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'EU concessions to outweigh India's in trade deal'

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The European Union will offer India concessions that are more than what the country provides to it in return in the proposed free trade agreement (FTA), the 27-nation confederation's ambassador to India, Joao Cravinho, said today.

"The concessions to be offered by the EU will be more than those provided by India. It will benefit both," he told *Business Standard*, at the sidelines of the Federation of Indian Chambers of Commerce and Industry's (Ficci's) national executive committee meeting here.

The challenge in the execution of the FTA was "quite big" as it was going to cover a population of 1.75 billion, he said. "By far, the FTA between the EU and India will be the biggest, considering the coverage of population. At the same time, it will be deep in terms of the level of tariff reduction and the sectors that will be covered," he added.

India and the EU have yet to arrive at a consensus on the opening of markets for the services, wine, spirits and the automobile sectors. Besides, both parties still differ



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JOAO CRAVINHO

EU Ambassador to India

on the issue of the EU's sanitary and phytosanitary standards (SPS). However, given the level of complementarity between the two economies, Cravinho said the EU and India would arrive at an agreement to finalise the deal by the end of the year.

"Currently, a lot of technical negotiations are going on between EU and India. There has been a high level of ambition, but both the EU and India are not underestimating the complexity of issues each of them faced. There is a question of opening of markets by both in the services sector

and also in wine, spirits and automobile. One thing is clear that EU and India have gone too far down the road and it is difficult to turn around. We are hopeful that FTA will be finalised by end of year."

He said the EU and India negotiators were "tying up the loose ends".

As far as SPS is concerned, Cravinho admitted that Indian companies had raised concerns about the standards. Similarly, the EU has put up its argument in favour of the SPS. "However, the (proposed) FTA will devote a special chapter on the SPS as well

as non-tariff barriers," he added. "The objective is to ensure uniform trade advantages and safety for consumers."

Cravinho said the FTA could provide a stimulus for further opening of the Indian economy and it would have a multiplier effect. "India's economy is still inward-looking. This policy served quite well in the past, but it may not do so in future in the current globalisation. If Indian economy remains protective, it will continue to be less competitive," he added.

"I strongly believe the FTA can provide stimulus for further opening of the Indian economy."

As for the opening of the multi-brand retail, the EU envoy noted that India had clarified that it was consulting cross-sections in order to arrive at a consensus before putting in place a legal framework.

On trade between EU and India, he said there was further scope to tap the potential. "Trade between the EU and China is six times compared with India. Chinese economy is three and half times of India. But, due to complementarity in economies and democratic set-up, trade will further grow between EU and India," he added.