

Chapter 7

Conclusion

Services trade should be a major component of an EU–India FTA. Both parties have strong interest in the service sector and many barriers to mutual trade. If they achieve liberalisation, some benefits will probably spill over to other developing countries but especially some partners' gains in competitiveness will probably redound to excluded countries' long run disadvantage as Indian firms become established in the EU and difficult to displace. This will be more of a problem for middle-income than low-income countries, for most of the latter are not very plausible exporters in most tradable services anyway. Part of the effect may be felt via FDI, but the evidence of serious re-orientation of investment away from excluded countries is actually very weak. Finally, the chances of meaningful services liberalisation in the EU–India FTA are not particularly good.

Overall, the excluded countries should keep a watching brief on the EU–India talks and ask corresponding improvements in their own access to the partner markets. They should not presume, however, that they face a serious and pervasive disadvantage in services just because of the FTA.

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Part IV

Policy responses

This final part of the book deals briefly with policy responses – by individual excluded countries and by the multilateral system. With so many uncertainties about the FTA, and also about the extent of trade barriers and even trade in services, it is not feasible to identify specific sectors under threat. Moreover, even if one could, it is usually difficult to identify and justify appropriate interventions to support them. Hence the advice is generic and general – but no less valid for that. It is basically for policies that would, even in the absence of an FTA between the EU and India, boost an excluded country's growth and economic flexibility by encouraging adjustment and change.