SQUIRE PATTON BOGGS

EU-India Free Trade Agreement:

Announced Conclusion of Negotiations and Practical Compliance Considerations

29 January 2026

On 27 January 2026, the European Union (EU) and the Republic of India (India) announced that they had concluded negotiations on a bilateral free trade agreement (FTA). Pursuant to EU official summaries, the FTA will result in improved Indian market access for EU exporters, with the reduction or elimination of tariffs on European automobile imports and parts, machinery chemicals, pharmaceuticals, olive oil, processed agricultural products like bread and confectionaries, and wines and spirits.[1] Further, the FTA will also include provisions regarding privileged EU access to Indian service markets, protections for European intellectual property, and climate related commitments.

In terms of EU commitments to India, an Indian government factsheet reports the reduction or elimination of tariffs in sectors such as textiles, leather and footwear, tea, coffee, spices, sports goods, toys, gems and jewelry, certain marine products, processed food items, arms and ammunition, agricultural products, cars and steel products. Further, the FTA is expected to facilitate easier compliance for Indian exporters by allowing self-certification for the origin of the goods, and establish a regime for temporary entry and stay for Indian professionals providing services to EU clients.[2]

The negotiated text and annexes of the FTA are expected to be published over the coming days. The drafts will undergo legal revision and translation, and the appropriate ratification procedures for the EU and India. Thus, the FTA is unlikely to enter into force before early 2027. Until the consolidated text and annexes are published and the formalities completed, the terms of the FTA should be treated as prospective rather than operational.

Market Access

Pending publication of the consolidated text, the European Commission's (EC) chapter-by-chapter summary offers the clearest view of the agreement's likely legal architecture. On goods, it describes extensive liberalization, including the EU eliminating tariffs on over 90% of applicable goods (91% by value) and India eliminating tariffs on 86% of theirs (93% by value), with further partial liberalization bringing overall coverage to 96.6% for India and 99.3% for the EU. It also describes rules of origin (RoO) aligned with recent EU practice, based on business self-certification through statements on origin uploaded to a verification portal. Regarding customs and facilitation, it describes transparency, advance rulings, simplified procedures, and expedited release of goods. It also outlines enforceable chapters on sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBT), including timelines for consultations and implementation of technical regulations, and it contains provisions outlining dispute settlement mechanisms via independent panels with binding authority. The summaries also preview chapters on services, digital trade, and intellectual property, with critical operational detail to follow in the forthcoming schedules and annexes.[3]

The EC's public Q&A adds some quantitative detail regarding the concessions given by the Indian government; such information is crucial to early commercial planning. It reports that duties on cars will gradually go down from 110% to 10% with a quota of up to 250.000 cars a year being allowed in under such favored conditions, and that high duties of up to 44% on machinery, 22% on chemicals, and 11% on pharmaceuticals will be mostly eliminated. It also indicates that duties of up to 22% on iron and steel products would be reduced to zero for almost all products, implying a progressive reduction, however the timetable for this specific reduction has yet to be confirmed. In the agri-food sector, the Q&A identifies duty elimination for processed products (e.g., breads and confectionery goods) that currently face duties of up to 50%, and it describes wine duties moving from 150% to 20% for premium ranges and 30% for medium ranges, with entry-into-force rates and product coverage to be confirmed in the schedules.[4]

In terms of EU commitments to India, an Indian government factsheet reports, 70.4% of EU tariff lines covering 90.7% of India's exports (by value), in sectors such as textiles, leather and footwear, tea, coffee, spices, sports goods, toys, gems and jewelry and certain marine products, should see immediate duty elimination. Further, 20.3% of EU tariff lines covering 2.9% of India's exports, in sectors such as certain marine products, processed food items, arms and ammunition, will benefit from zero duty access over 3 and 5 years. Additionally, 6.1% tariff lines covering 6% of India's exports will have preferential access by way of tariff reduction for certain agricultural products, cars and steel products, subject to tariff rate quotas (TRQ). These figures should be treated as official planning indicators pending reconciliation with the final tariff schedules, TRQ annexes, and services schedules.[5]

Implications For Operators

The earliest compliance workload is likely to fall on EU exporters positioned to use early tariff reductions in automobiles, industrial goods (including machinery, chemicals, and pharmaceuticals), and agri-food, as well as Indian exporters seeking to claim preferential entry in labor-intensive goods and marine products, and services suppliers expanding cross-border delivery or mobility-linked models.

1 European Commission, "EU and India conclude landmark Free Trade Agreement," press release IP/26/184, 27 January 2026.

2 Ministry of Commerce & Industry, Government of India, Press Information Bureau, "Factsheet: India and European Union Trade Agreement," 27 January 2026.

3 European Commission, "MEMO: EU-INDIA Free Trade Agreement Chapter by Chapter Summary," undated.

4 European Commission, "Questions and answers on the EU-India Free Trade Agreement QANDA/26/185 (PDF), 27 January 2026.

5 Ministry of Commerce & Industry, Government of India, Press Information Bureau, "Factsheet: India and European Union Trade Agreement," 27 January 2026.

Immediate priorities include mapping products to the Harmonized System nomenclature used in customs declarations, running origin qualification assessments at the product and bill-of-materials level, obtaining supplier declarations, and updating contracts to allocate responsibility for origin claims, documentation, and tariff or quota pass-through. As commercial teams model the value of preferences, pricing and distribution strategy may need to be revisited, particularly where tariff-rate quotas, quota exhaustion risk, or phased staging affects availability and landed cost. Until publication of the final text, three uncertainties are likely to remain material: the precise tariff staging and TRQ administration rules for sensitive products; the final product-specific RoO and verification procedures; and the scope and exceptions of services and intellectual property commitments once the schedules, reservations, and enforcement provisions are available.

Legal Developments & Compliance Focus

Preferential market access requires accurate tariff classification and an evidence-backed conclusion that products meet the relevant RoO, as well as adherence to any accumulation rules, and recordkeeping standards. Therefore, operators should conduct internal diligence to ensure they can justify their tariff classifications and are maintaining accurate records. Where TRQs are used to manage sensitivity, businesses will need to track eligibility rules, quota administration, and any licensing and allocation procedures, which are typically set out in annexes and implementing decisions.

Customs facilitation and advance rulings can improve predictability, but they can increase audit exposure where authorities verify origin claims. SPS and TBT disciplines may create procedural roadblocks for addressing approvals, audits, listing of establishments, and compliance assessment, but operators should assume that realized market access will continue to depend on domestic regulatory practice until the parties' committees and working groups begin operating. Services suppliers and rights-holders will similarly need to review the final schedules and reservations, as well as any cross-cutting exceptions, before treating services commitments or intellectual property protections as contract-ready.

Operators should also plan for compliance regimes that the FTA does not displace. In particular, the Carbon Border Adjustment Mechanism (CBAM) remains a parallel EU border instrument for covered carbon-intensive goods. Reuters reports that the EU did not agree to modify CBAM as part of the trade package, that technical discussions will continue, and that any assurance of non-discriminatory treatment is framed as consistent with existing EU law. Unless the published FTA text contains express provisions affecting CBAM's application, firms in affected supply chains should assume that CBAM-related reporting and payment obligations will apply independently of tariff preferences.[6]

How We Can Help

As an international firm with a dedicated international trade and sanctions compliance practice, we can support clients in converting the announced FTA into an operator-ready implementation plan, from the first publication of the negotiated text through entry into force and early enforcement practice. We advise on tariff classification, valuation, origin strategy, supplier declarations, and the documentation needed to claim preferences, with particular attention to tariff staging, tariff-rate quotas, and product-specific rules of origin once the schedules are released. We also assist with customs procedures, contracting updates, distributor and agent controls, and the alignment of pricing and delivery terms with the practical mechanics of preference. Where trade liberalization intersects with risk controls, we integrate sanctions, export controls, and restricted-party screening into procurement and sales workflows, so that new routes to market do not create avoidable compliance exposure. Finally, we coordinate across jurisdictions and functions, legal, tax, logistics, and commercial, so that implementation decisions are consistent, documented, and defensible.

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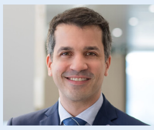

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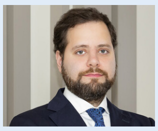

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6 Kate Abnett, "EU-India trade deal leaves bloc's carbon border tariff intact," Reuters, 27 January 2026.