European Free Trade Association (EFTA)

Why in News?

India recently establishes European Free Trade Association (EFTA) desk to boost trade with European nations.

> *India and the EFTA bloc signed a free trade agreement (FTA) recently to boost trade and investment ties.*

- It is a regional trade organization set up for the promotion of ***free trade and economic integration*** between its members, within Europe and globally.
- **Established by -** Signing a Convention in Stockholm on 4 January 1960.

> *Founding Members of EFTA are Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom.*

- **Member States -** Iceland, Liechtenstein, Norway and Switzerland.
- **Headquarters –** Geneva.
- **Governing Body -** EFTA Council.
- It usually meets 8 times a year at Ambassadorial level (Heads of Permanent Delegations to EFTA) and once a year at Ministerial level.
- Each Member State is represented, and decisions are taken by consensus. The Member States take turns to chair the Council, ***rotating yearly***.
- **Features -** The Council manages relations between the EFTA States themselves under the EFTA Convention.
- It adopts decisions to reflect legislative developments in the EEA (Iceland, Liechtenstein, and Norway) Agreement and in the Switzerland-EU bilateral agreements.
- EFTA's worldwide network of free trade and partnership agreements with third countries.
- **Significance -** EFTA has one of the world's largest free trade networks, with 31 agreements covering 42 partner countries outside the EU.
- More than 80% of EFTA's merchandise trade is currently covered by the trade bloc's preferential agreements.
- India-EFTA two-way trade was about $24 billion in 2023-24 against $18.65 billion in 2022-23.

> *Switzerland is the largest trading partner and investor in India followed by Norway in the bloc.*

- India received $10.72 billion in foreign direct investment from Switzerland during April 2000 and September 2024.
- **India- EFTA Agreement –** The pact is also known as ***Trade and Economic Partnership Agreement (TEPA).***

- The deal is set to come into effect in the next four-six months after the 4 nations receive necessary Parliamentary approvals.
- It comes against the backdrop of an investment commitment made by EFTA nations under the trade agreement $50 billion investment in India within 10 years of the agreement.
    - Taking into effect and an additional $50 billion in the next 5 years.
- The investment is expected to facilitate the creation of 1 million direct jobs in India in 15 years.
- The dedicated platform will act as a centralized support mechanism for EFTA companies looking to expand in India.
- It aims to fast track processes to make it easier for companies to do business, ensure seamless flow of capital, and navigate areas of concerns.

References

1. The Hindu | India establishes EFTA desk
2. EFTA | ABOUT EFTA
3. Business Standard | FDI with EFTA

