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Accompanying document to the

Recommendation for a Council decision authorising the Commission to negotiate a trade agreement with India on behalf of the European Community and its Member States

Summary of the Impact Assessment

{SEC(2006) 1558 final}
{SEC(2006) 1559}

EXECUTIVE SUMMARY

The impact assessment accompanies the Commission's recommendation to Council to authorise the negotiation of a Free Trade Agreement with India.

PROBLEM DEFINITION

This section analyses the economic interest of the EU in a Free Trade Agreement (FTA) with India in terms of size and growth of the Indian market and the barriers to trade facing EU exports to India, concluding that India meets the economic criteria for carefully chosen FTAs identified in the Commission Communication "Global Europe: competing in the world"¹.

MAIN OBJECTIVES

The impact assessment provides a first analysis of the objectives and impact of an EU trade agreement with India and further studies are planned to support the Commission in the negotiations. In particular, a Sustainability Impact Assessment (SIA) will be commissioned in due time.

The impact assessment accompanies the Commission's recommendation to the Council to authorise it to negotiate an FTA with India.

POLICY OPTIONS

The impact assessment analyses the different options for strengthened cooperation on trade and investment with India. It comes to the conclusion that the negotiation of a comprehensive FTA with India is the preferred option. India meets the economic criteria presented in the "Global Europe" Communication regarding market potential (economic size and growth) and the level of protection against EU export interests (tariff and non-tariff barriers). Given its GDP, growth rate and population size as well as high levels of protection facing EU exports, India represents a significant economic interest for the EU.

EXPECTED IMPACT FROM THE SELECTED OPTION

Focusing on the option for a comprehensive FTA, the impact assessment considers that an agreement should be ambitious, covering both tariff and non-tariff barriers, free trade on goods and services, as well as rules on investment, trade facilitation, public procurement, competition policy, state aid, intellectual property rights and geographical indications, and technical regulations (sanitary and phytosanitary measures, technical barriers to trade) and co-operation on trade and sustainable development. Such a comprehensive FTA with India would entail economic gains for both partners by increased trade and investment flows between the EU and India.

In line with the preliminary analysis, the Commission recommends to the Council to authorise it to negotiate a comprehensive FTA with India.

¹ COM(2006) 567, 4.10.2006.