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MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-0214/2011

pursuant to Rule 115(5) of the Rules of Procedure

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

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

The European Parliament,

- having regard to the Organisation for Economic Cooperation and Development (OECD) Guidelines on Multinational Enterprises and the International Labour Organisation (ILO) Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy,
 - having regard to the Ministerial Declaration of the Fourth Session of the WTO Ministerial Conference, adopted on 14 November 2001 in Doha, and in particular to paragraph 44 thereof, on Special and Differential Treatment (SDT),
 - having regard to its resolution of 29 September 2005 on EU-India relations: A Strategic Partnership¹,
 - having regard to the Commission communication of 4 October 2006 entitled ‘Global Europe: Competing in the World. A contribution to the EU’s Growth and Jobs Strategy’ (COM(2006)0567),
 - having regard to its resolution of 26 March 2009 on an EU-India Free Trade Agreement (2008/2135(INI))²,
 - having regard to its resolution of 12 July 2007 on the TRIPS Agreement and access to medicines³,
 - having regard to its resolution of 22 May 2007 on Global Europe - external aspects of competitiveness⁴,
 - having regard the India Country Strategy Paper (2007-2013),
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas the European Union should continue to give priority to a rule-based multilateral trading system established through the WTO, which offers the best prospects for open and equitable international trade by establishing appropriate rules and ensuring compliance with them,
- B. whereas a successful and balanced conclusion of the Doha Development Agenda (DDA) is of crucial importance to both the European Union and India, and whereas such an

¹ OJ C 227 E, 21.9.2006, p. 589.

² OJ C 117 E, 6.5.2000, p. 166.

³ OJ C 175 E, 10.7.2008, p. 591.

⁴ OJ C 102 E, 24.4.2008, p. 128.

agreement does not preclude bilateral WTO+ agreements, which can be complementary to multilateral rules,

- C. whereas the European Union is India's largest source of Foreign Direct Investment (FDI), accounting for 27% of total FDI in 2009; whereas, however, the EU share has declined over the past three years, from 37% of total FDI in 2007 to 32% in 2008 and 27% in 2009, while EU FDI outflows to China in 2009 were significantly higher than those to India, amounting to EUR 5.3 billion as compared to EUR 3.1 bn to India,
- D. whereas India was the European Union's seventeenth most important trading partner in 2000 and ranked eighth in 2010 (when such trade was worth EUR 67.8 bn); whereas, however, the EU's relative share in India's market fell from 23.2% in 1999 to 14.5% in 2009, while China's market share was multiplied by four over the same period, from 2.6% in 1999 to 11.3% in 2009,
- E. whereas India is the largest beneficiary of the Generalised System of Preferences (GSP); whereas the European Union's imports from India at preferential rates or zero duty were worth EUR 19.9 bn in 2009 and accounted for 83% of total EU imports from India,
- F. whereas both parties expect to secure significant benefits from the elimination of tariffs, the liberalisation of trade in services and of establishment and reaffirm their commitment to tariff reductions and further liberalisation of establishment and of trade in services,
- G. whereas market access needs to be accompanied by transparent and adequate rules and standards in order to ensure that trade liberalisation is beneficial,
- H. whereas market access is being hampered by non-tariff barriers to trade (NTBs), such as health and safety requirements or technical barriers, quantitative restrictions, conformity procedures, trade defence mechanisms, customs procedures, internal taxation, and a failure to adopt international norms and standards,
- I. whereas even greater account should be taken of the elements on recognition, suitable and effective protection, implementation and enforcement of intellectual property rights (IPRs), including patents, trade or service marks, copyright and similar rights, geographical indications (GIs) (including marks of origin), industrial design and integrated circuit topography,
- J. whereas counterfeit medicines can potentially be detrimental to health; whereas EU and India should join forces to address this problem,
- K. whereas India is one of the major producers and exporters of generic medicines,
- L. whereas Article 1(1) of the Cooperation Agreement provides for respect for human rights and democratic principles; whereas this constitutes an essential element of the agreement,
- M. whereas access by EU businesses to the Indian market is still being hampered by several 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,

General issues

1. Believes that the FTA should be balanced and compatible with WTO rules and obligations; considers that a successful DDA remains the European Union's trade priority and that negotiations with India on the FTA must thus be complementary to multilateral rules;
2. Welcomes the outcome of the EU-India Summit held in December 2010 and encourages the negotiating parties to speed up the negotiations and to continue to consult key stakeholders; recalls the pledge made by the EU and India to speed up FTA talks and to make substantive and efficient progress towards the early conclusion of an ambitious and balanced, broad-based trade and investment agreement; is disappointed with the slow pace of negotiations; calls for both parties to make every effort to conclude a comprehensive, ambitious and balanced FTA by the end of 2011;
3. Encourages India's federal and state governments to synchronise policies and procedures, so as to allow potential gains to be maximised;
4. Points, in view of the complementarity of the two economies, to the potential for an increase in EU-India trade and investment and business opportunities arising from the FTA; considers the EU-India FTA overall as a win-win scenario, but 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;
5. Asks the Commission to include an ambitious sustainable development chapter as an essential part of the FTA;

Trade in goods

6. Welcomes 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; stresses that, at the current average growth rate, bilateral trade is expected to increase to EUR 160.6 bn by 2015;
7. Notes that India's average applied tariffs have fallen but are still considerably higher than the EU's tariffs; points out in particular that India's average tariff for Non-Agricultural Market Access (NAMA) is now 10.1%, as compared to an EU average of 4%, while India's average tariff for agriculture is 31.8%, as compared to an EU average of 13.5%;
8. Stresses 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;
9. Notes that the agreement should respect sensitivities linked to agricultural trade, but that this should not prevent market opening in areas of complementarity;

10. Calls on the Commission to take due account of any negative impact on European agriculture, particularly in the areas of the opening up of markets, GMOs, milk, beef, intellectual property protection and origin labelling;
11. Considers it important that the FTA include ambitious chapters on technical barriers to trade and sanitary and phytosanitary measures; calls on the Commission, in this regard, to address outstanding issues such as animal welfare;
12. Calls on both parties to ensure that regulation and NTBs are managed in such a way that overall trade is not hampered; calls on both the EU and India 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;
13. Stresses that the FTA should include a binding state-to-state dispute settlement mechanism and provisions on mediation on NTBs, as well as an effective safeguard clause;

Trade in services, establishment

14. Recognises that services are the fastest growing sector of the Indian economy; notes that India has offensive interests in the liberalisation of Mode 1 and Mode 4 in the General Agreement on Trade in Services (GATS); notes that the EU would like to complete liberalisation of market access and national treatment under Mode 3 in most services; notes that the full ambitions of the FTA cannot be realised without commitments under Mode 4; stresses that there are huge benefits from nationwide and EU-wide 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; requests, nevertheless, that 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, under Mode 4, temporary stays of necessary skilled professionals;
15. Points out that service liberalisation must in no way hinder the right to regulate services, including public services;
16. 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;
17. Strongly encourages India to develop appropriate data protection legislation which would enable it to achieve the status of a country with an adequate level of protection, thereby allowing or enabling the transfer of personal data from the EU on the basis of and in compliance with EU legislation;
18. Considers that allowing foreign law and accounting firms to operate in India would bring significant benefits for the Indian economy and professions, as well as for European firms which have expertise in international law and accountancy and for their clients; calls on the Commission to explore with the Indian authorities the opportunities and scope for liberalisation of legal services and accounting services under the FTA;

19. Encourages India to further open up its banking, insurance and retail sectors in line with the reforms announced by the Indian authorities in recognition of the fact that appropriate financial legislation is important to ensure oversight of financial services, reduce systemic risk and provide the highest possible level of consumer protection;

Investment

20. Calls on the Commission to 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; suggests that 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;
21. Calls on the Commission to ensure that provisions on investment protection do not lessen the parties' ability to issue compulsory licences or undermine other public health policies;

Public procurement

22. Welcomes the fact that India has agreed to include public procurement in the FTA; regrets, however, that this has happened only at federal level; calls on the Commission to negotiate effective and transparent procurement systems; calls on India to apply transparent and fair procedures when awarding public contracts and to grant European businesses access to public procurement systems; calls on India to ensure the broadest possible coverage, including in particular public sector undertakings;

Trade and competition

23. Welcomes the progress made in developing a chapter on trade and competition in the EU-India FTA, and calls on both parties to step up their cooperation on trade-related competition matters, intellectual property rights and industrial and commercial policy;
24. Welcomes India's commitment to a strong IPR regime and to the use of TRIPS flexibilities in international and domestic legislation in order to meet its public health obligations, particularly in relation to access to essential medicines; encourages India rigorously to implement and enforce that regime, while improving access to essential medicines; 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; supports cooperation between the EU and India in their respective research-based pharmaceutical industries, with a view to ensuring mutually beneficial growth therein;
25. Calls on the Commission and the Indian authorities concerned to jointly work out a common definition of counterfeit medicines in a way that would not hamper access to essential medicines, and to coordinate action to effectively combat counterfeiting and, in particular, counterfeit medicines that are detrimental to patients health;
26. Stresses that a high level of protection for GIs, at the latest by the time of entry into force

of the FTA, is of crucial importance;

Trade and sustainable development

27. Recognises that a sustainable development chapter is an essential part of any EU FTA and calls on both sides to agree to an ambitious chapter which reflects the common commitment to promoting sustainable development and inclusive growth on the basis of shared values;
28. Stresses the importance of ratification and effective application of the basic conventions of the ILO as well as of international environmental and fisheries agreements;
29. Welcomes all efforts by the Indian Government to eradicate child labour; calls on the Indian Government and the Commission to continue funding activities aimed at allowing children to go to school;
30. Stresses the importance of ensuring that EU companies making use of Special Economic Zones respect fundamental labour rights or other labour rights based on ILO conventions that have been ratified by India;
31. Stresses that human rights, democracy and security are essential elements of the relationship between EU and India; calls, therefore, on both sides to ensure that dialogue on open issues is stepped up, with particular reference to Kashmir;

The European Parliament's role

32. Expects 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)¹;

Other considerations

33. Welcomes India's progress in becoming a donor as well as a beneficiary of development aid;
34. Points out that, if economic cooperation between the EU and India is based on a system of shared universal values, it may set a standard for cooperation with other countries;
35. Considers that the EU must pay special attention to the small and medium-sized enterprise (SME) sector in India, and therefore suggests that in all development cooperation programmes between the EU and India, SMEs be strengthened through measures to help finance market-driven local projects;
36. Welcomes the spread of microcredit throughout India, which has gained recognition as an effective way of creating grassroots-led development;
37. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States and of India.

¹ Article 218(6)(a)(v) of the TFEU.