

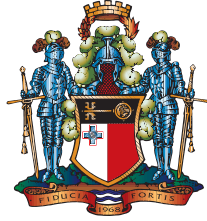


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## EU TRADE WITH INDIA

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# EU TRADE WITH INDIA<sup>1</sup>

## Introduction

The European Union (EU)<sup>2</sup> and India are two of the world's largest economies, which together represent around a quarter of the world's population and about 25% of the world's gross domestic product (GDP).<sup>3</sup> According to the World Bank, India remains among the fastest-growing major economies in the world,<sup>4</sup> with an annual GDP of USD 3.9 trillion. The EU collectively is India's largest trading partner, with bilateral trade in goods and services amounting to €187.0 billion in 2024. Although India is a significant partner for the EU, it ranks well behind the United States, China or the United Kingdom (UK) in terms of trade. EU exports to India remain comparatively low, partly due to the very high tariffs which India imposes on imported goods.

The EU and India began negotiations for a free trade agreement (FTA) in 2007, but talks were suspended in 2013 and later relaunched in 2022. Trade tariffs imposed by the US administration in 2025 on goods from India and the EU prompted both sides to finally conclude trade talks. On 27 January 2026, during the EU-India summit, negotiations on a landmark FTA were successfully concluded. It is the largest trade deal either party has ever signed, reinforcing their economic and political ties, and emphasizing their shared commitment to economic openness and rules-based trade at a time when global trade is being increasingly influenced by geopolitical tensions.<sup>5</sup> The pact will gradually remove or reduce tariffs in value of 96.6% of EU exports to India, including motor vehicles, machinery, textiles, aircraft, plastics, pearls and other precious stones and metals, chemicals, pharmaceuticals, iron and steel, and agri-food products, such as wines, spirits, beer, fruit juices, olive oil, and processed food, such as bread and confectionery. In exchange, over 99% of Indian exports will gain preferential access to the EU market.<sup>6</sup>

This FTA will remove trade barriers and streamline procedures, create new export opportunities, and strengthen the EU's economic security through more diversified supply chains. It will give the EU a significant competitive advantage in key industrial and agri-food sectors, while also giving EU companies preferential access to India's services market, including financial services and maritime transport.<sup>7</sup>

This article explores trade relations and developments between the EU and India with regards to trade in goods and services from the point of view of the EU.

## EU trade in goods with India

Bilateral trade in goods between the EU and India has grown steadily over the decade under review, with EU exports increasing by 49.0% and imports rising by 120.1%, bringing total trade

<sup>1</sup> Prepared by Lorraine Bonavia, an International Relations Officer within the Central Bank of Malta's International Relations and Communications Department. The views expressed are those of the author and do not necessarily reflect those of the Central Bank of Malta.

<sup>2</sup> For consistency purposes, the EU refers to the 27 EU countries throughout this article, which means that the United Kingdom is treated as a non-EU country and excluded from EU data, even in the years before Brexit.

<sup>3</sup> European External Action Service, [EU-India: Towards a new strategic agenda](#), January 2026.

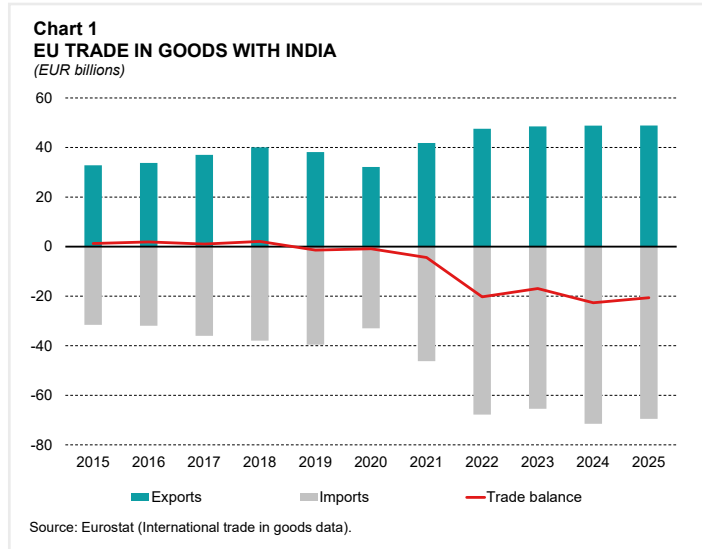
<sup>4</sup> World Bank Group, [India Remains Among the Fastest-Growing Economies Even As Growth Slows Amid Middle East Conflict: Outlook Vulnerable to Risks and Uncertainty](#), April 2026.

<sup>5</sup> European Commission, [EU and India conclude landmark Free Trade Agreement](#), January 2026.

<sup>6</sup> <https://www.ft.com/content/b03b1344-7e92-4d0d-b85e-5ed92fc8f550?syn-25a6b1a6=1>

<sup>7</sup> European Commission, [The EU-India trade agreement](#).

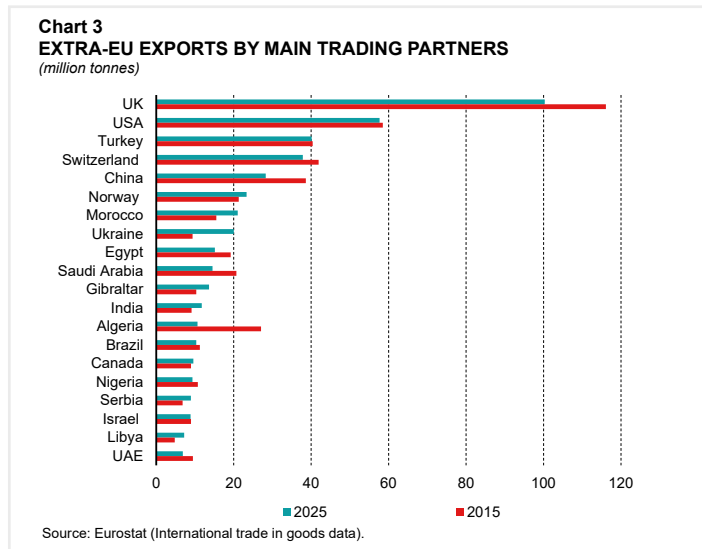
to €118.4 billion in 2025. From 2015 to 2018, the EU maintained a relatively consistent trade surplus with India, peaking at €2.1 billion in 2018 (see Chart 1). However, the EU subsequently recorded a continuous trade deficit from 2019 onwards, with the highest deficit registered in 2024 at €22.7 billion. The deficit narrowed slightly to €20.6 billion in 2025, with EU exports to India amounting to €48.9 billion, while imports stood at €69.5 billion.



In 2024, the three largest players of international trade in goods in 2024 were China, the EU and the United States (see Chart 2) with India's total trade in goods being significantly lower. The total trade in goods recorded for the EU in 2024 was €5,020.6 billion, preceded only by China with €5,694.8 billion and followed closely by the United States with €5,011.1 billion. In comparison, India's total trade amounted to €1,057.8 billion.



Chart 3 shows the EU's main trading partners for exports of goods (measured by weight i.e. millions of tonnes) in 2015 and 2025. Despite a small decline, the UK remained the EU's largest extra-EU export destination in 2025, followed by the United States, Turkey, Switzerland and China. Although EU exports to India grew by 28.8% over ten years, volumes remained well below that of the EU's top-ranking trade partners.



On the other hand, Chart 4 shows the EU's top trading partners for imports of goods (measured by weight) in 2015 and 2025. The United States was the EU's largest extra-EU import trading partner in 2025, with import volumes increasing substantially from 2015. In contrast, imports from Russia, which had been the largest import partner back in 2015, fell drastically by 2025. The United States was followed by Norway, China, UK and Brazil. Despite a modest increase in EU imports from India between 2015 and 2025, volumes remain quite small compared to other major trading partners.

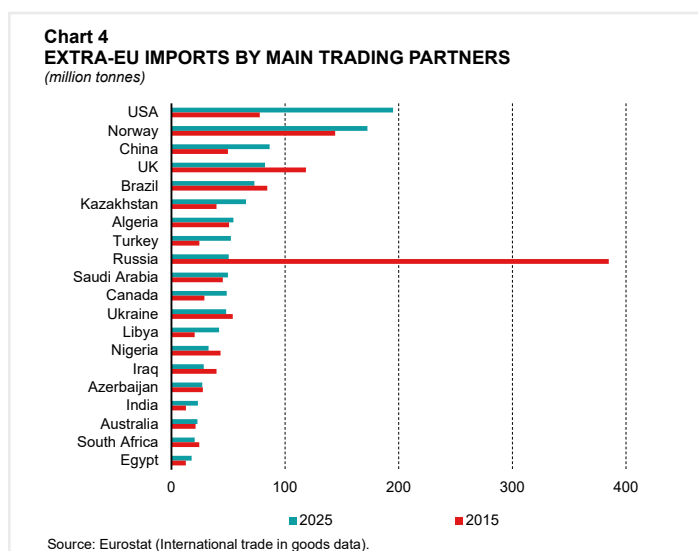
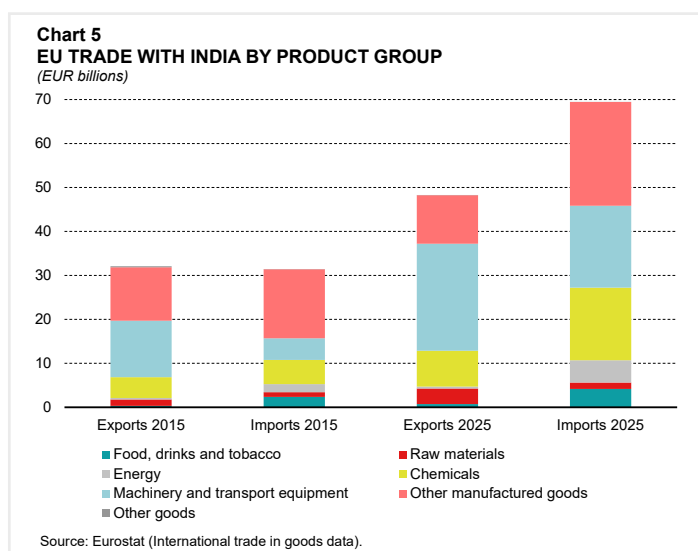


Chart 5 shows EU trade with India broken down by product groups.<sup>8</sup> In 2025, the most exported products by the EU to India were machinery and transport equipment (50.4%), other manufactured goods (22.8%), chemicals (16.9%), and raw materials (7.4%). The increase in EU exports to India between 2015 and 2025 was largely driven by a substantial rise in exports of machinery and transport equipment

The most imported products by the EU from India in 2025 were other manufactured goods (34.0%), machinery and transport equipment (26.8%), chemicals (23.8%), and energy (7.3%). The rise in EU imports from India over the reviewed decade was mainly due to increased imports of machinery and transport equipment, as well as chemicals, and other manufactured goods.



### Exports

At a more granular level (based on three-digit trade data), the most exported goods by the EU to India in 2015 were mainly pearls and precious or semiprecious stones, unworked or worked (19.3%), followed by aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; parts thereof (3.5%), measuring, checking, analysing and controlling instruments and

<sup>8</sup> Data is categorised according to the Standard International Trade Classification (SITC).

apparatus (3.1%), and parts and accessories of motor vehicles (3.0%), as depicted in Chart 6.

In 2025, the most exported goods by the EU to India consisted primarily of aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; and parts thereof (9.8%), as well as measuring, checking, analysing and controlling instruments and apparatus (3.9%), other machinery and equipment specialized for particular industries, and parts thereof (3.4%), and electrical apparatus for switching or protecting electrical circuits or for making connections to or in electrical circuits (3.4%), as shown in Chart 7.

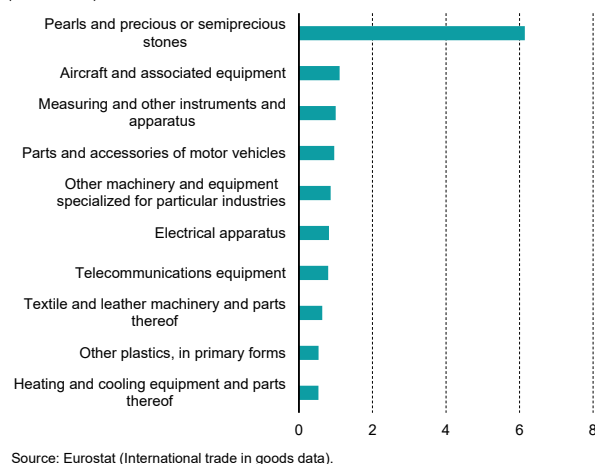
The EU-India FTA will likely have a significant effect on the composition and volumes of EU exports to India in the coming years. The removal or reduction of India's relatively high tariffs (averaging above 36%) on EU agri-food exports will open a massive market to European agricultural producers. Another main outcome of the agreement

is the phased reduction in Indian tariffs on motor vehicles, which will be gradually reduced from as high as 110% to as low as 10%, subject to quotas, while car parts will eventually become tariff-free. This will provide European car manufacturers with greater access to one of the world's fastest-growing large automotive markets. In addition, tariffs ranging up to 44% on machinery and electrical equipment, 11% on aircraft and spacecraft, 22% on chemicals and 11% on pharmaceuticals will also be mostly eliminated, further enhancing export opportunities for EU industries across multiple sectors.

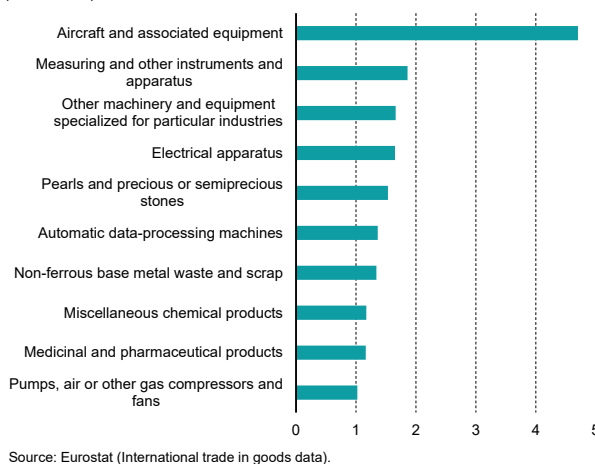
### Imports

At a more granular level (based on three-digit trade data), the most imported goods by the EU from India in 2015 were pearls and precious or semiprecious stones, unworked or worked (6.4%), petroleum oils and oils obtained from bituminous minerals, other than crude (5.9%), organo-inorganic compounds, heterocyclic compounds, nucleic acids and their salts, and

**Chart 6**  
**EU TOP 10 MOST EXPORTED GOODS TO INDIA – 2015**  
(EUR billions)



**Chart 7**  
**EU TOP 10 MOST EXPORTED GOODS TO INDIA – 2025**  
(EUR billions)



sulphonamides (5.1%), and articles of apparel, of textile fabrics, whether or not knitted or crocheted (4.2%), as illustrated in Chart 8.

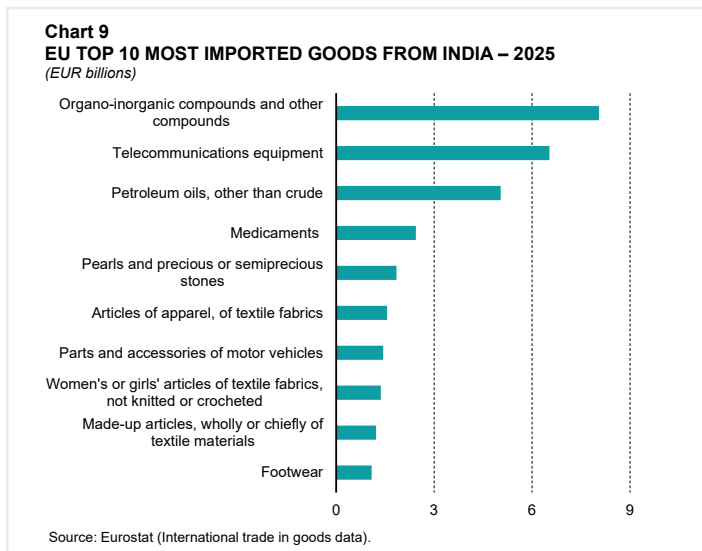
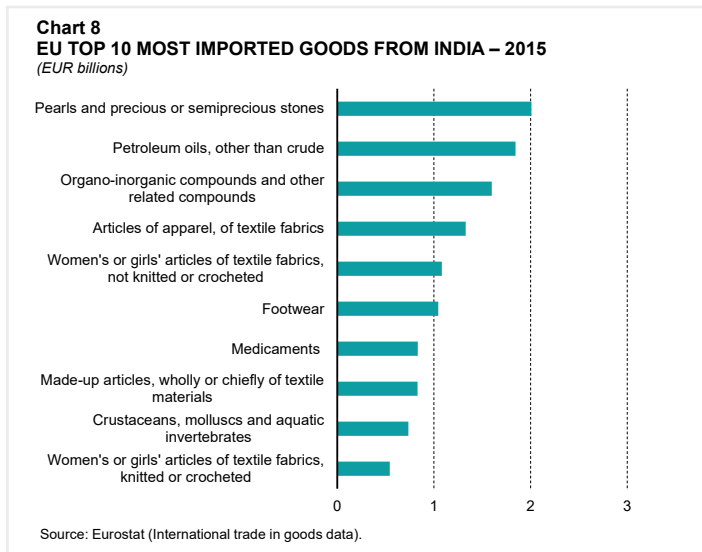
On the other hand, Chart 9 shows the most imported goods by the EU from India in 2025. The top imported goods in 2025 were organo-inorganic compounds, heterocyclic compounds, nucleic acids and their salts, and sulphonamides (11.6%), followed by telecommunications equipment and accessories of apparatus (9.4%), petroleum oils and oils obtained from bituminous minerals, other than crude (7.3%), and medicaments, including veterinary medicaments (3.5%).

India’s apparel and textile industry is expected to benefit significantly from the implementation of an FTA, as the removal of import duties on Indian textile exports to the EU – one of the world’s largest markets for apparel and textiles – will enhance its competitiveness.<sup>9</sup> India, which currently faces EU tariffs of up to

12%, will be able to compete more effectively with duty-free competitors such as Pakistan, Bangladesh and Turkey. Similar benefits are also anticipated in other industries, such as chemicals, leather goods, and footwear, where improved market access is likely to boost India’s exports.

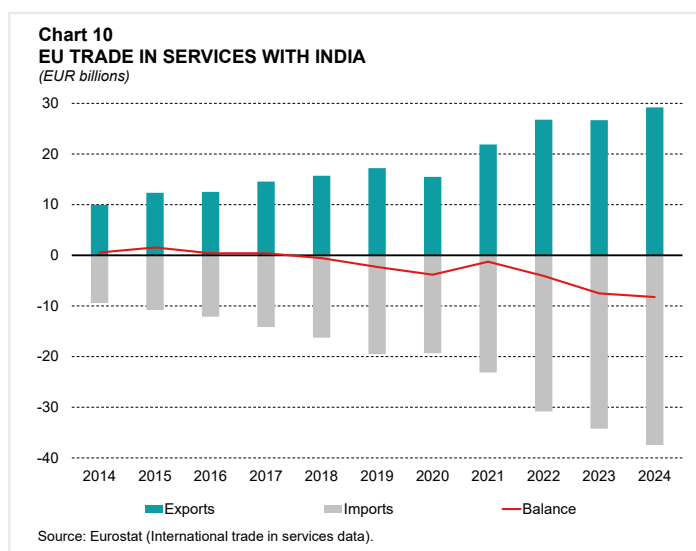
### EU trade in services with India

Services trade has also grown steadily between the EU and India over the years under review, with bilateral trade in services reaching €66.6 billion in 2024. The EU registered a consistent services trade surplus with India from 2014 to 2017, with the highest surplus recorded in 2015 at €1.6 billion (see Chart 10). However, from 2018 onwards, the EU registered a continuous services trade deficit with India. This indicates India’s growing competitiveness in the services



<sup>9</sup> The Economic Times, [EU trade deal to narrow India's textile gap with Bangladesh, Pakistan: Jefferies](#), January 2026.

sector, particularly in IT, business, and financial services.<sup>10</sup> Meanwhile, the relatively slower growth of EU service exports to India may be partly attributed to regulatory barriers and restricted market access in certain sectors, which limit the capacity of European firms to expand their services in the Indian market. The largest deficit was recorded in 2024 at €8.2 billion, with EU exports of services to India amounting to €29.2 billion while imports reached €37.4 billion.



## Conclusion

Although India does not yet play a dominant role in EU trade, the steady increase in bilateral trade over the past decade combined with India's growing competitiveness in manufacturing and services, highlights its rising importance as a strategic economic partner. The EU-India FTA concluded in January 2026 marks a turning point in bilateral trade relations. By substantially reducing tariffs and non-tariff barriers on both sides, the agreement is expected to alter trade patterns, boost EU exports such as machinery, transport equipment, agri-food products and vehicles, and further integrate India into EU value chains. At the same time, improved access to the EU market is likely to increase India's exports in textiles, chemicals, pharmaceuticals, and other manufacturing sectors.

The FTA between the EU and India is expected to have a strong positive impact on the EU's economy. According to the European Commission, EU trade with India already supports around 800,000 jobs across the bloc.<sup>11</sup> The reduction or elimination of tariffs on 96.6% of EU goods exports to India is expected to lead to a doubling of EU goods exports to India by 2032,<sup>12</sup> supporting employment in manufacturing, agriculture, and services. European exporters could also save up to €4 billion per year in customs duties,<sup>13</sup> allowing funds to be redirected towards production, wages or lower prices for consumers. Moreover, greater access to India's services market, particularly in financial services, maritime transport, and other key sectors, will generate new business opportunities and boost job creation.<sup>14</sup>

Overall, the implementation of an FTA between the EU and India is expected to strengthen bilateral trade relations, potentially leading to a more balanced and diversified partnership over time, while reinforcing mutual economic security and strategic cooperation in an increasingly fragmented global trading environment.

<sup>10</sup> The Economic Times, [India's services exports rise 12% in June 2025, imports 5%: RBI](#), August 2025.

<sup>11</sup> See footnote 5.

<sup>12</sup> See footnote 5.

<sup>13</sup> See footnote 5.

<sup>14</sup> European Commission, [Questions and answers on the EU-India Free Trade Agreement](#), January 2026.