



ECONOMIC
LAWS
PRACTICE
ADVOCATES & SOLICITORS



ELP Trade Update:

India – European Union Free Trade Agreement

India – European Union Free Trade Agreement

INTRODUCTION

- On 27 January 2026, India and the European Union (“EU”) concluded negotiations on a Free Trade Agreement (“India–EU FTA”), following a protracted negotiating process spanning nearly two decades. Negotiations, originally launched in 2007, were suspended in 2013 and remained dormant until their relaunch in 2022. The conclusion of the India–EU FTA constitutes a major recalibration of India–EU trade relations and reflects India’s broader strategy of deepening economic integration with key global markets.¹
- In FY 2024–25, the EU was India’s 2nd largest export destination and 4th largest import source. India recorded a trade surplus of approximately USD 15 billion. India’s exports to the EU are concentrated in mineral fuels, electrical machinery, machinery, and organic chemicals, while imports are dominated by precious metals, machinery, electrical equipment, and aircraft. Services trade has also expanded rapidly, more than doubling over the past decade, with IT/ITeS, professional services, and transport services accounting for the bulk of flows.
- The draft text of the India–EU FTA reflects a more modern and institutionally dense architecture than India’s earlier trade agreements. In addition to traditional disciplines on trade in goods and services, the agreement introduces several new elements, including dedicated chapters on digital trade and sustainable food systems, and a specific annex addressing the EU’s Carbon Border Adjustment Mechanism. The agreement also establishes specialised committees across multiple policy areas and introduces an expedited “rapid reaction” mechanism to address regulatory measures that may disrupt bilateral trade. At the same time, certain core elements of the agreement, including tariff schedules and detailed product-specific rules of origin, have not yet been released. This update highlights the key structural and policy innovations reflected in the draft text.

TRADE IN GOODS

- While the detailed tariff schedules have not yet been released, publicly available information indicates that the India–EU FTA provides for extensive tariff liberalisation by both parties.
- **Concessions by India**
 - India is expected to eliminate tariffs on 86% of tariff lines, covering 93% of trade by value, and overall liberalisation reaches 96.6% including partial liberalisation.²
 - In sectoral terms, India will remove or significantly reduce tariffs on key EU industrial exports, including chemicals, cosmetics, plastics, machinery, textiles and apparel, ceramics, and auto components, with staging periods varying by product category. Duties on a substantial portion of machinery, textiles, apparel, ceramics, and boats are expected to be eliminated at or shortly after entry into force, while products such as cosmetics, plastics, and auto components are subject to longer transition periods. For instance, India will cut its tariffs from 110% to 10% within a quota of 250,000 units for motor vehicles.³
 - This calibrated and time-bound approach to tariff liberalisation reflects India’s historically higher applied tariff structure and is intended to allow domestic manufacturers a measured period of adjustment to increased import competition.
 - India has also agreed to tariff reductions on selected EU agri-food products. These include, fruit juices, non-alcoholic beer, pet food, and sheep meat, with tariff elimination occurring either immediately or

¹ Press Information Bureau, ‘India–EU Free Trade Agreement Concluded: A Strategic Breakthrough in India’s Global Trade Engagement’ (Jan. 27, 2026), available at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219065®=3&lang=1>

² European Commission, Memo: EU-India Free Trade Agreement: Chapter-by-Chapter Summary, available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en#section2.

³ Ibid.

over specified staging periods. Notably, India will reduce tariffs from 150% to 20-30% on wines and zero tariff lines on olive oil (from existing 40%), and processed foods such as bread and confectionery (from 30%). In addition, the draft text establishes a dedicated Working Group on Wines and Spirits to enhance cooperation on standards, labelling, and regulatory practices.⁴

▪ Concessions by EU

- Based on publicly available information, the EU will eliminate tariffs on over 90% of tariff lines, covering 91% of trade by value, and overall liberalisation reaches 99.3% when partially liberalised lines are included. Key Indian sectors expected to benefit include fisheries, chemicals, textiles, footwear, and pharmaceuticals.⁵
- Furthermore, existing tariffs of upto 10% on key labour-intensive export items such as textiles, apparel, leather, footwear, marine products, gems and jewellery, handicrafts, engineering goods, and automobiles shall be reduced to zero immediately after the India-EU FTA comes into force. This may enhance the competitiveness of India's labour-intensive sectors which generally face stiff competition from neighbouring countries like Bangladesh and from other Southeast Asian countries.⁶
- At the same time, EU has retained protection for certain sensitive agricultural products. No tariff concessions are proposed for products such as sugar, ethanol, rice, soft wheat, beef, poultry, milk powders, bananas, and honey, while limited tariff rate quotas apply to selected products such as table grapes and cucumbers.

RULES OF ORIGIN

- Although the draft legal text does not yet include the detailed product specific rules of origin or the related annexes, it does set out the overall rules of origin framework. This includes the core origin criteria, the tolerances and *de minimis* provisions, the list of operations that do not confer origin, rules on cumulation, and the procedures for verification.
- It permits a small proportion of non-originating materials to be used even when the main origin rule is not fully satisfied, for example, 5–10% by weight for many primary products and up to 10% by value for most industrial goods. In contrast, the India–United Kingdom Comprehensive Economic and Trade Agreement (“**India-UK CETA**”) provides more generous flexibility, allowing higher tolerance levels of 7.5% or 12.5% depending on the HS chapter.⁷ Further, unlike the India-UK CETA which accepts importer's knowledge (for UK importers), an origin declaration by the exporter or producer,⁸ or a certificate/statement of origin; the authentication regime in the India-EU FTA limits EU importers to rely on importer's knowledge.⁹ While this may increase the evidentiary burden on Indian importers, it may also reduce the scope for circumvention of preferential tariff claims.
- As per the EU memo on EU-India FTA, origin verification will be carried out first by the local customs authorities through checks with the importer, and only after that, and if needed, by administrative cooperation between EU and Indian customs before any preferential treatment can be denied.¹⁰
- While the verification of origin under the EU-India FTA broadly aligns with the framework already reflected in India's Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (“**CAROTAR**”), the FTA places certain limitations on the evidentiary burden imposed on importers. In particular, where a

⁴ Ibid.

⁵ Ibid.

⁶ Press Information Bureau, India–EU Free Trade Agreement: A Transformational Trade Deal for India's Textile & Apparel Sector (Jan. 27, 2026), available at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2219250®=3&lang=2>.

⁷ Chapter 3 –Rules of Origin, India – European Union Free Trade Agreement (“**India-EU FTA**”).

⁸ Article 3.15, Chapter 3- Rules of Origin, India–United Kingdom Comprehensive Economic and Trade Agreement (“**India-UK CETA**”).

⁹ Article 3.17, Chapter 3- Rules of Origin, India-EU FTA.

¹⁰ European Commission, Memo: EU-India Free Trade Agreement: Chapter-by-Chapter Summary, available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en#section2

claim for preferential tariff treatment is based on a Statement on Origin, the importer is required to provide additional information demonstrating the originating status of the goods *only to the extent that such information has been made available by the exporter*. This approach differs from the structure of CAROTAR, under which importers are generally required to possess and furnish detailed information demonstrating how the relevant origin criteria have been satisfied.

- Importantly, CAROTAR itself recognises the primacy of treaty obligations. Rule 8(3) of CAROTAR expressly provides that, in the event of any inconsistency between the provisions of CAROTAR and the rules of origin contained in a trade agreement, the provisions of the rules of origin concerning the trade agreement (as notified by the Indian government) shall prevail to the extent of the conflict. Accordingly, once the India–EU FTA enters into force and the relevant tariff notifications and product-specific rules of origin are notified under Indian law, the verification procedures and evidentiary limitations set out in the agreement will take precedence over any inconsistent administrative requirements under CAROTAR.

INVESTMENT AND SERVICES

- As per official statements, India and the EU are still working to conclude a separate India–EU Investment Protection Agreement, consequently investment has not been included in the India–EU FTA.¹¹
- Services, remain a central pillar of the draft text. India has secured broader and deeper commitments from the EU across 144 services subsectors, including IT/ITeS, professional services, education, and other business services. India, in turn, has offered commitments in 102 subsectors covering EU priorities such as professional, business, telecommunications, maritime, financial, and environmental services. Interestingly, the chapter adopts an Understanding on Commitments in Financial Service (“UCFS”) style approach, introducing more detailed licensing, operational requirements, and transparency, much more detailed than India’s earlier GATS-era framework, which did not use the UCSF model.¹² Key aspects of the chapter include:
 - **Mobility (Mode 4) Provisions.** The mobility framework, through dedicated annexes, provides for eased mobility for intra-corporate transferees, business visitors, independent professionals, and contractual service suppliers. It also streamlines the movement of employees of Indian companies in the EU, including their spouses and dependents, and grants Indian service suppliers’ access to a wide range of subsectors, although the subsectors are not disclosed in the draft text. In addition, both sides aim to establish Social Security Agreements within five years and will continue facilitating Indian students’ study and post-study work opportunities.¹³
 - **World Trade Organisation (“WTO”) style Domestic Services Regulation discipline.** The India–EU FTA effectively operationalises commitments similar to those under the WTO Domestic Services Regulation Joint Initiative, despite India not being a participant of it. Such obligations ensure that service providers in both markets face fair, transparent, and predictable rules when seeking authorisations, licences, or qualifications. The provisions are designed to prevent governments from using complex procedures or unclear requirements as hidden trade barriers and require authorities to simplify processes by enabling electronic applications, setting clear timelines, providing guidance, and giving reasons for refusals, so businesses understand requirements and are protected from arbitrary or discriminatory treatment.¹⁴

¹¹ Ministry of External Affairs, Government of India, Towards 2030: A Joint India-European Union Comprehensive Strategic Agenda (Jan. 27, 2026), available at: <https://www.mea.gov.in/bilateral-documents.htm?dtl/40616/Towards+2030+A+Joint+IndiaEuropean+Union+Comprehensive+Strategic+Agenda>

¹² Annex 8-C, Chapter 8- Trade in Services, India-EU FTA.

¹³ Annex 8-A, Chapter 8-Trade in Services, India-EU FTA; European Commission, Memo: EU-India Free Trade Agreement: Chapter-by-Chapter Summary, available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en#section2.

¹⁴ Article 8.12, Chapter 8- Trade in Services, India-EU FTA.

- **Nationality-based and local-presence requirements.** India undertakes commitments prohibiting nationality-based requirements for senior managers or board members in committed sectors, not yet disclosed in the draft text. Local-presence requirements for Modes 1, 2, and 4 are restricted unless explicitly listed, thereby reducing market-entry frictions.¹⁵
- **Professional recognition frameworks.** Further, the India-EU FTA establishes structured timelines and obligations for recognition of qualifications, including requirements to notify, negotiate, and review recognition measures. It encourages development of mutual recognition arrangements to facilitate mobility and cross-border provision of professional services.
- **Indian Traditional Medicine.** The India-EU FTA gives strong support to Indian traditional medicine services. In EU Member States where traditional medicine is not regulated, Ayurveda, Yoga & Naturopathy, Unani, Siddha, and Homoeopathy (“**AYUSH**”) practitioners may provide services based on their Indian qualifications. Where licensing or registration is required, the EU must ensure that these requirements do not amount to requalification and are no less favourable than those applied to similar traditional medicine services from third countries.¹⁶

DIGITAL TRADE

- Similar to the India-UK CETA¹⁷, the digital trade chapter in the India-EU FTA establishes the basic legal framework that makes digital trade work, such as recognition of e-contracts and e-signatures, paperless trade, e-invoicing, consumer protection and rules on unsolicited messages and includes modern protections for software source code with appropriate regulatory carve-outs. It also promotes cooperation on open government data, digital identity systems (through the India–EU Trade and Technology Council), and cybersecurity.¹⁸
- Importantly, the chapter deliberately avoids commitments on cross-border data flows and does not include a ban on customs duties for electronic transmissions. Instead, it preserves India’s regulatory policy space while providing a 5-year review clause to revisit data-flow rules later, giving businesses operational clarity today without requiring India to make premature digital-policy concessions.

NON-TARIFF BARRIERS

- **Technical Barriers to Trade (“TBT”)**
 - The TBT chapter, like the recently concluded trade agreements with the United Kingdom (“**UK**”)¹⁹, Oman²⁰, and European Union Free Trade Association (“**EFTA**”)²¹, incorporates core WTO TBT disciplines²².
 - A notable addition under the India-EU FTA, setting it apart from India’s recent other FTAs and even EU’s recent agreements with other trading partners, is the establishment of a dedicated working group on Conformity Assessment. This working group will examine and address issues arising from the application of each party’s conformity assessment procedures in relation to technical regulations, including India’s Quality Control Orders and relevant EU regulations.²³

¹⁵ Article 8.4, 8.6, Chapter 8- Trade in Services, India-EU FTA.

¹⁶ Article 8.14, Chapter 8- Trade in Services, India-EU FTA.

¹⁷ Chapter 12- Digital Trade, India-UK CETA.

¹⁸ Chapter 9- Digital Trade, India-EU FTA.

¹⁹ Article 7.4, Chapter 7 - Technical Barriers to Trade, India-UK CETA.

²⁰ Article 5.4, Chapter 5 - Technical Barriers to Trade, India Oman Comprehensive Economic Partnership Agreement (“**India-Oman CEPA**”).

²¹ Article 5.2, Chapter 5 - Technical Barriers to Trade, Trade and Economic Partnership Agreement between the Government of the Republic of India and the Governments of EFTA States.

²² Article 6.2, Chapter 6 – Technical Barriers to Trade, India-EU FTA.

²³ Article 6.12, Chapter 6 – Technical Barriers to Trade, India-EU FTA.

- **Exchange of information on market surveillance between the parties.** The TBT chapter provides for regular exchanges of information between the parties concerning the safety of specific products, as well as the preventive, restrictive, and corrective measures adopted in respect of such products, an approach consistent with similar provisions in India's other FTAs, including the India-UK CETA. However, the annex to the TBT chapter under the India-EU FTA goes further by specifically recognising the exchange of information through the EU's Safety Gate System and India's market surveillance and product safety database.²⁴
- This marks a departure from India's other trade agreements, which do not explicitly reference a particular system or platform of the other Party for information exchange. Nevertheless, as the text remains in draft form, the detailed modalities governing this mechanism are yet to be finalised.
- **Sanitary and Phytosanitary Measures ("SPS")**
 - The SPS chapter largely mirrors the framework set out in the India-UK CETA and is broadly aligned with the principles of the WTO agreement on SPS.²⁵ The chapter also provides for technical consultations prior to the initiation of dispute settlement proceedings, consistent with the approach adopted in India's other FTAs, including the ones with UK²⁶ and Australia.²⁷
- **Good Regulatory Practices ("GRP")**
 - Similar to the India-UK CETA²⁸, the GRP chapter promotes the development and implementation of regulations grounded in clearly identified regulatory needs, evaluation of feasible alternatives, and assessment of potential impacts. These elements are to be undertaken in accordance with domestic procedures, drawing upon the factors outlined in the draft provisions relating to regulatory impact assessments.²⁹
- **Customs Border Adjustment Mechanism ("CBAM")**
 - **Dedicated annex on CBAM.** The India-EU FTA provides for an annex addressing the EU's CBAM which currently imposes a carbon price on embedded emissions in six carbon-intensive sectors, namely cement, aluminium, iron and steel, hydrogen, electricity, and fertilisers, and may in the future extend to certain downstream products, such as auto components.
 - **MFN treatment.** The annex stipulates that the parties shall accord most-favoured-nation treatment to each other, meaning that no less favourable conditions shall be applied to the other party's goods than those extended to like goods from third countries, in context of the CBAM.³⁰ However, the practical modalities for implementing this MFN obligation remain unclear, including how adjustments will be calculated, monitored, or enforced, and whether exemptions or special provisions may apply for certain sectors or products.
 - **EU's commitment to support India.** The annex further provides that the EU will endeavour to support India's greenhouse gas emission reduction efforts, particularly through the mobilisation of financial resources, tools, instruments, and related investments, as appropriate.³¹ Critical questions, such as

²⁴ Draft Annex 'XX', Chapter 6 – Technical Barriers to Trade, India-EU FTA.

²⁵ Chapter 24 - Good Regulatory Practice, India-UK CETA.

²⁶ Article 6.14, Chapter 6 - Sanitary and Phytosanitary Measures, India-UK CETA.

²⁷ Article 6.13, Chapter 6 - Sanitary and Phytosanitary Measures, India-Australia Economic Cooperation and Trade Agreement ("**India-Australia ECTA**").

²⁸ Chapter 24 - Good Regulatory Practice, India-UK CETA.

²⁹ The regulatory impact assessment, as per the India-EU FTA, includes assessing the necessity of the regulatory measure, possible regulatory and non-regulatory alternatives (including non-regulation), their potential social, economic and environmental impacts, particularly on trade, investment and SMEs, and any relevant international standards.

³⁰ Article 2, Annex 14-A, Chapter 14 – Good Regulatory Practices, India-EU FTA.

³¹ Article 4, Annex 14-A, Chapter 14 – Good Regulatory Practices, India-EU FTA.

the form of financial assistance, eligibility criteria, sectoral focus, timelines, and accountability mechanisms, are yet to be clarified.

- **Mutual accreditation of verifiers.** The draft text also envisages the possibility of exploring mutual recognition of accreditation bodies for accrediting verifiers responsible for assessing compliance with the CBAM.³² At present, a verifier established in a third country may apply for and obtain accreditation from the EU in accordance with its prescribed procedures. However, mutual recognition under the trade agreement may differ from this existing framework. While the draft text refers to the possibility of such mutual recognition, it neither prescribes a procedure nor imposes a binding obligation to that effect. The absence of a clearly defined obligation or operational framework creates a practical gap and uncertainty as to whether such mutual recognition would be implemented in practice.

ELP Comments

- *If the mutual recognition of accreditation bodies for CBAM verifiers is operationalised in practice, it could significantly benefit Indian exporters. In particular, verification processes may become more efficient and accessible, as exporters would be able to engage with accredited bodies located within the domestic market.*
- *This could facilitate quicker verification of CBAM reports and smoother communication, and follow-ups compared to relying on verifiers located in other jurisdictions. For the time being, however, exporters will need to await further clarification from India or EU to understand the exact procedures and timelines for the implementation of such mutual recognition.*
- *In addition to this, while the draft text includes a specific annex addressing the EU's CBAM, it does not provide similar clarity with respect to other non-tariff regulatory regimes. Nevertheless, the India-EU FTA still recognises the continued applicability of each party's domestic regulatory frameworks under the TBT and SPS chapters. For instance, the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") regulation, which governs chemicals that may pose risks to human health and the environment, may be indirectly covered through the recognition of each Party's domestic laws. However, the manner in which these obligations will operate in practice in the context of the India-EU FTA, and their implications for exporters, will become clearer only once the final text of the agreement is released and implemented by the parties.*

SUSTAINABLE DEVELOPMENT

- The India-EU FTA contains a comprehensive Trade and Sustainable Development ("TSD") chapter, rooted in major global sustainability frameworks such as the United Nations ("UN") 2030 Agenda, the International Labour Organisation ("ILO") declarations, and the Paris Agreement.
- **Environmental protection and climate change.** The chapter strengthens cooperation on environmental protection and climate action, requiring both Parties to implement the UNFCCC and Paris Agreement, while explicitly recognising equity and common but differentiated responsibilities ("CBDR") "in light of different national circumstances."³³ Importantly, unlike more recent EU FTAs such as EU- Indonesia Comprehensive Economic Partnership Agreement ("EU-Indonesia CEPA")³⁴ the climate provisions in India-EU FTA are cooperation-based rather than enforcement-based.³⁵ Further, the chapter supports collaboration on renewable energy, low-carbon technologies, climate-resilient infrastructure, circular economy, and the

³² Article 3(c), Annex 14-A, Chapter 14 – Good Regulatory Practices, India-EU FTA.

³³ Article 16.6, Chapter 16- Trade and Sustainable Development, India-EU FTA.

³⁴ Article 15.21, Chapter 15- Trade and Sustainable Growth and Development, EU- Indonesia Comprehensive Economic Partnership Agreement ("EU-Indonesia CEPA").

³⁵ Article 16.7, Chapter 16- Trade and Sustainable Development, India-EU FTA.

implementation of multilateral environment agreements such as UNEP/UNEA, together with forestry-related commitments on combating illegal logging and deforestation.³⁶ However, the chapter does not impose mandatory due-diligence and reporting requirements.³⁷

- **Labour Considerations.** The chapter reaffirms respect for fundamental ILO principles including freedom of association, elimination of forced and child labour, non-discrimination and occupational safety and health, and requires effective enforcement of domestic labour laws. It further provides that each party will try to ratify any outstanding fundamental ILO Conventions, share ratification updates when asked, and implement the ILO Conventions they have already ratified according to their domestic laws. It promotes cooperation on decent work, skills, labour inspection, social protection, and just transition, but with due regard to national conditions and circumstances, thereby protecting domestic regulatory space while strengthening rights.³⁸
- **Gender Equality.** The TSD chapter recognises the role of inclusive trade in advancing women’s economic empowerment, committing the Parties to support women-led MSMEs, enhance access to finance, improve skills and digital participation, and promote equal opportunities in trade. It also calls for monitoring how the agreement impacts gender equality, ensuring that women are able to benefit from trade gains across sectors.³⁹
- **Trade and Sustainable Development Committee.** The agreement establishes a dedicated Trade and Sustainable Development Committee, together with mechanisms for public submissions, technical exchanges, and consultations across all sustainability themes. Through this institutional structure, the Parties can coordinate action on climate, biodiversity, forests, sustainable fisheries, and environmental goods and services, ensuring continuous engagement and problem-solving.⁴⁰
- **Implementation mechanism.** The TSD chapter is not subject to dispute settlement. Therefore, implementation is driven by cooperation and confined to laws and regulations adopted at the federal level, with structured processes for dialogue, joint work programmes, technical assistance, capacity-building, and ministerial-level consultations where needed. The chapter emphasises transparency, accountability, and ongoing review, enabling both parties to achieve sustainability objectives while maintaining flexibility appropriate to their respective levels of development.

ELP Comments

- *The TSD chapter places emphasis on voluntary approaches to responsible business conduct, encouraging uptake of international guidelines such as the UN Global Compact and the UN Guiding Principles, without creating binding due diligence or reporting obligations for either side.*
- *While the FTA itself does not incorporate or reference to the broader EU regulatory initiatives such as Corporate Sustainability Due Diligence Directive (“CSDDD”), Corporate Sustainability Reporting Directive (“CSRD”), the Forced Labour Regulation, and the EU Deforestation Regulation (“EUDR”) and instead focuses on cooperation, dialogue, and sharing of best practices. Resultantly, these regulations remain binding upon the Indian exporters to the EU.*
- *The institutional mechanisms under the TSD chapter, including the TSD Committee, are designed to facilitate exchanges, capacity building and mutual understanding, which may indirectly support*

³⁶ Article 16.7-16.9, Chapter 16- Trade and Sustainable Development, India-EU FTA.

³⁷ Article 16.11 r/w 16.16, Chapter 16- Trade and Sustainable Development, India-EU FTA.

³⁸ Article 16.3, Chapter 16- Trade and Sustainable Development, India-EU FTA.

³⁹ Article 16.4, Chapter 16- Trade and Sustainable Development, India-EU FTA.

⁴⁰ Article 16.14-16.17, Chapter 16- Trade and Sustainable Development, India-EU FTA.

discussions on how wider sustainability expectations interact with trade, without prescribing specific regulatory outcome.

FOOD SECURITY

- A first for India, the India–EU FTA introduces a dedicated Sustainable Food Systems (“SFS”) chapter, an approach the EU has only recently begun incorporating into its trade agreements, starting with its FTAs with New Zealand⁴¹ and the modernised Chile agreement.⁴² However, the India-EU FTA provides greater flexibility for India, acknowledging India’s priorities,⁴³ something not as prominent in the EU FTAs with New Zealand or Chile. These chapters stem from the EU’s Green Deal⁴⁴ and Farm-to-Fork Strategy,⁴⁵ which aim to integrate sustainability into global agri-food supply chains.
- **Scope and objective.** The draft texts provide for a shared understanding of what constitutes a sustainable food system⁴⁶ covering food production, supply, processing, marketing and consumption and waste reduction.⁴⁷ The chapter aims to enhance the sustainability and resilience of the respective food systems.
- **Areas of cooperation.** Both parties endeavour to cooperate, through information exchange, research collaboration, and experience-sharing, on sustainability priorities such as reducing pesticide and fertiliser risks, improving biodiversity outcomes, strengthening climate resilience, accelerating climate adaptation and mitigation in agriculture, and reducing food loss and waste.
- **Improving food-value chain.** Both parties commit to improve the integrity of the food-value chain, by addressing deceptive practices, supporting better animal welfare (aligned with WOH standards), and tackling antimicrobial resistance using a “One Health” approach.⁴⁸
- **Institutional mechanism.** The draft text established a SFS Committee to coordinate cooperation, develop action plans, monitor progress and enable technical/scientific working groups.⁴⁹

CUSTOMS AND TRADE FACILITATION

- The chapter on Customs and Trade Facilitation provides for transparency, advance rulings, simplified procedures, and the expedited release of goods. It also establishes a legal framework to expand and deepen customs cooperation, where appropriate, including in areas such as supply chain security and the exchange of customs data, with a view to enhancing risk management and border controls.⁵⁰ While these provisions are broadly aligned with arrangements concluded with other trade partners, the chapter additionally recognises the exchange of personal data, subject to the respective domestic laws and data protection regulations of the Party providing such data,⁵¹ an element not reflected in certain other recently concluded trade agreements.

⁴¹ Chapter 7- Sustainable Food Systems, EU-New Zealand FTA.

⁴² Chapter 7- Cooperation on Sustainable Food Systems, EU-Chile FTA.

⁴³ Article 15.4(1), Chapter 15- Sustainable Food Systems, EU-India FTA.

⁴⁴ Launched in 2019, the EU Green Deal aims to cut emissions by at least 50% by 2030, rising towards 55%, while legally binding the 2050 neutrality goal through the European Climate Law. It pushes forward a clean transition that protects people and planet, is economically sound and socially fair. European Union, Green Deal, available at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en.

⁴⁵ Part of the EU Green Deal, the Farm to Fork Strategy aims to accelerate our transition to a sustainable food system that should have a neutral or positive environmental impact, help to mitigate climate change and adapt to its impacts, reverse the loss of biodiversity, ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food and preserve affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade. See, European Union, Farm to Fork Strategy: for a fair, healthy and environmentally-friendly food systems, available at: https://food.ec.europa.eu/horizontal-topics/farm-fork-strategy_en.

⁴⁶ A sustainable food system is a system that can (i) deliver adequate, affordable, safe and nutritious foods, (ii) within minimal negative environmental impact and (iii) enhance social and economic benefits for both parties.

⁴⁷ Article 15.1- 15.3, Chapter 15- Sustainable Food Systems, EU-India FTA.

⁴⁸ Articles 15.5- 15.7, Chapter 15- Sustainable Food Systems, EU-India FTA.

⁴⁹ Article 15.8, Chapter 15- Sustainable Food Systems, EU-India FTA.

⁵⁰ Article 4.2, Chapter 4 – Customs and Trade Facilitation, India-EU FTA.

⁵¹ Article 4.4, Chapter 4 – Customs and Trade Facilitation, India-EU FTA.

IMPLEMENTATION AND ENFORCEMENT MECHANISM

▪ Institutional Provisions.

- **Specialised Committees.** The institutional framework under the India–EU FTA adopts a distinctive approach compared to India’s recently concluded agreements with partners such as the UK, EFTA, and Australia. In those agreements, the Parties primarily established a Joint Committee to review and monitor overall implementation of the FTA. In contrast, the India–EU FTA not only establishes a Joint Committee but also incorporates specialised committees under its auspices to implement specific chapters of the Agreement.⁵²
- These include committees on Trade in Goods, Customs and Rules of Origin, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Sustainable Food Systems, Trade in Services and Digital Trade, Intellectual Property Rights, and Trade and Sustainable Development.⁵³
- **Rapid Reaction Mechanism.** A notable innovation in the India–EU FTA is the introduction of an expedited mechanism to address questions or concerns arising from measures of general application that create, or risk creating, significant disruptions or impediments to trade between the Parties. This mechanism can be invoked when the matter is not resolved through the regular work of the specialised committees.⁵⁴
- **Separate annex for rules of the joint committee.** Additionally, a separate annex under the chapter sets out detailed rules governing the functioning of the Joint Committee. This includes provisions on transparency, official languages, decision-making processes, committee composition, and the role of delegations.⁵⁵

▪ Dispute Settlement

- The dispute settlement chapter of the India–EU FTA broadly mirrors the frameworks found in India’s recent FTAs, including those with the UK and EFTA. However, it introduces a notable new element that is, a stand-alone annex on Mediation, distinguishing it from earlier agreements. This is significant because the EU strongly supports the multi-party interim arbitration agreement, of which India is not a member, making a separate mediation mechanism an important way to resolve trade issues between the parties bilaterally.
- **Mediation.** As per the draft text, mediation is not automatic and can only be triggered if both parties mutually agree. The procedures are highly structured, requiring that if a mediator is not agreed upon within a set timeframe, the request is considered rejected. The draft text requires the parties to endeavour to reach a solution within 60 days of a mediator's appointment.⁵⁶
- **Choice of Forum.** Unlike the India–EFTA EPA but in line with the India–UK CETA⁵⁷, the India–EU FTA allows the complaining Party to escalate the dispute to a second forum if the first forum fails to deliver a finding.⁵⁸
- **Scope Exclusions.** Consistent with recent Indian FTAs, the chapter excludes several areas from dispute settlement coverage, including trade remedies, transparency and subsidies in services, violation complaints under the IPR chapter, provisions on SMEs, anti-competitive conduct, transparency, sustainable food systems, and trade & sustainable development.⁵⁹

⁵² Article 18.3, Chapter – 18, Institutional Provisions, India-EU FTA.

⁵³ Article 18.3, Chapter – 18, Institutional Provisions, India-EU FTA.

⁵⁴ Article 18.8, Chapter – 18, Institutional Provisions, India-EU FTA.

⁵⁵ Annex 18-A, Chapter – 18, Institutional Provisions, India-EU FTA.

⁵⁶ Article 1-5, Annex 17-C, Chapter 17 – Dispute Settlement, India-EU FTA.

⁵⁷ Article 29.5, Chapter 29- Dispute Settlement, India-UK CETA.

⁵⁸ Article 17.26, Chapter 17- Dispute Settlement, India -EU FTA.

⁵⁹ Article 17.2, Chapter 17- Dispute Settlement, India -EU FTA.

- **Dropped EU Proposal.** The EU's suggestion to entrust an external body with administering dispute settlement procedures was not accepted and does not appear in the draft text.⁶⁰

CONCLUSION

- The India–EU FTA represents a major deepening of India's preferential ties with a leading advanced economy bloc.
- For Indian exporters, the most immediate commercial upside is expected to come from tariff elimination on a large share of tariff lines and the prospect of zero duty access for several labour intensive and manufacturing sectors. However, in practice, India–EU trade frictions have often been driven as much by regulatory requirements relating to standards, testing, and certification as by tariffs. The agreement therefore places considerable emphasis on transparency, regulatory dialogue, and cooperation on conformity assessment. The establishment of a dedicated Working Group on Conformity Assessment, together with strengthened consultation mechanisms, could provide Indian exporters with earlier and more structured channels to address market access concerns arising from EU technical regulations or India's Quality Control Orders.
- At the same time, the agreement highlights the growing importance of climate-linked regulatory measures in shaping market access to the EU. While the FTA includes a dedicated annex addressing the EU's CBAM several operational aspects remain unclear. In particular, the practical implications of the MFN commitment in the CBAM context and the potential mutual recognition of accreditation bodies for verifiers have yet to be clarified. As a result, despite the broader cooperation framework on technical barriers, the extent to which the agreement will meaningfully mitigate compliance burdens arising from CBAM for Indian exporters remains uncertain.
- Finally, several key commercial elements of the agreement remain pending. Detailed tariff schedules, staging commitments, exclusions, and product-specific rules of origin have not yet been released, and the draft text itself remains subject to legal scrubbing. A fuller assessment of the agreement's implications for businesses will therefore depend on the publication of the final legal text and associated annexes.
- Public reports indicate that the India-EU FTA will go through another round of legal scrubbing. Entry into force would follow the signature and ratification processes on both sides, implying implementation likely only in the year 2027.

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:

Sanjay Notani, Partner – SanjayNotani@elp-in.com

Parthsarathi Jha, Partner - ParthJha@elp-in.com

Naghm Ghei, Associate Partner – NaghmGhei@elp-in.com

Saniya Khanna, Associate - SaniyaKhanna@elp-in.com

Kunal Jigyasi, Associate - KunalJigyasi@elp-in.com

Disclaimer: The information contained in this document is intended for informational purposes only and does not constitute legal opinion on advice.

⁶⁰ Article 5, Chapter X.18 Dispute Settlement, EU Proposal, India-EU FTA (2022).