

India lays stress on 'transition period' for EU green norms

Shares discussion paper flagging possible disruptions



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India has shared a “non-paper”, or discussion paper, with the European Union (EU) to convey New Delhi’s point of view regarding the disruption that will be created with the implementation of European regulations such as carbon border adjustment mechanism (CBAM), deforestation, and due diligence, among others.

As a part of the non-paper — typically an informal document — India has emphasised on the need for a “transition period” before adhering to these regulations, a senior government official told *Business Standard*.

This is because India believes that it is crucial to keep in mind the principle of common but differentiated responsibility and respective capabilities (CBDR-RC), which means that countries should be given responsibility according to their growth potential.

Besides, India’s gain will be limited because these regulations will eventually become a non-trade barrier, at a time when both sides are trying to sign a free trade agreement (FTA).

“Based on this paper, the EU will respond and then both sides can negotiate,” the official cited above said, adding that the discussions will be part of the ongoing FTA talks.

In a meeting between top officials from the commerce department and European Commission in Brussels in November, the trade bloc made it clear that it is difficult to give India any exemption, or an exception, under these regulations since it is against the global trade rules.

A response on the non-paper is expected early next year.

Sharing the non-paper, the Indian side argued that the transition period is critical for New Delhi since companies here need time to transition to production of

HIGH STAKES

- The regulations may become a non-trade barrier, limiting India’s gain
- Response on discussion paper expected early next year
- India-EU FTA talks need ‘political directions’, says commerce department
- Bilateral trade between the two stood at \$137.41 bn in FY24

items such as green steel, and may also need collaboration with the EU in that journey, the official said.

India-EU FTA was launched in June 2022. Nine rounds of negotiations have already taken place.

In October, India and EU officials had flagged slower-than-expected progress in the proposed FTA. Minister of Commerce and Industry Piyush Goyal had said that “extraneous elements”, having no relevance to trade or business, are hurting the interests of both trade and business, thereby slowing down the progress on FTA negotiations. On the other hand, EU Ambassador to India Hervé Delphin had said that in order to finalise the trade agreement, both sides need to recalibrate, while ensuring that the trade deal is meaningful.

Separately, a commerce department statement on Thursday said that India-EU FTA negotiations need “political directions” to arrive at a “commercially meaningful” deal, while understanding the sensitivities of each other.

The statement comes against the backdrop of Goyal’s interaction in New Delhi with the ambassadors of Austria, Belgium, Bulgaria, Czech Republic, Estonia, Italy, Ireland, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Spain, and Sweden, who formed part of a European Commission delegation.