

# Resolution on the state of play in the EU-India Free Trade Agreement negotiations

2011/2620(RSP) - 11/05/2011 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on the state of play in the EU-India Free Trade Agreement negotiations.

The resolution was tabled by the EPP, ALDE and ECR groups.

Parliament states that it is disappointed with the slow pace of negotiations, and calls for both parties to make every effort to conclude a comprehensive, ambitious and balanced FTA by the end of 2011. It points to the potential for an increase in EU-India trade and investment and business opportunities arising from the FTA. The EU-India FTA overall as a win-win scenario, but Parliament recommends that an evaluation be carried out of the existing sector specificities in order to identify potential disadvantages of the FTA for sensitive EU sectors.

**Trade in goods:** Members welcome the results of many free-trade simulations which show that the FTA would increase overall exports and imports for both the European Union and India. At the current average growth rate, bilateral trade is expected to increase to EUR 160.6 bn by 2015. They stress that the objective for industrial trade should be reciprocal full duty elimination, with asymmetry in timing, and that any possible exception to this objective should be limited and subject to review and should not involve the exclusion of sectors that are of importance to both sides, such as passenger cars. The agreement should respect sensitivities linked to **agricultural trade**, but this should not prevent market opening in areas of complementarity. Parliament calls on the Commission to take account of any negative impact on European agriculture, particularly on opening up of markets, GMOs, milk, beef, intellectual property protection and origin labelling.

It notes that access by EU businesses to the **Indian market is still being hampered by several non-tariff barriers to trade (NTBs)**, such as burdensome health and safety requirements or technical barriers, quantitative restrictions, overly restrictive conformity procedures, unjustified trade defence mechanisms, customs procedures, internal taxation, and a failure to adopt international norms and standards. Both parties are asked to ensure that regulation and NTBs are managed in such a way that overall trade is not hampered, and to develop effective disciplines to prevent the emergence of unnecessary regulatory obstacles to trade and to tackle existing obstacles, while respecting both sides' right to regulate.

**Trade in services:** Parliament recognises that services are the fastest growing sector of the Indian economy, but notes that trade in services between the EU and India is relatively unbalanced, with the EU exporting 1.9% of its services to India and India sending 11.6% of its total exports to the EU. It stresses that there are huge benefits from accreditation of professional qualifications and agreements on mutual recognition and licensing requirements within professional services in both the EU and India, which could be easily covered by the FTA. However, a thorough analysis be carried out in relation to the individual Member States in order to avoid negative consequences for the EU labour market, while permitting temporary stays of necessary skilled professionals. Members call on the Commission to explore with the Indian authorities the opportunities and scope for liberalisation of legal services and accounting services under the FTA, and they encourage India to further open up its banking, insurance and retail sectors in line with the reforms announced by the Indian authorities.

**Investment:** Parliament calls on the Commission to:

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negotiate a **chapter on investment** as part of the FTA, thereby enabling the process of investing in each other's markets to be made much smoother by promoting and protecting investment deals while exploring immediate opportunities. Such an investment chapter could provide for the setting up of a system of single points of information for investors in both economies, in order to explain to them the differences in investment rules and practices and provide information on all legal aspects;

- ensure that provisions on investment protection do not lessen the parties' ability to issue compulsory licences or undermine other public health policies.

**Public procurement:** Members welcome the fact that India has agreed to include public procurement in the FTA, but regrets that this has happened only at federal level. They call on the Commission to negotiate transparent procurement systems, and on India to apply transparent and fair procedures when awarding public contracts and to grant European businesses access to public procurement systems.

**Trade and competition:** Parliament notes that India is one of the major producers and exporters of generic medicines. It calls on the EU and India to ensure that commitments under the FTA do not preclude access to essential medicines while India is developing its capacity in changing over from a generic to a research-based industry. It asks the Commission not to request data exclusivity in the context of IPR negotiations, and to recognise that data exclusivity would have far-reaching consequences for the production of generic medicines and is therefore detrimental to developing countries' access to medicines and public health policy. The Commission and the Indian authorities concerned are asked to work out a common definition of counterfeit medicines so as not to hamper access to essential medicines, and to coordinate action to effectively combat counterfeiting and, in particular, counterfeit medicines that are detrimental to patients' health.

**Trade and sustainable development:** Members call on both sides to agree to an ambitious sustainable development chapter which reflects the common commitment to promoting sustainable development and inclusive growth on the basis of shared values. They urge the Commission to include legally binding clauses on human rights, social and environmental standards and their enforcement, with measures in the event of infringement. This chapter should cover, as a minimum, compliance with the ILO's eight core conventions and four priority conventions and internationally agreed environmental standards, and also provide incentives to enterprises to enter into CSR commitments.

**The European Parliament's role:** Members expect the Council and the Commission to present the FTA to Parliament for its consent in accordance with the Treaty on the Functioning of the European Union (TFEU). They ask them to take fully into account the requests of Parliament expressed in this resolution before concluding the FTA, and not to propose any provisional application of the agreement before the EP has given its consent.