



Fact sheet: EFTA–India Trade and Economic Partnership Agreement

Overview

- The EFTA states (Switzerland, Iceland, Liechtenstein and Norway) and India signed a Trade and Economic Partnership Agreement (TEPA) in Delhi on 10 March 2024.
- The scope of the agreement with India is broad. Above all, it improves market access and legal certainty for trade in goods (industrial and agricultural products) and services. It also includes provisions on investment promotion and cooperation, protection of intellectual property, elimination of technical barriers to trade (including sanitary and phytosanitary measures), competition, dispute settlement, trade facilitation, trade and sustainable development, and a development provision on government procurement.
- For Switzerland as an export-dependent country with globally diversified sales markets, the conclusion of free trade agreements is one of the three main pillars of its policy of opening up markets and improving foreign trade conditions, alongside membership of the World Trade Organization (WTO) and contractual relations with the European Union.

Trade in goods

Concessions made by India

- The free trade agreement with India improves market access for 94.7% of existing Swiss exports to India, excluding gold (measured by value of goods 2018–2023, based on Indian import statistics).
- For 84.6% of Swiss exports, all tariffs will be eliminated after the defined tariff dismantling period (between 0 and 10 years, depending on the product).
- For 10.1% of exports, Switzerland will receive partial concessions (in most cases a 50% reduction in customs duties with a transition period of up to 10 years).
- Upon expiry of the tariff dismantling period, Swiss companies will be able to save up to around CHF 167 million in customs duties annually, based on existing trade figures.

The following are the main concessions for **industrial goods**:

- All Swiss pharmaceutical products will benefit from improved market access in India. Customs duties will be completely eliminated for practically all pharmaceutical products, subject to a transition period.
- The FTA will allow many Swiss machinery exports to India to be imported either tariff-free or at reduced rates.
- Swiss chemical products will also benefit from tariff-free market access or reduced customs duties under the FTA.
- All exports of optical instruments (including medical devices) will benefit from preferential tariffs after a defined transition period, with either reduced or complete elimination of duties.
- All customs duties on Swiss watches will be abolished (subject to transition periods).

Switzerland will receive the following concessions for its export interests in the **agricultural sector**:

- India will grant Switzerland tariff-free market access (subject to a transition period) for selected processed agricultural products, including chocolate, coffee capsules and certain food preparations.
- Tariffs on energy drinks will be eliminated within ten years.
- India will grant tariff-free market access for various fruits and vegetables and certain basic agricultural products of plant and animal origin after a transition period of up to 10 years.
- For wine, India is granting Switzerland phased tariff reductions over 10 years.

Concessions made by Switzerland

- Switzerland guarantees India contractually assured tariff-free market access for all industrial products.
- Switzerland's concessions in the agricultural sector consist of reduced or abolished import duties for selected agricultural products. These do not exceed the level granted in other agreements. The concessions are compatible with Switzerland's agricultural policy and do not pose a risk to any sensitive sectors.
- Border protection for sensitive products such as meat, dairy products, cereals, oilseeds, fruit and vegetables in season, wine and sugar will not be affected.
- For processed agricultural products, Switzerland grants concessions to India that are similar to those enjoyed by its other main FTA partners. For products with a price compensation mechanism, concessions are granted in the form of reductions in the applicable MFN (most-favoured nation) tariff rate, as in the FTAs with China, Indonesia and Turkey. Switzerland is thus eliminating the industrial protection element of tariffs but still provides for the possibility of compensating for the difference between the price of goods in Switzerland and on the world market by means of import duties for the majority of tariff lines.
- Switzerland will grant India further tariff reductions for 35 tariff lines. For a small number of selected products for which Switzerland no longer applies a price compensation mechanism vis-à-vis the EU, Switzerland is granting India a complete elimination of customs duties. Free trade applies to processed products without a price compensation mechanism.

Rules of origin and customs procedures

- For products for which Swiss exporters have offensive export interests and India offers preferential market access, product-specific rules could be agreed that take account of existing value chains.
- The movement certificate EUR.1 serves as proof of origin for normal exporters. Authorised exporters issue a declaration of origin, which must be signed electronically.

Technical barriers to trade and sanitary and phytosanitary measures

- The chapters on technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS) are based on the provisions from the relevant WTO agreements. In both areas, the parties have agreed a review clause under which they will negotiate between themselves any benefits that they might agree on with a third party. This means that if a similar agreement is subsequently concluded between India and the EU (which are also conducting negotiations), India will have to grant Switzerland conditions equivalent to those obtained by the EU if Switzerland has agreed to similar terms with the EU.

- Regarding TBT, the agreement encourages the parties to use international standards when drafting their technical regulations. The aim is to reduce technical barriers to trade.
- In the area of SPS, the parties will apply the concepts of zoning and compartmentalisation, designed to prevent the introduction of a disease and to facilitate the control of animal diseases in a given area, while limiting the disruption of trade between the parties.

Services

- The agreement contains provisions that go beyond the General Agreement on Trade in Services (GATS) and strengthens legal certainty.
- With regard to market access (positive list methods), India is granting the EFTA states significantly more concessions than under the GATS.
- In the financial sector, a priority for Switzerland, Swiss financial service providers will benefit from clear and transparent deadlines for obtaining licences. The agreement also improves the transparency of the criteria and procedures for processing licence applications. Foreign capital will be allowed up to 49% in the insurance sector and increased from 51% to 74% in the banking sector.
- Also of particular interest to Switzerland is India's commitment to allow personnel for the installation and maintenance of machinery to reside in the country for up to three months a year.
- In distribution, India will allow access to single brand retail, franchise and wholesale distribution.
- The agreement also creates new opportunities in professional services, retail services, franchising and tourism.
- Switzerland's concessions are within its political and legal scope, particularly in the area of Mode 4.

Investment promotion and cooperation

- The EFTA countries have agreed to various promotional activities to encourage EFTA investment in India. This chapter sets a target of USD 100 billion in investment and one million jobs over the next 15 years.
- For its part, India will endeavour to create and maintain a favourable investment climate.
- Throughout the 15-year period, progress in achieving the objectives and measures set out in the agreement will be regularly reviewed by a special sub-committee. If, during this period, it becomes clear that the target cannot be achieved due to external circumstances or changing assumptions, the target will be revised downwards.
- The chapter provides for a three-stage consultation procedure (Joint Committee, Sub-Committee, Ministerial level) which India can invoke if the target has not been met after 15 years. These consultations will last for two years. Their main purpose will be to define measures to achieve the targets set.
- If, at the end of this two-year consultation period, India is still of the opinion that the EFTA states have not fulfilled their obligations, India can suspend concessions in the area of trade in goods after a further grace period of three years.
- If the suspension of concessions continues for more than three years, the EFTA states may enter into consultations with a view to India terminating the measures as soon as possible.

Intellectual property

- The FTA contains comprehensive provisions for the protection and enforcement of all intellectual property rights. This will ensure legal certainty for the innovative Swiss export industry.
- The level of protection is essentially the same as that of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and exceeds it in some areas.
- Regarding innovation protection, the agreement guarantees that patented products exported from Switzerland to India will not be discriminated against in favour of locally produced products. This removes a legal uncertainty that has existed in India for years. India will also simplify and shorten the opposition procedure for patents and the mandatory filing of notifications in India.
- In terms of test data protection for medicinal and plant protection products, the FTA provides for a level of protection in accordance with the TRIPS Agreement. It does not restrict access to medicines in India.
- Significant improvements will be made to the protection of 'Swissness', which is important for many sectors such as watches, food and cosmetics. A side agreement regulates the treatment of 'Swissness' in trademark applications.
- For geographical indications, such as cheeses, the agreement provides greater protection upon application. This also applies to designations for non-agricultural products, such as watches.
- Finally, the agreement stipulates that border protection measures for imports and exports must be available for all intellectual property rights, at least upon application through the courts.

Government procurement

- This chapter establishes contact points to facilitate the exchange of information and improve mutual understanding of public procurement legislation.
- The parties agree that, three years after the agreement enters into force, they will examine the possibility of deepening and broadening their cooperation in the field of government procurement.

Trade and sustainable development

- The Trade and Economic Partnership Agreement with India contains a comprehensive chapter on trade and sustainable development.
- This contains the central and legally binding commitment not to derogate from the existing level of protection of labour and the environment in each party for the purpose of promoting trade. The parties also commit to ensuring that these levels of protection are conducive to sustainable development.
- This chapter is also a reaffirmation of the parties' commitment to implement the international conventions they have ratified in the areas of labour, environment, climate change and non-discrimination.
- Regarding labour standards, the parties undertake to respect, promote and implement the International Labour Organization's fundamental principles and rights at work.
- A separate article is devoted to the topic of climate change, in which the parties commit in particular to implementing the UN Climate Convention and the Paris Agreement.
- The chapter establishes a specific sub-committee on sustainability issues to monitor the implementation of the chapter's commitments.
- Finally, the chapter establishes a consultation mechanism for resolving disagreements. This mechanism is not covered by the agreement's dispute settlement chapter.