

India-EU FTA: New Delhi Not Keen on Sops for Combustion Engine Cars

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Mumbai: The Indian government is not keen on reducing duties on the import of internal combustion engine (ICE) cars running on fossil fuels from the European Union (EU) even as New Delhi and Brussels continue to engage for a free trade agreement (FTA), said a person directly aware of the matter. India may, however, consider duty concessions for cars driven by cleaner technologies like electric vehicles, said the person cited above.

Notably the EU has put a ban on the sale and registration of internal combustion engine vehicles beyond 2035 except in the cases when they run on carbon-neutral fuels. The automobile industry is a key consideration in India's ongoing FTA talks with the EU, which began last year. The two parties will hold a fifth round of discussions next week in New Delhi.



The two sides had earlier started negotiations for a trade pact in 2007 but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles. India charges 70% or 100% customs duty on the import of fully assembled cars depending on engine size and price, which is among the highest in the world.