

INDIA EU FTA

Presented to IFCCI

Mumbai

28th October 2026

Agenda

1. About RÖDL
2. Trade between India and EU
3. Background of India EU FTA
4. India–EU FTA: Unlocking New Opportunities for Business
5. How to claim Tariff Benefits under FTA?
6. India–EU FTA Readiness: Are You Prepared?

1. About RÖDL

1.1 RÖDL – We pave the way. Worldwide.



Personal service worldwide

with 6,000 employees
in 50 countries
with 116 own offices



One firm, one standard.

ONE company: Everything from a single source, no networks

We ensure quality – across disciplines and national borders.



Interdisciplinary expertise

Legal Advice
Tax Advice
Audit & Assurance
Advisory & IT
Corporate Finance
Business Process Outsourcing



Your trusted partner & trailblazer

Forward-looking solutions and clear recommendations for German companies operating internationally

Seize opportunities: uncover potential, break new ground worldwide

2. Trade between India and EU

2.1 Trade between India and EU

The EU is India's **biggest trading partner**, with almost 17% of India's total Exports.

India is the EU's **9th largest trading partner**, representing roughly 2.5% of the EU's total goods trade.

In FY 2024-25, total India–EU bilateral merchandise trade was about **\$ 136.5 billion**.

By 2030, India-EU trade volumes are expected to grow significantly, with estimates pointing toward goods trade of almost **\$ 200 billion**.

France has emerged as the **11th largest investor in India**, with a FDI inflow of \$ 12.25 billion from April 2000 to March 2026, reflecting the strength of the India France economic partnership.



2.2 Trade between India and France

Top five exports from India to France in FY 2025-2026:

- a) Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts (860.82 million)
- b) Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (€705.40 million)
- c) Pharmaceutical products (€552.81 million)
- d) Natural or cultured pearls, precious or semi-precious stones, precious metals, imitation jewellery; coin (€322.42 million)
- e) Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes (€172.49 million)

Top five imports by India from France in FY 2025-2026:

- a) Aircraft, spacecraft, and parts thereof (€3,385.55 million)
- b) Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof (€1,276.02 million)
- c) Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts (€561.73 million)
- d) Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof (€386.19 million)
- e) Plastic and articles thereof (€212.40 million)

India-France Trade in Goods (Euro in Million)

FY	Indian Exports to France	French Exports to India	Total Trade
2021-22	5,534.09	4,818.42	10,352.51
2022-23	6,341.72	5,167.54	11,509.26
2023-24	5,950.91	6,642.63	12,593.54
2024-25	6,633.25	6,049.30	12,682.55
2025-26	6,137.95	7,530.57	13,668.52

Source: Ministry of Commerce & Industry, Govt. of India

3. Background of India EU FTA

3.1 The awaited deal – India EU FTA

‘Mother of all deals’

India and the European Union launched negotiations for a Broad-based Trade and Investment Agreement (BTIA) in 2007, but talks stalled in 2013 due to differences on tariffs, services, investment protection, and regulatory issues.

Negotiations were **relaunched in 2022** amid shifting global supply chains, strategic realignments, and shared interest in resilient, rules-based trade.

The proposed FTA is comprehensive, covering goods, services, investment, digital trade, sustainability, and regulatory cooperation, reflecting the growing economic and strategic importance of the India–EU partnership.

2nd Largest Economy – EU

4th Largest Economy – India

Market of 2 billion people

3.2 Structure of India EU FTA

Around 20 Chapters focusing on

Goods Trade

The India–EU FTA boosts goods trade by cutting tariffs, easing customs procedures, and addressing non-tariff barriers, improving market access and supply-chain efficiency for exporters on both sides.

Service and Investment

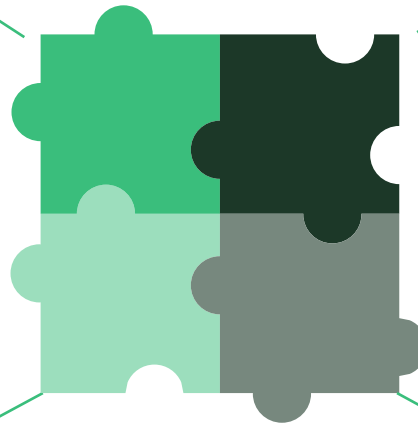
The India–EU FTA strengthens services and investment by easing market access, improving regulatory certainty, facilitating professional mobility, and promoting stable, rules-based cross-border investment flows.

Digital Trade

Facilitating digital trade without diluting data protection, given the EU’s GDPR and India’s evolving digital governance framework

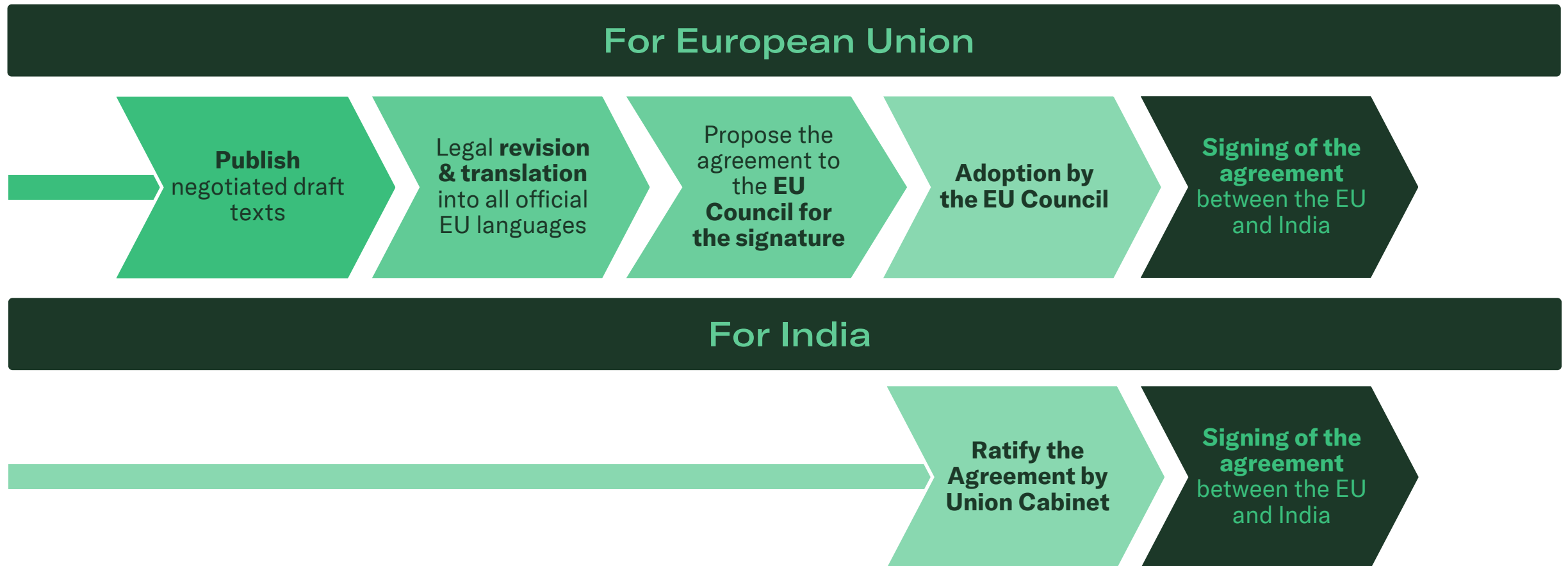
Sustainability

Alignment with the EU’s Carbon Border Adjustment Mechanism (‘CBAM’) and promotion of responsible trade practices.



3.3 Next Steps in India EU FTA Negotiations

The **negotiations have concluded** on **27 January 2026**, the **signing is pending**, and the world is watching closely as the next steps unfold.



3.4 Other recent Trade Deals by India

India-EFTA TEPA

- India's first FTA with four developed nations (**Switzerland, Norway, Iceland and Lichtenstein**), committing USD 100 billion in investments and 1 million jobs over 15 years.
- EFTA grants **duty free** access on around **99.5%** tariff lines, covering almost all industrial goods from India. India eliminates duties on around **82%** of EFTA tariff lines, protecting sensitive sectors like dairy and select agriculture.

India – UK CETA

- Tariff elimination on about **99%** of tariff lines by UK. India has opened 89.5% of its tariff lines, with **24.5%** of UK's export enjoying **0%**.
- Simplifies rules of origin compliance by allowing **self-certification** by exporters.
- Double Contribution Convention** exempts Indian workers & employers from paying UK social security contributions for up to 3 years on temporary assignments.

India – NZ FTA

- New Zealand has agreed to provide **zero-duty** access to **all Indian exports**.
- India has offered **tariff liberalization on a majority of tariff lines**, excluding sensitive agricultural products.
- Expected Foreign direct investment of up to NZ \$~20 billion investment in India in 15 years.

ASEAN-India Deal

- Review** of the existing agreement to update and rebalance the deal **to address trade imbalances and modernize rules**.
- Emphasis on clearer rules on origin, tighter anti-circumvention checks and easier market access for exporters.

Status – Effective since 1 October 2025

Status – Effective since 15 July 2026

Status – Effective since 20 October 2026

Status – Operational since 1 January 2010. Currently under review.

4. India–EU FTA: Unlocking New Opportunities for Business

4.1 Tariff Benefits: EU → India

Before FTA: WTO MFN rates apply (India avg 10–26%, peaks at 110%). FTA changes everything.

BEFORE FTA — MFN Rates

Machinery & equipment	10–44%
Chemicals	8–22%
Pharma / APIs	10–12%
Automobiles	60–110%
Processed food	30–40%

FTA

AFTER FTA — Preferential Rates

Machinery & equipment	0% (immediate)
Chemicals	0–5% (5–7 years)
Pharma / APIs	0% (immediate)
Automobiles	Quota/ 10 yr phased
Processed food	0–10% (5–7 years)

STAGING PERIODS — duty reductions are phased. Know your product's timeline:

Immediate (Entry into Force)

- Machinery
- Pharma / APIs
- Most chemicals
- IT equipment

5 Years

- Processed foods
- Beverages
- Cosmetics/ Select chem
- Plastics

7 Years

- Auto components
- Select chemicals
- Ceramics
- Paper

10 Years

Automobiles

Tariff Rate Quotas (TRQs)

Select agricultural products (e.g., apples, pears, peaches, kiwifruit)

Sensitive lists / exclusions: Strategic protections for dairy, poultry, some cereals/legumes, and EVs (electric vehicles).

- EU offers 97% of tariff lines (99.5% of India's export value): one of the deepest packages India has received
- India offers 92% of tariff lines (97.5% of EU export value): German machinery, pharma & healthcare are clear winners

Key message: a 0% rate on paper means NOTHING unless you can prove origin & claim it correctly: that's what matters next

4.2 Tariff Benefits – EU Importers

For EU Importers

Sector	Earlier Tariff (Approx.)	Tariff under India–EU FTA (Approx.)	Notes
HS 00 – 20 Agricultural & Dairy	5–50%	Mostly excluded / limited concessions	
HS 29 - Chemicals	0–8%	0 (immediate or phased)	Export gains for commodity chemicals and certain intermediates.
HS 30 - Pharmaceuticals	0–6.5%	0% (immediate)	Most lines immediate reduction
HS 61 and 62 – Textiles & Apparel	0–12%	0% (mostly immediate; some phased)	Major win for labour-intensive exporters.
HS 64 - Leather & Footwear	0–8%	0% (immediate for core lines)	Significant employment and MSME impact expected.
HS 71 - Gems & Jewelry	0–4%	0–low% (many cut to 0; some higher-value jewellery phased)	Polished stones already low-duty; added liberalisation for higher-value jewellery increases competitiveness.
HS 84 - Industrial Machinery & Equipment	0–6%	0% (most parts immediate or short phased)	Improving competitiveness for India’s engineering exports.
HS 90 - Medical & Optical Instruments	0–7%	0% (immediate or phased)	Majorly immediate reduction boosting Indian export
HS 94 - Carpets, Handicrafts, Home Furnishings	0–8%	0% (majority immediate)	Traditional/handicraft lines largely liberalised — helps artisanal exporters.

4.3 Overview of Tariff Benefits – EU Importers

Relevant HS Codes

HS Code	Description	Duty	Staging
HS 29	Organic chemicals – 246 -line items out of 512	0-6.5%	A (0% Duty)
	Organic chemicals – 3 -line items out of 512	4-4.6%	B3 (4-year phase-out)
	Organic chemicals – 249 -line items out of 512	5-6.5%	B5 (6-year phase-out)
	Organic chemicals – 9 -line items out of 512	3.8-6.5%	B7 (8-year phase-out)
	Organic chemicals – 5 -line items out of 512	Product Specific	X (Excluded)
HS 30	Pharmaceuticals	0%	A (0% Duty)
HS 61 & 62	Articles of Apparel	8-12%	A (0% Duty)
HS 71	Gems & Jewelry - 56 -line items out of 58	0-4%	A (0% Duty)
	Gems & Jewelry - 2 -line items out of 58	4%	B3 (4-year phase-out)
HS 84	Industrial Machinery & Equipment – 831 – line items out of 894	0-8%	A (0% Duty)
	Industrial Machinery & Equipment – 55 – line items out of 894	3.2-4.5%	B3 (4-year phase-out)
	Industrial Machinery & Equipment – 5 – line items out of 894	5.7-6.2%	B5 (6-year phase-out)
	Industrial Machinery & Equipment – 3 – line items out of 894	8-9.7%	B7 (8-year phase-out)
HS 90	Medical & Optical Instruments – 212- line items out of 214	0-4.7%	A (0% Duty)
	Medical & Optical Instruments – 2- line items out of 214	6.7%	GSP-B5 (6-year phase-out)

4.4 Tariff Benefits – Indian Importer

Sector	Earlier Tariff (Approx.)	Tariff under India–EU FTA (Approx.)	Notes
HS 00 to 20 - Sensitive Agriculture (Dairy, Poultry, Sugar, Rice)	30–125%	No/ minor reduction	Protected; limited or no tariff reduction in FTA.
HS 22 - Beverages, spirits and vinegar	33–150%	Phased reduction	Limited reduction as per specific tariff reductions and some products reduced to 0 duty over period of 5 years
HS 29 - Chemicals	8–22%	0–5% (phased over 5–7 yrs)	Pharmaceuticals phased to 0; certain chemicals phased over 5–7 yrs.
HS 30 - Pharmaceuticals	10%	0% (immediate or phased)	All identified tariff lines are scheduled for complete elimination
HS 42 - Leather Articles and Travel Goods	11–16.5%	0% (phased)	Majority of the products
HS 84 - Industrial Machinery & Equipment	7.5–20%	0% (immediate or phased)	Almost all tariffs eliminated either immediately or phased over period of 5 or 7 or 10 years subject to certain exclusion.
HS 85 – Electrical machinery	7.5–10%	0% (phased)	Large cuts on machine tools, pumps, turbines; major EU export gain.
HS 87 - Auto Parts	10–35%	0% (phased over 5–7 yrs)	Phased elimination improves competitiveness of EU parts.
HS 88 - Aircraft & Spacecraft	5–15%	0% (near-immediate)	Most duties eliminated early in schedule.
HS 90 - Medical & Optical Instruments	7.5–20%	0% (immediate or phased)	Broad elimination, with limited exclusions
HS 91 – Clocks and watches	5.5–22%	0% (immediate or phased)	Almost all tariffs eliminated either immediately or phased over period of 7 years.

4.5 Overview Tariff Benefits – Indian Importer

Relevant HS Codes

HS Code	Description	Duty	Staging
HS 22	Wine (CIF* < EUR 2.5)	150%	No concession
	Wine (EUR 2.5 ≤ CIF* < EUR 10)	150%	Reduced to 30% (Over period of 8 years)
	Wine (CIF* ≥ EUR 10)	150%	Reduced to 20% (Over period of 8 years)
HS 29	Chemicals - 657-line items out of 820	8–22%	EIF (0% Duty from Day 1)
	Chemicals - 86-line items out of 820	8–22%	E5 (6-year phase-out)
	Chemicals - 53-line items out of 820	8–22%	E7 (8-year phase-out)
	Chemicals - 19-line items out of 820	8–22%	E10 (11-year phase-out)
	Chemicals - 5-line items out of 820	8–22%	EL (Excluded)
HS 42	Articles of Leather	11-16.5%	E7 (8-year phase-out)
HS 84	Industrial Machinery & Equipment – 331-line items out if 1072	0-22%	EIF (0% Duty from Day 1)
	Industrial Machinery & Equipment – 73-line items out if 1072	2.5-22%	E5 (6-year phase-out)
	Industrial Machinery & Equipment – 586-line items out if 1072	5.5-22%	E7 (8-year phase-out)
	Industrial Machinery & Equipment – 69-line items out if 1072	5.5-22%	E10 (11-year phase-out)
	Industrial Machinery & Equipment – 8-line items out if 1072	11-22%	EL (Excluded)
	Industrial Machinery & Equipment – 5-line items out if 1072	16.5%	TEP 10 (beginning from Year 6 and 11-Year phase out)

4.6 Overview Tariff Benefits – Indian Importer

Relevant HS Codes

HS Code	Description	Duty	Staging
HS 85	Electrical machinery – 179 –line items out of 646	0-44%	EIF (0% Duty from Day 1)
	Electrical machinery – 213 –line items out of 646	8.3-22%	E5 (6-year phase-out)
	Electrical machinery – 137 –line items out of 646	0-22%	E7 (8-year phase-out)
	Electrical machinery – 65 –line items out of 646	8.3-22%	E10 (11-year phase-out)
	Electrical machinery – 52 –line items out of 646	8.3-44%	EL (Excluded)
HS 88	Aircraft, Spacecraft and Parts Thereof - 4-line items out of 31	0-11%	EIF (0% Duty from Day 1)
	Aircraft, Spacecraft and Parts Thereof - 17-line items out of 31	2.8-11%	E5 (6-year phase-out)
	Aircraft, Spacecraft and Parts Thereof - 2-line items out of 31	11%	E7 (8-year phase-out)
	Aircraft, Spacecraft and Parts Thereof - 4-line items out of 31	2.8-11%	E10 11-year phase-out)
	Aircraft, Spacecraft and Parts Thereof - 4-line items out of 31	11%	R10 to 5.5% (from year 10 duty shall be 5.5%)

4.7 Relief in Non-Tariff Barriers

Key Highlights:

Technical Standards and Certification

Indian exporters face costly, duplicative EU testing and certification requirements. Rather than immediate mutual recognition, the FTA sets up a working group to review regulatory regimes (including India's Quality Control Orders and EU rules) with the aim of improving transparency and reducing unnecessary compliance burdens over time.

Sanitary and Phytosanitary Measures

The FTA reaffirms WTO SPS principles and adds cooperation tools (SPS Committee, rapid-response mechanism) for greater transparency.

However, EU SPS standards remain stringent and largely unchanged.

Carbon Border Adjustment Mechanism

CBAM is already in force as a carbon levy on carbon-intensive imports (steel, aluminium, cement, fertiliser). The FTA doesn't waive CBAM costs but secures a most-favoured-nation-style assurance, a mechanism to discuss recognition of India's carbon prices, and EU decarbonization support.

Movement of Professionals and Services Trade

The FTA provides that India will secure a mobility framework for IT and other professionals, while the EU would gain deeper access to India's services market.



End Goal :

Reduce hidden compliance costs and build predictable market access on both sides, without either side lowering its core standards.

4.8 Intellectual Property

Overall Approach

- Likely push for TRIPS-plus standards similar to India EFTA TEPA
- Stronger enforcement & border measures
- Greater regulatory alignment with EU IP framework
- Higher sensitivity in pharma & digital sectors

Patents & Pharmaceuticals

- Possible EU push for: Data exclusivity, Patent-term extensions (regulatory delay compensation), Patent linkage mechanisms.
- India likely to safeguard: Generic industry competitiveness, Compulsory licensing flexibility.

Geographical Indications (GIs)

- Strong EU emphasis on GI protection (wines, spirits, food products)
- Mutual recognition framework expected
- Opportunity for stronger protection of Indian GIs in EU market

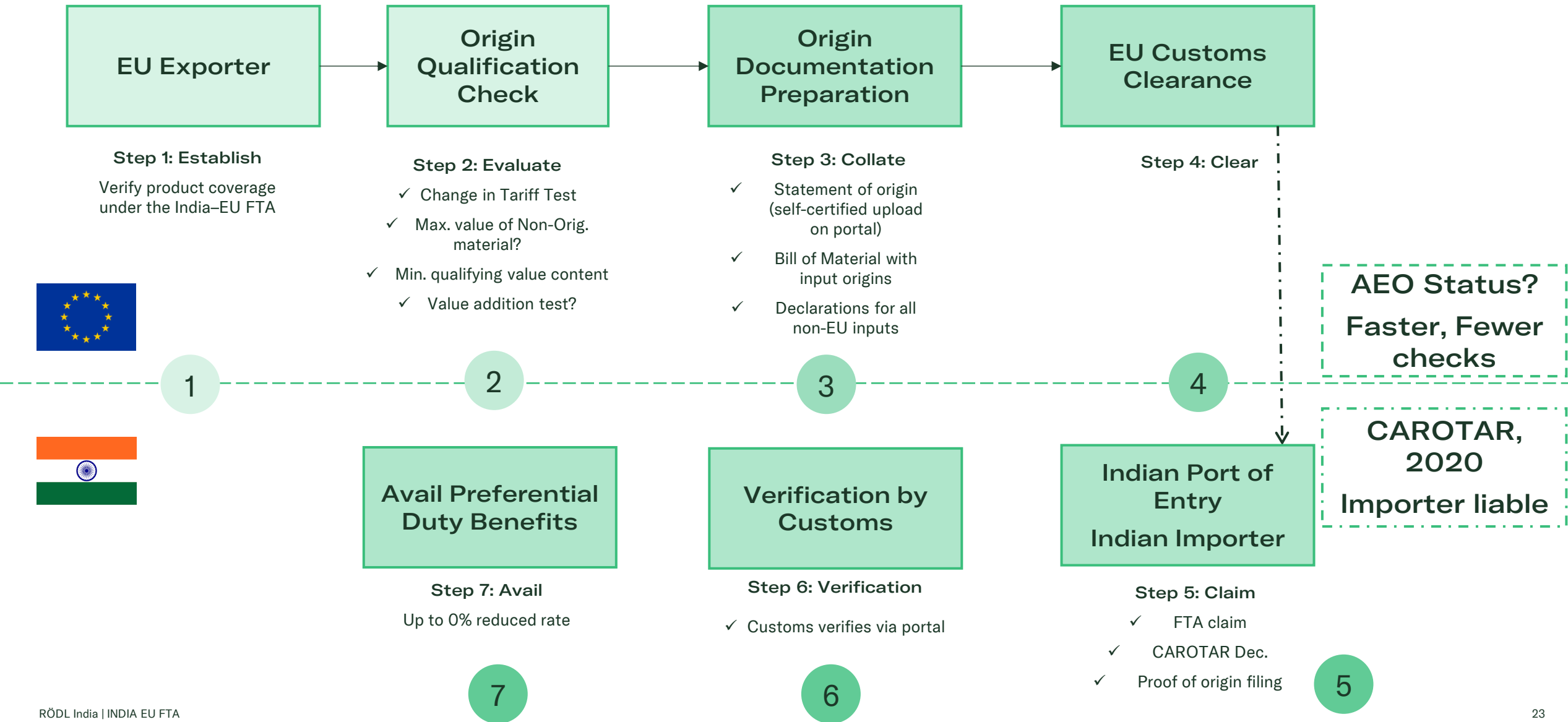
Copyright, Digital & Enforcement

- Protection of technological protection measures (TPMs)
- Online intermediary liability discussions
- Enhanced border measures & anti-counterfeiting enforcement
- Greater cooperation in digital IP protection



5. How to claim Tariff Benefits under FTA?

5.1 How to claim Tariff Benefits under FTA?



5.2 Illustration: EU Exporter Example: Luxury Hand bag

Product: Luxury handbag (HS 420222) exported to India

Product must pass ONE of the four tests below to claim the preferential rate

TEST 1: Wholly Obtained

Are ALL ingredients grown/produced entirely in France or the EU?

Metal hardware is imported from Japan — not the EU.

This test requires 100% EU-origin inputs, which is not possible.

X Fails: As metal hardware is imported, cannot be wholly obtained in the EU.

X DOES NOT APPLY: metal products are imported

TEST 3: Qualifying Value Content (QVC)/ Non-Originating Material (NOM)

Is enough value added in EU to meet the QVC /NOM threshold?

FOB price: €5000

Non-EU inputs (metal hardware): €500

$QVC = (\text{€}5000 - \text{€}500) \div \text{€}5000 \times 100 = 90\%$

Threshold: MaxNOM 50% (EXW) or MinQVC 55% (FOB) - Passes comfortably.

France/ EU raw-material, labour & know-how drive value.

PASSES ✓ (90% > ~50–55% threshold)

TEST 2: Tariff Classification Change (CTH)

Does processing in France change the HS heading of the raw inputs?

Leather (HS 41.07) + textile fabric (HS 59.03) +..... → Hand bag (HS 42.02)

Different HS heading = substantial transformation has occurred in France/EU.

✓ Passes: the manufacturing process creates a genuinely different product.

PASSES ✓

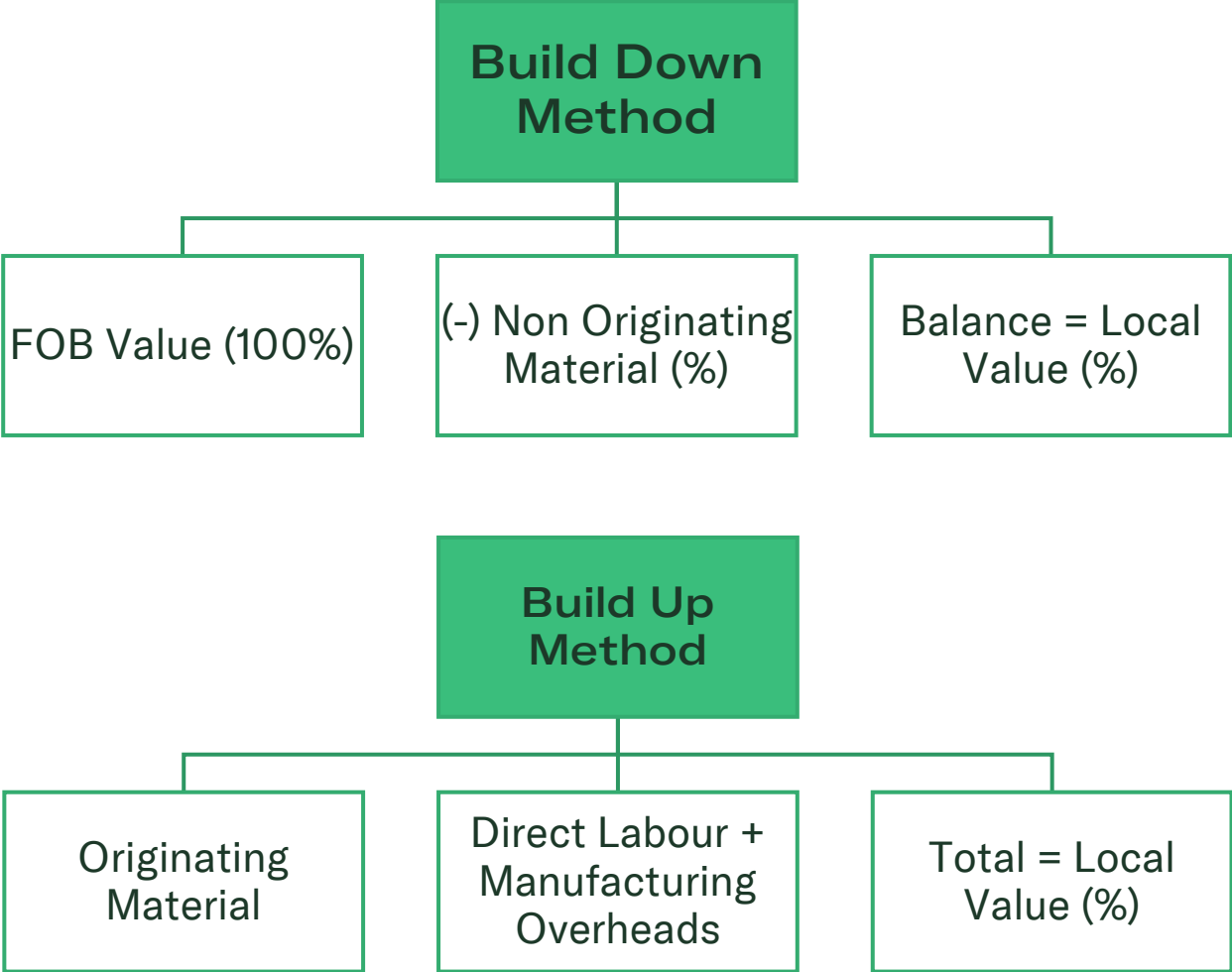
TEST 4: Specific Process Rule (SPR)

Does the FTA annex require a specific manufacturing process for HS 42.02?

NA

NA

5.3 Qualifying Value Content (QVC) Norms



How can Supply Chain influence RVC?

- Local vs imported sourcing decisions
- Supplier selection within FTA region
- Relocation of processing/ assembly stages
- Change in cost structure and pricing models

Sector	Value of MinQVC and MaxNOM
HS 42 - Articles of leather	MaxNOM 50 % (EXW); or Min QVC 55 % (FOB)
HS 84-Industrial Machinery & Equipment	CTH/CTSH; MaxNOM 50 % (EXW); Min QVC 55 % (FOB); CTSH and MaxNOM 55 - 60 % (EXW); or CTSH and Min QVC 45 - 50 % (FOB)
HS 85-Electrical Machinery	CTH/CTSH; MaxNOM 50 % (EXW); Min QVC 55 % (FOB); CTSH and MaxNOM 55 - 80 % (EXW); or CTSH and Min QVC 25 - 50 % (FOB)
HS 88-Aircraft, spacecraft, and parts thereof	CTH; MaxNOM 60 % (EXW); or Min QVC 45 % (FOB).

5.4 Rules of Origin (CAROTAR)



What is CAROTAR?

- In India, origin claims are administered through the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR).
- **Rules of origin** ensure that only products significantly processed in one of the parties can benefit from the tariff preferences of the agreement.

Incase of conflict: FTA rules prevail.



Why is CAROTAR important?

It empowers Indian Customs to:

- Seek additional origin information
- Verify value addition & product-specific rules
- Deny preferential benefits if documentation is insufficient

How it Plays?

1. Customs audits Indian importer: asks for origin proof
2. Importer contacts France exporter
3. Weak documentation? MFN duty retroactively + interest + penalty.



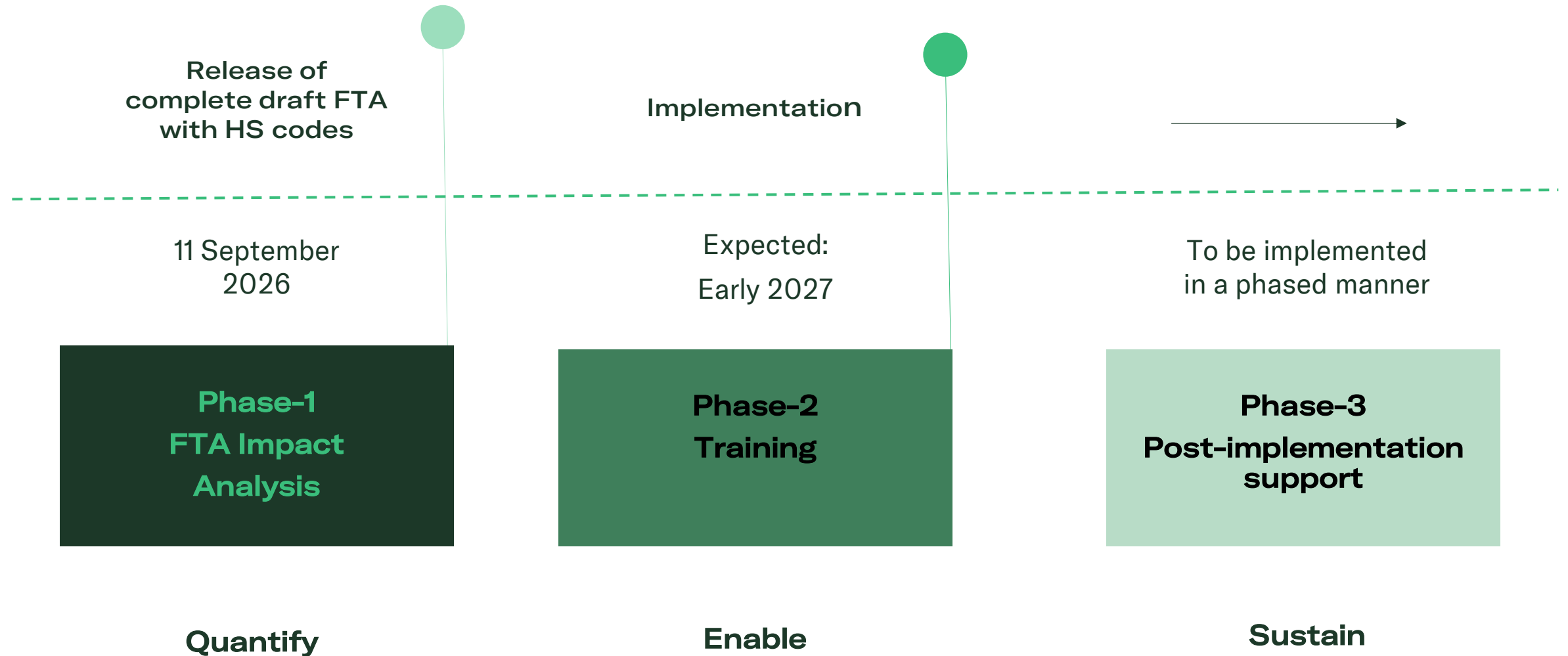
Documents required under CAROTAR

- **Certificate of Origin (CoO)** - Issued by designated authority in exporting country. The CoO needs to comply with FTA-specific format and contain origin criteria, invoice reference, exporter details etc.
- Supporting documents like Regional Value Content (RVC) Calculation and Bill of Materials (BOM) September be required for verification of claim of preferential duty.

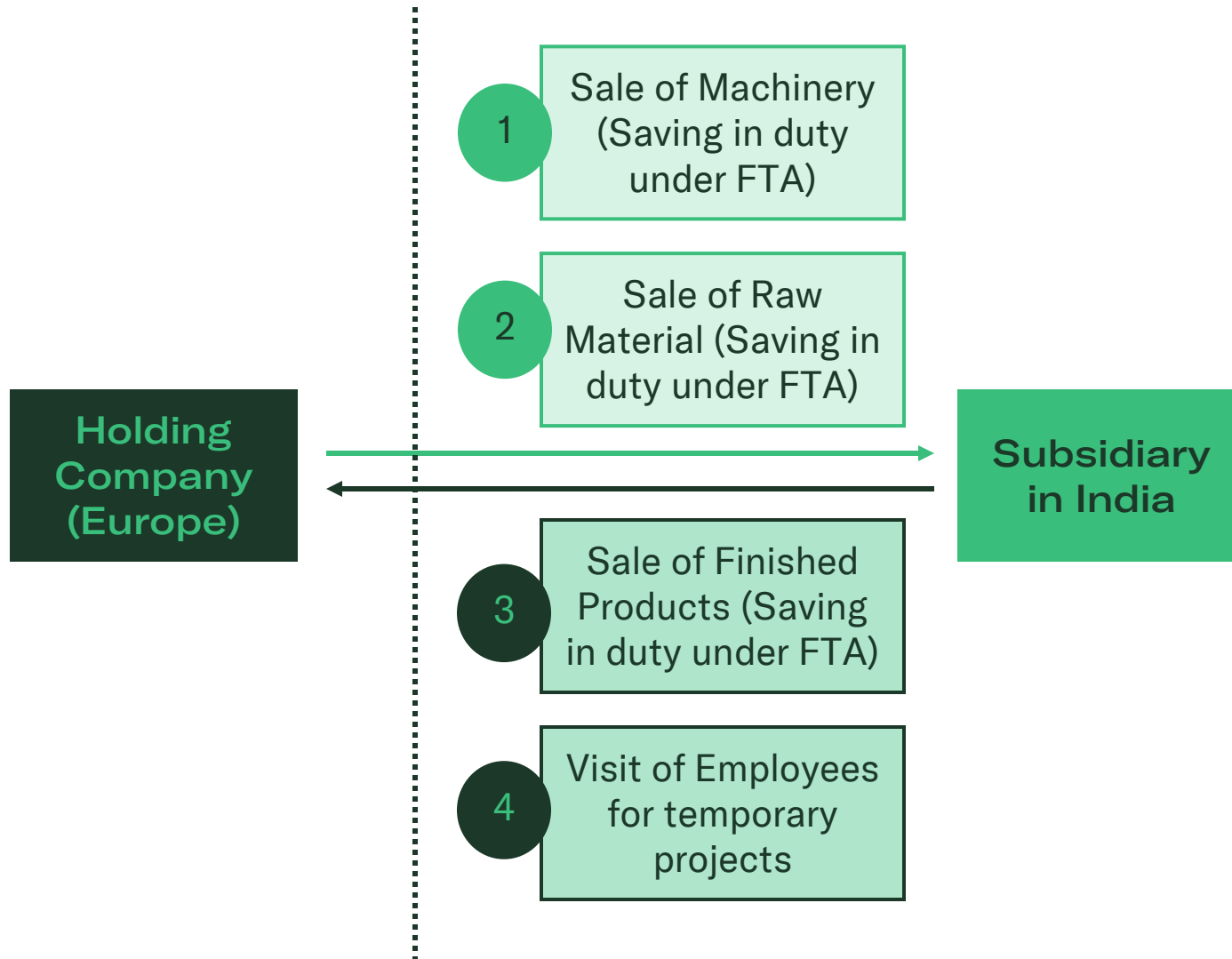
Requirement to retain records for 5 years.

6. India–EU FTA Readiness: Are You Prepared?

6.1 How to be prepared? - India EU FTA



6.2 Revisit Global Supply Chain



India as a Competitive Manufacturing Hub for European Businesses

- Optimize cost by availing benefits under the India EU FTA
- Access to large domestic market + export platform to EU
- Cost-competitive labour and expanding industrial base
- Opportunity to structure production to meet FTA origin rules
- Growing infrastructure via industrial corridors and logistics upgrades

6.3 Why Authorised Economic Operator ('AEO') matters under India EU FTA?

The FTA may reduce or eliminate tariffs — but businesses still need to

- Prove rules of origin compliance
- Maintain robust documentation
- Face customs verification & audits
- Manage cross-border supply chain risks

This is where AEO becomes strategic

AEO status reduces friction at the exact points where FTA implementation may slow down:

- Faster customs clearance
- Reduced physical inspections
- Lower risk of shipment delays, reducing demurrage & warehousing costs
- Stronger credibility during origin verification
- Priority treatment in customs controls

**FTA gives you tariff advantage.
AEO ensures operational advantage.**



India | RÖDL

Atish Laddha

Partner
Head of Indirect Tax Advisory (India)
T +91 020 66257100
atish.laddha@roedl.com

Rajvi Shah

Principal Associate
Indirect Tax Advisory (India)
T +91 020 66257100
rajvi.shah@roedl.com

Disclaimer: This offer has been prepared exclusively for the company/companies named as addressees by Roedl India Private Limited (formerly known as Roedl & Partner Consulting Private Limited) ("RÖDL").
1st content is entirely confidential and any disclosure, in whole or in part, in any form whatsoever (verbally, in writing, in text form, or by presentation) to third parties (not addressed in the offer) requires the prior written consent of RÖDL. The offer is non-binding and subject to German law. It is also made on the assumption that the results of statutory mandatory checks (KYC, GwG, sanctions checks, etc.) and professional law requirements do not contradict the offer or the conclusion of a contract.

RÖDL

We pave the way. Worldwide.