

## EU statement at the Trade Policy Review of India, 2 & 4 June 2015

*Statement by Ambassador Angelos Pangratis*

I would first like to welcome the Delegation of India led by M. Rajeev Kher, commerce Secretary. I would also like to thank the WTO Secretariat and the Indian Government for their reports which form the basis of our discussion today. Let me extend my appreciation to H.E. Esteban Conejos (Philippines), for getting us started today with his remarks.

India's real economic growth has been accelerating in the recent past and is expected to be around 7.4% in 2014-15. According to the International Monetary Fund and the World Bank, India might soon become one of the fastest growing economies in the world. These are really good results for which the government can be applauded.

The EU welcomes and looks forward to India's implementation of its stated goal to make its policies more business and investor friendly. This is detailed in India's report and I would like to mention for example the following objectives: "to make India's foreign trade regime more open and transparent", "creating a roadmap for reform", "rationalising subsidies", creating an "investor friendly FDI policy", "creating a predictable and clean tax policy environment."

India still faces significant challenges to achieve these ambitious and laudable goals. Allow me to mention a few: infrastructure for transportation and power supply; predictability and transparency of the legal framework and in particular of the rules governing trade and investment, taxation and public procurement; developing a business-friendly environment in general including by such measures as reducing mandatory conformity assessment requirements; proportionality of SPS measures; avoiding local content requirements that hinder India's further integration in global



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value chains; substantially reducing peak tariffs and avoid increases in import duties that actually undermine the government's objectives.

The EU commends India for its efforts developed in the recent years. I will highlight a few examples: opening up FDI in sectors such as insurance, medical devices and defence; India's intentions to modernise its tax system by introducing the Goods and Services Tax (GST), an effort to speed up procedures in the investment sector. In addition, India embarked on reviewing its IPR and government procurement policy, which are important initiatives on which the EU has offered to share experience. The EU takes account of the adoption of the recent India's Foreign Trade Policy document which sets the goal to double the value of Indian exports within four years. This would certainly require rationalising the existing incentives and subsidies, shaping a coherent approach at bilateral, regional and multilateral level.

The EU trusts that India will engage constructively in discussions on the post-Bali work-programme with a view to finalising the DDA, and that India will contribute to the shared objective of ensuring the entry into force of the Trade Facilitation Agreement by MC10. In this regard, we are interested to hear about India's plans regarding the ratification of the Agreement and we continue to eagerly await India's notification of its Category A commitments.

The EU is the first destination of India's exports and is the first source of inward stocks of foreign direct investments in India. India is the first beneficiary of EU GSP. To give you a sense of proportion, last year India was granted by the EU a preferential tariff on 41% % of its exports. However, India is far from fulfilling all its potential in terms of trade and investment with the EU. The EU continues to look forward to engage India in order to enhance our bilateral trade and investment relationship.

In its advanced written questions, the EU has addressed several areas of concern that I already mentioned and which are reported by the Secretariat in its report such as: Import procedures/import bans that are regularly raised in the Import Licensing Committee; local content requirements issues raised in the TRIMs Committee; the disproportion of certain measures compared to the objectives sought; the impact of subsidies on the fairness of competition and trade/on the fiscal deficit, the importance of notifications to the WTO and transparency of measures; the insufficient consultation of stakeholders prior to adopting regulations.

The EU trusts that the meeting will be useful to all of us here and wishes India a very fruitful TPR.