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MAGAZINE NOTES

Geopolitics of Global FTAs — India-EU, EU-Mercosur, India-US

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ECONOMY

GS2

GS3

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Geopolitics of Global FTAs — India-EU, EU-Mercosur, India-US

🌱 Down to Earth Chapter 15 · 1 min read ·

India-EU FTA (Operational by 2027)

- Covers **2 billion people**
- India gains zero-duty access for **99% of exports** (textiles, marine)
- **Challenge:** EU's **Carbon Border Adjustment Mechanism (CBAM)** imposes **\$2-4 billion annual compliance burden** on Indian steel/cement
- India uses high-emission blast furnaces vs EU's scrap-based electric arc furnaces
- FTA establishes India as a **strategic hedge against China**

EU-Mercosur Deal — Stalled

- Stalled by European Court of Justice (ECJ) due to massive protests by European farmers fearing cheap South American beef
- Amazon deforestation concerns also a factor
- Highlights how environmental conditionalities and agrarian politics dominate global trade

India-US Interim FTA

- US removed **25% penalty tariff** on Indian goods (imposed over Russian oil imports)
- India committed to **\$500 billion purchase agreement** over 5 years (GPUs, oil, gas, aircraft)
- India protected sensitive domestic sectors like dairy

UPSC Angle

- **GS2:** International relations, bilateral agreements
- **GS3:** Economy, trade policy, CBAM

 FACTS CORNER — KNOWLEDGE PEDIA**INDIA-EU FTA:**

Coverage: 2 billion people

India's zero-duty access: 99% of exports

CBAM burden on India: \$2-4 billion/year (steel, cement)

INDIA-US INTERIM FTA:

US penalty tariff removed: 25%

India purchase commitment: \$500 billion over 5 years

Protected sectors: dairy

EU-MERCOSUR:

Status: stalled (ECJ, farmer protests, deforestation concerns)



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