



By: TA | AP Brief

India and the EU have reached a free trade agreement



Prime Minister Narendra Modi said Tuesday that India and the European Union have reached a free trade agreement to deepen their economic and strategic ties.

The accord, which touches a whopping 2 billion people, was concluded after nearly two decades of negotiations. It was dubbed the “**mother of all deals**” by both sides.

It is one of the biggest bilateral engagements on commerce.

The timing comes as Washington targets both India and the EU with steep import tariffs.

“This agreement will bring major opportunities for the people of India and Europe. It represents 25% of the global GDP and one-third of global trade,” Modi said while virtually addressing an energy conference.

The deal comes at a time when Washington is targeting both India and the EU with **steep tariffs**, disrupting established trade flows and pushing major economies to seek alternate partnerships.

Modi was scheduled to meet with European Commission President Ursula von der Leyen later Tuesday to jointly announce the agreement.

India has stepped up efforts to diversify its export destinations as part of a broader strategy to offset the impact of higher U.S. tariffs.

The tariffs include an extra 25% levy on Indian goods for its unabated purchases of discounted Russian oil, bringing the combined tariffs imposed by the United States on its ally to 50%.

Creating a stable commercial corridor

The deal gives the EU expanded access to one of the world's fastest-growing major economies, helping European exporters and

investors to reduce their reliance on more volatile markets.

Bilateral trade between India and EU stood at \$136.5 billion in 2024-25. The two sides hope to increase that to about \$200 billion by 2030, India's Trade Ministry officials said.

“Ultimately, the agreement is about creating a stable commercial corridor between two major markets at a time the global trading system is fragmenting,” said Indian trade analyst Ajay Srivastava.

We are showing a fractured world that another way is possible - Ursula von der Leyen

The EU is still reeling from the aggressive approach of its once-stalwart ally across the Atlantic. There's a widespread sense of betrayal across the 27-nation bloc from U.S. President Donald Trump's onslaught of higher tariffs, embrace of far-right parties, and belligerence over Greenland.

Brussels has accelerated its outreach to markets around the world: Over the past year, von der Leyen has signed deals with Japan, Indonesia, Mexico, and South America under the catchphrase “strategic autonomy,” which in practice is akin to decoupling from a U.S. seen by most European leaders as erratic.

“We are showing a fractured world that another way is possible,” she posted on X after arriving in India on Sunday.