

I N D I A

The third meeting of the Joint Commission set up by the 1981 Commercial and Economic Cooperation Agreement will take place in New Dehli at ministerial level on 5 and 7 May 1984. The delegations will be led, on the Community side, by Commissioner Ivor Richard, and on the India side by Mr V.P. Singh, Minister of Commerce.

DEVELOPMENT OF EEC/INDIA RELATIONS

EEC/India relations date back to 1962 when India accredited an Ambassador to the Community.

Contractual links were established in 1973 when the Commercial Cooperation Agreement was signed. This Agreement set up a framework for cooperation activities in the field of trade of which a notable example was the opening of the Indian Trade Centre in Brussels in 1980 which was partially financed by the Community.

Following a visit of the then Indian Prime Minister Mr Moraji Desai to the Commission, in 1978 both sides agreed to open negotiations for a new agreement which would provide a broader framework for cooperation than the 1973 Agreement. The new Agreement was signed on 23 June 1981 following a year of negotiations.

The Agreement which is non-preferential in character, creates a Joint Commission with responsibility for supervising and encouraging all aspects of commercial and economic cooperation including industrial, scientific and technical cooperation. This Joint Commission may also discuss questions of trade covered by sectoral agreements as well as all matters of economic interest.

Regular consultations at the highest level have taken place in recent years and successive Commission Presidents have visited India during their term of office. To reinforce EEC/India relations the Commission has established a Delegation in New Delhi which is responsible for relations with South Asia.

TRADE RELATIONS
-----Tariff concessions

Trade between the Community and India is based on the Most Favoured Nation clause of GATT. In practice, however, India benefits from the Community's Generalised System of Preferences and more than 95% of India's industrial exports to the Community qualify for either duty free entry or reduced duties. In the agricultural sector, India benefits from a wide range of tariff reductions and has profited considerably from the Community offer on tropical products in the framework of the Tokyo Round negotiations. Taken together with the GSP, this means that India now has duty free access for 73% of her agricultural exports to the Community while benefiting from tariff reductions for most of the remainder.

Textiles agreement

In September 1982, negotiations for a bilateral textile agreement covering the period 1983-86 were successfully completed. This agreement which is based on the Protocol of Extension of the Multifibre Arrangement is being autonomously applied by both parties while awaiting its formal conclusion.

In the jute and coir sectors the Community has removed all quantitative restrictions and suspended duties in the framework of the GSP.

India is also the principal beneficiary of the EC tariff quota opened annually for handicrafts and handloom products.

ECONOMIC COOPERATION

Trade Promotion

India has benefited from the Community's trade promotion programmes for developing countries. This has been used to finance participation by Indian firms in European trade fairs, trade missions in both directions, provision of consultant experts in marketing etc. and currently the provision of some support to the Indian Trade Centre in Brussels through the implementation of the various trade promotion programmes.

Industrial Cooperation

In the framework of the enlarged cooperation foreseen by the 1981 Agreement, the Commission has organised seminars in Europe to promote industrial cooperation especially in the fields of automotive components, electronic equipment and plastics.

A practical example of this new development in EC-India relations was the organisation of an important industrial conference in Dehli in January 1983. The conference attracted 130 European firms and has already led to \$80 million worth of business being transacted. Further smaller sectoral workshops as well as a seminar on the transfer of technology are planned for 1984.

Scientific cooperation

The Joint Commission is expected to approve a joint research programme in science and technology which has been prepared at previous meetings. The areas which will be covered are energy, tropical medicine, agriculture and environment.

Food Aid

India has received annually since 1978 31 000 tonnes of milkpowder and 12 700 tonnes of butteroil from the Community's food aid programme. These allocations represent a contribution to Operation Flood II, a major rural development project for the purpose of creating an efficient dairy industry and distribution network.

Trade between India and the Community

Trade with India represents about 1% of the Community's total trade. The EC is India's largest trading partner accounting for approximately 27% of her total trade.

The Community's principal exports to India are machinery and transport equipment, manufactured goods and chemicals. A substantial two-way trade has developed in recent years between India on the one hand, and the UK and Benelux on the other in precious stones, accounting for some ten percent of total trade.

Principal imports from India are foodstuffs, mainly tea, tobacco and oilseed cake, textiles, leather goods, carpets and light engineering goods.

India's main trading partners within the Community are the United Kingdom and Germany.

	EEC trade with India				Million ECUs		
	1973	1975	1977	1979	1981	1982	1983 (10 months)
EC-Imports	655	923	1656	1827	1880	2572	1760
EC-Exports	676	1089	1395	2006	3363	3991	3052
Balance	21	166	-261	179	1483	1419	1292

Source: EUROSTAT

(+) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.