India-EU trade pact may be rolled out by Apr-Jun 2027

KRITY AMBEY
New Delhi, 8 July

India's free trade agreement (FTA) with the European Union (EU) is likely to be rolled out by April-June of 2027, according to the Deputy Director General at European Commission's Directorate General of Trade & Economic Security, Christophe Kiener, who was also the chief negotiator of the trade deal.

"I would expect that, if all goes well, the agreement could enter into force somewhere around the second quarter of next year, or by the beginning of summer at the latest," Kiener said on Wednesday at the Peterson Institute for International Economics' latest edition of Trade Winds on the subject "EU-India free trade agreement: The mother of all deals?"

Leaders and officials from the two regions have expressed confidence at multiple instances that the agreement will be signed by December. Kiener also reiterated that the deal would be signed by the end of this year.

However, the implementation timeline given by Kiener is slightly later than the one given by Commerce and Industry Minister Piyush Goyal, who has said the deal will be rolled out by March next year.

"We are also scheduling informal sessions in the fall to explain the trade deal to members of the European Parliament, so they are seized of the deal as it is signed," Kiener said. This can help expedite the ratification process of the agreement, he added.

The European Parliament must pass the trade deal to ratify it, while in India the process is relatively simpler, requiring only the Union Cabinet's nod followed by the President's approval.

Minister Goyal, External Affairs Minister S Jaishankar, and Electronics and Information Technology Minister Ashwini Vaishnaw will travel to Brussels next week for the India-EU Trade and Technology Council (TTC) dialogue, which is expected to complement the trade agreement and help facilitate its implementation. Following the conclusion of the trade deal in January, both sides have been engaged in legal scrubbing of the text of the agreed deal, and are expected to finish it by the end of this month, Kiener said.

Under the trade deal, often described by the two sides as "the mother of all deals", India has offered tariff concession on 86 per cent tariff lines. The EU has also offered liberalisation on 97 per cent tariff lines.

"Our estimates are that EU exporters will be saving about 4 billion euro in terms of duties that they were paying," Kiener said. "India has traditionally been a high-tariff economy," Kiener said. But the FTA is set to drop tariffs to zero in several sectors, like the duty on machinery and electrical equipment will go down to zero from up to 44 per cent, Kiener added.

Tariffs will fall to zero from up to 11 per cent and 22 per cent on aircraft and chemicals, respectively. "The tariff rate quota on motor vehicles will bring rates to 10 per cent at the end of transition period from up to 110 per cent," he said.