give investors a solid legal framework and an additional incentive to expand their footprint in India.

"And to complete the picture, we should also swiftly conclude negotiations on the third agreement launched in parallel with the FTA and IPA, which is the agreement on geographical indications. And be sure that it will give also a boost to trade by ensuring proper protection of Indian and the EU's iconic products, whether Darjeeling cheese or Roquefort cheese," he said.

India's chief negotiator for the FTA Darpan Jain acknowledged that the two sides were working on inclusion of investments. "That is something which we plan to work on in future," Jain said.

The bilateral trade in goods and services currently stands at over \$190 billion.