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Get irritants to FTA out, Germany tells India

Sujay Mehdudia, The Hindu

August 16, 2012: Seeking enhanced economic engagement with India, Germany's Ambassador to India, Michael Steiner, has sought to remove 'obstacles' coming in the way of clinching the India-EU free trade agreement (FTA).

"There are obstacles in the path. We need to remove these. We want the treaty to happen. We want the FTA to be done by early next year. For that, both sides have to work very hard. India needs to work on certain issues, including trade and tariff barriers especially on cars and also in the insurance sector. We want the FDI limit in insurance hiked to 49 per cent from the present 26 per cent," Mr. Steiner told *The Hindu*.

Acknowledging that the India-EU FTA would not happen this year, Mr. Steiner said a lot needs to be done to send out a message about readiness to engage. "AIG of Germany is a big company. It is ready to engage with India but for that steps are needed to send out a positive message of economic engagement," he added.

On the issue of cars, Mr. Steiner said: "we don't want India to lower import duties in one go. We want to do it step-by-step. In fact, it is the other way around. India sells more cars and automotive parts in Europe. India has compulsions, and it cannot open the markets immediately. But a time period needs to be set to lower trade barriers and bring them down to zero level especially for cars.

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Berlin-bound, Manmohan has FTA on top of his agenda

The Financial Express

New Delhi, 9 April 2013: Apart from inking several pacts in areas like renewable energy, trade, infrastructure and education, the India-EU FTA will be on the agenda of the talks between German Chancellor Angela Merkel and Prime Minister Manmohan Singh, who is travelling to Berlin on April 10.

While both countries favour early inking of the pact, it is stuck because many EU countries are insisting that India should raise the FDI cap in insurance from 26% to 49%. These countries are also hoping that Parliament during the second part of the budget session will look into the issue given the 'small' window for inking the FTA before India gets into election mode.

Also, issues like duty concessions in automobile and wine and spirit sectors are on the verge of being resolved with New Delhi agreeing to relax duties in these areas. But the FDI cap in insurance is the 'decisive' factor as it requires parliamentary approval.

In an effort to iron out the differences, commerce and industry minister Anand Sharma and EU trade commissioner Karl De Gucht will be meeting in Brussels on April 15.

Singh accompanied by a high-level, five-member ministerial delegation is visiting the country for the second-round of inter-governmental consultations on April 11. Singh will call on German President Joachim Gauck on April 12.

“Germany is the only country with which India has such a format of high-level discussion,” German Ambassador to India Michael Steiner told mediapersons, adding it covers a host of areas ranging from urban development to nuclear safety.

The first round was held in New Delhi in May 2011 during Merkel's visit. The Prime Minister had last visited Germany in December 2010.

Those accompanying Singh include External Affairs Minister Salman Khurshid, Commerce Minister Anand Sharma, Renewable Energy Minister Farooq Abdullah, Human Resource Development Minister MM Pallam Raju and Science And Technology Minister S Jaipal Reddy.

Germany is India's largest trading partner in Europe with bilateral trade registering an 18.4 % increase to touch 18.37 billion Euro in 2011. Germany is also the eighth largest foreign direct investor in India.

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