

# 'Quality compliance must for Indian exporters under EU FTA'

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Indian exporters seeking to benefit from tariff elimination under the India-EU free trade agreement (FTA) will have to up their game to meet the bloc's stringent quality regulations, but the government can challenge the requirements that seem to restrict trade, officials said.

"Compliance is something on which we have to all work. And work is required in preparing ourselves in terms of ensuring that we produce quality goods, we take proper certifications and we comply with the requirements of the importing country. For that, we have to improve our systems. At the same time, the FTA provides for a number of mechanisms to ensure that technical regulations do not become impediments," said Darpan Jain, Additional Secretary, Ministry of Commerce.

Mechanisms, such as early warning transparency, rapid action mechanism and joint TBT & SPS (technical barrier to trade & sanitary and phytosanitary measures)



committees, have been in-built into the FTA to ensure that genuine regulations do not become an impediment to exports, Jain said.

The India-EU FTA, which is set to eliminate tariffs on 99 per cent of India's exports (by value) to the region, is likely to be implemented sometime next year after its legal scrubbing is completed, and it goes through all ratification processes, including the approval of the EU Parliament.

Compliance with the EU's complex regulatory standards will be critical for Indian businesses as the EC has made its intentions clear by stating that "human, animal, and plant health are non-negotiable," pointed out development economist Biswajit Dhar.

"Though the government is optimistic about its gains

from this FTA, the realisation of benefits may not be as straightforward as it appears, given that the EU is an extensive user of standards, or non-tariff measures," Dhar said.

## **GAINS FROM FTA**

Enumerating gains from the FTA, Jain said that about 99.5 per cent of Indian exports will receive preferential tariff treatment, while \$33 billion worth of labour-intensive goods — apparel, textiles, leather, footwear and gems and jewellery — currently facing high EU duties of 10-14 per cent, and going up to 26 per cent in some categories (like marine) — will benefit from full elimination.

The combined imports of India and the EU represent roughly one-third of global trade in goods and services, he said.

Noting that the EU accounts for about 12 per cent of India's total merchandise trade, FICCI Secretary General Anant Swarup said the task now is to convert these agreements into practical gains for industry, especially for exporters, MSMEs and service providers. .