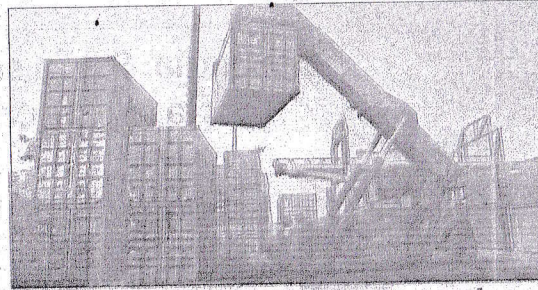


# \$100-bn trade deal shifts Swiss focus to India

REUTERS  
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**INVESTMENTS IN INDIA** by Swiss companies such as engineering group ABB and transport firm Kuehne+Nagel are on the rise, with a \$100-billion regional trade deal expected to further open it up to businesses long geared towards China. India's appeal has already reflected a broader shift among businesses in Europe eager to balance the costs of a US-China trade spat and recognition that the Chinese economy is, by comparison to India, losing steam.

But the trade and economic partnership (TEPA) signed in March with the European Free Trade Association, whose



India expects the agreement to boost its exports of pharmaceuticals, clothing and machinery

biggest member is Switzerland, is likely, when ratified, to provide an extra incentive to Swiss investment as it will slash tariffs on exports from chocolates to watches and machinery. Under

the deal, EFTA, whose other members are Norway, Iceland and Liechtenstein, will invest \$100 billion in India and will benefit from easier and cheaper access to the Indian market of

1.4 billion people. India expects the agreement to boost its exports of pharmaceuticals, clothing and machinery.

"India is now really booming," said Morten Wierod, CEO of ABB, an electrical and industrial automation supplier expanding its Indian footprint after its orders there increased by an average of 27% per annum in the last three years.

To meet demand, ABB has been building factories, offices and showrooms in India, with eight projects completed since 2023, increasing its workforce from 6,000 to 10,000 since 2020.

Now ABB's number 5 market, India is on track to become its third biggest after the US and

China in a few years, Wierod said.

"Our investments in India are supporting that growth, both with more local manufacturing, but with much more R&D so that you can make designs in India, for India," he said. Although India is gaining importance, ABB is still committed to China, Wierod said, a view shared by other companies *Reuters* spoke to.

No companies *Reuters* spoke to said they were investing in India specifically because of TEPA, which has yet to come into force, but the Swiss government and business advocates expect the deal will boost trade and investments. The pact still requires parliamentary approval, and is expected to

become effective in either late 2025 or early 2026.

Rapid growth in India has fuelled Swiss interest. The IMF expects the Indian economy to grow 7% this year and 6.5% in 2025, outpacing forecasts of 4.8% and 4.5% for China. China has long attracted more Swiss direct investment, but in 2021-2022 India took the lead, according to data from the Swiss National Bank.

TEPA will reduce tariffs on 94.7% of exports to zero from an average of 22% now, giving Swiss companies an edge over counterparts in the EU and Britain, which are still negotiating agreements with India, business minister Guy Parmelin said.