



Register now for your free, tailored, daily legal newsfeed service.

[Register](#)

Find out more about Lexology or get in touch by visiting our [About](#) page.

EU-India Free Trade Agreement: Strategic Implications for both India and the European Union

Khaitan & Co

MEMBER FIRM OF  **MERITAS**
LAW FIRMS WORLDWIDE

European Union, India | February 24 2026

Andrea Bernasconi and Arianna Serafini lawyers from Studio Previti Associazione also contributed to this article.

On 27 January 2026, the European Union and the Republic of India formally announced the conclusion of negotiations on a comprehensive Free Trade Agreement (FTA), described by both parties as “historic”.[1]

While the agreement has not yet entered into force - as it remains subject to legal scrubbing, formal signature, approval by the European Parliament and completion of the respective ratification procedures - its political and economic relevance is already clear.

Negotiations initially started in 2007, suspended in 2013 and resumed in 2022. Nearly two decades after the first step of this historical journey, the FTA has been concluded against a backdrop of heightened geopolitical tensions and a renewed European focus on supply-chain resilience, strategic autonomy and diversification of trade partnerships.

India, one of the fastest-growing major economies globally, represents a market exceeding one billion consumers. For the EU - whose annual trade in goods and services with India exceeds €180 billion - India has become an increasingly pivotal economic partner.

EU point of view

Market Access and Tariff Liberalisation

From the EU's standpoint, the central feature of the FTA lies in the enhanced market access it delivers. According to the European Commission, India will eliminate or reduce tariffs covering approximately 96% of the value of EU exports.[2] This represents a substantial opening in sectors where European industries are highly competitive: machinery, automotive, chemicals, pharmaceuticals and agri-food. Indian customs duties on European passenger vehicles - previously reaching up to 110% - will be progressively reduced. Similar tariff dismantling commitments will apply also to industrial machinery, automotive components and a significant portion of chemical and pharmaceutical products. The agri-food sector is equally significant: wine, olive oil and processed food products will benefit from meaningful and significant tariff reductions. For EU exporters operating in high value-added segments, the commercial implications are more than considerable.

However, the agreement is not confined to tariff liberalisation, as it also includes:

- i. customs facilitation and enhanced transparency;
- ii. improved access to the services market;
- iii. strengthened protection and enforcement of intellectual property rights;
- iv. dedicated provisions for small and medium enterprises (SMEs);

- v. binding commitments under a 'Trade and Sustainable Development' chapter addressing environmental protection, labour standards and climate obligations.

Intellectual Property: Legal Certainty as a Competitive Asset

Alongside the more visible trade benefits, a structurally important (though less headline-driven) component of the FTA concerns intellectual property (IP) regulation.

The FTA, indeed, provides for reinforced protection and enforcement of trademarks, industrial designs, copyright, trade secrets and plant variety rights, aligned with international standards, including the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and relevant World Intellectual Property Organisation instruments, as confirmed by the European Commission. From the EU businesses perspective, this is far from a peripheral issue: it is easy to foresee that this will have a direct and tangible impact on legal certainty in cross-border operations.

In practical terms, the FTA allows the regulatory frameworks involved to align on several issues, thereby mitigating risks associated with infringement in both systems, misappropriation of know-how and brand dilution. As far as EU companies are concerned, for those entering or expanding in the Indian market, this translates into having an efficient legal environment for the protection of intangible assets - from proprietary technology and software to distinctive signs and industrial models. In a knowledge-based global economy, where enterprise value is increasingly tied to intellectual capital, enforceable IP rights are a precondition for foreign direct investment, strategic joint ventures, technology transfer arrangements and licensing structures.

For Italy in particular - considering its strong positioning in design, fashion, precision engineering, pharmaceuticals and high-quality agri-food production - this alignment has a clear commercial significance.

Strategic Dimension

Beyond its commercial content, the FTA also carries clear geopolitical significance. It consolidates the EU's presence in the Indo-Pacific region and strengthens its engagement with one of the world's leading economies. In doing so, it reflects a broader shift: trade policy has once again become a core instrument of economic security and foreign policy.

The EU-India FTA therefore represents not merely a trade agreement, but a recalibration of economic relations in a multipolar environment.

INDIA point of view

While the FTA delivers reciprocal tariff concessions and regulatory cooperation, its deeper significance for India lies in market diversification, industrial upgrading, geopolitical balancing and institutional modernization.

For India, the EU is one of the world's largest integrated markets, with high purchasing power and strong demand for value-added goods and services. Under the FTA, the EU is expected to eliminate duties on a substantial share of Indian exports, benefiting sectors such as textiles and garments, leather products and footwear, pharmaceuticals, engineering goods and information technology services. Business communities in India, particularly textiles, handicrafts and services, are already anticipating expanded opportunities. In the same way, tariff cuts by India on products imported from EU is expected to diversify India's import sources, thereby reducing input costs for businesses, benefiting consumers and creating opportunities for Indian businesses to integrate into global supply chains.

The proposed FTA would require India to align certain domestic regulations with EU standards in key regulatory areas, as follows:

- a. Indian exports would require adherence to stringent EU quality, reliability and safety standards. Indian manufacturers would be expected to maintain meticulous records, certifications and process rigour to meet European standards.
- b. In IP rights, this could involve adopting higher protection standards consistent with EU practice, including stronger enforcement mechanisms, enhanced transparency and stronger border measures against counterfeiting.
- c. In data protection, India may need to ensure regulatory compatibility with the EU's stringent privacy framework to facilitate cross-border data flows.

- d. Environmental compliance obligations could require stricter adherence to sustainability, climate and environmental impact standards embedded in EU trade policy.
- e. Similarly, labor law commitments may necessitate stronger implementation of core labor standards and monitoring mechanisms.
- f. Finally, the FTA would likely establish structured dispute resolution mechanisms, including state-to-state panels and potentially investor protection procedures, thereby creating binding and enforceable legal obligations under international law.

The FTA complements India's broader diversification strategy, reducing overdependence on any single trade partner and embedding India more deeply into resilient, rules-based value chains. If effectively implemented, the FTA could mark a turning point in India's integration into advanced global markets, while preserving its development priorities and strategic flexibility.

The content of this document does not necessarily reflect the views / position of Khaitan & Co but remain solely those of the author(s). For any further queries or follow up, please contact Khaitan & Co at editors@khaitanco.com.

Khaitan & Co - Stuti Galiya

Interested in contributing?

Get closer to winning business faster with Lexology's complete suite of dynamic products designed to help you unlock new opportunities with our highly engaged audience of legal professionals looking for answers.

Learn more

Powered by

LEXOLOGY.

Resources

Daily newsfeed | Panoramic | Research hubs | Learn | In-depth | Lexy Find | Scanner |

Contracts & clauses

Lexology Index

Find an expert | Reports | Research methodology | Submissions | FAQ | Instruct Counsel |

Client Choice 2025

More