

EU seeks lower tariff on cars, wines from India; not for tit-for-tat levies

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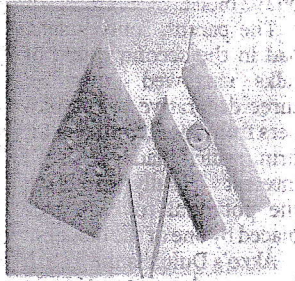
Striking a more accommodative note than US President Donald Trump on India's high tariffs, the EU has said that it did not consider reciprocity as 'one for one' and there can be asymmetry to account for developmental challenges, especially in agriculture.

But the bloc wants India to lower its "very high tariffs" on key items such as cars, wines and spirits in the India-EU free trade agreement being negotiated to gain a balance where both sides have positive outcomes, a senior EU official said, outlining the agenda for EU President Ursula von der Leyen's India visit later this week.

INDIA VISIT

Von der Leyen will be in India with her team of Commissioners on February 27-28 to meet Prime Minister Narendra Modi and representatives from key Ministries for strengthening strategic partnerships at a time when Trump has been threatening trade partners, including the EU and India, with reciprocal tariffs.

The agenda will include advancing trade, economic security and resilient supply



chains, along with a common tech programme and reinforced security and defence cooperation.

"We note that India is a large emerging economy with developmental challenges. It has a lot of small-scale, livelihood agriculture. So that is obviously an element that we will always reflect in our agreement. So for us reciprocity... it doesn't mean that it's a sort of 'one for one'. There can be a degree of asymmetry, but the key point is that there needs to be a balance," the official said.

Acknowledging India's sensitivities, the EU remains aggressive in its areas of interest. "There needs to be a balance and a 'win-win'. And that is what we are pursuing in our FTA negotiations. India's tariffs on products like cars, wines and spirits are very high. The EU tends to reduce those tariffs to zero in its bilateral negotiations," the official said.

India applies a basic Customs duty of 70-100 per cent on cars while on most wines and spirits, it is 150 per cent.

On the Ukraine war and sanctions against Russia, the official said the EU had no intention of relaxing them even if the US seemed to be changing its tune. Part of the EU chief's discussion with Modi would be on the effectiveness and the enforcement of the sanctions.

"That (sanctions against Russia), too, is on the agenda from our side, and we will be raising that with the Indian side," the official said.

GROWING STRONGER

Referring to Trump's tariff onslaught and the need to "de-risk" from China, the EU official said the global context, in general, was conducive to India and the EU coming together on various issues, including on trade.

"The case for an FTA has never been stronger. This is an opportunity to come together, to diversify and to join forces on the growth agenda," the official said.

The EU is India's largest regional trading partner, accounting for €124 billion worth of trade in goods in 2023 or 12.2 per cent of total Indian trade, topping the US (10.8 per cent) and China (10.5 per cent), per EU figures.