

The **INDIA-EU FTA**

A Strategic Trade
Partnership Spanning
25% of Global GDP



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01

EXPERTS

Expert Takes: Why the FTA Matters Now?



Amb (Retd.) Manjeev Singh Puri

Former Ambassador of India to the European Union, Luxembourg & Belgium

"The agreement is clearly a positive for bilateral trade, but more importantly, it signals India's commitment to openness and legal certainty—critical enablers for long-term European investment. By lowering protectionist barriers and embedding predictable trade rules, India offers the confidence global businesses seek to build integrated supply chains. For European investors, this is not just about accessing a large domestic market, but about being able to conduct business and add value within a trusted and rules-based ecosystem. It's a strong plug for deeper EU participation in 'Viksit Bharat' and a shift toward competitive global standards."



Amb (Retd.) Skand Ranjan Tayal

Former Ambassador of India to Uzbekistan & the Republic of Korea

"The significance of the India–EU Free Trade Agreement lies in both its economic ambition and the clarity of its institutional design. Its streamlined architecture allows the agreement to be approved through the European Parliament and the Council, without requiring ratification by individual national parliaments. Looking ahead, the agreement offers an opportunity to support long-term development by enhancing competitiveness, encouraging higher standards, and deepening economic cooperation, providing a stable foundation for a forward-looking and mutually beneficial India–EU partnership."



Expert Takes



Davinder Sandhu

**Chairperson & Co-founder,
Primus Partners**

"The EU-India FTA should be seen as a strategic economic alignment rather than a narrow tariff bargain. It brings together two large, rule-based democracies at a time when global trade is fragmenting, and supply chains are being rewritten. For India, access to a large, high-income consumer market provides a durable platform for export growth, job creation, and deeper integration of MSMEs into global value chains, particularly in manufacturing and services. The agreement is calibrated, with phased liberalisation that protects core national interests while steadily improving competitiveness. While European ratification will take time, this is a normal institutional process, not a signal of uncertainty. Used well, the FTA can anchor trusted supply chains, diversify trade risk, and position India as a reliable economic partner in a more volatile global economy."



Poul V. Jensen

**Managing Director, European Business & Trade
Centre (EBTC)**

"This India-EU FTA is nothing short of historic. There's a saying that good things take time, and this is a prime example! This is a very important positive milestone that will unlock major opportunities for both regions. It cements an Indo-EU corridor combining two economies poised to become a global powerhouse, sending a powerful geopolitical message. Working together, we are stronger than competing. It is adapting to a new reality. While the headlines focus on market access, this FTA will quietly drive deeper sustainability outcomes across both regions through greener supply chains, circular economy measures, and climate-aligned trade provisions. It's a landmark moment that sets a new standard for modern, responsible trade partnerships."



Expert Takes



Christopher Michael Garroway

**Economist & Development Coordination Officer,
United Nations**

"Amidst a rupturing world order, it's encouraging to see two giants like India and the EU agree on a deal as fair and comprehensive. The new India-EU FTA can lead to cheaper machinery for Indian manufacturers and cheaper textiles and pharmaceuticals for European consumers. It can benefit European carmakers and wine growers as much as Indian handicrafts and leather goods producers, especially in rural areas. Recognising India's strengths in services trade and human capital endowments, equally notable is the India-EU mobility pact, which was also agreed, that can chart new pathways for people-to-people exchange for study, work and skilling. In addition, the announcement of EUR 500 million in EU support to greening Indian industry and the planned India-EU joint climate action platform are welcome steps towards meaningful and fair emissions reductions on the path to net zero."



Dr. Arpita Mukherjee

**Professor, Indian Council for Research on
International Economic Relations (ICRIER)**

"The India-EU FTA is India's most comprehensive FTA, covering a wide range of topics from tariff reduction/elimination, to facilitating cross-border mobility, promoting trade facilitation through simplification of customs processes, and ensuring a predictable and secure environment for digital trade. It incorporates the majority of the rules agreed under the WTO Joint Initiative on E-commerce, to which India is not a member. The chapters on Intellectual Property Rights and Trade and Sustainable Development are carefully drafted to address India's concerns. On its domestic front, India has come up with domestic regulations like the Four Labour Codes to align with the EU requirements. The FTA is of strategic importance to both economies, given the trade volatility, growing protectionism and rising geopolitical tensions. It will help EU companies to access one of the largest fast-growing markets, ahead of their competitors from countries like the USA. Lowering of tariff will benefit Indian exporters, but there are concerns on how non-tariff measures have been addressed and how future protectionism is secured under the FTA."



Expert Takes



Anurag Singh

Advisor, Primus Partners

"The Indian automobile industry has become highly competitive and is unlikely to be adversely affected by a reduction in tariffs on automobiles manufactured in Europe. On the contrary, such a move could enhance the industry's global competitiveness and boost exports in the long run. Moreover, for large automobile companies that both import and export vehicles and components from India, this trade structure serves as a natural hedge against currency fluctuations."

02

Executive Summary

India and the European Union (EU) represent one of the world's most consequential economic partnerships, anchored in shared democratic values, commitment to the rule of law, and support for a rule-based global order. Together, they account for **~25% of the world's population** and **~20% of global trade**, positioning the relationship as central to global growth, supply-chain resilience, and sustainable development.

Over the last two decades, this partnership has evolved from diplomatic engagement to deep economic integration and renewed political momentum following India's G20 presidency and recent high-level EU outreach.

Against this backdrop, the **India–EU Free Trade Agreement (FTA)** represents a natural and strategic next step to consolidate gains and unlock future growth.

2.1 India – EU Economic Corridor at a Glance (2024–25)

Indicator	Latest Status
Combined Share of Global GDP	25%
Bilateral Goods Trade	USD 136.54 Bn
Growth in Goods Trade (2014–2024)	~90 percent increase
Share of India's Total Goods Trade	11%–12%
Bilateral Services Trade	USD 83.10 Bn
Growth in Services Trade (10 yrs)	~243%
EU FDI Stock in India	USD 117.4 Bn (2024)
EU Firms Operating in India	~6,000 Companies
Jobs Created by EU Firms in India	1.7 Mn direct / 5 Mn indirect

2.2 Trade in Goods

Bilateral goods trade has nearly doubled in a decade, rising from **\$80-87 Bn in 2014** to **~\$136 Bn in 2024-25**. In FY 2024–25, India–EU merchandise trade reached **USD 136.54 Bn** (INR 11.5 lakh crore), marginally surpassing India's trade with both the U.S. and China.



Figure 1 India–EU bilateral trade in goods has nearly doubled over the past decade. (Data source: Eurostat/DG Trade)

Despite a sharp pandemic-induced contraction in 2020, trade rebounded strongly:

- **+35 %** growth in 2021, record highs sustained through 2022–2024.
- Indian exports of goods to the EU totalled about **USD 75.85 Bn** (INR 6.4 lakh crore) in 2024-25.
- India's imports of goods from the EU amounted to approximately **USD 60.68 Bn** (INR 5.1 lakh crore) in 2024-25.

India has maintained a modest trade surplus, indicating a maturing and balanced trading relationship.

The EU is now India's largest goods trading partner, while India stands among the EU's top ten, anchoring a comprehensive FTA that unlocks unprecedented opportunities across a 2 billion population economic corridor.

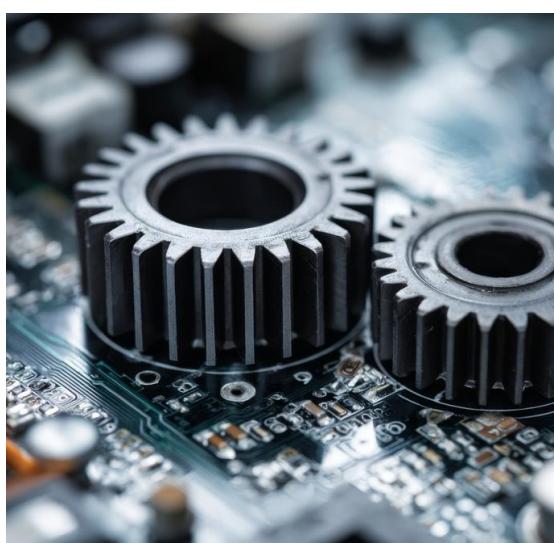
Composition of Trade in Goods

EU's Top Export Categories to India (≈85–90%):

Category	Competitive Advantage
Machinery & Industrial Equipment	Backbone of EU exports; supports India's manufacturing & infrastructure.
Transport Equipment	Automobiles, aircraft parts, rail equipment.
Chemicals & Pharmaceuticals	Speciality chemicals, high-value pharma inputs.

Top EU Imports from India (Goods):

Category	Competitive Advantage
Machinery & Electrical Equipment	Components, intermediates.
Chemicals & Pharmaceuticals	Generics, organic chemicals.
Base Metals	Iron, steel, aluminium.
Mineral Products	Refined petroleum fuels.
Textiles & Apparel	Labour-intensive manufacturing.



Europe supplies capital and technology-intensive goods; India supplies cost-competitive manufacturing, refining capacity, and labour-intensive products. This is a classic case for tariff liberalisation under an FTA.

2.3 Trade in Services

Services trade has expanded even faster than goods:

- ~243% growth over the last decade,
- USD 83.10 Bn in 2024-25.

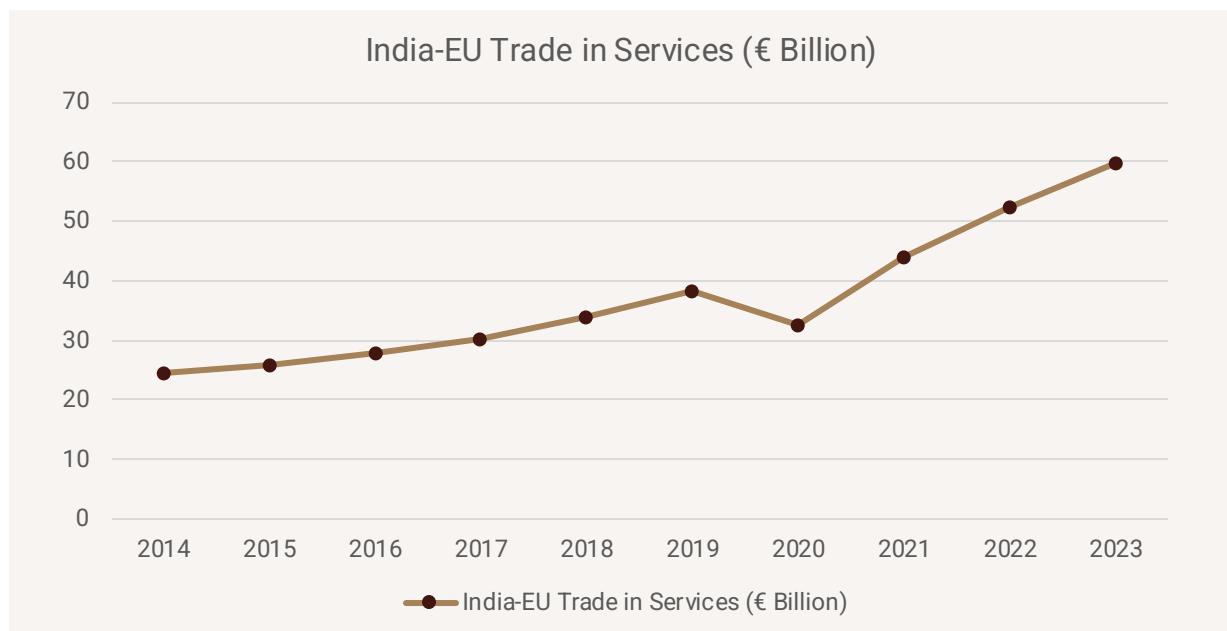


Figure 2 India-EU trade in services has more than doubled in the last decade, led by IT and business services. (Data source: Eurostat/DG Trade)

Key Services Traded

Sector	India's Strength	EU's Strength
 IT & Digital Services	Software, IT consulting, telecom	Digital demand, high-value clients
 Business Services	Consulting, R&D, engineering	Design, finance, professional services
 Transport & Logistics	IT-enabled logistics	Shipping, aviation, maritime

2.4 Investment Flows

EU Investment in India:

- **USD 117.4 Bn** stock FDI into India (2024).
- EU accounts for **15–20%** of India's total FDI stock.
- **Netherlands, Germany, France, Italy, and Spain** are the major investing countries.
- Strong alignment with Make in India, infrastructure, and energy transition.

Indian Investment in the EU:

- **USD ~11 Bn** FDI stock (2023).
- **USD 40 Bn** cumulative ODI (2000–2024).
- **IT, automotive, steel, pharma, and hospitality** are the focus sectors.

The India–EU economic relationship is already substantial in scale, diversified across goods, services, and investment, resilient to global shocks, and anchored in strong sectoral complementarities. However, a significant share of its potential remains unrealised due to previous tariff barriers, regulatory frictions, and limited liberalisation in services and investment. In this context, the India–EU Free Trade Agreement is not the creation of a new partnership, but a strategic instrument to formalise, upgrade, and future-proof an already deep economic relationship. By addressing structural constraints and enhancing regulatory cooperation, the FTA is poised to align India–EU ties with realities of global supply-chain reconfiguration, accelerating digitalisation, and the green transition, positioning both partners as rule-setters in the evolving international economic order.



03

The Long Road to Agreement: From 18 Years of Negotiation to a Strategic Breakthrough

India–EU FTA negotiations spanned nearly two decades, evolving from foundational diplomatic ties into a landmark trade agreement concluded on **27 January 2026**.

THE FOUNDATION
(1962-2004)

LAUNCH &
STALEMATE
(2007-2020)

THE REVIVAL
(2022-2023)



● **1962:** India establishes formal ties with the European Economic Community, laying the foundation for economic engagement.

● **1993:** Joint Political Statement adopted, strengthening diplomatic engagement.

● **1994:** India-EU Cooperation Agreement signed.

● **2000:** First India-EU Summit in Lisbon.

● **2004:** Partnership elevated to Strategic status at the 5th India-EU Summit (The Hague).

● **2007:** Broad-based Trade and Investment Agreement (BTIA), later known as the FTA, negotiations launched covering goods, services, and investment.

● **2013:** Talks stall after 16 rounds amid divergences on tariffs, services, agriculture, dairy, and regulatory standards.

● **2020:** Strategic Partnership Roadmap to 2025 adopted, reviving momentum across trade, climate, security, and technology.

June 2022:

● Negotiations relaunched on Balanced, Ambitious, Comprehensive and Mutually Beneficial Free Trade Agreement.

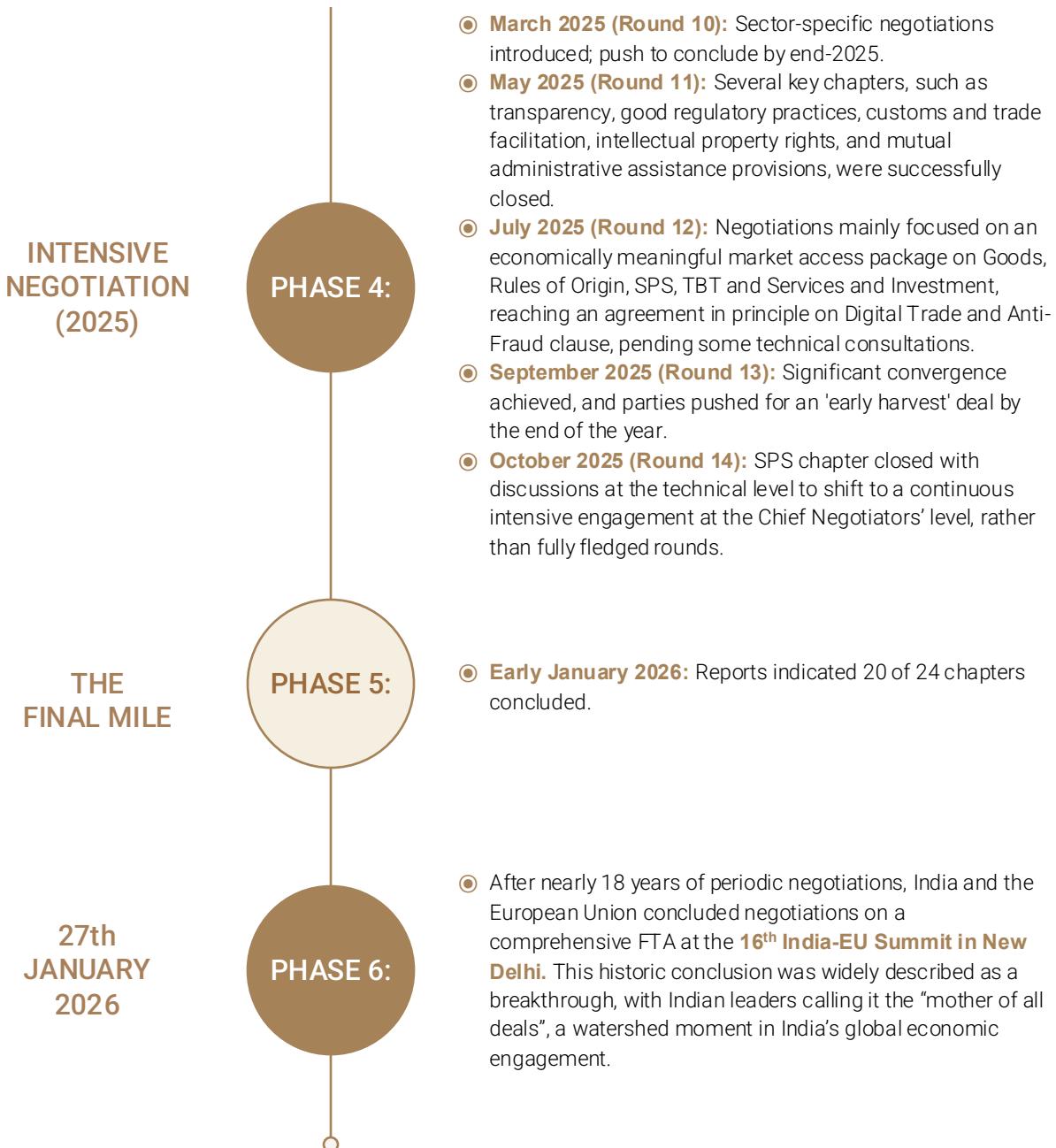
● Launch of negotiations on Investment Protection Agreement.

● Launch of negotiations on Geographical Indications.

● Commitment to fast-track talks by the end of 2023.

February 2023:

● Formal launch of EU-India Trade & Technology Council (TTC) to boost cooperation, trade and investment, and capitalise on strengths to ensure technological and industrial leadership while preserving shared values.



04

Decoding the Free Trade Agreement

The India–European Union Free Trade Agreement, concluded during the 16th India–EU Summit, is a landmark, comprehensive economic partnership that goes well beyond tariff liberalisation. It combines deep market access in goods with new disciplines on services, talent mobility, regulatory cooperation, digital trade, intellectual property, and sustainability. In effect, it is a trade agreement designed for the realities of today's economy, which includes global value chains, compliance-driven markets, digitised commerce, and climate-linked trade rules.

This chapter decodes what the agreement contains, what changes when, and what it means for India and the EU in terms of competitiveness, jobs, investment confidence, and resilience.

4.1 Tariff Liberalisation and Strategic Market Access

The agreement delivers wide and phased tariff liberalisation on both sides, structured to generate early wins while allowing calibrated adjustment in sensitive lines.



4.1.1 India's market access into the EU

India gains preferential access into the EU market across **97%** of tariff lines, covering **99.5%** of trade value, through immediate elimination and phased reductions.



Coverage and Staging for India's Exports:

● 70.4% of tariff lines,

- Covering 90.7% of exports,
 - ❖ Immediate duty elimination,
 - Critical labour-intensive sectors such as textiles, leather and footwear, tea, coffee, spices, sports goods, toys, gems and jewellery, and certain marine products, among others.

● 20.3% of tariff lines,

- Covering 2.9% of exports,
 - ❖ Zero duty access over 3 and 5 years,
 - Certain marine products, processed food items, arms & ammunition, among others.

● 6.1% of tariff lines,

- Covering 6% of exports,
 - ❖ Preferential access by way of tariff reduction,
 - Certain poultry products, preserved vegetables, bakery products, amongst others, or through TRQs for cars, steel, certain shrimps/prawns products, amongst others.

What this means for India: The immediate commercial upside is strongest for labour-intensive and employment-heavy export categories. Textiles and apparel, leather and footwear, marine products, sports goods, toys, gems and jewellery, and plastics and rubber gain from zero-duty access. Together, these represent exports of more than **INR 2.87 lakh crore**, equivalent to **USD 33 Bn**, which previously faced EU import duties in the **4 % to 26 % range**.

This has three strategic effects for India:

- Raises price competitiveness immediately in high-volume categories where duty advantage matters.
- Strengthens India's position in European supply chains, particularly for manufacturing segments that depend on scale and reliability.
- Supports employment and MSME participation, as the biggest gainers are labour-intensive clusters.



4.1.2 The EU's market access into India

India offers tariff concessions on **92.1%** of its tariff lines, covering **97.5%** of EU exports, with a mix of immediate and phased reductions.



Coverage and staging for EU exports:

- **49.6%** of tariff lines
 - Immediate duty elimination.
- **39.5%** of tariff lines
 - Subject to phased elimination **over 5, 7, and 10 years.**
- **3%** of products subject to phased tariff reductions
- Few products are subject to tariff quote rates (TRQs) for apples, pears, peaches, and kiwi fruit.

What this means for the EU: The agreement is expected to materially expand EU export opportunities in India, with projections of **doubling EU exports to India by 2032**, deliver cost savings of **€4 Bn per year** in duties for EU companies, and support deeper industrial trade by improving input access and predictability for both sides.

4.2 Agriculture and Processed Foods

Agriculture is one of the most politically sensitive domains of any trade negotiation. The agreement's structure reflects a clear balance. It expands market access by supporting value chains and farmer incomes, while also ring-fencing domestic sensitivities.

4.2.1 What India Gains

The FTA opens preferential market access for several agricultural and processed food products, including tea, coffee, spices, grapes, gherkins and cucumbers, dried onion, fresh fruits and vegetables.

Impact on India: Lower trade barriers on these lines can support farmers' realised incomes, strengthen

rural livelihoods, and position India as a premium, trusted supplier in European markets. At the same time, India has safeguarded sensitive agricultural sectors such as dairy, cereals, poultry, soymeal, and certain fruits and vegetables, ensuring that domestic priorities and food security remain protected even as export growth accelerates.

4.2.2 What the EU Gains

The agreement provides staged duty elimination for selected EU exports such as olive oil, non-alcoholic beer, juices and processed foods. It also creates improved access routes for wine, spirits, beer and selected fruits through tariff rate quotas.

Impact on the EU: The EU gains structured, predictable entry in selected agri-food categories, including a clear pathway for alcohol tariff reductions and fruit tariff rate quotas within a bounded framework that recognises India's sensitivities.

4.3 Rules of Origin and Product-Specific Rules

Preferential tariffs only translate into real trade gains when firms can qualify for origin and document compliance smoothly. The agreement's rules of origin and product specific rules are designed to:

- ensure adequate processing or manufacturing for originating status,
- remain aligned with existing supply chains,
- allow flexibility to source inputs from global value chains where needed.

A key facilitation feature is self-certification through a Statement on Origin, intended to reduce compliance time and cost, particularly for exporters with limited administrative capacity.

The product-specific rules adopt a pragmatic approach for MSMEs by:

- locking in quotas for shrimp and prawn products and downstream aluminium products, enabling MSMEs to use certain non-originating inputs while still benefiting from preferences,
- building transition periods in specific rules for machinery and aerospace, reinforcing Make in India pathways without choking current supply chain realities.



4.4 SPS, TBT, and Customs

A major value of the agreement lies in non-tariff cooperation. This is where cost, delays, rejections, and uncertainty often sit, even after tariffs fall. The agreement strengthens non-tariff disciplines through a streamlined:

- Customs procedures and trade facilitation,
- Sanitary and Phytosanitary (SPS) cooperation,
- Technical Barriers to Trade (TBT) to cooperation, transparency and conformity assessment channels.



For Customs and trade facilitation, it aims to enhance transparency, advance rulings, simplify procedures, expedite the release of goods and create a pathway for deeper cooperation, such as customs data exchange and supply chain security.

For SPS cooperation, the agreement builds predictability through clearer mechanisms for import conditions and approvals, audits and certification processes, adaptation to regional conditions, listing of establishments, and structured exchange of information.

For TBT cooperation, key procedural disciplines include:

- **60 days** for public consultations on new technical regulations,
- **six months** between publication and entry into force,
- a dedicated working group on conformity assessment, explicitly relevant where standards and Quality Control Orders drive operational friction.

Impact on India: Lower compliance uncertainty and fewer procedural delays, especially for regulated categories, improving the likelihood that tariff preferences translate into actual export gains.

Impact on the EU: Reduced operational friction for EU exporters and clearer channels to address standards-related barriers in India.



4.5 Services

Services are a dominant and fast-growing pillar in both economies, and the agreement is structured to make services trade more predictable and scalable.

4.5.1 What India Gains

India secures commitments across **144 services subsectors**, including information technology and IT-enabled services, professional services and education.

Impact on India: Indian service providers receive a stable, conducive regime in the EU to supply services. India's competitive high-tech services can expand exports while also supporting EU businesses and consumers through cost-effective, high-quality delivery.

4.5.2 What the EU Gains

The EU gains access across **102 Indian services subsectors**, spanning business services, telecommunications, maritime, financial and environmental services.

Impact on the EU: EU businesses gain a predictable regime to bring investment and innovative services to India, support exports, and provide best-in-class services to Indian businesses.



4.6 Talent Mobility

The agreement establishes a stabilising entry regime for temporary entry and stays for business visitors, intra-corporate transferees, contractual service suppliers and independent professionals. It also strengthens India's position as a global hub for talent through clearer mobility pathways:

- movement of employees, spouses, and dependents of Indian corporates established in the EU across the services sectors,
- access for contractual service supply across **37 subsectors**, including IT, business, and professional services,
- certainty for independent professionals in **17 subsectors**, including IT, research and development, and higher education.

A forward-looking element includes an agreed framework to enable Social Security Agreements within 5 years with all EU Member States, alongside a continuing supportive framework for Indian students to study and access post-study work visas.

4.7 Traditional Medicine

The agreement is expected to boost Indian traditional medicine services:

- In EU Member States where regulations do not exist, AYUSH practitioners can provide services using qualifications obtained in India,
- It locks in openness for the establishment of AYUSH wellness centres and clinics in EU Member States,
- It creates a basis for deeper exchange to facilitate trade in traditional medicine services.



4.8 Digital Trade

The digital trade framework aims to create a predictable, secure, and fair digital trade environment. It includes stronger consumer protection, spam prevention and protection against mandatory disclosure of software source code.

Impact on India: A supportive framework for scaling digitally delivered services and innovation-led sectors, while raising the importance of compliance readiness and enforcement capacity.

Impact on the EU: Stronger predictability for EU technology and creative industries through source-code protection, consumer trust rules, and higher confidence in digital transactions.

4.9 Intellectual Property

The agreement reinforces TRIPS-aligned protections for copyright, trademarks, designs, trade secrets, plant varieties and enforcement of intellectual property rights.

It affirms the Doha Declaration and recognises the importance of digital libraries, specifically referencing India's Traditional Knowledge Digital Library. It also provides for structured exchange on laws and practices relating to technology transfer and collaboration.

4.10 Sustainability and Carbon

The agreement includes forward-looking sustainability architecture, particularly in the context of carbon-linked trade measures.

Key elements include:

- most-favoured-nation assurance on carbon pricing flexibilities, if granted to third countries,
- technical cooperation on recognition of carbon prices and verifiers,
- provisions for financial assistance and targeted support for emissions reduction and compliance.

At the same time, the EU carbon border framework remains intact. The package includes:

- **€500 Mn** in support for emissions reduction efforts,

- **1.6 million metric tons** of Indian steel allowed to enter the EU duty-free, described as roughly half of India's annual steel exports to the bloc.

Impact on India: A pathway for technical cooperation and support, while exporters still face compliance costs in carbon-intensive sectors.

Impact on the EU: Maintains the integrity of carbon-linked trade policy while pairing trade integration with structured technical engagement and support.



4.11 Winners, Watchouts, and Work Required

Winners

- India's textiles, leather, footwear, marine, sports goods, toys, and gems and jewellery sectors are driven by immediate competitiveness gains.
- Indian services, particularly IT, professional, and digitally delivered services, are supported by market access commitments and mobility certainty.
- EU sectors such as machinery, chemicals, pharmaceuticals, and premium agri-food, supported by phased entry and facilitation disciplines.

Watchouts

- Standards and conformity assessment friction could moderate benefits if compliance pathways are not swiftly navigated.
- SPS compliance capacity for exporters remains critical to ensure timely market access.
- Carbon border adjustment costs, with CBAM remaining in force, pose transition costs for carbon-intensive sectors.

Work Needed

- Origin readiness and high-quality documentation so that firms can actually use the preference regime at scale.
- Clear conformity pathways and sector playbooks for testing, certification, and standards mapping in regulated categories.
- An exporter support model for MSMEs, including a dedicated helpdesk, step-by-step origin and customs guidance, and compliance toolkits aligned with the agreement's facilitation architecture.

This is a comprehensive economic architecture that transforms a large trade relationship into a predictable, rules-based framework for the future. It combines deep tariff liberalisation with product-specific origin rules, customs facilitation, stronger SPS and standards cooperation, and modern chapters on services, mobility, digital trade, intellectual property, and sustainability. It delivers immediate competitiveness gains for India's labour-intensive exports and services strengths, while opening a major growth market for EU industry and agri-food priorities under phased, manageable schedules.

Most importantly, it is built not only to open markets but to make trade work in practice. The agreement's sequencing, compliance design, and facilitation tools are what will convert the headline concessions into sustained trade growth, investment confidence, and long-term economic resilience.

05

Sectoral Snapshot: How the 'Mother of All Deals' Reshapes Strategic Sectors

By covering strategic sectors from automobiles and engineering to textiles, pharmaceuticals, gems & jewellery, and beyond, the FTA is expected to double EU exports to India by 2032, unlock new export opportunities for Indian industries, and accelerate integration into global value chains against the backdrop of rising global trade tensions.

5.1 Auto Sector (Vehicles & Parts)

- **Announcement:** Introduces quota-based liberalisation, reducing car import tariffs **from ~110% to 10% over five years**, with quotas of **160,000 ICE vehicles and 90,000 EVs**.
- **Trade:** EU vehicle exports to India stood at approximately **USD 1.7 Bn (2024)**.
- **Top EU Exporters to India:** Germany, Italy, Belgium.
- **Impact:**
 - EU automakers gain calibrated access to India's 4-million-plus passenger vehicle market,
 - Indian consumers benefit from greater choice, advanced safety features, and cleaner technologies,
 - Preserves policy control while enabling technology transfer, investment, and future export pathways for India-made vehicles, strengthening clusters in Tamil Nadu, Maharashtra, and Haryana.



5.2 Engineering & Manufacturing

- **Announcement:** Eliminates high tariffs on industrial products, including machinery duties of up to **44%**.
- **Trade:** EU exports of industrial machinery to India were approximately **USD 17.8 Bn (2024)**.
- **Top EU Exporters to India:** Germany, Italy, and France.
- **Impact:**
 - Lower input costs enhance the competitiveness of Indian manufacturers,
 - Strong rules of origin and MSME facilitation encourage investment and localisation,
 - With preferential access for products earlier facing tariffs of up to **22%**, India's engineering exports to the EU (**USD 16.6 Bn**) are poised to expand, improving India's share in the EU's nearly **USD 2 trillion** engineering imports and catalysing industrial modernisation.



5.3 Chemicals Sector

- **Announcement:** Ensures zero duty on **97.5%** of India's chemical export basket by value, removing tariffs of up to **12.8%**.
- **Trade:** EU chemical exports to India were approximately **USD 3.5 Bn (2024)**.



- **Top EU Exporters to India:** Germany, Netherlands, Belgium.
- **Impact:**
 - Preferential access strengthens India's position as a reliable supplier to the EU's **USD 500 Bn** chemical import market,
 - Supports MSME-led clusters and sustainable, high-value production,
 - For the Indian industry, cheaper European inputs and equipment lower costs and improve competitiveness across major manufacturing hubs.

5.4 Pharmaceuticals & Medical Devices

- **Announcement:** Phased elimination of EU tariffs on Indian pharmaceuticals, reducing duties of up to **11%** to zero over a transition period of up to 10 years; near-complete liberalisation for medical devices.
- **Trade:** EU pharmaceutical exports to India were approximately **USD 1.2 Bn (2024)**.
- **Top EU Exporters to India:** Germany, Ireland, Belgium.
- **Impact:**
 - Indian firms gain improved access to the USD **572.3 Bn** EU pharma and MedTech market, supporting scale-up of "Made in India" production, jobs, and investment in Gujarat, Maharashtra, and Karnataka,
 - Elimination of tariffs of up to **6.7%** across **99.1%** of medical-device trade lines enables cost-competitive entry into European markets,
 - EU companies benefit from expanded access to India's growing healthcare demand.



5.5 Agriculture & FMCG

- **Announcement:** Grants India preferential access for key agricultural and processed food exports, including tea, coffee, spices, table grapes, gherkins, sweet corn, dried onion, and select meat and horticultural products, while protecting sensitive sectors.
- **Trade:** India's agri-food exports to the EU reached approximately **USD 4.2 Bn** in 2024, led by seafood and spices, while imports from the EU were about **USD 1.5 Bn**.
- **Top EU Exporters to India:** France, Netherlands, Italy

- **Impact:**
 - Enhance competitiveness of Indian agri-exports, supporting higher farm incomes, rural livelihoods, and women's participation in value chains.
 - Strategic safeguards for dairy, cereals, poultry, soymeal, and select fruits and vegetables balance export growth with domestic priorities,
 - EU agribusiness gains improved access to India's premium food and beverage market through calibrated liberalisation.

5.6 Gems & Jewellery



- **Announcement:** Eliminates tariffs across **100%** of India's gems and jewellery exports, with bilateral trade expected to double to **~USD 10 Bn**.
- **Trade:** EU exports of precious stones and metals to India were approximately **USD 2.3 Bn (2024)**, but India is a major exporter of cut diamonds and gems.
- **Top EU Exporters to India:** Belgium, Italy, Poland (EU gems/jewellery producers).
- **Impact:**
 - Duty-free access enhances the competitiveness of India's **USD 2.7 Bn** jewellery exports in the **EU's USD 79.2 Bn import market**,
 - Strengthens MSME-driven clusters in Surat, Chennai, and Kolkata and reinforces India's role in global luxury and precision manufacturing supply chains.

5.7 Leather & Footwear

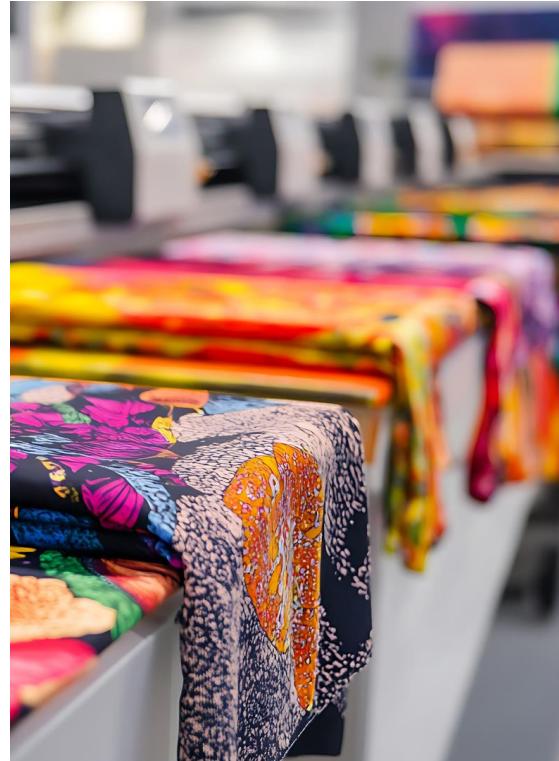
- **Announcement:** Immediate elimination of tariffs, reducing duties of up to **17% to zero** across all tariff lines.
- **Trade:** India's leather and footwear exports to the EU are valued at approximately **USD 2.4 Bn**.
- **Top EU Exporters to India:** Italy, Spain, Germany
- **Impact:**
 - Improves India's competitiveness in the EU's **USD 100 Bn** leather and footwear import market, supporting employment-intensive MSME clusters,

- Regulatory alignment and design-led incentives enable a transition from low-margin manufacturing to higher-value, sustainable global brands.



5.8 Textiles & Apparel

- **Announcement:** Zero-duty access across all textile and apparel tariff lines, eliminating duties of up to **12%**.
- **Trade:** India exported approximately **USD 7.2 Bn** of textiles and apparel to the EU in 2024.
- **Top Indian Export Clusters:** Tamil Nadu, Gujarat, Karnataka.
- **Impact:**
 - Duty-free access opens the **EU's USD 263.5 Bn** import market, building on India's **USD 36.7 Bn** global exports,
 - Significant expansion is expected across yarn, man-made fibre apparel, ready-made garments, and home textiles, enabling MSMEs to scale, generate employment, and strengthen India's reputation as a reliable and sustainable sourcing partner.



5.9 Marine Products



- **Announcement:** Preferential access covering **100%** of trade value, reducing tariffs of up to **26%**.
- **Trade:** India's marine exports to the EU are valued at approximately **USD 1 Bn**; EU marine imports total **USD 53.6 Bn**.
- **Key Indian Export Regions:** Andhra Pradesh, Gujarat, Kerala.
- **Impact:**
 - Boosts the competitiveness of Indian seafood exports, accelerating shipments of shrimp, frozen fish, and value-added products, strengthening the blue economy and empowering coastal communities.

5.10 Plastic and Rubber

● **Announcement:** Grants preferential access across a wide range of plastic and rubber products.

● **Impact:**

- Enhanced access, combined with India's skilled workforce and MSME-driven innovation, positions the sector for export expansion, employment growth, and deeper integration into European industrial value chains.



5.11 Mines and Minerals



● **Announcement:** Zero duty across **100%** of tariff lines for minerals and mineral-based products.

● **Impact:**

- Duty-free access lowers cost barriers and enables India to scale exports of value-added minerals to the EU, supporting long-term partnerships across steel, electronics, automotive, and renewable energy supply chains.

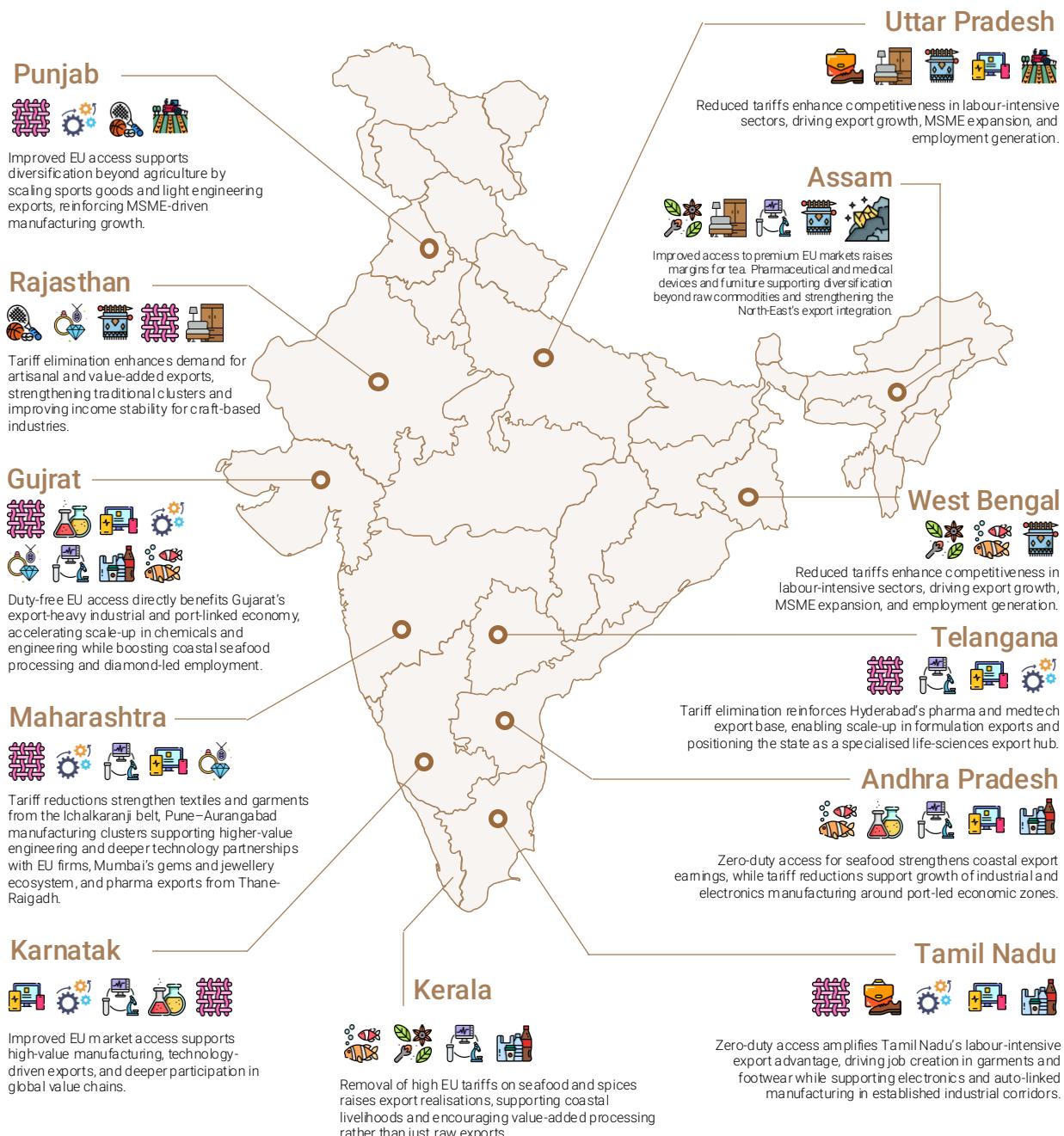
From expanding premium automotive access to catalysing textile, engineering, pharmaceutical, and agro-product exports, the FTA creates durable, high-value opportunities for businesses and workers on both sides. As implementation unfolds, this historic pact will be a cornerstone in driving sustainable growth, deepening economic cooperation, and elevating India's role on the global trade stage.

06

State-Level Impact: How the FTA Reshapes India's Export Geography

The India–EU Free Trade Agreement is not an abstract national-level construct; its real economic effects will be felt first and most visibly at the state level. As tariff barriers fall and regulatory certainty improves, India's export-oriented states, anchored by manufacturing clusters, port infrastructure, MSMEs, and skilled labour, stand to capture differentiated gains across sectors. This chapter maps how the FTA reshapes India's export geography, identifying the states best positioned to translate preferential EU market access into higher exports, deeper industrial integration, and employment growth.





Taken together, the state-wise impacts of the India-EU FTA signal a central reality: trade policy outcomes are ultimately realised through regional production ecosystems. States with strong manufacturing bases, port connectivity, compliance readiness, and MSME density are poised to emerge as the primary beneficiaries of expanded EU access. The agreement thus reinforces the importance of state-level export strategies, cluster-specific policy support, and coordinated Centre-State implementation to ensure that tariff concessions convert into sustained growth, jobs, and global value-chain integration across India.

 Textiles and apparel	 Gems and jewellery	 Plastics and rubber	 Minerals
 Engineering goods	 Chemicals	 Tea and spices	 Sports Goods
 Pharmaceuticals and medical devices	 Marine products.	 Furniture	 Agri-products
 Electronics	 Leather and footwear	 Handicrafts	

07

Long-Term Strategic Implications and What Lies Ahead

The long-term implications of this agreement are rooted in the strategic necessity of both partners to seek resilience amidst geopolitical volatility, rising protectionist sentiments in the United States, and the systemic challenge posed by China's industrial dominance. For India, the FTA serves as a foundational catalyst for our "Viksit Bharat 2047" mission, aiming for a tenfold expansion of the economy into a \$35 trillion powerhouse by the centenary of its independence. For the European Union, the agreement is a central pillar of its "de-risking" strategy, providing a reliable, democratic alternative for supply chain diversification and a high-growth market for its advanced technology and agri-food sectors. It is also important to note that the FTA still needs to be passed by the European Council and the Parliament before it can come into effect.

Implications on India

The India–EU FTA is nothing less than a strategic game-changer that binds together the world's fourth- and second-largest economies, together accounting for nearly **25% of global GDP**, into a corridor poised to become a global powerhouse. By its terms, **over 99% of India's exports by value** to the EU will enjoy duty-free or preferential access, representing an unprecedented opening of the bloc's market to Indian goods. But beyond headline market access, the pact also embeds deep sustainability clauses promoting greener supply chains, circular economy practices, and climate-aligned trade. India has agreed to a structured dialogue on the EU's Carbon Border Adjustment Mechanism. Given that CBAM is expected to affect roughly USD 8 Bn of Indian exports, particularly steel, aluminium, and

other carbon-intensive goods, by 2034, the FTA provides a clear roadmap for Indian exporters to decarbonise and comply. More fundamentally, the agreement signals India's intent to embed itself more deeply within global value chains, as sustained access to a highly regulated and scrutinised market like the EU is likely to drive upgrades in manufacturing standards, cleaner and more efficient production processes, and improved technological access through deeper integration with European firms and supply networks. In sum, the deal is a landmark for responsible trade, setting a new benchmark for high-ambition, sustainability-led partnerships across sectors.



Implications on the EU

For the European Union, the FTA locks in privileged access to one of the world's fastest-growing markets and helps diversify EU supply chains. It is the EU's largest-ever agreement with a developing country, covering a bilateral goods market of roughly **USD 136 Bn** in 2024. The deal commits both sides to new rules on services, investment, sustainability and digital trade. Crucially, it eliminates or cuts tariffs on about **96.6%** of EU exports by value, translating into roughly **USD 4.7 Bn** per year in saved duties for European firms. Altogether, EU businesses from machinery, chemicals and agri-food to clean-energy technologies gain far better, long-term market access to India's dynamic economy, with a more open, predictable environment.



Implications on Businesses & SMEs

Businesses on both sides stand to gain from the FTA's greater certainty, lower costs and openness. For India's vast MSME sector, which already contributes around **40%** of India's total exports, duty-free access to the EU's roughly **USD 22 trillion** economy directly improves price competitiveness by removing tariff barriers. At the same time, fully realising these gains will require Indian firms to strengthen production processes, quality control and compliance systems, which improve cost efficiency and reliability beyond the tariff advantage alone. European small and medium enterprises benefit



from simplified customs procedures, clearer rules of origin and dedicated SME chapters and contact points for information and dispute support, lowering entry barriers into India's large and fast-expanding consumer market. For European firms, this improved operating clarity supports longer-term engagement, partnership formation and the gradual integration of India into their global supply chains. In the long run, these measures provide small businesses on both sides with a stable platform to build durable cross-border partnerships and participate more fully in global value chains.



Next Steps: Ratification and Entry into Force

Negotiations on the India–EU FTA formally concluded in January 2026. Before the agreement can become legally binding, it must complete the European Union's established ratification sequence. This includes publication of the negotiated draft texts, legal revision and translation into all official EU languages, proposal of the agreement to the Council for signature and conclusion, adoption by the Council, formal signing of the agreement by the EU and India, approval by the European Parliament, and a final Council decision to conclude the agreement.

On the Indian side, the agreement will follow India's standard treaty-approval process. This involves inter-ministerial review of the final legal text, approval by the Union Cabinet, and notification of ratification by the Government of India. Unlike the EU, India does not require parliamentary ratification for trade agreements (unless it requires domestic laws need to be changed), allowing the process to move relatively swiftly once Cabinet approval is secured. Once these steps are completed the agreement can enter into force.

Based on timelines observed in past EU trade agreements such as those with Japan, Singapore, and Canada, this process typically takes **12–18 months** from the conclusion of negotiations. On this basis, and assuming a smooth institutional process, the India–EU FTA could reasonably enter into force in **late 2026 or early 2027**. The focus now shifts to implementation readiness, ensuring that businesses and institutions on both sides are prepared to convert the agreement's commitments into sustained trade, investment, and value-chain integration.



08

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