

ICT TARIFF VERDICT

EU: €600-mn tech exports to India hit

ASIT RANJAN MISHRA

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The European Union (EU) has claimed that up to €600 million of its technology exports to India were adversely impacted annually due to India's imposition of tariffs on information and communications technology (ICT) products.

"The volume of EU exports of such technology affected by India's violations is up to €600 million annually. While this is already significant, the real impact on European companies, which also export from other countries to India, is considerably higher," it added.

Major European technology companies include Ericsson, Siemens, Nokia, and Infineon Technologies, among others.

On Monday, the dispute settlement body of the World Trade Organization (WTO) ruled that India's imposition of tariffs on mobile phones and electronic components violates its commitment under the Information Technology Agreement under the multilateral trade body. However, the verdict is unlikely to have any immediate impact as India is likely to appeal against the judgment at the appellate body of the WTO, which remains dysfunctional due to lack of members.

Valdis Dombrovskis, executive vice-president and Commissioner for Trade, in a statement, said: "I welcome the WTO panel's verdict and hope

India will act swiftly to remove all illegal tariffs. India is an important trading partner of the EU, although our trade and investment flows are still below their potential. Strict respect by India for its WTO commitments will send a clear and positive signal to European businesses that India provides an open, predictable, and attractive business environment. This is even more relevant at a time when we are negotiating an ambitious trade deal with India," he added.

On May 8, 2021, the EU and Indian leaders agreed to resume negotiations for a "balanced, ambitious, comprehensive, and mutually beneficial" trade agreement, and to launch separate negotiations on an investment protection agreement and an agreement on geographical indications. Leaders also agreed to link trade negotiations to finding "solutions to long-standing market-access issues".

The fifth round of negotiations between the EU and India for a free trade agreement (FTA) will be held in New Delhi from June 19-23. Both sides accelerated work on negotiating texts for an FTA and initiated discussions on the modalities of the exchanges of offers during the fourth round of negotiations that concluded last month in Brussels.

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