



India–EU FTA: A First Look

I. INTRODUCTION

On January 27, 2026, India and the European Union announced the conclusion of negotiations on a Free Trade Agreement (**India–EU FTA**) at the 16th India–EU Summit (**Summit**) in New Delhi. According to leaders on both sides, this is the largest trade agreement concluded either by India or the European Union, covering markets of roughly 2 billion people and close to one quarter of global GDP.

The FTA forms the economic centrepiece of a broader package of instruments concluded at the Summit, including a Joint Comprehensive Strategic Agenda towards 2030, a Security and Defence Partnership, an MoU on Mobility, an MoU between the Reserve Bank of India and the European Securities and Markets Authority, arrangements on disaster management, scientific and technological cooperation, clean energy, digital innovation, and exploratory discussions on Horizon Europe association.

The Government of India has stated that the FTA is expected to expand bilateral trade, strengthen supply chains, support export growth, enhance services integration, and deepen long-term cooperation in technology, innovation and climate-related sectors.

II. TRADE PROFILE

The EU is India's second largest trading partner, accounting for €120 billion worth of trade in goods in 2024, or 11.5% of total Indian trade. India is the EU's 9th-largest trading partner, accounting for 2.4% of the EU's total trade in goods in 2024. Trade in services between the EU and India reached €59.7 billion in 2023, up from €30.4 billion in 2020.

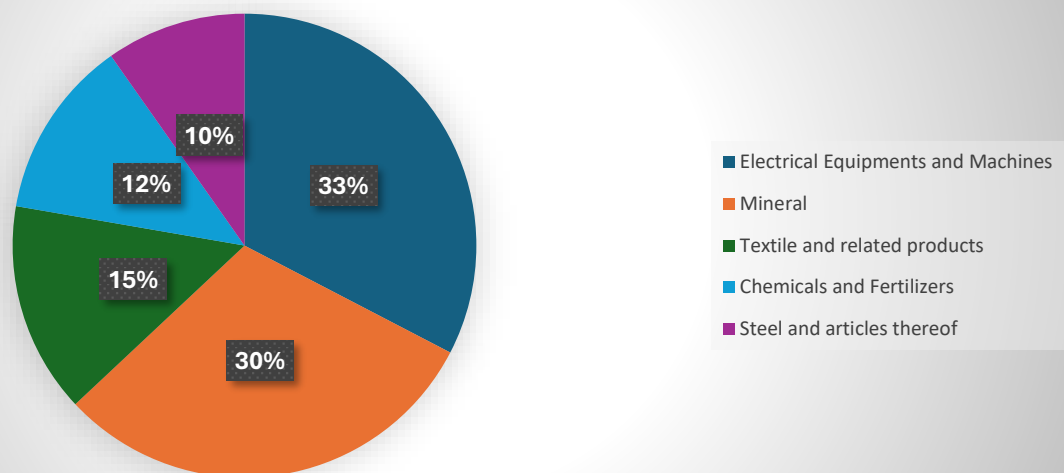
In FY 2024-25, the EU was second among partner countries for India's substantial trade surplus, accounting for about 17% of India's total exports and a trade surplus of about €12.62 billion. Merchandise exports and imports have remained steady YoY despite volatility in global trade.

India's exports to the EU are heavily concentrated in electrical equipment, machinery and minerals, which together account for over 60% of India's total exports to the bloc. The remaining share is dominated by textiles, chemicals, steel and their derivatives.

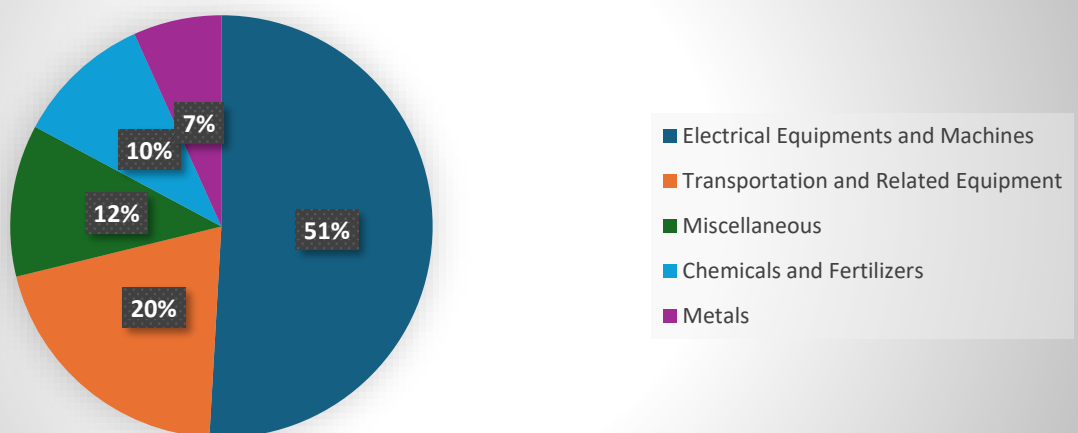
Moreover, between FY 2019 to 2024¹ India-EU bilateral trade in services exhibited steady growth, with Indian exports increasing from €19 billion in 2019 to €37 billion in 2024, while imports from the EU reached €29 billion in 2024.

A diagrammatic overview of India's sector-wise exports and imports is presented below -

¹ "India–EU Partnership: India's Growing Engagement with European Union" released by Press Information Bureau dated January 24, 2026 – available at <<https://www.pib.gov.in/PressNoteDetails.aspx?NotelId=157070&ModuleId=3®=3&lang=1>>

Top 5 Sectors - Exports to EU (FY25)

1 Source: DGCIS

Top 5 Sectors - Imports from EU (FY25)

2 Source: DGCIS

III. TRADE IN GOODS

A. Concessions granted by EU

Public fact sheets indicate that the European Union has agreed to provide duty-free or substantially duty-reduced access for over 99 per cent of India's merchandise exports by value.

Sectors expected to gain commercially meaningful benefits include textiles and apparel, leather and footwear, gems and jewellery, marine products, engineering goods, chemicals and petrochemicals, and pharmaceutical and medical products. These sectors are labour-intensive and export-oriented in India.

In agriculture and food, preferential access has been indicated for selected products, including tea, coffee, spices, fresh and processed fruits and vegetables, gherkins, cucumbers, dried onions, and ghee. Sensitive agri-products such as sugar, dairy, ethanol and others remain excluded. In addition, as per the SPS chapter, the EU will protect its very high sanitary and phytosanitary standards, and its stringent rules on animal and plant health and food safety will be maintained without exception.

B. Concessions granted by India

According to the European Commission, India has offered tariff elimination or reduction on approximately 96.6 percent of European Union goods exports. Commission briefings on January 27, 2026 anticipate annual customs duty savings of roughly EUR 4 billion for European exporters.

Tariff reductions for high-value industrial products, including machinery, electrical equipment, chemicals, plastics, and most industrial goods, are expected to be phased in over implementation periods of up to ten years. Sensitive items such as automobiles and alcoholic beverages are subject to calibrated liberalisation, including quota-linked tariff reductions for a limited volume of vehicles.

India has preserved exclusions or limited concessions for certain agricultural products and other sensitive goods.

IV. RULES OF ORIGIN

The legal text of the FTA has not yet been published, and product-specific Rules of Origin (**PSRs**) are not in the public domain at this stage. For several export-oriented sectors utilization will ultimately depend on product-specific rules of origin, cumulation options and verification modalities. Firms may therefore need to map supply chains, certification pathways and documentation systems ahead of entry-into-force. Public information indicates that the FTA will include change-in-tariff-classification and value-addition components typical of European Union agreements, together with bilateral cumulation and disciplines to prevent circumvention, in line with past EU FTAs.

V. SERVICES AND INVESTMENT

Services are an important component of the agreement. Government statements on January 27, 2026 refer to improved access for Indian services in 144 European Union subsectors, including IT and IT-enabled services, professional services, education, financial services, tourism and construction.

In return, India has offered market access to 102 services subsectors for European Union suppliers. Commitments are provided through commercial presence (Mode 3) in line with sectoral caps under India's recent FTAs in areas such as retail, insurance and banking.

Mobility-related provisions under services include commitments for intra-corporate transferees and business visitors, granting temporary entry and stay rights. Public briefings refer to commitments for Contractual Service Suppliers and Independent Professionals in select sectors.

At the same time, a broader agreement on investment protection is being negotiated.

VI. NON-TARIFF BARRIERS

With respect to sanitary and phytosanitary (**SPS**) measures, the European Union has not offered substantive new concessions through the FTA. The European Union is expected to retain its existing regulatory framework for food safety, animal and plant health, and related scientific and risk-based controls. Indian SPS-related concerns will therefore continue to be addressed through established European Union regulatory pathways rather than through new preferential mechanisms under the FTA.

By contrast, the technical barriers to trade (**TBT**) chapter appears more commercially meaningful. Public information indicates that the FTA incorporates the core disciplines of the WTO Agreement on TBT and makes them subject to bilateral dispute settlement, including MFN and national treatment obligations, enhanced transparency provisions, and the promotion of international standards.

The TBT chapter reportedly provides for strengthened transparency obligations, including a 60-day consultation period for comments on proposed technical regulations and a minimum of six months between publication and entry into force. These measures are intended to improve predictability for exporters and reduce regulatory uncertainty.

Importantly, the TBT chapter establishes a Working Group on Conformity Assessment mandated to address issues relating to conformity assessment procedures. From an EU perspective, this is relevant given India's increased use of Quality Control Orders (**QCOs**) in recent years.

For automotive, machinery, chemicals, food, medical devices, pharma and electronics, the TBT and conformity frameworks may prove as commercially material as tariffs. The Working Group on Conformity Assessment is likely to become a focal point for addressing QCO-related frictions and testing/inspection duplication, consistent with India's ongoing recalibration of the QCO regime.

In addition to TBT-specific transparency disciplines, the FTA includes a dedicated chapter on Good Regulatory Practices (**GRP**). The stated objective is to promote the development and implementation of efficient, effective and high-quality regulation across goods and services. Public summaries released on January 27, 2026, indicate that the chapter strengthens early-stage transparency by requiring advance public notice of major regulatory initiatives, non-discriminatory access for foreign stakeholders to consultations, and sufficient disclosure of regulatory objectives and potential impacts to enable informed stakeholder participation.

The GRP chapter also refers to the use of Regulatory Impact Assessments (**RIA**) in the development of new regulatory acts, including consideration of regulatory need, examination of alternatives, and assessment of potential impacts in line with domestic procedures. These provisions are likely to intersect with standards, conformity assessment and sustainability-linked regulation, and may be commercially relevant for firms operating in sectors subject to frequent regulatory iteration (e.g., chemicals, machinery, electrical and electronic equipment, and digital services).

VII. CLIMATE COOPERATION

The agreement contains a Trade and Sustainable Development (**TSD**) framework consistent with recent European Union practice, addressing labour, environmental and climate-related standards. The detailed language is not public at this stage, however summaries released on January 27, 2026 indicate references to core ILO principles, multilateral environmental agreements such as the Paris Agreement and the Convention on Biological Diversity, and provisions for civil society participation in monitoring.

Beyond regulatory provisions, market access commitments on "green" goods and services are expected to facilitate investment and trade in low-carbon technologies and services relevant to the energy transition.

A key concern for Indian exporters is the treatment of the European Union's Carbon Border Adjustment Mechanism (**CBAM**). Although CBAM-related issues appear to remain unresolved under the FTA, public statements indicate that the European Union has signalled openness to extending to India any flexibilities or accommodations granted to other partners during the implementation phase, alongside technical cooperation, recognition of carbon prices and verifiers, and targeted financial and adjustment support. Further modalities will depend on subsequent discussions.

Adjustments for steel, aluminium, chemicals and fertilisers are likely to play out over multiple years and interact with domestic carbon-pricing and traceability frameworks.

Across textiles, apparel, footwear, agricultural products, chemicals and engineering goods, preferential market access will continue to intersect with the EU's broader due-diligence and sustainability agenda. Firms may therefore need to plan for compliance alignment alongside tariff benefits.

VIII. STRATEGIC, MOBILITY, DEFENCE, SCIENCE & TECHNOLOGY

The FTA is part of a broader India–EU strategic package. Twelve additional instruments were concluded or announced at the Summit, including the adoption of a Joint Comprehensive Strategic Agenda for 2030.

Key instruments relevant to mobility include an MoU on a Comprehensive Framework for Cooperation on Mobility and the announcement of a pilot European Union Legal Gateway Office in India to facilitate skill-related mobility.

In defence and security, India and the European Union concluded a Security and Defence Partnership and launched negotiations for a Security of Information Agreement. The Security and Defence Partnership is expected to deepen cooperation in counter-terrorism, maritime and cyber security, and to expand opportunities for co-development and co-production.

In science, technology and clean energy, the instruments concluded include the renewal of the India–EU Agreement on Scientific and Technological Cooperation (2025–2030), exploratory talks on association with Horizon Europe, and the establishment of a Green Hydrogen Task Force.

Trilateral cooperation initiatives were also announced relating to digital innovation and skills, solar-based solutions in agriculture, early-warning systems, and sustainable energy transitions in Africa, Small Island Developing States and the Caribbean.

IX. CONCLUSION

The India–EU FTA marks a substantial expansion of India's preferential engagement with a major advanced-economy bloc. The agreement combines extensive goods liberalization with meaningful access to services and mobility, alongside emerging cooperation frameworks on CBAM, climate, science, technology, defence and supply chains.

- **Pending text and clarifications:** At present, the legally scrubbed text has not been released. The precise scope of concessions, staging, exclusions, rules of origin, regulatory disciplines and cooperation mechanisms will become clear only after the text and associated schedules are published. A fuller assessment of the implications for Indian exporters, service suppliers and investors will follow once the text is available.
- **Implementation timeline:** Public reporting indicates that the legally scrubbed text will be completed over the coming months, with a formal signature expected later this year. Entry into force would follow the signature and ratification processes on both sides, implying implementation likely only in the year 2027.
- **Recent FTAs as Reference Points:** In the interim, India's recent FTA practice provides some insights. With the India–UK FTA signed, the India–EFTA TEPA ratified, and the India–Oman CEPA finalized, India's current negotiating preferences are more visible across tariff staging, services and mobility, digital and standards, government procurement and investment protection. While the EU agreement is more complex and shaped by distinctive European regulatory requirements, these recent agreements offer practical guidance for industry on what an eventual "playbook" for tariff staging, services access, mobility, regulatory cooperation, standards and origin compliance may look like. Because the UK text is public and

the EFTA TEPA already ratified, businesses can begin rehearsing utilization pathways (including tariff claims, rules-of-origin documentation, certification and standards compliance) ahead of EU implementation.

- **Utilisation and Compliance:** For many sectors, post-entry-into-force gains will depend less on headline tariff cuts and more on documentation, certification and regulatory compliance. Firms may therefore need to familiarize themselves with rules-of-origin documentation, certificate of origin procedures, standards and conformity pathways, IP and labelling requirements, and HSN-specific conditions. On the Indian side, origin claims are expected to interact with existing CAROTAR processes and customs verification practice, while on the EU side, utilization may require alignment with sectoral product standards, sustainability and due-diligence requirements, and conformity assessment procedures. Although the substantive requirements will be clearer once the text is published, early engagement with certification and verification processes can mitigate procedural delays and shorten the utilization timeline once the agreement enters into force.

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com or write to our authors:

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