Peterson Institute for International Economics

EU-India free trade agreement: The mother of all deals?

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[00:00:49.09] - Cecilia Malmström

Good morning, good afternoon, good evening. Welcome to this episode of Trade Winds, where we're going to talk about the newly concluded trade agreement between the between the European Union and India. My name is Cecilia Malmström. I'm a non-resident senior fellow at the Peterson Institute of International Economics. Thank you for joining us today. Talks on a trade agreement between the EU and India were launched already in 2007, but then they were paused in 2013 when the parties were too far away from each other. The discussions and the negotiation resumed again in 2022. And then in January this year, at a summit in New Delhi, Prime Minister Modi and EU Commission President Ursula von der Leyen announced the conclusion of the negotiations. This is potentially the biggest trade agreement ever, the mother of all deals, as it has been named, including almost 2 billion people representing 25% of the global economy. It's a traditional free trade agreement. It covers goods, services, investment, digital trade, supply chain diversification, IP, intellectual property, etc. And it is, of course, opening up markets in both countries, but it sends a powerful geopolitical message to a world where trade tensions and tariffs have increasingly become the norm.

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Two of the world's biggest economies hereby declare that they want to trade with each other in an old-fashioned way through a detailed, rule-based and transparent agreement. Actually, EU and India do not trade a lot at the moment, so there is huge untapped potential in this agreement, and we will explore a little bit what and where. But what is actually in the deal? What will be the immediate effects on a short-term basis, on a long-term basis? And why did it take so long to negotiate? To answer these questions, I have two very qualified speakers. They were actually in the room where it happened, the two chief negotiators, Dharpan Jain, who is India Chief Negotiator from India's Department of Commerce in New Delhi, and Christophe Kiener, who is EU Chief Negotiator, the Deputy Director General at the Director General of Trade and Economic Security at the EU Commission in Brussels. You are both very welcome. Thank you so much for joining. So let's go right into it. Dharpan, what kind of agreement is this? Is this the most advanced that India has done?

[00:03:21.26] - Darpan Jain

So, uh, thank you for having me, Cecilia. Uh, it's my pleasure to be on this particular program. As you very beautifully described, it is a comprehensive trade agreement. It has many of the conventional areas, and, uh, for India, it is one of the most ambitious agreement. And when I say that, uh, it is reflected in the kind of liberalization which India has committed in this agreement. Whether we take goods, in which India has liberalized almost entire basket of goods which it can, which it will import from EU. Similarly, in services, the entire landscape of services has been committed. So in the sense of goods and services, which are basically the I would say the universe of trade. It covers substantially all trade and the most liberalized commitments which India has made till now in any of the FTAs. So in that sense, I would say it is a very, very ambitious agreement. Also, not only on market access but also on the rules, India has committed, made commitments in many areas in rules For example, in sustainable development, for example, in non-tariff measures, for example, in digital trade. So many areas India has actually taken obligations for a rule-based trading system, which is the most ambitious.

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So I think that is what makes this deal really comprehensive and ambitious.

[00:05:01.25] - Cecilia Malmström

Thank you. And Christophe, from the European Union side, is this the classical template that the EU uses when it does free trade Agreements.

[00:05:12.04] - Christophe Kiener

Good afternoon, good morning, Cecilia, and good evening, Darpan. It's a pleasure to see you again. Cecilia, we used to interact some years ago. I'm not going to venture into that, but I had the pleasure to interact again with Darpan earlier today. So it's really very nice to be here and to talk about what indeed is quite an achievement in my view. I mean, I have been a trade practitioner for quite some time now, and I was there when we launched the negotiations back in 2007. At the time, the idea of an FTA between the EU and India looked like the Everest of all negotiations, but little had I known that I would end up together with Darpan as a good team climbing that mountain up to its top. So very, very nice to be here. For the EU, this is a very, very significant deal from the trade policy side of things. Of course, Darpan has already mentioned that. Let me simply add that it's, it's a very important part of a broader partnership that is being developed between the European Union and India in a world that is becoming less and less predictable. The FTA is a significant part of the puzzle of our bilateral relations.

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We have a partnership on security and defense. We have an MOU on mobility. We also had the pleasure to discuss this morning with India about next week's ministerial meeting of the Trade and Technology Council. So a whole range of elements that now are at the core of EU-India relations in the wider sense, but certainly the trade pillar, perhaps because I work for DG Trade, is the jewel on the crown. It's a comprehensive agreement. So yes, it is like other FTAs that the European Union has concluded, but it is also a balanced and somehow an agreement, a balanced agreement that shows that the European Union, for once perhaps people may, may say, has been able to deviate a little bit from its usual template. The European Union is often criticized for not always being the most flexible trading partner and trading interlocutor. India being so big and presenting us with such a geopolitical challenge, we have been able, I hope, to adjust to the unique situation that India is in. So there are elements in this agreement that differ. From the agreement that, for instance, the European Union concluded a couple of months later with, with Australia, which would, if you want, represent the more classical EUFTA.

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But these nuances should in no way diminish the feat that we have jointly achieved because, you know, I'll keep it simple for, for now. We will go into more detail, I'm sure, in a second. This is an agreement that is commercially very, very meaningful. Just one figure to start with. You know, our estimates are that EU exporters will be saving at the end of the day about €4 billion in terms of duties that they were paying into tariffs. And so this is going to be of tremendous importance for, for the European Union's diversification agenda and for our, and I hope also India's, long-term economic competitiveness.

[00:09:09.16] - Cecilia Malmström

Well, lowering tariffs, that's going against the flow in these days. So that's good to hear. So it's mainly, it's the template, but it's a little bit deviated. I know that on sustainable development and on environment and on greening of the economy, there's a special section and we'll come to that. But there's also, there are some carve-outs in the agriculture sector, right? Is that what, what differs a little bit, Arpan, from, from what, what was in it in the first, when you first met in 2007?

[00:09:49.02] - Darpan Jain

So I would say on the agriculture side, we both have been very mindful of each other's sensitivities. So there are certain products in India which are very, very sensitive. India, as you would know, there is a large section of our population which is dependent on agriculture, and many of them are actually engaged in subsistence agriculture. So there are many commodities which are very sensitive for our farmers. So, and similarly, we understand in EU also there are, there are certain products in agriculture sector which are very sensitive and Typically, EU does not like to give concessions on those products in the trade agreement. But having said that, I would say that still we have been quite ambitious, even in the agriculture sector, we have been able to cover more than 80% of the tariff lines and trade in the agriculture sector. So significant products are covered. However, there are certain sensitive areas. For example, dairy is a sensitive sector in India. Cereals is one of the sensitive areas in India. Certain vegetables and fruits are sensitive in India. So apart from these particular elements, I think most of the other elements we have given concessions. Some of the concessions have also been given in form of tariff rate quotas.

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Because we wanted to ensure that while we allow consumers' choice of products from European Union, we at the same time ensure that our farmers are not affected. So we have also tried to undertake some concessions in agriculture in that. So I would say broadly, agriculture, we have been able to achieve quite a bit in terms of concessions, but at the same time, we have been able to ensure that we don't get into the red lines, we don't get into the sensitive areas.

[00:11:57.28] - Cecilia Malmström

Yeah. And reaching this consensus that the EU would be more flexible in this very sensitive area— it's always the most sensitive areas in every trade agreement, in my experience, the agriculture sectors, because there's so many interests involved— but getting to that sense of flexibility, is that what enabled it to finally, you know, get over the finishing board? Because It's a long— it's almost 20 years. Why did it take so long?

[00:12:26.20] - Christophe Kiener

Maybe I can take that one since I was there from the very beginning, starting on services and investments and ending up as being responsible for the totality. But first, just on agriculture, I fully subscribe to what Darpan said, but I just wanted to emphasize that I think this was a a very mature conversation which reflects the state of advancement of EU-India relations in the sense that DARPA will remember we were sitting in ministerial level conversation between Minister

Goyal, who was the ministerial level negotiator, of course, on India's side, together with both Commissioner Cefcovic, who was the lead ministerial level negotiator on the EU side, but also with Commissioner Hanson, who is the European Union's Commissioner for Agriculture. And these— it is during those kind of interaction that this notion that both sides would, you know, for the sake of the greater good that such an agreement represents, we would seek to cater for each other's biggest, most important sensitivities. And indeed, as Darvin said, you know, it's, it's well known that the dairy sector is very sensitive in the EU. It's well known across the globe that the European Union is, for instance, quite sensitive when it comes to red meat and beef, but also sugar or rice.

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So there were a number of commodities that were sort of shielded even from the kind of TRQ limited level of liberalization. And that, I think, reflected this mutual understanding that we needed to accommodate each other on the biggest political problems. Now, why did it take so long? You know, every negotiation is, is different. Perhaps at the time, I think the level of political commitment did not go down. I was, as I said, there when we, when we started, uh, and, and from the outset, the European Union and India— I think it's, I hope it's reciprocal— but felt that we could be, uh, trusted, predictable interlocutors for one another. Of course, at the time, in 2006-2007, we were still in the days, hoping to also advance trade liberalization multilaterally in the context of the World Trade Organization. This did not quite go as we had hoped. So that changed after 2008, 2009. Now, it's true that our negotiations were into our bilateral negotiations with India were interrupted for about 10 years or 9 years as of 2012, 2013. At that time, we had come to the realization that the EU's menu for FTA did not quite match that of India.

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So both sides agreed at the time that it was perhaps better to put those talks in the fridge. And in between, we have had a number of elements, at least on the EU side. I can only speak for us. Between, of course, the rise of China that benefited so tremendously from its accession to the WTO. To the realization during 2020, during COVID times, that, you know, the overdependencies that we had sometimes developed towards certain geographies could turn trade relations into a source of weakness. We wanted to again change that and turn trade into a source of strength. But we had also, of course, in 2022, the war against Ukraine that contributed to a sort of an international environment that was much less stable and predictable. And, you know, I will not hide the fact that potentially the turbulences, the uncertainties that emerged in Washington in the last few years probably also helped both India and the European Union realize that in such a world, we certainly had an interest in anchoring our trade relations. And that certainly on our side helped the European Union accept some of the adjustments that you have referred to and that I alluded to as well in my introduction.

[00:17:18.20] - Cecilia Malmström

So it's thanks to President Trump, one can say, in a way.

[00:17:25.03] - Christophe Kiener

I would dispute that because the personal level of commitment at political level between India and the EU is much stronger than that. And we did not conclude this agreement because of a tweet. We concluded this agreement because there is a genuine and strategic and economic interest for the EU and India to come closer.

[00:17:47.25] - Cecilia Malmström

No, that was a joke. But of course, in the geopolitical situation that we are right now with wars, with protectionism, with tariffs, with threats to multilateral organizations, the fact that the European Union and India were able to overcome some differences, to be more flexible and to do this sort of, even if there are a few flexibilities in CARVALHO, it is still a very classical trade agreement. It's rule-based, it's predictable, it's transparent, it covers all the sectors. I mean, that is a huge geopolitical statement in a way as well, I would claim. Do you want to add something to this, Darpan, about the timetable and so? Christopher's view of this.

[00:18:29.24] - Darpan Jain

So I think Christoph actually brought it from 2007 onwards, how it evolved. I would only like to add, I mean, the last— I mean, the relaunch which happened in 2022. So actually, should see from there, that from there we have taken approximately 3 years. And that's why I would say, yeah, and I would say that from our side, because it was completely started afresh. It was not something which was carried forward and we did not use the text which we had negotiated earlier. So it was completely new start. So I would say that there were many factors from our side which were actually instrumental in doing it in this particular time. And it is also, if you see in last 5 years, India has actually done 9 FTAs. Including the EUFTA. And 2022, we actually started the negotiations. And there is a strong commitment. In last 5 years, we have seen that there is a strong political commitment to expand India's trade relationship with other countries, expand market access to other countries, reduce the disadvantages which our exporters face. And also, as far as EU is concerned, If you see the timetable, in 2025, the EU College of Commissioners came, the EU leadership came to India in January.

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At that point of time, actually, the US trade policy changes had not started. In fact, the new US administration had just taken over at that time in January 2025. So at that time, it was decided that we would I mean, the leaders, the leaders decided that we should conclude the negotiations by end of that year, that is December 2025. So I think the commitment was very, very strong. We were given that target. And on Indian side, I would say that there is greater receptivity to openness, to allow imports, to liberalize further. To also produce for the world, to export more. I think these changes have also been very, very instrumental in concluding so many negotiations and most importantly, the India-EU FTA. So I would, I would emphasize the political commitment, the relationship with EU, the, the thrust on outward orientation. I think these are the key factors which helped us in kind of clinching this particular deal.

[00:21:14.10] - Cecilia Malmström

And what if we go more into detail to the agreement? What I mean, it does liberalize between 93% and 95% when it comes to tariffs and so on, which is very ambitious. What would you say from the Indian point of view? What are the sectors that are most important for you where you can have greater access to the EU market? Or better rules, standards, everything is in there. Of course, I guess there's been a lot of calculations made on the, on the possible potential growth and investment and so on. What are the most important sectors from, from the Indian side?

[00:21:54.01] - Darpan Jain

Yeah, yeah. No, I think it is a favorite subject on which I think one can go on for a very long time.

[00:22:01.20] - Cecilia Malmström

Okay, make a summary.

[00:22:05.06] - Darpan Jain

Because we have to explain as to what are the benefits of India-EU agreement for India. But I'll be very, very crisp. I'll give you some examples, like in goods, I will give you some examples. For example, we are having some advantages in textile and apparel sector because it is a labor-intensive sector. And we are a reasonably good exporter of textile and apparel., and it provides employment to large number of people in India. So when you look at the numbers, EU actually imports quite a bit of textile and apparel from the world. If you look at what it imports from outside EU countries, it is almost €170 billion worth of textile and apparel items are actually imported from outside EU. And when we look at our exports, our exports are actually around 5.4%, 5.4% of EU's extra EU's imports. So I think we are way, way below our potential. And there were tariffs, though EU generally has low tariffs, but on textile and apparel, tariffs were in double digits. And when we look at some of the other countries, for example, Bangladesh, while India is at around 5% of extra EU imports, Bangladesh is 17%. So almost 3 times of what India is exporting.

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So I think there is a big potential. Look, Bangladesh was having an advantage because of LDC status. So it's a competitor to us, but they were not facing these tariffs. We were facing these tariffs. So I think textile and apparel is a very, very big area which opens up opportunities for our people. Similarly, I can point to another sector like leather and footwear, again a labor-intensive sector in which again extra EU imports are almost €50 billion, and India is a very, very, I would say, not significant player in that, only around 6% of extra EU imports. And Vietnam has 23% share. So almost 4 times of what India exports to EU, Vietnam is exporting. And again, Vietnam is having FTA with EU, so it is at an advantage. And there again, tariffs in EU on leather products are up to 17%. So there are significant level of tariffs which are there. I can go on and on sector by sector, but for example, marine sector, chemical sector, plastic sector. Overall, if you see, I mean, if we see EU's imports from outside EU countries, it's almost $3 trillion of imports, $3 trillion of imports. And India's exports to EU is around $75 billion, $75-80 billion.

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So that is almost 3%. So I think there is a significant potential to enhance our trade with EU, exports to EU. And we also feel that our trade relationship with EU is very complementary in nature. We can benefit from many high-tech products from EU like medical devices, aircrafts, high-tech machinery. So a lot of high-tech IT equipments, So some of these products we can benefit and we can supply a lot of these labor-intensive products, a lot of engineering products, a lot of intermediates, a lot of auto components. So I feel, one, there is a big scale, there is a lot of potential. Second, there is a complementary nature of trade between the two countries, between the two regions. Third, I would also say services again offers a very big opportunity. Both India and EU are very good in services. EU, of course, is predominantly— I mean, the GDP of EU is contributed by services. You know, India is a leader in digitally delivered services. So the kind of commitments which we have agreed in the FTA actually provides a platform to enhance trade in digitally delivered services. Having more and more of global capability centers, doing a lot of research and development together.

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So I would say there are a number of opportunities in that area. And third, on the rules side, I think the rules would provide the foundation of predictability. The rules would provide, uh, provide mechanism to, to address challenges which may, which may arise. Because countries reserve the right to regulate, come out with new regulations. Of course, there are disciplines and there are standards which are established in the agreement. So those disciplines and standards which are there in the agreement help in ensuring that the new regulations don't affect the trade adversely. And in case there is any situation in which trade is adversely affected, there is a mechanism to address that. And we have built in number of mechanisms to address whether it is an issue related to technical regulations, whether it is an issue related to sanitary or phytosanitary requirement, whether it is issue related to licensing. So I think on each of these regulations, which sometimes can become very, very problematic for businesses, there is a mechanism in the trade agreement which provides a discipline which provides a recourse to discussion, which provides a channel through which they can be actually resolved in a time-bound manner.

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So I would say market access, goods, services, commitments, and this foundation of rules and a mechanism to address challenges which arise in future. I think it's a package which is something which is very, very attractive. And as Christoph mentioned, it is commercially meaningful for the businesses.

[00:28:19.18] - Cecilia Malmström

Interesting. And from the EU side, I read somewhere that the Commission estimated a potential growth of export with over 100% in 5 years when this has entered into force. Cars, I guess, is an important issue, or what are the main benefits from the European Union side, Christophe?

[00:28:40.05] - Christophe Kiener

So yes, indeed, a lot of potential on our side as well. It's also true that India has traditionally been a high tariff economy, and DARPA has explained that indeed in the last 5 years there's been an effort towards the conclusion of free trade agreements with a number of industrialized countries, so to, so to speak, with a view to enhance the competitiveness of the Indian economy. But the high tariff nature of the Indian tariff system remains, and therefore in sectors that are traditionally very big for the European Union, like machinery and electrical equipment. You know, there, for instance, tariffs go up to 44% and they will in, in most cases be brought down to zero. Aircraft up to 11%, going down to zero. Chemicals up to 22%, going to zero. Motor vehicles up to 110%. And there we will have a tariff rate quota that will bring the, the in-quota rate, as we say among experts, to 10% at the end of a transition period. So there will also be a lot of benefits from, for the European Union's exporters of goods. But I certainly would want to support what, what Darpan added, which is that on top of those mechanical, you know, impact, but also there will be a dynamic impact of tariff liberalization, which will, which will play very, very directly because these are discriminatory measures that are being eliminated.

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We will see a benefit from this agreement in many other areas. Darpan mentioned trading services, for instance. I would venture to, to add digital trade. We have a good digital trade chapter in, in our agreement. That is one of the reasons why, as Darpan explained, when we resumed our talks in 2022, we did not use the old templates that had sort of, you know, not led to a successful conclusion. We started anew. We prepared completely new negotiating text proposals and we started from scratch, so to speak. So we have a good chapter on digital trade, of course, again. With the caveat that we have had to adjust to the unique situation of India. So it is not a copy-paste of our agreement with New Zealand or with, with Australia, for example. But the rules-related part, I would want to emphasize, is extremely important because we are both big and complex entities. And whenever you want to rule or to to organize big and complex entities. There is a lot of stuff that goes in the pipeline. And unsurprisingly, the other side has the impression that on the regulatory side of things, there are lots of obstacles that emerge and new regulations that appear.

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The EU is, is well known for that, but India is just as complex. We happen to have more or less the same numbers of states or member states in the case of the European Union than, than the Indian Union has. So we all know this is very tricky and therefore the rules-based part of the agreement and the fact that chapters like sanitary and phytosanitary measures or technical barriers to trade in the case of India, for the first time they will be subject to dispute settlement under, under a free trade agreement that will contribute to enhance the legal certainty that will prevail in our bilateral relations. And in the long run, this will bring dynamic economic benefits that are very difficult to measure ex ante, in advance, but that I am sure will play a big role in our future partnership.

[00:32:59.10] - Cecilia Malmström

Interesting. So there are rules, there are standards, there are tariffs, there's increased market access and so on. But it is also a a bigger partnership because, of course, countries do not trade with each other. It's people who trade with each other, and trade brings people, business people, closer to each other. And there's a lot of new possibilities arising. And this is embedded in a larger partnership agreement as well, allowing for cooperation in security, defense, skilled labor, research, migration, mobility, etc., as far as I understand. Can you tell us a little bit about what's What is this about and what are your expectations? Do you want to start, Tarun?

[00:33:48.13] - Darpan Jain

Yes, so as you rightly said, it is one pillar of the overall relationship which we have with EU. And when, when we announced the conclusion of the FTA, we also announced the joint India-EU Comprehensive Strategic Agenda on January 27th, which provides a roadmap for cooperation across trade, technology, connectivity, clean energy, security, innovation, people-to-people ties. So it's a very, I would say, broad-based agenda, covers many futuristic areas covers a lot of items in which both can really build partnerships, businesses can come together, they can really complement each other and actually do a lot, leverage this trade agreement. So I think trade is an important pillar in that, but these mechanisms, these relationships also would complement it. And as we were discussing in the morning, I mean, in the beginning, that this Trade and Technology Council is a standing kind of platform which we have, in which we have ministers from trade, we have ministers from IT, we have ministers from other areas also who join in and basically ensure that not only on trade, but many of these important areas, we are able to kind of engage with each other, have our businesses speak to each other, also take forward the agenda on research, cooperation, knowledge sharing, and many other areas.

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And the meeting on Trade and Technology Council is going to happen very shortly on 15th of July. Our ministers will be meeting in Brussels for that. And there is a very ambitious plan on how to further deepen this engagement, how to involve more and more private sector in that, and how to actually also take it to the ground and produce tangible outcomes. So I think sky is the limit. There are many areas on which we all, which we can work together. It all will depend upon how much capacity we have.

[00:36:19.12] - Cecilia Malmström

One item that I remember from a long time ago that was very important, especially for India, was mobility, migration, and skilled labor. And there is quite a section about that as well in this new agreement. Can you elaborate a little bit on that, Christophe?

[00:36:35.23] - Christophe Kiener

Yes, sure. Thank you. Indeed, that was always what trade nerds referred to as Mode 4. Was always one of the important areas of offensive interests, of export interest to, to India. And, and this has been no, no exception. And it's a very good topic to show the mutual supportiveness that there is between our trade negotiations and the broader partnership, because while India is legitimately very interested in ensuring that it's sort of thriving IT engineering sector, and the computer engineers can travel abroad, supply services, and come back under a scheme of, you know, what is called circular migration. For the European Union, because we are not a country, this was always an area of particular challenge in the sense that While the European Union, which I represent working for the European Commission, is fully competent to negotiate trade agreements, when it comes to international migration, uh, the European Commission is not, uh, in, in such, uh, so to speak, in such a powerful, uh, situation, and our member states continue to be in the driving seat. So when we saw, uh, the Indian requests come for very significant commitments that related to the mobility of categories of workers, you know, researchers, but also students.

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They were even— we were seeing seasonal workers being discussed. These were things that we as European Commission, and in particular in the Trade Directorate, we were not competent to deal with this. And so what we did was to turn to the colleagues in the different strands of that, of our respective systems who are in charge of those areas. And in the European Union, together with our member states, we developed a platform for cooperating with India on mobility. And there is this Memorandum of Understanding on Mobility that is part of the broader Joint Strategic that DARPA referred to earlier. And within that strand of work, we were able to accommodate some of the Indian requests that I would not necessarily have been able to include in a trade agreement, because again, a trade agreement responds to a number of specific features under European law in terms of ratification, in terms of negotiations also. And again, migration is not there. But so that's just an illustration of how trade negotiations fitted in the wider spectrum of issues that were being discussed. I mean, I think I— we're not going to bore you too much, but this Joint Strategic Agenda, I think it had a coverage of about 108 or 109, I think, areas of deliverables.

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So you see, it just shows the number of issues from AI to environment to, you know, everything that you can think of is potentially covered.

[00:40:15.26] - Cecilia Malmström

Well, one area, and you briefly mentioned it, that has particular attention in this agreement is also cooperation towards the greening of the economy and phasing out emissions. The EU is phasing in CBAM, Carbon Border Adjustment Mechanism, which has created some concerns in some countries, in India and others. But there is a specific chapter on cooperation to cut greenhouse gas emissions and EU support in this, I believe. This is also something that came very late in the negotiations, I guess, Tarun, but I know it was important for India to have that as well. Can you elaborate a little bit on that?

[00:41:07.25] - Darpan Jain

Yeah. So Cecilia, before I go on to that, I'll also just mention, add to what Christoph mentioned on the mobility aspect. In fact, mobility, I mean, we were very, I would say, pragmatic. In the way we dealt with mobility in our relationship. So there are a number of instruments through which we work. And as you know, I mean, what we are looking for is temporary mobility for the purposes of delivering service. So that is what we are discussing. Now, FTA is one instrument through which we were able to get commitments which are on a conventional sort of commitments for intracorporate transferees, for persons who are going on a contract, or persons who are going on as independent professionals. But apart from that, as Christoph said, I mean, we also have migration and mobility partnership agreements with member states. So with a large number of member states, we have separate migration and mobility partnership agreements. And third thing which we have, third instrument which we have also kind of used to ensure that people who are there to provide services, they are not disadvantaged in any manner, are the social security agreements. So with 13 countries in EU, we already have social security agreements to ensure that their social security protection is continued.

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And we have also kind of agreed on a facilitative framework for that in the FTA. And of course, the last one, which Christoph mentioned as a part of the joint strategic agenda. So I think these are different instruments through which we are trying to ensure that people who want to travel for work, provide services, they are able to do that. And they are able to complement, as the nerds would say, other modes of provision of service. Because sometimes delivery of service requires all modes. It will require Mode 1, it may require Mode 3, require Mode 4. It may also require Mode 2 in, in the sense that customer may have to travel and kind of obtain some service. So I just wanted to add that. On the CBAM aspect, it was a very, I would say, interesting discussion. It was a very frequent discussion in our negotiations. And we were both trying to understand as to how to kind of handle this particular aspect, because our perspectives were a little different. The perspective from which EU actually has CBAM regulation and the perspective which, with which we look at CBAM. So there was a lot of, I would say, gap in that perspective.

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But one thing which we have been able to do is we have been able to bridge that gap. We have been able to come to an understanding as to how we will handle this particular issue. And you can see that in the way the annexure on CBAM is drafted. So annexure on CBAM actually talks about 3 key elements. One, it says that EU, EU, it is an EU regulation. CBAM is an EU regulation, so it will be administered in a manner that it is non-discriminatory. So we have, we have, we wanted EU to commit to us that it will not be any, I mean, the application of it will not be discriminatory towards India. So there is an MFN clause there in which it is said that India, whatever flexibility is offered to any country is also offered to India. So in that sense, we have ensured that the application of CBAM remains non-discriminatory. The second aspect which we were discussing and for which we have kind of put a mechanism in the annexure is to take into account the carbon price which is paid in India. So right now, our regulation on carbon pricing is also evolving.

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So what we have done in the annexes is that we will engage with the EU side and we will try and see that whatever is paid in India, how that can be taken into account considering the way EU regulation is drafted, considering the way EU considers what is the offset which can be given. So there is a mechanism which is provided for. And the third element which is there is of course the operational element, which is who will verify how much of carbon is embedded in it, who will accredit those verifiers. So there again, we have a mechanism in which there can be a mutual recognition. There could be a system in which accreditation of verifiers can be done. So there is a kind of a, again, mechanism through which we can engage with each other. Now, having said that, so this is something in terms of what we have been able to come out on the CBAM part. But overall, on the low-carbon transition, on greening of economy, you would have noted that apart from the FTA, we also announced that we will jointly work on that. India and EU will work on that, and both on low-carbon technologies, on green hydrogen, on renewable energy, on clean tech, India and EU will partner with each other, and EU would also use financial instruments to support India's efforts in this regard.

[00:46:43.06]

So I think overall, this is the package which we have been able to stitch and bridge the gaps which we were having in our perspective on this. I hope it is successful. It will require a lot of implementation as we go forward. Yeah.

[00:46:59.17] - Cecilia Malmström

Christopher, do you want to add something to this?

[00:47:04.07] - Christophe Kiener

No, I think that was—

[00:47:06.03] - Cecilia Malmström

I think there is a special fund to assist India in the transition as well.

[00:47:13.02] - Christophe Kiener

Yes, there is certainly a special fund, as I said, you know, and thank God that out of 108 or 109 areas of deliverables in the wider partnership, we do deal with, you know, the greening of the economy, the decarbonization of the economy. And in that context, of course, financial resources will also be made available to assist India in this process, since this is such a high priority for the European Union.

[00:47:47.08] - Cecilia Malmström

Okay, so there's a lot of elements in the agreement, but the agreement hasn't actually entered into force yet. It's still, I think there's the legal scrubbing for the EU. It has to be translated in different languages and then it has to be approved by the Council, the European Parliament, and there's an approval procedure in India as well. How do you see this? Do you expect any difficulties? The fact that there are some carve-outs in the agricultural sector might make it a little bit easier compared to other trade agreements, but do you expect any difficulties? And what are the timelines here, Christophe? What's the European timeline?

[00:48:23.08] - Christophe Kiener

So on our side, as always, things are a little bit complex because again, we're not a country, so we deal with the European Parliament, but we deal with member But the first element of the timeline is that we're still in the process where we are finalizing the phase in which we are what we call scrubbing the legal text. We are cleaning the outcome of the negotiation from, you know, so we have our respective teams of lawyers who have done a very good job. The Indian team was in Brussels last week or the week before last to try and advance and finalize this phase. We, we hope very much to be able to do that still this month. We're also fine-tuning the little— or yeah, fine-tuning the fine prints, if I can say, on some of the things that were, you know, when you conclude an agreement, how to put it, the downside of the politicization of trade policy in today's turbulent international environment, trade has become political. So that means that the political level deals with the conclusion of free trade agreement, which at the time was left to people like Darpan and I. Today we saw the president of the European Council, the president of the European Commission, travel to India for an EU-India summit and meet President Modi at the end of January to announce the end of the negotiations.

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So that means that there is, of course, always— there are things that still need to be tweaked in order for the 2,000 pages that an agreement like that broadly represents to be accurate in all aspects. So we're finalizing this this month. We would then intend to submit the package, the agreed package, the negotiated outcome to our member states in the Council of the European Union, because we need the approval of the European member states for the Commission to be authorized to sign the agreement on behalf of the European Union. And we hope to be doing this. And again, this, I trust, will be an act of high political symbolism. We would, we would certainly hope that Prime Minister Modi could participate in a ceremony, hopefully still this year, during which the FTA would be signed officially. And we would then— to take you through the intricacies of how it works— we would already have transmitted the text to both the member states and the European Parliament. We're already scheduling some informal sessions of explanation to the members of the European Parliament in the fall, so that as soon as the text is signed, the European Parliament is formally seized.

[00:51:29.24]

And we would ensure that in, hopefully in a matter of a couple of months or, you know, the European Parliament is a sovereign institution. It will take the time that it needs to take, but we will try to anticipate the work in an informal manner as much as we can before to ensure that the ratification by the European Parliament can take place as swiftly as possible after the signature of the agreement. So I would hope and I would expect that if all goes well, the agreement could enter into force somewhere perhaps in the second quarter of next year, or at the latest, I would hope at least in about a year, at the beginning of the summer next, next year. We don't have any agricultural issue, I think, in this, in this agreement, not at least to the level that we have seen in the, in the debates we had about the ratification of our agreement with the Mercosur countries. That's for sure. On the Indian side, the European Parliament was always preoccupied and we didn't speak about that yet. So let me just say a few words about the trade and sustainable development chapter.

[00:52:45.14]

We have managed to find a very ambitious and positive compromise with, with India. Our chapter on trade and sustainable development is not exactly the copy-paste of what we used to do or what we have done in other agreements, but I think we have developed a fantastic platform platform for further engagements with legally binding commitments also from the side of India in very important areas like fundamental labor rights, gender parity, but also environmental conventions and etc., etc. And my sense, and this is the line that we're using certainly because we actually believe in it, but a good platform for engagement with a country like India India probably has more potential for improving the situation of sustainable development as a whole. So I mean, you know, social question, environmental questions, a platform like that with a country like India has more potential to improve the global situation in those issues than a gold standard agreement with a country that is already exactly on a par with the European Union when it comes to those questions. So we're confident that, you know, we will be able to, to convince most political wings of the spectrum in the European Parliament, and that the ratification of this agreement on the European side should not be too problematic.

[00:54:23.23] - Cecilia Malmström

Well, it's still complex, but thank you for sorting that out. Darpan, how is the ratification process from the Indian side? The Parliament needs to approve it, I guess?

[00:54:34.24] - Darpan Jain

No, in Indian context, actually, we don't require approval of the Parliament. So, okay, yeah. So the process is simpler. We go to the Cabinet, we take approval of the Cabinet, and we thereafter take approval of the President for ratification. So it's a fairly swifter, simpler, simpler and swifter process. Yes.

[00:54:59.18] - Cecilia Malmström

Okay. All right. That's good. So, well, there's, there's of course a lot that we haven't mentioned in this, but I think we got a quite good picture of the agreement, what's in it and the potential. But as you both said in the beginning, this is of course a rapprochement between India and EU. But both of you are also engaged in, you know, reaching out to other partners. You mentioned that you are engaged in other trade agreements. And we know that the European Union, you mentioned Australia, and recently the Mercosur agreement finally entered into force. There has been, I think the European Parliament today or yesterday voted to confirm the agreement with Mexico. There's an agreement with Indonesia in translation. So lots of things happening now. So what's next? What's next for India? What are your next FTAs, free trade agreements in pipeline?

[00:55:58.07] - Darpan Jain

So, uh, actually in last 5 years we have covered almost 50% of global trade and 50% of global economy. I mean, if you take the countries which we have covered, we are also now negotiating with Canada. We are also negotiating with some countries in Latin America like Chile, Peru. We have also started dialogue with Mercosur. So Latin America is one area in which we don't have agreements, we only have a PTA with Mercosur. So we intend to expand that. So Latin America, we want to enhance our relationship on the trade front. As far as North America is concerned, America, we already are in discussion. Canada, we are negotiating, as I mentioned. Canada. So that is another thing. And Mexico also, we have initiated discussions. So, so Americas, in that sense, we intend to cover the entire Americas in our future discussions. Europe, we already have deals with Europe, with EU27, with EFTA, with UK. We are also very strongly engaged with many Gulf countries. We already have a deal with the UAE as well as Oman. We are now discussing with Qatar also and some other GCC countries also, and GCC as a whole also.

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So West Asia is one area on which we are focused. Africa also is another area on which we are focused. We are discussing with South Africa Custom Union and we are also discussing with Kenya. So there are some discussions which are going on in that area as well. Now if we come east, east is almost— we already have deals with the countries in the eastern side of India, Japan, Korea, Singapore, ASEAN. And then if we go to the Oceania region, we recently, we had an agreement with New Zealand We also did a free trade agreement with Australia. So I think broadly our intent is to cover the entire world and hands are full, table is full, mind space is full. So we are all working with all efforts to try and diversify our relations, expand our partnerships and enhance trade.

[00:58:28.29] - Cecilia Malmström

That's, that's a handful indeed. And Christoph, you are not engaged in all the trade agreements ongoing, but you have a quite good overview, I guess.

[00:58:38.15] - Christophe Kiener

Yes, no. And for— because of, you know, our background and our past history of negotiation, which, which you know well, Cecilia, we have come from a different geographic standpoint. So right now what's left, because we have, you know, worked on these FTAs for much more than the last 5 years, what's left is mainly the Indo-Pacific region. As far as we are concerned. So ASEAN countries, we still have ongoing negotiations with Thailand, the Philippines, and Malaysia. I hope for good news with, with the Philippines and possibly Thailand potentially still this year. We will have to see. We also, as Darpan indicated, in the Gulf, we have ongoing negotiations with the UAE, a partner with which India, I think, has already concluded an FTA. But we are in talks with, with those. But it's true that we have already reached the 50% threshold of our trade relations in terms of preferential coverage. And the big ones that remain, be it, you know, Russia, obviously, but China or the United States these days, are not necessarily ones that we negotiate with in the same manner.

[01:00:09.06] - Cecilia Malmström

Of course. Well, a final question before we round up. With this frenzy of trade negotiations that you both and your countries and the EU is engaged in, is there also potential for EU-India cooperation to try to strengthen and reform the WTO? What do you say, Darpan?

[01:00:34.04] - Darpan Jain

In fact, Cecilia, there is a track in our engagement on Trade and Technology Council on WTO as well. And we have had some discussions on that. So fundamentally, I think we both believe in strengthening WTO, but we also believe that there is a reform which is required. So, and especially in the current context, my feeling is both India and EU recognize that we need to work together. We, we need WTO. More effort needs to be made to reform it. But as you know, I mean, WTO is a is a body which has 164 members, so very difficult to hatch consensus there. But I think our efforts are in that direction.

[01:01:32.10] - Cecilia Malmström

Christophe, any words on that?

[01:01:34.16] - Christophe Kiener

No, I fully agree with, with Darpan. I'll push it a bit further. I would just hope that now that we have climbed the Everest of all bilateral agreements, we could, the EU and India could jointly, I don't know, go to the moon and indeed successfully clinch a multilateral trade deal that would, that would enhance the legal certainty multilaterally in the WTO. We are working on a couple or three written contributions that we are about to table in the context of ongoing discussions in

Geneva on the reform of the World Trade Organization. But we will of course also engage, as Darpan indicated, the Trade and Technology Council between the EU and India foresees that there is one strand of work that is about our bilateral dialogue on how to reform the WTO. This is actually something that ministers will take up next week when they meet in the context of the TTC on the 15th of July in Brussels. So we look forward to that Well, thank you very much.

[01:02:45.13] - Cecilia Malmström

That's hopeful. Let's hope that you reach the moon. Maybe this could be the subject of another Trade Winds in a year or so. Dr. Poonjain, Christoph Kiener, you've been very generous with your time and showing and sharing the insights of the negotiations and the outcomes. So thank you so much. Good luck with the final steps that are going to be taken here before it can finally enter into force. But I think it's formalities. They can be tricky, but at least the deal is there. And that's very good news for Europe, for India, and for the world. So thank you so much for being here today. And thank you to the audience who joined us. Have a nice day.

[01:03:28.03] - Darpan Jain

Thank you so much. Thank you. Bye-bye.