

## Historic Trade Deal Between India and the EU:

- ➔ After nearly 20 years of negotiations, India and the European Union have finalized a comprehensive FTA. This agreement aims to significantly liberalize trade in goods and services, slash tariffs, enhance market access, and deepen economic cooperation between two of the world's major economic blocs<sup>1</sup>.
- ➔ For India, the FTA offers a strategic opportunity to diversify export markets, reduce reliance on US, and cushion the impact of protectionist policies elsewhere.
- ➔ The deal is expected to enhance market access across sectors such as technology, pharmaceuticals, automobiles, textiles, steel, petroleum products, and electrical machinery.
- ➔ Labour-intensive industries, including garments, leather, and pharmaceuticals, are likely to gain competitiveness in the EU market, while services exports particularly in telecommunications, transport, and business services could also expand.
- ➔ According to Global Trade Research Initiative (“GTRI”), the EU to benefit from increased exports of aircraft and parts, electrical machinery, diamonds, and chemicals to India. Alongside improved access for European services such as intellectual property, IT, and telecommunications.
- ➔ This deal covers a market of around 2 billion people, roughly 25% of global GDP<sup>2</sup> (about \$29 trillion in economic output) making it one of the largest trade deals globally<sup>3</sup>.
- ➔ Potential to double EU exports to India by 2032, which is at the moment already trade over €180 billion worth of goods and services per year, supporting close to 800,000 EU jobs.
- ➔ This deal is expected to double EU goods exports to India by 2032 by eliminating or reducing tariffs in value of 96.6% of EU goods exports to India. Expected to be ratified by both sides and implemented by early 2027 after legal approvals.

<sup>1</sup>‘Mother of all deals’: EU and India sign free trade agreement, *The Guardian* (2026), retrieved from <https://www.theguardian.com/business/2026/jan/27/eu-and-india-sign-free-trade-agreement>

<sup>2</sup> India, EU agree on ‘mother of all’ trade deals, *The Aljazeera* (2026), retrieved from <https://www.aljazeera.com/news/2026/1/27/india-eu-agree-on-mother-of-all-trade-deals>

<sup>3</sup> EU and India conclude landmark Free Trade Agreement, *The EU* (2026), retrieved from [https://www.eeas.europa.eu/delegations/malawi/eu-and-india-conclude-landmark-free-trade-agreement\\_en](https://www.eeas.europa.eu/delegations/malawi/eu-and-india-conclude-landmark-free-trade-agreement_en)

- Bilateral goods trade between India and the EU reached USD 136.53 billion in 2024–25, comprising USD 75.85 billion in Indian exports and USD 60.68 billion in imports<sup>4</sup>, making the EU India's largest goods trading partner. The EU accounts for around 17% of India's total exports, while India represents about 9% of the EU's external trade.
- In 2023–24, India exported USD 76 billion in goods and USD 30 billion in services to the EU, while EU exports to India stood at USD 61.5 billion in goods and USD 23 billion in services. Key EU destinations for Indian exports include Spain, Germany, Belgium, Poland, and the Netherlands.
- As far as market access and Tariff concerns, Tariff and Market Access Coverage, 96.6 % of EU goods exports to India will see tariffs eliminated or reduced<sup>5</sup>. India will reduce or eliminate tariffs on about 93 % of EU imports within a phased period (rising to near 97 % with quotas)<sup>6</sup>.
- Overall, about 99.5 % of bilateral trade value receives some tariff concession. EU tariffs across multiple sectors will effectively fall to near zero in terms of value.

#### For EU exporters<sup>7</sup>:

- ❖ Indian tariffs on 30 % of goods will fall to zero immediately at implementation.
- ❖ Tariffs on industrial goods such as machinery and electrical equipment (previously up to 44 %) will be eliminated.
- ❖ Duties on automobiles fall sharply: from up to 110 % down to 10 % over five years under a quota system (approx. 250,000 vehicles per year).
- ❖ India completely scraps tariffs on most industrial imports from the EU, including machinery and electrical equipment (currently at 44%), chemicals (up to 22%) and pharmaceuticals (11%)

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<sup>4</sup> India-EU FTA soon? Why the trade deal is important and which sectors will it benefit? Explained, *The Times of India*, (2026), retrieved from <https://timesofindia.indiatimes.com/business/india-business/india-eu-fta-soon-why-the-trade-deal-is-important-and-which-sectors-will-it-benefit-explained>

<sup>5</sup> India, EU reach landmark trade deal, tariffs to be slashed on most goods, *The Reuters* (2026), retrieved from <https://www.reuters.com/business/autos-transportation/india-eu-slash-tariffs-autos-spirits-textile-landmark-deal-2026-01-27>

<sup>6</sup> India-EU Free Trade Deal Explained: What Changes, What Gets Cheaper, And Which Sectors Get A Boost, *The NDTV* (2026), retrieved from [https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business\\_topstories](https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business_topstories)

<sup>7</sup> India-EU Free Trade Deal Explained: What Changes, What Gets Cheaper, And Which Sectors Get A Boost, *The NDTV* (2026), retrieved from [https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business\\_topstories](https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business_topstories)

## For Indian exporters<sup>8</sup>:

- ❖ The EU will remove tariffs on about 90 % of Indian goods at the start, expanding to 93 % within seven years.
- ❖ Zero duty access includes key labour intensive products such as textiles, leather, gems & jewelry, and marine products. Partial tariff cuts or quotas apply only to a small share (6 %) of Indian goods.
- ❖ EU's average tariff rate falls from 3.8% to 0.1%. Tariffs cut to zero on key Indian exports to the EU, includes marine products (currently at up to 26%), chemicals (12.8%), plastics (6.5%), leather/footwear (17%), textiles (12%), apparel (4%), metals (10%), and gems & jewelry (4 %).

## Services and Investment:

- ❖ The deal also opens services markets, including IT, professional services, financial and maritime services, with commitments to simplified customs rules and stronger protections for intellectual property.

## Sensitive Sectors & Safeguards

- ❖ Certain sectors like agriculture, dairy, rice, and cereals remain largely excluded from full tariff elimination, protecting domestic producers.
- ❖ Automobile access is carefully phased and quota-based to balance industrial interests on both sides.

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<sup>8</sup> India-EU Free Trade Deal Explained: What Changes, What Gets Cheaper, And Which Sectors Get A Boost, The NDTV (2026), retrieved from [https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business\\_topstories](https://www.ndtvprofit.com/economy/india-eu-free-trade-deal-explained-details-tariff-changes-what-gets-cheaper-and-which-sectors-are-winning-10892279?from=home-business_topstories)