



India and EFTA

For Prelims: European Free Trade Association (EFTA), India's main exports and imports with EFTA, Trade and Economic Partnership Agreement (TEPA)

For Mains: India's strategy for enhancing trade with non-EU countries, India's trade policy and its impact on the economy, India's trade relations with European countries.

Why in News?

In a recent meeting held in New Delhi, **India and the four European countries that form the European Free Trade Association (EFTA)** have expressed their willingness to resume their negotiations for a [Trade and Economic Partnership Agreement \(TEPA\)](#) that has been stalled since 2018.

- The TEPA aims to boost bilateral trade and economic cooperation between the two regions by reducing tariffs and non-tariff barriers, enhancing market access, and promoting investment flows.

What is EFTA?

- EFTA is an intergovernmental organization that was established in 1960 as an alternative trade bloc for those **European states that were unable or unwilling to join the [European Union \(EU\)](#)**.
 - EFTA comprises **Iceland, Liechtenstein, Norway, and Switzerland**, which are not part of the EU but have access to its single market through various agreements.
- **EFTA is India's 9th largest trading partner**, accounting for about 2.5% of India's total merchandise trade in 2020-21.
 - The main items of India's exports to EFTA are **textiles, chemicals, gems, and jewelry, machinery, and pharmaceuticals**.
 - The main items of India's imports from EFTA are **machinery, chemicals, precious metals, and medical instruments**.

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What is TEPA?

▪ Objective:

- The TEPA aims to **create opportunities for trade and investment between India and EFTA by eliminating/reducing tariffs and non-tariff barriers** on a wide range of products.
- It aims to ensure **fair and transparent market access conditions for service providers and investors** and will **enhance cooperation on [intellectual property rights protection and enforcement](#)**.
- TEPA aims to facilitate **trade procedures and customs cooperation** along with effective mechanisms for **dispute resolution**.

▪ Coverage:

- The TEPA is a comprehensive agreement that covers **trade in goods, trade in services, investment, intellectual property rights, competition, government procurement, trade facilitation, trade remedies, dispute settlement, and other areas of mutual interest**.

▪ Recent Highlights:

- Participants acknowledged challenges posed by **global economic and trade environment**.
- Participants agreed to address **bilateral trade and economic partnership issues in a constructive and pragmatic manner**.
- India proposed to **include talks on gender equality and women empowerment in TEPA negotiations**.
- India committed to **promote social development along with economic growth**.

[Source: ET](#)

