

13th Trade Policy Review of the European Union
(5 & 7 July 2017)

Statement by India

Chair, my delegation is pleased to participate in the Thirteenth Trade Policy Review of the European Union. I would like to warmly welcome the delegation of the European Union for the TPR and thank Mr. Korte, Deputy Director-General, for the comprehensive opening statement, Ambassador of Mexico Roberto Zapata for his insightful observations as a discussant, and the Secretariat and the Government of the European Union for the reports prepared for the review.

2. EU is a key driver of the global economy and critically important for global trade and also has significant flow of global FDI both inward and outward. Since, the last review, EU's trade in both goods and services as also the current account surplus has increased. We also note that the significant challenges for EU economy include the outcome of the existing negotiations as a result of Brexit, relatively high rate of unemployment, non-performing loans, high private and public debt as also the need for reforms in the banking and other sectors of the economy in several states of the EU.

3. Regarding EU's trade policy, we would like to underline some of our systemic concerns which include the diverse and complex nature of applied tariff rates within the EU, non-ad valorem duties mostly in agriculture, Tariff Quotas and significant tariff escalation and peaks in areas such as textiles and agriculture where developing countries like India have interests.

4. We also note from the Secretariat's report that agricultural policies have not changed significantly during the period of review. Agriculture still remains a highly protected sector in the EU. For example, even though the current total AMS has come down from Euro 39.39 billion in 2001 to Euro 5.91 billion in 2013, the Green Box support has increased from Euro 20.66 billion to Euro 68.997 billion in the same period. Besides box shifting, it does not appear that the agricultural profile has changed much in many EU countries. Therefore, more needs to be done to reduce the distortions in agriculture trade in the EU.

5. We had posed more than 100 written questions in advance to the EU delegation which indicates the seriousness with which we approved this Review. We thank the EU for their responses, which we will study carefully. However, I wish to highlight some specific concerns which affect the vast underlying potential of the trade between India and EU.

6. EU's principle of setting maximum residue level at the limit of detection for a large number of pesticides and chemicals without any scientific basis and not according to CODEX standards creates major entry barriers for Indian exports.

7. Similarly, agricultural products including rice, peanuts, organic products, fruits like grapes, vegetables and sea food face barriers due to complex regulatory regimes and SPS requirements which are not based on risk assessments. In particular, we wish to raise the issue of tricyclazole in rice for which EU has issued a recent notification in June 2017 laying down new MRLs for basmati rice. The EU notification besides giving a limited period (of only six months) for transitional measures also disregards pertinent information about the long history of safe use of tricyclazole in several rice producing and consuming countries in the world. We urge the EU to maintain the MRL at the current level of 1 mg/kg (1 ppmillion).

8. I would also like to emphasise that Indian tea sector uses no anthraquinone but due to an unfounded misperception and consequent export prohibition, EU consumers are being deprived of some of the most exquisite teas in the world from Darjeeling in India.

9. The REACH regulation of the EU places several barriers on trade in chemicals and substances containing chemicals and involves high costs. Such complex regulatory framework together with high fees is a major hurdle for exporters, especially MSMEs. We urge you to review these regulations urgently.

10. Another continuing concern to India relates to the issue of transit of traditional and generic medicines for use in Africa and Latin America through EU ports. Impounding, delaying or confiscating such medicines which are not meant for use in EU, on grounds of violation of EU patents or trademarks, not only harms Indian exporters, but also deprives the poor in various countries of access to these generic medicines.

11. Indian information technology companies provide software and services which bring transformational benefits for manufacturing enterprises, banking & insurance sectors all over the globe and enhance their competitiveness. EU is implementing its ICT directive for ensuring intra-EU mobility for ICT professionals. We would request an early implementation of this so that Indian skilled professionals, especially in the IT/ITes sector can also avail of these benefits.

12. Chair, before I conclude let me also mention that the important role that EU plays in WTO negotiations. We hope the EU will actively engage in implementing the decisions of the past Ministerial Conferences and on important areas of the development agenda as we approach the Ministerial in Buenos Aires.

13. We wish the delegation of the European Union a productive and successful TPR and also take this opportunity to thank Ambassador Marc and his team in Geneva for their work and cooperation.

14. Thank you, Chair.