

Procedure file

Basic information		
INI - Own-initiative procedure	2006/2034(INI)	Procedure completed
The European Union's economic and trade relations with India		
Subject 6.40.08 Relations with Asian countries		
Geographical area India		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		11/10/2005
		ALDE KARIM Sajjad	
	Committee for opinion	Rapporteur for opinion	Appointed
	DEVE Development		25/01/2006
		PPE-DE KACZMAREK Filip	
European Commission	Commission DG	Commissioner	
	Trade	MANDELSON Peter	

Key events			
16/02/2006	Committee referral announced in Parliament		
12/07/2006	Vote in committee		Summary
20/07/2006	Committee report tabled for plenary	A6-0256/2006	
27/09/2006	Debate in Parliament		
28/09/2006	Results of vote in Parliament		
28/09/2006	Decision by Parliament	T6-0388/2006	Summary
28/09/2006	End of procedure in Parliament		

Technical information	
Procedure reference	2006/2034(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative

Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/33918

Documentation gateway

Committee draft report		PE370.017	09/02/2006	EP	
Committee opinion	DEVE	PE371.976	31/05/2006	EP	
Amendments tabled in committee		PE374.488	26/06/2006	EP	
Committee report tabled for plenary, single reading		A6-0256/2006	20/07/2006	EP	
Text adopted by Parliament, single reading		T6-0388/2006	28/09/2006	EP	Summary
Commission response to text adopted in plenary		SP(2006)4772	19/10/2006	EC	
Commission response to text adopted in plenary		SP(2006)5076	13/12/2006	EC	

The European Union's economic and trade relations with India

The committee adopted the own-initiative report by Sajjad KARIM (ALDE, UK) on the EU's economic and trade relations with India. The report called on the EU to support India's international trade potential as well as efforts to attract foreign direct investment (FDI) in particular by stepping up trade-related aid to address infrastructure and administrative bottlenecks.

The committee welcomed both India's and the EU's commitment to a successful and ambitious outcome of the Doha Development Agenda (DDA) and called on India to use its position as leader of the G20 to reach, by the end of 2006, a balanced agreement favourable to development between the developed countries, the emerging economies and the developing countries. It called on the EU to offer to enter into a free trade agreement with India, along the lines of its agreement with Chile, which provides for duty-free entry for the exports of both parties on a reciprocal basis, and called on the High Level Trade Group to explore mutual opportunities in this regard.

The committee also called on the EU and India to lead the way in finding "an expeditious and permanent solution" on TRIPS and public health to facilitate access to essential medicines, within the Doha Development Round. It welcomed the steps taken by the Indian government regarding intellectual property rules for medicines, and encouraged the Indian government to implement the law faster especially as regards exports of generic medicines.

MEPs welcomed the fact that the EU and India had committed themselves to strengthening dialogue and engagement, including on human rights, as strategic partners at the 6th India-EU Summit in September 2005, as reflected in the Joint Action Plan. They called for an ongoing dialogue to be maintained in the field of human rights within the strategic partnership, and congratulated India's National Human Rights Commission on its independent and rigorous work on these matters. The report also stressed that meeting the Millennium Development Goals (MDGs) and combating poverty should remain a central element of the EU-India Strategic Partnership, and it called for specific measures to be taken to ensure that minorities such as Dalits and Adivasis and other marginalised communities, tribes and castes can close the wide gap with the rest of the population regarding the attainment of the MDGs.

As regard's India's economic and social situation, the committee noted that "international trade can be a powerful driver of economic growth and poverty reduction, but it is not a magic bullet, and trade reforms are complementary to development policies". It added that "India needs to focus critically on building a business environment that deepens integration with the world economy in a widening range of manufactures and services". The report acknowledged the "important successes" of the Indian government in the eradication of poverty, but said that despite sustained economic growth, vast inequalities still persist, with about 30% of the Indian population still living below the poverty line. MEPs were particularly concerned about the situation of underprivileged sections of the population, in particular women, children, the disadvantaged and the rural population, and called on the Commission and the Council to work together with the Indian government to improve the situation of those groups. And despite efforts to tackle the issue of caste discrimination, MEPs believed that much more has to be done.

Other points discussed in the wide-ranging report included the need for measures to ensure the socio-economic development of minorities, who have largely been excluded from the new economy in India and are discriminated against in development programmes and disaster recovery, and the problems posed by the growing incidence of HIV/AIDS in India. Lastly, the committee called for a parliamentary summit to be held annually to coincide with or immediately precede the annual EU-India summit (which usually takes place without the official participation of the European Parliament), in order to "develop the links between parliamentary bodies, improve understanding of our differences and bring the democratic systems of both sides closer together".

The European Union's economic and trade relations with India

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.