



# Driving Growth Together

A business perspective on the EU-India FTA



Confederation of Indian Industry



SVENSKT NÄRINGSLIV  
SWEDISH ENTERPRISE



Confederation of Indian Industry



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### A business perspective on the EU-India FTA

#### Foreword

India and Sweden enjoy a uniquely resilient and future-oriented economic relationship. For over a century, Swedish companies have contributed to India's industrial and technological development. The Indian business footprint in Sweden continues to expand, with over 75 companies active across IT, life sciences, and advanced engineering employing approximately 7,000 people and integrating into Sweden's high-tech ecosystem. By the same token, more than 280 Swedish firms operate across India's key sectors today, creating significant employment, also facilitated by national initiatives such as Make in India, Smart Cities, and Skill India.

What makes this partnership special is not only its history, but its alignment around shared priorities: innovation, sustainability, and digital transformation. These synergies will position the two countries to lead in co-developing scalable solutions from clean energy and fintech to health innovation and digital infrastructure.

The Confederation of Indian Industry (CII) and the Confederation of Swedish Enterprise (Swedish Enterprise) have been proactive champions of closer rules-based India–European Union (EU) economic cooperation. We have worked closely in partnership and within our own individual capacities, to propose policies to the Indian Government, the EU institutions and other industry stakeholders which will accelerate the global footprint of Swedish and Indian firms.

The India–EU Free Trade Agreement (FTA) presents a strategic opportunity to elevate this ambition. Recently, there has been a political push from the Hon'ble Prime Minister, Narendra Modi, and President of the European Commission, Ursula von der Leyen, to complete the negotiations by the end of the year. This high-level momentum must now translate into real and tangible results in the negotiations. The FTA can provide the clarity, predictability and market access that businesses on both sides need to thrive in a more competitive and uncertain global economy.

With political momentum aligned and economic logic clear, we believe the time is right for politicians to provide their negotiators with the necessary mandate to make the compromises needed to advance the negotiations and bring this over the finish line as quickly as possible. This joint paper outlines actionable joint priorities from Indian and Swedish industry to help negotiators finalise a fair, ambitious, and durable agreement. One that enables India and Sweden to be pillars of a modern, rules-based EU–India economic partnership.

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## Executive Summary

India and Sweden are both forward-looking, innovation-driven economies that value openness, sustainability, and technology-led growth. While differing in scale and context, both countries share a long-term outlook focused on competitiveness, skills, and global integration. Each has built a strong base in high-value sectors from clean energy and digital infrastructure to advanced manufacturing and life sciences, and both are investing heavily in their green and digital transitions. These shared priorities make them natural partners in shaping the ongoing FTA negotiations and the future of EU–India economic relations.

A business-friendly FTA between India and the EU presents an opportunity to reduce existing barriers to trade and investment, provide greater legal and regulatory certainty and facilitate deeper collaboration in strategically important sectors. It can also anchor broader supply chain resilience and sustainability efforts between Europe and the Indo-Pacific. Sweden is a strong proponent within the EU of open, rules-based trade and is actively supporting an ambitious EU–India FTA that promotes competitiveness, innovation, and sustainable growth across both regions.

This joint paper by the Confederation of Indian Industry (CII) and the Confederation of Swedish Enterprise (Swedish Enterprise) presents a focused set of 9 key priorities to make the FTA commercially meaningful and future-ready:

1. Cut and bind tariffs in as many sectors as possible.
2. Strive to converge towards international standards and enable mutual recognition of conformity assessments for market-specific technical standards.
3. Mandate simple, predictable and uniformly applied customs procedures across all ports of entry.
4. Simplify and streamline regulations through early consultations, transparent procedures, digital one-stop platforms.
5. Stipulate technical assistance and technology transfer provisions so that Indian businesses can more easily adapt to EU climate and ESG regulations, reporting and product traceability.
6. Encourage open, secure, and collaborative digital trade and promote regulatory and technological cooperation.
7. Promote non-discriminatory, transparent and fair public procurement in mutually agreed sectors.
8. Make legally binding commitments on market access and national treatment in select services based on mutual interests.
9. Empower more businesses especially MSMEs to take advantage of closer ties between India and the EU through trade and investment facilitation and by providing technical assistance.

## A. Introduction

### 1. Indo-Swedish Economic Relations

**Many Swedish companies share the vision of India as a country with great potential.** Swedish firms have had a presence in India for over a century and have expanded their operations in India significantly in recent decades, especially in sectors such as IT, manufacturing, sustainable urban solutions, retail, and defence. Today, India is home to more than 280 Swedish companies, indirectly employing over two million people. Sweden is the 22<sup>nd</sup> largest investor in India and India is Sweden's 3<sup>rd</sup> largest trading partner in Asia. Many Swedish operations in India are also facilitated by the flagship initiatives of the Indian Government, such as "Make in India".

**India's business footprint in Sweden is growing.** Over 75 Indian companies, including more than 40 in the IT sector, are currently operating in Sweden, employing approximately 7,000 people. The footprint of Indian businesses in the biotech and pharmaceutical sectors is also growing in Sweden. The Indian diaspora in Sweden is estimated to almost 90,000 people, including around 60,000 Indian nationals, many of whom are professionals in the IT sector. About 2,500 Indian students are currently enrolled in Swedish institutions, and a significant number of Indian researchers are active in the country.

**India and Sweden collaborate on a wide range of R&D initiatives,** co-funded by governmental agencies from both sides. Priority areas include smart cities, AI, clean energy, bioeconomy, healthcare and circular economy. Space cooperation dates to 1986, including joint projects on the moon and Venus missions, satellite tracking services, and recent agreements on ground station collaboration. Polar research is also a growing area of cooperation.

### 2. Stepping Up Engagement under EU-India FTA

**The CII and the Confederation of Swedish Enterprise (Swedish Enterprise) see great potential in stepping up economic activity if an India-EU free trade agreement (FTA) is put into place.** Although economic ties between India and Sweden are strong and growing, they are still relatively small compared to their economic activity with larger economies like the U.S. and China. An FTA between the EU and India will improve investor sentiment and trade relations. It can create a more predictable and transparent business environment and reduce trade barriers for both Indian and Swedish businesses.

**Every year without an FTA means lost opportunities for Indian, Swedish and European businesses.** The EU-India FTA negotiations have been underway in fits and starts for a long time. The talks originally began in 2007 but hit an impasse by 2013 due to significant gaps in expectations. The frozen negotiations were re-launched in 2022, but progress has been gradual. Meanwhile, Indian exporters continue to face high tariffs in Europe that some competitors do not under the Generalised System of Preferences (GSP) (e.g. Vietnam or Bangladesh). Likewise, European firms looking to expand in the Indian market, lack the predictability and certainty an agreement would provide.

**The negotiations have been injected with a greater sense of urgency, as both Prime minister Modi and Commission President Von der Leyen have called for a deal before the end of the year.** The window of opportunity is ripe – India is more open to trade deals than before, and the EU is keen on diversifying economic partnerships. Prolonging negotiations only perpetuates the status quo of suboptimal market access. **CII and Swedish Enterprise therefore call upon both the Indian and EU leadership to provide the team of negotiators with the concrete political room of manoeuvre they need to advance and conclude the negotiations.**

## B. Reaching full Potential with a Commercially Meaningful FTA

**The outcome of the negotiations between India and the EU should be an ambitious, fair, and balanced FTA to ensure that the agreement delivers real benefits and is durable.** For India, this means offering a gradual opening of sensitive sectors to meet EU market access demands but still providing adequate safeguards for vulnerable communities. For the EU, it means accommodating India's developmental concerns and capacity constraints for instance, agreeing to a long-term or more gradual approach to implementing complex parts of the agreement and being prepared to provide technical assistance.

This section details the common position of CII and Swedish Enterprise for a meaningful FTA that will make a real difference for Indian and Swedish businesses.

### 1. Lowering Tariffs and Other Trade Related Fees

High tariffs both in India and the EU increase trade costs, hinder exports, and reduce the ability of firms to compete in foreign markets. Tariffs present challenges for India's efforts to participate in global value chains and may influence Swedish businesses' considerations around supply chain diversification

Although India benefits from the EU's Generalised System of Preferences (GSP), many key sectors like textiles and clothing have lost this preferential access. In 2022, only 29% of Indian exports to the EU benefited from GSP, and upcoming changes will further reduce India's eligibility. India's textile and apparel exports, for instance, now face EU duties of 9–12%, weakening their position against competitors with preferential EU market access. Losing GSP benefits has created urgency to restore parity with countries like Vietnam and Bangladesh that enjoy EU preferences. This is of particular concern as these goods are quite cost sensitive. As for the EU, auto exports and alcoholic beverages to India are met with tariffs ranging from 100% to 150%. Therefore, the tariff liberalization may be negotiated both sides and maximum gains accrue to select sectors of interests.

India's approach to trade policy has often included a focus on strengthening domestic manufacturing and reducing trade imbalances through tariff measures on selected inputs. At the same time, evolving regulatory frameworks, sometimes changing in a rapid manner, such as tariff adjustments, import procedures, or local content requirements may sometimes lead to unpredictability for international businesses. For European exporters and investors, this can introduce additional costs as well as planning and compliance considerations, which could discourage European investors.

The main aim of the FTA as with any FTA, must be to reduce tariffs substantially. At the same time, it should protect sensitive sectors from rapid and potentially disruptive changes in the trade flows, the agreement needs to have proper safeguards.

#### **Joint policy priorities for the EU–India FTA:**

1. Cut and bind tariffs in as many sectors as possible.
2. Prioritize the elimination of tariffs on industrial goods, engineering products, textiles and apparel, leather goods, gems & jewellery and agricultural/processed foods, the latter of which are labour-intensive sectors critical for Indian MSMEs.
3. Reduce the use of other border related fees and associated compliance costs.
4. Consider leaving some unrefined agricultural products out of the agreement due to their sensitive nature in both the EU and India and include proper safeguard measures for other sensitive products.

## 2. Aligning Standards and Quality Infrastructure

Product standards, certification requirements, and testing regimes aim to ensure health, safety, and environmental protection. However, differing and far-reaching standards along with complex certification and testing regimes hamper market access for Indian businesses and Swedish/European alike.

When India and EU aim for the same legislative goal but chose different standards to show compliance, compliance costs often end up being unnecessarily high. If both parties refer to global standards from the international standardisation bodies these problems can be mitigated. India and all EU member states, including Sweden, are already active members of the global standardization community today and work together to develop common standards. Local legislation often, but unfortunately not always, refers to these common standards rather than domestic standards, which greatly facilitates trade. Where this is not the case, mutual recognition of regional standards could be an alternative within specific sectors where both sides agree that the quality of the standards are comparable.

India and EU alike often demand local certificates, tests and inspections. This is not only costly, but could also severely delay market access, especially when there is a lack of testing capacity or a limited availability of certified inspectors willing and able to perform inspections outside of their home market. When global standards are used to certify a product, testing by one accredited test laboratory would give immediate access to both markets. When tests according to regional standards are needed, accredited test laboratories in either market could be trusted to issue the necessary certificates and perform the required tests and inspections. This would remove bottlenecks by increasing the testing and certification capacity and allow business aspiring to export to use local service providers.

### **Joint policy priorities for the EU–India FTA:**

1. Strive to converge towards international standards (ISO, IEC, ITU, etc) and reduce reliance on market-specific technical standards.
2. Regulators and standards bodies from India and the EU should increase cooperation, agree on mutual recognition of certificates, tests and inspections performed by accredited test laboratories.
3. Sign sectoral agreements for the mutual recognition of regional standards and conformity assessment for sectors where EU and India agree that standards are comparable.
4. Encourage early consultation and transparent timelines when introducing new mandatory technical regulations in EU and India.

## 3. Creating a Stable and Transparent Regulatory Environment

A heavy regulatory burden arising from complicated rules and their administration, causes compliance costs for companies' productivity and competitiveness. This applies to India as well as to Sweden and the EU.

Both Swedish and Indian firms stand witness to administrative burdens and red tape, complex regulations and lengthy processes to obtain licenses and permits in each other's and their own home markets. Regulatory design should encourage market access, innovation and upscaling, and administration should aim to minimise compliance costs. At the same time, doing away with unnecessary red tape, such as licenses and permits, should not result in lower standards and quality.

For example, the EU maintains comparatively lower average tariff rates, certain Indian exports particularly in processed agricultural goods face specific market access constraints due to stringent regulatory and sanitary/phytosanitary (SPS) standards, product certifications, and labelling requirements. These standards reflect EU commitments to consumer safety, environmental sustainability, and animal welfare, but pose compliance challenges and extra costs for Indian exporters, especially SMEs with limited technical capacity or familiarity with EU procedures. Both parties need to work to mitigate these problems. Likewise, European firms entering the Indian market face similar market barriers when navigating the Indian regulatory environment for goods, often stipulated in the Indian Quality Control Orders (QCOs).

Another important challenge faced by Indian exporters relates to the increasing frequency and complexity of EU environment driven regulations. These measures, which stem from the EU's strong commitment to sustainability and the European Green Deal, include requirements related to carbon footprint disclosures, circular economy practices, sustainable sourcing, eco-labelling, and compliance with the EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation, among others. While these laws aim to promote environmentally responsible trade, particularly demanding for Indian exporters SMEs who may lack the technical expertise, financial resources, or institutional support to swiftly adapt. This is an issue which also affects Swedish and European SMEs.

Compliance often involves upgrading production processes, investing in cleaner technologies, and navigating complex certification systems, which can increase costs and create market access hurdles. The evolving nature of these regulations, along with varying implementation timelines across EU member states, adds to the uncertainty and makes long-term export planning more difficult for Indian businesses. Addressing this challenge may require enhanced cooperation on standards, capacity-building initiatives, and mechanisms for mutual recognition or phased implementation under the India-EU FTA.

Swedish and Indian firms and investors desire regulatory predictability to plan their operations and their investments. An FTA can contribute to such predictability. An agreement disincentivizes the parties from suddenly changing rules and regulations without consultation and prior notification. This sends out a clear signal that a country provides a more stable, innovation and business friendly environment.

#### **Joint policy priorities for the EU–India FTA:**

1. Include obligations for both parties to publish and consult each other on new laws and regulations, and to notify trading partners before major changes, also ensuring early information-sharing.
2. Include commitments on streamlined licencing procedures including rules on timelines, transparency, and criteria for rejection. Also apply this to trade in services and investments.
3. Promote the use of digital platforms and single window systems where businesses can submit documents at a one stop shop for multiple regulatory bodies.
4. Create a Regulatory Cooperation Committee to regularly meet, establish working groups in critical areas like climate & trade, digital innovations, etc, exchange best practices, and address sector-specific issues. Setting up the EU India Trade and Cooperation Council (TTC) as a consultative body within the FTA could be an option.

## **4. Addressing Sustainability Challenges**

Promoting sustainable development is a shared priority for Indian and Swedish businesses. A stronger focus on navigating new sustainability standards for ethical supply chains and clean energy is crucial for securing market access, investment and competitiveness for both Indian and European firms.



The EU has high standards on sustainability, which per se is positive. New and upcoming EU laws such as the Corporate Sustainability Reporting Directive (CSRD), the Corporate Social Sustainability Due Diligence Directive (CSDDD), the Forced Labour Regulation, as well as the Carbon Border Adjustment Mechanism (CBAM), are aimed at creating a level playing in the adherence to high sustainability standards placed on European firms producing in Europe and those producing outside the Union. They are not intended as protectionism, as they apply equally to European and non-European firms.

Nevertheless, these rules also become an implicit barrier to trade and investments and are often perceived as violating the principles of Common but Differentiated Responsibility (CBDR). India is among the countries most exposed to the EU CBAM. Compliance costs are high, also in terms of reporting requirements both for European/Swedish and foreign/Indian firms. Indian businesses, MSMEs in particular, fear the accumulated compliance costs may rise by substantially, impacting the competitiveness of their businesses. This concern is shared by many Swedish firms. Additionally, concerns persist regarding the confidentiality of business proprietary information. The detailed data collection requirements under CBAM could expose sensitive industry data, making its protection crucial.

These problems are now partly being addressed in the EU. The legislation is being revised with the aim to reduce the regulatory burden and reporting requirements of some of these laws, raising the threshold to apply to fewer and larger companies, and delaying and phasing in reporting requirements.

#### **Joint policy priorities for the EU–India FTA:**

1. Include a non-binding, Trade and Sustainable Development (TSD) chapter that reflects differentiated capacities. It should promote implementation of the Paris agreement and other multilateral agreements and facilitate active collaboration to support a gradual move towards a more sustainable economy.
2. Stipulate technical assistance and technology transfer provisions to support capacity-building in India so that Indian businesses can more easily adapt to EU climate and ESG regulations, reporting and product traceability.
3. Explore the introduction in the agreement of a so-called rebalancing mechanism, which would allow for a party to withdraw some of its commitments in case unilateral environmental measures in the other jurisdiction nullifies their market access.

## **5. Simplifying Customs Procedures**

Maximising efficiency in customs operations helps to ensure that goods can move smoothly across borders. Simplified procedures reduce costs and improve logistics, helping businesses connect with international markets and enjoy the benefits of integrated global value chains.

Swedish and Indian firms – Investors, importers and exporters alike – affirm the need for improved customs procedures in India. Reducing bureaucratic hurdles (like redundant paperwork or approvals) will cut down transaction costs and time for export and import shipments. By making it simpler and quicker to get goods from factory floor to foreign buyers, India can better capitalize on opportunities in the EU and other markets, advancing its export-led growth objectives. Likewise, Swedish investors in India consider easier access to necessary inputs from abroad as an important part of their investment decision. Companies are a part of commercial ecosystems and cannot operate in isolation from suppliers and affiliates abroad, regardless of if they view India as a hub for exports, or a consumer market.

The EU Customs Union entails that the customs authorities of all EU countries work together as if they were one. They apply the same tariffs to goods imported into their territory from the rest of the world and apply no tariffs internally within the EU single market. At the same time, Indian exporters often struggle



with inconsistent customs procedures across EU member states. Despite the EU Customs Union, variations in implementation, documentation requirements, and interpretation of rules at the national level can create delays and additional costs. Swedish businesses also recognise this – and within the EU, Swedish Enterprise advocates that all member states apply customs procedures in a harmonized way, in order to facilitate for third-country exporters like India through standardization, oversight and coordination.

#### **Joint policy priorities for the EU–India FTA:**

1. Mandate simple, predictable and uniformly applied customs procedures across all ports of entry in the EU and India, in line with the WTO Trade Facilitation Agreement (TFA).
2. Streamline customs procedures in India for faster clearances through digitalisation, automation, single-window platforms and risk-based inspections. This should be coupled with technical assistance commitments from the EU to improve capacity and digitalisation at Indian border controls.
3. Create an Authorized Economic Operator (AEO) system to enable faster clearance for trusted traders in both India and the EU. Activating such a scheme would also make sure that benefits accrue on a privileged basis for EU and Indian firms and do not extend to all trade
4. Establish a joint customs committee under the FTA could help monitor implementation, troubleshoot specific issues faced by exporters, and ensure alignment with evolving regulations.

## **6. Dealing with Data Flows and Digital Regulations**

Digital trade is a vital pillar of modern economic growth. Efficient digital frameworks help businesses deliver services, transfer data securely, and engage in cross-border e-commerce — all while protecting consumer trust and innovation.

India and Sweden are both digital frontrunners. Sweden offers strengths in fintech, innovation, and advanced regulatory frameworks rooted in EU standards. India offers world-class IT capabilities, a fast-growing digital economy, based on a new data protection act. Businesses in both countries share a strong interest in predictable, interoperable digital rules to support investment and innovation.

However, regulatory uncertainty, and differing digital standards can create friction for companies operating across markets. For example, studies indicate around 70% of Indian companies with EU clients struggled to meet GDPR rules initially. Similarly, concerns persist amongst Swedish firms around data localisation requirements and regulatory predictability in India. Achieving a degree of reciprocal recognition with EU and India Rules would ease these frictions.

#### **Joint policy priorities for the EU–India FTA:**

1. Include a digital trade chapter covering paperless trade, e-signatures, secure cross-border data flows, and cooperation on emerging technologies on best endeavour basis.
2. Recognise privacy and personal data protection as critical and encourage regulatory cooperation on the interoperability of data protection regimes, while respecting each party's right to regulate.
3. Promote regulatory dialogue and transparency on digital rulemaking, including timely notification of new data or digital legislation.
4. Encourage cooperation on data localization requirements and cross-border data flows.
5. Facilitate joint R&D initiatives in AI, cybersecurity, and digital public infrastructure through the EU–India Trade and Technology Council (TTC)

## 7. Improving Access to Procurement Markets

Public procurement is a major driver of economic activity, especially in sectors like infrastructure, ICT, transport, and public services. For both Indian and European firms, open and transparent access to each other's public procurement markets can unlock new business opportunities and support more efficient delivery of public goods.

Currently, Indian firms do participate in EU public tenders, especially in IT and engineering services, since the EU generally has an open procurement regime. However, there is no guaranteed access – and the EU's new International Procurement Instrument (IPI) (in effect from 2022 and used for the first time in 2025) empowers the EU to restrict or penalize bidders from countries that do not reciprocally open their procurement. This could disadvantage Indian companies in the future if India's own procurement remains closed.

On the other hand, European — including Swedish — companies face barriers to accessing India's public procurement, especially at the sub-central level. While some progress has been made through digitisation and reforms, India's procurement system remains fragmented, with limited foreign participation and often unclear rules. EU firms frequently encounter domestic preferences, inconsistent procedures, and limited information on upcoming tenders, particularly in infrastructure, clean energy, and digital services.

### **Joint policy priorities for the EU–India FTA:**

1. A mutual opening of procurement in the FTA should be pursued starting with, for example, high-value projects above a certain value threshold.
2. Agree on non-discriminatory access for eligible foreign bidders in agreed sectors, subject to clearly defined exceptions, thresholds and transitional periods (e.g. for national security or MSME promotion).
3. Encourage transparent publication of procurement notices and tender documents, and award decisions in a timely and accessible manner (e.g. through centralised online portals).

## 8. Expanding Services Trade and Mobility

Both India and Sweden have strong, innovation driven services sectors. Strengthening bilateral services trade can support economic growth, attract investment, and drive productivity on both sides.

Despite this alignment, Indian service providers often face regulatory hurdles, limited market access, and a lack of clarity around sectoral rules in Sweden and the broader EU. On the Indian side, liberalizing selected services markets—such as insurance, banking, and higher education—and streamlining FDI rules could attract Swedish firms and promote technology transfer.

India views visas for the mobility of professionals as a critical priority in FTA negotiations, aiming to create employment for its growing workforce and leverage its strength in services. It would spur investment in India as well, not in the least due to remittances. While mobility is not a primary concern for most Swedish firms operating in India, it does help address skills shortages in Sweden. Indian professionals often face complex visa applications, restricting access to labour markets. The EU currently lacks the legal competence to enter into binding agreements on visa issues centrally, as this remains the prerogative of individual member states.

A lack of mutual recognition for Indian qualifications in many EU countries, limits the ability to offer services. Striving for mutual recognition of targeted educational and professional qualifications would enable Indian professionals (e.g., doctors, engineers, ICT experts) to work in the EU without additional certification. This would facilitate smoother, cost-effective, and mutually beneficial mobility. In fact, better mutual recognition of qualifications is an issue which Swedish Enterprise actively advocates even between EU member countries operating within the EU's Single Market.

In parallel, joint initiatives on skills development and research collaboration such as co-designed training programs, digital capacity building, and R&D partnerships can strengthen the long-term foundation for innovation and competitiveness.

#### **Joint policy priorities for the EU–India FTA:**

1. Make legally binding commitments on market access and national treatment in services, focusing on mutually beneficial sectors such as ICT, financial services, R&D, and engineering.
2. Remove restrictions on services delivered remotely.
3. Liberalise FDI in selected services sectors and relax equity caps in sectors like insurance, banking, health and higher education.
4. Explore Mutual Recognition Agreements (MRA) for professional qualifications and degrees in key sectors (engineering, ICT, healthcare etc.).
5. Include a non-binding Mode 4 mobility framework covering intra-corporate transferees, professionals, and business visitors, with pooled offers from the EU member states and visa facilitation on both sides. Greater access for Indian nurses, teachers, IT professionals in Europe (through easier work visas) would be a win-win, addressing EU skill shortages while benefiting India.
6. India–EU Skills Mobility Partnership to create exchange or training programs to skill Indian professionals according to EU market needs. This would address skill shortages in the EU while giving Indian workers opportunities abroad, fostering goodwill.

## **9. Supporting Firms through Investment Facilitation and Technical Assistance**

Trade and investment facilitation and providing technical assistance will empower more businesses — especially MSMEs — to benefit from EU–India trade ties, by enabling businesses to navigate and comply with regulations and administrative procedures.

For Swedish companies operating in India, regulatory complexity remains a challenge. Despite an improving investment climate, issues such as inconsistent rules across states, lengthy approvals, and infrastructure gaps persist. These hurdles are particularly difficult for SMEs and mid-sized firms, which often lack the resources to manage bureaucratic delays or legal ambiguity. Enhanced transparency, streamlined procedures, and better aftercare mechanisms would allow Swedish firms to scale and integrate more effectively into India's economy. Trade promotion initiatives and knowledge-sharing platforms can also counter perceptions of risk and help bridge cultural and operational differences.

Indian businesses, in turn, face obstacles when entering the EU market, including divergent regulatory practices across member states. Despite the EU's single market, variations in customs procedures, product standards, and sustainability requirements create additional costs—especially for Indian MSMEs. Technical assistance focused on regulatory alignment, certification, and digital customs

processes can ease these burdens and help Indian exporters meet EU standards. Without this support, smaller firms risk exclusion from high-value European markets due to fragmented compliance regimes.

**Joint policy priorities for the EU–India FTA:**

1. Include clear investment facilitation provisions in the FTA, including transparent and predictable approval procedures, timely decision-making on investment applications, non-discriminatory treatment for investors.
2. Encourage providing post-establishment support for European firms in India, to also address on-the-ground operational issues such as land access, licensing, infrastructure – promoting SME-friendly market entry in India.
3. Enhance trade facilitation commitments in India through single-window systems, digital customs, and risk-based inspections, aligned with WTO rules and EU best practices (also refer to sections above).
4. Incorporate technical assistance in the FTA to help Indian firms, especially MSMEs, meet EU standards on conformity, sustainability, and product safety.

## Annex 1 Factsheet on Sweden

### **The largest Nordic country in the European Union**

Sweden is the largest Nordic country and the third largest country in the EU in terms of landmass. Sweden has a population approximately 10.5 million people residing in 450 thousand square kilometres with a coastline of over 3000 kilometres bordering the Baltic Sea. The country is largely forested, with a small portion of farmland. Sweden is by far the largest iron ore producer in the EU and is also among the foremost producers of base and precious metals.

### **A Competitive and globally integrated economy**

Sweden's economy is among the most open and advanced in Europe. In 2024, the country's nominal GDP was approximately \$609 billion, ranking it 25<sup>th</sup> globally. Exports and imports of goods and services each accounted for over half of the GDP in 2024, at 54.6% and 50.2% respectively, underscoring the nation's deep integration into global trade. Sweden's robust public finances, high employment rates, and strong emphasis on innovation and sustainability continue to provide a solid foundation for economic growth and resilience in the face of global challenges.

Around 4000 Swedish controlled enterprise groups have affiliates abroad. Sweden places 6<sup>th</sup> on the World Competitiveness Ranking showcasing its robust economy, efficient business environment, and strong institutions. Sweden is the 9<sup>th</sup> largest recipient of Foreign Direct Investment due to its strong financial sector and high-ranking ease of doing business. It also ranks among the top 10 investors abroad. Swedish companies invest in a range of sectors from manufacturing and energy to tech and retail. From SAAB and ABB to Spotify and IKEA.

### **A frontrunner in innovation, new technologies and sustainability**

Sweden consistently ranks amongst the top two innovative economies in the world. Sweden is known for its robust investment in research and development (R&D), spending about 3.3% of its GDP on R&D, one of the highest in the world. 75% of this spending comes from the private sector. Sweden is in the top tier for access to finance in the EU, thanks to its well-developed banking sector and vibrant venture capital market. Sweden ranked 9<sup>th</sup> globally by number of Unicorns produced.

In terms of sustainability, Sweden ranked second globally in the 2024 Sustainable Development Report, reflecting its strong commitment to achieving the UN Sustainable Development Goals. Sweden is a global leader in digital innovation, underpinned by robust infrastructure, a thriving tech ecosystem, and a strong commitment to emerging technologies.

In 2024, 88.5% of Swedish households had access to gigabit broadband, and 90.3% were covered by 5G networks, placing Sweden among the top EU countries for digital connectivity. Sweden's tech sector attracted €13.7 billion in investments in 2024, ranking second in Europe and accounting for 18.4% of all European tech funding. This surge was driven by advancements in cleantech, AI, and digital services.

### **A global player**

Sweden is a member of the European Union (EU) and Schengen visa regime. As an open economy, opposes protectionist measures and stresses the importance of global trade partnerships to strengthen European competitiveness. Sweden supports EU trade agreements with other countries, including India. Sweden encourages policies that attract private investment and reduce bureaucratic hurdles for startups and small-to-medium enterprises (SMEs).

Sweden has historically pursued neutrality but joined NATO in March 2024 following Russia's invasion of Ukraine. It is a top contributor to international aid, dedicating about 1% of its GNI to Official Development Assistance (ODA)—one of the highest globally. Sweden also provides significant funding

to initiatives through the World Bank, IMF, IEA, OECD and other multilateral institutions to promote global economic stability and development.

## Annex 2 Factsheet on India

### Unprecedented GDP Growth

India's economy has seen extraordinary growth, with GDP rising from USD 270 billion in 1991 to ~USD 3.7 trillion today. Looking ahead, India is projected to reach USD 30 trillion by 2047 – an almost tenfold expansion – as it aspires to become a developed, high-income nation by its 100th year of independence. Achieving this vision will require ~8–9% annual growth, a bold but conceivable target given current momentum.

### Services Boom

Digital Dynamo: India's services sector – especially IT and business services – is booming. Tech exports topped USD 214 billion in 2023-24, and are forecast to reach USD 224 billion in 2024-25, on track to USD 300 billion+ by 2026. India leads the world in digital finance: in 2023 about 49% of all real-time digital payments globally occurred in India, showcasing its digital prowess. A thriving startup ecosystem (100+ unicorns) and world-class IT talent (5.8 million tech workers) make India a digital innovation hub.

### Manufacturing Renaissance

With initiatives like "Make in India" and Industry 4.0 adoption, manufacturing is resurging. Production-linked incentives (PLI) in electronics, autos, etc., have turbocharged output – for example, electronics manufacturing grew ~5× since 2014. Notably, mobile phone exports soared from ~USD 0.2 billion in 2014-15 to USD 15 billion in 2023-24, making India a global smartphone production base. India also became the 3rd-largest auto market with ~4.25 million vehicles sold in 2022. A burgeoning EV industry saw sales double in 2023 – electric vehicles are expected to be 30% of new sales by 2030. This manufacturing momentum, coupled with advanced robotics and AI integration, is turning India into an industrial powerhouse.

### Infrastructure & Connectivity Revolution

India is investing massively in modern infrastructure – highways, rail, ports, airports, and smart cities. The USD 1.5 trillion National Infrastructure Pipeline (2020–2025) is upgrading logistics and urban services nationwide. The Gati Shakti program synchronizes these investments for maximum impact. As a result, logistics efficiency has improved sharply: logistics costs fell to under 9% of GDP (from ~14% a decade ago) and India jumped to 38th in the World Bank's Logistics Index. Annual infrastructure spends hit a record ₹10 trillion (USD 120 billion) in 2023. Dozens of Smart Cities are being developed with modern transit, renewable energy, and e-governance. These transformative projects are knitting India into one integrated market and unlocking new business opportunities in construction, transport, and urban tech.

The Bandra-Worli Sea Link in Mumbai, an iconic cable-stayed bridge, symbolizes India's modern infrastructure leap. Major projects in roads, rail, and ports are enhancing connectivity and reducing logistics costs.

### Rise of the Middle Class

A Consumption Engine: India's demographic dividend is fueling a massive middle-class expansion. Over 400 million Indians are middle-class today; by 2047, over 1 billion citizens (60% of the population) will be middle-class. Their growing incomes and aspirations are making India a consumption-driven economy – already one of the world's largest consumer markets. Household consumption is ~60% of India's GDP and is expected to triple in the next decade, creating huge demand for everything from housing and cars to smartphones and travel. Global businesses (retailers, FMCGs, luxury brands) are drawn to India's market for its sheer scale and growth. As this middle class keeps expanding, India will drive global consumption growth and offer an unprecedented market opportunity for EU firms across consumer goods and services.





The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, with around 9,700 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 318 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with the Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains, including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2025-26, CII has identified "Accelerating Competitiveness: Globalisation, Inclusivity, Sustainability, Trust" as its theme, prioritising five key pillars. During the year, CII will align its initiatives to drive strategic action aimed at enhancing India's competitiveness by promoting global engagement, inclusive growth, sustainable practices, and a foundation of trust.

With 70 offices, including 12 Centres of Excellence, in India, and 9 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 300 counterpart organisations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.



The Confederation of Swedish Enterprise is a non-profit association, bringing together 60,000 companies with nearly 2 million employees and 49 industry and employer organizations in all business sectors.

Being Sweden's largest and most influential business organization, Swedish Enterprise is the voice of entrepreneurship in Sweden. We represent all businesses and industries, including those that do not yet exist but may emerge if the conditions are right. Our mission is to contribute to knowledge-based decisions and policy making, and to advocate for long-term economic reforms, a well-functioning labour market, and open markets.

A better business climate for a better Sweden. That is our vision.

### **We are the collective voice of enterprise**

We want the companies of today and tomorrow to have the best possible opportunities to start, run and develop their businesses. We make proposals for measures and reforms that support the business climate. We share knowledge and build opinion. We represent companies in talks with trade unions and authorities. We give Swedish enterprise a voice in the EU.

### **Growing enterprise in a free society**

Our vision is that the companies of today and tomorrow have the best possible conditions to start, run and develop their businesses. Sweden should have higher growth than other countries and Swedish enterprise should grow faster than its global competitors. We must become the best knowledge and innovation economy in the world and attract more inward investment. Sweden should be a well-functioning market economy with good relationships between employers and employees. This is how we build our continued prosperity.

Confederation of Swedish Enterprise wants to contribute to a society that is firmly based on democratic principles, the rule of law, property rights and business freedoms. These characteristics form the basis for free enterprise that in turn paves the way for an open, sustainable, inclusive and successful society: a Sweden that is even better to live in, now and in the future.

### **Companies unite the world**

Companies benefit from easy access to as many global markets as possible. Free trade without unnecessary obstacles and with clear and predictable rules is good for Swedish imports and exports. Sweden must be included in the associations and communities of the free world, where the EU's single market plays a vital role and is the most important market for a majority of Swedish companies. Trade between people, companies and countries benefits everyone and it is enterprise that makes it possible.