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EU-India Agreement

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On 27 January, The EU and India concluded negotiations for a historic, ambitious and commercially significant free trade agreement (FTA). This is the largest such deal ever concluded by either side, which will strengthen economic and political ties between the world's second and fourth largest economies, at a time of rising geopolitical tensions and global economic challenges. Strategic for both sides, the agreement opens up significant opportunities not only from an economic perspective, but also in terms of a shared commitment to an open global economic system, rules-based trade, and the common recognition of multilateralism as a key instrument of global governance.

Italy and India already trade over €14 billion, Italy being the third trading partner of India in the EU after Germany and France. India is the 28th export market of Italy, with share of 0.9% of Indian imports. India is the 15th import market for Italy, with a share of 1.4% of Italian imports. Italy exports to India mainly fabricated metal products, including machinery and equipment and chemicals and chemical products, and imports from it basic metals and fabricated metal products except machinery and equipment, chemicals and chemical products, and textile and clothing products, leather and accessories.

The EU will eliminate tariffs on over 90% of tariff lines, and 91% in terms of value. India will eliminate tariffs on 86% of tariff lines, and 93% in terms of value. Moreover, both sides will partially liberalise a significant additional number of lines, thereby bringing the overall coverage of trade liberalisation to 96.6% for India and 99.3% for the EU.

India will remove high duties on industrial products (which, on average, are above 16%), such as:

- **Chemicals** (current tariffs of up to 22%, to be removed mostly at the entry into force of the agreement)
- **Cosmetics** (current tariffs of up to 22%, to be removed mostly after 5 or 7 years);
- **Plastics** (some at entry into force, many after 7 years)
- **Cars** (gradually going down from 110% to as low as 10%)
- **Car parts** (most tariffs to be removed after 5 to 10 years)
- **Textiles and apparel**
- **Ceramics** (presently 22%, most tariffs removed at entry into force)
- **Machinery** (presently 44%; half of the tariffs eliminated at entry into force and the rest in periods of up to 10 years)
- **Boats** (mainly at entry into force).

Tariffs ranging up to 11% on pharmaceuticals will also be mostly eliminated. Indian tariffs on wines will be cut from 150% to 75% at entry into force and eventually to levels as low as 20%, tariffs on olive oil will go down from 45% to 0% over five years, while processed agricultural products such as bread and confectionary will see tariffs of up to 50% eliminated.

With these reductions, India expects imports of EU's high technology goods to diversify import sources, thereby reducing input costs for businesses, benefit consumers and create opportunities for Indian businesses to integrate into global supply chains.

The EU will fully or partially liberalise 91,5% of the tariff lines corresponding to 96,6% of India's export value to the EU. Exclusions are limited to 3.4% of trade value.

Over 70% tariff lines of India's exports to EU will have duty elimination for important labour-intensive sectors such as textiles, leather and footwear, tea, coffee, spices, sports goods, toys, gems and jewellery and certain marine products, amongst others.

Over 20% tariff lines covering 2.9% of India's exports will have zero duty access over 3 and 5 years for certain marine products, processed food items, arms and ammunition, amongst others.

6.1% tariff lines covering 6% of India's exports will have preferential access by way of tariff reduction for certain poultry products, preserved vegetables, bakery products amongst others or through Tariff Rate Quotas (TRQs) for cars, steel, certain shrimps/prawns products, amongst others.

Key labour-intensive Indian exports to the EU (that are currently subjected to import duty between 4% to 26% in the EU such as textiles, apparel, marine, leather, footwear, chemicals, plastics/rubber, sports goods, toys, gems, and jewellery) will benefit from full or staged tariff elimination, subject to compliance with the rules of origin set out in the agreement.

India has safeguarded sensitive sectors, including dairy, cereals, poultry, soymeal, certain fruits and vegetables, etc. All Indian imports will continue to have to respect the EU's strict health and food safety rules.

The FTA introduces enhanced cooperation on Sanitary and Phyto-Sanitary (SPS), which will provide for **higher transparency and predictability** for trade of plant and animal products, (including fisheries/aquaculture products) and Technical Barriers to Trade (TBT) matters, with an impact on trade in goods, such as standards, technical regulations, and conformity assessment procedures.

The agreement has a chapter dedicated to **Small and Medium-Sized Enterprises** (SMEs) and a number of other provisions which will benefit small companies. Notably, it requires the publication of information on how to access and do business in each other's markets. Such information is to be provided on one publicly accessible digital platform.

The agreement also includes a bilateral safeguard mechanism, which allows the EU and India to impose temporary measures if a significant increase of preferential imports due to the FTA causes, or threatens to cause, serious injury to their domestic industry.

Further, the FTA will facilitate ease of doing business by reducing the time and associated cost of compliance for Indian exporters by allowing self-certification through a Statement on Origin.

The agreement will grant EU companies privileged access to the Indian **services market** in 102 subsectors, including key sectors such as financial services and maritime transport, and Indian companies' non-discriminatory access in 144 service subsectors, including professional services, education, Indian traditional medicine services, and other business services. It will ensure greater predictability and non-discriminatory treatment for operators on both sides.

The FTA establishes an assured regime for **temporary entry and stay** for professionals, including Business Visitors, Intra-Corporate Transferees, Contractual Service Suppliers, and Independent Professionals. India and EU have also agreed on constructive framework to enable Social Security Agreements in 5 years with all the EU Member States and a continuing conducive framework for entry of India students to study and avail post study work visa.

The agreement provides a high level of protection and enforcement of Intellectual Property (IP) rights, including copyright, trademarks, designs, trade secrets and plant variety rights.

The EU and India will also sign a Memorandum of Understanding that intends to establish an EU-India platform for cooperation and support on climate action.

On the EU side, the negotiated draft texts will be published shortly. The texts will go through legal revision and translation into all official EU languages. The Commission will then put forward its proposal to the Council for the signature and conclusion of the agreement. Once adopted by the Council, the EU and India can sign the agreements. Following the signature, the agreement requires the European Parliament's consent, and the Council's decision on conclusion for it to enter into force. Once India also ratifies the Agreement, it can enter into force.

Negotiations for a Geographical Indications Agreement and an Investment Protection Agreement are still ongoing.

EU and India signed also a **Security and Defence Partnership**. Specific areas of cooperation are:

1. Maritime security
2. Cyber issues
3. Artificial Intelligence (AI) / Emerging and Disruptive Technologies (EDTs)
4. Countering hybrid threats
5. Resilience and protection of critical infrastructure
6. Counterterrorism and preventing/countering violent extremism
7. Situational awareness and exchange of information
8. Cooperation in multilateral fora
9. Non-proliferation and disarmament
10. Space security and defence
11. Capacity building for partners in security and defence
12. EU and India defence initiatives
13. International peace and security
14. Women Peace and Security.

The Partnership will allow Indian companies to participate in the [Security Action for Europe](#) (SAFE), adopted in May 2025, a €150 billion EU financial instrument providing long-term, low-interest loans for Member states to rapidly boost defence industrial production and

joint procurement. Non-EU partner in security and defence, such as Ukraine, EFTA/EEA countries (such as Norway), Uk, Canada and Japan, may participate in joint procurement and industrial contracts. However, some alignment challenges may need to be addressed in relation to industrial contracts, given the EU SAFE framework's 35% cap on non-EU value content and India's *Aatmanirbhar Bharat* requirement of 50% domestic content in defence and security systems.

The Agreement is historical in terms of magnitude, extensiveness, EU-South relations and international political significance. The Observatory will study and discuss the relevance and impact of its main elements in the coming months.

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Sources:

[MEMO: EU-India Free Trade Agreement: Chapter-by-Chapter Summary](#)

[Department of Commerce. Ministry of Commerce and Industry of India - Factsheet-on-India-EU-trade-deal](#)

[Security and Defence Partnership between the European Union and the Republic of India](#)

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