

Only native EU carmakers may get import tariff relief

Move to block non-Europe firms from using lower duty to dump cars in India

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New Delhi, 28 January

India has reserved the right to restrict the gains from lower import tariffs and quotas for European automobiles, offered under its free trade agreement (FTA) with the European Union (EU) finalised on Tuesday, for eight EU native automakers.

This is aimed at ensuring that non-native automakers from other countries will not exploit the concessional tariffs to dump four wheelers into India through the EU. "We have kept the right to deny these benefits to non-traditional automobile manufacturers of the EU," a government official said on Wednesday.

As per the pact, India has granted an annual import quota of 1.6 lakh units of internal combustion engine (ICE) cars and 90,000 electric vehicles (EVs) over a 10-year period. In the first year of the FTA im-

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Auto cos eye India to dull China edge

The India-EU FTA is primed to put India on Europe's auto map, challenging Chinese dominance. Several OEMs are expected to leverage India's cost advantage to accelerate the country's drive into the European car market.

plementation, the tariff for ICE cars will be reduced from the current 110 per cent to 30-35 per cent, and further reduced to 10 per cent in five years. EV imports from EU will only be allowed after five years.

The import duty reduction offered to EU will only apply for cars priced above 15,000 euros (₹16.5 lakh) — which will roughly translate into ₹25-26 lakh after taxes for Indian consumers. The government has estimated that as much as 90 per cent of India's domestic automobile market is made up by vehicles costing up to ₹15 lakh. Turn to Page 9 ►

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Creating employment

“THIS FTA (WITH THE EU) FOR YOU (YOUTH) IS ‘FREEDOM TO ASPIRE’”

Narendra Modi, Prime Minister

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Market autobahn

Tariff and quota for ICE-fitted cars in year one

| Tariff (%) | Price range (€) | Quota (units) |
|------------|-----------------|---------------|
| 35 | 15,000-35,000 | 34,000 |
| 30 | 35,000-50,000 | 33,000 |
| 30 | Above 50,000 | 33,000 |

Total access in year 1: 100,000

Tariff will be brought down to 10% in 5 years

Quota will be increased to 160,000 in 10 years

Source: Government officials

Tariff and quota for electric cars in year six*

| Tariff (%) | Price range (€) |
|------------|-----------------|
| 35 | 20,000-40,000 |
| 30 | 40,000-60,000 |
| 30 | Above 60,000 |

Total access in year 6: 20,000 EVs

Tariff will be brought down to 10% in 5 years

Quota will be increased to 90,000 by the 14th year of the FTA

*EV sector remains protected for the first 5 years of the deal

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CBAM rules strain India's steel-exporting MSMEs

India's small steel exporters are reporting the first wave of shipment seizures at European ports due to missing compliance reports since the EU's CBAM entered its payment phase on January 1.

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Commerce Ministry officials said India has agreed to a 'calibrated, phased and development oriented quota-based liberalisation' strategy for the 'sensitive' automobile sector.

The European bloc's focus in trade talks had largely been on higher-end automobiles, as they do not manufacture cars priced below 15,000 euros. On the other hand, India produces more affordable and smaller cars, a segment the Centre has

sought to protect, even as it has bought more time for Indian EV makers, seen as sunrise sector, to scale up.

For every car import quota allowed from the EU, India will receive 2.5 times the access for its exports. The quota for completely knocked down (CKD) imported vehicles will be 75,000 ICE-fitted vehicles, at a reduced duty of 8.25 per cent compared to the present levy of 16.5 per cent.