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THE EESC AND THE ECONOMIC POLICY OF THE EURO AREA

In a geopolitical scenario fraught with risks and difficulties, Europe must consolidate its political unity and its capacity for action through its strategic autonomy in areas such as foreign, security and defence policy, as well as trade, industrial and technological development policy. In the Opinion ECO/687 on “Eurozone economic policy (2026)”, adopted at the January Plenary Session of the European Economic and Social Committee (EESC), the EESC agrees on the need to increase spending on security and defence in order to strengthen European strategic autonomy, build a European defence pillar and promote European industry, while expressing concern that, in the context of the restrictions imposed by national budget plans, the priority given to defence will be at the expense of funding for priority environmental and social objectives or even for essential energy or digital infrastructure. The EESC also agrees with the Commission on the need to prioritise the removal of remaining barriers to the internal market, but also highlights the urgent need to reduce the investment gap by creating a Strategic Investment Fund for European common assets, encouraging private investment, reducing electricity prices, strengthening European research, development and innovation programmes, and improving education and training for human capital. According to Councillor Ulgiati «it is necessary to ensure the effective involvement of the social partners and the constant strengthening of social dialogue in order to support the competitiveness of

the euro area and resilience to structural changes, also in relation to the necessary increase in wages, particularly low and medium wages, for which collective bargaining plays a decisive role».

EU: AGREEMENT SIGNED WITH INDIA FOR FREE TRADE DEAL

Following the controversial EU-Mercosur Agreement, in an international context of protectionism and tariffs, the European Union is attempting to diversify its partners, once again trying to intensify its trade relations with large-scale players, this time looking to the East, in response to the aggressive protectionist policy of the United States. Demonstrating to a fragmented world that another way is possible: this is the goal pursued by European Commission President Ursula von der Leyen with the historic signing, a few days ago in New Delhi, of the political agreement (after some twenty years of negotiations) with India to establish a free trade area of almost 2 billion people, the largest in the world. The European Union and India – the two “largest democracies in the world” – represent approximately a quarter of the world’s population and roughly 25% of global gross domestic pro-

duct. The aim of the EU-India agreement is to substantially reduce tariffs and open up new opportunities in crucial sectors such as hydrogen, solar equipment, machinery and advanced manufacturing. The strategic value of the pact lies in the possibility of building more resilient supply chains that are less dependent on dominant players. The agreement signed stipulates that India will eliminate or reduce tariffs on 96.6% of European exports and that Europe will do the same for 99% of the value of Indian exports. European companies are expected to save around €4 billion per year and see an increase in annual exports of goods from the EU to India of around 107% by 2032. In particular, tariffs on cars manufactured in EU Countries will gradually fall in India from 110% to 10%, while those on spare parts will be abolished within a maximum of ten years. Tariffs on machinery, chemicals and pharmaceuticals will also be largely eliminated. As for the agri-food sector (which was the most opposed to a similar free trade agreement with Mercosur, strongly contesting the opening of the Single Market to South American products), the agreement reached between the two Giants of the world economy will not affect current European tariffs on “sensitive” products such as beef, chicken, rice and sugar, which will therefore remain protected. The road to the effective entry into force of the Treaty is still long, with the uncertainty of the necessary ratification by the European Parliament, often characterised by unpredictable and variable majorities.