



# **EU-India Free Trade Agreement**

**Boosting trade and growth**

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# Foreword

On 27 January 2026, the EU–India Business Forum took place alongside the EU–India Summit, where Prime Minister of India, Narendra Modi, and President of the European Commission, Ursula von der Leyen, declared the successful conclusion of negotiations for the EU–India Free Trade Agreement (FTA). It was a historic moment for the EU–India relationship and an important opportunity for business to engage directly with the political leaders.

At the Forum, my message to the leaders was clear: in a time of geo-political fragmentation, uncertainty and rising protectionism, companies need stability, openness and predictable rules. With this agreement, the EU and India are choosing cooperation over fragmentation. It connects two of the world’s largest economies and democracies in a rules-based partnership.

The FTA can increase trade, support investment and strengthen economic growth in the EU, India and Sweden. India is emerging as a key economic player with a demographic dividend with its young and increasingly well-educated population. The latter is an important complement to Europe’s changing demography. For Swedish companies, India is not only an export market, it is an important source of imports and an investment partner. Swedish businesses have much to offer in advanced manufacturing, clean technologies, telecom and digital services, sustainable infrastructure and energy systems—areas closely aligned with India’s own priorities.

But the agreement will only deliver its full value if it works in practice. This report sets out both the scale of the opportunity and the practical steps needed to realise it. It has been prepared under the responsibility of the Confederation of Swedish Enterprise, in close cooperation with the Confederation of Indian Industry, reflecting the importance both organisations attach to strengthening the EU–India economic partnership.



Jan-Olof Jacke

Director General, Confederation of Swedish Enterprise

# Executive Summary

The EU–India Free Trade Agreement (FTA) is expected to be the EU’s most economically significant upcoming trade agreement. By 2035, it could increase EU–India trade volumes by up to EUR 119 billion. This adds, with a conservative estimate, over 30 percent to the value of total trade compared with a scenario without the FTA. Lower trade costs allow firms to export more and scale up production. It provides companies with access to cheaper and more varied inputs. This, in turn, increases competition, improves productivity and supports higher economic growth. Relying on this logic, the FTA could raise GDP in India by up to EUR 72 billion and by EUR 44 billion in the EU. Even a smaller economy like Sweden could see GDP increases of EUR 1.4 billion, due to the FTA.

The scale of the impact reflects India’s size, growth and its existing tariff and regulatory structures. The agreement gives European companies better access to a vast and fast-growing market, while supporting India’s integration into higher-value global value chains. It also comes at a time when both sides are looking to diversify trade, strengthen resilience and build strategic economic partnerships.

The agreement delivers clear gains on tariff liberalisation, while creating a framework for further work on customs, standards, services, digital trade, regulatory cooperation and mobility. But the gains will not come automatically. Business impact will depend on whether companies can utilise the agreement in practice. That will need simple procedures, predictable implementation and continued reform.

To maximise the impact, policymakers should focus on four priorities:

**First, make market access usable.** Tariff reductions must be matched by simple rules of origin, efficient customs procedures, effective clearance procedures for trusted traders and consistent implementation across India and the EU’s ports and states.

**Second, reduce regulatory friction.** The EU and India should work towards mutual recognition of product testing and certification, while India should continue Quality Control Orders (QCO) reform to ensure that national product standards do not become unnecessary barriers to trade.

**Third, unlock services, talent and digital trade.** Member States should implement mobility commitments predictably, both sides should advance mutual recognition of qualifications, and the EU and India should use the five-year review of the FTA provisions as well as the EU-India Trade and Technology Council to improve conditions for secure data flows.

**Fourth, complete the missing pillars.** Public procurement should be brought back onto the EU–India agenda, while Sweden should use bilateral cooperation to identify practical opportunities. The separate investment protection agreement should also be concluded to strengthen long-term investor confidence.

# 1. Introduction

**The European Union (EU) and India are natural economic partners.** European and Swedish businesses bring capital and technology, while India offers economic growth and a rapidly expanding market. These complementarities have driven increasing economic engagement over the past decade, supported by India's policy focus on attracting foreign investment and Europe's focus to diversify supply chains.

**Yet, the relationship remains underdeveloped relative to its potential.** While the EU is India's largest trading partner, accounting for around 11.5 percent of its total trade in goods in 2025. Trade in goods between the EU and India has also increased by 83.7% in the last decade. At the same time, India represents a smaller share of EU and Swedish trade compared to partners such as the United States and China.<sup>1</sup> There are more than 6,000 European companies, including around 290 Swedish firms, operating in India.<sup>2</sup> This presents an opportunity to deepen and expand the economic relationship, not only within the rapidly growing Indian market but also beyond. The presence of European firms in India drives investment for sales in India, but also for regional, or even global, exports from India.

**The EU–India Free Trade Agreement (FTA) presents an opportunity to accelerate trade, investment and economic growth.** By addressing key barriers, including tariffs, non-tariff barriers, restrictions in services markets and mobility, the agreement can unlock significant potential for trade and innovation in two large, diverse and highly complementary economies. Together, India and the EU account for nearly two billion people, around 25 percent of global gross domestic product (GDP) and approximately one-third of global trade.<sup>3</sup> In this context, the FTA is not only an economic initiative, but also an instrument for strategic influence in a changing global economy.

Negotiations for the FTA were concluded on 27 January 2026. The core agreement texts have been published, although some technical annexes remain to be made publicly available. The agreement is currently under legal review, ahead of ratification and implementation.

**Its ultimate impact will depend not only on its level of ambition, but on how effectively it is implemented and utilised.** Experience from previous trade agreements shows that clear rules, efficient procedures and guidance to businesses, especially small and medium-sized enterprises (SMEs), are essential to active utilisation of the FTA by businesses. This is essential for the negotiated outcomes to translate into real economic gains.

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<sup>1</sup> Source: European Commission, [EU trade relations with India](#)

<sup>2</sup> Source: European Commission, [EU trade relations with India](#) and Business Sweden, [India - Business Sweden](#)

<sup>3</sup> European Commission, [The EU-India trade agreement - European Commission](#)

## 2. Potential impacts of the EU-India FTA

This report quantifies the potential impact of the EU-India FTA on trade and economic growth for the EU, India and Sweden. It also assesses how its full benefits can be realised.

**Trade supports economic growth** by providing access to markets, increasing exports and thereby generating export revenues. Market access also enables firms to scale production, access a wider range of inputs and benefit from increased competition. It facilitates the diffusion of technology and knowledge, supporting productivity, innovation and investment. By reducing tariffs and non-tariff barriers, the EU-India FTA is expected to strengthen these mechanisms and increase trade flows, competitiveness and economic growth.

This does, however, not mean that all companies gain from an FTA. Some sectors and firms may face adjustment pressures due to increased competition. But the combined impact is an overall increase in productivity.



### 2.1 Interpreting the results of the impact of the EU-India FTA

The results in this section quantify the potential economic impact of the EU-India Free Trade Agreement on trade and GDP growth.<sup>4</sup> They should be interpreted as estimates rather than forecasts, as they provide an indication of the direction and potential scale of the economic effects of the EU-India FTA. Since all the details of the EU-India FTA are not yet publicly available, the analysis builds on assumptions about the expected reduction in trade barriers.

**For modelling purposes, the analysis assumes that all tariffs are eliminated and that non-tariff barriers and service trade restrictions are reduced by 63 percent.** Outcomes are presented for the year 2035 and assume that the FTA has been in place for 10 years at the time. The calculations do not consider sectoral differences in the trade impacts, nor trade effects other than the direct bilateral trade impacts between the FTA partners.<sup>5</sup> The same assumptions are applied also to other EU FTAs in section

<sup>4</sup> The analysis is based on a study carried out by Copenhagen Economics commissioned by the Confederation of Swedish Enterprise. More details on the methodology can be found on the website of the Confederation of Swedish Enterprise in an upcoming report.

<sup>5</sup> Other typical impacts of FTAs are not covered in this analysis, such as the effect on consumer welfare, sustainability, self-sufficiency, and resilience. This means the estimates are conservative, i.e. the real gains will be larger in reality

2.3. However, the trade impacts differ because the relationship between the FTA partners varies in size, growth prospects, current trade flows and the level of existing trade barriers. The results depict the trade in both goods and services.

**The estimates build on evidence from previously implemented EU free trade agreements.** The analysis quantifies how previous EU FTAs affected exports, imports and GDP. This evidence is then used to estimate how similar reductions in trade costs could affect upcoming EU FTAs, including the one with India. Impacts are assessed relative to a baseline scenario without the agreement. This entails that the figures therefore show the additional impact of the agreement in 2035, over and above overall trade or GDP growth which will take place as the economies grow. For the latter, future trade and economic activity are projected using standard approaches. GDP is forecast based on growth projections of the International Monetary Fund. Trade flows are estimated using a gravity model that links the increase in trade volumes to the size of the economies involved as well as their current level of integration.

## 2.2 Quantitative assessment of the EU-India FTA

The EU–India FTA is expected to generate substantial increases in trade and economic growth for the EU, India and Sweden. The EU and India already trade at significant levels. In 2024, Indian exports of goods and services to the EU amounted to EUR 107 billion, while imports from the EU reached EUR 77 billion.<sup>6</sup> Irrespective of the FTA, due to strong underlying economic growth, particularly in India where GDP is forecast to grow by 6–7 percent annually, trade will increase over time even without the FTA.

**The FTA provides a significant additional boost in European exports to India by improving market access and reducing trade costs.** For EU companies, the agreement opens access to one of the world’s largest and fastest-growing markets. By 2035, EU exports to India are estimated to increase by up to EUR 71 billion due to the FTA, corresponding to 47 percent higher exports compared to a scenario without the agreement (figure 1). Swedish exports are estimated to increase by EUR 2.8 billion<sup>7</sup>, following the same pattern.<sup>8</sup>

**For India, the agreement provides guaranteed access to export opportunities in the large and high-income European market.** Indian exports to the EU are estimated to increase markedly even without the FTA due to expected high exports growth in India. Over and above this, the FTA can contribute to an additional EUR 48 billion in Indian exports to the EU, corresponding to 22 percent higher exports than in a scenario without the FTA.

The asymmetry in trade impacts from the FTA for the EU and India, reflects underlying market conditions. The larger increase in EU exports to India is driven by the relatively high level of existing trade barriers in India which are brought down by the FTA. In contrast, the EU market is already relatively open, which limits the relative increase in Indian exports.

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<sup>6</sup> Source: Copenhagen Economics

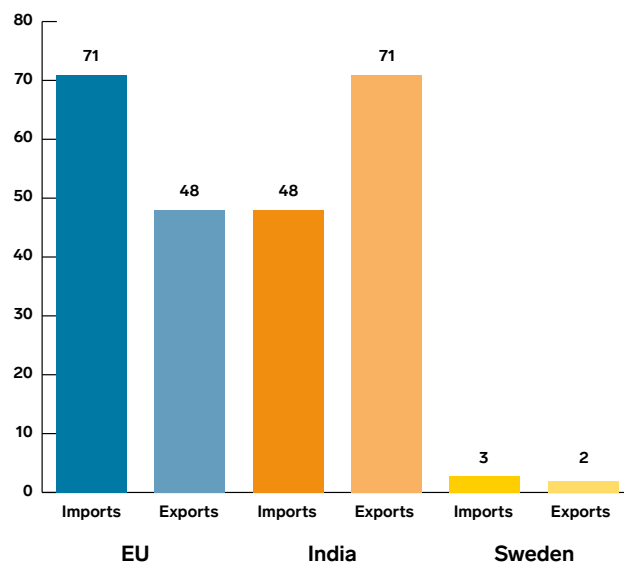
<sup>7</sup> All values originally denominated in Swedish kronor (SEK) have been converted into euros (EUR) using an exchange rate of SEK 1 = EUR 0.0918.

<sup>8</sup> Copenhagen Economics presents the results in ranges based on the variation of impacts found for the implemented FTAs. In this report we use the maximum value.

**Figure 1. Expected impacts on imports and exports from the EU-India FTA 2035, Billion EUR, 2024-prices**

Source: Copenhagen Economics.

\*Trade in goods and services. The figure for India depicts trade with the EU and not with Sweden.

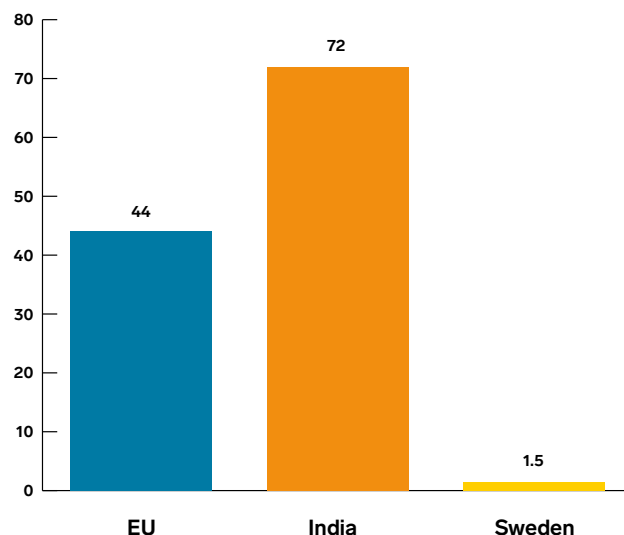


The expected expansion of trade between India and the EU will support deeper integration into global value chains on both sides. For India, it can help firms move into higher-value segments by expanding production, upgrading capabilities and increasing exposure to competition, standards and technology. For the EU and Sweden, improved access to India’s large and fast-growing market will support export growth, while increased sourcing from India or production in India can help diversify supply chains as well as reduce costs and concentrated dependencies.

These effects translate into economic growth. For the EU, GDP is estimated to be EUR 44 billion higher, while for Sweden the increase is EUR 1.5 billion, reflecting the smaller size of its economy and its current engagement with India in absolute terms (figure 2). By 2035, India’s GDP is estimated to be EUR 72 billion higher (1 percent of total GDP) with the FTA than it would have been without the agreement. For India, these additional gains are well aligned with its objective of becoming a USD 5 trillion economy by 2027, as part of its broader ambition to become a developed economy by 2047.

**Figure 2. Expected impact of the EU-India FTA on GDP growth Billion EUR, 2035, 2024-prices**

Source: Copenhagen Economics







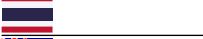


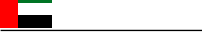
### 2.3 Comparison with other EU FTAs

Both the EU and India have accelerated their efforts to negotiate new FTAs in recent years. This strategy has a broader economic and geopolitical dimension. EU trade is concentrated, with the United States (21 percent of total exports of goods and 14 percent of imports of goods in 2025). China was the largest supplier of goods into the EU in 2025 with a share of 22 percent.<sup>9</sup> Similarly, the United States is India's largest export destination (18 percent of total exports of goods, 2025), and China is a key supplier (19 percent of total imports in goods, 2025).<sup>10</sup> These concentrations highlight both the importance of existing partners and the need to diversify trade relationships in the rapidly evolving geopolitical landscape.

The EU's upcoming agreements cover a diverse set of fast-growing economies including, Australia, India, Indonesia, Malaysia, Mercosur<sup>11</sup>, Philippines, Thailand and the United Arab Emirates (UAE). Together, India, Mercosur and the countries in Southeast Asia account for around one-tenth of EU trade, a figure which is expected to increase irrespective of the FTAs.<sup>12</sup> For Sweden, the conclusion of these FTAs is also significant. 56 percent of Sweden's trade in goods outside the EU in 2023 took place under EU trade agreements already in force.<sup>13</sup>

The EU-India FTA is expected to generate the largest economic impact compared with the other FTAs the EU is negotiating. This is due to two key factors. First, India combines economic size with rapid growth (faster than the US or China), creating a large and expanding base for trade. Second, the trade barriers in India are relatively high, so their reduction leads to more significant relative improvements in market access. As a result, the impact of the EU-India FTA on trade and GDP growth in India, the EU and Sweden, surpasses that of the EU-Mercosur or EU-Australia FTAs.

**Table 1.** Expected impacts of upcoming EU FTAs for the EU, Sweden and the respective trading partner  
Billion EUR, 2035, 2024-prices

Agreement	Total Trade Impact		Total GDP impact		
	With EU	With Sweden	EU	Partner	Sweden
 EU-India	119	4	44	119	72
 EU-Mercosur	76	3	32	76	35
 EU-Philippines	27	1	11	27	11
 EU-Indonesia	23	1	2	23	3
 EU-Thailand	19	1	3	19	4
 EU-Australia	15	0.3	10	15	14
 EU-Malaysia	14	0.3	2	14	2
 EU-UAE	11	0.3	3	11	5

Source: Copenhagen Economics

<sup>9</sup> Source: Eurostat, [International trade in goods - Statistics Explained - Eurostat](#)

<sup>10</sup> Source: Trading Economics, [India Exports](#)

<sup>11</sup> The Mercosur agreement covers Argentina, Brazil, Paraguay, and Uruguay.

<sup>12</sup> Source: Own calculations using data from the European Commission and the National Board of Trade

<sup>13</sup> Source: Swedish National Board of Trade, [Sveriges handel med avtalspartner | Kommerskollegium](#)

# 3. Maximising the impact of the FTA

**Maximising the economic potential of the EU–India FTA will depend on effective implementation**, as well as continued reforms and policy engagement on both sides. Experience from previous agreements show that outcomes depend less on what is agreed on paper and more on how rules are applied in practice.

The European Commission has released the negotiated texts of the FTA, except for some annexes. This section appraises the negotiated texts and provides an assessment of what actions, policies or reforms may be needed to maximise the utilisation and thereby the impact of the FTA.

## 3.1 Tariffs and rules of origin

The EU–India FTA is expected to deliver a high level of tariff liberalisation. Although the detailed tariff schedules have not yet been published, according to official sources, preferential access to 97% of tariff lines will be given to Indian exports and to 92.1% of tariff lines for EU exports. Tariff reductions will be phased in and tariff rate quotas will apply to some goods.<sup>14</sup> This will allow Indian industry to adjust to increased competition over time.

To benefit from these lower tariffs, products must meet the rules of origin. These determine whether enough of a product's value has been created in the EU or India. These rules of origin in the EU-India FTA require less documentation than in most of the other FTAs agreed by India. However, proving origin is always complex. Companies must document how and where value is added, which can create significant administrative and reporting requirements. The complexity is augmented by modern global value chains, where production is spread across several countries and components cross borders multiple times.

While this is a standard feature of all trade agreements, there are concerns that documentation requirements, particularly on the Indian side may be complex and require firms to disclose sensitive information especially during verification processes. If requirements are too burdensome, companies may choose not to use the agreement and instead continue paying tariffs, especially SMEs.

**Ensuring simple, transparent and proportionate procedures for proving rules of origin will be essential to make tariff reductions usable in practice.**

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<sup>14</sup> Source: Government of India, Press and Information Bureau, [India's Trade Partnerships Powering Global Integration and Growth](#)

### 3.2 Customs procedures

The FTA includes measures to improve customs procedures, such as greater transparency, advance rulings, and cooperation between authorities. It also opens for the possibility that trusted companies can qualify for a fast-track treatment at the border through so-called Authorised Economic Operator (AEO) schemes. These can reduce delays at border controls, increase predictability and reduce costs for firms making it easier for them to move goods across borders. However, there are no binding commitments or timelines in practice.

The joint EU–India customs committee<sup>15</sup> should be used actively to strengthen implementation across all ports and states, supported by targeted EU technical assistance. Priority should be given to risk-based inspections, digitalisation, automation, single-window systems, and making the AEO scheme work effectively.

### 3.3 Standards

The FTA still allows both the EU and India to maintain national product standards. EU standards are generally more closely aligned with international standards, while India's standards framework includes national standards implemented through Quality Control Orders (QCOs). This means that products which already meet EU or international standards may still need to be adapted before they can be sold in India.

The FTA provides a basis to challenge national product requirements that are unnecessarily restrictive. The biggest practical issue, however, is not the standard itself, but the need for additional testing and certification in India. Even products already tested in trusted laboratories may need to go through Indian approval procedures. This often adds pressure on India's capacity constraints in certification processes, causing delays.

The EU and India should develop mutual recognition of testing and certification of products, while aiming to align with international standards. India should continue its QCO reform so that standards protect consumers without becoming unnecessary barriers to trade.

### 3.4 Intellectual property rights (IPR)

The IPR chapter in the FTA is ambitious and strengthens protection for trademarks, designs and trade secrets. This matters because companies are more likely to invest, innovate and share technology when their ideas, brands and know-how are protected. However, enforcement will still take place through national courts. In India, timely resolution of IP cases remains important, to maintain the practical value of the stronger protections for companies stipulated in the FTA.

Improving court efficiency in India for intellectual property cases needs to be a key priority.

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<sup>15</sup> An agreement with India on customs co-operation and mutual administrative assistance in customs matters was signed in Brussels on 28 April 2004, inter alia setting up the Indian Joint Customs Co-operation Committee. For more information see here: [India - Taxation and Customs Union - European Commission](#).

### 3.5 Services

The services chapter appears ambitious in some sectors. The EU will provide Indian service providers with market access and national treatment in around 144 sectors and sub-sectors, while India will provide the same in just over a hundred sectors (incl. sub-sectors).<sup>16</sup>

For EU and Swedish companies, the most relevant openings are expected in areas such as telecoms, financial services, maritime transport, engineering and consulting. For India, the agreement can support growth in key sectors of India's interest, such as IT-based services, professional services, business services and education services.

The FTA sets out principles protecting foreign service suppliers from quotas, monopolies or less favourable treatment than national competitors, but the details on services liberalisation are not yet public.

The EU and India should aim for further liberalisation during the stipulated five-year review of the services chapter.

### 3.6 Mobility of workers

The FTA includes one of the most advanced mobility frameworks the EU has agreed to. There are no quotas or economic needs tests, and family members can accompany professionals. This is important for Swedish and European companies as they need access to talent, while India needs international opportunities for its large and increasingly well-educated working age population. However, visas remain a national competence within the EU, meaning that Member States will determine how these commitments work in practice.

EU member states, including Sweden, will play an important role in implementing the mobility commitments under the FTA to facilitate business collaboration and talent mobility. Sweden and India can work towards advancing mutual recognition of qualifications bilaterally to improve employability.

### 3.7 Digital trade and data protection

The digital trade chapter supports online trade but does not fully resolve data-related barriers. It protects companies against forced disclosure of source code. This is important for software, digital services, fintech and advanced manufacturing. Both the EU and India retain the right to regulate personal data and privacy. This means companies must still comply with both GDPR and Indian data rules, which can create costs and uncertainty, especially for AI, cybersecurity and digital services.

The five-year review of the digital trade chapter stipulated in the FTA and the Trade and Technology Council should be used to work towards clearer and more predictable rules for secure cross-border data flows.

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<sup>16</sup> Source: Government of India, Press and Information Bureau, [India's Trade Partnerships Powering Global Integration and Growth](#)

### **3.8 Public procurement**

The FTA does not include a public procurement chapter. This entails that there are no common commitments on transparency, non-discrimination and access. Access to most government contracts will continue to depend on domestic rules in the EU and India. For India, this preserves policy space over public spending and support for domestic industry, but it also limits opportunities to use wider competition, technology and investment in areas such as infrastructure, rail, defence, energy and digitalisation.

Sweden and India should bilaterally pursue cooperation on public projects where competition can support development, innovation and value for money on both sides.

### **3.9 Investment protection**

An agreement for investment protection is being negotiated separately. This provides investors with legal protection, ensuring fair compensation if government actions significantly impact their investment. The agreement is expected to include a dispute settlement mechanism, however the provisions are still under negotiation, so the design of the protection offered is not available for full assessment.

Concluding the negotiations and implementing robust investment protection provisions will be important to support long-term investment decisions and strengthen business confidence.

## 4. Conclusions

The EU–India FTA is more than a trade agreement. It is an opportunity to deepen economic integration between two large democracies, strengthen supply chain resilience and support growth on both sides. The expected gains are significant, particularly because India combines scale, rapid growth and relatively high existing trade barriers.

However, the value of the agreement will depend on implementation. Tariff reductions, services commitments and regulatory cooperation must be translated into practical benefits for companies. This requires political will, administrative capacity and continued engagement from both sides.

If implemented well, the EU–India FTA can support higher trade, investment and productivity, while strengthening an open and rules-based economic partnership. The priority now should be swift ratification, effective implementation and continued cooperation to ensure that the agreement delivers real benefits for businesses, workers and consumers in the EU, India and Sweden.

