The European Union's economic and trade relations with India

2006/2034(INI) - 28/09/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report Sajjad **KARIM (ALDE, UK)** on the EU's economic and trade relations with India. (Please see the summary of 12/07/2006.) In addition, Parliament noted that, whilst Indo-United States relations have been on an unprecedented high, taking in a civilian nuclear deal signed over a year ago, the current impasse on the Doha Development Round has soured relations between the two countries and trade relations have steadily deteriorated. India blames the United States for its refusal to cut agricultural subsidies before developing countries start opening their markets to non-agricultural products. The United States has threatened to withdraw the benefits of a three-decade old generalised scheme of preferences that allowed duty-free access to certain Indian goods. Parliament underlined the fact that a positive result of the DDA needs the full support of both the EU and India. The European offer on agriculture must be matched by the United States and followed by a reasonable offer by the G20 on the National Agri-Marketing Association and on services.

Parliament further noted that India's high import tariffs and, despite recent significant progress, non-tariff barriers, remain a genuine concern for EU industry. It felt that upholding such a protectionist policy after economic liberalisation gives rise to market distortions and manipulations. WTO tariff negotiations have not led to any improvement (there was no binding of tariffs or commitment to maximum "binding" rates, which were also kept high) and efforts consequently made by the Commission to open a bilateral dialogue with India on the subject of specific distortions have so far been unsuccessful. Parliament considered that a reduction in trade barriers could bring progressive improvements in trading conditions with the objective of promoting growth, employment and sustainable development, and called on India to bind its import tariffs at levels closer to its applied rates within the context of the DDA and to make further efforts to remove part of the existing non-tariff barriers.

MEPs noted that there is a worrying lack of familiarity with the Indian market in some sectors of the EU business community; calls on the EU to engage more systematically with senior members of the EU business community, especially from SMEs, to bring about a 'step-change' in their perceptions about India by highlighting the very significant business opportunities that exist there.