



JSA Prism India-UK Trade Agreement

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India and the United Kingdom embed environmental safeguards in bilateral trade through the Comprehensive Economic and Trade Agreement

The India-UK Comprehensive Economic and Trade Agreement (“CETA”), signed on July 24, 2025, reflects a notable shift in India’s treaty architecture by embedding sustainability objectives as a central component of its trade engagement. Chapter 21 (Environment) of the CETA (“**Chapter 21**”) sets out a dedicated framework to align trade and investment with environmental protection and sustainable development. Chapter 21 establishes shared goals, principles of cooperation, and commitments to maintain high environmental standards without compromising regulatory autonomy.

Chapter 21 affirms the sovereign right of each party to determine its environmental priorities and protection levels, while simultaneously committing not to weaken or waive environmental laws to attract trade or investment. Chapter 21 builds upon globally recognised multilateral frameworks such as the UN 2030 Agenda, Rio Declaration, Paris Agreement, Montreal Protocol, and the Convention on Biological Diversity, among others. While Chapter 21 does not subject its provisions to binding dispute resolution, it sets out a consultative process through designated contact points, the joint committee, and ministerial dialogue, underscoring the cooperative spirit of its design.

Salient features

1. **Scope and application:** Chapter 21 applies to centrally enacted environmental laws and regulations whose primary purpose is environmental protection, including abatement or control of environmental contaminants or greenhouse gases and biodiversity conservation. For India, the scope is limited to laws passed by Parliament or delegated legislation framed thereunder.
2. **Objectives and sustainability references:** Chapter 21 reaffirms both parties’ commitment to international environmental instruments, including the UN Sustainable Development Goals, the Rio Declaration and Agenda 21. It aims to promote sustainable development, mutually supportive trade and environmental policies, ensure high levels of environmental protection, and enhance cooperation on environmental matters.
3. **Right to regulate and non-derogation principle:** Chapter 21 recognises each party’s sovereign right to establish, maintain, and modify its own environmental laws. It encourages parties to strive for higher levels of environment protection and enforce their environmental laws, however parties are not obliged to harmonise their environmental standards to align with the objectives of Chapter 21. It prohibits either party from weakening, waiving, or failing to enforce such laws to encourage trade or investment and mandates that enforcement discretion must be exercised reasonably and in good faith.
4. **Commitments on multilateral Environment Agreements (“MEAs”):** The parties reaffirm their commitment to implement MEAs to which they are parties and agree to cooperate, where appropriate, on mutual areas of concern.

5. **Dedicated article on climate change:** Chapter 21 includes an express reaffirmation of the UNFCCC and Paris Agreement, along with references to the Glasgow Climate Pact. Cooperation areas include sharing best practices on greenhouse gas emission reduction and climate adaptation. The parties commit to net-zero goals, climate resilient development, protecting biodiversity, transition to clean energy and agree to cooperate on climate adaptation and mitigation strategies.
6. **Environmental goods and services:** Chapter 21 encourages trade and investment in environmental goods and services, including through technology transfer and capacity building. It provides for cooperation via the sustainability subcommittee.
7. **Thematic cooperation areas:** Specific provisions are included for cooperation on:
 - a) **Ozone-depleting substances and hydrofluorocarbons:** The parties reaffirm their commitment to implement the Montreal Protocol on Substances that Deplete the Ozone Layer and aim to cooperate in areas such as the adoption of environmentally friendly alternatives to ozone-depleting substances, refrigerant management practices, combating illegal trade in ozone-depleting substances, and research and development of sustainable cooling technologies with low global warming potential.
 - b) **Air quality:** With an aim to reduce domestic air pollution, parties agree to cooperate in areas including ambient air quality planning, pollution control technologies, and emissions modelling and monitoring.
 - c) **Marine environment:** The parties commit to implement the International Convention for the Prevention of Pollution from Ships and focus on reducing ship-generated waste, improving port waste reception facilities, protecting special areas, and enhancing enforcement measures.
 - d) **Marine litter:** The parties recognise the threat of marine litter, including plastics and microplastics, to biodiversity and public health. The parties aim to cooperate on addressing land and sea-based sources of pollution, improving waste management infrastructure, and managing abandoned, lost, or otherwise discarded fishing gear.
 - e) **Marine wild capture fisheries:** The parties recognise the importance of the marine fisheries sector to development and the livelihoods of fishing communities, including artisanal and small-scale fishers. The parties aim to cooperate in areas such as promoting sustainable fisheries governance, addressing illegal, unreported, and unregulated (IUU) fishing, conserving marine species, and implementing international obligations under instruments such as UNCLOS, the UN Fish Stocks Agreement, and the WTO Agreement on fisheries subsidies.
 - f) **Sustainable forest management:** The parties acknowledge the ecological, social, and economic importance of forests, including their role in carbon storage and support to forest-dependent communities. The parties aim to cooperate in areas such as forest conservation, combating illegal logging and associated trade, reducing deforestation and forest degradation, and promoting sustainable supply chains.
 - g) **Conservation of biological diversity:** The parties affirm their commitment to implement the Convention on Biological Diversity, the Nagoya Protocol, and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The parties acknowledge major threats to biodiversity, such as poaching, illegal trade in wild flora and fauna, habitat degradation, pollution, and the introduction of invasive alien species through trade-related pathways. They aim to cooperate on protecting ecosystems, managing invasive species, and promoting equitable benefit-sharing arising from the use of genetic resources and associated traditional knowledge, in accordance with national laws. The parties also recognise the influence of intellectual property rights on biodiversity objectives and agree to cooperate to ensure that such rights support, and do not undermine, conservation efforts.
 - h) **Resource efficiency and circular economy:** Recognising the benefits of transitioning to a circular economy, the Parties agree to cooperate in areas such as extending product life cycles, promoting sustainable product design, increasing reuse and recycling, reducing landfill waste including electronic waste, addressing marine plastic pollution, and facilitating trade that supports circular economy practices.

8. **Cooperation mechanism:** Chapter 21 adopts a cooperative and capacity-building approach to implementation. The parties agree to collaborate bilaterally and in appropriate international fora through a range of activities including technical assistance, policy dialogues, seminars, expert exchanges, data sharing, and joint analysis. Cooperation priorities are to be mutually identified and developed based on shared objectives, with all activities subject to the availability of resources and compliance with domestic legal frameworks.
9. **Contact point designation:** To enable effective communications and coordination, each party is required to designate a national contact point within a specified time frame following the entry into force of CETA .
10. **Public participation and access to information:** The parties acknowledge the importance of transparency and public involvement in environmental decision-making. They commit to making environmental information, including relevant data, publicly accessible where appropriate, and to encouraging stakeholder engagement in cooperative activities. Further, the parties undertake to consider and respond to submissions made by individuals or groups on matters concerning this Chapter 21, in accordance with their respective legal and procedural frameworks.
11. **Environment consultations:** Where differences arise regarding the interpretation or application of Chapter 21, the parties must initially seek resolution through environmental consultations. A written request setting out the reasons must be submitted to the responding party, which is required to respond within a defined period. The parties are expected to make every effort to arrive at a mutually acceptable solution, which may include undertaking joint cooperative activities or seeking advice from relevant technical bodies.
12. **Escalation to joint committee:** If consultations do not resolve the matter, either party may escalate the issue to the joint committee established under CETA. The committee is empowered to convene and consider the matter, including by drawing on technical inputs or expertise from mutually agreed sources, with the aim of facilitating resolution.
13. **Ministerial-level consultations:** Should the joint committee be unable to resolve the issue, the matter may be referred to the relevant Ministers of the parties for final consideration. The outcome of such consultations is to be made public, unless the parties agree otherwise, and must be issued through a jointly agreed report.
14. **Exclusion from dispute settlement:** Any disputes arising under Chapter 21 is explicitly excluded from the application of the CETA's general dispute settlement provisions. Any concerns arising under Chapter 21 are to be addressed through the consultative mechanisms provided.

Conclusion

Chapter 21 of CETA marks a significant step forward in integrating environmental priorities into bilateral trade policy. Although the provisions of this chapter are not subject to binding dispute resolution, they are grounded in a structured framework of cooperation, dialogue, and alignment with international environmental instruments. Chapter 21 affirms each party's right to regulate and sets out a wide-ranging agenda that includes energy transition, biodiversity conservation, air quality, marine protection, forest governance, and the circular economy. It provides a platform for embedding sustainability into trade relations without compromising domestic policy space.

Beyond its environmental dimension, CETA is expected to deliver substantial trade gains. Bilateral trade is projected to increase by approximately USD 34 billion (US Dollars thirty-four billion) annually and have committed to doubling trade to USD 120 billion (US Dollars one hundred and twenty billion) by 2030, with an additional USD 40 billion (US Dollars forty billion) projected by 2040. Sectors such as textiles, leather, chemicals, pharmaceuticals, marine products, and processed food, among others, are expected to benefit from enhanced market access and reduced trade barriers. Chapter 21 is particularly relevant in this context, as it encourages trade in environmental goods and services, promotes regulatory alignment, and supports sustainable production practices that are increasingly valued in global supply chains.

For Indian stakeholders, including policymakers, businesses, environmental regulators, and exporters, Chapter 21 sets out a roadmap for aligning trade expansion with environmental stewardship. It introduces opportunities for

collaboration in areas such as clean technology, resource efficiency, and sustainable manufacturing. Importantly, it establishes a model for future trade agreements that prioritises sustainability alongside market access, reflecting India's evolving approach to global trade partnerships in an era of climate and environmental transition.

Environmental Law, Climate Change and Energy Transition Practice

The Firm advises and acts in proceedings, arising in relation to various environmental statutes, before the National Green Tribunal, High Court/s and Supreme Court of India. We have done critical review of major environmental laws and an assessment of their assigned objectives. The firm has been regularly advising clients in matters relating to climate change and energy transition.

This Prism has been prepared by:



Amit Kapur
Partner



Sugandha Somani Gopal
Partner



Vihaan Pathak
Associate



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41 Ranked Lawyers



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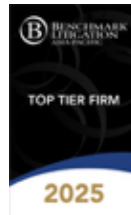
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