

India-EU Free Trade Agreement Heads to Signature – Understanding and Mapping New Market Access Benefits

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Background

India and the European Union (EU) concluded talks on the much-awaited Free Trade Agreement (FTA) on 27 January 2026, following 14 rounds of negotiations relaunched in 2022. The conclusion was jointly announced by Indian Prime Minister Narendra Modi and President of the European Commission Ursula von der Leyen, with the latter describing the agreement reached as the “mother of all deals”.

The India-EU FTA is expected to eliminate or reduce tariffs on agricultural and industrial goods, and to create new opportunities for service suppliers from both India and the EU. With the strengthening of trade relations, the FTA is expected to encourage higher cross-border investment by Indian and European companies seeking to benefit from the preferential business environment it will establish.

The India-EU FTA will enter into force once India and the EU complete their respective internal procedures. As part of the process, on 11 September 2026, the European Commission made proposals to the European Council for approving the signing and conclusion of the India-EU FTA. This marked another step towards the formal signature of the deal, which is reportedly scheduled to be signed in December 2026.¹

As part of the proposals made on 11 September, the European Commission made public, for the first time, the market access schedules on goods and services and the product-specific rules of origin (PSRs), enabling identification of product- and service-sector-specific benefits for businesses. In this update, we provide an overview of the published schedules and PSR rules, and explain how Indian and European businesses can map their benefits under the FTA.

India-EU FTA: Market Access Schedules on Goods

The tariff commitments under the India-EU FTA are set out in the EU and Indian tariff schedules², which identify the tariff treatment applicable to each product by reference to its HS code and the relevant staging category. A ‘staging category’ refers to the method in which phased reduction or elimination of the tariffs will take place, such as elimination over five, seven or ten years, reflected in staging categories as “E5”, “E7” and “E10”, respectively. The schedules provide for other forms of tariff treatment, including partial tariff reductions, tariff-rate quotas (TRQs) and exclusions for specified products. Accordingly, the commercial benefit available for a particular product will depend not only on whether it is covered by the FTA, but also on the applicable staging category and the implementation year in which the import takes place.

Tariff concessions are significant across several industrial sectors, including chemicals, machinery, electronics, medical devices and other manufactured products, although sensitive agricultural products, motor vehicles, alcoholic beverages and some consumer products remain subject to more limited tariff concessions. The schedules also provide for product-specific TRQs for certain agricultural products, passenger vehicles and trucks, while Annex 2-B establishes a separate regime for steel products originating

¹ <https://www.thehindu.com/business/Economy/india-eu-fta-to-be-signed-on-december-16/article71499760.ece/>

² India-EU FTA, Tariff Schedules of the EU and India, Appendix 2-A-1 and Appendix 2-A-2, respectively.

in India and imported into the EU.³ The availability of preferential treatment will therefore depend on both the staging category indicated against a particular product HS code and, where applicable, timely utilisation of the relevant TRQ. The table below, prepared by the European Commission⁴, gives an overview of the baseline and final-trade-weighted EU and India import duties across product categories.

Table 1: EU and India trade-weighted bilateral import tariffs, 2025 and 2037 (%)

Sector/year	EU import tariffs 2025	EU import tariffs 2037	India import tariffs 2025	India import tariffs 2037
Rice	12.4	12.4	72.6	72.6
Sugar	3.7	3.7	83.1	37.1
Cereals	2.8	0.0	32.3	32.3
Crops	0.2	0.1	14.2	10.5
Vegetable Oils	1.5	0.0	21.1	0.1
Other Agriculture	11.0	9.6	43.1	33.9
Livestock	1.2	1.2	42.9	12.7
Fishing	4.4	0.0	27.1	2.6
Glass, ceramics and mining	2.4	0.0	14.7	0.0
Red Meat	1.4	0.0	6.6	0.0
White Meat	8.0	0.0	25.6	12.4
Dairy	8.3	0.4	38.9	38.9
Other Food	9.1	2.7	61.5	29.9
Beverages and Tobacco	4.0	3.8	80.9	27.5
Textiles	6.1	0.0	8.7	1.4
Wearing Apparel	13.3	0.0	29.8	0.2
Leather	4.2	0.0	17.7	0.0
Wood Products	0.3	0.0	10.0	0.0
Paper Products	0.0	0.0	6.8	0.0
Chemicals	4.5	0.0	8.8	0.3

³ Imports within an applicable TRQ benefit from preferential treatment subject to the relevant quota quantity and administrative conditions, whereas imports outside the quota may remain subject to the applicable base or MFN rate.

⁴ European Commission, Economic Analysis of the Negotiated Outcome of the India-EU Trade Agreement, 2026, <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/90a2d37d-0cc3-4fd8-ad2e-bff013b191be/details>

Sector/year	EU import tariffs 2025	EU import tariffs 2037	India import tariffs 2025	India import tariffs 2037
Pharmaceuticals	1.5	0.0	9.1	0.0
Rubber and Plastics	2.3	0.0	11.9	0.0
Iron and Steel	0.5	0.5	4.4	0.0
Non-Ferrous Metals	3.7	0.0	4.1	1.2
Metal products	8.7	0.0	21.3	0.4
Computers	0.0	0.0	7.2	0.9
Electrical Equipment	1.6	0.0	11.7	2.1
Machinery	3.4	0.0	18.0	0.0
Motor Vehicles	0.9	0.0	31.6	15.9
Transport Equipment	1.7	0.0	4.6	0.1
Other Manufacturing	0.3	0.0	12.9	3.2
Energy	0	0.0	1.6	0.0

As a first step, Indian and European businesses should begin by mapping each product to the correct HS code used in the relevant schedules. This exercise identifies whether concessions are available for a product or whether the product is excluded. Once identified, the applicable duty benefit can be understood by locating the staging category indicated for the product in question.

India-EU FTA: Product-Specific Rules of Origin

PSRs are integral to understanding FTA benefits, as they determine the conditions that a product must fulfill to qualify as “originating” in India or the EU and therefore become eligible for preferential tariff treatment under the FTA. Annex 3-B sets out the PSRs at the HS chapter, heading or sub-heading level and, for some product categories, allows businesses to select from alternative origin rules, any of which may be satisfied to establish originating status.⁵

Application of a PSR therefore depends on the relevant HS classification of a product and the rule set out against it in Annex 3-B. For example, PSRs that indicate ‘CC’, ‘CTH’ or ‘CTSH’ require a change in tariff classification at the chapter, heading or subheading level, respectively, while the ‘WO’, usually used for agricultural products, requires a product to be wholly obtained in the exporting Party. Other rules permit alternative methods of establishing origin, such as assessing the maximum value of non-originating materials (MaxNOM) or the minimum qualifying value content (QVC) of the final product.

Benefitting from preferential tariffs under the India-EU FTA will require businesses to satisfy the applicable PSR for each product. Accordingly, businesses should maintain production, sourcing, costing and supplier records in compliance with the FTA’s origin requirements and support origin statements and subsequent verification.⁶

⁵ Where a PSR contains multiple requirements, conjoint by an “and”, all the requirements are required to be satisfied; where alternative requirements are separated by a semi-colon and followed by an “or”, satisfying any one of the alternatives is sufficient for origin-qualification.

⁶ India-EU FTA, Authentication procedure for statement on origin, Annex 3-D.

India-EU FTA: Market Access Schedules on Services

The services market access framework under the India-EU FTA is set out principally through India's Schedule of Specific Commitments⁷ and the EU's Schedules of Existing and Future Measures.⁸

India has adopted the so-called "positive list" approach, under which commitments are made only for the sectors and modes of supply expressly scheduled and remain subject to the specified limitations on market access and national treatment. India's schedule covers a range of sectors, including professional, construction, distribution, education, environmental, financial, health, tourism and transport services. Commitments on certain service sectors remain subject to incorporation, licensing, regulatory approval, minimum capitalisation, residency, reciprocity or other domestic-law requirements.

The EU has taken a "negative list" approach to its services commitments. Accordingly, market access is generally available unless a measure is specifically reserved as an existing measure⁹ or as a future¹⁰ measure. These reservations apply at both EU and individual EU Member State-level and cover, among other sectors, professional services, health services, financial services, education, distribution, transport, energy and mining. The reservations include nationality or residency requirements, local incorporation requirements, economic and labour needs tests, restrictions on legal form or ownership, public monopolies, licensing requirements and limitations on cross-border supply.

Businesses should accordingly identify the relevant CPC classification of the services rendered, determine the mode of service supply (cross-border (Mode 1), consumption abroad (Mode 2), commercial presence (Mode 3) or movement of natural persons (Mode 4), and then review the applicable limitations recorded in the schedules of India and the EU, read with the FTA annexes on professional, financial and telecommunication services and the EU's obligations on international maritime transport services.

Key Considerations and Next Steps for Businesses

In light of the progress made towards implementation of the India-EU FTA, businesses in India and the EU should prioritise the following:

- Map products to correct HS code, staging category, PSR and, where applicable, TRQs, and assess the resulting tariff benefit.
- Prepare systems for keeping sourcing, production, costing and supplier records to demonstrate origin and support origin-authentication requirements.
- Identify the relevant classification and mode of supply for services and review the applicable commitments, limitations and reservations.
- Assess service sector-specific limits on incorporation, local presence, licensing, qualifications, nationality, residency, ownership and needs-based tests.

Indian and EU businesses interested in the India-EU FTA are encouraged to connect with us for assistance on:

- assessing product-level tariff benefits, staging categories, exclusions and TRQ eligibility;
- reviewing supply chains and PSR compliance, including the treatment of non-originating materials and supplier documentation;
- developing proof-of-origin, record-keeping and origin-verification procedures;
- evaluating services market access by sector and mode of supply, including the effect of EU and Member State reservations;
- structuring commercial presence, licensing and professional arrangements in the relevant market; and
- assessing the implications of the FTA for regulated sectors, including financial services, healthcare, education, transport, distribution, energy and maritime services.

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⁷ India-EU FTA, Schedule of commitments of India. Annex 8-H.

⁸ India-EU FTA, Schedule of future measures and Schedule of future measures of the EU, Annexes 8-E and 8-F.

⁹ India-EU FTA, Schedule of existing measures of the EU, Annex 8-E

¹⁰ India-EU FTA, Schedule of future measures of the EU, Annex 8-F



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