

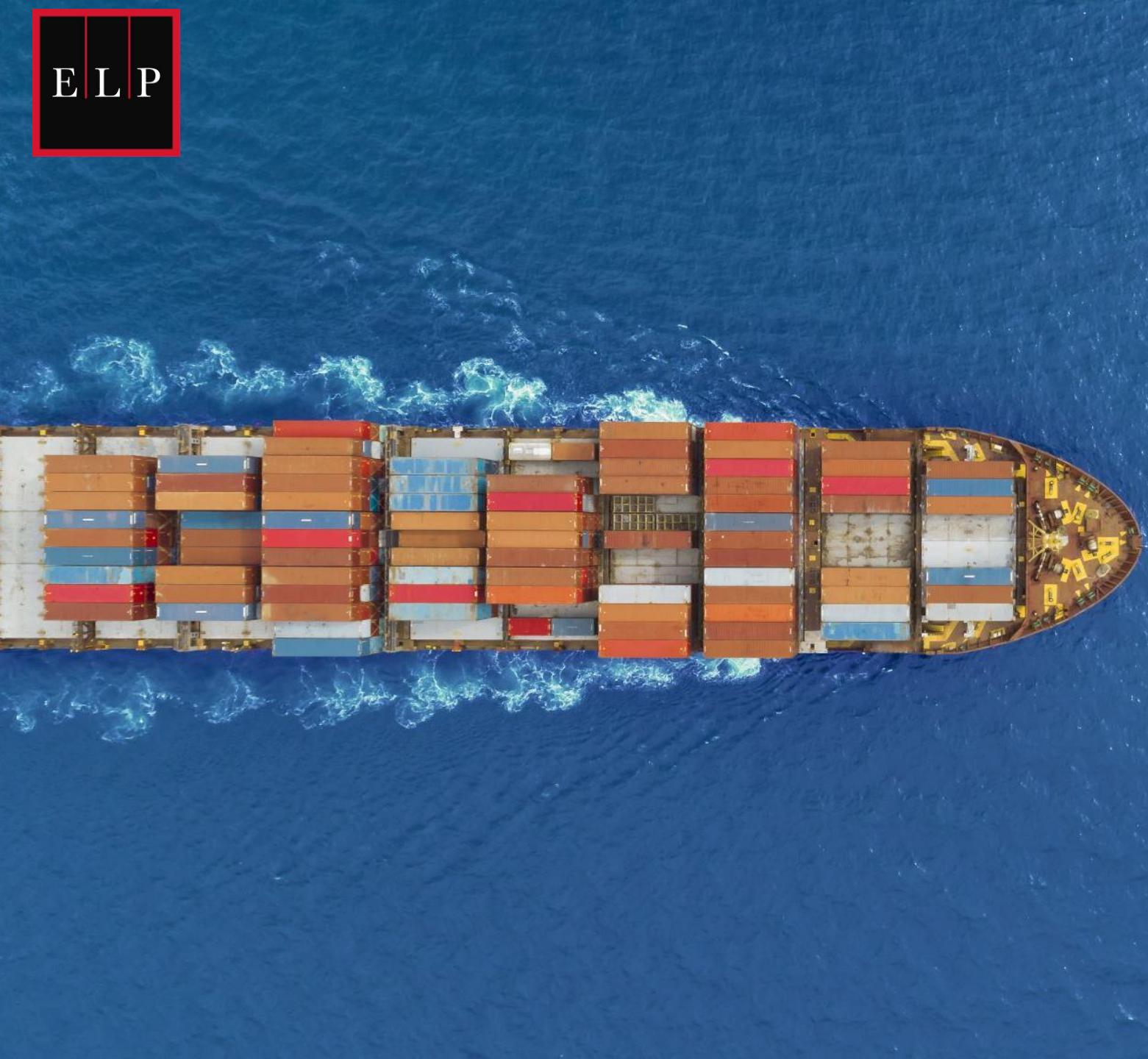


ECONOMIC
LAWS
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INTERNATIONAL TRADE & CUSTOMS

**2025 In-Review and Outlook for
2026**





INSIDE PAGES

- [Trade Statistics](#)
- [Trade Remedies](#)
- [Trade Remedial - Measures Against India](#)
- [Trade Remedies - Litigation In India](#)
- [Non-Trade Barriers](#)
- [NTBs at the WTO](#)
- [Import and Export Policy](#)
- [WTO Updates](#)
- [Free Trade Agreements](#)
- [Emerging Issues](#)
 - [CSDDD & CSRD](#)
 - [EUDR](#)
 - [CBAM](#)
 - [DPDP](#)
- [Foreign Subsidies](#)
- [Export Control](#)
- [Reciprocal Tariffs](#)
- [Economic Sanctions](#)



TRADE STATISTICS

In 2025, India experienced a 5% increase in imports, rising from USD 718 billion to USD 753 billion, while exports remained stable at USD 443 billion.

While total exports in 2025 remained stable, the electronics and engineering goods sectors witnessed significant growth. In contrast, exports of energy and fuel sector declined sharply, primarily due to reduced shipments of mineral fuels, mineral oils, products of their distillation, ores, slag, and ash.

Driven by rising demand, sectors such as electronic machinery and appliances, nuclear reactors and related machinery, organic and inorganic chemicals, fertilizers, and metals including aluminium and articles thereof, emerged as key contributors to the increase in India's imports.

India continues to be one of the fastest growing economies in the world. It is poised to ***grow at 6.4% in 2027, and its GDP is likely to surpass USD 4.96 trillion in 2027.***

Trade Trajectory

Particulars	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Exports of Merchandise (in billion USD)*	395	453	432	443	443
Export YoY Growth Rate (%)		15%	-5%	3%	0%
Import of Merchandise (in billion USD)*	573	720	670	718	753
Import YoY Growth Rate (%)		26%	-7%	7%	5%
Total Trade (in billion USD)	969	1,173	1,101	1,161	1196
Net Trade of Merchandise Surplus/(Deficit) (in billion USD)	-178	-267	-238	-275	-310
GDP (in billion USD)**	3150	3390	3732	3880	4510
Share of Merchandise Trade in Total GDP (in billion USD)	30.75%	34.62%	29.50%	29.92%	26.51%
Share of Merchandise Exports in Total GDP (in billion USD)	12.55%	13.37%	11.56%	11.41%	9.82%

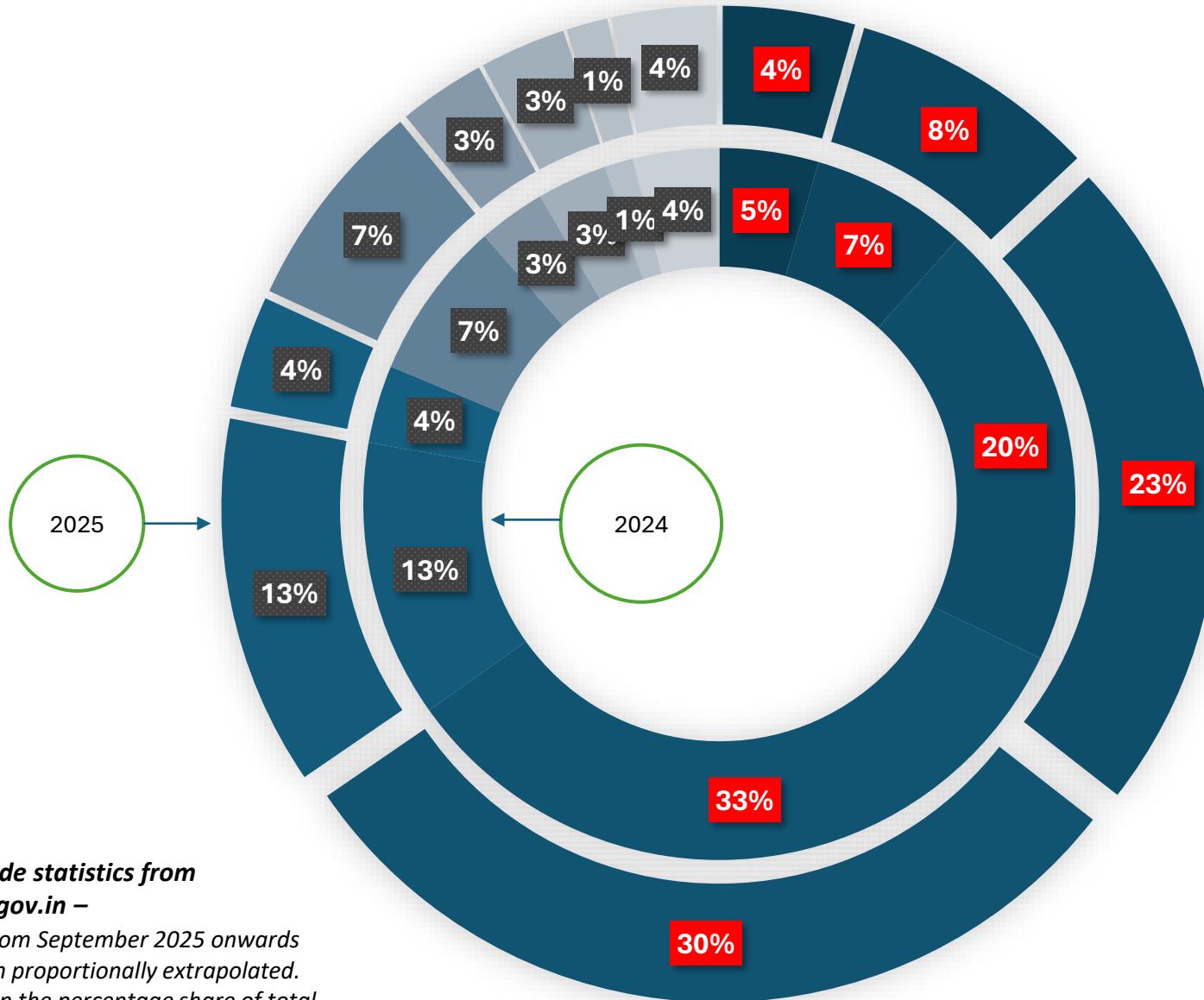
Source: Trade statistics from commerce.gov.in and GDP statistics from IMF

Note:

**: Figures from September 2025 onwards have been proportionally extrapolated.*

***: GDP figures have been taken as reported by IMF.*

Sectoral Distribution of Imports of Goods



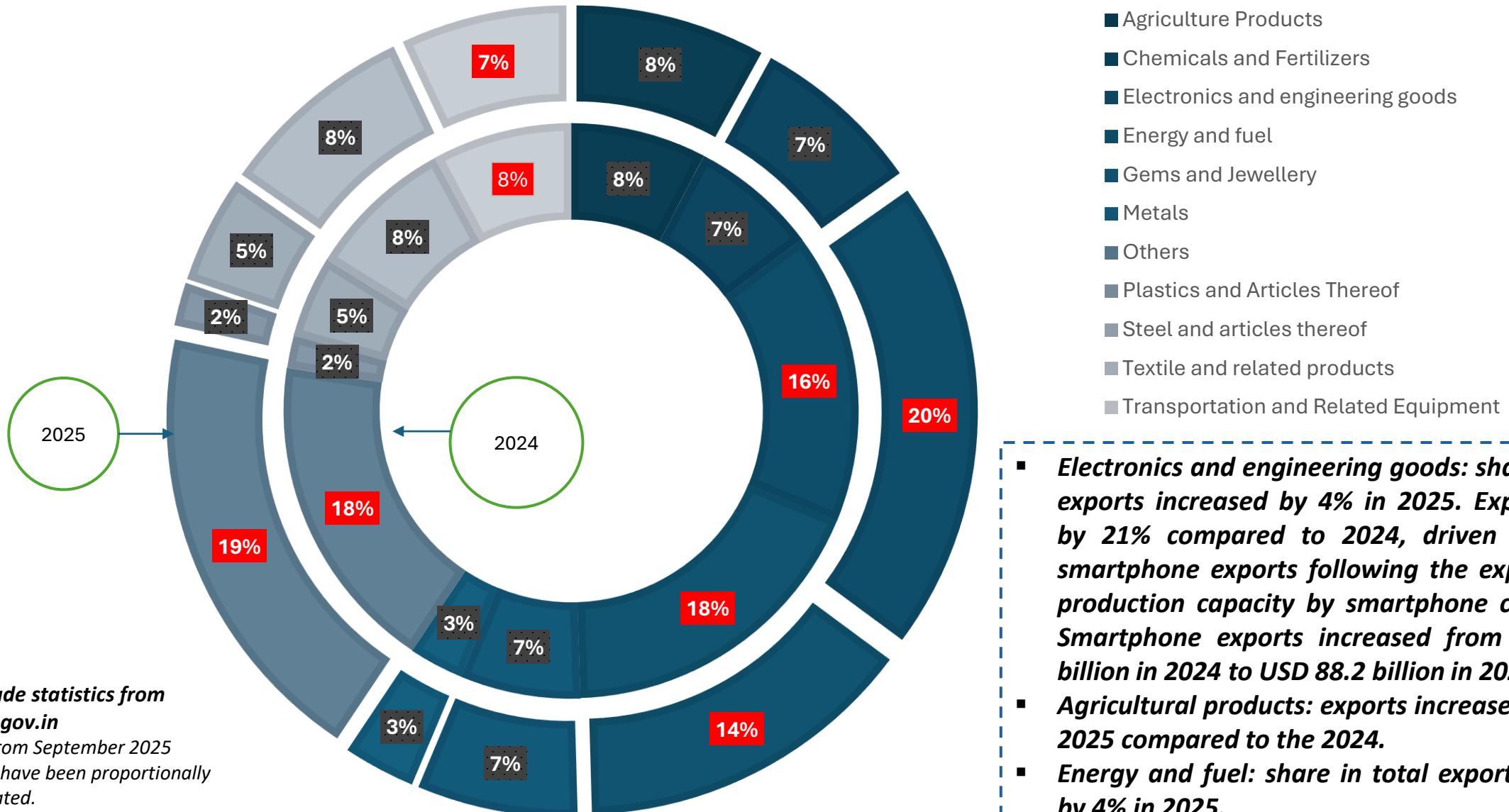
Source: Trade statistics from commerce.gov.in –

- Figures from September 2025 onwards have been proportionally extrapolated.
- Changes in the percentage share of total imports are highlighted in red.

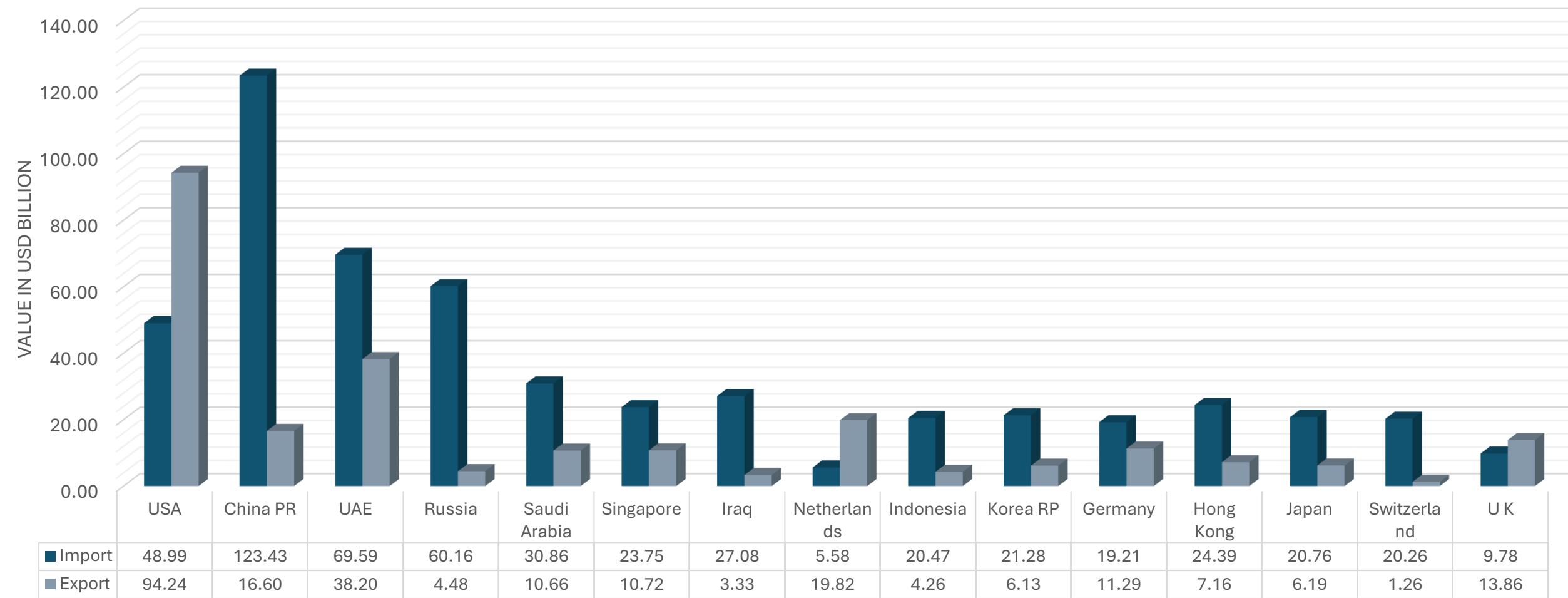
- Agriculture Products
- Chemicals and Fertilizers
- Electronics and engineering goods
- Energy and fuel
- Gems and Jewellery
- Metals
- Others
- Plastics and Articles Thereof
- Steel and articles thereof
- Textile and related products
- Transportation and Related Equipment

- **Electronics & engineering goods sector: share in total imports increased by 3% in 2025.**
- **Chemicals & fertilizers sector : share in total imports increased by 1% in 2025. Imports increased by 24% compared to 2024, rising from USD 51 billion in 2024 to USD 64 billion in 2025. This growth was primarily driven by higher imports of inorganic chemicals, organic and inorganic compounds of precious metals and rare-earth metals, as well as fertilizers.**
- **Energy & fuel sector: share in total imports declined by 3% in 2025.**
- **Agriculture products sector: share in total imports declined by 1% in 2025.**

Sectoral Distribution of Exports of Goods



Top Trading Partners



Source: Trade statistics from Commerce.gov.in – Figures from September 2025 onwards have been proportionally extrapolated.

- In 2025, India's bilateral merchandise trade with China amounted to USD 142.91 billion, resulting in a trade deficit of USD 106.75 billion.
- India's bilateral merchandise trade with the United States stood at USD 143.23 billion, resulting in a trade surplus of USD 45.25 billion. This represents an increase of USD 5.91 billion in India's trade surplus with the United States as compared to 2024.

Outlook for 2026

Global context: India enters 2026 in a fragmented global trade environment marked by geopolitical tensions, weakening multilateral rules, and rising use of tariffs and non-tariff barriers. Trade strategy is shifting from volume-led expansion to securing preferential access, managing tariff exposure, and strengthening supply-chain resilience.

Export growth outlook: Merchandise exports are expected to stabilise and gradually recover in 2026, supported by tariff liberalisation under new and forthcoming Free Trade Agreements, supply-chain realignment, and rising competitiveness in electronics, engineering goods, and chemicals. Services exports are expected to exceed USD 400 billion, providing a steady growth anchor.

Evolving global risk map: The United States (**US**) and the European Union (**EU**) will remain critical export destinations, but exporters will need to navigate elevated tariff exposure, compliance costs, regulatory scrutiny, and visa-related constraints. Measures such as high US tariffs, the EU's Carbon Border Adjustment Mechanism (**CBAM**) from 2026, a persistent trade deficit with China exceeding USD 100 billion, and geopolitical disruptions in other regions will continue to influence trade flows.

Domestic liberalisation supporting exports: Export performance in 2026 will increasingly hinge on domestic policy reforms. Continued rationalisation of GST, easing of sectoral regulations, digitalisation of trade processes, and implementation of labour reforms are expected to improve ease of doing business, attract higher foreign direct investment, and strengthen India's manufacturing base.

Outlook for 2026

Manufacturing and investment-led

competitiveness: Labour law reforms and production-linked incentives are expected to catalyse investment, particularly in electronics

manufacturing and higher value-added engineering sectors. These structural shifts are likely to enhance scale, productivity, and export competitiveness, supporting a more durable export expansion.

Compliance and sustainability transition: While regulatory and green trade barriers will remain a binding constraint, particularly for MSMEs, 2026 is expected to see greater adaptation as firms align with carbon, ESG, and traceability requirements, supported by policy facilitation and capacity building.

Overall outlook for 2026: Despite global headwinds, a combination of tariff liberalisation through Free Trade Agreements, domestic regulatory easing, investment-led manufacturing growth, and government-led export promotion is expected to support India's exports. The outlook for 2026 is cautiously positive, with exports increasingly driven by policy reform, diversification, and value addition rather than cyclical global demand alone.

TRADE REMEDIES

Indian Trade Remedial Investigations – Snapshot

Initiations rose by over 5% in 2025 versus 2024 with 94% of investigations culminating into a positive recommendation from the Directorate General of Trade Remedies (DGTR).

The Ministry of Finance (**MoF**) chose not to impose duties in 43% of recommendations made in 2025, a rate substantially higher than the previous year.

Earlier initiated sou-moto anti-dumping investigation in 2024 for imports of fasteners terminated in 2025 due to lack of co-operation by domestic industry.

In 2025, DGTR recommended the imposition of reference duties in four investigations, compared with none in 2024.

DGTR issued positive recommendations in all the review investigations concluded by it during 2025.

DGTR recommended duty in 6% of investigations during 2025 on which Minimum Import Price (**MIP**) was imposed by Directorate General of Foreign Trade (**DGFT**) recent years.

Trade Remedy Actions in 2025 – No. of Investigations Initiated

Instrument wise - Trade Remedial Investigations Initiated

Type of Investigation	No of Initiations -2025	No of Initiations -2024
Anti-dumping Investigations	55	50
Anti-subsidy Investigations	4	5
Safeguard Investigations	1	1
Anti-circumvention Investigation	0	0
Anti-absorption Investigation	0	1
Grand Total	60	57

Original and review Investigation Initiations

Particulars	No. of Initiation 2025	No. of Initiation 2024
Original Investigations	45	48
Review Investigations	15	9
Other Investigation (Anti-circumvention)	0	0
Grand Total	60	57

Sectoral distribution of Trade Remedial Investigations in 2025

Sector	No. of Initiations 2025	No. of Initiations 2024
Organic and Inorganic Chemicals	21	28
Industrial Goods	12	10
Petrochemicals	12	5
Consumer Goods	10	8
Capital Goods and Automotive	0	2
Metals	5	4
Grand Total	60	57

Source: Official gazette of India and DGTR

- Trade remedy initiations in 2025 increased by over 5% compared to 2024.
- DGTR made diligent efforts in the area of anti-subsidy by initiating four investigations in 2025 which consists of three original anti-subsidy investigation as against zero original investigations initiated in 2024.
- Anti-dumping measures continue to be the most preferred trade remedial instrument, accounting for over 92% of the total initiations.
- There is a remarkable increase of 67% in the initiation of review investigation by the DGTR.

Type of Investigation	Recommendation – 2025			Recommendation – 2024		
	Total No of Recommendations	Positive Recommendation	Negative Recommendation	Total No of Recommendations	Positive Recommendation	Negative Recommendation
Anti-dumping	46	94%	6%	25	100%	0%
Anti-subsidy	4	100%	0%	4	100%	0%
Safeguard	1	100%	0%	1	100%	0%
Anti-circumvention	0	0%	0%	0	0%	0%
Anti-absorption	1	100%	0%	1	100%	0%
Grand Total	52	94%	6%	31	100%	0%

Positive Recommendation: Findings where the applicant received a positive recommendation of duties.

Negative Recommendation: Findings consist of termination and withdrawal of investigations.

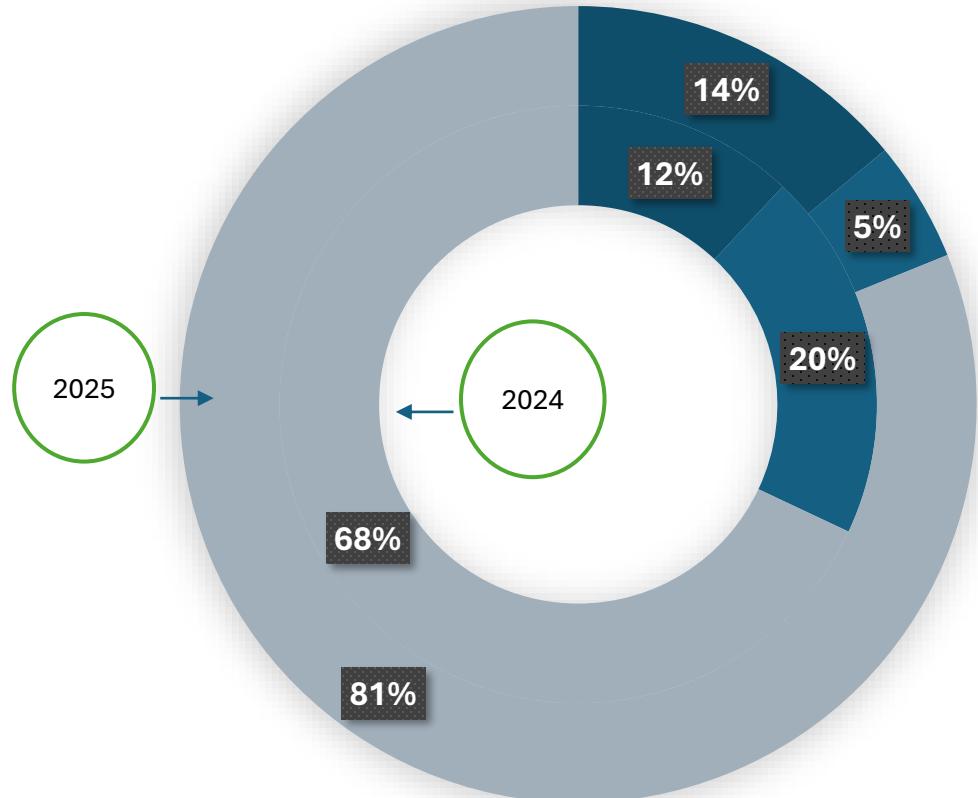
Type of Measures	Recommendation – 2025			Recommendation – 2024		
	Original Investigations	Review Investigations	Total	Original Investigations	Review Investigations	Total
Anti-dumping	37	9	46	22	3	25
Anti-subsidy	3	1	4	0	4	4
Safeguard	1	0	1	1	0	1
Anti-absorption	0	1	1	1	0	1
Grand Total	41	11	52	24	7	31

Source: Official gazette of India and DGTR

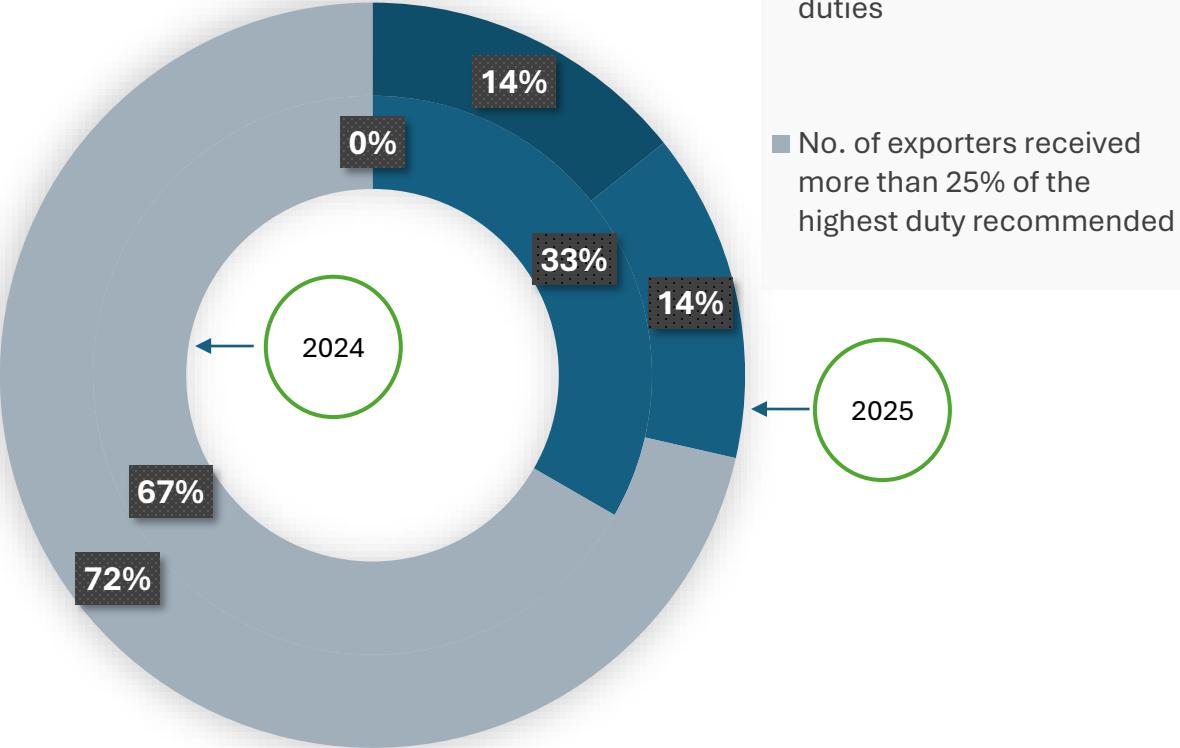
- In 2025, DGTR issued positive recommendations in all its final findings, with the exception of three investigations. One investigation—concerning siloxane polyoxyalkylene copolymers—was withdrawn at the request of the domestic industry, while two investigations, relating to fasteners and para-nitrotoluene (PNT), were terminated by the DGTR.
- In 2025, DGTR concluded two mid-term review with positive recommendations relating to décor papers and aluminium foil below 80 microns.

Trade Remedy Actions in 2025 – Participation and Individual Margins

Anti – dumping Investigations



Anti – subsidy Investigations

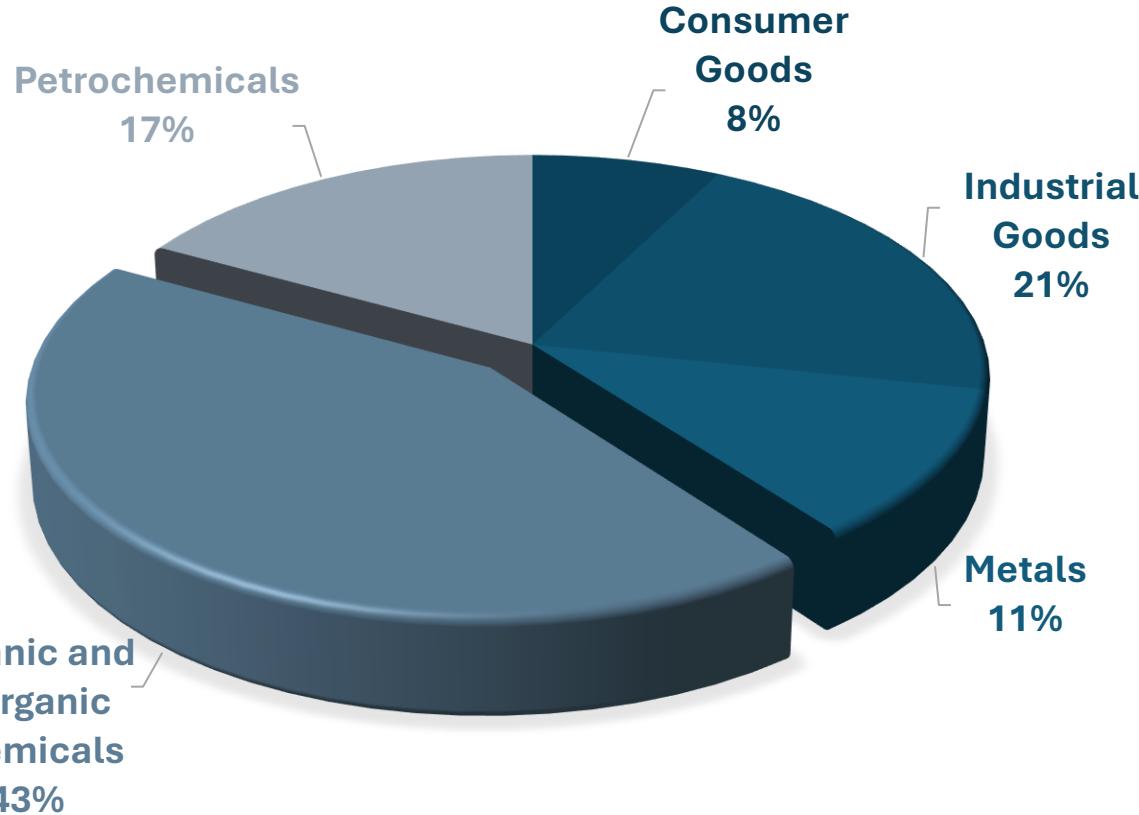


■ No. of exporters received less than 25% of the highest duty recommended

■ No of exporters received nil duties

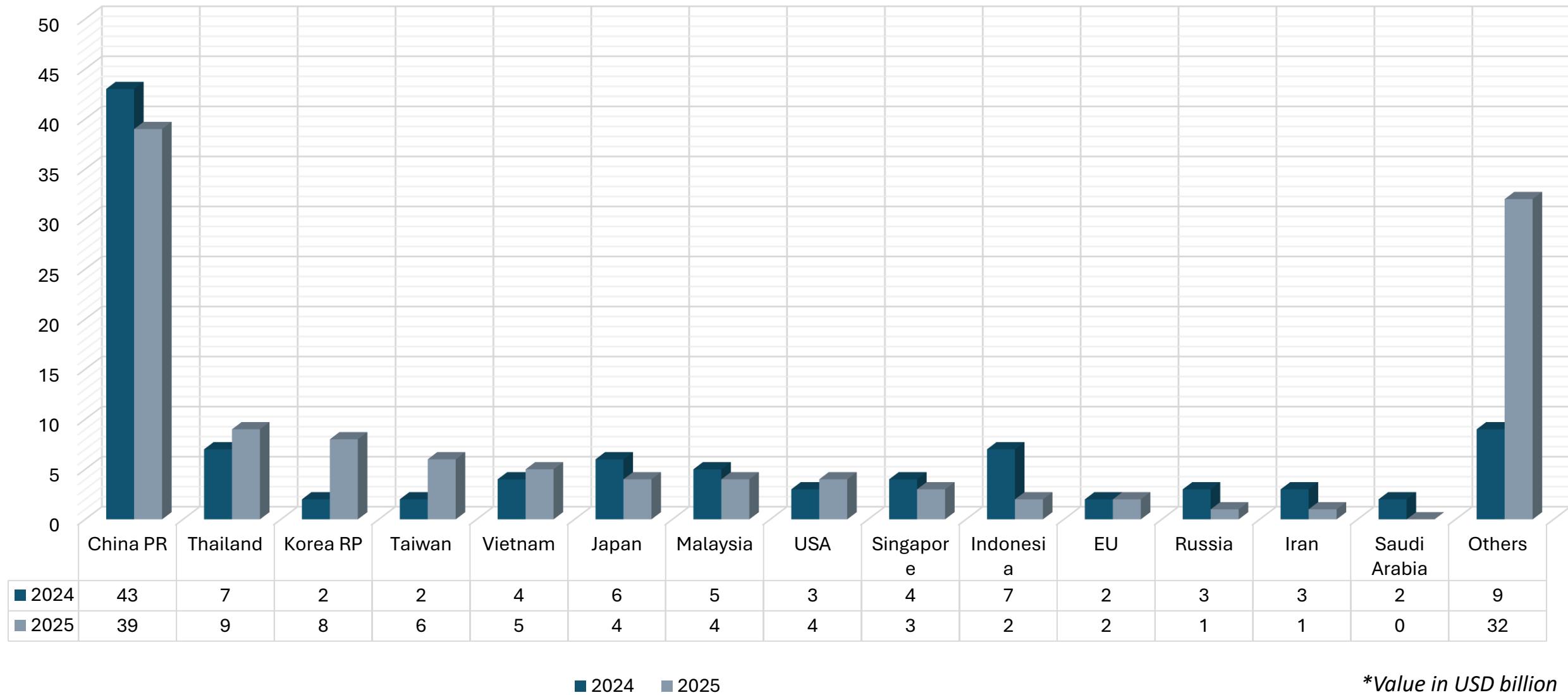
■ No. of exporters received more than 25% of the highest duty recommended

Sectors Impacted by Trade Remedy Recommendations in India

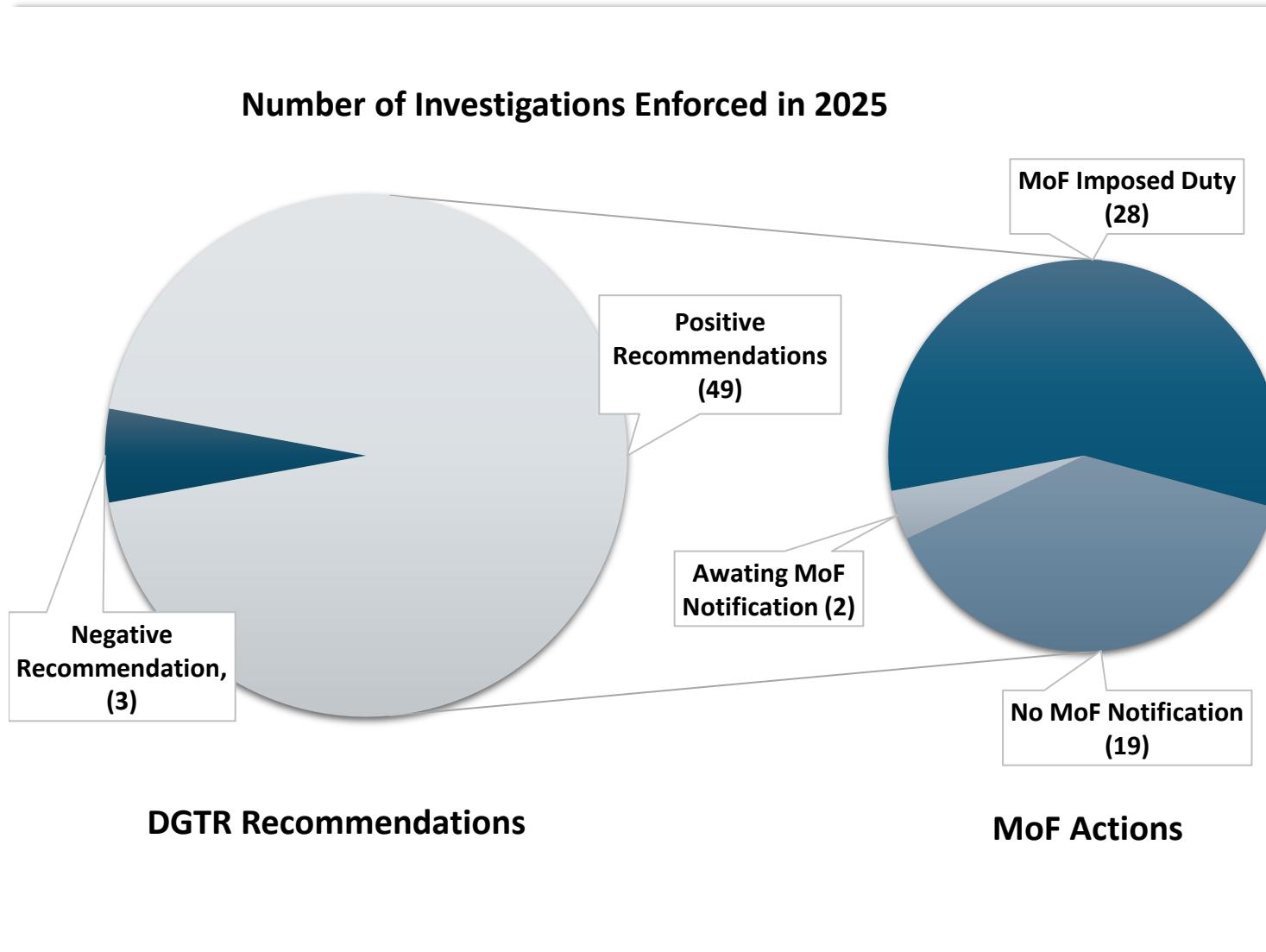


- India's organic and inorganic chemical sectors continued to be the most frequent users of the trade remedial actions.
- The metals and industrial sector have experienced a notable increase in seeking trade remedial relief compared to 2024, reflecting heightened concerns over market competition and the impact of global trade dynamics.

Country-Wise Trend of Trade Remedial Investigations initiated by the DGTR



Implementation of Recommendations



Source: Official gazette of India and DGTR

- The MoF has imposed duties in 28 out of the 49 investigations in which the DGTR made positive recommendations for the imposition of duties (57%).
- More than 4% of the recommendations made by the DGTR are currently pending with the MoF for the imposition of duties, as the stipulated time for imposition is yet to be elapsed.
- Based on analysis, it appears that the MoF has acted on most of the recommendations made by the DGTR. The imposition of duties has decreased significantly, from 91% in 2024 to 57% in 2025.

Outlook for 2026

Termination of barriers in form of standards (Quality Control Orders) is likely to open the door to cheaper, higher-volume imports and will encourage domestic producers of the affected chemicals and polymers to file new anti-dumping petitions to restore a trade barrier.

The backlash against China is likely to intensify. Consequently, as the EU and US initiate trade-remedy actions, India's trade-remedy framework is expected to evolve along a similar path.

A combination of short-term measures—beginning with the imposition of a MIP and followed by anti-dumping actions.

The abrupt conclusion of Free Trade Agreements, together with sudden changes in import tariffs—including on basic raw materials—can raise production costs and disrupt global trade flows. These policy shifts may compress sales values, undermine market stability, and ultimately lead to a rise in trade-remedy investigations.

TRADE REMEDIAL MEASURES AGAINST INDIA

Trade Remedy Actions in 2025 – By US Against India

Instrument Wise - Trade Remedial Investigations -Initiated by US

Type of Investigation	No of Initiations -2025	No of Initiations -2024
Anti-dumping Investigations	4	9
Anti-subsidy Investigations	4	10
Safeguard Investigations	1	1
Grand Total	8	19

Original and Review Investigation -Determinations by US

Particulars	No. of Determinations 2025		No. of Determinations 2024	
	Anti-dumping Investigations	Anti-subsidy Investigations	Anti-dumping Investigations	Anti-subsidy Investigations
Original Investigations	8	8	6	3
Review Investigations - Sunset	3	3	4	3
Review Investigations - Admin	9	6	15	9
Review Investigations - New Shipper	-	-	2	1
Review Investigations - Changed Circumstances	-	-	3	2

- Trade remedy initiations by the US in 2025 decreased by over 58% compared to 2024. In addition, there were no initiations of changed circumstances reviews in 2025, whereas three such reviews were initiated in 2024. This reflects a marked slowdown not only in antidumping and countervailing duty investigations, but also in mid-term reassessments of existing measures, suggesting lower use of AD/CVD toolkit compared to the previous year.

- Compared with 2024, 2025 featured an increase in original US anti-dumping and anti-subsidy determinations and a contraction in the review docket. Original determinations moved up, but anti-dumping and anti-subsidy administrative reviews declined sharply, and there were no determinations in new shipper or changed circumstances reviews.

Trade Remedy Actions in 2025 – By EU Against India

Instrument Wise - Trade Remedial Investigations -Initiated by EU

Type of Investigation	No of Initiations -2025	No of Initiations -2024
Anti-dumping Investigations	2	2
Anti-subsidy Investigations	-	1
Safeguard Investigations	-	1
Grand Total	2	4

Instrument Wise -Definitive Measures by EU

Type of Investigation	No. of Definitive Measures 2025	No. of Definitive Measures 2024
Anti-dumping Investigations	1	3
Anti-subsidy Investigations	1	-
Safeguard Investigations	1	-
Grand Total	3	3

- The EU's trade remedial initiations in 2025 remained limited, with only two new investigations, both anti-dumping in nature. Compared to 2024, this reflects a narrower and more cautious use of instruments, with no new anti-subsidy or safeguard investigations initiated
- In contrast to the modest initiation activity, the EU imposed three definitive measures in 2025, equal to 2024 but with a wider mix of instruments. Unlike 2024, which saw only anti-dumping measures
- The safeguard investigation initiated in 2024 on silicon and manganese-based alloying elements culminated in definitive measures in 2025. This highlights the EU's readiness to use safeguards to address import surges in strategically important alloying inputs, particularly where market disruption is linked to volume pressures rather than unfair pricing.

Illustrative Indian Products Impacted by Global Trade Remedial Investigations

	ANTI-DUMPING	COUNTERVAILING	SAFEGUARD
US	<ul style="list-style-type: none"> ▪ Freight rail couplers and parts thereof ▪ Crystalline silicon photovoltaic cells, whether or not assembled into modules ▪ Oleoresin paprika ▪ Chromium Trioxide 	<ul style="list-style-type: none"> ▪ Freight rail couplers and parts thereof ▪ Crystalline silicon photovoltaic cells, whether or not assembled into modules ▪ Oleoresin paprika ▪ Chromium trioxide 	<ul style="list-style-type: none"> ▪ Quartz Surface Products
EU	<ul style="list-style-type: none"> ▪ Cast iron articles ▪ Cold-rolled flat steel products (certain) 	-	<ul style="list-style-type: none"> ▪ Manganese and silicon-based alloying elements
Canada	<ul style="list-style-type: none"> ▪ Carbon and alloy steel wire 	-	
Brazil	<ul style="list-style-type: none"> ▪ Hot-rolled stainless steel flat products ▪ Seamless carbon steel pipelines (line pipe) 	-	
China	<ul style="list-style-type: none"> ▪ Certain x-ray tube assemblies and tube (insert) thereof for medical CT device 	-	

Outlook for 2026

KEY CONSIDERATIONS FOR INDIA'S EXPORTS IN 2026

USA has historically been one of the biggest users of AD/CVD investigations besides resorting to section 232 measures (national security). However, since US President Donald Trump's second term, US has showed unabated tendencies to use tariffs and trade-barriers as tools of coercion rather than means of genuine protection. Consequently, the Trump administration has resorted to laws like IEEPA that do not involve lengthy investigations or positive determinations. If no legal or other bottlenecks are assumed; US is likely to prefer such trade tools in the foreseeable future that can be deployed at the 'press of a button'.

However, given that the legality of tariffs imposed under IEEPA is being examined by the US Supreme Court, and in the instance of these tariffs being declared illegal, the Trump administration will likely use some stopgap measures. Although the immediate response is expected to be 15% tariffs under section 122 of the Trade Act 1974, but AD/CVD/SG investigations are also likely to be used as a tool.

EU's past investigations have focused on products (steel, iron and derivatives) which are now also covered under CBAM. It is also expected that the exporters in the race to keep their market share intact will discount the prices further to contain the impact of CBAM on EU importers. This can stir up a chain reaction of further trade remedial investigations against these exporters. A strong price monitoring mechanism and a strong proactive compliance framework needs to be put in place to ensure minimal adverse impact of this next wave of investigations.

TRADE REMEDIES – LITIGATION IN INDIA

Litigation Update – Proceedings before the CESTAT

In 2025, hearings before the Appellate Authority i.e., CESTAT remained sparse.

That said, CESTAT issued a landmark judgement in the case of ***Essilorluxottica Asia Pacific Pte Ltd. vs Designated Authority***: Appeals under Section 9C of the Customs Tariff Act can be filed to the CESTAT regarding the DGTRs findings read with the MoF's decision to levy anti-dumping duties - until the amendments to Section 9C of the CTA were enforced via a separate notification. This matter was challenged before the Delhi High Court and is currently sub-judice. The Delhi High Court stayed the said order, however, has allowed the proceedings before the CESTAT to continue.

Litigation Update – Proceedings before higher courts

In a significant move, multiple writ petitions filed with the courts were withdrawn. These petitions questioned whether the MoF's decision not to levy duties recommended by the DGTR is appealable under Section 9C of the Customs Tariff Act, 1975, and whether reasons must be disclosed by the MoF when declining levying duties.

A bunch of petitions on similar questions of law continue to remain pending before the Supreme Court of India and the Delhi High Court. The Supreme Court has engaged in numerous hearings, albeit only on the procedural aspects of the matters.

Litigation Update – Proceedings before higher courts

2025 saw several instances where parties availed constitutional remedies and approached High Courts to challenge the DGTR's findings read with the levy of trade remedial measures by the Ministry of Finance.

- Several courts including the Delhi, Calcutta, and Rajasthan High Courts have entertained various writ petitions on anti-dumping matters. This suggests a trend towards Courts adopting a liberal interpretation towards entertaining such matters until the CESTAT conducts regular hearings.
- In a writ petition filed before the Rajasthan High Court challenging the DGTR's findings which recommended anti-dumping duties on imports of **solar cells/modules**, the Court directed that **any notification levying anti-dumping duties would be kept in abeyance until the Court concludes its hearings**.
- In another notable development, the Calcutta High Court **quashed the final findings as well as the customs notification levying anti-dumping duties** concerning imports of **titanium dioxide**.

Outlook for 2026

Issues regarding the scope of the appeal under Section 9C of the CTA and the requirement for the MoF to provide reasons for non-levy of duties continued to remain sub-judice before the courts.

Parties have instead shifted towards challenging the DGTR's findings by exercising their constitutional remedies at various High Courts. In turn, these High Courts have also expressed an inclination towards entertaining such cases and passing directions on a case-to-case basis.

If the hearings before the anti-dumping bench at the CESTAT continue to remain sparse, we can expect a continuation of the rise of trade remedial litigation at various High Courts.

NON-TARIFF BARRIERS

Introduction

Across the globe, there has been an increased focus on self-resilience, driven by ongoing trade wars, US unilateralism, and rising trade protectionism. Countries have increasingly relied on SPS and TBT measures as substitute of tariffs and India has been no exception.

In India, a significant portion of TBTs have been implemented through "Quality Control Orders" or **QCOs**. These QCOs mandated certification as per the standards set by BIS , i.e., India's national standard setting body.

In the last few months of 2025, India seems to have recalibrated its approach and pulled back several QCOs, especially those on raw materials and intermediate goods.

This follows the October 2025 report of NITI Aayog's High-Level Committee on Non-Financial Regulatory Reforms, which recommended revocation/deferment of several QCOs on raw materials, intermediates and capital goods.

Additionally, India strengthened its focus on TBT measures for telecommunications and high-technology products, notifying around 60 notifications to the WTO in 2025.

Key Sectors on which QCOs were withdrawn/deferred in 2025



Metals

Aluminium and Aluminium Products: Aluminium ingots and castings, EC Grade aluminium billets and wire bars

Copper, Nickel, Tin Ingot, Refined Nickel, and Refined Zinc



Chemicals

Polyvinyl Chloride (**PVC**) Homopolymers, Polypropylene (**PP**) Materials for Moulding and Extrusion, Polyethylene Material for Moulding and Extrusion, Ethylene Vinyl Acetate (**EVA**) Copolymers, Acrylonitrile Butadiene Styrene (**ABS**), Terephthalic Acid, Ethylene Glycol



Textiles

Viscose Staple Fibres 100 Percent Polyester Spun, Polyester Industrial Yarn (**IDY**), Polyester Staple Fibres (**PSF**), Polyester Continuous Filament Fully Drawn Yarn, Polyester Partially Oriented Yarn

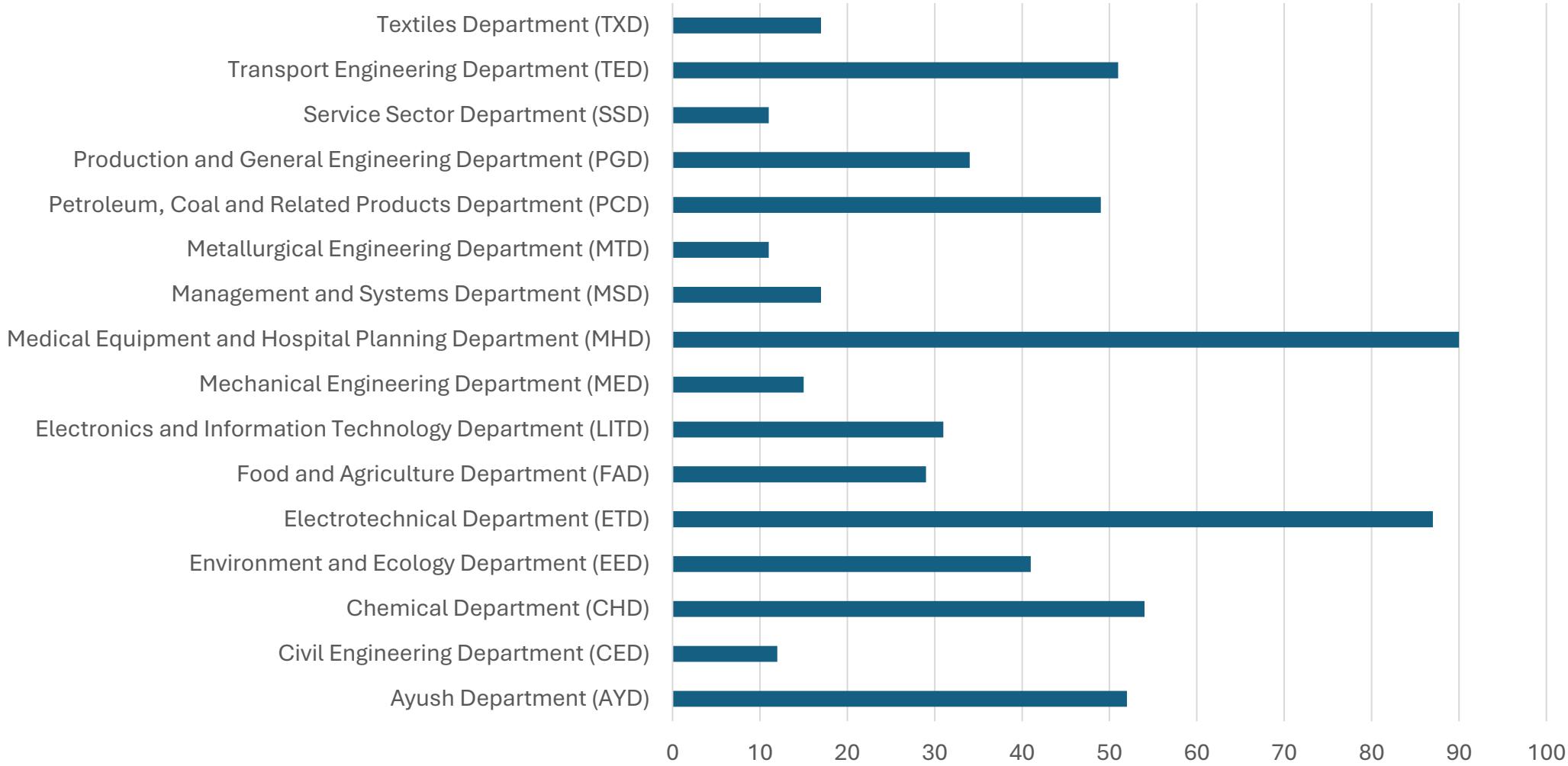


Machines and Electrical Equipment:

Pumps
Motors
Compressors
Cranes
Metal Cutting Machines
Machine tools for working stone, ceramics, concrete, etc
Machinery for working rubber and plastics

Sector-wise Breakdown of 601 BIS Standards introduced in 2025

Newly Introduced Product Specifications – Sector Wise



Changes in Iron and Steel Sector

Steel QCO issued by the Ministry of Steel (MoS) covers more than 160 products most of which are either raw materials or intermediates.

The NITI Aayog report noted that the extensive QCO footprint in iron & steel increased input costs and created supply chain challenges for auto, engineering, and appliance manufacturers.

As a result, the QCO regime on iron and steel sector has undergone major transitions, including exemptions from QCO compliance and adjustments to input material adherence requirements under BIS standards.

Changes in Iron and Steel Sector in 2025 - Exemptions from QCO Compliance

Exemption of mandatory compliance of QCOs for certain ITC-HS Codes

- In November 2025, MoS exempted mandatory adherence requirement of Steel and Steel Products (Quality Control) Order, 2024 (**Steel QCO**) for certain ITC-HS Codes mentioned in the Order. Exempted products include certain steel tubes, drums, stainless steel utensils, and steel tins. This exemption is valid till **March 31, 2026**.

Exemption of the mandatory adherence requirement of QCO

- In September 2025, MoS exempted 67 steel grades for mandatory adherence to QCOs for a fixed quantity and end use. This exemption is valid till **March, 2026**.

Steel and Steel Products (Quality Control) Amendment Order, 2025

- The MoS has deferred the Steel QCO for 42 products for a period of three years and for 13 products for a period of one year.

Exemption of input adherence of Stainless-Steel flat products

- In June 2025, the MoS introduced mandatory input-material adherence for imported steel and steel products covered by Indian Standards. Stainless steel flat products have been exempted from this requirement until **March 31, 2026**.

Exemption of input adherence for 202 BIS licenses

- In June, 2025 MoS exempted mandatory adherence to input materials for steel and steel products produced under **202 BIS licences**. This exemption was based on declaration of manufacturers that they are integrated steel plants and is subject to verification by the BIS.

Changes in Iron and Steel Sector in 2025 – No Objection Certificates

Revocation of No Objection Certificate requirement for grades of steel not covered under QCOs

- MoS has exempted requirement of importers taking prior clarification before importing grades of steel not covered under QCO. To facilitate this decision, grades of steel not covered by the Steel QCO have been mapped on the SIMS portal.

Process for grant of Quality Control Order exemption for import of steel to India from non-licensed manufacturer

- MoS has reinstated the previously existing mechanism for granting exemptions under the Steel QCO.

Uncertainty with exemption mechanism

- Although exemption mechanism has been reinstated, there is uncertainty regarding the exact procedure as the referred Order which contains this mechanism is not available in public domain.

Uncertainty regarding NOC applications

- Although the NOC application process has been discontinued, uncertainty remains regarding applications that were already pending before the MoS and under examination.

Short to medium term regulatory certainty

- Time-bound exemptions (largely till March 31, 2026) and deferral of QCOs for 42 products (3 years) and 13 products (1 year) provide planning visibility for sourcing

Relief to Indian user industry

- In recent times, the Indian user industry was facing significant challenges in importing iron and steel products. Exemptions and deferment of QCO on certain products eases this burden.
- Auto, engineering, capital goods and stainless users benefit from better availability of niche grades.

Strategic Opportunity for supply chain management

- Importers and OEMs can use the deferred timelines to onboard new suppliers and ensure there BIS licences.

Opportunity for Non-Licensed Foreign Suppliers

- Resumption of exemption mechanism enables non-licensed foreign manufacturers to access the Indian market.

BIS vs Indian Jute Mills Association

- Delhi High Court set aside BIS Division Council's adoption of draft jute/PP bag standard which were based on a single member's forwarding the draft, before a decision by the Sectional Committee
- Court held that under the BIS Rules Sectional Committee, not Division Council, has primary role to formulate and finalise standards after considering stakeholder comments. Therefore, Division Council can only adopt an Indian Standard after it has been passed by the Sectional Committee.

Nageswara Trade vs Commissioner of Customs

- Customs treated second-hand multifunction devices as prohibited for lack of BIS registration / MEITY exemption and relied on CBIC Circular 35/2017 to deny provisional release.
- Delhi HC held Circular 35/2017's para 2 is void; authorities cannot categorically bar provisional release merely because goods are "prohibited".
- Court ordered provisional release on conditions (50% duty deposit on specified assessable value, balance secured by bond), while adjudication continues. This reflects that provisional release of goods can be sought in such cases.

Shah Foils Ltd. vs Commissioner of Customs-Ahmedabad

- CESTAT Ahmedabad held that in view of the FTP the date of import shall be reckoned as the date of shipment/dispatch of goods.
- Therefore, if a QCO is not in force on the date of Bill of Lading of imports, compulsory compliance to BIS standards is not required.

SPS Measures - Overview

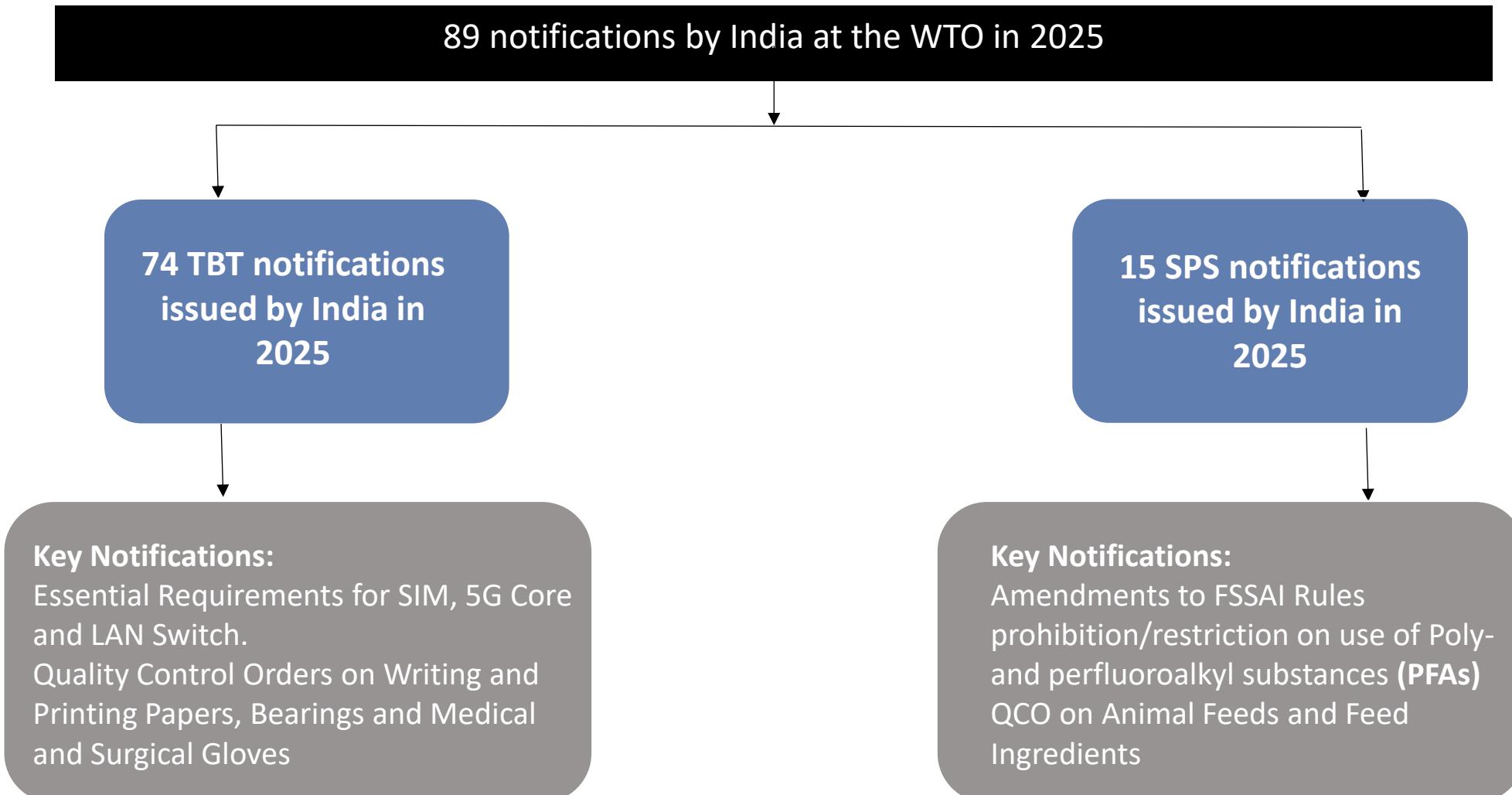
India maintains a complex web of SPS measures, implemented by multiple government bodies such as the Ministry of Agriculture, Ministry of Fisheries, Animal Husbandry and Dairying, and the Food Safety and Standards Authority of India (FSSAI). These measures are aimed to enhance the safety and quality of agricultural and food-related products placed on the Indian market.

Notable SPS Measures notified in 2025

- Introduction of Food Safety and Standards (Packaging) Amendment Regulations prohibiting/restricting use of Poly- and perfluoroalkyl substances (**PFAs**) in food contact materials.
- India notified the WTO about introduction of Animal Feeds and Feed Ingredients QCO. It would ensure conformity of the feed ingredients like Cottonseed Oilcake, and Mustard and Rapeseed Oilcake, with compulsory Indian Standards.

NTBs at the WTO

TBT/SPS Measures Notified at the WTO



Specific Trade Concerns (STCs) Raised By and Against India at the WTO in 2025

TYPE OF TRADE CONCERN	DETAILS OF MEASURE	COUNTRIES CONCERNED
SPS Trade Concerns raised by India	<ul style="list-style-type: none"> ▪ India raised 20 SPS STCs. ▪ They primarily concerned cases where countries delayed listing of fishery establishments and prohibited imports of items treated with various chemicals, either completely or in excess of certain limits. 	The STCs were raised against the EU (9), Russia (2), UK (1), China (1), Indonesia (2), Korea RP (1), Saudi Arabia (1), Thailand (2) and Vietnam (1).
SPS Trade Concerns raised against India	<ul style="list-style-type: none"> ▪ 3 SPS STCs were raised against India. ▪ They concerned approval procedures to import plants, animals and their products, health certificates to be accompanied with imported food and Draft Food Safety and Standards (import) amendment regulation. 	The STCs were raised by the EU (3), and US (1)
TBT Trade Concerns raised by India	<ul style="list-style-type: none"> ▪ India raised 18 TBT STCs. ▪ Notable concerns related to halal certification in importing countries and EU's eco-design regulation for sustainable products. 	The STCs were raised against the EU (14), Indonesia (2), China (1) and Egypt (1).
TBT Trade Concerns raised against India	<ul style="list-style-type: none"> ▪ 28 TBT STCs raised against India. ▪ Concerning QCO issuance and implementation issues. 	The STCs were raised against the EU (14), Indonesia (2), China (1) and Egypt (1).

Outlook for 2026

KEY POINTS FOR INDIA'S APPROACH IN 2026

India appears to have recalibrated its QCO strategy. This follows the October 2025 report of NITI Aayog's High-Level Committee on Non-Financial Regulatory Reforms, which recommended revocation/deferment of several QCOs on raw materials, intermediates and capital goods. Ongoing FTA negotiations with key Western partners have also pushed India towards a more trade-facilitative approach towards TBTs.

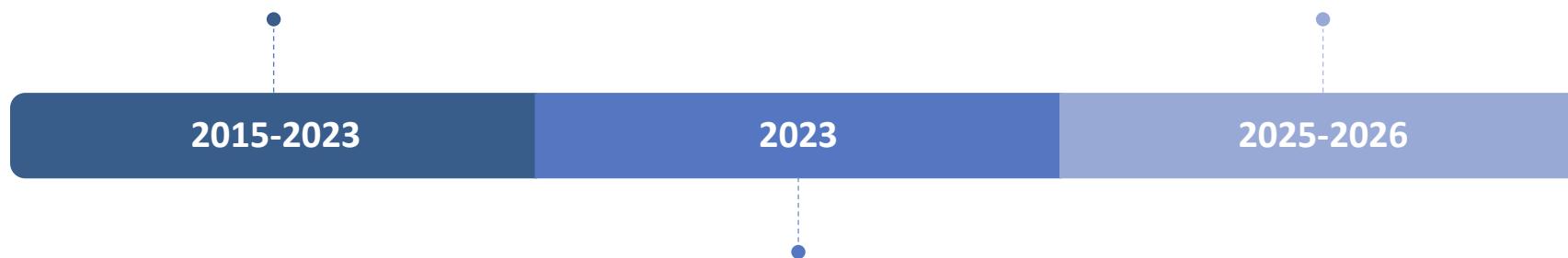
QCOs on strategic sectors and finished goods are likely to continue. However, they are expected to be more targeted rather than blanket protection, particularly where domestic capability is weak. Limited carve outs for MSMEs and other regulatory exemptions may be expected to continue. At the same time, India is expected to maintain a strong focus on TBT measures for telecommunications and related high-technology products.

IMPORT AND EXPORT POLICY

Foreign Trade Policy 2023

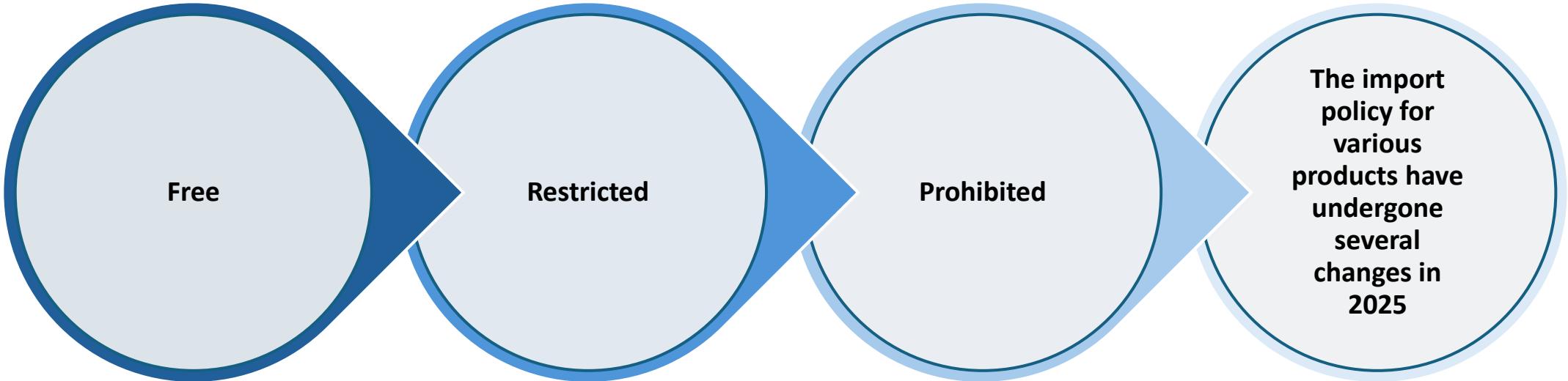
Foreign Trade Policy 2015-20
which was to lapse on 31.03.2020
was extended due to COVID
pandemic and volatile geopolitical
scenario till 31.03.2023.

Foreign Trade Policy 2023
remained in force for
2025-26



Foreign Trade Policy 2023
was announced as a
continuing document. It does
not have a sunset clause for
expiry of policy

Foreign Trade Policy 2023



- All goods/services, which have not been marked as restricted or prohibited, are 'free' to be exported or imported.
- Any goods /service, the export or import of which is 'Restricted' may be exported or imported only in accordance with an authorisation / permission or in accordance with the procedures prescribed in a notification / public notice issued in this regard.
- Any goods /service, the export or import of which is 'Prohibited' may not be exported or imported.

Changes in Import Policy

CHANGES IN PROHIBITED AND RESTRICTED LISTS DURING THE YEAR 2025

FREE TO RESTRICTED

- Virgin multi-layer paper board
- Sulfadiazine API
- ATS-8
- Cabinet hinges
- Glufosinate & salts
- Precious metal compounds
- Unstudded silver jewellery
- Unstudded platinum jewellery
- Platinum group metal alloys containing gold > 1%
- Synthetic knitted fabrics

FREE TO PROHIBITED

- Stock-lot paper & paperboard

Changes in Import Policy

MINIMUM IMPORT PRICE (MIP)

DEFINITION	OBJECTIVE	NATURE	MIP AS ALTERNATIVE OF TRADE REMEDIES
A trade policy measure under which the Government of India sets a minimum threshold price; imports of specified goods below this price are not permitted	To protect domestic producers of the concerned product(s)	An emergency, temporary measure, typically imposed for a short duration (1–2 years)	Unlike trade-remedy measures, the MIP mechanism allows for swift and relatively straightforward implementation, without the multi-authority involvement (DGTR and MoF) or prolonged investigative processes typical of trade-remedy actions

Changes in Import Policy

MINIMUM IMPORT PRICE (MIP)

MIP NOTIFIED IN 2025

- Virgin multi-layer paperboard - ₹67,220 per metric ton
- Sulfadiazine API - ₹1,774 per kilogram
- ATS-8 - USD 111 per kilogram
- Cabinet hinges - ₹280 per kilogram
- Glufosinate & salts - ₹1,289 per kilogram
- Synthetic knitted fabrics - USD 3.5 per kilogram

Source: Official Gazette of India and DGFT

Changes in Import Policy

Renewable Energy Equipment Import Monitoring System (REEIMS) introduced in 2025

IMPORT MONITORING SYSTEMS

- Requires mandatory registration for specified renewable energy equipment imports.
- HS covered:
 - 70071900, 85414200, 85414300 (solar energy projects)
 - 73082019, 84833000, 84834000, 85016420, 85016430, 85023100, 85030090 (wind energy projects)
- Import of goods under above mentioned HS code will be treated under “Free” category.
- Applies to imports via air, sea, and land routes.
- Registration timelines:
 - Air cargo: 2 days before shipment.
 - Sea/Land: 5 days before shipment.
- Validity: 3 months per registration.
- No fee for registration.
- Registration is port-specific, but multiple consignments allowed under one registration.
- Importer must declare intended end-use of products/components.

Changes in Import Policy

CHANGES IN PROHIBITED AND RESTRICTED LISTS DURING THE YEAR 2025

DEFINITION	OBJECTIVE	NATURE	MIP AS ALTERNATIVE OF TRADE REMEDIES
<ul style="list-style-type: none">▪ Pharma grade sugar▪ Red sanders (cultivated origin)▪ Second Generation (2G) Ethanol	<ul style="list-style-type: none">▪ De-oiled rice bran (till 30.09.2025)	<ul style="list-style-type: none">▪ Broken rice▪ De-oiled rice bran (post 03.10.2025)▪ Agricultural commodities (exported to Bhutan)	<ul style="list-style-type: none">▪ Raw human hair

Source: Official Gazette of India and DGFT

Outlook for 2026

Seamless trade facilitation	An enhanced focus on seamless trade facilitation can be enabled by the proposed Bharat Trade Net platform.
Dynamic product categorisation	More frequent movement of products between <i>Free, Restricted, and Prohibited</i> categories, driven by domestic capacity concerns, circumvention risks, geopolitics, and supply-chain resilience.
Use of temporary tools	Continued reliance on MIPs and import monitoring systems to address under-priced imports and ensure end-use compliance (e.g., REEIMS).
Targeted interventions	Preference for sector-specific and calibrated restrictions rather than blanket bans, consistent with recent DGFT practice.
Export focus	Greater market diversification through new and upcoming FTAs to improve tariff access and competitiveness.
External risks	Global trade uncertainty, geopolitical fragmentation, and tariff actions by key partners may prompt defensive non-tariff measures.
Overall roadmap	A calibrated trade regime-liberal where possible, protective where necessary aligned with domestic industry protection and global value-chain integration.

WTO UPDATES

The Agreement on Fisheries Subsidies (**AFS**) officially entered into force on September 15, 2025 (see *slide 48 for details*).

United Kingdom and Vietnam joined the Multi-party Interim Appeal Arbitration Arrangement (**MPIA**).

In a December 15, 2025, communication, the US raised concerns that the MFN principle, as currently applied, may limit flexibility in a system marked by divergent economic models, and suggested that plurilateral approaches among willing members may be necessary where consensus among all members is not achievable.

In late-2025 General Council discussions, members advanced preparations for MC-14, identifying possible focus areas including dispute settlement reform, special and differential treatment, Electronic Commerce moratorium, smooth transition measures for graduating LDCs, and the treatment of plurilateral initiatives under the WTO framework.

Status Update - Progress on Fisheries Subsidies Agreement

The Agreement on Fisheries Subsidies (**AFS**) officially entered into force on September 15, 2025, after two-thirds of WTO members submitted their acceptance. A total of 116 members have submitted their instruments of acceptance of the AFS.

India has not yet accepted the AFS.

The funding mechanism under the AFS, the 'WTO Fish Fund', became operational. At its meeting on November 18 and 19, the WTO Fish Fund Steering Committee approved 26 requests for project grants - totalling USD 2.9 million - to support developing and least-developed country members implement the AFS.

The Committee on Fisheries Subsidies (**Committee**) held its first meeting on December 9, 2025, confirming the election of its first Chair, Ana Laura Lizano of Costa Rica. The role of the Committee will be to examine information submitted by WTO members on their fisheries subsidies-related notifications and to oversee the operation of the AFS.

India opposed the China-led plurilateral Investment Facilitation for Development Agreement. India cautioned against attempts to bring a non-multilateral issue to the formal process in the WTO in violation of the body's framework.

India stressed on a fully functional two-tier dispute settlement mechanism and preserving its fundamentals of consensus-based decision making, member-driven character and the principle of special and differential treatment.

WTO Disputes in 2025 – Overview

In 2025, a total of 14 requests for consultations were submitted. China was the complainant in 5 cases, followed by Canada (4), the EU (1), India (1), Russia (1), Chinese Taipei (1) and Brazil (1).

Disputes were most frequently raised against the US (6), followed by China (2), the EU (2), Canada (2), and India (2).

Notably, a panel was established in only one dispute initiated in 2025 (DS636). Notification to appeal the panel report was circulated in 3 disputes (where 2 of the appealed panel reports were circulated in 2025 and 1 in 2024).

In 2025, 5 panel report (including 1 compliance panel report) were circulated, and 1 arbitration award was circulated. Moreover, 2 disputes were settled through mutually agreed solution.

In one dispute, the DSB granted authorization to impose countermeasures.

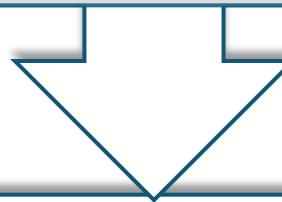
Challenges against India – DS 642

China requested consultations with India on October 15, 2025, regarding certain Indian measures in the automotive and renewable energy sectors:

National Programme on Advanced Chemistry Cell (**ACC**) Battery Storage

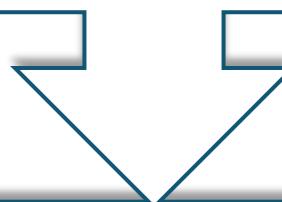
PLI Scheme for Automobile and Auto Components

Scheme to Promote Manufacturing of Electric Passenger Cars in India (under EV policy framework)



China is of the view the measures are contingent on the use of domestic over imported inputs or are otherwise discriminatory against Chinese products and are inconsistent with various provisions under the SCM, the TRIMS, and the GATT 1994.

China requested consultations with India on December 19, 2025, regarding the tariff treatment of certain technology products and the National Programme on High Efficiency Solar PV Modules.



China is of the view that India applies custom duties or charges in excess of bound rates set out in its Schedule of Commitments. Moreover, China stated that the PLI Solar Module scheme is contingent on the use of domestic over imported inputs or are otherwise discriminatory against Chinese products and are inconsistent with various provisions under the SCM, the TRIMS, and the GATT 1994.

**DS593: European Union —
Certain Measures
Concerning Palm Oil and
Oil Palm Crop-Based
Biofuels**

- Indonesia challenged European Union and its Member State's measures concerning palm oil and oil palm crop-based biofuels from Indonesia, alleging violations under the WTO's TBT Agreement, SCM Agreement, and GATT 1994. The dispute, initiated in 2019 and a WTO panel was composed in 2020, and in its report circulated after much delay on January 10, 2025, the panel upheld several aspects of the EU's RED II regime, finding the 7% biofuel cap and high ILUC-risk phase-out to be valid technical regulations, but found the EU's administration of the ILUC-risk criteria and certification procedures discriminatory and inconsistent with multiple TBT transparency obligations. It also found the high ILUC-risk cap and phase-out inconsistent with GATT Articles III:4 and I:1, though conditionally justifiable under Article XX(b) and (g), but constituted arbitrary or unjustifiable discrimination between countries where the same conditions prevail. Regarding France's TIRIB measure, the panel held that excluding palm-oil biofuel violated GATT III:2 and I:1 and could not be justified under Article XX due to discriminatory implementation. Indonesia's subsidy-related claims under the SCM Agreement were rejected.
- The report was adopted on February 24, 2025. On March 24, 2025, the European Union informed the DSB that it intended to implement the recommendations and rulings of the DSB and that it would need a reasonable period of time to do so.
- On July 07, 2025, the European Union and Indonesia informed the DSB that they had agreed that the reasonable period of time for the European Union to implement the DSB's recommendations and rulings would be 12 months. Accordingly, the reasonable period of time was set to expire on February 24, 2026.

**DS536: United States —
Anti-Dumping Measures
on Fish Fillets from Viet
Nam**

- Viet Nam challenged United States' anti-dumping measures on fish fillets from Viet Nam and other United States' legal instruments, alleging violations under the WTO Anti-Dumping Agreement, the GATT 1994, and Viet Nam's Protocol of Accession. The dispute, initiated in 2018, centered on continued imposition of anti-dumping duties and cash deposit requirements on imports of certain frozen fish fillets from Viet Nam through multiple administrative reviews, including failures to revoke the order for eligible exporters. It also contests the US legal framework and mechanisms (including Section 129 URAA) relied upon to implement WTO rulings in respect of past and ongoing entries.
- A WTO panel was composed in 2018 and its report was circulated after much delay on February 05, 2025, after the United States and Vietnam notified the DSB that they had reached a mutually agreed solution on January 17, 2025. The panel report was confined to a brief description of the case and to reporting that a solution has been reached.

**DS618: European Union —
Countervailing Duties on
Imports of Biodiesel from
Indonesia**

- Indonesia challenged European Union's countervailing duties on imports of biodiesel from Indonesia as well as the underlying investigation that led to the imposition of these duties, claiming they violated the SCM Agreement, and the GATT 1994. The dispute, initiated in 2023, focused on focused on the EU's attribution of Indonesian subsidy programmes to the contested imports, its finding of a threat of material injury, and Indonesia's objections to various procedural steps in the investigation.
- A WTO panel was composed in 2024, and its report, circulated on August 22, 2025, upheld most of the EU's findings regarding subsidies through Indonesia's Oil Palm Plantation Fund but found multiple inconsistencies in the EU's determinations concerning crude palm oil, including its attribution of price-setting and income/price support to the Indonesian government. It also found several flaws in the threat of injury analysis but rejected Indonesia's claims on price undertakings and disclosure obligations. The Panel recommended that the EU bring its measures into conformity with the SCM Agreement.
- On September 26, 2025, the European Union notified the DSB of its decision to appeal certain issues of law and legal interpretations in the panel report. The European Union stated its awareness that the Appellate Body was unable to hear the appeal due to an insufficient number of its members.

**DS616: European Union -
Countervailing and Anti-
Dumping Duties on
Stainless Steel Cold-Rolled
Flat Products from
Indonesia**

- Indonesia challenged European Union's antidumping and countervailing measures on imports of stainless steel cold-rolled flat products from Indonesia, alleging violations under the WTO Anti-Dumping Agreement, the SCM Agreement, and the GATT 1994. The dispute, initiated in 2023, centred on Indonesia's claim that the European Commission attributed to the Indonesian Government the financial contributions made by Chinese authorities to an Indonesian producer, on the basis that Indonesia had "induced" those contributions, thereby treating China's actions as its own for purposes of establishing a financial contribution under the SCM Agreement.
- A WTO panel was composed in 2023 and circulated its report on October 02, 2025. The report is significant in light of rising concerns over WTO-consistency of "transnational subsidies" i.e., subsidies provided by one government to entities or projects located in another country. Although the panel did not rule on this broader issue of whether transnational subsidies are countervailable, it did address a related but narrower question, namely, whether a financial contribution made by one government to an enterprise in another country could be attributed to the government of that other country on the basis that it had induced or adopted such contributions, for purposes of Article 1.1(a)(1) of the SCM Agreement.
- On November 21, 2025, the European Union notified the DSB of its decision to appeal certain issues of law and legal interpretations in the panel report to the Appellate Body. The European Union stated its awareness that the Appellate Body was unable to hear the appeal due to an insufficient number of its members.

DS591: Colombia — Anti-Dumping Duties on Frozen Fries from Belgium, Germany and the Netherlands

- European Union challenged Colombia's antidumping duties imposed on imports of potatoes, prepared or preserved (otherwise than by vinegar or acetic acid), frozen (frozen fries), originating in Belgium, the Netherlands and Germany, claiming that they violated the Anti-Dumping Agreement, Customs Valuation Agreement, and the GATT 1994. The dispute, initiated in 2019, focused on Colombia's dumping, injury, causation, and procedural analyses including the alleged use of incorrect export price data, failure to make fair comparisons, improper reliance on facts available, and inadequate disclosure.
- A WTO panel was composed in 2020, but it received a communication from Colombia to suspend its work in accordance with Article 12.12 of the DSU in order to facilitate arbitration under the Agreed Arbitration Procedures. On October 06, 2022, Colombia filed a notice of recourse to Article 25 under the Agreed Arbitration Procedures and the award was circulated on December 21, 2022. On January 20, 2023, Colombia informed the DSB that it intended to implement the arbitrators' award and that it would need a reasonable period of time to do so and, subsequently, Colombia and the European Union informed the DSB that they had agreed that the reasonable period of time for Colombia would expire on November 05, 2023. Colombia informed the DSB on December 07, 2023 that, through Ministerial Resolution 286, it had revised several aspects of the original determination to comply with the award, and, using the reduced dumping margins, decided to maintain the anti-dumping duties, asserting full compliance.
- On May 31, 2024, the EU requested Article 21.5 DSU consultations with Colombia, disputing whether Colombia's revised anti-dumping comply with the recommendations and rulings in the arbitrators' award, and in the panel report as modified by the award. On November 14, 2024, the European Union requested the establishment of a compliance panel, which was composed on November 25, 2024, and circulated its report on October 23, 2025, recommending that Colombia bring its measures into conformity with its obligations under the Anti-Dumping Agreement.

Countermeasures Allowed

DS577: United States — Anti-Dumping and Countervailing Duties on Ripe Olives from Spain

- European Union challenged United State's countervailing and anti-dumping duties on ripe olives from Spain, as well as the legislation that was the basis for the imposition of those duties, claiming that they violated the Anti-Dumping Agreement, SCM Agreement, and the GATT 1994. The dispute was initiated in 2019 and the WTO panel report was circulated on November 19, 2021. The dispute was initiated in 2019, with the WTO panel report circulated on November 19, 2021. In January 2022, the United States notified the DSB of its intention to implement the rulings and requested a reasonable period of time, which the EU and the US agreed would expire on January 14, 2023.
- On January 16, 2023, the United States notified the DSB that it had complied with the DSB's recommendations by revising aspects of its countervailing duty determination on ripe olives from Spain through a Section 129 proceeding, which was finalized in December 2022 and implemented in January 2023. The US and the EU subsequently notified the DSB on February 13, 2023, of agreed sequencing procedures under Articles 21 and 22 of the DSU.
- Between April 2023 and February 2024, the EU challenged the US's claimed compliance with the DSB rulings by requesting Article 21.5 consultations and subsequently the establishment of a compliance panel. The DSB referred the matter to the original panel, and the compliance panel report was circulated to WTO Members on February 20, 2024.
- In November 2024, following the compliance panel's finding of non-compliance, the EU sought DSB authorization to suspend concessions against the United States under Article 22.2 of the DSU. The United States objected to the proposed level of retaliation, triggering Article 22.6 arbitration by the original panelists. The arbitrator's decision was circulated to WTO Members on October 29, 2025.
- On December 19, 2025, the DSB agreed to grant authorization to EU to suspend the application to the United States of tariff concessions or other obligations consistent with the arbitrator's decision.

Outlook for 2026

MC14:

MC14 is expected to serve primarily as an agenda-setting Ministerial, with members focusing on articulating work programmes and sequencing for WTO reform, rather than concluding comprehensive institutional outcomes.

Dispute settlement:

The Appellate Body is expected to remain non-operational in 2026, in the absence of consensus on appointment processes and the scope of appellate review, thereby continuing the systemic gap in the WTO dispute settlement mechanism. India is likely to remain engaged in WTO dispute settlement proceedings given recent requests for consultations raised by members.

Fisheries subsidies:

Negotiations on additional disciplines, particularly on overcapacity and overfishing, are expected to continue into 2026, with outcomes constrained by ongoing divergences on special and differential treatment and the regulatory space of developing members.

FREE TRADE AGREEMENTS

India's trade agreements – broad overview

India has bilateral trade agreements (**BTA**) with about 54 countries in the form of economic partnerships or economic cooperation or preferential agreements etc., that differ in the scope and coverage of aspects covered under the agreement.

These are named according to the scope of their coverage and each kind of agreement serves a specific set of policy objectives.

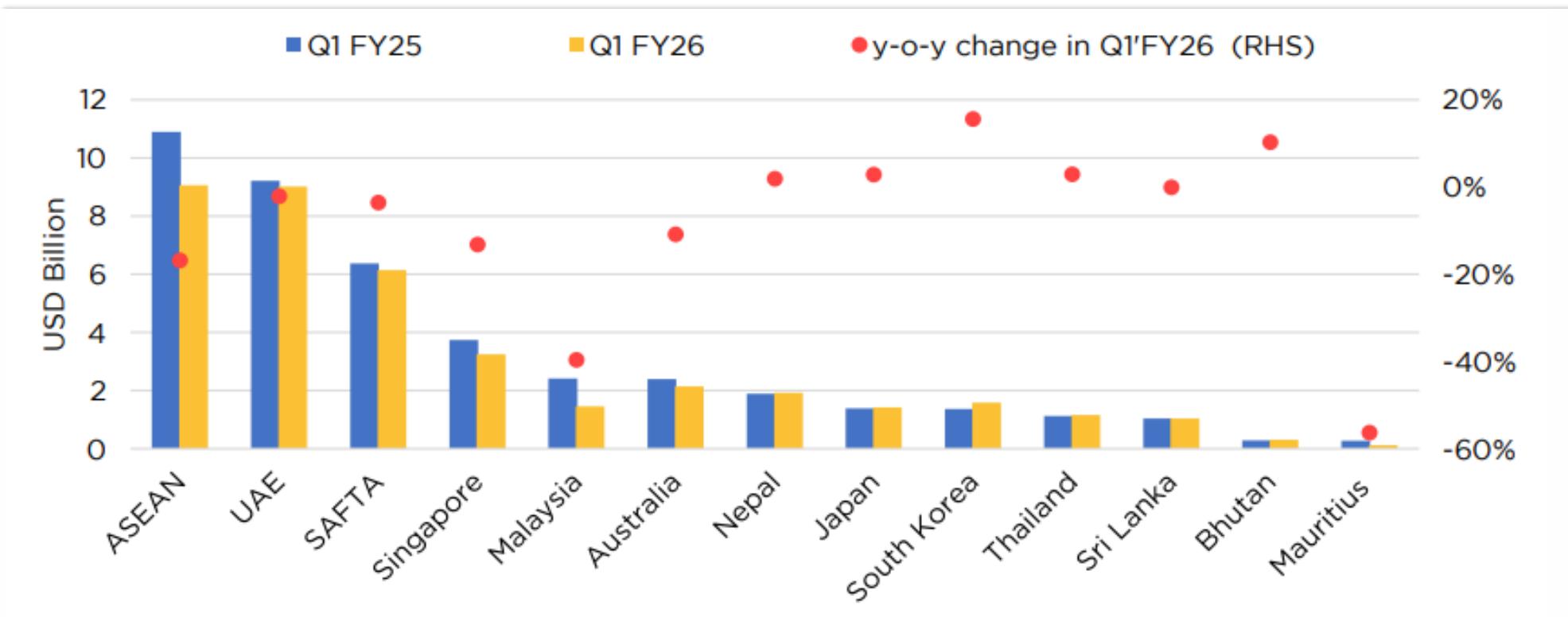
As per Niti Aayog's latest report covering Q1 FY26, India's trade performance with its Free Trade Agreement partner countries in Q1 FY26 reflected a widening trade deficit – imports increased by 10% YoY, reaching USD 65.3 billion, while exports declined by 9% to USD 38.7 billion – up USD 26.7 billion.

India's trade agreements – broad overview

NAME OF THE BILATERAL AGREEMENT	BRIEF DESCRIPTION	EXAMPLES OF SUCH AGREEMENTS
CEPA/CETA – Comprehensive Economic Partnership/Trade Agreement	Most comprehensive, broad, high-ambition trade agreement. Covers trade in goods/services, investments, trade rules (trade barriers, customs, disputes etc)	Oman (2025), UAE (2022), Japan (2011), Korea (2010), and United Kingdom (2025)
CECA – Comprehensive Economic Cooperation Agreement	A lighter version of CEPA being less ambitious on issue such as investment protection, government procurement, regulatory coverage etc.	Singapore (2005), Malaysia (2011), ASEAN (2009)
CECPA – Comprehensive Economic Cooperation and Partnership Agreement	A tailor-made agreement for smaller economies which is a hybrid between CEPA & CECA.	Mauritius (2021)
TEPA – Trade and Economic Partnership Agreement	This agreement focusses more on trade and investment facilitation, sustainable development, technology transfer, employee mobility etc.	EFTA, i.e., Iceland, Liechtenstein, Norway, Switzerland (2024)
ECTA – Economic Cooperation and Trade Agreement	It is an early harvest or an interim agreement designed for quicker implementation and often intended to mature it into a full CEPA.	Australia (2022)
PTA – Preferential Trade Agreement	Narrowest form of agreement that covers tariff reductions on a limited list of products and may not cover all aspects of trade.	MERCOSUR (2004/2024), Chile (1972/2020), Argentina (1971)

India's trade agreements – broad overview

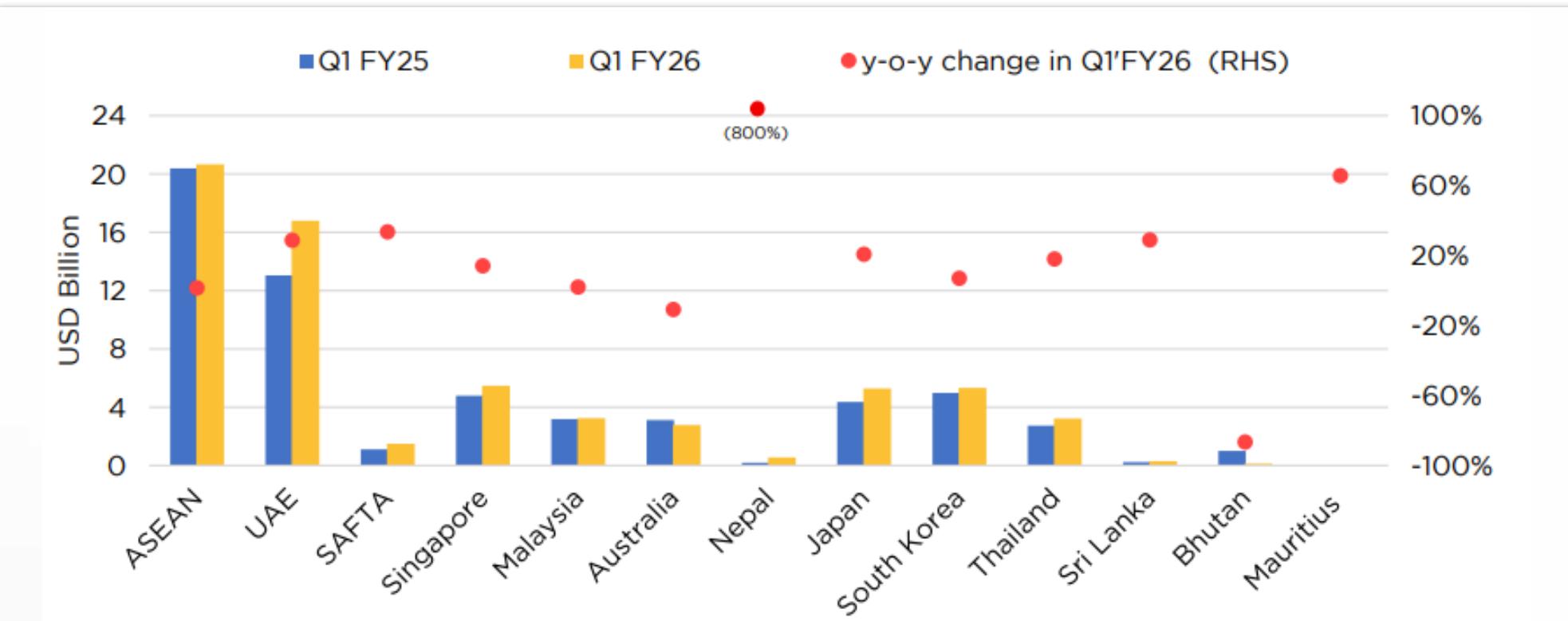
RECENT EXPORTS TREND WITH FTA PARTNER COUNTRIES



India's shipments to FTA countries have contracted – ASEAN (-16.9%), Malaysia (-39.7%), Singapore (-13.2%), and Australia (-10.9%) have exhibited sharper declines.

India's trade agreements – broad overview

RECENT IMPORTS TREND WITH FTA PARTNER COUNTRIES



India's rise in imports was led by UAE (28.7%), SAFTA countries (33.6%), Japan (20.8%), and Thailand (18.1%) and Singapore (14.1%) constituting primarily energy products, machinery, and intermediate goods. However, imports from Australia (-10.9%) and Bhutan (-86.6%) have decreased.

India's trade agreements – progress in 2025

Part-I: Concluded & signed in 2025

INDIA-UK Comprehensive Economic and Trade Agreement (CETA)

- The CETA was signed on July 24, 2025, and is likely to be notified in 2026.
- The CETA aims to double the current bilateral trade of about USD 60 billion by 2030.
- India will gain from tariff elimination on about 99% of the tariff lines covering almost 100% of the trade value.
- India's average tariff on UK products will be cut from 15% to 3%. Indian tariffs on whisky will fall from 150% to 75% when the agreement comes into force and falls further to 40% over the next ten years. For cars, India's tariffs will be cut to 10% (under a quota) from up to 110% currently.
- CETA has an “Innovations Chapter”, the first of its kind, to promote joint activities in emerging and transformative technologies.
- Trade in 2024-25 totalled about USD 23 billion, with a surplus of about USD 5.9 billion for India.

India's trade agreements – progress in 2025

Part-I: Concluded & signed in 2025

INDIA-OMAN Comprehensive Economic Partnership Agreement (CEPA)

- On Dec 18, 2025, India-Oman signed a CEPA after close to five rounds of intense negotiations.

Goods -

- India is offering tariff liberalization on 77.79% of its total tariff lines which covers 94.81% of India's imports from Oman by value.
- On sensitive products, the offer to Oman is mostly a tariff-rate quota (TRQ) based tariff liberalization.
- Oman has offered zero-duty access on 98.08% of its tariff lines, covering 99.38% of India's exports to Oman.
- All major labour-intensive sectors including gems & jewellery, Textiles, leather, footwear, sports goods, plastics, furniture, agricultural products, engineering products, pharmaceuticals, medical devices, and automobiles receive full tariff elimination.
- Trade in 2024-25 totaled about USD 10 billion; with a deficit of about USD 2.4 billion for India.

India's trade agreements – progress in 2025

Part-I: Concluded & signed in 2025

INDIA-OMAN

Comprehensive Economic Partnership Agreement (CEPA)

Services -

- Oman's substantial global services imports amount to USD 12.52 billion with India's exports currently comprising a mere 5.31%.
- Oman has extended substantial commitments across several services including computer related services, business and professional services, audio-visual services, research and development, education and health services.
- CEPA allows enhanced mobility framework for Indian professionals - intra-corporate transferees from 20 per cent to 50 per cent, duration of stay for contractual service suppliers extended from the existing 90 days to two years (extendable by two more years), liberalized entry and stay conditions for skilled professionals in key sectors such as accountancy, taxation, architecture, medical and allied services.
- CEPA allows for a 100 per cent foreign direct investment by Indian companies in major services sectors in Oman through commercial presence.

India's trade agreements – progress in 2025

Part-II: Agreements notified in 2025

INDIA – EFTA Trade and Economic Partnership Agreement (TEPA)

- TEPA come into force on 1st October 2025 (signed March 10, 2024).
- TEPA reduces or eliminates tariffs across these categories, particularly in Switzerland and Norway, which together account for over 99% of India's agri-trade with EFTA.
- TEPA commits USD 100 billion in investments and 1 million direct jobs over 15 years, the first binding pledge of its kind in any Indian FTA.
- EFTA has offered tariff concessions on 92.2% of tariff lines, covering 99.6% of India's exports.
- India has extended access on 82.7% of tariff lines accounting for 95.3% of EFTA exports with strong safeguards.
- Over 80% of imports from EFTA comprise gold, where no change in effective duty has been made.
- Trade in 2024-25 totaled about USD 24.4 billion; with a deficit of about USD 20.4 billion for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA - EU

- India and EU expressed their desire to continue working on an FTA, IPA and AGI during 11th India-EU Foreign Policy and Security Consultations and the 6th Strategic Partnership Review Meeting in Brussels.
- Talks on investment protection and geographical indications are running in parallel. The FTA covers 23 chapters, with 11 closed in the last round of talks in Brussels.
- Trade deal though likely to spill-over to later part of 2026.
- Trade in 2024-25 totalled about USD 136.53 billion; with a surplus of about USD 15 billion for India.

INDIA - CANADA

- In Nov 2025, India and Canada formally agreed to launch negotiations for an ambitious Comprehensive Economic Partnership Agreement (**CEPA**).
- Trade in 2024-25 totalled about USD 8 billion; with a deficit of about USD 224 million for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA – SRI LANKA

- There have been 14 rounds of negotiations with the latest round concluded in 2024.
- India is seeking customs duty concessions on cars, commercial vehicles, machinery, and easier visa norms for professionals from Sri Lanka under the FTA.
- Sri Lanka is requesting the removal of quotas on apparel exports to India and duty concessions on tea and certain agricultural commodities.
- No substantial progress formally announced in 2025.
- Trade in 2024-25 totalled about USD 5.8 billion; with a surplus of about USD 3.2 billion for India.

INDIA - PERU

- The 9th Round of India-Peru Trade Agreement negotiations were held in Lima, Peru, from 3rd to 5th November 2025.
- Next round of negotiations proposed to be held in New Delhi in January 2026.
- Peru is among the top five trading partners of India in Latin America. India is the 3rd largest trading partner, 3rd largest source of imports and 7th largest export destination for Peru.
- Trade in 2024-25 totalled about USD 5.9 billion; with a deficit of about USD 3.9 billion for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA – NEW ZEALAND

- India and New Zealand have completed at least four rounds of FTA talks since formal negotiations restarted in March 2025. The fourth round was held from 3rd-7th Nov 2025.
- Negotiations in the latest round focussed on key areas, including Trade in Goods, Trade in Services, and Rules of Origin.
- The negotiations have formally concluded in December 2025 and agreement likely to be signed in early 2026.
- New Zealand will provide 100 per cent duty-free market access on all tariff lines, covering 100 per cent of India's current exports.
- India has offered market access in 70.03% of the tariff lines covering 95% of Bilateral Trade Value while keeping 29.97 % tariff lines in exclusion. Immediate Elimination (**EIF**) on 30% while the rest will be in a phased manner.
- Market access for the selected agricultural products (Apples, Kiwifruit, Manuka Honey) and Albumins from New Zealand will be managed through a Tariff Rate Quota system with Minimum Import Price and other safeguards.
- Trade in 2024-25 totalled about USD 1.3 billion; with a surplus of about USD 120 million for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA – EEU

- On August 20, 2025, India and the EAEU signed the Terms of Reference (**ToR**) in Moscow, officially establishing a framework to begin FTA negotiations. Russia has also stated that it is committed to sign the FTA with India.
- ToR sets out the structure, scope, priority sectors (goods, services, investment), and an 18-month work plan for negotiations.
- Russia is the largest member of EEU and one of India's most significant partners.
- Trade in 2024-25 totalled about USD 68.7 billion; with a deficit of about USD 59 billion for India.

INDIA – CHILE

- India and Chile signed the Terms of Reference (**ToR**) for a Comprehensive Economic Partnership Agreement (**CEPA**) on 08 May 2025 followed by the first round of negotiations from 26th-30th May 2025 and third round in Santiago, Chile, from 27th to 30th October 2025.
- India is increasingly seeking secure access to critical minerals (e.g., copper, lithium)—Chile being a major global producer—and is pushing these topics in CEPA talks.
- Trade in 2024-25 totalled about USD 3.75 billion; with a deficit of about USD 1.45 billion for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA – QATAR

- In Feb 2025, India–Qatar issued a Joint Statement underscoring an intent to explore a comprehensive FTA/CEPA to expand trade and investment.
- Negotiations are expected to continue in 2026 for finalization of an FTA
- Trade in 2024-25 totalled about USD 14.14 billion; with a deficit of about USD 10.8 billion for India.

INDIA – USA

- In April 2025, Terms of Reference (**ToR**) were signed between India and USA.
- However, during mid-2025, USA imposes tariffs (up to 50%) significantly affecting Indian exports, accentuating trade tensions and shaping negotiation dynamics.
- The negotiations have almost concluded in 2025, but definite agreement may be entered into in 2026.
- Trade in 2024-25 totalled about USD 132.2 billion; with a surplus of about USD 40.8 billion for India.

India's trade agreements – progress in 2025

Part-III: Agreements under negotiation in 2025

INDIA – MEXICO

- In December 2025, Mexico passed legislation to raise tariffs on imports from countries without FTAs (including India) from January 1, 2026, with duties ranging up to 50% on selected products.
- India attempts to address trade issues linked to new tariffs that Mexico has imposed on non-FTA partners (including India). The negotiations are intended to eventually establish an FTA or other preferential trade arrangement.
- Trade in 2024-25 totalled about USD 8.75 billion; with a surplus of about USD 2.75 billion for India.

India's trade agreements – progress in 2025

Part-IV: Agreements under review in 2025

INDIA – AUSTRALIA

- While Economic Cooperation and Trade Agreement (**ECTA**) is in place, negotiations ongoing for a more comprehensive Free Trade Agreement, officially termed the Comprehensive Economic Cooperation Agreement (**CECA**) — intended to build on ECTA and deepen market access and economic cooperation.
- The 11th Round of India-Australia Comprehensive Economic Cooperation Agreement (**Ind-Aus CECA**) negotiations was held in New Delhi from 18-23 August 2025. These are expected to continue in 2026 as well.
- The negotiations covered a wide range of areas including Goods, Services and Mobility, Digital Trade, Rules of Origin, Legal and Institutional Provisions, Environment, Labour, and Gender, bringing greater understanding for convergence in the remaining provisions.
- Trade in 2024-25 totalled about USD 24 billion; with a deficit of about USD 6.95 billion for India.

India's trade agreements – progress in 2025

Part-IV: Agreements under review in 2025

INDIA – UAE

- India is seeking a review of certain provisions of CEPA to address the issues that have cropped up following a surge in imports of precious metals from the UAE.
- In Nov 2025, latest review by Joint Committee under the India-UAE CEPA was conducted covering areas like market access issues, data sharing, allocation of Gold TRQ (tariff rate quota), anti-dumping matters, services, Rules of Origin, BIS licensing etc.
- Trade in 2024-25 totalled about USD 100 billion; with a deficit of about USD 26.7 billion for India.

INDIA – KOREA

- The FTA, which came into force in 2010, is undergoing its review since 2016. The FTA saw its 11th round of negotiations held from July 17 to July 19, 2024.
- No formal rounds of negotiations occurred in 2025 though efforts to re-negotiate the FTA continue.
- Trade in 2024-25 totalled about USD 26 billion; with a deficit of about USD 15 billion for India.

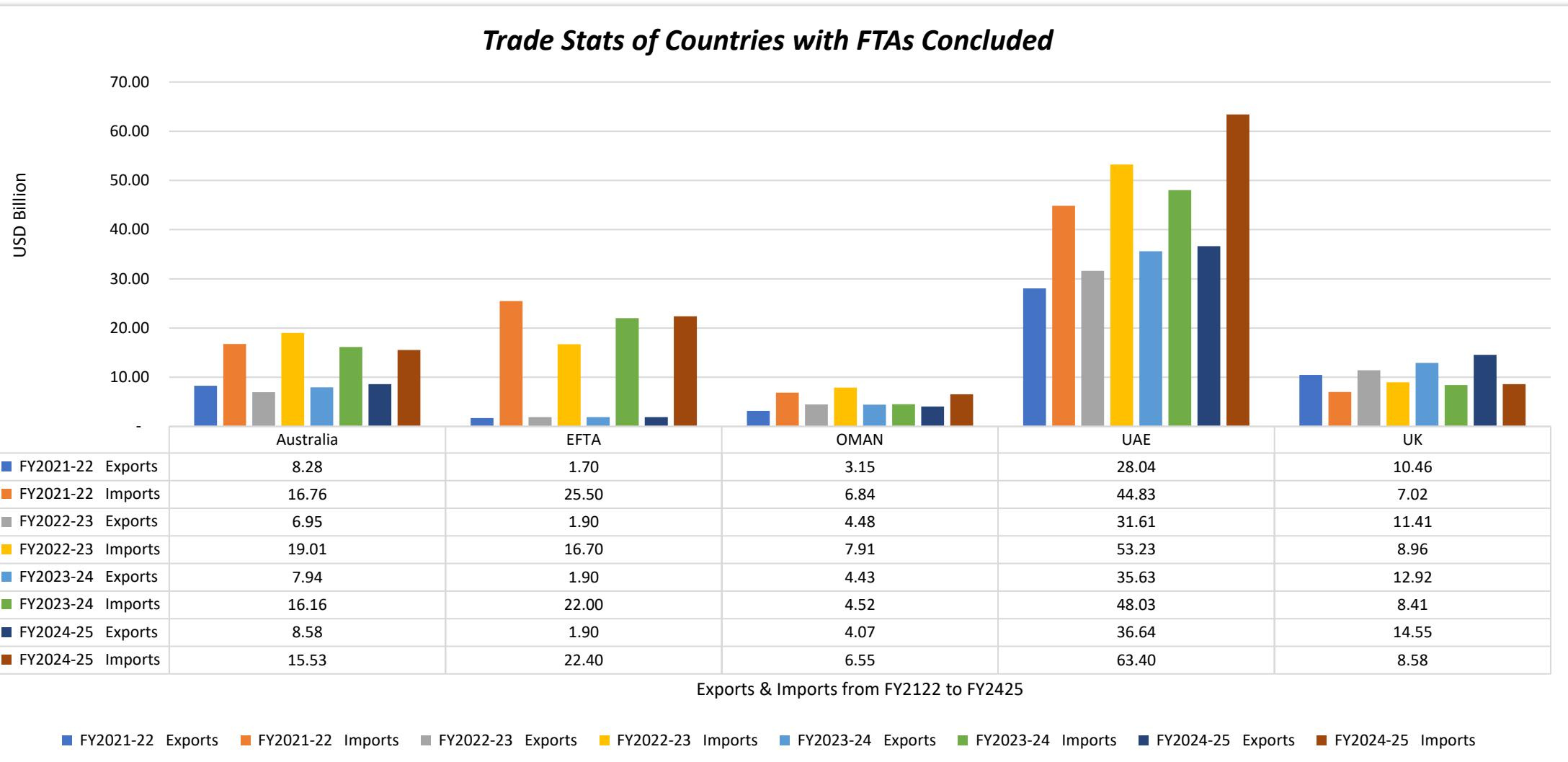
INDIA – ASEAN

- The ASEAN-India Free Trade Area (**AIFTA**) is made up of ASEAN-India Trade in Goods Agreement (**AITIGA**), ASEAN-India Trade in Services Agreement (**AITISA**), ASEAN-India Investment Agreement.
- ASEAN remains a key trade partner for India, accounting for around 11 per cent of India's global trade and Singapore being the largest partner.
- Indian industries such as steel and plastics have complained that the current agreement disadvantaged them with higher tariffs, besides numerous non-tariff barriers.
- Trade in 2024-25 totalled about USD 123 billion; with a deficit of about USD 45 billion for India.

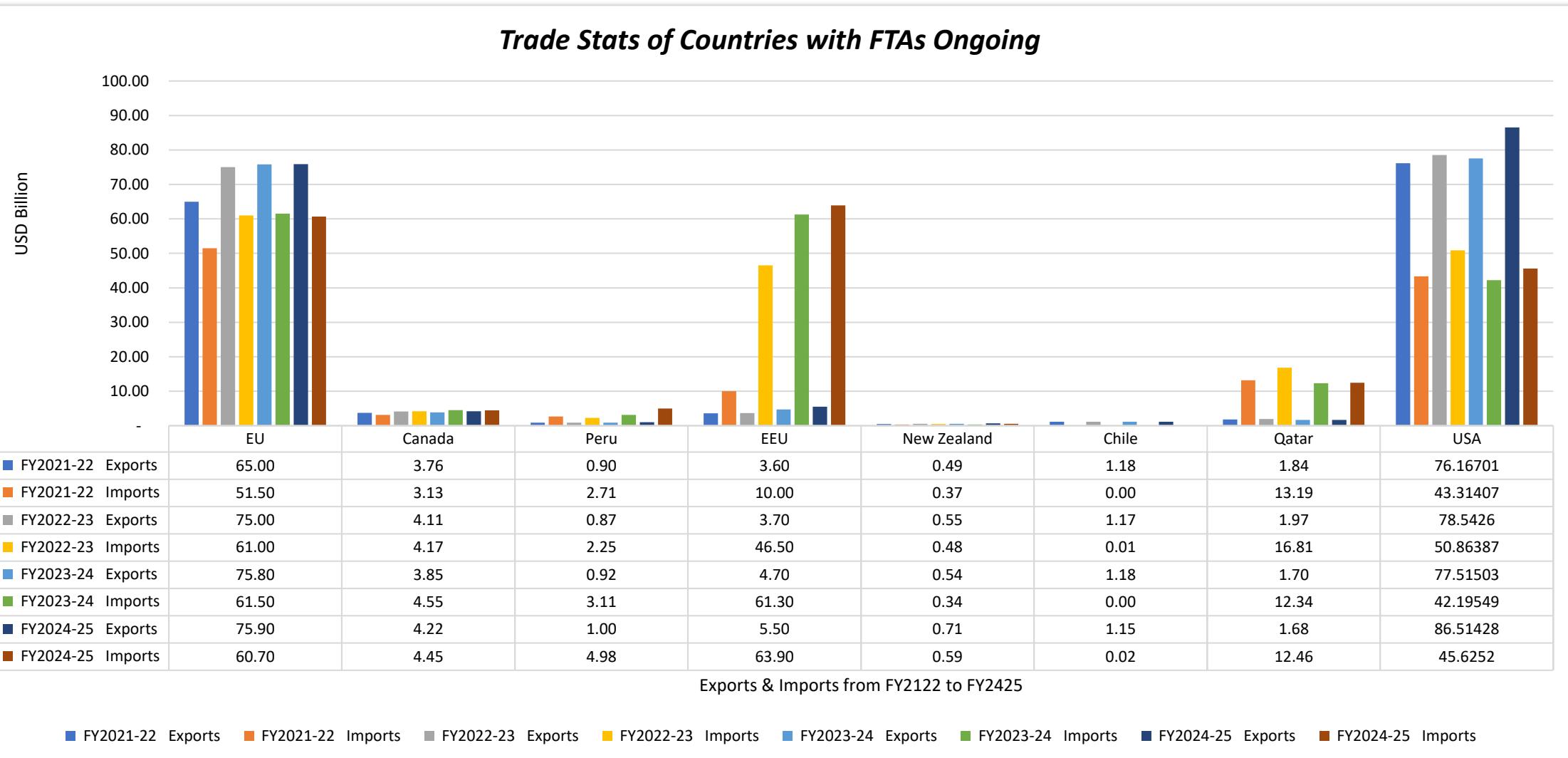
India's investment agreements – progress in 2025

- India has so far signed over 80 Bilateral Investment Treaties (**BITs**) with different countries out of which about a dozen remain in force. These treaties are in addition to the investment provisions contained in broader agreements like CEPA, CECA etc.
- The recently signed BITs include – Israel (2025), Uzbekistan (2024), UAE (2024), Brazil (2020), Kyrgyzstan (2019), and Belarus (2018).
- The Brazil BIT and the Israel BIT have been signed but are not in force yet.
- India signed a BIT with Israel on September 8, 2025 –
 - Israel becomes the first Organisation for Economic Co-operation and Development (OECD) member state with which India has signed a BIT.
 - BIT could pave way for a potential broader trade agreement between the two nations.
 - The current bilateral trade between India and Israel is about USD 4 billion.
 - Over the past two decades, India's total overseas direct investment (ODI) in Israel reached about USD 443 million, whereas Israel's foreign direct investment (**FDI**) in India amounted to USD 334 million.

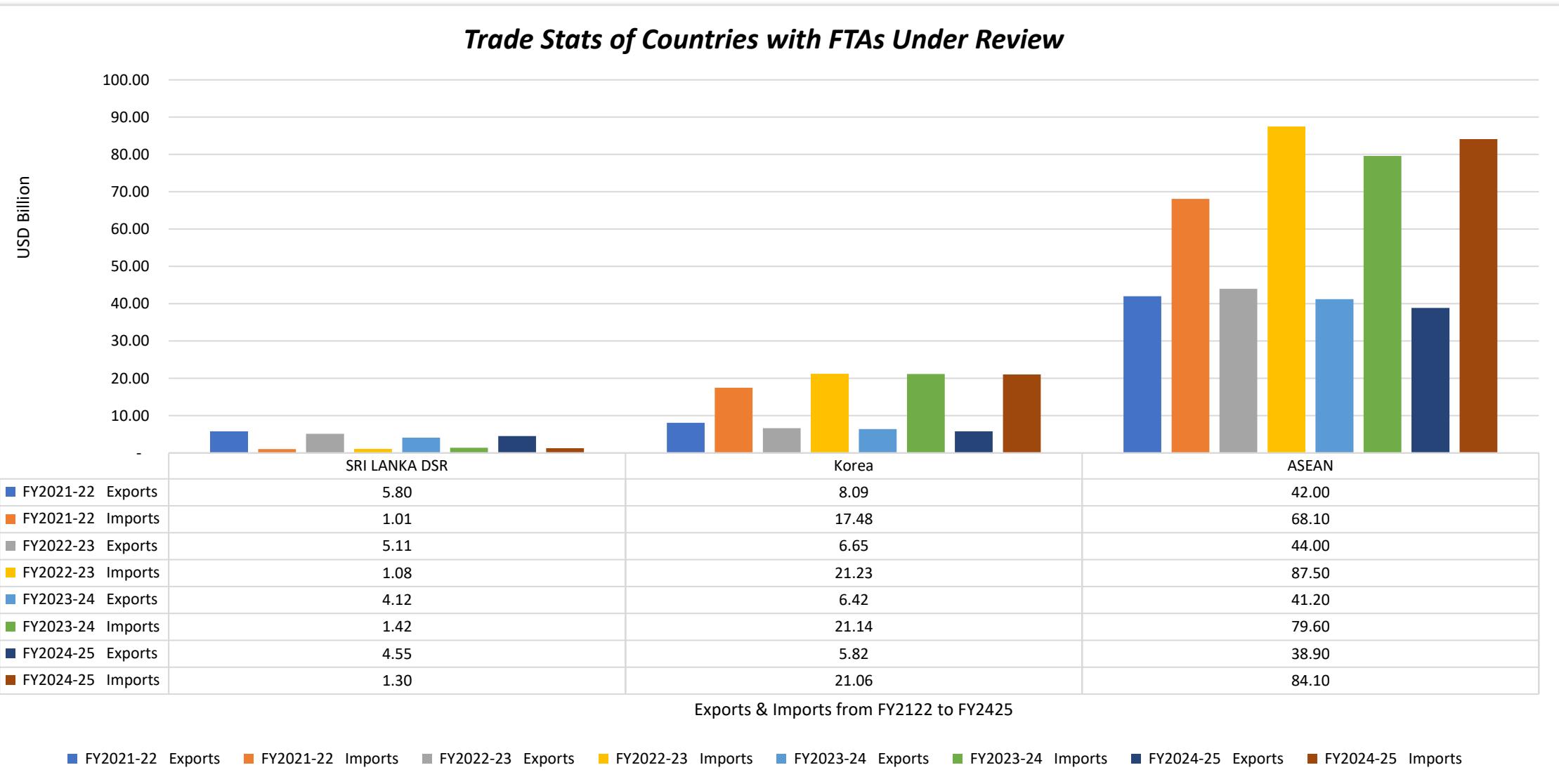
Trade Performance - Review of concluded FTAs



Trade Performance - Review of trade with countries undergoing FTA negotiation



Trade Performance - Review of trade with countries undergoing re-negotiation



Trade Performance – Sensing the graphs

India is running a consistent and perpetual trade deficit with most of its trade partners with whom it has concluded trade pacts in the recent years.

Only for UK with whom FTA has been concluded but has not yet taken effect, India is in a trade surplus of about USD 6 billion.

India has a trade deficit of about USD 26 billion with UAE, USD 20 billion with EFTA, about USD 7 billion with Australia and USD 2.5 billion with Oman.

The trend of persistent trade deficits even with FTA partners is not new and India has been incurring deficits even with legacy FTA partner countries particularly ASEAN where the annual deficit is about USD 50 billion, and Korea with which the deficit runs to about USD 15 billion.

With respect to countries with whom BTA negotiations are ongoing, India has a trade surplus of about USD 40 billion and USD 15 billion with the USA and the EU respectively. With all the other countries, India has a trade deficit including USD 60 billion with the EEU, USD 10 billion with Qatar, USD 4 billion with Peru, and USD 1.5 billion with Chile.

Outlook for 2026

The momentum of signing FTAs is likely to continue in 2026. This holds massive value for India owing to the China+1 strategy that the world is moving towards.

For India Inc to take advantage of China+1 movement, strengthening the internal legal compliance frameworks, proactively engaging with trade experts, constant monitoring of numbers in light of the new and upcoming FTAs is what will ensure continued success in this era of trade volatility.

Regarding India-USA BTA, India's uncompromising stance on sensitive sectors (dairy, agriculture etc.)

and USA's adamancy on 'unrestricted' access stalled the deal. While India has a large trade surplus with the USA, India must ensure sufficient safeguards against POTUS's uninhibited urge to impose unjustified tariffs on partner countries.

The deal must ensure India's trade surplus is protected and that tariffs are not used as a tool of geopolitical coercion.

EFTA TEPA came into force in October 2025. India at present runs a deficit of about USD 20 billion with EFTA. However, EFTA has agreed for a 100 billion investment commitment. India must ensure these investments are channelized in sectors that would lead to onshoring of industries that will put India as a strong contender in China+1 transition.

EU FTA must be prioritized with utmost urgency. India already has a trade surplus of USD 15 billion with EU, and EU can act as a suitable substitute to the USA market. The present trans-Atlantic crisis is likely to act as an enabler given that EU would also want to divest beyond the USA. While India may need to provide for some of EU's regulatory demands, India may seek suitable safeguards in return. For instance, to offset CBAM's impact, India may seek preferential access to "steel scrap" produced in the EU.

Niti Aayog's latest analysis on trade showcase that India is running trade deficits with most of its FTA partner countries. A strong push for review of these FTAs especially of AIFTA is the need of the hour. India must prioritize getting investment commitments, onshoring of key industries, and a focus on service-based export to these countries to improve the state of the deficit.

India's worsening trade deficit signals towards a perpetual problem of inelasticity of India's imports particularly of minerals and oil. While government is encouraging switching to renewable-sources of energy, it needs to focus on building a self-sustaining and resilient ecosystem. India cannot afford to replace current dependency (middle eastern oil) with another (Chinese rare earths). This looks challenging though, given China's iron-grip over key rare earths required for the switch.

EMERGING ISSUES



**CORPORATE SUSTAINABILITY DUE
DILIGENCE DIRECTIVE (“CSDDD”)**

&

**CORPORATE SUSTAINABILITY
REPORTING DIRECTIVE (“CSRD”)**

Introduction

PARTICULARS	DESCRIPTION
Jurisdiction	European Union
Purpose	CSDDD and CSRD aim to ensure companies' transparency throughout the supply chain.
Overview	<p>CSDDD focuses on identifying, bringing to an end, preventing, mitigating and accounting for negative human rights and environmental impacts in the company's own operations, their subsidiaries and their value chains.</p> <p>The CSRD creates disclosure obligations for directors of reporting companies, who need to disclose corporate governance arrangements, such as policies on remuneration and details on Board governance/oversight of sustainability impacts, risks, and opportunities.</p>
Implementation	CSDDD entered into force on July 25, 2024. CSRD entered into force on January 1, 2023.

Implementation

CSRD came into force on 1 January 2023; CSDDD entered into force on July 25, 2024.

On February 26, 2025, the European Commission announced the “Omnibus” legislative package, a set of amendments revisiting the CSRD and CSDDD.

On April 16, 2025, the stop-the-clock proposal was published in the Official Journal and entered into force on April 17, 2025.

- It postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028.
- It postpones CSRD requirements for large entities that have not yet started reporting, as well as SMEs (Wave 2 and Wave 3 respectively), by two years to 2027 or to 2028.

On 11 July 2025, the European Commission adopted a “Quick Fix” Delegated Regulation extending phase-in reliefs for Wave 1 undertakings under CSRD. It entered into force on November 13, 2025.

EU Member States have to now adopt and publish the laws, regulations and administrative provisions necessary to comply with CSDDD by July 26, 2027.

On November 13, 2025, the European Parliament adopted its negotiating position on the CSRD and CSDDD Omnibus simplification.

On December 9, 2025, the Council and European Parliament reached a provisional agreement.

CSDDD - Entities Covered and Application

EU/NON-EU	CURRENT			OMNIBUS PROPOSAL		
	Date of application	Net turnover threshold	No. of employees	Date of application	Net turnover threshold	No. of employees
EU	26 July 2028	EUR 900 M (globally)	3000	26 July 2029	EUR 1.5 B (globally)	5000
	26 July 2029	EUR 450 M (generated globally)	1000			
Non-EU	26 July 2028	EUR 900 M (generated in EU)	N/A	26 July 2029	EUR 1.5 B (generated in EU)	N/A
	26 July 2029	EUR 450 M (generated in EU)	N/A			

CSDDD Omnibus Simplification Proposal

Companies can focus on the areas of their chains of activities where actual and potential adverse impacts are most likely to occur.

To identify adverse impacts, companies must carry out a scoping exercise of their activities and those of all direct and indirect business partners, looking at the risks or existence of impacts of activities in general. This means that companies will have to identify their 'supply chains' at a less detailed level. A mapping exercise identifying all activities and impacts at entity level will no longer be mandatory. Companies may only base their research on 'reasonably available information'.

The scoping exercise should result in a risk index that identifies the 'general areas' where negative impacts are most likely or most significant. These general areas should then be investigated further to identify the specific potential or actual negative impacts. When a company has identified adverse impacts equally likely or equally severe in several areas, they are given the ability to prioritize assessing adverse impacts which involve direct business partners.

Where a potential or actual adverse impact is identified, companies must take action to prevent or end it. The CSDDD provides for two stages: initial response measures (such as action plans and contractual assurances from business partners) and, if these are ineffective, follow-up measures.

Information requests to business partners may only be made when the information is necessary. Furthermore, if the business partner has fewer than 5,000 employees, only information that cannot reasonably be obtained by other means may be requested.

The obligation to terminate a business relationship where other follow-up measures cannot reasonably prevent or resolve an impact has been removed at EU level. However, Member States may still choose to include such an obligation in their national implementing laws.

The obligation to draw up and implement a climate transition plan has been removed in its entirety.

Listed medium-sized and small companies are no longer covered by the scope. Financial holding companies are also excluded from the scope of the CSRD.

Reporting standards would be further simplified and reduced, requiring fewer qualitative details, and sector-specific reporting would become voluntary.

Entities within a reporting company's value chain that do not exceed 1,000 employees on average during the financial year have the legal right to refuse information requests beyond what is specified in a forthcoming voluntary reporting standard.

Reporting companies are not permitted to contractually stipulate more extensive information obligations.

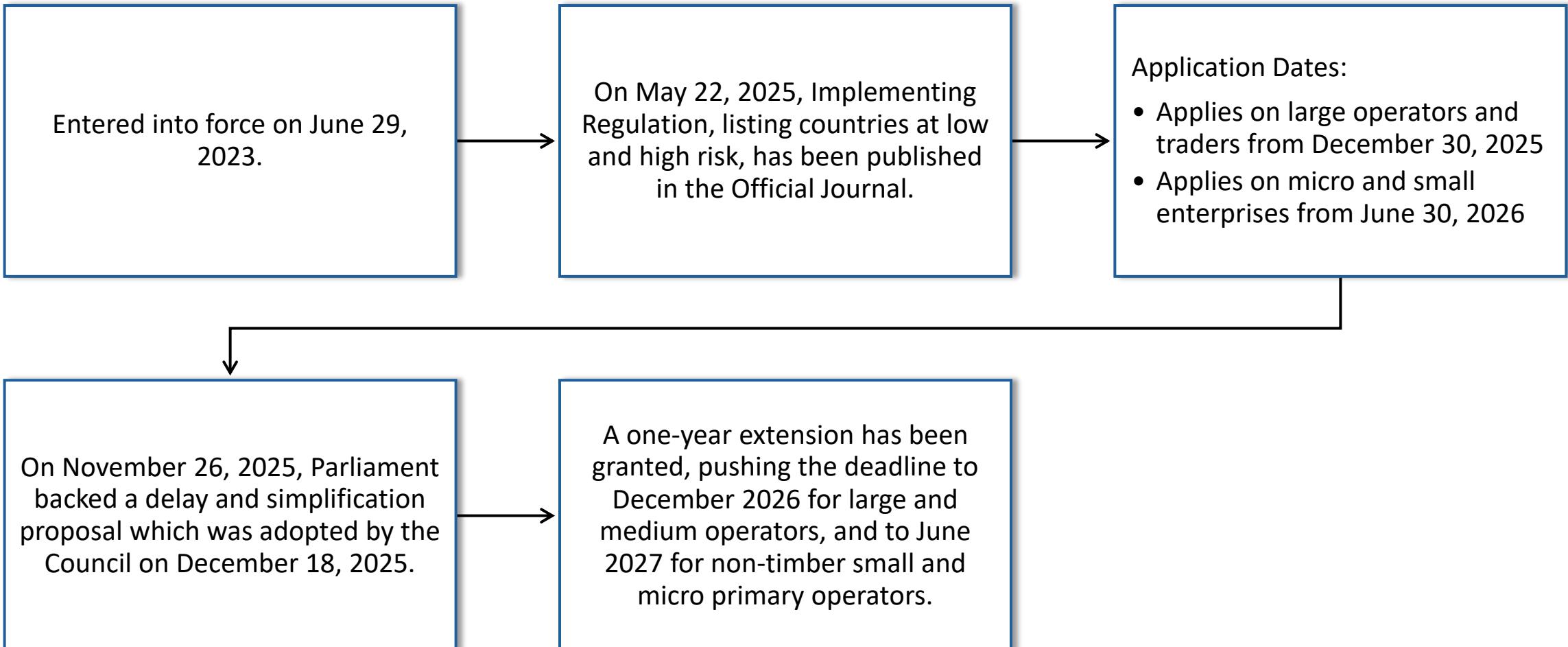
Businesses to adopt a risk-based approach to monitoring and identifying their negative impact on people and the planet. Instead of systematically requesting information from their smaller business partners, they should rely on information that is already available and could only request additional information from their smaller business partners as a last resort.

EU - DEFORESTATION REGULATION (EUDR)

Introduction

PARTICULARS	DESCRIPTION
Jurisdiction	European Union
Purpose	Promoting the consumption of 'deforestation-free' products, reduce carbon emissions by 32 million metric tonnes annually, and tackle deforestation caused by agricultural expansion.
Overview	<ul style="list-style-type: none"><li data-bbox="619 861 2401 1005">▪ Any 'operator' or 'trader' who places commodities on the EU market, or exports from it, must be able to prove that the products do not originate from recently deforested land or have contributed to forest degradation.<li data-bbox="619 1077 2401 1221">▪ Any deforestation or forest degradation on the a plot of land automatically disqualify all relevant commodities and relevant products from those plots of land from being placed or made available on the market or exported.

Implementation



Proposed Amendments

The obligation and responsibility to submit the required due diligence statement will rest exclusively with operators who first place the product on the market.

Downstream operators and traders will no longer need to submit separate due diligence statements; only the first downstream operators will need to keep and pass on the reference number of the initial declaration.

The new category of small and micro primary operators, proposed by the European Commission (defined as small producers established in low-risk countries who place or export their own products), would only need to submit a one-time simplified declaration instead of full due diligence.

Small and micro primary operators will only need to update the declaration if major changes occur. Instead of precise GPS coordinates, they may also use a verifiable postal address when reporting plots or establishments, lowering the technical barrier for compliance.

Books, newspapers, and other printed materials will no longer be subject to EUDR requirements.

The European Commission is required to assess the effectiveness of the simplifications and submit a report by 30 April 2026. This means that further easing of EUDR requirements may be considered in 2026.

The revised regulation has been adopted by the European Council and will be published in the Official Journal of the European Union and enter into force three days after publication.

Outlook for 2026

Deferred application reduces immediate trade disruption:

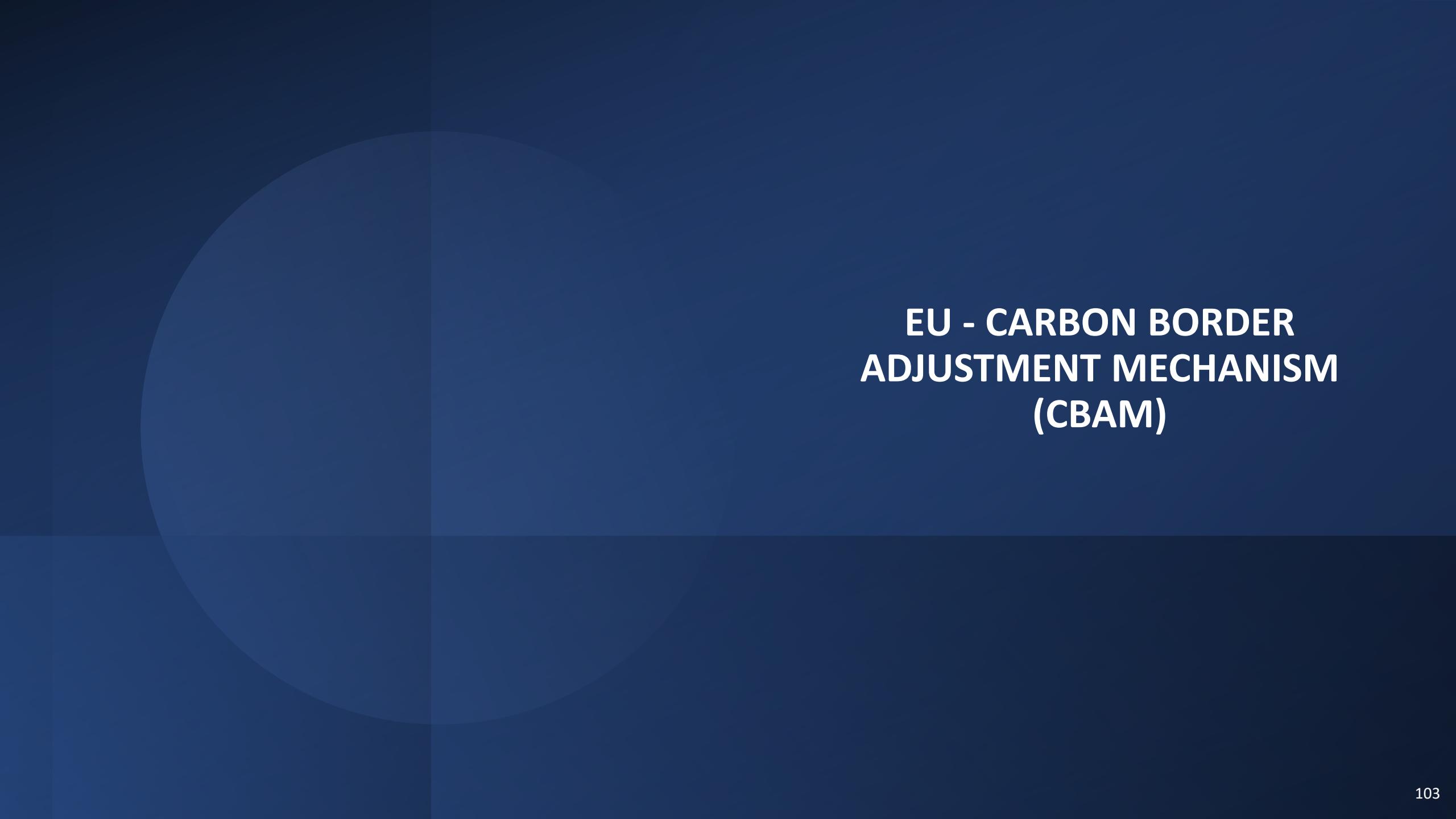
Following the adoption of the delay and simplification proposal, the EUDR will apply to large and medium operators from December 2026, and to non-timber small and micro primary operators from June 2027, materially deferring compliance pressure for Indian exporters.

2026 as a preparatory year:

For India, 2026 will function primarily as a transition and capacity-building period, allowing exporters, upstream suppliers, and authorities to align traceability systems, geolocation data, and due-diligence processes ahead of enforcement.

Proposed amendments:

Proposed amendments to the EUDR may materially alter the nature and distribution of trade impacts across operators.

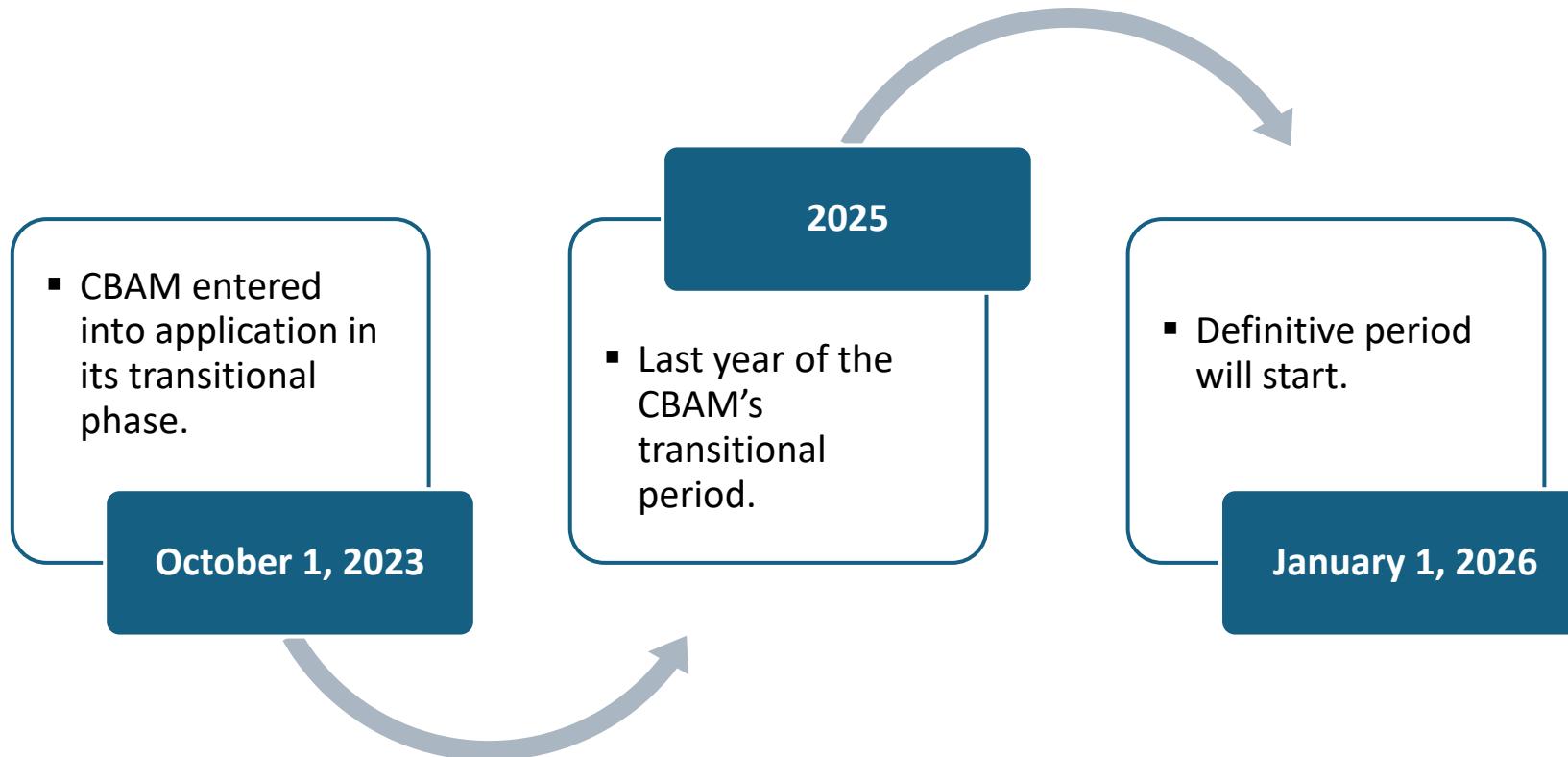


EU - CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

Introduction

PARTICULARS	DESCRIPTION
Jurisdiction	India
Purpose	To combat carbon leakage caused by the EU's Emissions Trading System.
Overview	<p>CBAMs require information on emissions embedded in products to be collected, reported and verified when the goods are brought into the country.</p> <p>Goods produced domestically in EU are subjected to the existing EU Emissions Trading System (EU-ETS). CBAM aims to ensure that imported goods face carbon costs equivalent to those covered by the ETS on domestically produced goods.</p>

Implementation



Obligations

Starting in 2026, importers will need to purchase and surrender EU-CBAM certificates corresponding to the amount of embedded carbon emissions in the imported products.

The start of payment obligations under the CBAM will further increase pressure on sectors with heavy export dependence to the EU (such as the steel sector).

- Exporters would need to record and maintain emissions data which is sufficient to fulfill their EU importer's CBAM obligations; and
- Exporters which do not reduce embedded emissions would become unattractive in EU importers' supply chains due to the CBAM liability attached with their products.

CBAM – Extension to Downstream Products

On December 17, 2025, the European Commission released a proposal to extend the CBAM scope to downstream products and to introduce anti-circumvention measures which will have to undergo the ordinary legislative procedure before it can be adopted.

Proposed extension of CBAM to downstream industries will take effect from 2028.

- Extend the scope of the CBAM to address the risk of carbon leakage for products further down the value chain of the steel and aluminium products currently in CBAM's scope.
- The proposal strengthens CBAM anti-circumvention rules by including pre-consumer aluminium and steel scrap as CBAM precursors and tightening checks on the use of actual emissions data. In high-risk cases, the Commission may require additional proof to use actual values, failing which country-specific default values apply.
- Improve the technical rules for attributing emissions to electricity with the aim of encouraging the decarbonisation of electricity imports.

Outlook for 2026

Definitive Phase Begins:

CBAM moves from transitional to definitive phase from 1 January 2026. EU importers will have to purchase and surrender CBAM certificates based on the embedded emissions of their imports. Indian businesses will have to provide their actual emissions to their EU customers to safeguard their market interests.

Verification of installations becomes mandatory:

With the start of definitive phase, verification of installations becomes mandatory. Indian businesses must prepare for physical verifications from accredited verifiers. Their emissions for the year 2026 must be verified before the CBAM declaration is submitted by their EU importers in September 2027.

Businesses must prepare for downstream extension:

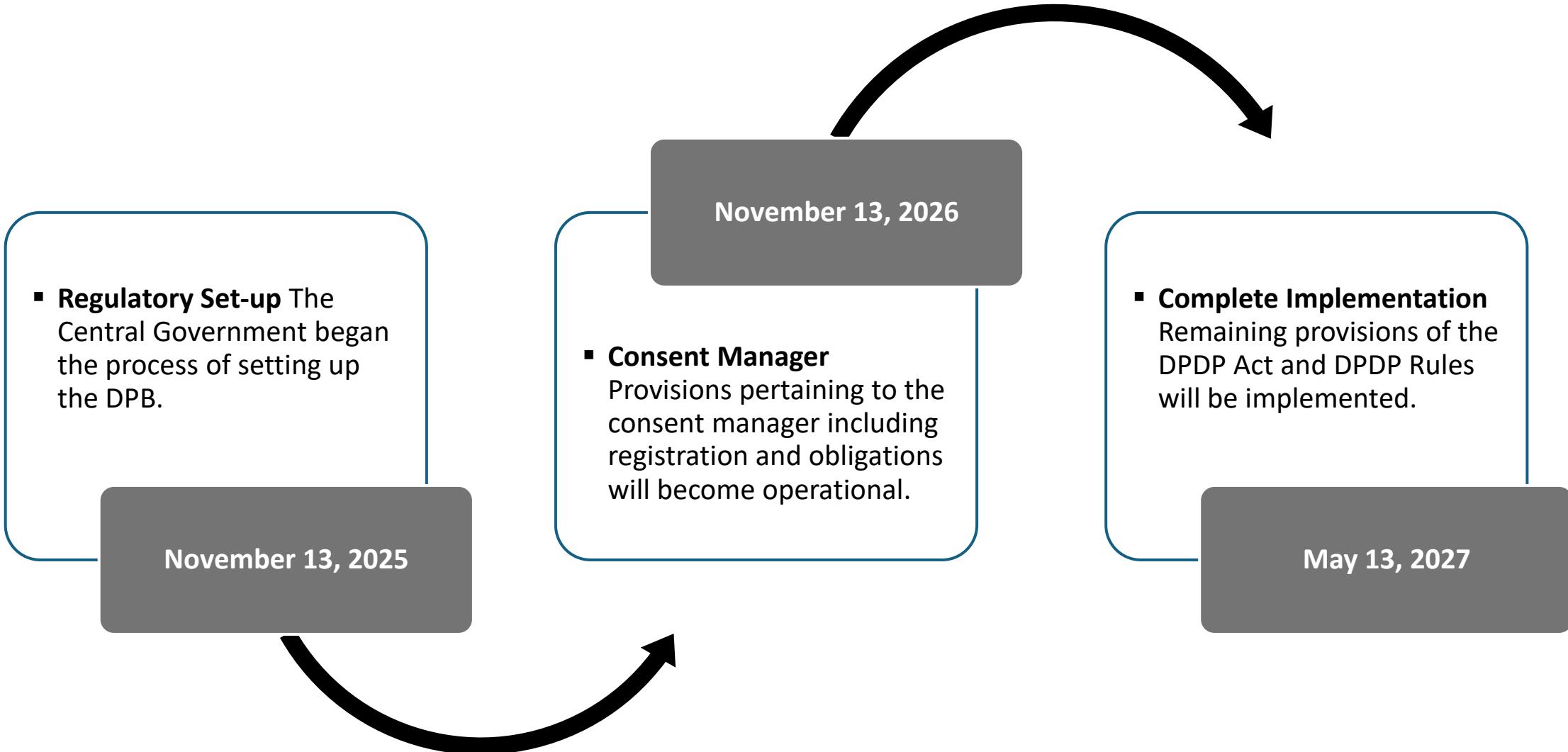
Downstream industries of iron and steel, and aluminium have been proposed to be added under CBAM from 1 January 2028. Indian businesses must use the next two years to prepare for CBAM if they want to safeguard their market interests. 2026–2027 will act as critical preparation years for the industry to implement robust Monitoring, Reporting, and Verification systems.

INDIA - DIGITAL PERSONAL DATA PROTECTION LAWS (DPDP)

Introduction

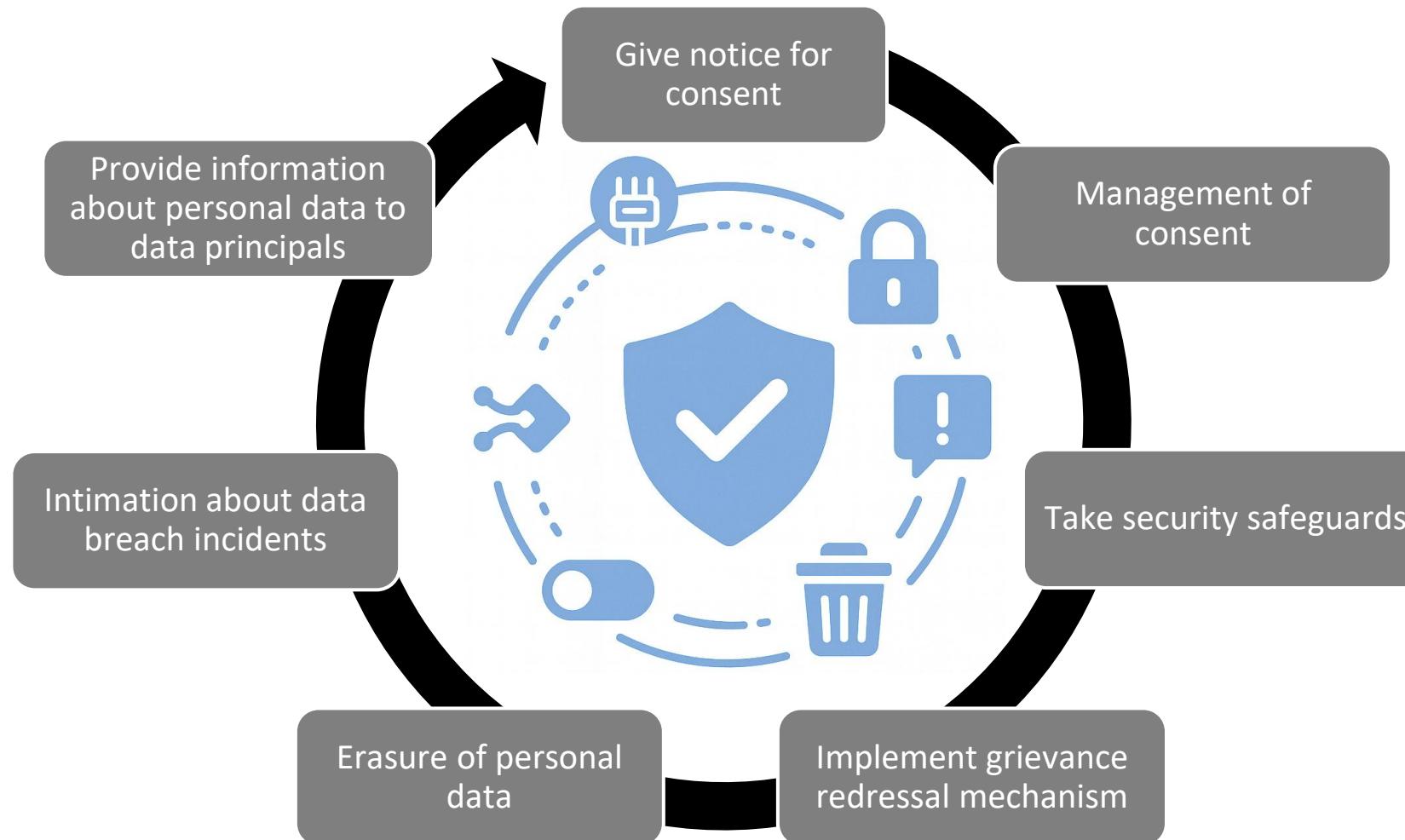
PARTICULARS	DESCRIPTION
Jurisdiction	India
Purpose	It is a framework for the responsible use of digital personal data.
Overview	<p>Digital Personal Data Protection Act, 2023 (DPDP Act) applied if</p> <ul style="list-style-type: none"><li data-bbox="711 861 2401 961">you process personal data within India, which is collected in digital form or process non-digitized data that is digitized subsequently.<li data-bbox="711 961 2401 1062">you process digital personal data outside India connected with goods/ services offered in India. <p>The Digital Personal Data Protection Rules, 2025 (DPDP Rules), operationalize the DPDP Act by providing actionable guidance on critical aspects such as data processing, consent management, breach notifications, and cross-border transfers.</p>

Implementation



Obligations of Data Fiduciaries

Data Fiduciaries - A person who decides the means and purpose for processing of personal data



Outlook for 2026

Shift from legislative to institutional phase:

2026 will mark the transition of India's data protection framework from statutory design to institutional operation, with the establishment and early functioning of the Data Protection Board (DPB) shaping enforcement practice and regulatory credibility.

Operationalization of core obligations:

Businesses should focus on implementing statutory requirements, including issuance of notices, obtaining and managing consent where required, enabling data principal rights, and putting in place grievance redressal mechanisms.

Internal training and oversight:

Businesses should ensure internal awareness and training of relevant personnel and put in place appropriate internal oversight mechanisms to support ongoing compliance with the DPDP Act and the DPDP Rules.

FOREIGN SUBSIDIES

Overview of Investigations Launched by the EC under the FSR – Concentrations

European Commission (EC) has **received hundreds of notifications** relating to cross-border transactions (with or without an EU nexus) across sectors such as **financial services, energy, consumer goods, automotive, and chemicals**.

Following notification, the EC conducted **an in-depth investigation into potential foreign subsidies from the UAE received by ADNOC (acquirer) and Covestro (target)**. The transaction was subsequently cleared, subject to commitments offered by ADNOC.

The EC imposes notification obligations for transactions where (i) the acquired company, at least one of the merging parties, or the joint venture generates **at least €500 million in EU turnover**, and (ii) the parties concerned have received **foreign financial contributions exceeding €50 million in the preceding three years**.

The underlying objective is to assess whether the parties concerned have received **foreign subsidies that distort the EU internal market**.

Upon receipt of a notification and following a preliminary determination that the concerned company has been granted a foreign subsidy distorting the EU internal market, the EC initiates an in-depth investigation to determine the appropriate measures to remedy such distortion.

Overview of Investigations Launched by the EC under the FSR – Public Procurement

In 2025, the EC exercised its “**call-in**” powers for the first time, in relation to a public tender below the €250 million threshold.

The EC imposes notification obligations in relation to public procurement bids that meet specified thresholds (for example, where **non-EU financial contributions** are involved and the **estimated contract value is at least €250 million**).

The EC also has the power to “call in” information in relation to bids that **do not meet the prescribed thresholds**.

Overview of Investigations Launched by the EC – All other market situation

In 2025, the EC launched its first **ex officio** in-depth investigation into **Nuctech**, a Chinese airport-scanner manufacturer, to assess its activities relating to the production and sale of **threat detection systems** and the provision of related services within the EU.

The EC's preliminary concern is that Nuctech may have been granted **foreign subsidies capable of distorting the EU internal market**.

Ex officio investigations allow the EC to independently investigate market situations involving potentially distortive foreign subsidies.

Outlook for 2026

The EC has significantly intensified enforcement under the EU FSR. Recent enforcement patterns indicate a sustained focus on companies benefiting from non-EU subsidies, particularly those linked to China, across policy-sensitive sectors such as financial services, energy, consumer goods, automotive, and chemicals.

China has publicly characterized the EU's FSR investigations as discriminatory and detrimental to Chinese investment and operations within the EU. It has further asserted that FSR enforcement functions as a trade and investment barrier, estimating direct and indirect losses to Chinese firms at approximately €2.1 billion (US\$2.46 billion).

At the same time, the EC's clearance of certain concentrations subject to certain conditions (for e.g., ADNOC case) signals a pragmatic enforcement approach. This decision suggests that the EU remains willing to approve transactions involving foreign subsidies where distortive effects can be effectively mitigated. For deal-makers, this underscores the importance of early engagement with the Commission, robust economic substantiation, and a cooperative posture to facilitate timely resolution and regulatory certainty.

Looking ahead, notwithstanding these pathways to approval, businesses should anticipate continued regulatory challenges amid expanding FSR scrutiny.

Companies operating in sectors that have already been subject to FSR enforcement are likely to face heightened review standards when seeking to enter or expand within the EU. In particular, transactions involving Chinese or other non-EU state support will require careful structuring, enhanced disclosure preparedness, and proactive risk assessment to navigate the evolving foreign subsidy enforcement landscape.

EXPORT CONTROL

DGFT issues draft framework for Internal Compliance Programs (ICP)

Management System Requirements

ISSUANCE AND PURPOSE

Through Trade Notice No. 07/2025-26 dated 14 July 2025, DGFT circulated draft ICP Management System Requirements (ICP MSRs) to help organizations identify and reduce export control risks and ensure compliance with India's export control laws for dual-use items.

FRAMEWORK AND REFERENCES

The ICP MSRs provide a comprehensive framework for developing and improving ICPs, drawing from Indian laws (FTDR Act, FTP, SCOMET policy), international best practices (Wassenaar Arrangement, MTCR), and relevant ISO standards, with clear definitions adapted to the Indian context.

GOVERNANCE AND IMPLEMENTATION

The ICP MSRs emphasize organizational context, strong leadership commitment, risk-based planning, adequate resources, staff training, documentation control, and effective operational controls for export compliance.

MONITORING AND GUIDANCE

The ICP MSRs require regular performance evaluation through audits and reviews, continuous improvement, and are supplemented by a practical case study on ICP implementation by a technology manufacturing company.

India enacts Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India Act, 2025 (SHANTI Act)

The SHANTI Act was enacted on December 21, 2025, repealing the Atomic Energy Act, 1962 and the Civil Liability for Nuclear Damage Act, 2010.

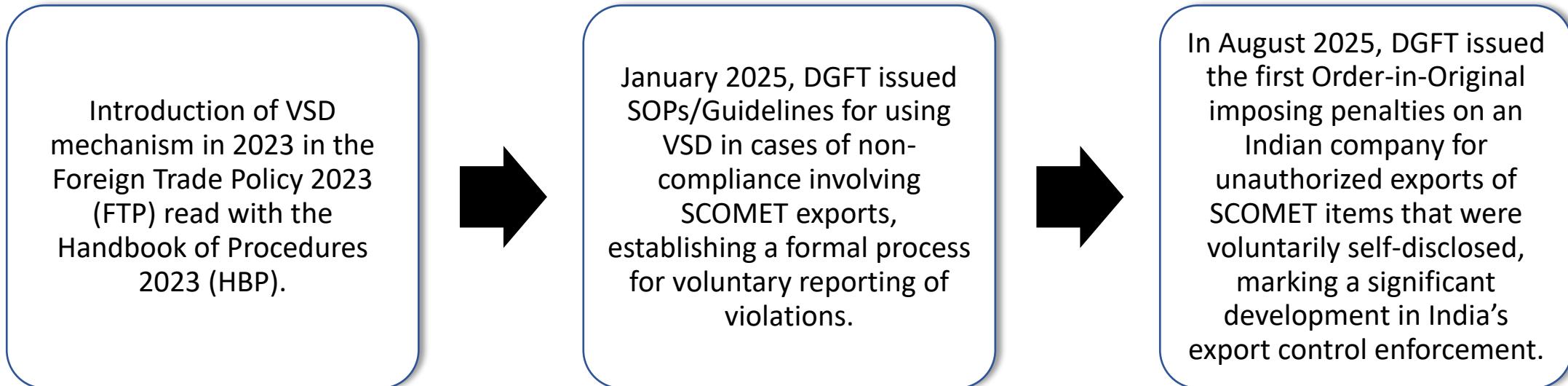
The SHANTI Act, *inter alia*, governs nuclear-related exports and the associated regulatory procedures that were previously administered under the Atomic Energy Act, 1962.

While several export control provisions under the SHANTI Act broadly mirror the earlier framework, the legislation introduces certain changes in the parent Act itself.

The SHANTI Act expressly mandates an export licence for any technology or software that may be used in the development, production, or use of prescribed substances or prescribed equipment, an area that was not expressly covered under the Atomic Energy Act, 1962.

DGFT issues first Order-in-Original pursuant to the introduction of VSD mechanism and guidelines

India's export control framework has evolved with stricter rules for dual-use items, a streamlined SCOMET licensing process, and the introduction of the Voluntary Self-Disclosure (VSD) mechanism in 2023, aligned with global practices. Provided below is a timeline of events after the VSD mechanism introduction in 2023:



VSD SOP/guidelines issued in January 2025

Key highlights of the VSD SOP/guidelines issued back in January 2025:

Scope of VSD: Exporters may voluntarily disclose past SCOMET-related violations, including unauthorized exports, dealings with sanctioned entities, misuse of export authorisations, record-keeping failures, reporting lapses, and unauthorised access to technical data.

Penalty Considerations: Voluntary disclosure does not ensure immunity, but the IMWG may treat it as a mitigating factor, considering intent, reasons for violation, internal compliance measures, past violations, and senior management involvement.

Procedure: Exporters must file Appendix 10M immediately upon confirming a violation; if DGFT issues a show cause notice, full disclosure and supporting documents must be submitted within 30 days (or within the extended timeline).

IMWG Assessment: DGFT places the case before the IMWG for case-by-case evaluation, which may recommend no action, issuance of a show cause notice, or an adjudication order, guiding DGFT's final decision.

DGFT issues first order imposing penalties under the VSD mechanism

The case arose from a voluntary self-disclosure by an Indian company admitting unauthorised exports of certain SCOMET Category 8 items to multiple countries between 2021 and 2023, following which the DGFT issued a show cause notice despite the company having obtained other SCOMET licences during the same period.

The applicant submitted that the non-compliance was inadvertent and resulted from technical gaps in its global compliance systems, and that upon discovery it promptly disclosed the violations and implemented corrective measures, including India-specific controls and employee training, and therefore sought settlement with a warning or token penalty.

The DGFT rejected the applicant's defence of lack of intent, holding that the FTDR Act is a strict regulatory statute where mens rea is not required, and that prior grant of SCOMET licences demonstrated sufficient knowledge of compliance obligations.

While concluding that settlement was discretionary and not warranted, the DGFT imposed a penalty under Section 11(2) of the FTDR Act but limited it to ₹50 lakhs, taking into account the voluntary disclosure, despite the statutory penalty potentially exceeding ₹1,000 crores.

Amendment to Appendix 3 (SCOMET items) of Schedule – 2 of ITC (HS)

Operationalization of Category 7

- The DGFT has operationalised SCOMET Category 7, which was earlier reserved and did not cover any items, by adding new controls to the SCOMET list.
- Category 7 now covers “Certain Emerging Technologies and related items”, including systems and equipment (7A), test and production equipment (7B), materials (7C), software (7D), and technology (7E).

Introduction of new terms and expansion of existing terms

- Through the notification, the DGFT has introduced several new glossary terms under SCOMET, covering concepts relating to data devices, maintenance levels, lasers, space and satellite systems, spacecraft equipment, mechanical bonds, and laser efficiency.
- The notification also revises definitions of existing terms, including “spacecraft bus” and “sub-orbital craft,” to clarify their scope and align them with updated technical and regulatory interpretations.

Revisions to the scope of the existing SCOMET items

- The DGFT has revised the scope of several SCOMET sub-categories, either by expanding coverage or clarifying the types of items controlled under existing entries.
- These revisions span multiple categories, including Category 3 (Materials and related technologies), Category 6 (Munitions List), and Category 8 (Special materials, equipment, and advanced technologies), with multiple sub-categories updated to reflect the revised scope.

An indicative list of other developments

DGFT issues Trade Notice proposing amendment to the SCOMET policy for export of SCOMET items for 'Testing and Evaluation' purposes

DGFT issues Public Notice amending SCOMET policy on the Stock & Sale export authorization of SCOMET List items

DGFT issues Public Notice amending policy for General Authorization for Export of Chemicals and related Equipment

DGFT issues Trade Notice seeking inputs on Draft Amended Aayat Niryat Forms (**ANF**) , One Format for all kinds of Applications) for grant of SCOMET Authorisation for Export of SCOMET Items

The Central Board of Indirect Taxes and Customs (**CBIC**) in collaboration with DGFT, issued following guidelines and clarifications related to SCOMET applications

Indian courts including the CETSTAT continued to penalize the concerned for attempting to export SCOMET items without a valid export authorization

Outlook for 2026

India's export control framework is expected to continue tightening in 2026, particularly for emerging and sensitive technologies. Recent amendments to the SCOMET list, including the operationalization of Category 7, reflect a clear shift towards expanded prior authorization requirements and closer alignment with global dual-use control practices.

The rollout of a structured Voluntary Self-Disclosure mechanism indicates a maturing enforcement landscape - one that retains strict liability for violations while recognizing the value of timely and transparent disclosures. More companies are likely to proactively come forward and file VSDs, with early orders indicating that the quality and responsiveness of such disclosures will increasingly shape regulatory outcomes.

At the same time, the draft Internal Compliance Programme Management System Requirements point to greater regulatory focus on formal, embedded compliance frameworks, particularly for exporters dealing in controlled or high-risk items. As a result, export control compliance will remain a core governance consideration, rather than a purely transactional licensing exercise.

RECIPROCAL TARIFFS

An indicative list of other developments

Reciprocal tariffs are import tariffs imposed by a country to match the import tariffs levied by its trading partners.

On April 2, 2025, the U.S. President declared a national emergency citing large and persistent trade deficits. To address this, the U.S. aimed to impose an additional ad valorem tariff on all imports, including imports from India.

Imports of goods from India will be subject to a reciprocal tariff of 25% on the CIF value of the imported products.

In August 2025, Trump imposed a 25% additional tariff on India - over and above the 25% 'reciprocal' tariff - claiming that India's crude oil imports from Russia are helping finance Russia's war against Ukraine.

Legislative basis for action

International Emergency Economic Powers Act (IEEPA)

- Allows the President to regulate commerce during a declared national emergency.

National Emergencies Act (“NEA”)

- Provides the procedural framework for declaring a national emergency.

Section 604 of the Trade Act of 1974

- Allows the President to modify the Harmonized Tariff Schedule (**HTSUS**).

3 U.S.C. § 301

- 3 U.S.C. § 301 allows the President to delegate duties to other executive officials.

CHALLENGED MEASURES		
TARIFF CATEGORY	EXECUTIVE ORDERS	TARIFF MEASURES
Trafficking Tariffs	14193, 14194, 14195, 14228, 14231, 14232, 14256	25% on goods from Mexico and Canada; 10–20% on Chinese goods; adjusted <i>de minimis</i> thresholds
Worldwide and Retaliatory Tariffs (Reciprocal tariffs)	14257, 14259, 14266, 14298	10% on all countries; up to 50% on 57 countries; up to 125% on China (later reduced to 10%)

CIT

- The U.S. Court of International Trade (**CIT**) declared the tariffs imposed under the Executive Orders, along with all their amendments and modifications, to be invalid as contrary to law, holding that the IEEPA does not authorize the use of emergency powers to impose broad, indefinite tariffs on imports.

CAFC

- The Court of Appeals for the Federal Court (**CAFC**) affirmed the CIT ruling and concluded that the IEEPA's authority to "regulate" does not in and of itself imply the authority to impose tariffs.
- CAFC vacated the CIT's permanent universal injunction ordering the government to cease collecting these tariffs and remanded the case to the CIT to determine whether such an injunction was consistent with the recent U.S. Supreme Court decision in *Trump v. CASA, Inc.*, limiting universal injunctions.

SCOTUS

- The Supreme Court of the United States (**SCOTUS**) heard oral argument in the pending appeal on November 5, 2025. Several justices of the SCOTUS noted that IEEPA does not contain explicit statutory language authorizing the president to impose tariffs, and many questioned whether Congress had delegated such sweeping taxing authority to the Executive.
- The judgement remains pending and, therefore, the legal status of the IEEPA tariffs remains unsettled.

Outlook for 2026

Continued reliance on unilateral tariff instruments:

The United States is likely to continue relying on unilateral tariff measures framed around reciprocity, national security, or enforcement of perceived trade imbalances, rather than reverting to WTO-centric tariff discipline.

Reciprocity as a policy narrative:

“Reciprocal tariffs” are expected to remain a central political and negotiating narrative in U.S. trade policy, serving as leverage in bilateral engagements rather than as measures anchored in multilateral tariff bindings.

Tension with WTO tariff commitments:

The use of reciprocal or retaliatory tariffs outside the WTO dispute settlement framework continues to raise systemic questions regarding consistency with MFN obligations and bound tariff commitments, reinforcing legal uncertainty for affected trading partners.

Limited multilateral constraint:

In the absence of a functioning Appellate Body, WTO litigation offers limited corrective discipline against such measures, reducing incentives for restraint and increasing tolerance for unilateral trade actions.

Implications for India:

India remains exposed to tariff escalation risks in sectors where trade balances, market access, or strategic sensitivities are politically salient, necessitating a calibrated mix of litigation readiness, diplomatic engagement, and domestic policy alignment.

SANCTIONS

Global Sanction Regime

Inflation of unilateral sanctions year-on-year (as of March 2025)

JURISDICTION	INFLATION
US OFAC	21.3%
EU	10.5%
Japan	4.6%
UK	7.4%
China	153%
Switzerland	9.5%
Canada	9.6%

- *Several countries continue to impose unilateral sanctions; however, the pace has slowed compared to previous years.*
- *UN sanctions continues to be flat, with annual inflation of 0.2%.*
- *However, Chinese sanctions has increased significantly, with a rise in inflation from 23.6% a year ago to 153% as of March 2025.*

Sanctions imposed on Indian Entities

UNITED STATES OF AMERICA (US)

LAW, EXECUTIVE ORDER AND TITLE	DATE AND REASON FOR SANCTION
Executive Order 13902 of January 10, 2020, Imposing Sanctions With Respect to Additional Sectors of Iran	On May 8, 2025, US sanctioned two Indian nationals for operating vessels transporting Iranian oil.
Executive Order 13846 of August 6, 2018, Reimposing Certain Sanctions With Respect to Iran	On July 30, 2025, US sanctioned six Indian companies for importing and marketing Iranian petroleum and petrochemical products , including methanol, toluene, and polyethylene.
Executive Order 14059 of December 15, 2021, Imposing Sanctions on Foreign Persons Complex in the Global Illicit Drug Trade	On September 24, 2025, US sanctioned two Indian nationals and one Indian entity for fentanyl pill distribution network.
Executive Order 13846 of August 6, 2018, Reimposing Certain Sanctions With Respect to Iran	On October 9, 2025, the US sanctioned multiple India-based petrochemical traders, involved in the import of Iranian-origin petrochemical products including toluene and methanol.
Executive Order 13382 of June 28, 2005, Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters	On November 12, 2025, US imposed sanctions for supplying materials and technology for Iran's ballistic missile and drone programmes.

In November 2025, media reports indicated that Republican lawmakers in the United States were advancing proposed legislation to impose sanctions on countries conducting business with Russia, particularly those purchasing Russian oil. Subsequent reports suggests that the legislation has received the green light from US President Donald Trump and is expected to be tabled before Congress for a vote in January 2026.

Sanctions imposed on Indian Entities

UNITED KINGDOM (UK)	
LAW, EXECUTIVE ORDER AND TITLE	DATE AND REASON FOR SANCTION
Russia (Sanctions) (EU Exit) Regulations 2019	On October 15, 2025, UK sanctioned an Indian Company for being involved in obtaining a benefit from or supporting the Government of Russia by carrying on business in a sector of strategic significance to the Government of Russia, namely the Russian energy sector, including by dealing with UK-specified ships.
EUROPEAN UNION (EU)	
LAW, EXECUTIVE ORDER AND TITLE	DATE AND REASON FOR SANCTION
Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine	On July 18, 2025, the EU sanctioned an Indian Company , for operating in an oil sector that provides substantial revenue to the Russian Government, which is responsible for the annexation of Crimea and destabilisation of Ukraine.
19th package of sanctions against Russia	On October 23, 2025, EU sanctioned three India-based firms for allegedly helping Russia's military-industrial network bypass export curbs imposed after its invasion of Ukraine.

Outlook for 2026

The global sanctions environment in 2026 is expected to remain geopolitically driven and predominantly unilateral in nature, with unilateral measures continuing to exceed UN sanctions.

While the overall rate of new sanctions regulations may stabilize, heightened enforcement actions with extraterritorial reach are likely to persist, particularly in relation to Russia, Iran, and strategically sensitive sectors.

For Indian entities, sanctions-related exposure is expected to arise primarily through indirect commercial and supply-chain linkages, rather than through direct designation. Sanctions administered by the United States are likely to continue to have the greatest practical impact, given their scope and enforcement posture, with implications across sectors such as energy, engineering, defence, chemicals, electronics, and financial services. Ongoing policy developments in the US indicate sustained scrutiny of third-country dealings with sanctioned jurisdictions.

Separately, sanctions regimes in the United Kingdom and the European Union are expected to continue evolving through incremental regulatory and enforcement measures.

In this context, sanctions compliance is likely to assume greater significance as a core governance and risk management consideration for Indian businesses operating internationally.

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