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Part 3. Asian Economies in the Local Context

Introduction

It is our great pleasure to deliver another volume of Research Papers on Asia-Pacific economic issues. Each year we present you multiple points of view on that topic, trying to show how much the processes in Asia & Pacific affect the world economy. After nine years of hosting international scientific conference dealing with that region's affairs, we are still confident that these issues are important not only for the countries of the region, but also for economies worldwide.

This year we have chosen for you 15 articles. All of them where submitted for this year's conference entitled "Asian Economies in the Context of Globalization". Seeing that some authors describe the issues of countrywide importance and others of those having regional or global meaning, we have decided to group them according to the criterion of impact range.

The first chapter – Asian Economies in the Global Context – is a collection of papers on general regionalization or globalization issues. T. Sporek is trying to refresh the view of the globalization processes occurring at the crossroads of economy and politics. M. Bartosik-Purgat is analyzing sources of information about products and services in the light of cross-cultural research. E. Majchrowska is using Regional Comprehensive Economic Partnership case to show the importance of mega-regional blocks in global trade. In addition, we decided to add to this part the articles the subject of which is not so general, but it applies to trade relationships of a global nature. This will be the EU-India trade and investment agreement (G. Mazur), Poland-ASEAN agri-food products trade (K. Kita) or anti-dumping procedures against China under WTO rules (J. Skrzypczyńska).

Articles in the second chapter are – as the title implies – embedded in a regional context. P. Pasierbiak deals with trade regionalization in East Asia. S. Bobowski offers an insight into ASEAN-Japan Economic Partnership. A. Kuropka and A.H. Jankowiak analyse the impact of natural disasters on production networks in the region. As the last in this section we have placed the article about Singaporean Competitiveness Model applied in European economies (M. Żmuda). It may be not strictly connected with Asia & Pacific, but its concept is to transfer Asian experience to Europe at the regional level.

The last chapter – Asian Economies in the Local Context – is mostly about domestic matters of Asian countries. You will find there three articles about China (J. Bogołębska writing about Chinese monetary policy, A. Klimek describing cross-border mergers and acquisitions by Chinese state-controlled enterprises, S. Stępień and A. Sapa showing Chinese pork sector), one about Indonesia (*Development of Islamic banking in Indonesia* by I. Sobol) and one about North Korea (M. Kightley applying game theory in prediction of political changes in that state).

We think it is an interesting set of papers you will find valuable in your studies. We also hope that your scientific interests will continue to be associated with Asia and that is why we invite you to the 10th anniversary conference which will be held at the Wrocław University of Economics in November 2017.

We appreciate your time and consideration, as also time and effort of our peer reviewers. We look forward to the further submissions of interesting papers on Asia & Pacific. Thank you!

Bogusława Drelich-Skulska, Anna H. Jankowiak, Szymon Mazurek

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EU-INDIA BILATERAL TRADE AND INVESTMENT AGREEMENT – STUMBLING BLOCKS ON THE WAY TO CONSENSUS

DWUSTRONNE POROZUMIENIE W SPRAWIE HANDLU I INWESTYCJI MIĘDZY UE A INDIAMI – PRZESZKODY NA DRODZE DO KONSENSU

DOI: 10.15611/pn.2016.447.05
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Summary: In 2007 the European Union and the Republic of India launched negotiations on the Bilateral Trade and Investment Agreement (BTIA), the strategic aim of which is to create a free trade area between the parties. The negotiations on the ambitious and comprehensive FTA were brought to a standstill in 2013 due to disagreements between the parties on the commitments to be included in the BTIA. The main contentious issues that blocked the negotiation process were: the level of tariffs cuts on automobiles and agricultural products, trade in generic drugs, services, investments and regulations on public procurement.

Keywords: EU-India, FTA, bilateral negotiations, BTIA.

Streszczenie: W 2007 r. Unia Europejska oraz Republika Indii rozpoczęły negocjacje na temat dwustronnego porozumienia w sprawie handlu i inwestycji (Bilateral Trade and Investment Agreement – BTIA), którego celem strategicznym jest utworzenie pomiędzy stronami strefy wolnego handlu. Rokowania na temat ambitnej i kompleksowej umowy o wolnym handlu zostały jednak zawieszone w 2013 r. ze względu na istniejące pomiędzy stronami rozbieżności co do oczekiwanego zakresu nowej umowy (BTIA). Wśród najważniejszych kwestii spornych, które doprowadziły do wstrzymania negocjacji, znalazły się: zakres koncesji celnych, w szczególności na samochody i artykuły rolne, zasady handlu lekami generycznymi, liberalizacja w zakresie przepływu usług i inwestycji oraz zmiany w dostępie do sektora zamówień publicznych.

Słowa kluczowe: UE-Indie, SWH, strefa wolnego handlu, negocjacje dwustronne.

1. Introduction

In 2007 the European Union and the Republic of India launched negotiations on the Bilateral Trade and Investment Agreement (BTIA), the strategic aim of which is to create a free trade area between the parties (EU-India FTA). The new comprehensive agreement should include a broad spectrum of economic issues not only traditionally relating to tariffs, trade in goods and services, but also more broadly to non-tariff barriers and trade procedures, FDI, IPR, competition policy, public procurement, etc. For both sides the new agreement is an opportunity to improve mutual openness of markets for exporters and investors and to abandon many non-tariff barriers that have burdensome effects on bilateral trade and investments.

However, the negotiations after 16 rounds and several technical meetings and discussions were brought to a standstill in 2013 due to many disagreements that appeared between the parties on the shape and commitments to be included in the BTIA. In 2016 discussions have resumed to assess the parties' position and ambitions on the main outstanding issues and whether sufficient progress could be made after formal revival of bilateral negotiations. Despite the official declarations there are still important outstanding issues which might influence the final result of EU-India negotiations. The general aim of the paper is to identify and present main contentious issues between the partners that may become stumbling blocks on the way to the new EU-India trade and investment agreement.

2. India as a trade and economic partner of the European Union

India's position as one of important trade partners of the European Union is linked to trade and investment potential of its economy. In 2015 India was ranked as the 9th biggest trade partner of the European Union with a share in EU total trade volume of 2.2% (2.3 and 2.1% of total import and export, respectively). The importance of the EU among main Indian trade partners is asymmetrically higher. The European Union corresponds to the 2nd import partner of India and the biggest export market for Indian goods.

The total value of merchandise EU-India trade in 2015 amounted to 77.6 bn EUR, of which 39.4 bn EUR was EU import from India and 38.2 bn EUR was the European export to the Indian market. Since 2000 the bilateral trade in goods has tripled in terms of value. However, the dynamic growth of trade (especially in 2004–2008 and 2010–2011) has slow down. The trade volume in 2015 was still below 2011 level when the bilateral trade recorded its maximum values (Figure 1).

The stagnation in bilateral trade observed since 2011 has been also perceivable in relative terms. Although the share of India in total extra-EU trade has increased since 2000 (from 1.3% for both export and import to mentioned 2.3% for import and 2.1% for export in 2015), values recorded in the last years reflect disappointing performance in bilateral merchandise trade, especially when compared to economic

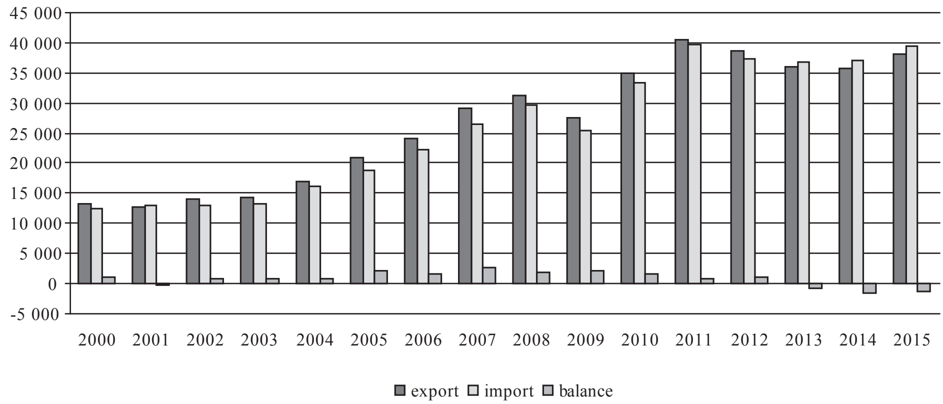

Figure 1. European Union merchandise trade with India in 2000–2015 (million EUR)

Source: own calculations based on [Eurostat/Comext Database 2016].

and trade potential of the parties [Eurostat 2011]. This negative trend is even more visible from the trade intensity index (Figure 2). In 2012 the index felt for the first time since 1990 below 1, which means that EU export to India was smaller than would be expected on the basis of the importance of both partners in world trade.

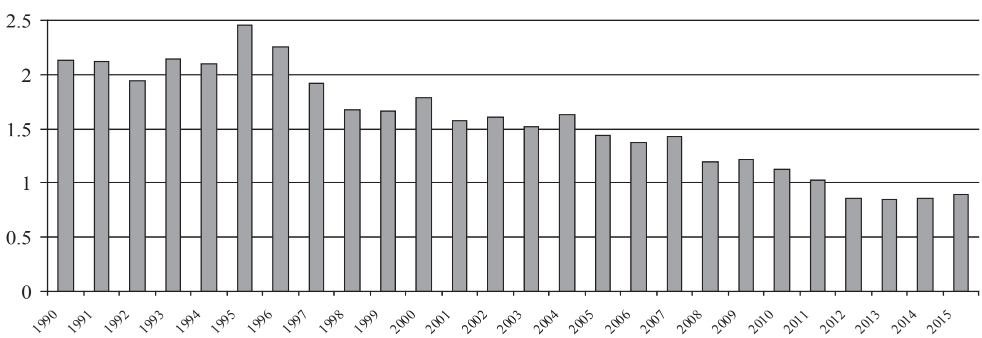

Figure 2. EEC/EU Trade Intensity Index with India in 1990–2015

Source: own calculations on [Eurostat/Comext 2016; OECD 2016; WTO 2016].

The geographical dimension of EU-India merchandise trade indicates concentration of trade flows within a relatively narrow group of EU member states. The most important trade partner for India is Germany which accounts for 20.7% of total EU-India trade in goods. The most important export markets for India within the EU are the United Kingdom (20.1% of total EU import from India in 2015), Germany (16.0%), France (11.1%), Belgium (10.5%), Italy (10.1%) and the

Netherlands (9.3%). Those six states are responsible for 77.0% of total EU trade import from India. In reference to export, Germany with its share in total EU export at the level above 25.5% is followed by Belgium (20.5%), the United Kingdom (13.9%), France (9.2%) and Italy (8.78%), which all together amount to 77.9% of total EU merchandise export to the Indian market [Eurostat/Comext 2016].

The structure of EU-India bilateral trade in goods by HS indicates that EU export to India concentrates mostly in machinery and appliances (30.2% of total EU export to India in 2015), pearls, precious metals and articles of thereof (20.5%) products of the chemical or allied industries (10.0%), base metals and articles of thereof (8.9%) and transport equipment (7.6%). Those five HS sections are responsible for more than ¾ of total EU export to the Indian market. Taking the opposite direction, EU import from India was realized mostly in sections: textiles and textile articles (19.6%), products of the chemical or allied industries (14.9%), machinery and mechanical appliances (12.2%), base metals and articles of thereof (8.8%) and pearls, precious metals and articles of thereof (7.0%).

EU-India trade in services, although much lower in nominal values compared to merchandise trade, has been also developing regularly last years. Both parties have increased their exports to each other's markets and the total value of trade in services increased in 2004–2014 from 7.9 bn EUR to 24.4 bn EUR (Figure 3). This makes India the 7th global consumer of services delivered by the EU with a share of 1.6% of EU total service exports and the 6th supplier of services to the EU market with a share at the level of 2.0% [Eurostat 2016a].

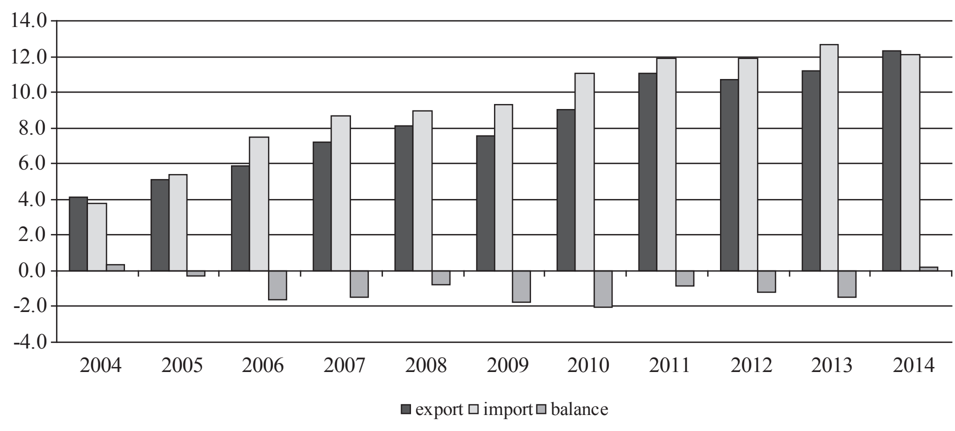

Figure 3. EU-India trade in services in 2004–2014 (million EUR)

Source: own calculations based on [Eurostat 2016a, b].

Similarly to merchandise trade, the bilateral trade in services is also balanced (with small deviations in each year), which is an unusual situation from the European perspective. India remains the only trader among the EU's main trade partners with which the Union has not recorded clearly perceivable trade surplus. Moreover, in the years 2005–2013 the EU had a trade deficit in India, which is especially remarkable in the context that India is still classified as a developing country.

Among EU member states the biggest supplier of services to India were (2013): the United Kingdom (21.6% of total EU services exported to India), Germany (18.7%), France (12.4%), Ireland (12.1%) and the Netherlands (8.1%). In turn the leading consumer of Indian services delivered to the EU was also the United Kingdom (24.1% of total EU services imported from India), followed by Germany (22.8%), France (15.0%), the Netherlands (8.6%) and Sweden (5.3%).

EU services exports to India concentrates mostly in transportation (2013; 27.7% of total), other business services (27.6%), computer and information services (13.8%) and travel (12.1%). In opposite direction India delivers services mostly in the following sections: other business services (38.8%), computer and information services (18.6%), travel (16.7%) and transportation (15.9%). The biggest trade surplus the EU records in transportation (1.7 bn EUR in 2013). Contrary to this the EU records the biggest deficit in other business services (0.85 bn EUR) and computer and information (0.3 bn EUR).

The European Union and India are beside their trade potential also world-scale players in FDI flows. In 2009–2014 the EU was globally the most important source of foreign direct investments with FDI outflows amounting to 2213 bn USD. At the same time India invested in foreign markets (mostly in developing countries) 64.4 bn USD. EU countries are also the most important destination for global FDI, attracting in 2009–2014 investments at the level of 2150 bn USD. Contrary to the modest position (especially when compared to the EU) of India as an investor, the country remains one of the most important places for locating FDI – in 2009–2014 foreign companies invested in India 186 bn USD (the 3rd position in Asia after China and Singapore) [UNCTAD 2015].

The direct investment stocks between the EU and India amounted in 2014 to almost 45.3 bn EUR, of which 36.4 bn EUR were European investment stocks in India and 8.9 bn EUR of Indian stocks in EU countries. The European Union remains the most important investor in India. In 2001–2012 EU companies invested there 33.3 bn USD which was almost doubled value of combined investments coming from the USA and Japan. Among EU countries, the lion's share of FDI come from the United Kingdom, the Netherlands and Cyprus (70% of all FDI from the EU in 2001–2012) [UNCTAD 2014]. The UK remains also the most important destination for Indian FDI in the UE – in 2012 almost 1/3 of all Indian FDI stocks in the EU were located in that country.

3. EU-India FTA – towards the new agreement?

Dynamic economic development of India, strategic economic importance of both markets for each other's economy (both in terms of immediate opportunities as well as future potential) as well as high level of protectionism in access to Indian market for European exporters and investors made the country – according to the EU trade policy strategy "Global Europe" issued in 2006 – a natural partner to negotiate a free trade agreement. In the report of the EU-India High Level Trade Group to the EU-India Summit presented in October 2006, both parties agreed that their economic potential and mutual importance led to launch negotiations on a new comprehensive economic and trade agreements, that would regulate rules referring not only to trade in goods and services, but also to investments (improvement in both access and transparency in bilateral investment flows), trade facilitations, public procurement, technical barriers to trade (including sanitary and phytosanitary regulations) as well as competition policy [*Report of the EU-India*… 2006].

As the aftermath of the presented report, representatives of the EU and the Republic of India launched in June 2007 negotiations for the Bilateral Trade and Investment Agreement (BTIA), of which the main goal was to create a free trade agreement between the partners. Although both sides started negotiations with ambitious plan in reference to scope and time (until the end of 2012), many contentious issues appeared during talks, which finally led to growing impasse in moving towards the new agreement. Negotiations on an ambitious and comprehensive FTA, after 16 rounds and several technical meetings and discussions, were brought to a standstill in 2013. At the beginning of 2016 discussions have resumed to assess the parties' position on the main outstanding issues and whether sufficient progress could be made after formal revival of bilateral negotiations. The main contentious issues that blocked the negotiations process have included the level of tariffs cuts on automobiles and agricultural products, trade in generic pharmaceuticals, trade in services and investments as well as regulations on public procurement.

Providing better access to India for European car manufacturers was among main priorities of the European side. The large Indian market with its future development perspectives remains highly inaccessible to foreign producers due to high tariffs for imported cars and vehicle components. Although some reductions on parts and components have occurred recently, import duties on assembled vehicles remain very high (mostly 60%; 75% on cars with FOB import value of more than 40 000 USD and an engine capacity of 3000 cc for petrol and 2500 cc for diesel [Singh, Priya 2014]; up to 100% on some luxury cars). In 2011 and 2012 during negotiation rounds the Republic of India proposed some concessions on car imports to India. Firstly, Indian negotiators proposed the reduction of applied tariffs from 60 to 30% with the entry of the agreement into force and subsequently to 20% after 5 years. In reference to small cars the proposal included only 10 and 20 percentage points reduction respectively to the above mentioned scheme. However, these proposals were rejected by the European Commission [Patranobis 2011]. As the aftermath India presented a new proposal in 2012 – new tariff at the level of 10% only for a specific quota of imported cars (40 000 in the first year of FTA and further increase of the quota by 5000 cars/year during next 5 years), but the proposal was rejected again not only by the EU, but was also criticized by representatives of the Indian car sector. The EU side presents position that all trade in cars should be fully liberalized after a specific transition period of asymmetric tariff dismantling and the agreement should provide full tariff elimination in final result. The European automotive industry was concerned that such conditions would be a precedent for other ongoing negotiations on FTAs and other countries, that also apply high automotive tariffs, could ask for a similar treatment in negotiations [ACEA 2011]. This is an issue of a great importance especially for those of EU countries that are important car producers (including especially luxury brands which face the peak tariffs in export to India). On the other hand, India persuades that strong liberalization of market access and deep tariffs reductions would result not only in growing competition pressure from EU producers to the developing Indian car sector, but also would generally curtail FDIs in automotive manufacturing in India. Low tariffs on cars would encourage import of assembled vehicles in place of investing in production of automotive parts and cars in India. Moreover, the reciprocal reduction of tariffs on cars in the EU to zero (from current 10%) would be an inadequate improvement in mutual access to markets when compared to full liberalization on the Indian side [Bhattacharya 2013]. In this context, India's reluctance to commit on substantial tariff dismantling for both vehicles and automotive parts together with strong EU pressure on deep liberalization in this sector have created one of the most contentious issues in the negotiations.

Strong controversies appeared also during negotiations on provisions regulating trade in agriculture product. The issue of agricultural policy and trade in agricultural products remains one of the most difficult in international trade negotiations and it was not different in EU-India FTA talks. Agricultural trade is strongly regulated and highly distorted in both partners. At present EU agricultural imports from India are over three times larger than its exports. Although the average import tariffs for agricultural products are lower than in India (13% in the EU vs. 33% in India), there are still peak tariff rates on certain products, such as beverages and tobacco (183%), fruit, vegetables and plants (182%) or dairy products (134%) [Singh, Priya 2014; WTO 2015]. Moreover, the fishery and dairy sectors in the EU are highly subsidized, which together with high tariffs for certain products create serious barriers in access to the EU market for Indian agricultural products. The Indian side fears also that lower custom duties on EU agricultural products (the EU demands a.o. significant reduction of tariffs for dairy products, wines and spirits), especially on those that are subsides, would result in skyrocketing EU exports to India and displacing Indian agricultural products. It should be also underlined that trade in agricultural products is an important section from Indian perspective in ensuring equity and growth from the future FTA [Nataraj 2013].

Another issue being the bone of contention in EU-India relations is trade in generic drugs. Until 2005 India applied the process-patent regime instead of product patent, which means that patents were awarded not to individual drugs but to production processes. This allowed domestic pharmaceutical companies to manufacture the same medicine using other processes [Andrade et al. 2007]. Those special domestic regulations on patents enabled India's pharmaceutical industry to develop and grow to become the world's fourth largest, making Indian companies globally competitive in generics production [Haley, Haley 2012]. In 2014 the Indian generic drug market was valued at 13.1 bn USD [Narasimhan 2015]. As ca. 30% of all counterfeited medicines seized at the EU borders were made in India, the EU pursued to regulate trade in pharmaceuticals within the BTIA via regulations on trade-related aspects of intellectual property rights. Special concerns of the Indian side result from that fact that the EU wants to secure interests of EU producers and include in the new agreement provisions going beyond regulations accepted within the TRIPS. According to many activists and representatives of Indian pharmaceutical industry the European Commission's proposals (the text of the FTA has not been made public) would stipulate that mere suspicion of patent infringement by a drug producer could lead to e.g. seizure of goods and liabilities, company's bank accounts and immovable property to stop the production of generics. This kind of action could be also applied to intermediaries and third parties such as suppliers, drug distributors and medical procurement agencies for infringement of intellectual property rights [Das 2013]. During negotiations the EC proposed also provisions preventing companies in India from registering generics based on clinical trial data submitted by the patent-holding company. This would have resulted in a requirement of conducting by generic producer a clinical trial for generics all over again and therefore led to increase of production costs and extension of time needed for implementing new generic medicines. These regulations have raised objections not only due to expected growing competitive pressure for manufacturing and export of the Indian generic medicines. They might have serious repercussions for access to low price medicines in India and many other developing countries. Critical comments on the proposals presented and promoted by the EU have come only from the Indian authorities and representatives of pharmaceutical industry, but also from many NGOs and humanitarian organizations (e.g. Médecins Sans Frontières). More than 50% of the Indian generics production is exported to developing countries. Indian companies provide 1/5 of the world's generics production and 90% of all pharmaceuticals purchased in African countries are generic drugs [Rivera 2011]. In this context position presented by the EU has raised concerns not only in India, but also in many other countries strongly dependent on generics consumption.

This contentious issue will not be easy to resolve also in the context of recent steps undertaken by the EU. In May 2015 the European Commission formalized a ban on 700 generic drugs from India and instructed EU member countries to withdraw those medicines from selling as the aftermath of concerns about the integrity of clinical trials carried out on behalf of Indian drug producers (by GVK Biosciences). This step undertaken by the EU side was taken by the Indian representatives as an 'unfair' response and related to the broader context of disputes with Europeans over patent rights. The ban was also a reason of new EU-India diplomatic tensions and prevented both sides to resume stalled negotiations on the BTIA in 2015, as it was originally scheduled [Kazmin, Ward 2015].

Strong and broad disagreements occurred also in the area of trade in services and investments. From the Indian perspective one of the most important priorities was the recognition of India as a "data secure country." The status is crucial for India as the country is one of the world's leaders in providing business process outsourcing (BPO) services. According to data protection laws in the EU any country that is not considered as "data secure" cannot provide outsource services in areas which require use and management of sensitive data (e.g. intellectual property or patient information for telemedicine). EU companies which do outsourcing business with countries that are not certified as "data secure" have to follow additional contractual obligations on both parties to ensure privacy of data, which increases operating costs and competitiveness of the process [Sen 2012]. India perceives this status as a crucial factor in attracting new investments, ensuring meaningful access in cross border services supply and through this developing more sophisticated outsourcing business services in the country. In the context of FTA negotiations the Indian government demanded in 2012 that the EU recognize India as a 'data secure destination' and stated that the acceptation and signing of the agreement in future might be possible only after confirming the status [Mazur 2012].

Disagreement between the parties does not refer only to the rules on BPO services, but also more broadly to general regulations on trade in services. It results from different positions on many other aspects of flows of services between the EU and India. First of all, India insists on broader opening of the EU common market to allow temporarily reside and work for skilled Indian professionals. The Mode 4 of GATS (i.e. the movement of persons across borders for the purpose of supplying services) provides the possibilities for companies to delegate employees to another country to provide services. In this connection the Indian side perceives the liberalization of the movement of professionals as an important step in improving access to the EU services market [Khorana 2015]. This position has faced strong opposition from the EU side. Many concerns on the issue appear especially in the UK which is expected to be a destination for even 1/3 of all Indian professionals coming potentially to the EU [Mazur 2012]. The Indian request has been rejected by the European Commission which underlines that granting work permits and visas are the responsibilities of individual EU member states and this kind of commitments cannot be regulate at the EU level.

The pressure on liberalization in access to services market comes also from the other side. The EU has requested liberalization in access to the Indian market through foreign investments in sectors such as retail, accountancy, legal and postal services [*Services sector*… 2012]. The European side expects also reforms of regulations in access to the insurance sector. The EU expected to raise the FDI limit in insurance sector from the initial level of 26% (adopted in 2000). Although the Indian government replied positively to some of the EU requests (in 2014 the FDI cup in services increased up to 49%), it is still underlined that it needs more time to adjust gradually domestic regulations before deep liberalization. Moreover, India rejects also the need of comprehensive regulations in the BTIA on other issues requested by the EU such as labour standards (including prohibition of child labour) as well as the freedom of association and trade unions. The eventual omission of regulations in these areas might lead to failure of the ratification of the BTIA by the European Parliament in future [Mazur 2012].

One of the most outstanding issues that contributed to the deadlock in EU--India negotiations has been an access for European companies to the Indian public procurement market. The representatives of India strongly rejected the EU's demands for enabling improved participation in procurements made by public sector enterprises (including foremost public sectors undertakings). They stated that all commitments included in the BTIA should not exceed the existing provisions allowing foreign companies to bid for procurements by ministries and departments for their self-consumption. In recent estimates the Indian public procurement market has been evaluated at the level of 12–14% of GDP, which constitutes an attractive market for external goods and services providers [Sengupta 2012]. The Indian government argues that domestic public procurement regulations and policy are of a great importance not only for stimulating economic activity and building economic cohesion between less and more developed regions of the country, but also are an important instrument for social policy. In some cases the Indian public procurement regulations give preferential treatment to e.g. small and medium enterprises, *khadi* and village enterprises (KVEs) or small-scale industries (SSIs) in form of procurement fees reliefs or exclusive purchase from enterprises led by women and specific national minority/social groups [Kirton 2013]. The Indian side underlines also that none of the FTAs concluded by India included special regulations and commitments in public procurement and the BTIA cannot be a precedence in this aspect. Otherwise it could result in some trade tensions with other India's trade and economic partners. Moreover, the estimations on potential gains for India from the reciprocal opening of the EU public procurement market for Indian companies are very modest (10–12 mn USD). The EU market, although technically open, is highly inaccessible for non-EU suppliers due to high competition and it is mostly controlled by other developed countries including foremost the US. In this context potential gains for India are strongly imbalanced with implications and threats to domestic economy and society [Mazur 2012].

4. Conclusions

The EU-India Bilateral Trade and Investment Agreement if concluded would be one of the most important bilateral free trade agreements in international trade system. The potential agreement, described in Indian media as "the mother of all trade agreements", would encompass markets of more than 1.7 bn people. The mutual trade and economic importance of both partners together with planned ambitious and comprehensive content of the agreement and its expected effects for both economies have made the consensus a great challenge for negotiators on both sides.

The contentious issues presented above are results of different economic structures and policies and reflect opposing interests of economies at different levels of development. It is still not clear to define if resumed negotiations could bring more positive conclusion and tackle the main contentious issues. Most of the mentioned disagreements still exist after three years of the suspension of official negotiations and overcoming them will require some structural changes in policies of both partners. It means that resumed negotiations will rather not lead easily and fast to the final conclusion of the agreement. Some alternative in this context would be a less ambitious agreement with limited content. It should be also remembered that last several years have brought new many FTAs around the world and some others which will influence significantly international trade system (e.g. TPP, TTIP) are on the horizon. This means that international trade system is moving toward regional/bilateral trade regimes and in this context EU-India co-operation should be defined in the new form.

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