

Insights Unwrapped

EU Trade Deal: A Landmark Economic Agreement



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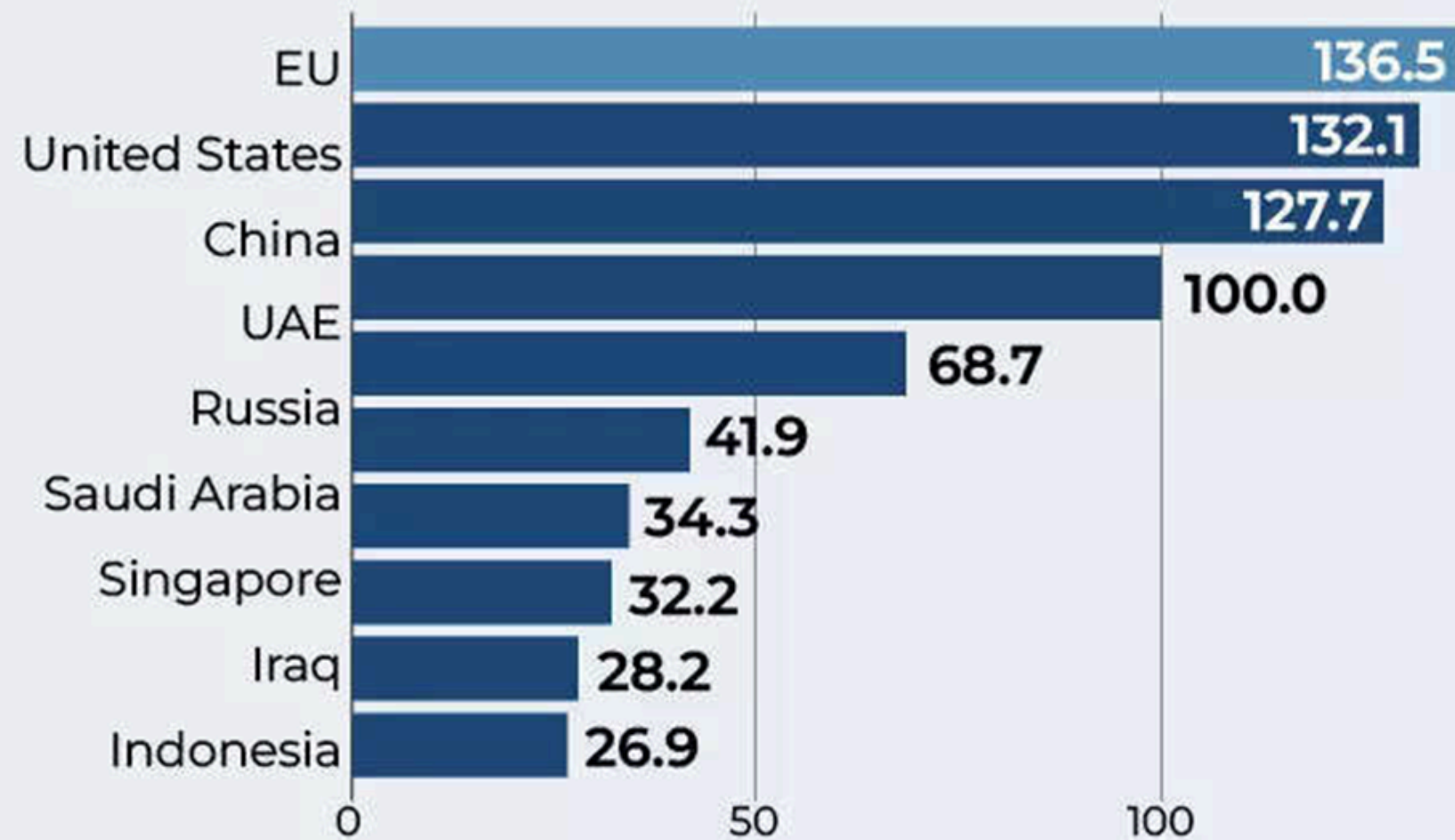
India's Trade with the European Union

The EU is India's largest trading partner



India's total merchandise trade value (\$bn) and share (%), by partner, FY2025

(Values shown in \$ billion)



Source: Financial Times

India's exports to the European Union have grown steadily in recent years. The EU's share in India's total exports increased from 14.2% in 2020-21 to 17.3% in 2024-25.

India's major trading partners within the EU include the Netherlands, Germany, Italy, France, and Belgium.

Trade Surplus Over the Past Five Years

India has run a trade surplus with the EU for the past 5 years



India's exports, imports and trade balance with the EU27 (\$bn), FY2005-25*



Source: Ministry of Commerce and Industry, Wind, Financial Times (FT calculations) * Calculations based on current EU

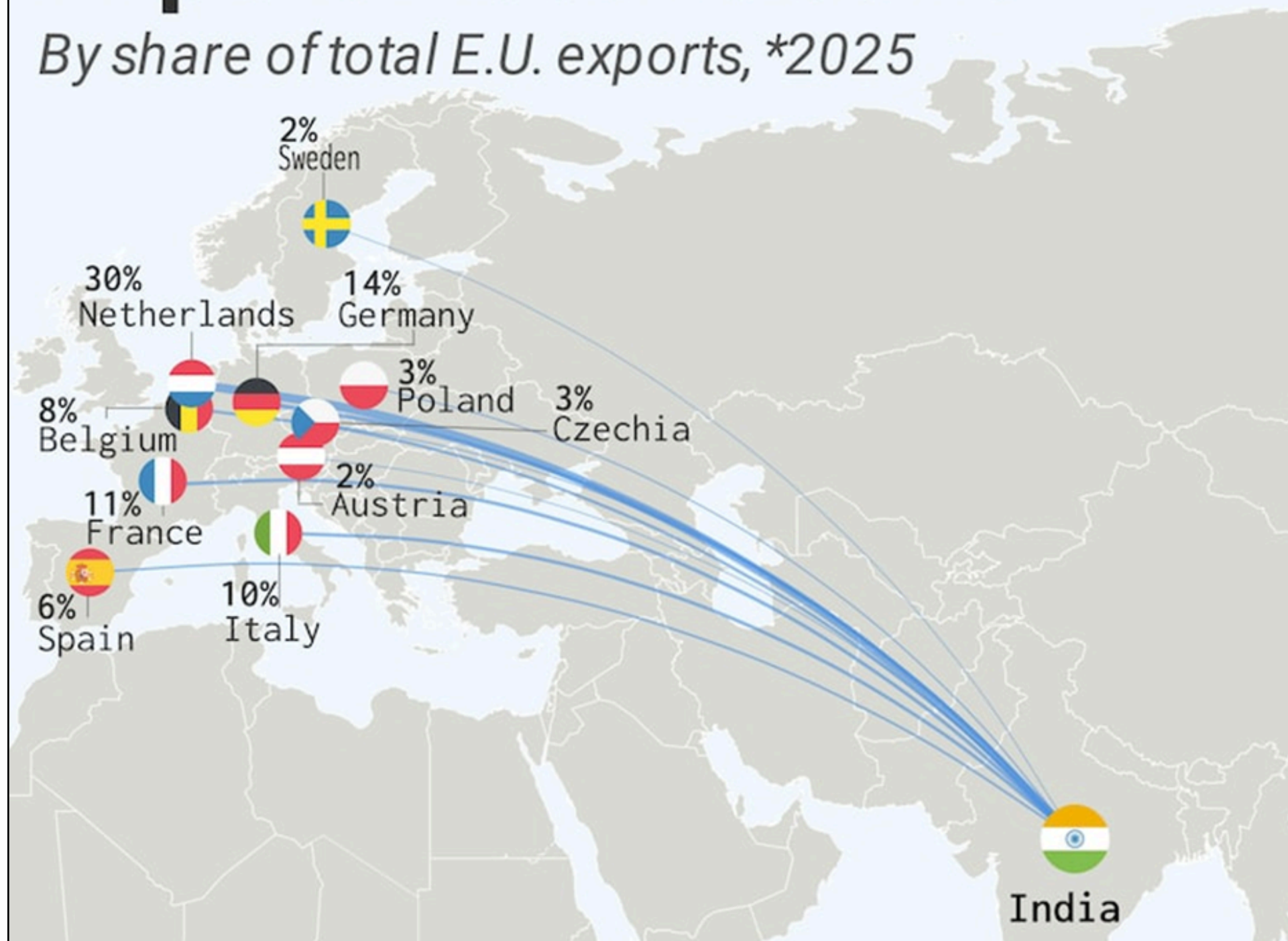
India's trade surplus with the EU expanded significantly, rising from USD 2 billion in 2021 to USD 15 billion in 2025.

India's export to the EU had been rising in both absolute as well as in Percentage term. Export to EU increased to USD 76 billion in 2024-25 from USD 41 billion in 2020-21.

India's Top 10 E.U. Export Destinations



By share of total E.U. exports, *2025



*Financial Year; Data: Ministry of Commerce and Industry, India;
Graphic: Dipu Rai; Source: India Today

The largest export destination within the EU was the Netherlands, with total trade of approximately USD 28 billion in FY25 and a trade surplus of around USD 18 billion, up from a surplus of USD 8 billion in FY22.

Source: www.indianembassynetherlands.gov.in

India- EU Trade Pact Analysis



Source: Ministry of Commerce & EU Commission

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Source: Finshots

The FTA is expected to lower duties from 70–100% to 10–40% over the coming years. While this would expand consumer choice, it is likely to compress margins for Indian manufacturers in the mid-to-premium segments.

Reduced tariffs would intensify competition for domestic small-scale producers, as many early-stage Indian brands with higher costs and thinner margins may struggle to compete with large European players benefiting from scale, subsidies, and mature supply chains.

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