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Customs

January 30, 2026

India – EU Free Trade Agreement

At the 16th India – European Union (EU) Summit, on 27 January 2026, India and EU announced the conclusion of negotiations on a comprehensive Free Trade Agreement ("India-EU FTA") – marking a conclusion of nearly two decade all negotiations.

India- EU FTA timelines



Titled as India's largest FTA in both economic size and regulatory scope, the India-EU FTA aims to provide a preferential access to all 27 EU countries under a single framework and will impact economies that together represent nearly 2 billion people.

Why India-EU FTA is crucial



Key benefits for Indian exporters

Reduced Tariff on over 99% of Indian exports by value

Sector	Revised duty / tariff as per FTA
Textile and apparel	0% (from existing 11% to 12%) on all tariff lines
Marine products	0% (from existing 26%) across 100% Indian trade value
Footwear and leather	0% (from existing 17%) on all tariff lines
Chemicals	0% (from existing 12.8%) on almost 97.5% of India's export by value
Gems & jewellery	0% (from existing 4%) on all tariff lines

Sector	Revised duty / tariff as per FTA
Medical devices and instruments	0% duty on almost 99.1% of tariff lines
Agriculture and processed foods	Subject to lower tariffs for tea, coffee, spices, table grapes, gherkins and cucumbers, sheep and lamb meat, sweet corn, dried onion, specified fruits & vegetables and certain processed foods, for goods exported from India to EU
Plastic & rubber	Lower tariffs for certain specified products for imports into EU
Engineering goods	Lower tariff for certain specified goods – on export of goods from India to EU

Key implications for Indian importers on import of goods exported by EU

India has committed to reduce Tariff on over 92.1% of tariff lines representing 97.5% of exports from EU to India

Sector	Revised duty / tariff as per FTA
Machinery and electrical equipment	0% (from existing upto 44%) on almost all products
Aircraft and spacecraft	0% (from existing upto 11%) on almost all products
Optical, Medical and Surgical equipment	0% (from existing upto 27.5%) on about 90% of products
Plastics	0% (from existing upto 16.5%) on almost all products
Pearls, precious stones and metals	0% (from existing upto 22.5%) on about 20% of products and tariff reduction for almost other 36% of products
Chemicals	0% (from existing upto 22%) on almost all products
Motor Vehicles	10% reduced rate from existing upto 110% (by way of tariff -rate quota) on almost 250,000 vehicles imported from EU to India
Iron & steel	0% (from existing upto 22%) on almost all products
Pharmaceuticals	0% (from existing upto 11%) on almost all products
Agri-food products	Reduced duties on import of wine, spirits, beer, oils, kiwis, pears, fruit juices and non-alcoholic beverages, processed foods, sheep meat, sausages and other preparations (from existing 33% to upto 150%)

Other significant key benefits

- Access to EU capital goods, components and high-tech inputs enabling manufacturing in India
- Stronger market access. EU has committed to open 144 sub-sectors of services in EU for Indian service providers mainly into IT, professional and education services, resulting into overall deeper integration into EU market
- Student mobility and temporary entry commitments for professionals and business visitors
- Dedicated cooperation pillars on Artificial Intelligence, clean technologies and semiconductors, which can translate into technology transfer, joint R&D and integration into EU value chains for Indian tech and manufacturing exporters
- EU has also committed to allow practitioners of Indian traditional medicine to work under their native professional titles in Member States (where such practices are presently unregulated)
- FTA also offers robust protection and effective enforcement of intellectual property ('IP') rights, including copyrights, trademarks, designs, trade secrets, and plant variety rights (enhancing protections under the TRIPS Agreement and supports the Doha Declaration)

Determining "origin of goods" for India-EU FTA

- Undergoing of sufficient processing or manufacturing in India essential for Indian goods to qualify for preferential treatment under India- EU FTA.
- Product-Specific Rules ('PSRs') laid out, product wise to determine what qualifies as sufficient processing and manufacturing in India (including transition period for certain goods in machinery & aerospace sectors)

Way forward

- Await publicization of India-EU FTA legal texts
- Once EU adopts India-EU FTA and EU Parliament approves it, it will be signed by both India and EU.
- India too will have to publish notifications for it to come into effect, which is likely to be concluded in 2026.

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For further analysis and discussion, you may please reach out to us.

Locations

Ahmedabad Arpit Jain

Level 11, Tower B,
Ratnaakar Nine Square,
Vastrapur,
Ahmedabad - 380 015

Phone: + 91 79 4910 2200
arpit.jain@kcmehta.com

Bengaluru Dhaval Trivedi

4/1, Rudra Chambers, First
Floor, 4th Main, B/W 8th & 9th
Cross Road, Malleshwaram,
Bengaluru - 560 003

Phone: +91 80 2356 1880
dhaval.trivedi@kcmehta.com

Mumbai Bhadresh Vyas

315, The Summit Business Bay,
Nr. WEH Metro Station,
Gundavali, Andheri East,
Mumbai - 400 069

Phone: +91 22 2612 5834
bhadresh.vyas@kcmehta.com

Vadodara Milin Mehta

Meghdhanush,
Race Course,
Vadodara - 390 007

Phone: +91 265 2440 400
milin.mehta@kcmehta.com