

EU relents on raw material supply clause

Bloc earlier wanted India to commit to uninterrupted supply

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India has prevailed upon the European Union (EU) to set aside negotiations on the chapter on “energy and raw material” under the proposed free-trade agreement (FTA) being discussed by the two sides. The EU had unilaterally included the chapter, which would have required India to commit to an uninterrupted supply of raw materials — such as petroleum products, chemicals, cotton, iron and steel, copper, and other critical metals — without imposing export restrictions.

“It had been agreed ahead of the round that discussions would be put aside for the time being (on the energy and raw material chapter),” said the European Commission in a statement, days after the 11th round of FTA negotiations in New Delhi between May 12 and 16.

Major geopolitical events like the Covid-19 pandemic and the Russia-Ukraine war have heightened global interest in securing energy and raw material supplies. China’s recent export restrictions on rare earth magnets have further underlined the need to build resilient and diversified supply chains.

The EU is almost entirely reliant on third countries for most raw materials. To reduce supply risk, the bloc has set a target that by 2030 no more than 65 per cent of any critical raw material should come from a single third country.

Ajay Srivastava, founder of the Global Trade Research Initiative, criticised the EU’s trade posture as inconsistent. It



Progress report

EU’s update on certain key issues after 11th round of talks:

IPR: Both sides exchanged compromise proposals and concluded negotiations

Market access: Positions were signalled for industrial goods; agri-food talks remain ongoing

Services text: Detailed text-based discussions held on investment liberalisation beyond services

Digital trade: “Substantive progress” made on digital trade facilitation

wants no restrictions from developing countries, while reserving the right to apply every possible restriction itself, such as border tax on carbon-intensive goods, strict technology-transfer controls, and deforestation regulations, he said.

“This double standard exposes a deeply selective approach — one that seeks open access to others’ resources while closing its own doors to value-added exports and industrial growth. India cannot accept such asymmetry. A truly fair FTA must reflect mutual obligations, not a one-way flow of raw materials,” he added.

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‘Really very near’ to concluding FTA talks with EU: Goyal

On February 28, EU Commission President Ursula von der Leyen and Prime Minister Narendra Modi jointly announced that both sides aimed to conclude the FTA by the end of 2025.

Union Commerce and Industry Minister Piyush Goyal on Tuesday said India and the 27-nation bloc are "really very near" to concluding FTA talks, with only a few issues left to be resolved. "I think we are very close to finalising a very good, robust free trade agreement with the EU faster than most people would imagine," Goyal told reporters in Bern. The EU in its statement noted that discussions on several chapters, including those on transparency, good regulatory practices, Customs and trade facilitation, intellectual property rights (IPR), and mutual administrative assistance, were closed during the 11th round of FTA talks.

On IPR, the bloc said:

"Negotiators exchanged compromise proposals on various aspects and concluded the negotiations of this chapter. The detailed discussions focused on the general provisions, copyright, protection of undisclosed information, enforcement of IPR, including border measures, and cooperation."

Both sides also agreed on the next steps for exchanging market access offers. "On market access, both sides signalled their positions for industrial products, while for the agri-food sector, discussions continue with the aim to enhance the level of clarity about both sides' positions," the EU said.

About services text, the EU reported "substantial progress" in text-based discussions on investment liberalisation in non-services areas. "The main areas that were discussed concerned the scope and definitions of the chapter."