

Disclaimer: *These texts are published for information purposes only and may undergo further modifications as a result of the process of legal revision/ scrub. These texts are without prejudice to the outcome of the Agreement between India and the EU. The texts will be final upon signing. The Agreement will become binding on the Parties only after completion by each Party of its internal legal procedures necessary for the entry into force of the Agreement.*

CHAPTER 11

ANTICOMPETITIVE CONDUCT, MERGER CONTROL AND SUBSIDIES

ARTICLE 11.1

Competition principles

The Parties recognise the importance of free and undistorted competition in their trade and investment relations. The Parties acknowledge that anticompetitive business have the potential to distort the proper functioning of markets and undermine the benefits of trade and investment liberalisation. The Parties shall apply this Chapter to all enterprises, public or private.

SECTION A

ANTICOMPETITIVE CONDUCT AND MERGER CONTROL

ARTICLE 11.2

Legislative framework

1. Each Party shall adopt or maintain competition law, which applies to all enterprises in all sectors of the economy and addresses, in an effective manner, all of the following practices:
 - (a) horizontal and vertical agreements between enterprises, decisions by associations of enterprises and concerted practices which have as their object or effect the prevention, restriction or distortion of competition;

- (b) abuses by one or more enterprises of a dominant position; and
- (c) concentrations between enterprises which would significantly impede effective competition, in particular as a result of the creation or strengthening of a dominant position, as specified in their respective legislations.

ARTICLE 11.3

Implementation

1. Each Party shall maintain an operationally independent authority which is responsible for and appropriately equipped with the powers and resources necessary to ensure the full application and the effective enforcement of the competition law referred to in Article 11.2.
2. Each Party shall apply its competition law in a transparent manner, respecting the principles of procedural fairness, including the rights of defence of the enterprises concerned, in particular the right to be heard and the right to judicial review.
3. Each Party shall apply its competition law to all enterprises, private or public, engaged in economic activities. This shall not prevent a Party from providing for exemptions from its competition law, if such exemptions are transparent and are limited to those necessary for securing public interest.
4. To the extent provided for in the respective Party's law, the application of the competition law should not obstruct the performance, in law or in fact, of particular tasks of public interest that may be assigned to the enterprises. Exemptions to the competition law of a Party should be limited to assigned tasks of public interest, proportionate and strictly necessary to achieve the desired public policy objective and transparent.

ARTICLE 11.4

Cooperation

1. The Parties acknowledge that it is in their common interest to promote cooperation with regard to competition policy and enforcement.
2. To facilitate such cooperation, the Parties' competition authorities may exchange information, subject to the confidentiality rules as foreseen in the Parties' respective laws and regulations.
3. The competition authorities of the Parties shall endeavour to coordinate, to the extent possible and appropriate, their enforcement activities relating to the same or related conduct or transactions.

ARTICLE 11.5

Non-application of dispute settlement

The provisions of this Section shall not be subject to dispute settlement under Chapter X.

SECTION B

SUBSIDIES

ARTICLE 11.6

Definition and scope

1. For the purposes of this Section, a subsidy means a measure, which fulfils the conditions set out in paragraph 1.1 of Article 1 of the WTO Agreement on Subsidies and Countervailing Measures <hereinafter referred to as "SCM Agreement"> *mutatis mutandis*.

- 2 This Chapter shall only apply to a subsidy related to trade in goods.¹
- 3 A subsidy is subject to this Section only if it is specific within the meaning of Article 2 of the SCM Agreement *mutatis mutandis*.
- 4 Nothing in this Section shall be construed to apply in a manner that obstructs enterprises from performing activities in pursuance of legitimate public policy objectives or public service tasks.
- 5 Articles 11.11 (Transparency), 11.12 (Consultations) and 11.13 (Use of Subsidies) does not apply to subsidies related to trade in goods:
 - (a) covered by Annex 1 of the WTO Agreement on Agriculture;
 - (b) including those produced by fishing activities covered by the WTO Agreement on Fisheries Subsidies; and
 - (c) related to aquaculture products.
- 6 Article 11.12 does not apply to the audio-visual sector.
- 7 Nothing in this Section shall apply to a subsidy for which the amount of the budgetary outlay over a period of three consecutive years is below 18 million Special Drawing Rights.

ARTICLE 11.7

Principles

1. The Parties recognise that subsidies serve public policy objectives including as a useful tool in implementing economic development objectives. The Parties acknowledge, however, that certain

¹ For trade in services, Article X.17 (Subsidies in Chapter [X] - Trade in Services) contains provisions on subsidies.

subsidies have the potential to distort the proper functioning of markets and undermine the benefits of trade liberalisation under this Agreement.

2. Nothing in this Chapter shall prevent a Party from granting a subsidy temporarily to respond to a national or global economic emergency. Such subsidies shall be transparent and shall not go beyond their objective.

ARTICLE 11.8

Relationship with the WTO

Nothing in this Section shall affect the rights and obligations of either Party under WTO Agreements, in particular, the SCM Agreement, Article XVI of GATT 1994, the Agreement on Agriculture, and the Agreement on Fisheries Subsidies, as applicable.

ARTICLE 11.9

Transparency

1. Each Party shall make transparent the following with respect to a subsidy granted or maintained within its territory:

- (a) the legal basis or authority and objective of the subsidy;
- (b) the form of the subsidy;
- (c) the amount of the subsidy or the amount budgeted for the subsidy;

2. A Party shall meet the requirement of paragraph 1 through:

- (a) notification under Article 25 of the SCM Agreement, which is provided at least every two years;

(b) publication by the Party or on its behalf on a publicly accessible website in a timely manner.

3. Notification of a subsidy under this Article shall be without prejudice to its legal status.

ARTICLE 11.10

Consultations

1. If a Party considers that a subsidy granted by the other Party has, or is likely to have, significant negative effects on its trade liberalisation interests under this Agreement, it may express its concerns in writing and request information on the matter. The request shall include an explanation of how the subsidy affects the requesting Party's interests.

2. The requesting Party may seek the following additional information about the subsidy:

- (a) the legal basis or authority and objective of the subsidy;
- (b) the form of the subsidy such as a grant, loan, guarantee, repayable advance, equity injection or tax concession;
- (c) the dates and duration of the subsidy and any other time limits attached to it;
- (d) the eligibility requirements of the subsidy;
- (e) the total amount or the annual amount budgeted for the subsidy;
- (f) if possible, the name of the recipient of the subsidy; and
- (g) if possible, other information, including statistical data permitting an assessment of the effects of the subsidy.

3. The requested Party shall endeavour to provide the requested information in writing. In the event that any requested information is not provided by the requested Party within 90 days following the date of receipt of the request, that Party shall explain the absence of such information in its written response.

4. If the requesting Party still considers that the subsidy has significant negative effects on its interests under the Agreement, it may request consultations on the matter. Consultations between the Parties to discuss the concerns raised shall be held within 60 days of the request for consultations. The responding Party shall accord sympathetic consideration to the matter of the request.

ARTICLE 11.11

Use of subsidies

Each Party shall endeavour to ensure that subsidies are used only for the policy objective for which the subsidies were granted.

ARTICLE 11.12

Confidentiality

Any information provided under this Section shall be subject to Article X.4 (Disclosure of information and treatment of confidential information - Exceptions chapter).

ARTICLE 11.13

Dispute settlement

Neither Party shall have recourse to dispute settlement under Chapter [XX] (Dispute Settlement) for matters arising under this Chapter.