

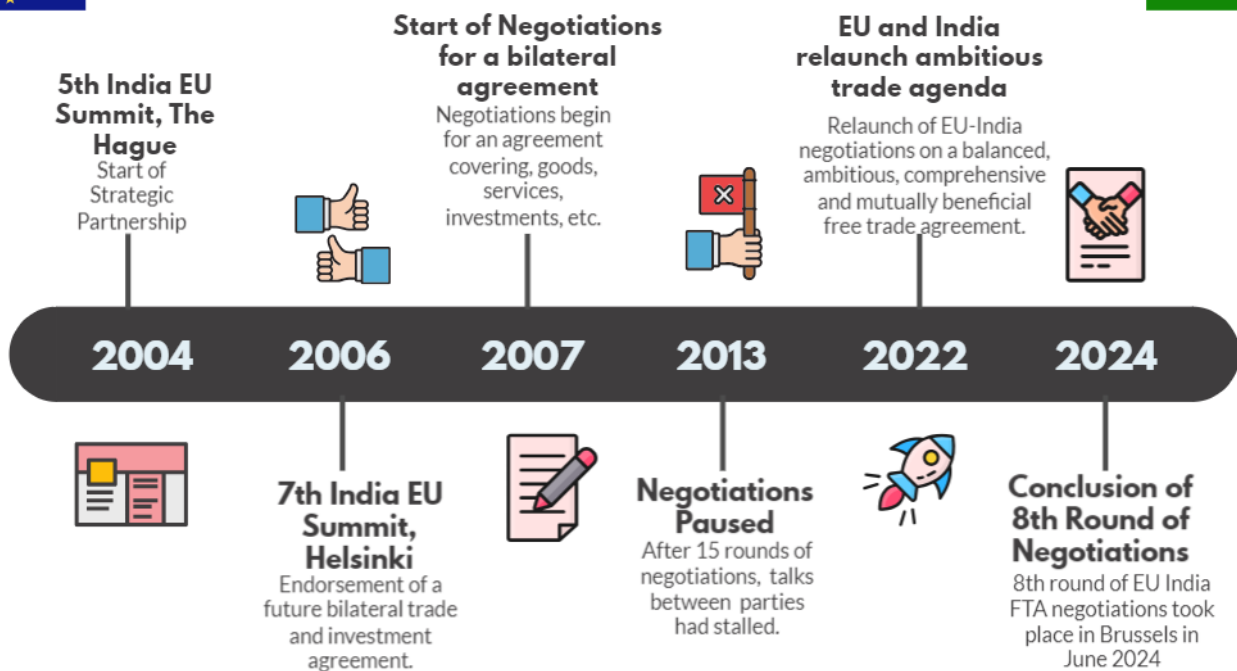
European Union (EU27) – INDIA

TRADE UPDATES

July 2024



EU-India Trade Relationship Timeline



The various negotiating hurdles included: (i) the desire of India for better market access for services suppliers through Mode 4 liberalisation over market access for goods in trade negotiations; (ii) India's wish for the EU to cut tariff and subsidy support to its agricultural products for fear of EU exports displacing Indian agricultural products; (iii) the reluctance of the Indian government to negotiate government procurement issues; (iv) the desire of India to achieve 'data-secure' status for the country, to allow the flow of sensitive data, such as information about patents, under data protection laws in the EU.

Made with VISME



International Economics
Strategic Analysis For Growth & Development



European Union- INDIA

TRADE PARTNERSHIP OVERVIEW



Population 448.8 million
Year 2024

Region Europe

GDP Per Capita \$37,433.3
Year 2022

Population 1.4 billion
Year 2022

Region Asia

GDP Per Capita \$2,411
Year 2022

Total Imports \$7.262 billion
Year 2022

Total Exports \$6.938 billion
Year 2022

Total Imports \$732.6 billion
Year 2022

Total Exports \$452.7 billion
Year 2022

- India was the EU's **11th largest** goods exports partner in 2023 accounting for **1.9%** of total exports.
- India was the EU's **9th largest** goods import market in 2023, accounting for **2.6%** of total imports.

- The EU was India's **2nd largest** goods exports partner in 2023, accounting for **17.5%** of total exports.
- The EU was India's **3rd largest** goods imports market in 2023, accounting for **8.8%** of total imports.

€65.2 billion of the EU's export potential to India, is in gold, diamonds and powered aircrafts.

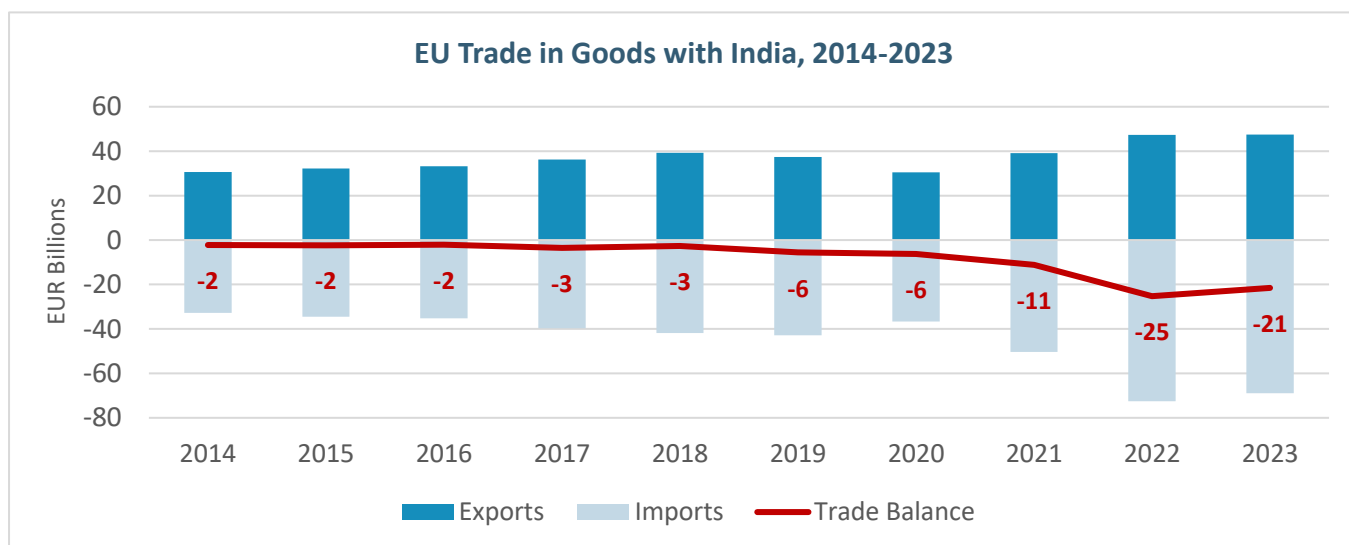


€54.2 billion of India's export potential to the EU, is in diamonds, medicaments and mobile phones.



Source: IEC Country Profiles (2023); ITC Trademap (2024); Eurostat (2024); ITC Export Potential Map (2024).

TRADE in GOODS

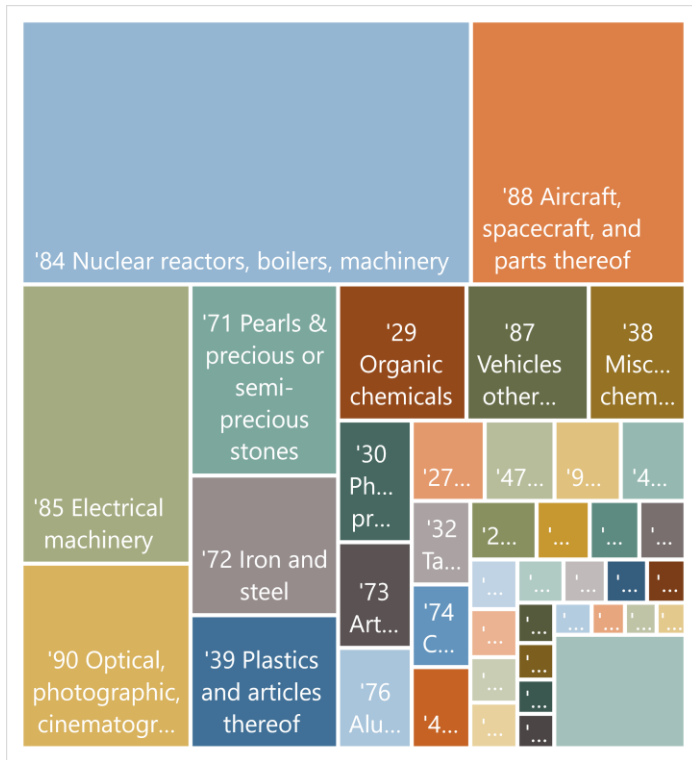


Export growth (2014-23): **4.9% CAGR** | Import growth (2014-23): **8.6% CAGR** | Total trade (2023): **€116.4 Bn**

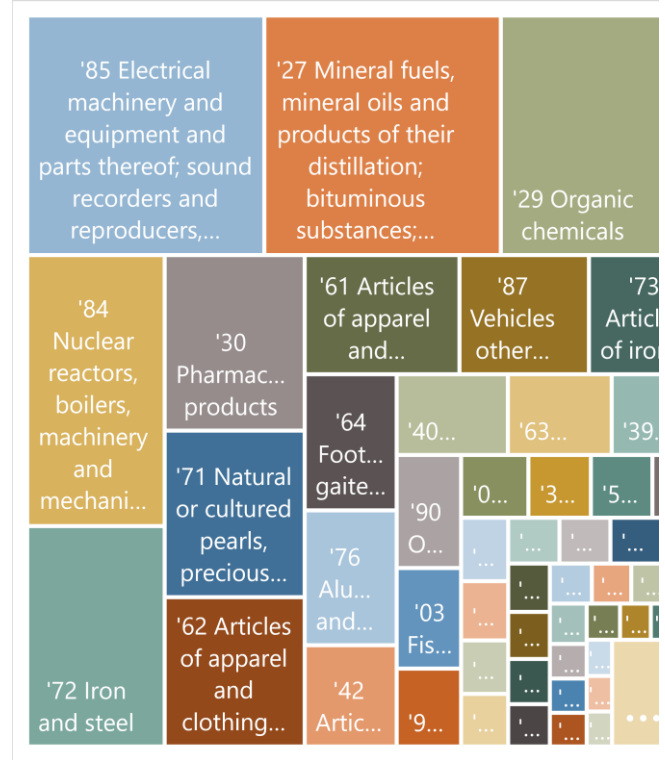
Source: IEC Calculations based on ITC Trademap (2024)



The EU's exports to India, 2023



EU's imports from India, 2023



Source: ITC Trademap (2024).

TRADE in Services

EU's Export of Services

The **top 5** service types **exported** from the EU in 2022:

Other Business Services **€297.2 billion**, 22.8%



Transport **€291.3 billion**, 22.4%



Telecommunications **€248.8 billion**, 19.1%



Travel **€145.9 billion**, 11.1%



Intellectual Property **€94.0 billion**, 7.2%



India's Import of Services

The **top 5** service types **imported** by India in 2022:

Transport **€104.1 billion**, 43.6%



Other Business Services **€54.7 billion**, 22.9%



Travel **€24.7 billion**, 10.4%



Telecommunications **€16.5 billion**, 6.9%



Intellectual Property **€9.9 billion**, 4.1%

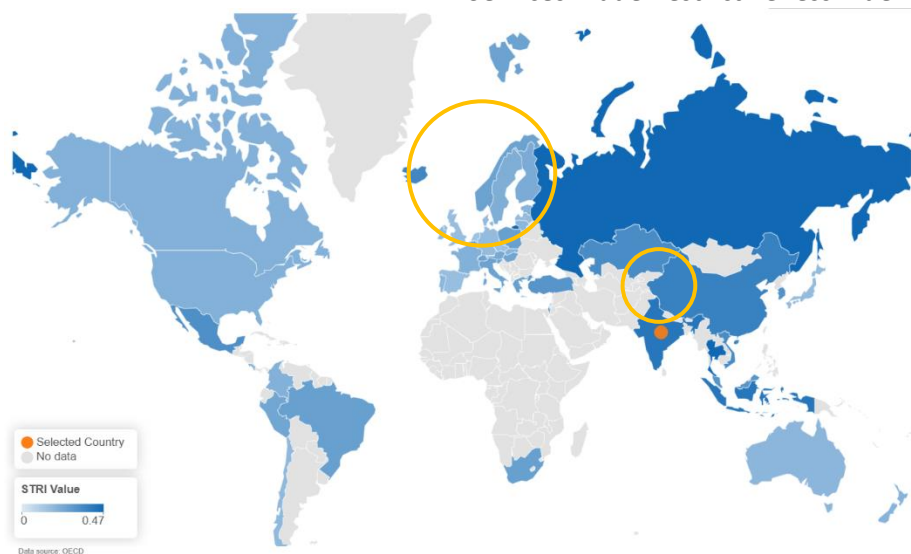


Source: Eurostat (2023) & ITC Trademap (2024)



TRADE in SERVICES

Services Trade Restrictiveness Index (STRI)



EU STRI ranges from **0.15** to **0.27**, with Netherlands as the least restrictive and Poland and Greece as the most restrictive.

On the other hand, India has a relatively restrictive regulatory framework for service trade - with an STRI of **0.44**.

INVESTMENT RELATIONS



EU FDI in India

- Between 2021-2022 India received **USD 84.8 billion** in FDI from the EU.
- Increase of **USD 2.8 billion** compared to the previous year.
- There has been a sustained long-term trend of increasing FDI.
- FDI equity inflows in 2021-2022 reached **USD 59.8 billion** (equity inflows in manufacturing accounted for USD 21.3 billion, i.e., 36% of the total).

Top 5 Sectors for FDI Equity Inflows (2021-2022):

- Computer software and hardware: **24.6%**
- Services (financial, non-financial business services, R&D, outsourcing, courier, technology, testing and analysis): **12.1%**
- Automotive industry: **11.9%**
- Trade: **7.7%**
- Construction (infrastructure) activities: **5.5%**

Indian FDI in EU

- India's annual FDI flows to the EU27 have fluctuated over the last decade, starting at €4.5 billion in 2013, peaking at €9.5 billion in 2015, and then falling to **€6.2 billion** in 2021.
- Netherlands** received the largest share of Indian investments, with **€4.7 billion** out of the €6.2 billion total in 2021.
- Other significant recipients include Belgium, Germany, France, and Spain.

Sectoral data indicates that **services** have consistently been a major part of Indian investment in the EU27. As of 2024; key sectors for Indian investment in EU27 are: **IT, Automotive, Pharmaceuticals, Biotechnology, Steel, Engineering, Chemicals, Logistics.**

Source: [EC & Trade Impact BV \(2023\)](#); [CII \(2024\)](#).

EU's investment potential in India span several sectors:



- **Green & Renewable Energy:** India stands **4th globally** in Renewable Energy Installed Capacity (including Large Hydro), 4th in Wind Power capacity & 4th in Solar Power capacity. The country has set an enhanced target at the COP26 of **500 GW** of non-fossil fuel-based energy by 2030. India's renewable energy potential is over **1,000 GW**, however, the installed capacity is just **160 GW**.



➤ **Infrastructure:** India is welcoming investments in infrastructure to support its growing economy. This includes areas such as roads, airports, ports, and railways. **\$275 billion** to be invested on roads under India's National Infrastructure Pipeline between 2019 to 2025.



➤ **Healthcare and MedTech:** The Indian MedTech industry was valued at **\$10 billion** in 2020. By 2025, it is expected to reach **\$50 billion**. The digital healthcare market in India is expected to be expanding at a CAGR of **27.41%** during the 2019-2024 period.



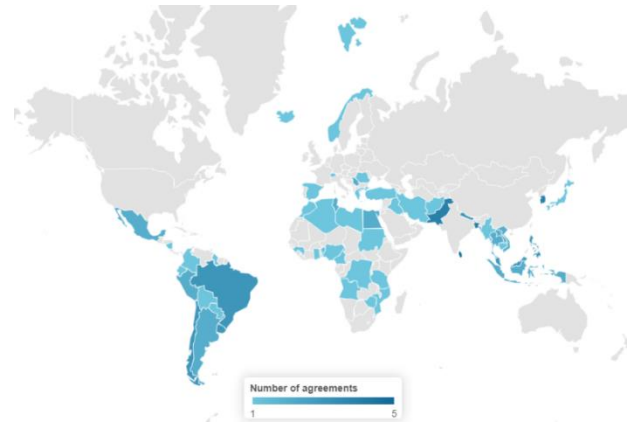
➤ **Innovation & ICT:** In India, the technology industry is estimated to have 5.4 Mn employees and contribution of **53%** in India's service exports in 2023. As of October 2023, India is home to 111 unicorns with a total valuation of **\$349.67 billion**.

GLOBAL TRADE PARTNERSHIPS

EU's Global Trade Partnerships



India's Global Trade Partnerships



Note: The maps for India and EU show trading arrangements that they are a signatory to, not just FTAs.

Source: [IEC Trade Insights](#)

Alongside the ongoing negotiations with the EU, India is also party to **13 FTAs** with **50+ countries** globally. India is also actively negotiating FTAs with the European Union and Gulf Cooperation Council (GCC) countries.

The EU on the other hand, has **70** trade arrangements with **65+ countries** globally.

EU-INDIA FTA POTENTIAL

The EU-India Free Trade Agreement promises to enhance economic cooperation, boost bilateral trade, and foster significant growth in both economies. The agreement's comprehensive approach to reducing trade barriers and fostering investment is set to create a mutually beneficial partnership that supports sustainable economic development.



Economic Growth

Expected GDP increase by **0.1% to 0.2%** by 2030.

Expected GDP increase by **0.6% to 1.0%** by 2030.



Welfare

Welfare rise by **0.1% to 0.2%**.

Welfare rise by **0.5% to 0.8%**.



Trade Growth: Merchandise Exports

EU to India: Bilateral merchandise exports projected to grow by **107.6%**, reaching **€112.5 billion** by 2032.

India to EU: Bilateral merchandise exports expected to rise by **86.6%**, reaching **€110.7 billion** by 2032.



Trade Growth: Services

Services exports to India anticipated to increase by **4.7%** (**€1.6 billion**).

Services exports to the EU expected to rise by **0.1%** (**€124 million**).



Sectoral Highlights

EU Sectors with Significant Growth: Chemicals, electronics, machinery, dairy, sugar, tobacco, textiles, pharma, minerals, metals, transport equipment

Indian Sectors with Significant Growth: Wearing apparel, chemicals, dairy, grains, sugar, meat, textiles, motor vehicles, transport equipment.



MSME-Intensive Sectors

Electronics, machinery, rubber, plastics.

Leather, rubber and plastics, ferrous metals, metal products, electrical equipment, machinery, textiles, apparel.

Source: [EC & Trade Impact BV \(2023\)](#).

Why India?



India's Increasing Imports

- India's imports are expected to grow at **160% by 2030**.
- India's economy is expected to grow by **at least 6% yearly until 2030**. India's import market is expected to grow by **€0.5 trillion** by 2030.



Rising global competitiveness

- India ranks **39th** on the Global Competitiveness Index 2024.
- India climbs to the **40th rank** in the Global Innovation Index; a **huge leap of 41 places in 8 years**.
- India jumps **6 places to Rank 38** in World Bank's Logistics Performance Index 2023.



Growing middle class

- The strong growth of the middle class suggests greater demand for services, i.e. insurance, healthcare, and education.
- Between 1995 and 2021, the middle class grew at a rate of **6.3%** annually, adding **338 million** individuals.
- By 2031, **38%** of the population and by 2047, **60%** of the population is expected to middle class.



Increasing FDI Inflows

- Total FDI inflows in the country in **FY 2023-24 is \$990.97 Bn (Apr 2000 to Mar 2024)**.
- Total FDI equity inflows stand at **\$678.86 Bn (Apr 2000 to Mar 2024)**.

Source: Invest India (2024); WEF (2021) ; IEC



We help our clients grow in international markets

International Economics brings our unique capabilities in trade, investment, and public policy in five key Strategic Areas.



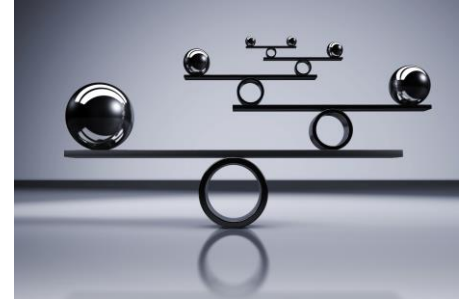
International Business Strategy

We build tailor-made strategies for trade-oriented business solutions. We carry out sensitivity analysis and prepare detailed resource scheduling and standard performance dashboards to track the implementation process and financial ratio performance of your products and services. Finally, we develop the analytics and risk matrices and use our cognitive computing insights to update these in real-time.



E-commerce and Digital Trade

International Economics provides advice and solutions on some of the latest emerging trends in e-commerce and digital trade such as paperless trading, e-payments, online consumer protection and data protection. We assist governments and businesses worldwide in creating an enabling environment for e-commerce and digital trade, to maximise economic growth and development.



Policy and Negotiations

Our team supports the public and private sectors in navigating the international trade policy and negotiation landscape via establishing robust framework with sophisticated real-time dashboards and reporting systems to ensure the best outcomes. We support negotiators to participate effectively in trade negotiations and deliberations and advocate for their countries' interests and positions.



Risk Management

At International Economics, we provide strategic insights to assist organisations, businesses, and governments in anticipating risks, building resilience, mitigating impacts, and supporting our clients on their recovery against such shocks. We support decision-makers with informed and evidence-based analyses and policy options. We map out key government measures and responses to the risks and challenges to formulate strategies for our clients to respond and adapt to the new social, political, and economic landscapes.



Monitoring, Evaluation & Learning

Using innovative methodologies to collect and analyse data, International Economics assist our clients in tracking the economic, social, and environmental aspects of their projects to maximise efficiency and improve their development objectives. Through the lessons learnt and the feedback mechanisms, we support institutional strengthening and the re-alignment of resources to ensure the sustainability and maximum impact of projects, helping our clients make well-informed strategic decisions.



Our Leadership Team in Mauritius, India, and London



Paul Baker
Chairman
Group



Alistair Elder
Managing Director
UK



Ria Roy
Leadership Team in
India



Pablo Quiles
Manager
Trade Advisory Services

International Economics Consulting Group has offices in Mauritius, UK, and Vietnam

Mauritius



International Economics Consulting Ltd
Grand Baie Business Park, Suites 207-208
Grand Baie – 30510
Mauritius
Tel: +230 263 33 24
Email: info@tradeeconomics.com

London



International Economics Consulting Ltd
31 Blenheim Road
SW20 9BA, London
United Kingdom
Tel: +44 7492 230 668
Email: info@tradeeconomics.com

Ho Chi Minh



International Economics Consulting Ltd
395/49, Nguyen Thi Kieu Street
Tan Thoi Hiep ward, District 12
Ho Chi Minh, Vietnam
Tel: +84 763 281 367
Email: info@tradeeconomics.com

International Economics
Strategic Analysis For Growth & Development

130+ Countries

190+ Projects

Our Core Solutions

- International Business Strategy
- Digital Trade
- Policy and Negotiations
- Risk Management
- Monitoring and Evaluations

No. of Projects: 24

Powered by Bing