Basic information

2008/2135(INI) INI - Own-initiative procedure	Procedure completed
EU-India Free Trade Agreement **Subject** 6.20.03 Bilateral economic and trade agreements and relations **Geographical area** India	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	KARIM Sajjad (PPE-DE)	26/03/2008

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	TANNOCK Timothy Charles Ayrton (PPE-DE)	03/06/2008
DEVE Development	KACZMAREK Filip (PPE-DE)	25/06/2008

European Commission

Commission DG	Commissioner
Trade and Economic Security	ASHTON Catherine

Key events

Date	Event	Reference	Summary
22/05/2008	Committee referral announced in Parliament		
05/03/2009	Vote in committee		Summary
12/03/2009	Committee report tabled for plenary	A6-0131/2009	
23/03/2009	Debate in Parliament		
26/03/2009	Decision by Parliament	T6-0189/2009	Summary
26/03/2009	Results of vote in Parliament		
26/03/2009	End of procedure in Parliament		

Technical information	
Procedure reference	2008/2135(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55-p4 Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/62893

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	AFET	PE406.165	09/12/2008	
Committee opinion	DEVE	PE414.227	11/12/2008	
Committee draft report		PE409.788	18/12/2008	
Amendments tabled in committee		PE419.842	03/02/2009	
Committee report tabled for plenary, single reading		A6-0131/2009	12/03/2009	
Text adopted by Parliament, single reading		T6-0189/2009	26/03/2009	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2009)3245	08/10/2009	

EU-India Free Trade Agreement

2008/2135(INI) - 26/03/2009 - Text adopted by Parliament, single reading

The European Parliament adopted by 326 votes to 226, with 3 abstentions, a resolution on an EU-India Free Trade Agreement (FTA).

The text adopted in plenary had been tabled by the EPP-ED, ALDE and UEN groups, pursuant to Article 45(2) of the Parliament's Rules of Procedure, in the form of a proposal for a resolution to replace the proposal for a resolution contained in the own-initiative report tabled by the Committee on International Trade.

The resolution recalls that, as stated in the 2007/2008 United Nations Development Programme's (UNDP) Human Development Report, India ranks 128 on the Human Development Index (out of 177 countries), 35% of the Indian population lives on less than USD 1 a day and 80% on less than USD 2 a day. India also has one of the highest incidences of child labour. In light of these observations, the Parliament believes that the **FTA should be balanced** and compatible with WTO rules and obligations, pointing to the future potential for an increase in EU-India trade and investment and business opportunities. However, the FTA should also ensure that increasing bilateral trade brings benefits to the widest number of people and contributes to India's achievement of the Millennium Development Goals (MDGs), including preventing environmental degradation. The agreement must also include an ambitious sustainable development chapter and be subject to the standard dispute settlement mechanism.

The Parliament considers the EU-India FTA overall as a win-win scenario. However, the plenary recommends that an evaluation be carried out of the existing sector-specificities. It also encourages the parties to address the potential disadvantages of the FTA and the ways in which human development and gender equality may be adversely affected by the rapid opening of markets.

Reiterating its view that the FTA should be presented to Parliament for its assent, the Parliament makes a number of observations on the other main points of the agreement:

Trade in goods: the Parliament notes that, at the existing average growth rate, bilateral trade is expected to exceed EUR 70.7 billion by 2010 and EUR 160.6 billion by 2015. Therefore, all efforts must be made to promote trade. That is why the Parliament calls for the FTA to include provisions aimed at **reducing technical barriers to trade**. It calls, in particular, for measures in the Sanitary and Phytosanitary domain (including animal welfare). The Commission is also called upon to provide technical assistance to support Indian producers in their efforts to reach EU standards, in particular concerning the health, environmental and social dimensions of production.

The Parliament stresses that the FTA includes a binding state-to-state dispute settlement mechanism, provisions on mediation on non-tariff barriers to trade (NTBs), on anti-dumping and countervailing duty measures.

Trade in services, establishment: the Parliament stresses that service liberalisation must in no way hinder the right to **regulate services**, including public services. It notes that trade in services between the European Union and India is relatively unbalanced; the EU exports 1.5% of its services to India, while India exports 9.2% of its total exports to the European Union.

The Parliament also notes that India is the fifth largest telecom services market in the world (and the telecom market has grown at about 25% per year over the last 5 years) and therefore calls for a relaxation of the licensing restrictions on service providers for the removal of policy uncertainty on tariff and interconnect regimes. Moreover, the plenary considers that the telecom and IT sectors are major drivers of the Indian economy and that these sectors offer enormous opportunities. The Parliament also calls for measures in the satellite sector. Moreover, in order to promote trade, MEPs request from India a more open approach in granting visas to citizens and business professionals and politicians from the EU Member States with multiple entries and minimum one year duration.

Other liberalisation measures are called for, including the accreditation of qualifications (the Parliament stresses that EU-wide accreditation of professional qualifications and agreements on mutual recognition and licensing requirements could be easily covered by the FTA) and also in terms of legal services. Moreover, the Parliament encourages India to gradually liberalise the banking and insurance sectors.

Investment: the Parliament calls on the Commission to incorporate a **chapter on investment** in the FTA, which could make provision for a system of a single point of information for investors. It calls on the Commission to incorporate in the FTA a chapter on investment, being a significant part thereof, thereby promoting and protecting investment deals while exploring immediate opportunities. It also calls on EU-based transnational companies with production facilities in India to **abide by core ILO standards**, as well as social and environmental covenants.

Recognising that FTA investment chapters have often come accompanied by commitments to liberalise capital movements and renounce capital controls, the Parliament calls on the Commission to refrain from including such clauses, given the importance of capital controls – especially for developing countries - to mitigate against the impact of the financial crisis.

Public procurement and competition: the Parliament regrets that India is not willing to include public procurement in the FTA and calls on the Commission to negotiate effective and transparent procurement systems. It also calls on India to apply transparent and fair procedures when awarding public contracts and to grant access to public procurement systems for European businesses. Moreover, the plenary believes that the European Union should incorporate Articles 81 and 82 of the EC Treaty in the FTA so as to secure commitments on competition policy.

Intellectual property rights and industrial and commercial policy: stressing that India is one of the major sources of counterfeit medicines seized by the customs services of the Member States (accounting for 30% of the total), the Parliament calls on the Commission and the Indian authorities concerned to coordinate actions to **address effectively the fight against counterfeiting and, in particular, against counterfeit medicines**. It calls on the European Union and India to ensure that commitments under the FTA do not preclude access to essential medicines whilst India is developing its capacity from a generic to a research based industry. Other initiatives have been proposed, such as prize funds and patent pools in order to support access to and innovation in medicines, particularly for neglected diseases.

Trade and sustainable development: the Parliament calls for the inclusion of a substantial development chapter. The EU and India should ensure, in particular, that trade and FDI are not encouraged at the cost of lowering either environmental standards or core labour, occupational health and safety legislation and standards. Once again, the Parliament calls for the ratification and effective application of the basic conventions of the ILO. It welcomes, in particular, the introduction of a new Indian child labour law which bans children under the age of 14 from working as domestic servants or on food stalls. The EU should also press the Indian government to tackle the issue of bonded labour, which affects millions of people - largely from the Dalit and Adivasi community (indigenous tribes and peoples) - in India. The plenary also recalls that **human rights and democracy clauses constitute an essential element of the FTA**.

Other considerations: the Parliament welcomes the commitments made by the European Union and India to cooperate in civil nuclear research. It notes, however, that India is not a signatory to the Non-Proliferation Treaty (NPT) and therefore calls on India to sign the NPT. Moreover, the Parliament calls for:

- a comprehensive strategy to tackle rising global commodity prices;
- the strengthening of initiatives taken as part of the health-related MDGs concerning such matters as infant mortality, maternal health, child malnutrition and reducing malaria, tuberculosis and HIV/AIDS;
- new measures in relation to the strengthening of SMEs and in terms of microcredit.