



GOVERNMENT
PRINCIPALITY OF LIECHTENSTEIN

MINISTRY OF
FOREIGN AFFAIRS, ENVIRONMENT AND CULTURE

Speech by Deputy Prime Minister Sabine Monauni

Minister of Foreign Affairs, Environment and Culture

at the
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Vaduz

Dear Pankaj,
dear panelists,
dear guests

Thank you very much for inviting me to this distinguished event. First of all, allow me to express my deepest condolences to the families and loved ones of those killed in the tragic crash of Air India flight 171 today in Ahmedabad. Our thoughts and prayers are with them.

I am here to speak about a topic that could not be timelier - global trade and the economic relationship between Europe and India.

Global trade has been something we took as a given for a long time. We got used to having products shipped to us from even the farthest corner of this earth so that they are available in our stores in abundance. Companies championed lean manufacturing, using elaborate production chains that included raw materials and parts being shipped all over the world just in time for assembly. And businesses of all types were flying their employees from one corner of the world to another for meetings and corporate events.

And then the Covid-19 pandemic hit. Global supply chains came to a standstill – not least because of the rigid lockdowns in China. Meetings in person gave way to video conferences. Suddenly, shelves in stores were empty and assembly lines had to be stopped because there was nothing to assemble. Some sectors, I am thinking of tourism for example, took a long time to recover. Others started to restructure and rethink their global dependencies. It took us several years to get trade flows back to the “normal” we knew from before.

In 2021, another shock followed when Russia invaded Ukraine. This war of aggression is still ongoing. Many of our partners from outside of Europe question the relevance of this conflict for them. Yet, at the very core of it is a blatant disrespect of two basic tenets of the UN Charter, the principles of sovereign equality and of territorial integrity. These principles are undermined in other regions of the world as well. Political instability and trade disruptions are their logical consequences.

Finally, in April this year, the US announced sweeping bilateral tariffs for almost all countries in the world. The IMF noted in its world economic outlook of the same month that “global growth was stable yet underwhelming through 2024”. They go on to recognize: The unpredictability of US tariff measures and countermeasures have a negative impact on global trade activities, making any projections “more difficult than usual”.

The Covid-19 pandemic, seemingly regional conflicts like the Russian aggression against Ukraine, threats to shipping routes, and the US tariff measures and countermeasures laid bare the interdependencies of our trade order. They brought turmoil to our global markets, and they made us question the basic principles of how countries and economies work together. They’ve undeniably led to increased

protectionism in some areas, yet in my opinion the reactions especially to the undermining of our global rulebooks have also shown something else: Mutual respect and common rules have lost none of their importance.

Ladies and gentlemen,

Open trade and international economic cooperation are key economic success factors for Liechtenstein. Our memberships in trade organizations, associations and agreements provide the legal certainty and stability our highly innovative businesses need to thrive. Through the European Economic Area and the customs union with Switzerland our companies have access to two markets; as a member of the WTO, we are and remain committed to promoting an open and rules-based trading system; and our free trade agreements provide us with privileged access to many economies.

The EFTA-India trade and economic partnership agreement – TEPA – is one of over 30 EFTA free trade agreements – and it stands out. Not only because negotiations took so many years. The TEPA gives us preferred access to a rapidly growing market in the most populous country in the world, one that is investing heavily in its own excellence – its people – and that has set high goals and standards for itself. India is a country that is forward-looking, innovative and interested in building strong and reliable economic relationships. These are values we share and that we want to build on.

In this partnership, a highly innovative and industrialized economy converges with a workforce of great skill and training. Companies championing vocational education and lifelong learning meet one of the youngest populations eager to learn and train on the job. And business models based on decades of history meet a level of IT expertise second to none.

Dear guests,

Foreign economic policy is a key component of our foreign policy – out of necessity because of our small internal market and our export-oriented economy. Participation in the EU internal market and the Swiss market are the cornerstones of our successful economy. Diversifying trade flows and securing stable trade partnerships through our EFTA agreements creates an additional layer of security when other trading partnerships may falter.

The enthusiastic response the conclusion of the TEPA received in Liechtenstein proves that our core interests still are and remain stability and predictability – stable markets, reliable economic relationships and strong frameworks for cooperation.

These core interests continue to be front and central in our foreign policy.

I've said before that the TEPA stands out because of the important market we gain privileged access to. Another aspect sets this agreement apart from others: The TEPA includes a shared commitment of the Parties to promoting foreign direct

investments in India by Swiss, Norwegian, Icelandic and Liechtenstein companies. In other words, our work is not more or less done with its entry into force, quite the opposite. The Government recently created a dedicated working group to put the promotion commitment into action. We are continuing our efforts at all levels with our partners in Delhi to launch negotiations on a Double Taxation Agreement, because supplementing the legal basis created by the TEPA with an important enabler of relevant investment decisions is crucial. And finally, we will need you, the private sector, to invest in India!

And with this, I hand over to the next speakers who will dive into how businesses from Liechtenstein and Switzerland can profit from the TEPA.

Thank you!