

EU and India target trade deal this year and explore defence pact

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India and the EU have agreed to push for a trade agreement this year, European Commission president Ursula von der Leyen has said, renewing efforts to shore up ties in the shadow of tariff threats from US President Donald Trump.

The commission chief has been leading a delegation of senior officials to New Delhi this week aimed at bolstering the bloc's relations with India.

She said that the EU was "exploring a future security and defence partnership with India" along the lines of pacts with Japan and South Korea, which would cover areas including terrorism, maritime security, cyber security and attacks on critical infrastructure.

While years of trade negotiations between the EU and India have failed to produce an agreement, Trump's return to the US presidency has spurred impetus from Brussels to close trade deals.

In a speech yesterday, von der Leyen said an EU-India pact would be "the largest deal of its kind anywhere in the world" and vowed talks would move ahead quickly.

"I am very well aware it will not be easy, but I also know that timing and determination counts and that this partnership counts at the right moment," she said.

"This is why we have agreed with Prime Minister [Narendra] Modi to push to get it done during this year, and you can count on my full commitment to make sure we can deliver."

Since November, the bloc has signed a long-awaited agreement with the South American Mercosur bloc, refreshed one with Mexico and reopened moribund negotiations with Malaysia.

Trump has attacked India, which has some of the highest import duties of any major economy, as a "tariff king" and has announced plans to impose 25 per cent tariffs on all imports from the EU.

Von der Leyen said that the potential of an India-EU trade agreement was "immense".

"Europe is already India's biggest trading partner," she told reporters. "Last year alone we exchanged €120bn worth of goods and over the past two decades our trade has tripled."

She added: "Now more than ever the geopolitical context asks for decisive action."

India and the EU began trade negotiations in 2007 but the effort foundered in 2013. Talks were dormant for almost a decade before restarting in 2021, but large differences remained on issues including access to the Indian market for European cars and spirits.

India has also accused Brussels of over-reach in areas including environmental practices and labour rights.

Modi's government has been a tough trade negotiator, including with the UK and the European Free Trade Association, the bloc whose members include Switzerland, with which it signed an agreement last year.

During a visit by Modi to Washington last month, India and the US agreed to negotiate the first tranche of a bilateral trade agreement by autumn.

This week, India and the UK also relaunched talks on a trade deal put on hold last year because of elections.