

India & European Free Trade Association (EFTA)

Prelims - Current events of National & International importance.

Why in News?

Recently, the Commerce and Industry Minister said that the Free Trade Agreement between India and the four-nation European bloc EFTA will be implemented from October 1.

- **EFTA** - It is an intergovernmental organisation established to promote free trade and economic integration, benefiting its four Member States.
- **Member states** - Iceland, Liechtenstein, Norway, and Switzerland, as well as their trading partners worldwide.

- India's biggest trading partner - **Switzerland**.
- India-EFTA two-way trade - \$24.4 billion in 2024-25.
- **Tariff lines or product categories** - Offering 82.7% by India, which cover 95.3% of EFTA exports, of which more than 80% of imports are gold.

Outcomes of EFTA agreement

- India secured a follow-up commitment in the EFTA categories

Countries	EFTA sub-sectors
Switzerland	128
Norway	114
Iceland	110
Liechtenstein	107

- **Reduction of duties** - India will phase out customs duties under the trade pact on these goods over 10 years, allowing several products, such as Swiss watches, chocolates, and cut and polished diamonds.

Benefits

- **Strategic Investment Timeline** - The bloc will invest \$100 billion in 15 years, consisting of two phases
 - First phase - \$50 billion within 10 years after the implementation of the agreement.
 - Second phase - \$50 billion in the next five years.
- **Job creation on a large scale** - It facilitates the creation of 1 million direct jobs in India.

- **Access to high-quality products** - Domestic customers will have access to top-grade Swiss products, including watches, chocolates, biscuits, and clocks, at lower prices.
- **Boost to services sector** - India has identified 105 sub-sectors for the EFTA, including legal, audio-visual, R&D, business services, computer services, accounting, auditing, distribution, and Health services.
- **Entry into the EU market** - Over 40% of Switzerland's global services exports are directed to the EU, making it a strategic gateway for Indian firms to expand their presence in the European market.

Reference

[The Hindu| India vs European Free Trade Association \(EFTA\)](#)

