

REVOCATION OF MFN STATUS

'Swiss move won't hit \$100 bn EFTA commitment'

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Switzerland suspending the unilateral application of the most favoured nation (MFN) clause with India under the Double Tax Avoidance Agreement (DTAA) should not impact the \$100 billion investment commitment under the recently signed trade deal between India and European Free Trade Association (EFTA) nations.

India and the four-member EFTA countries — Iceland, Switzerland, Norway, and Liechtenstein — signed an FTA in March, which may be instrumental in India receiving \$100 billion as foreign direct investment (FDI) in 15 years, creating 1 million jobs.

"As far as the DTAA is concerned, it is in the domain of the department of revenue. From an EFTA perspective, it will not have any impact on the commitment of \$100 billion," Commerce Secretary Sunil Barthwal said on Monday. Under the DTAA, Switzerland had reduced the withholding tax on Indian entities operating in that country to 5 per cent from 10 per cent earlier.

According to Delhi-based think tank GTRI (Global Trade Research Initiative), Switzerland's decision highlights broader issues in India's approach to MFN clauses in bilateral treaties. "The Indian Supreme Court's judgment sets a precedent that could influence how India handles similar clauses in agreements with other trading partners. If disputes over MFN interpretations persist, Indian businesses could face similar challenges in other jurisdictions, potentially deterring outbound investments," GTRI said in a report.

Steel safeguard duty

Barthwal said that the Directorate General of Trade Remedies (DGTR) has started a probe into a jump in steel imports and it will also consult the downstream industries, including



Commerce Secretary Sunil Barthwal said the DGTR had started a probe into a jump in steel imports

India-UK FTA talks to restart in January

Commerce secretary Sunil Barthwal on Monday said India and the United Kingdom would relaunch free trade agreement (FTA) negotiations next month in London, following months of pause due to general election in both countries. "The UK has said that they want negotiations to start in January. A request has come for our delegation to go over there. We are working out the dates," he said.

MSMEs (micro, small and medium enterprises), before making its recommendations.

"The DGTR is doing it and in the investigation, they will look at the whole value chain. So, we are looking at not only the HR (hot-rolled) and CR (cold-rolled) coil (steel products), which is coming to India, but also at the requirement of downstream industry — whether there is a production imbalance or whether it is an injury because of excess capacity in steel," Barthwal told reporters. A final call on imposing duty can be taken by the finance ministry on the recommendations of the Ministry of Commerce.