India-EU Trade Pact may get delayed

Why in news?

Recently, India plans to restart negotiations on investment and trade agreements with the European Union (EU).

How was the earlier negotiation?

- Earlier discussions were held on a comprehensive free trade agreement in 2007.
- This was aborted due to differences on movement of professionals, labour, human rights, environmental issues, India's high tariffs, inconsistent tax regime and non-payment of arbitral awards.
- Now EU finds itself in an unusual turbulent situation which makes the trade pact elusive.

What are the issues surrounding the EU?

- COVID-19, Brexit and international tensions caused by former U.S. President has aggravated internal conflicts in EU.
- It faces obstacles from adherence to the rule of law to a strategy for dealing with China, Russia, Turkey and Iran.
- After months of tortuous negotiation, member States finally agreed on a long-term budget and a COVID-19 recovery package of $2 trillion.
- Hungary and Poland opposed anti-COVID-19 support being linked to good governance, in particular, accusations of suppression of human rights and lack of independence in the judiciary.

Does Euro scepticism exist?

- The EU's attempt to condition its budget on the rule of law sharpened the emphasis on the veto power to which every Member State is entitled.
- It was not only Britain that started the populist movement of leaving EU but many Euro sceptic parties now focus on preventing closer unity.
- Euro zone crisis, migration crises, implementing COVID-19 lockdowns, & upcoming elections in many EU States which have strong Euro sceptic movements reflects lack of unity.
- This fear of Euroscepticm forces mainstream politicians to adopt populist

rhetoric & many top leaders are criticising Islam and anti-secular immigrants which is repeated in other EU countries.

What are the other factors which affect EU's unity?

- Common security and defence policy is causing division among the Nations.
- France wants Europe to have greater control on its security, but Germany, Netherlands, Portugal and others are uncomfortable with this view.
- They are satisfied with security being supported by NATO and the U.S. & wants to engage in profitable business with China and Russia.
- The COVID-19 pandemic has led to riots in the Netherlands, resignation of Italian PM & introduced divisive vaccine nationalism in the Union.
- Initially some members closed their borders & restricted the exports of personal protective equipment.
- Now EU's vaccine procurement programme is affected because the manufactures say that vaccines cannot be delivered as scheduled due to production problems despite advance payment.
- Now German government which is a strong advocate of European solidarity negotiated a separate vaccine contract with Pfizer.
- Enormous political will and adroit skill is required to solve these issues & trade agreements with India will be the least priority for EU.

Source: The Hindu

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