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Proposal for a

COUNCIL DECISION

on the signing of the Free Trade Agreement between the European Union and the Republic of India

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

India is the EU's 9th largest trading partner for goods globally and the 6th for trade in services. Bilateral trade in goods amounted to EUR 118 billion in 2025. India's main exports to the EU include machinery and appliances, chemicals, textiles, metals and petroleum products. The EU's exports to India are largely dominated by industrial products, including machinery and appliances, transport equipment and chemical products. Bilateral trade in services amounted to EUR 67 billion in 2025, with EU exports amounting to EUR 29.2 billion and imports amounting to EUR 37.8 billion. In 2024, the EU's foreign direct investment stock in India amounted to EUR 132.8 billion, while India's FDI stock in the EU was EUR 13.7 billion.

India currently enjoys trade preferences with the EU under the Generalised Scheme of Preferences ("GSP"). However, India's export competitiveness has led to several sectors being graduated. At present, around 38% of India's exports to the EU are eligible to GSP preferences.

In 2007 the Council authorised the Commission to enter into negotiations for a Free Trade Agreement ("FTA") with India. A first phase of negotiations took place until 2013, when the talks were suspended due to divergences on the level of ambition that the agreement should deliver. An EU-India Leaders' meeting on 8 May 2021 provided renewed impetus as it was agreed "to resume negotiations for a balanced, ambitious, comprehensive and mutually beneficial trade agreement which would respond to the current challenges".

Technical negotiations were resumed in 2022. They were supported by a Trade Sustainability Impact Assessment, which confirmed the potential of a Free Trade Agreement to deliver economic benefits to both sides. On 27 January 2026, on the occasion of the 16th EU-India Summit, the negotiations were finalised at political level.

From the broader geopolitical and geo-economic context, the conclusion of these negotiations with India, the world's most populous country with the fifth largest economy, sends a strong signal of the EU and India's joint commitment to deepening trade ties and to support a rules-based trading system. It also illustrates the EU's resolve to pursue its trade openness and diversification agenda.

The Agreement will eliminate tariffs on imports of EU goods into India for 86% of tariff lines and 93% of current trade value. Moreover, India will partially liberalise additional imports, thereby bringing the overall coverage of trade liberalisation to 96.6% of current trade value. The majority of trade will be liberalised already at entry into force while, for certain goods, there will be transition periods of 3, 5 or 7 years, or, in the case of partially liberalised tariff lines, specific modalities. The FTA also aims to foster cooperation and help removing technical barriers to trade in goods. It will create a more transparent, predictable, and cost-effective environment, enhanced market access and reduced costs. The Agreement will furthermore support EU and Indian services suppliers by ensuring a predictable trade environment.

While the FTA promotes trade between the EU and India, it explicitly safeguards each party's right to regulate in pursuit of legitimate policy objectives. It also contains robust commitments on trade and sustainable development.

The Commission is putting forward the following proposals for Council decisions:

– Proposal for a Council Decision on the signing of the Free Trade Agreement between the European Union and the Republic of India; and
– Proposal for a Council Decision on the conclusion of the Free Trade Agreement between the European Union and the Republic of India.

The attached proposal for a Council Decision constitutes the legal instrument authorising the signing of the FTA between the European Union and India.

• Consistency with existing policy provisions in the policy area

The 1994 Cooperation Agreement between the EU and India established a framework for partnership and cooperation across a wide spectrum of policy fields, grounded on the respect for human rights and democratic principles as essential elements of the bilateral relationship.

Once the FTA enters into force, it will coexist with the Cooperation Agreement as a specific agreement and an integral part of the overall bilateral relations between the EU and India. The two agreements have no conflicting provisions.

• Consistency with other Union policies

The FTA is fully consistent with Union policies and will not require the EU to amend its rules, regulations or standards in any regulated area, beyond the measures necessary to implement the agreed tariff concessions. Furthermore, like all other trade agreements the Commission has negotiated, the FTA fully safeguards public services and ensures that governments' right to regulate in the public interest is fully preserved and constitutes a basic underlying principle to them.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Substantive legal basis

Article 207 of the Treaty on the Functioning of the European Union (TFEU) provides for the negotiation and conclusion of trade agreements as part of the Union's common commercial policy. Articles 91 and 100(2) provide for the basis for agreeing international transport provisions.

Given that the main objectives and components of the Agreement are the common commercial policy and the provision of transport, the substantive legal bases are Articles 207, 91 and 100(2) TFEU.

Given the subject matter of the envisaged agreement, it is appropriate for the Commission to submit the proposal to the Council.

• Procedural legal basis

Article 218(5) TFEU provides that, where the agreement envisaged does not relate exclusively or principally to the common foreign and security policy, the Commission shall submit a proposal to the Council. The Council shall adopt a decision authorising the signing of the agreement.

The Commission proposes to authorise the signing of the Free Trade Agreement between the European Union and India, subject to its conclusion at a later date.

The procedural legal basis for the proposed decision to authorise the signing of the envisaged agreement is Article 218(5) TFEU.

- **Union competence**

In accordance with Opinion 2/15 on the EU-Singapore FTA of the Court of Justice of 16 May 2017, all the areas covered by the FTA would fall within the exclusive competence of the EU and, more particularly, within the scope of Articles 91, 100(2) and 207 TFEU. The Court drew the EU exclusive competence from the scope of the Common Commercial Policy under Article 207(1) TFEU and from Article 3(2) TFEU (based on the affectation of existing common rules contained in secondary legislation).

- **Subsidiarity (for non-exclusive competence)**

The FTA as presented to the Council does not cover any matters that fall outside the EU's exclusive competence.

- **Proportionality**

Trade agreements are the appropriate means to govern market access and the related areas of comprehensive economic relations with a third country outside the EU. No alternative exists to render such commitments and liberalisation efforts legally binding.

This initiative pursues directly the Union's objective in external action and contributes to the political priority of 'EU as a stronger global actor'. It is in line with the EU Global Strategy's orientations to engage with others and revamp its external partnerships in a responsible way, in order to attain the EU's external priorities. It contributes to the EU's trade and development objectives.

- **Choice of the instrument**

This proposal for a Council decision is submitted in accordance with Article 218(5) TFEU, which envisages the adoption by the Council of a decision authorising the signing of international agreements. There exists no other legal instrument that could be used in order to achieve the objective expressed in this proposal.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

Prior to and during the negotiations, the EU Member States were regularly informed and consulted orally and in writing on the different aspects of the negotiation via the Council's Trade Policy Committee. The European Parliament was also regularly informed and consulted via its Committee on International Trade ("INTA") and the Delegation for relations with India. The texts progressively resulting from the negotiations were circulated throughout the process to both institutions.

In parallel to the negotiations, the Commission commissioned a Sustainability Impact Assessment ("SIA") of the FTA between the EU and India. The SIA, which was completed in December 2023, examined how the trade and trade-related provisions of the FTA under negotiation could affect economic, social and environmental issues, as well as human rights, in the EU and in India. It also considered the potential impacts of an FTA on the EU's outermost regions, on Least Developed Ccountries and on Small and Medium-sized Enterprises.

Overall, the SIA concluded that an EU-India agreement was expected to have positive impacts for both Parties and their societies, across all the key economic indicators (GDP, welfare, global and bilateral trade), with their relative magnitude being larger in India than in the EU due to the differences in the different size of the two economies. The economic modelling projected an increase in EU welfare of EUR 23.7 to 41 billion and an increase in EU GDP of EUR 25.5 to 47.9 billion. It showed that the higher the degree of trade liberalisation achieved in the agreement, the larger the economic gains expected for both sides, thereby making the case for pursuing a high degree of liberalisation in the negotiations.

The Commission issued a position paper on the SIA on 23 November 2023, based on the draft SIA report. It concluded that the SIA corroborated the case for negotiating an ambitious trade agreement and provided insights on specific sectors or actors that could experience negative impacts, and to which special attention should be paid.

In the context of the SIA and throughout the negotiations, the Commission provided the possibility for civil society organisations to have their voice heard, ask questions, and contribute to a sound, evidence-based and transparent societal debate, including through dedicated civil society dialogues, engagement with stakeholders in India, and bilateral meetings and interviews.

Furthermore, during the negotiations and in line with its transparency policy, the Commission has published on its website and regularly updated reports of the negotiating rounds, the text proposals, press releases, facts sheets and background information materials.

- **Collection and use of expertise**

The SIA of the FTA was carried out by a consortium of independent consultancy companies led by Trade Impact BV and commissioned by the Commission’s Directorate-General for Trade.

- **Impact assessment**

The initial phase of negotiations for a Free Trade Agreement between the EU and India were covered by a 2009 Trade Sustainability Impact Assessment commissioned in 2007. At the time of the resumption of negotiations, a new Sustainability Impact Assessment was commissioned. The Final Report was issued in December 2023.

- **Regulatory fitness and simplification**

The FTA is not subject to REFIT procedures. It nevertheless contains a number of provisions that will simplify trade and related procedures, reduce export related costs and will therefore enable more SMEs to do business in both markets. A dedicated chapter for SMEs addresses in particular enhanced information exchange and cooperation with India on SME-related issues. Tariff elimination, simplified and digitised customs procedures and more compatible technical requirements will lower export related costs and allow SMEs with lower trade volumes to compete with larger companies. This also enhances SMEs' ability to participate in supply chains and to provide services on the Indian market. The FTA also promotes transparency and the use of international standards to facilitate market access and lower costs of compliance.

- **Fundamental rights**

The proposal does not affect the protection of fundamental rights in the Union.

4. BUDGETARY IMPLICATIONS

The FTA will have a financial impact on the EU’s budget on the side of the revenues. It is estimated that foregone duties could reach an amount of between EUR 3.3 billion and EUR 3.6 billion a year upon full implementation of the FTA. The estimate is based on average imports projected for year 2030 in the absence of an FTA.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The FTA includes institutional provisions that lay down the structure for the implementing bodies to continuously monitor the implementation, operation and impact of the FTA.

The institutional chapter of the FTA establishes a Joint Committee that has as its main task to supervise and facilitate the implementation and application of the FTA. The Joint Committee will be in charge of supervising the work of all specialised committees and working groups established under the FTA.

The FTA also envisages the consultation of a domestic advisory mechanism comprised of a balanced representation of non-government stakeholders. The mechanism may discuss the implementation of the FTA and provide advice. Each Party is to organise regular meetings, at least once a year.

As emphasised in the “Trade for All” Communication, the Commission is dedicating increasing resources to the effective implementation and enforcement of trade and investment agreements. In November 2025, the Commission published its fifth annual Implementation and Enforcement Report. The main purpose of the report is to convey an objective picture on the implementation of EU FTAs, highlighting the progress made and the shortcomings that need to be addressed. The objective is for the report to serve as the basis for open debate and engagement with Member States, the European Parliament and the civil society at large on the functioning of the FTAs and their implementation. As an annual exercise, the publication of the report will allow regular monitoring of developments, registering also how identified priority issues have been addressed. The report will cover the EU-India FTA as of its entry into force.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

Pursuant to Chapter 2 of the FTA, the EU and India will eliminate or reduce tariffs for the vast majority of their bilateral trade. In terms of trade value, India will fully liberalise 93% of its current imports from the EU and will extend partial liberalisation to 3.6% of additional imports, reaching a total coverage of 96.6%. The EU will fully liberalise 91.4% of imports from India and will extent partial liberalisation to 7.7% of additional imports, reaching a total coverage in value terms of almost 99%. The majority of trade will be liberalised at entry into force, with transition periods of 3, 5 or 7 years applying to tariff lines not immediately liberalised. There will be specific modalities for partially liberalised tariff lines. During the transition periods, annual linear tariff reductions will apply. India will substantially reduce high duties on industrial products, such as motor vehicles (current tariffs up to 110%), machinery and electrical equipment, pharmaceuticals and chemicals. India will similarly eliminate or lower its duties on most food and drink products, such as wine (duties reduced from 150% to 20-30%), olive oil (full liberalisation) and apples (quota system). The agreement respects specific trade sensitivities, for instance with regard to sugar, rice or steel.

Chapter 3 of the FTA contains rules of origin that ensure that only products that have been significantly processed in the EU or India can benefit from the tariff preferences of the agreement.

Chapter 4 of the FTA will help companies trading goods between the EU and India get their products easier and faster through customs. It promotes effective customs control, so that imported goods meet all the rules of the importing country including requirements related to safety, security and respect of intellectual property rights. The agreement notably includes provisions on customs procedures to be complied with at the border, commitments to provide easy access to information on applied tariffs, and common principles for customs legislation.

Chapter 5 of the FTA on Sanitary and Phytosanitary (SPS) matters, covers food safety and animal and plant health. It preserves the way the EU adopts and enforces its food safety rules, be it for domestically produced or imported products. The agreement reaffirms the principles of the WTO SPS Agreement. The EU and India will reinforce joint work on SPS matters to ensure rapid intervention in emergencies related to imports and exports of agriculture and fishery products.

Chapter 6 of the FTA aims to remove technical barriers to trade in goods between the EU and India. The FTA provides for better regulatory transparency and predictability improving the possibilities for stakeholders and authorities to provide feedback on draft technical regulations of the other party and leaving sufficient time to adapt before their entry into force. It also supports the adoption and application of relevant internationally recognised standards by both Parties as the basis for their technical regulations. A dedicated working group on technical regulations and conformity assessment will be established to provide a plaform for discussing, inter alia, India’s Quality Control Orders (QCOs).

Chapter 7 of the FTA includes a bilateral safeguard mechanism, which allows the EU and India to impose temporary measures in case a significant increase of preferential imports causes, or threatens to cause, serious injury to their domestic industry.

Chapter 8 of the FTA will also expand opportunities for EU and Indian services suppliers, and ensure a more predictable trade environment. It will in particular guarantee that EU service providers in sectors identified in the Agreement will not be discriminated vis-a-vis their Indian counterparts. It will envisages clear, fair, and timely processes for licencing or other market-related procedures. It contains specific rules in important sectors such as financial services or telecommunications, and includes market access commitments for maritime transport and related services.

While the FTA promotes trade flows between the EU and India, it explicitly safeguards each party’s right to regulate in pursuit of legitimate policy objectives.

The FTA ensures that the capital needed to carry out the transactions liberalised under the agreement – for example, setting up a foreign-owned business – is in practice allowed to move from the EU to India and vice versa. At the same time, both sides can still apply their own laws and rules where necessary, for example in cases of bankruptcy or when dealing with securities.

Chapter 9 of the FTA promotes a predictable, secure, and fair digital trade environment. It provides for binding rules that build consumer trust and ensure legal certainty for business and support innovation. It also recognises privacy and the protection of personal data as fundamental rights, while preserving each Party's right to determine its own level of protection.

The EU and India have agreed on the effective protection and enforcement of intellectual property rights in Chapter 10. The chapter buils on existing international conventions on intellectual property and includes in particular enhanced commitments concerning the enforcement of intellectual property rights.

Chapter 11 of the FTA ensures that effective competition laws are maintained in both jurisdictions, which are implemented by operationally independent authorities that are to act in a transparent and non-discriminatory manner, respecting the rights of defence. The agreement also foresees cooperation between the authorities. It contains rules on subsidies, in particular transparency and consultation mechanisms.

The FTA includes a chapter 12 dedicated to SMEs and a number of other provisions which benefit such undertakings, e.g. setting-up of a single publicly accessible digital platform providing information on how to access and do business on each other's markets, creation of SME contact points, digitization of commercial operations, etc.

Chapter 13 of the FTA promotes transparent, coordinated, and evidence-based regulations that respect domestic laws, support public policy goals, and consider the interests of businesses and stakeholders.

Chapter 14 of the FTA enhances predictability, accountability and fairness in trade-related regulation. By guaranteeing timely publication, open access to information, fair administrative processes and independent avenues of appeal, it strengthens trust in regulatory systems and lowers uncertainty for businesses operating across borders.

Chapter 15 of the FTA creates a framework for the EU and India to cooperate on strengthening policies and defining programmes that contribute to the development of sustainable, inclusive, healthy and resilient food systems.

Chapter 16 provides a comprehensive framework on trade and sustainable growth and development, with legally binding commitments and a dispute settlement mechanism. The FTA includes elaborate provisions on labour standards and agreements, as well as on gender issues. It also provides a platform for dialogue and cooperation on trade-related environmental and climate issues. It includes dedicated provisions on the protection of the environment, setting commitments with respect to climate change, forest conservation, biodiversity including protected species, and the sustainable management of marine resources including with regard to Illegal, Unreported and Unregulated ("IUU") fishing.

The Agreement in its chapter 17 sets up an elaborate dispute settlement mechanism; and chapter 18 establishes the institutional structure of the Agreement.

- **Signing and text of the Agreement**

The text of the Agreement is submitted to the Council together with this proposal.

In accordance with the Treaties, it is for the Commission to ensure the signing of the Agreement, subject to its conclusion at a later date.

2026/0278 (NLE)

Proposal for a

COUNCIL DECISION

on the signing of the Free Trade Agreement between the European Union and the Republic of India

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 91(1), 100(2) and 207(4), first subparagraph, in conjunction with Article 218(5) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The Commission has negotiated a Free Trade Agreement (the “Agreement”) with the Republic of India.

(2) The Agreement should ensure the furtherance of the Union’s common commercial policy by removing obstacles to trade between the Union and the Republic of India, thereby delivering economic benefits in a balanced and reciprocal manner.

(3) Therefore, the Agreement should be signed,

HAS ADOPTED THIS DECISION:

Article 1

The signing of the Free Trade Agreement between the European Union and the Republic of India is hereby authorised, subject to the conclusion of that Agreement.

Article 2

This Decision shall enter into force on the date of its adoption.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT 'REVENUE'- FOR PROPOSALS HAVING BUDGETARY IMPACT ON THE REVENUE SIDE OF THE BUDGET

1. NAME OF THE PROPOSAL:

Proposal for a COUNCIL DECISION on the signing of the Free Trade Agreement between the European Union and the Republic of India

2. BUDGET LINES:

Revenue line (Chapter/Article/Item): Chapter 12, Article 120

Amount budgeted for the year concerned: *(2026)* ***EUR 24 350 200 000***. Budget available here: Draft amending budget no 2/2026 - GENERAL STATEMENT OF REVENUE

(only in case of assigned revenues):

The revenues will be assigned to the following expenditure line (Chapter/Article/Item):

3. FINANCIAL IMPACT

☐ Proposal has no financial implications

x Proposal has no financial impact on expenditure but has a financial impact on revenue

☐ Proposal has a financial impact on assigned revenue

The effect is as follows:

(EUR million to one decimal place)

Revenue line	Impact on revenue[1],[2]	12 months	Year 2027
Chapter 12/Article 120	EUR 3.5 bn	Entry into force expected in the first half of 2027	EUR 1.5 bn (hypothesis of entry into force in May 2027).

Situation following action					
Revenue line	[N+1]	[N+2]	[N+3]	[N+4]	[N+X]
Chapter 12/Article 120	EUR 3.5 bn	EUR 3.5 bn	EUR 3.5 bn	EUR 3.5 bn	EUR 3.5 bn

(Only in case of assigned revenues, under the condition that the budget line is already known):

Expenditure line[3]	Year N	Year N+1

1 The amounts per year need to be an estimation based on the formula or method defined under section 5. For the starting year, the yearly amount is normally paid without a reduction or prorata.

2 The indicated amounts are customs duties (gross amounts). As regards the corresponding traditional own resources due to the EU budget, the collection costs need to be deducted (25 % retained by Member States until 2027 included, and of 10% afterwards, as proposed in COM(2025)574).

Chapter/Article/Item …		
Chapter/Article/Item …		

Expenditure line	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item …				
Chapter/Article/Item …				

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

The proposal does not incur additional costs (expenditure) in the EU budget.

The Free Trade Agreement will have a financial impact on the EU's budget on the side of the revenues. It is estimated that foregone duties could reach an amount of between EUR 3.3 billion and EUR 3.6 billion a year upon full implementation of the Agreement. The estimate is based on average imports projected for 2030 in the absence of an FTA.

Indirect positive impacts are expected in terms of increases in resources linked to value added tax and gross national income.

[3] To be used only if necessary.