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# Mother of All Deals: The India-EU Free Trade Agreement (2026)

On 27 January 2026, at the 16th India–EU Summit, the world’s two largest democratic economies formally announced the conclusion of a historic Free Trade Agreement (FTA). Described as the mother of all deals, it represents the largest trade pact ever concluded by both the European Union and India. The agreement encompasses a market of two billion people, nearly a quarter of global GDP, and signals a decisive shift toward a modern, strategic, and rules-based partnership.<sup>1</sup>

## 1. The Geopolitical Catalyst

The journey to this agreement was not immediate; negotiations first began in 2007 but lost momentum due to intractable disagreements over regulatory standards and market access.<sup>2</sup> The revival of talks in 2022 was driven by a fundamental shift in the global context. The full-scale invasion of Ukraine, rising geopolitical uncertainty, and supply-chain disruptions forced both parties to rethink economic dependencies.<sup>3</sup>

The aggressive protectionist policies of the United States such as its hefty 50% tariffs on Indian goods, the 25% penalties for purchasing Russian oil and the threat of tariffs on EU, created an urgent need for India and the EU to diversify their partnerships.<sup>4</sup>

This deal helped New Delhi and Brussels to send a clear message that they would not yield to such weaponisation of trade.<sup>5</sup> For India, the FTA aligns with the Viksit Bharat 2047 vision. It positions the nation as a rule-shaping participant in global trade rather than merely a manufacturing destination.<sup>6</sup>

## 2. Tariff Liberalisation and Market Access in Goods

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<sup>1</sup> “What You Need to Know about the EU-India Trade Agreement” (*The Parliament Magazine*, January 28, 2026) <<https://www.theparliamentmagazine.eu/news/article/what-you-need-to-know-about-the-euindia-trade-agreement>> accessed February 2, 2026.

<sup>2</sup> Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, “Is the India–EU FTA Truly the ‘Mother of All Deals’?” *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

<sup>3</sup> Ibid

<sup>4</sup> Rushali Saha, “India-EU FTA: Some Challenges Ahead, but Strategic Signal Is Clear” *The Diplomat* (January 30, 2026) <<https://thediplomat.com/2026/01/india-eu-fta-some-challenges-ahead-but-strategic-signal-is-clear/>> accessed February 4, 2026.

<sup>5</sup> Ibid.

<sup>6</sup> Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, “Is the India–EU FTA Truly the ‘Mother of All Deals’?” *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

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At the core of this FTA is an ambitious programme of tariff elimination covering nearly the entirety of bilateral trade.<sup>7</sup> Overall, the concessions cover 99.5% of bilateral trade value. India has committed to liberalising 96.6% of its tariff lines, while the EU will liberalise 99.3%.<sup>8</sup>

**A. Key Benefits for Indian businesses:** The immediate commercial gains accrue to labour-intensive sectors. Approximately 90.7% of India's exports (70.4% of tariff lines) will be subject to immediate duty elimination upon the agreement's entry into force.<sup>9</sup> Sectors currently facing EU duties between 4% and 26%, such as textiles, apparel, leather, footwear, gems, and jewellery will gain zero-duty access.<sup>10</sup> This is expected to significantly enhance their integration into European value chains.<sup>11</sup> Marine products, particularly shrimp and frozen fish, will see improved access, which is vital as many exporters in this sector are MSMEs.<sup>12</sup> Indian farmers will benefit from preferential access to the EU for tea, coffee, spices, table grapes, gherkins, and fresh fruits.<sup>13</sup>

**B. Key Benefits for EU Exporters:** The agreement is expected to double EU exports to India by 2032, saving European companies up to €4 billion annually in duties.<sup>14</sup> High tariffs that long constrained European industry will be mostly eliminated.<sup>15</sup> This includes machinery and electrical equipment (previously up to 44%), aircraft and spacecraft (up to 11%), and chemicals (up to 22%).<sup>16</sup> Negotiators arrived at a mature and pragmatic solution for automobiles, a sector that had derailed previous talks. Tariffs on cars will be gradually reduced from 110% down to 10% over five to ten years, limited to a capped annual quota of 250,000 vehicles. This protects India's

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<sup>7</sup> Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, "Is the India–EU FTA Truly the 'Mother of All Deals'?" *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

<sup>8</sup> Rushali Saha, "India-EU FTA: Some Challenges Ahead, but Strategic Signal Is Clear" *The Diplomat* (January 30, 2026) <<https://thediplomat.com/2026/01/india-eu-fta-some-challenges-ahead-but-strategic-signal-is-clear/>> accessed February 4, 2026

<sup>9</sup> "Frequently Asked Questions India and European Union Free Trade Agreement" (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

<sup>10</sup> Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, "Is the India–EU FTA Truly the 'Mother of All Deals'?" *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

<sup>11</sup> Reena Asthana Khair, "India–EU FTA To Reshape Market Access Across Sectors" *Live Law* (January 30, 2026) <<https://www.livelaw.in/law-firms/law-firm-articles-/indiaeu-fta-reshape-market-access-across-sectors-521282?from-login=150359&token=RDWEBDEUQFPTNJGFMH0248HL67RPMWL8BTYZ>> accessed February 4, 2026.

<sup>12</sup> *Ibid*

<sup>13</sup> "Frequently Asked Questions India and European Union Free Trade Agreement" (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

<sup>14</sup> *Ibid*.

<sup>15</sup> *Ibid*.

<sup>16</sup> *Ibid*.

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domestic manufacturers at the lower end of the price band while opening the luxury market to European carmakers.<sup>17</sup> EU farmers gain access to a massive market as prohibitive tariffs on wine (150%) are reduced to 20% for premium ranges and 30% for medium ranges. Spirits (up to 150%) will drop to 40%, and duties on olive oil, fruit juices, and processed foods like chocolates and pastries will be eliminated.<sup>18</sup>

### 3. Strategic Exclusions

To ensure domestic food security and protect small farmers, both parties utilised a calibrated approach to exclusions.<sup>19</sup>

- India's Protections: India has successfully excluded sensitive sectors such as dairy, cereals (notably rice and wheat), poultry, and certain fruits and vegetables.<sup>20</sup>
- EU's Protections: The EU has likewise excluded beef, sugar, and rice from liberalisation.<sup>21</sup>
- Sanitary and Phytosanitary (SPS) Standards: The EU will maintain its strict health and safety rules.<sup>22</sup> All Indian imports must adhere to these standards, with the FTA providing a framework for increased cooperation and digitisation to help Indian exporters meet these requirements.<sup>23</sup>

### 4. Deepening Trade in Services and Professional Mobility

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<sup>17</sup> The Hindu, "Mature and Pragmatic: On India-EU FTA" (*The Hindu*, January 29, 2026) <<https://www.thehindu.com/opinion/editorial/mature-and-pragmatic-on-india-eu-fta/article70562156.ece>> accessed February 4, 2026.

<sup>18</sup> "Questions and Answers on the EU-India Free Trade Agreement" (*European Commission - European Commission*) <[https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_26\\_185](https://ec.europa.eu/commission/presscorner/detail/en/qanda_26_185)> accessed February 2, 2026.

<sup>19</sup> "Frequently Asked Questions India and European Union Free Trade Agreement" (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

<sup>20</sup> Ibid.

<sup>21</sup> "MEMO: EU-India Free Trade Agreement: Chapter-by-Chapter Summary" (*Trade and Economic Security*) <[https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en)> accessed February 2, 2026.

<sup>22</sup> Ibid.

<sup>23</sup> Reena Asthana Khair, "India-EU FTA To Reshape Market Access Across Sectors" *Live Law* (January 30, 2026) <<https://www.livelaw.in/law-firms/law-firm-articles-/indiaeu-fta-reshape-market-access-across-sectors-521282?from-login=150359&token=RDWEBDEUQFPTNJGFMH0248HL67RPMWL8BTYZ>> accessed February 4, 2026.

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The agreement fundamentally reshapes the legal and digital services market, going beyond standard WTO commitments.<sup>24</sup>

A. Financial Services Breakthrough: The FTA includes the most ambitious commitments India has ever made in financial services.<sup>25</sup> This includes 100% FDI commitments in the insurance sector and 74% for banking services.<sup>26</sup>

B. Indian Professional Mobility: To support its IT and digital services industry, India secured an assured regime for the temporary entry of professionals.<sup>27</sup>

- Intra-Corporate Transferees (ICT): Managers and specialists are allowed a stay of 3 years, extendable by 2 years.
- Contractual Service Suppliers (CSS) and Independent Professionals: Granted a cumulative period of 12 months.
- Mutual Recognition: Both parties agreed to identify professional services for negotiating mutual recognition of qualifications and experience, which is essential for Indian engineers and architects seeking to practice in the EU.<sup>28</sup>

## 5. Intellectual Property Rights (IPR) and the Public Health Debate

IPR was a primary point of contention, with the EU seeking TRIPS-plus standards that exceed WTO requirements.<sup>29</sup>

- Positive Features: The agreement provides high-level protection for copyright, trademarks, designs, and trade secrets. It requires judicial authorities to issue injunctive relief to prohibit the continuation of infringements.<sup>30</sup>

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<sup>24</sup> “MEMO: EU-India Free Trade Agreement: Chapter-by-Chapter Summary” (*Trade and Economic Security*) <[https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en)> accessed February 2, 2026.

<sup>25</sup> Ibid.

<sup>26</sup> “Frequently Asked Questions India and European Union Free Trade Agreement” (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Vaibhav Priyadarshi, “Analysing of Free Trade Agreement between India and EU and Its Impact on the IPR Laws in India ” [2026] Manupatra.

<sup>30</sup> “Frequently Asked Questions India and European Union Free Trade Agreement” (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

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- **Public Health Safeguards:** Crucially, the agreement does not restrict India’s right to grant compulsory licensing for public health purposes. It affirms the Doha Declaration on TRIPS and Public Health, ensuring that the agreement is implemented in a manner supportive of access to medicines for all.<sup>31</sup>

- **Data Exclusivity and Patent Extensions:** While the EU pushed for data exclusivity (which could delay generic drugs by 5–11 years) and supplementary protection certificates (extending patent monopolies by up to 5 years), the final framework indicates no obligation on India to implement these TRIPS-plus measures.<sup>32</sup> The language retains the flexibility of Article 39.3 of the TRIPS Agreement.<sup>33</sup>

## 6. Sustainability and the Carbon Border Challenge

A hallmark of modern EU trade policy is the Trade and Sustainable Development (TSD) chapter, which makes environmental and social standards legally binding.<sup>34</sup>

- **Climate and Labour:** Both parties committed to the Paris Agreement and core International Labour Organisation (ILO) principles, including effectively abolishing child labour and ensuring freedom of association.<sup>35</sup>

- **CBAM:** Notably, the agreement does not provide an exemption for India from the EU’s Carbon Border Adjustment Mechanism (CBAM). While India has termed this carbon tax unacceptable, it secured a commitment that it would receive any flexibilities granted to other third countries in the future. Experts warn that without such flexibilities, Indian engineering exports could face a 10% annual decline.<sup>36</sup>

## 7. Institutional Framework and Takeaways

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<sup>31</sup> Ibid.

<sup>32</sup> Vaibhav Priyadarshi, “Analysing of Free Trade Agreement between India and EU and Its Impact on the IPR Laws in India ” [2026] Manupatra.

<sup>33</sup> “Frequently Asked Questions India and European Union Free Trade Agreement” (Press Information Bureau) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Rushali Saha, “India-EU FTA: Some Challenges Ahead, but Strategic Signal Is Clear” *The Diplomat* (January 30, 2026) <<https://thediplomat.com/2026/01/india-eu-fta-some-challenges-ahead-but-strategic-signal-is-clear/>> accessed February 4, 2026.

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The FTA is built on a future-proof legal basis, incorporating robust mechanisms for administration and enforcement.<sup>37</sup>

- **Dispute Settlement:** Disputes are handled by independent panels of experts. Reports are binding and can be enforced through the suspension of trade concessions.<sup>38</sup>
- **Rapid Reaction Mechanism (RRM):** A dedicated, expedited three-tier structure—specialised committee, senior officials, and Ministerial level—exists to address urgent hurdles that might hamper bilateral trade.<sup>39</sup>
- **Rules of Origin (RoO):** To avoid red tape, the deal uses self-certification via a Statement on Origin.<sup>40</sup> Stringent RoO ensure that only products significantly processed in India or the EU benefit from the tariffs, preventing third countries from using India as a backdoor to the EU.<sup>41</sup>

## Conclusion

The India–EU FTA is more than a mere trade pact; it is a strategic recalibration of relations in a fractured global order.<sup>42</sup> By liberalizing trade at an unprecedented scale while embedding strong

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<sup>37</sup> “MEMO: EU-India Free Trade Agreement: Chapter-by-Chapter Summary” (*Trade and Economic Security*) <[https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary\\_en](https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en)> accessed February 2, 2026.

<sup>38</sup> Ibid.

<sup>39</sup> FAQ “Frequently Asked Questions India and European Union Free Trade Agreement” (*Press Information Bureau*) <<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2220413&reg=3&lang=2>> accessed February 4, 2026.

<sup>40</sup> Ibid.

<sup>41</sup> Q&A “Questions and Answers on the EU-India Free Trade Agreement” (*European Commission - European Commission*) <[https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_26\\_185](https://ec.europa.eu/commission/presscorner/detail/en/qanda_26_185)> accessed February 2, 2026.

<sup>42</sup> Bar and bench Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, “Is the India–EU FTA Truly the ‘Mother of All Deals’?” *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

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legal and regulatory frameworks, the agreement provides institutional trust and strategic foresight.<sup>43</sup> While challenges remain, particularly regarding the ratification process in the European Parliament and the implementation of environmental green conditionalities, the deal stands as a clear statement that open markets remain the most credible path to inclusive growth.<sup>44</sup> Full operationalisation is expected by 2027 following legal revision and translation into all 27 official EU languages.<sup>45</sup>

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<sup>43</sup> Bar and bench Arunima Kumari, Anisha Nagarajan and Layesh Srivastava, “Is the India–EU FTA Truly the ‘Mother of All Deals?’” *Bar and Bench - Indian Legal news* (February 3, 2026) <<https://www.barandbench.com/amp/story/view-point/is-the-indiaeu-fta-truly-the-mother-of-all-deals>> accessed February 4, 2026.

<sup>44</sup> Ibid

<sup>45</sup> Reena Asthana Khair, “India–EU FTA To Reshape Market Access Across Sectors” *Live Law* (January 30, 2026) <<https://www.livelaw.in/law-firms/law-firm-articles-/indiaeu-fta-reshape-market-access-across-sectors-521282?from-login=150359&token=RDWEBDEUQFPTNJGFMH0248HL67RPXMWL8BTYZ>> accessed February 4, 2026.