

## Association for Global Economic Development-India

Corporate Office: A/111, Mittal Court, Nariman Point, Mumbai -India 400 021.



### Indian International News Express

6<sup>th</sup> Feb 26

Mumbai-India

### India-EU FTA and EU-Vietnam FTA supportive to each other



#### A Comparative Look at Their Strategic Impact on EU Business Expansion

*The recent conclusion of the India-EU Free Trade Agreement (FTA) marks a significant milestone in the European Union's strategic engagement with key Asian economies. In parallel, the EU's evolving partnership with Vietnam under the EU-Vietnam Free Trade Agreement (EVFTA) shows a dual approach to enhancing trade relations in the Indo-Pacific.*

Alongside the successful conclusion of negotiations on a comprehensive Free Trade Agreement (FTA) with India on January 27, 2026, the European Union (EU) has continued to deepen its engagement in the Indo-Pacific, most notably through the upgrade of its relationship with Vietnam to a Comprehensive Strategic Partnership (CSP) on January 1.

The two major developments in global trade, occurring just days apart, demonstrate the EU's sustained commitment to promoting sustainable and prosperous trade relations in the Indo-Pacific, a region it identifies as **"a key player in shaping the international order."**

While negotiations on the India-EU FTA formally concluded on January 27, 2026, the agreement has now entered the legal scrubbing phase, during which technical texts are finalized and aligned across languages. This process is expected to take several months,

followed by signature and ratification procedures across the EU and India – meaning full entry into force is still some distance away.

In contrast, the EU-Vietnam Free Trade Agreement (EVFTA) has been operational since August 2020, offering EU companies a proven framework with established tariff reductions, regulatory mechanisms, and real-world implementation experience. In fact, the EVFTA has been a proven engine of EU-Vietnam trade expansion, generating nearly US\$300 billion in bilateral trade over five years and making Vietnam the EU’s top trading partner in ASEAN, according to [EuroCham](#).

## How the India-EU FTA and EVFTA complement each other

While the India-EU FTA creates one of the world’s largest integrated trade zones – spanning nearly two billion people – the EU’s parallel trade initiatives in Southeast Asia are designed to deepen economic engagement across some of the region’s fastest-growing and most interconnected markets.

Following Singapore in 2019, Vietnam became the second ASEAN member to conclude a free trade agreement with the EU, underlining its role as a pivotal regional partner. More recently, in September last year, the EU and Indonesia finalized a Comprehensive Economic Partnership Agreement (CEPA) after nine years of negotiations. As the EU-Vietnam Free Trade Agreement (EVFTA) marked its five-year anniversary in August 2025, bilateral trade in the first 11 months of that year surpassed US\$66.8 billion, reflecting a 6.6 percent year-on-year increase.

Taken together, these developments illustrate the EU’s broader Indo-Pacific strategy: anchoring its regional footprint through deep, rules-based trade partnerships with key economies across South and Southeast Asia. This institutional approach via trade frameworks is intended to strengthen supply chain resilience, support economic diversification, and reinforce the EU’s position as a normative trade actor in the region.

Against this backdrop, the India-EU FTA and the EVFTA exemplify how complementary trade pathways can offer diversified entry points for EU businesses expanding into Asian markets. While both agreements aim to enhance market access, reduce trade barriers, and deepen economic ties, they differ materially in structure, depth of liberalization, and regulatory ambition.

A comparative view of these FTAs highlights how the EU has tailored its trade strategy to distinct partners – balancing differences in development levels, market scale, and geopolitical considerations – while advancing a coherent regional economic agenda.

*The very successful EVFTA came into force during a relatively stable period for global trade. The EU-India FTA, by contrast, is emerging at a time when diversification away from China and the US has become an urgent priority, which may (or may not) accelerate its practical impact” –(Source: Riccardo Benussi, Partner, Dezan Shira & Associates)*



**38<sup>TH</sup> INTERNATIONAL  
COTTON CONFERENCE**  
BREMEN 2026 | MARCH 25-27

## India's FTA

### India to add more trade muscle as it inks FTA terms with GCC



Piyush Goyal during the signing of FTA terms between India and the GCC in New Delhi

New Delhi: India and the six-nation Gulf Cooperation Council (GCC) Thursday inked terms of reference for starting talks for a Free Trade Agreement (FTA). The West Asian bloc is the largest trading partner of India with bilateral goods trade of \$178.56 in FY25. Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain are members of the GCC. The terms of reference (ToR) outline the scope and modalities of a proposed trade pact.

Commerce and industry minister Piyush Goyal, who presided over the signing ceremony of the ToRs with the GCC, said that the trade pact brings predictability to policy. It will benefit the petrochemical industry and create opportunities for the ICT industry.

"It is most appropriate that we now enter into a much stronger and robust trading arrangement which will enable a greater free flow of goods, services, bring predictability and stability to policy, help encourage a greater degree of investment ..Goyal said. The two trading partners have been trading amongst each other for over 5,000 years and about 10 million Indians are living and working in the GCC region.

Launch of FTA talks with the GCC would be a kind of resumption of the negotiations, as the earlier two rounds of negotiations were held in 2006 and 2008 between the two regions. The third round did not happen as GCC deferred its negotiations with all countries and economic groups.

Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain are members of the GCC. The terms of reference (ToR) outline the scope and modalities of a proposed trade pact.

## India negotiating new FTAs with many countries

FTA: India is actively participating in regional and plurilateral platforms to support diversified and sustainable supply chains, including the Indo-Pacific Economic Framework for Prosperity (IPEF), minister Jitin Prasada said.

India is negotiating trade agreements with **Australia, Chile, Peru, the Eurasian Economic Union (EAEU) and Sri Lanka**, and is reviewing existing agreements with **ASEAN and South Korea**.

India has also signed terms of reference (ToR) to enter trade pact negotiations with **Israel, the Maldives, the Philippines and the Gulf Cooperation Council (GCC)**.

"India is actively participating in regional and plurilateral platforms to support diversified and sustainable supply chains, including the Indo-Pacific Economic Framework for Prosperity (IPEF)," Jitin Prasada said.

## India-US trade deal to boost merchandise exports, RBI Governor

With the signing of a landmark trade deal with the European Union and the US trade agreement in sight, growth momentum is likely to be sustained for a longer period, Reserve Bank of India Governor Sanjay Malhotra said on Friday.

"While services exports are expected to remain strong, merchandise exports will get a boost from the prospective trade deal with the US. The landmark comprehensive trade pact with the European Union, coupled with trade deals with New Zealand and Oman, should help diversify exports and strengthen the external sector," he said in his Monetary Policy Committee statement.

"While services exports are expected to remain strong, merchandise exports will get a boost from the prospective trade deal with the US. The landmark comprehensive trade pact with the European Union, coupled with trade deals with New Zealand and Oman, should help diversify exports and strengthen the external sector," he said in his Monetary Policy Committee statement.

ENDORSED BY THE FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT



West Africa Industrialisation  
Manufacturing & Trade  
Summit & Exhibition

3 - 5 March 2026  
Landmark Centre  
Lagos | Nigeria



Endorsed by  
FEDERAL MINISTRY OF  
INDUSTRY, TRADE &  
INVESTMENT

Accelerating West  
Africa's Sustainable  
Industrial Revolution for  
Economic Prosperity

PRE-REGISTER FOR YOUR FREE VISITOR PASS TODAY

2,500  
Attendees

250  
Global  
Exhibitors

500  
Conference  
Delegates

70  
Speakers

25  
Participating  
Countries

15  
Ministers

## International Business

### Sri Lanka should focus more on trade with India to minimize risks

Colombo-Wednesday February 4, 2026

Sri Lanka should increase its trade with India with an aim to reduce risks in the ongoing geopolitical battle, a former Asian Development Bank research expert said.

Sri Lanka and India have a long history of attempting to upgrade their 1998 Free Trade Agreement (FTA) into a broader "comprehensive" deal.

While technical negotiations were completed for two major frameworks, CEPA and ETCA, neither was signed due to intense political opposition and domestic pressure within Sri Lanka. Ganeshan Wignaraja, a former director of research at Asian Development Bank Institute said upgrading existing FTA with India is seen as a key.

"So, the short answer for Sri Lanka I think is that you know there is this risk of trade diversion," Wignaraja said at forum held in Colombo last week. Sri Lanka's merchandise exports to India were 1.04 billion US dollars in 2025 and Items under Indo-Lanka FTA had generated more exports than imports consistently, data show.

Wignaraja stressed on the need for Sri Lanka to integrate more with India's market and reap the benefits of the Indian market and called for making it a more strategic relationship compared to what exists today.

"We have to really take a strategic view of India. We have a very limited trade agreement signed; you know decades ago. But there was a discussion on an investment agreement to build in the bits. I think we better do all that rather quickly," he said.

CEPA (Comprehensive Economic Partnership Agreement) was negotiated between 2005 and 2008 with an aim to be the natural evolution of the existing FTA, moving beyond just "goods" to include services, investments, and technology transfer.

However, professional bodies of doctors, engineers, and lawyers along with local business chambers feared that Sri Lanka's small market would be "swamped" by Indian professionals and cheaper labor, leading to mass local unemployment.

Wignaraja pointed out that even under the existing Free Trade agreement there were many constraints that prevented greater trade from happening and a lot of opportunities still remained where further liberalization was possible.

"What is it that we can do in India given the way in which that earlier trade agreement was done? Lots of exclusions such as the quota on garments, there are lots of regulations that affect our primary agriculture stuff that can go to India," he said.

"I think it really means stuff in services where there is less regulation right. It means for instance in Gift City there are opportunities for our companies to participate in ventures with them (Source:ECONOMYNEXT)



## India doubles tax holiday for GIFT City businesses to 20 years



MUMBAI, Feb 4 - India's federal budget on Sunday doubled the tax holiday for businesses establishing operations in a low-tax city located in Prime Minister Narendra Modi's home state to 20 years.

The tax boost for GIFT City comes as it is attracting increased interest from large global reinsurers. The Indian government is pitching the city as a gateway for global capital flows. Foreign companies setting up units in Indian regions outside of Gujarat International Finance Tec-City, or GIFT City, are taxed at a base rate of 35%.

"This will encourage both global and domestic institutions to structure international financial services business within India's own financial hub," Dipesh Shah, executive director at the regulator for financial services at GIFT City told Reuters.

"Today's announcement will provide long-term tax certainty and predictability to the IFSC (international financial services centre) ecosystem." (Source:Reuters)



## Mother of all deals': EU and India sign free trade agreement



*Tariffs cut to zero for many industrial products, including iron and steel, plastics, chemicals and pharmaceuticals*

India and the EU have finalised a landmark free trade agreement, which the European Commission president, Ursula von der Leyen, hailed as the "mother of all deals".

The agreement comes after almost two decades of on-off negotiations between **India** and the EU, which vastly accelerated in the past six months and were finally concluded late on Monday night.

The deal is expected to open up India's vast and traditionally tightly guarded market to the 27 nations in the bloc, with a focus on manufacturing and the services sector. It will ease market access for key European products, including cars and wine, in return for easier exports of textiles, gems and pharmaceuticals.

The agreement is expected to double EU exports to India by 2032 by eliminating or cutting tariffs in 96.6% of traded goods by value, and would lead to savings of €4bn (£3.5bn) in duties for European companies, the EU said.

Tariffs will be reduced to zero for a vast swathe of industrial products, including nearly all iron and steel, plastics, chemicals, machinery and pharmaceuticals.

"Europe and India are making history today," von der Leyen said after landing in Delhi, where she met the Indian prime minister, Narendra Modi, on Tuesday. "We have concluded the mother of all deals. We have created a free trade zone of 2 billion people, with both sides set to benefit."

Von der Leyen had previously stated that she expected exports to India to double after the deal, with the EU granted unprecedented access to the previously heavily protected Indian market.

The deal must be ratified by EU member states, the European parliament and the Indian cabinet before it enters into force.

The trade deal is part of a flurry of agreements announced at a summit on Tuesday, as the EU and India grapple with Donald Trump's tariffs, China's economic heft and the Russian invasion of Ukraine. The two sides are due to sign a security pact to deepen joint work on maritime security, hybrid threats and counter-terrorism.

The security agreement has been described by the EU as a way to “advance alignment” after [qualms about India’s ties with Russia](#).

The two sides also struck a labour mobility agreement to open opportunities for young professionals and seasonal workers, while committing to launch talks on bringing India into the EU’s Horizon research programme.

India, the world’s most populous country with 1.4 billion people, is also one of the world’s fastest-growing economies and is on track to become the fourth-largest economy this year, according to the International Monetary Fund.

Modi called Tuesday’s deal the “biggest free trade deal in history”.

“This agreement has brought massive opportunities for 1.4 billion Indians and millions of people in European countries,” he said. “It has become a wonderful example of synergy between two of the world’s major economies.”

The deal will lead to Delhi slashing tariffs on cars to 10% over five years from as high as 110%, according to an EU statement, benefiting European carmakers such as Volkswagen, Renault, Mercedes-Benz and BMW.

Up to 250,000 European-made vehicles will ultimately be about to enter India at preferential duty rate, far outstripping the 37,000 limit allowed from the UK agreed in a [separate deal last year](#).

India has also agreed to gradually reduce tariffs on European wines and spirits to 20% to 40%, down from the current rate of 150%. Duties on olive oil and processed foods, such as pasta and chocolate, will be cut to zero.

But in a nod to European farming interests, the EU is maintaining tariffs on beef, chicken, sugar, flour, garlic and ethanol, an outcome that may help the deal clear the European parliament, which is sensitive to agricultural interests.

Trade talks between the two countries began as far back as 2007 but were abandoned owing to disputes over access to cars, agriculture and dairy.

However, they resumed again in 2022 and accelerated with gusto over the past six months in the face of heavy punitive tariffs by Trump’s administration in the US and joint concerns over China’s monopoly over global manufacturing and the country’s restrictions on key exports.

India is grappling with 50% tariffs on exports to the US, and six EU nations were threatened with higher tariffs over their objections to [Trump’s attempts to take over Greenland](#). According to officials, the formal signing of the deal will take place later this year and it could come into play by early next year.

EU officials say a turning point came when von der Leyen and her team of commissioners flew to New Delhi last February to deepen ties with India and made a commitment to conclude the trade deal by the end of the year.

As it attempts to diversify trading partners, the EU has also recently struck trade deals [with South America’s Mercosur bloc](#), Indonesia and Switzerland. India has signed agreements with the UK and Oman.

One factor that helped trade negotiators avoid past difficulties was moving the worker mobility issue on to a separate negotiating track. As an EU member state, [the UK, for example, had objected to India’s demands for more skilled professionals to be able to enter European nations](#) on six-month visas.

The deal was immediately welcomed by European parliament’s centrist and centre-right forces. “The EU is serious about cultivating new trading partners, and among the world’s relatively untapped markets, India stands out as one of the most promising,” the German Christian Democrat MEP Angelika Niebler, who chairs the European parliament’s delegation for India, said. (**Source: The Guardian**)

## Indian's Foreign Trade

### India to reduce import duty up to "0" on some US farm goods

India will eliminate or reduce tariffs on all US industrial goods and a wide range of US food and agricultural products, including dried distillers' grains (DDGs), red sorghum for animal feed, tree nuts, fresh and processed fruit, soybean oil, wine and spirits, and additional products, according to the joint statement issued by the US and India. However, there is no clarity on whether the US decision to reduce its import tariff to 18 per cent will be applicable to Indian shrimp and Basmati rice, among other farm goods.



The statement regarding the duty-free or at reduced tariff import of US farm products came two days after Agriculture Minister Shivraj Singh Chouhan asserted in Parliament on February 5 that India's staple grains, fruits, major crops, millets and dairy products remain completely secure and face no threat whatsoever.

India has already been importing soyabean oil from the US, along with Brazil, Argentina and Russia in which the effective import duty is 27.5 per cent on crude varieties and 35.75 per cent on refined oil. However, the share of imports from the US in the entire imported soya oil is very negligible. The US is not a big exporter of soya oil as it has huge domestic consumption, both for food processing and biodiesel programme, limiting the surplus. But it exports a lot of soyabean, which are genetically modified and not allowed in India.

According to the joint statement, the US "will apply a reciprocal tariff rate of 18 per cent" on originating goods of India, including textile and apparel, leather and footwear, plastic and rubber, organic chemicals, home décor, artisanal products, and certain machinery, "subject to the successful conclusion of the Interim Agreement". There is no mention about "agricultural products" in the list of items in which US would reduce duty.



# Sri Lanka Expo 2026

18<sup>th</sup>-21<sup>th</sup> June | BMICH Colombo

## India's \$100 bn textile export goal back in sight after US trade deal



- *India's textile and apparel industry sees the \$100 billion export target as achievable after the India–US trade deal sharply reduced tariffs from 50 per cent to 18 per cent.*
- *The move gives Indian exporters a 2 per cent cost advantage over key rivals, restores competitiveness in the US market, improves capacity utilisation, and is expected to unlock fresh investments and higher production.*

India's textile and apparel industry organisations have said that the \$100 billion textile export target is now seen as an achievable reality following a series of FTAs, led by the landmark US agreement, which gives India a clear 2 per cent competitive edge over key global peers. They welcomed the breakthrough trade agreement between India and the United States, terming it a decisive turning point for the sector. Earlier, the export target was viewed as a distant aspiration.

The strategic reduction of US import tariffs on Indian textile and apparel products from 50 per cent to 18 per cent marks a major inflection point, restoring India's competitiveness in its largest overseas market after months of margin pressure and disrupted global sourcing patterns.

India–US trade relations. Since August 2025, Indian exporters had been navigating a challenging environment marked by a steep 50 per cent tariff barrier, leading to squeezed margins and temporary shifts in sourcing towards competing countries."

**Compiled by Dr.Sham Choughule through various sources for private circulation**

**Director**



**(International Business, Logistics, and Maritime Transport )**

[Shamc2001@yahoo.co.in](mailto:Shamc2001@yahoo.co.in)

**Association for Global Economic Development-India**

**Corporate Office: A/111, Mittal Court, Nariman Point, Mumbai - 400 021.**

**6 Feb 2026**