

# FTA armed with rapid response shield against regulatory trade barriers

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To safeguard market access under the recently finalised free-trade agreement (FTA), India and the European Union (EU) have agreed to set up first-of-its-kind, dedicated mechanisms to address regulatory measures that could evolve into trade barriers between the two sides.

The mechanisms are intended to help India manage challenges arising from regulations that the EU has introduced or may introduce in the future, and to protect the benefits flowing from the FTA, government officials said. They could help New Delhi deal with measures such as the carbon border adjustment mechanism (CBAM), deforestation rules and due diligence requirements.

Under a “Rapid Response Mechanism”, both sides have agreed to establish a dedicated and expedited process to address concerns stemming from existing and future regulations that “create or threaten to create significant disruption or impediment to trade be-

tween India and the EU”, a government official said on Wednesday.

“We will have a high-powered Rapid Response Mechanism, which will bring the issue up for discussion immediately between the two sides. There is also an escalation mechanism if the matter is not resolved at the officials’ level. Ministers can step in to resolve the issue. This is a new feature that has been agreed between India and the EU,” the official said.

Another provision, relating to non-violation complaints (NVs), will allow for solutions to be explored when new measures are introduced. For instance, a new law or regulation may be brought in without violating any provision of the FTA, yet still impair market access under the deal. “This provision will help in addressing such issues,” the official said.

For more than two years, New Delhi has been raising concerns with Brussels about the disruptions likely to be created by the implementation of European regulations linked to sustainability and the environment.



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# EU FTA's rapid response shield

India believes that its gains from the FTA may be limited if these regulations eventually function as non-tariff barriers, particularly at a time when both sides are seeking to deepen trade ties.

So far, only the CBAM regu-

lation has been implemented, while other measures are expected to come into force within the next year. India did not secure any concessions on the carbon regulation as part of the FTA.