

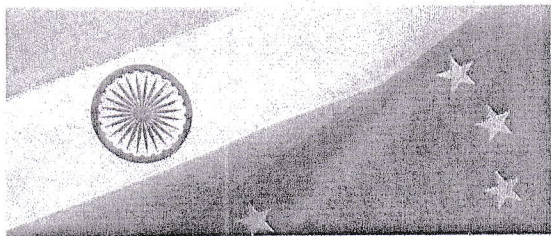
India, EU seek to close gaps in 9th round of talks for free trade pact

IN FOCUS. Emphasis will be on environmental compliance while addressing tariffs and market access challenges

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India is hoping for some assurance from the EU regarding the mitigation of the industry's concerns about complying with the bloc's environmental rules, such as the Carbon Border Adjustment Mechanism (CBAM) and the Deforestation-free Products Regulation (EU-DR), at the five-day negotiations for the India-EU Broad-based Trade and Investment Agreement (BTIA) beginning in Delhi this week.

While the focus of the ninth round of the negotiations, scheduled on September 23-27, will also be on bridging disagreements in various areas such as tariff cuts, other market access issues, services, investments, intellectual property and



TRADE WOES. Indian firms are concerned about the potential negative impact of regulations like the CBAM, EU-DR and on supply chains. These could adversely impact India's exports to the EU

sustainability, Indian negotiators are likely to continue to play up concerns related to environmental rules, sources said.

REGULATORY CONCERNS
"Indian firms are concerned about the potential negative impacts of regulations like the CBAM, EU-DR and supply chain regulation. These regulations would adversely

impact India's exports to the EU. After implementation of the FTA, the EU products will continue to enter India at zero duties, but Indian products may pay 20-35 per cent tariff equivalent as CBAM charges," according to Ajay Srivastava from Delhi-based research body Global Trade and Research Initiative (GTRI). While the CBAM will result in levies on

items identified as carbon-intensive, such as steel and cement, imported from non-EU countries beginning January 2026, the EU-DR, under which the exporters of certain identified items will have to prove that their products do not contribute to deforestation, can hurt Indian exports of over \$1 billion, per industry estimates.

"A suitable text may be inserted in the FTA chapters dealing with this possibility," a report compiled by GTRI suggested.

The FTA talks between India and the EU, which first began in 2007 but reached a stalemate in 2013 over issues such as market access for specific goods, specifically automobiles and wines & spirits, were re-started in 2022. While a lot of ground has been covered in the tricky areas, there are some

differences yet to be ironed out, sources said.

ON THE AGENDA

The main areas of negotiations include tariff reductions, improving market access for goods and services, protecting intellectual property, enhancing trade in services, protecting investments, government procurement, sustainability issues including environmental and labour standards, data protection and data flow, harmonising regulations and standards and establishing mechanisms to resolve trade disputes.

The EU is India's largest trading partner, accounting for €124 billion worth of trade in goods in 2023 or 12.2 per cent of total Indian trade, topping the US (10.8 per cent) and China (10.5 per cent), according to the EU.