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ANNEX 14-A

CARBON BORDER ADJUSTMENT MEASURES

ARTICLE 1

Objectives and principles

The Parties acknowledge the need to strengthen and enhance their regulatory, economic and technical partnership to advance their efforts towards greenhouse gas emissions reduction. Cooperation between the Parties under this Annex shall complement the cooperation-related activities set forth in other Chapters of this Agreement and in other relevant agreements or arrangements and shall have, inter alia, the objectives of:

- (a) enhancing efforts to reduce greenhouse gas emissions, including through regulatory cooperation, technical assistance and the mobilisation of financial resources, tools and instruments;
- (b) facilitating the exchange of technical expertise and know-how towards building institutional capacity on carbon pricing mechanisms and assisting towards compliance of the respective industries with carbon border adjustment measures; and
- (c) supporting micro, small and medium enterprises (MSMEs) in their efforts to reduce greenhouse gas emissions including through technical support for compliance with carbon border adjustment measures.

ARTICLE 2

Most favoured nation treatment

For carbon border adjustment measures, the Parties shall apply no less favourable conditions to the other Party's goods than those applied to like goods from other third countries as regards any flexibilities granted in the implementation of their carbon border adjustment measures.

ARTICLE 3

Technical dialogue

The Parties shall engage in a technical dialogue covering, *inter alia*:

- (a) technical exchanges on implementation of carbon border adjustment measures, including: their product scope and embedded emissions coverage; monitoring, reporting and verification processes, and the possibility to take into account the carbon price effectively paid in the other Party under a carbon emissions reduction scheme, calculated on greenhouse gases covered by such a measure and released during the production of goods;
- (b) exchanges of information and technical data to facilitate the establishment of default values under carbon border adjustment measures or under other measures relevant for the implementation of carbon border adjustment measures;
- (c) exploring the possibility of and, if relevant, conditions for, mutual recognition of accreditation bodies for the accreditation of verifiers, for the purpose of checking compliance with carbon border adjustment measures;

- (d) technical assistance, exchange of expertise and know-how on carbon emission reduction policies, including on points (a) to (c).

ARTICLE 4

Cooperation and support

1. The EU shall endeavour to support India's greenhouse gas emission reduction efforts, in particular through the mobilisation of financial resources, tools, instruments and related investments, as appropriate.
2. Cooperation and support under this Annex may include technical assistance and capacity building, support to technological innovation, and sharing of information, data and best practices.
3. Cooperation and support under this Article shall aim to promote India's domestic greenhouse gas emission reduction and long-term industrial transformation.
4. The Parties recall that they have entered into a Memorandum of Understanding (MoU) establishing a structured partnership platform to expand and deepen cooperation and support towards greenhouse gas emissions reduction. The MoU is envisaged to provide a comprehensive framework combining, in particular, financial support, technical assistance and capacity building.

ARTICLE 5

Institutional provisions

The Parties recall that Article X.9 (Rapid Reaction Mechanism) of Chapter X (Institutional Provisions) applies to this Annex.