



Overview

The India-EU FTA represents one of the most forward-looking and wide-ranging concession packages India has negotiated this far. This FTA truly represents an agreement between two economic giants.

Combining near-comprehensive market access for goods with commercially meaningful commitments in services, mobility and emerging areas such as digital trade, sustainability and advanced technologies, the effort is to spread the benefits from this agreement across the entire economy and at all levels, from micro enterprises to conglomerates.

By pairing ambitious liberalization with calibrated safeguards and future-oriented cooperation frameworks, the agreement positions India and the EU as trusted partners building resilient, inclusive and future-ready economic integration.

Key sectors impacted

Aerospace and Defence sector

- **Strategic defence integration and industrial collaboration**
The Security and Defence Partnership framework seeks to establish structured cooperation in maritime security, cybersecurity, artificial intelligence and emerging technologies, counterterrorism and defence dialogues. This lays the groundwork for deeper industrial collaboration between Indian and European aerospace and defence firms, facilitating technology exchange and interoperability.
- **Market access and supply-chain synergies for aerospace structures**
Tariff reductions and regulatory alignment boost market access for aerospace components and high-value structures. Under the FTA, import duties on aircraft and spacecraft parts – many of which currently attract up to ~11 % tariffs – are expected to be eliminated or reduced to zero, significantly lowering cost structures for both commercial and defence-related aerospace manufacturing inputs. This includes structural assemblies, landing gear components, and avionics housings critical to complex platforms. Lower tariffs improve price competitiveness of EU aerospace exports to India and aid Indian OEMs in building integrated supply chains with European partners.
- **Catalyst for local manufacturing and joint programmes**
The agreement's broader economic opening, combined with defence cooperation, can accelerate localisation for critical aerospace technologies (e.g., complex radar or structural assemblies) through FDI and joint ventures. This supports India's Aatmanirbhar Bharat objectives and European firms' diversification amid global strategic competition.



Automobile

- **Enhanced market access:** The FTA will provide preferential access for over 99% of Indian exports to the EU market, fostering greater trade opportunities and strengthening economic ties between India and the EU.
- **Reduced import duties:** The phased reduction of import duties on completely built units (CBUs) from around 110% to approximately 10% (with an annual quota of 250,000 vehicles) may encourage competition and innovation in the Indian auto sector, benefiting consumers with more choices and potentially lower prices.
- **Support for local manufacturing:** With lower duties on CKD (Completely Knocked Down) imports (around 15%), European, Japanese, and Korean manufacturers are likely to continue investing in local assembly, which will support domestic manufacturing, create jobs and maintain price stability for consumers.



Textile

- **Zero duty access restores India's competitiveness:** With textiles receiving 0% duty from Day 1, exporters gain an immediate cost advantage. The impact of earlier Generalized System of Preferences (GSP) withdrawal is fully neutralized, enabling Indian products to enter the EU market at significantly more competitive prices.
- **Strategic diversification amid external headwinds:** With India facing higher tariffs and tightening trade conditions with some countries, the FTA offers a timely opportunity to pivot towards the EU—a stable, high-value market. Manufacturers can rebalance capacity, expand market reach, and reduce dependence on the US.
- **Major boost for labor intensive value chains:** The FTA strengthens India's integration into EU supply chains. MSMEs, artisans and workers across the textile ecosystem stand to benefit from higher export orders, greater market certainty and enhanced competitiveness. However, Indian exporters must stay alert to evolving EU sustainability regulations such as EU Deforestation Regulation (EUDR) and Carbon Border Adjustment Mechanism (CBAM), which remain outside the current FTA scope.



IT

Seamless movement of professionals and workers across the EU countries may provide faster and easier access of new markets to India's IT sector in the era of new AI technologies.



Mobility

- **Predictable and facilitated mobility:** A key highlight of the FTA is a comprehensive mobility framework that simplifies business mobility between India and the EU. Mobility commitments for Intra-Corporate Transferees (ICT) and Business Visitors along with entry and working rights for dependents and family members of ICT can make it easier to deploy professionals, senior executives and technical professionals across markets, improving speed of execution and strengthening collaboration.
- **Expanded opportunities for high-skill talent:** EU's mobility commitments in 37 sectors for Contractual Service Suppliers (CSS) and 17 sectors for Independent Professionals (IP) will strengthen mobility in sectors of interest to India, including Professional Services, Computer and related Services, Research and Development Services, and Education Services.
- **Long-term, future-ready workforce pathways:** The agreement creates a pathway for structured engagement on Social Security Agreements over the next five years, a long-pending industry demand aimed at reducing dual social security contributions. India has a vast network of Social Security Agreements with many countries in the EU (12 countries). This can further strengthen India and EU Social Security Network. It also supports student mobility and post-study work opportunities, aligning with Europe's need for young talent. In a unique provision, practitioners of Indian Traditional Medicine will also gain access in EU countries where regulations permit.



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