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CAN INDIA WITHSTAND THE ENERGY CRISIS?



INDIA-EU DEAL: A STRATEGIC LEAP FOR GLOBAL COMMERCE



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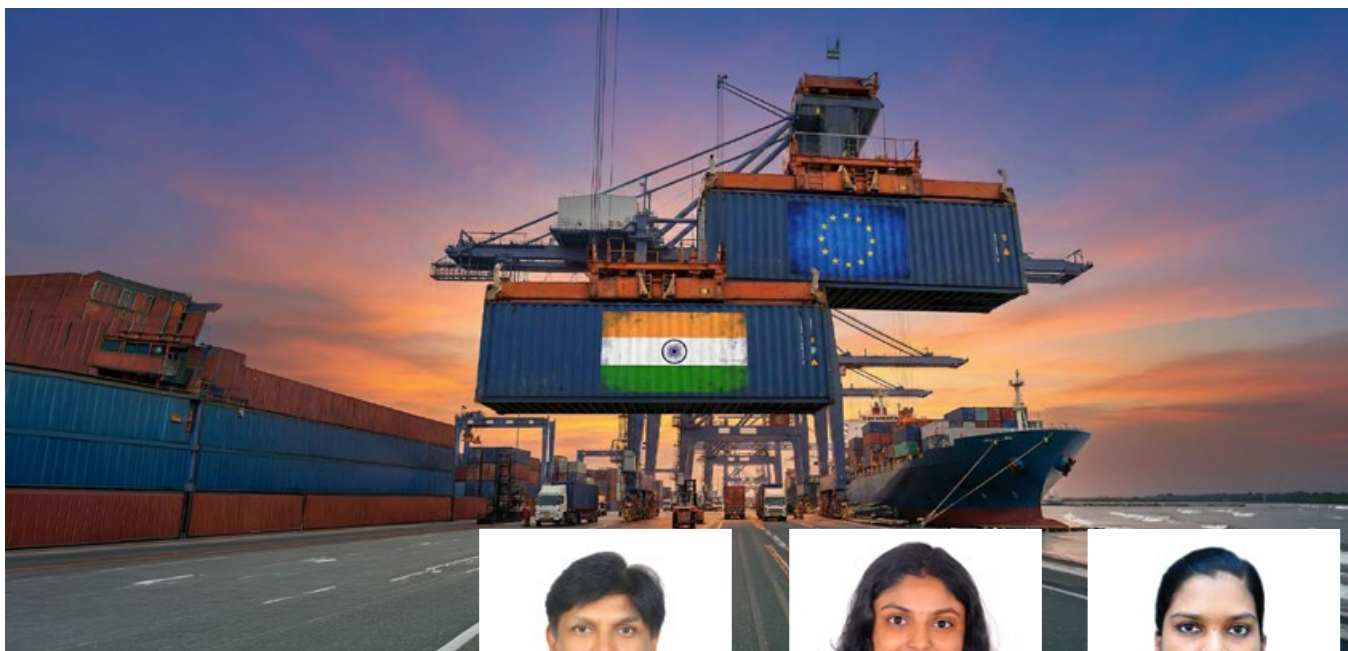
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# India-EU Deal: A Strategic Leap for Global Commerce



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**F**oreign Trade Agreement (FTA), touted as the “Mother of all deals” is an important milestone in India’s one of the strategic economic partnerships. In a time of geopolitical uncertainty and slow multilateralism, the Free Trade Agreement between the world’s second and fourth largest economies seeks to deepen economic cooperation, enhance market access, and strengthen supply-chain resilience. By lowering trade barriers and facilitating closer integration between India and the European Union, the FTA is expected to create new opportunities across sectors, boost competitiveness, and reinforce India’s position in global value chains.

## India-EU Trade Relations: An Overview

The EU is India’s largest trading partner, accounting for €120 billion worth of trade in goods in 2024 (11.5%) of the total Indian trade. India accounts for 2.4% of the EU’s total trade in goods in 2024. One fifth of global trade is represented by India- European Union. Trade in services reached €59.7 billion in 2023, up from €30.4 billion in 2020 (European Commission). The EU’s imports from India comprises mainly machinery and appliances, chemicals, base metals, mineral products, and textiles. The EU’s main exports to India consist of machinery and appliances, transport equipment, and chemicals.

As part of this broader export trajectory, India’s marine trade with the European Union is a strategically important segment, reflecting the sector’s global competitiveness, sustained demand for Indian shrimp and other seafood, and growing efforts to diversify products and destinations within high-value international markets. In 2024-25 India exported about 215,080 metric tons valued at ₹9,429.56 crore (\$1.12 billion) of seafood to the EU; this is an 8.42% increase over 2023-24 when 192,505 metric tons valued at ₹8,461.55 crore (\$1.03 billion) were exported according to Marine Products Export Development Authority (MPEDA).

Indian seafood exports to the EU (European Union) between the decade 2015-16 to 2024-25 have ranged within approximately 150,000-215,000 metric tonnes annually, while the value of these exports has increased significantly due to a gradual shift toward higher-value products and improved

realizations. For example; the export value of Indian seafood to the EU increased from USD 970.77 million in 2015 to USD 1.12 billion by 2024-25, although there was some decrease in volume during the Covid pandemic period (MPEDA).

## Resetting Trade Ties: The India-EU Free Trade Agreement

After nearly two decades of intermittent negotiations, India and the European Union concluded a landmark Free Trade Agreement (FTA) on 27th January 2026, marking a decisive turning point in bilateral economic relations. The agreement gives Indian exports preferential access to over 99% of Indian export values with policy space for sensitive sectors and Indian development priorities. India has obtained preferential access on 97% of tariff lines in the EU, which is about 99.5% by trade value. Approximately 70.4% of tariff lines, when covering about 90.7% of Indian exports, will be zero immediately; for example: textiles, leather

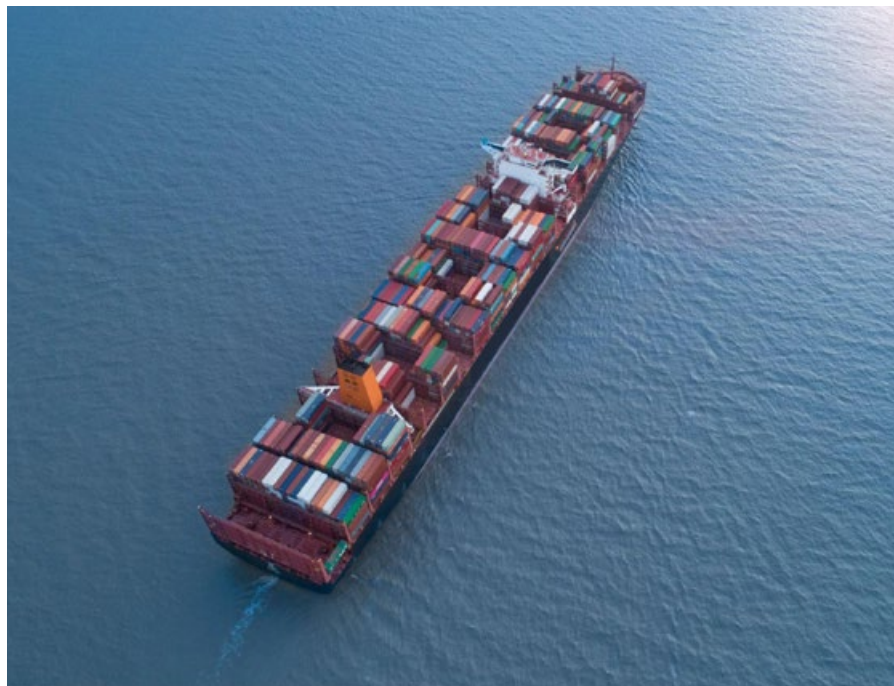
and footwear, tea, coffee, spices, gems and jewellery, sports goods and toys and certain types of fish and fishery products. In about 20.3% of tariff lines that cover only about 2.9% of total exports from India will be zero after a period of 3 to 5 years, including some fish and fishery products as well as some processed food products. About 6.1% of the total tariff lines accounting for 6% of total exports will have preferential tariff reductions or have access to US tariffs via TRQ (tariff rate quota) and selected shrimp/prawn products. (PIB,2026).

Through the elimination of tariffs, reduction in regulatory barriers and provision of complete preferential access, the India-EU Free Trade Agreement (FTA) will drive the export of shrimp, frozen fish and value-added seafood exports to the European Union (EU) while creating jobs, enhancing incomes and upgrading allied sector and industries in coastal states such as Andhra Pradesh, Gujarat, Kerala and Tamil Nadu. In addition, the FTA will help evolve the marine sector to diversify its export markets, lessen its reliance on the United States and enhance the position of the Indian blue economy in global value chains.

### Unlocking New Opportunities for Marine Exports

In the marine fisheries sector, the India-EU Free Trade Agreement is expected to play a transformative role in strengthening India's export performance and the overall blue economy. 99 percent of Indian marine exports were granted duty-free access, including products such as shrimp and tuna. Increased competitiveness for shrimp, frozen fish, and value-added exports, directly benefiting coastal economies in Andhra Pradesh, Kerala, and Gujarat. The provision of duty-free access for almost all Indian marine products significantly enhances the price competitiveness of exports such as shrimp, tuna, squid, frozen fish, and other value-added seafood in the European Union market.

Preferential market access covering the entire trade value, through the reduction of tariffs of up to 26 percent, is expected to open up the European Union's marine imports market valued at around INR 4.67 lakh crore (USD 53.6 billion). The expanded access enhances the competitiveness of Indian marine exports while reinforcing India's existing export base to the EU, which is currently estimated at INR 8,715 crore (USD 1 billion). By improving price advantages and market reach, the agreement is set to significantly boost exports of shrimp, frozen fish, and value-added seafood products, thereby supporting coastal livelihoods



in states such as Andhra Pradesh, Gujarat, and Kerala, and contributing to the overall growth of India's blue economy. Higher exports are expected to translate into better incomes and employment opportunities for coastal communities across major fishing states, thereby supporting livelihoods and contributing to the growth of India's blue economy and long-term economic development. Stronger export earnings from marine fisheries can contribute to foreign exchange inflows, regional development, and the expansion of India's blue economy. India-EU FTA strengthens India's marine fisheries sector by combining improved market access with incentives for modernization, value addition, and sustainable export-led growth.

Despite the expected gains, the India-EU Free Trade Agreement may also have negative implications for India's marine fisheries sector, particularly if supporting policies are not strengthened. Increased export orientation may also intensify pressure on marine resources, especially for high-demand species such as shrimp and tuna. Without effective fisheries management and enforcement, rising export demand could contribute to overfishing, resource depletion, and ecological stress, undermining long-term sustainability.

From Opportunity to Action: Policy Reforms Across the Marine Value Chain Strengthen Compliance with EU Standards and Export Approvals To maximize benefits from the EU-India FTA, which provides duty-free access to the EU's (USD 53.6 Billion) fishery market, India needs to adjust their regu-

latory systems and processing facilities to comply with EU Safe Sanitary Phytosanitary Regulation (SPS). This means having processing facilities that are certified to export to the EU and enhancing the number of certifications available in India so that they do not have their shipments rejected or delayed.

### Leverage Union Budget 2026-27 to Reduce Input Costs

The Union Budget 2026-27 has specifically enhanced the seafood export industry by increasing the duty-free import threshold on processing inputs from 1% to 3% of FOB export value which will assist in becoming a more affordable production source for Coated and Ready-To-Cook Seafood items thereby providing a competitive advantage for Indian exporters in Europe's most demanding markets.

### Upgrade Cold-Chain, Logistics and Export Readiness

While the FTA abolishes tariffs, the success of marine exports relies upon cold-chain logistics and systems that will effectively transport seafood adhering to all European Union SPS (sanitary and phytosanitary) standards and maintaining seafood's necessary levels of freshness. The removing tariffs on imports have also resulted in the lowering of costs on key inputs such as food-grade chemicals, packaging materials, and coatings that are needed to establish the potential for a successful internationally recognized supply chain.

## Diversify Markets and Reduce Dependence on Single Destinations

Due to numerous challenges related to punitive tariffs and trade-related matters that restrict Indian businesses from successfully doing exports to markets, such as the United States, the European Union or FTA with the EU will serve as a strategic alternative for Indian Marine products (Fish and other seafood types). There are also other types of EU export increases due to better budgetary measures, making this investment an effective means of diversifying against high levels of reliance on just one dominant marketplace, helping to reduce overall risk.

## Align Policy and Customs Facilitation Ahead of FTA Implementation

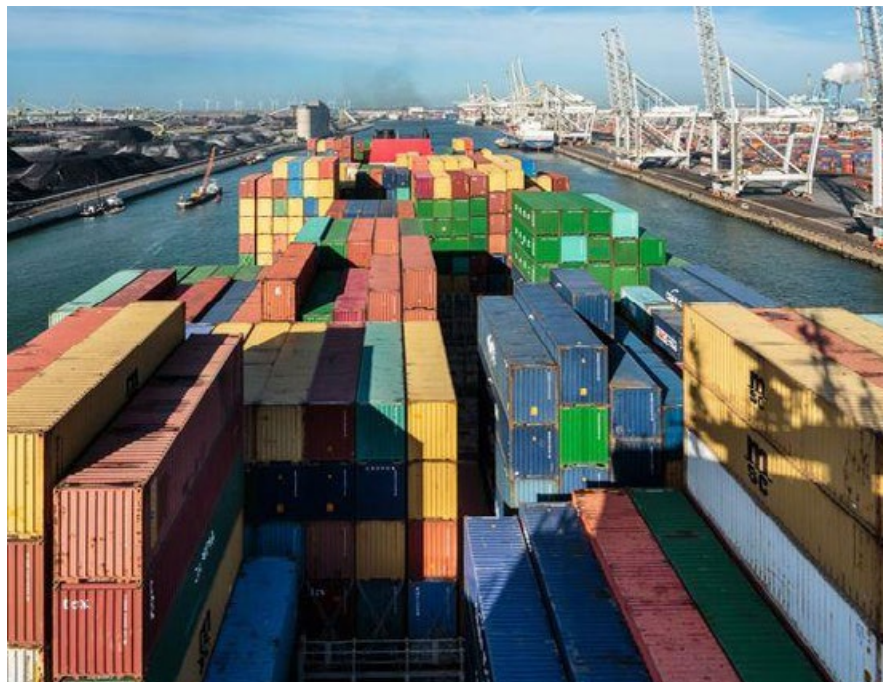
Indian authorities will need to upgrade their Trade Facilitation Frameworks (TFFs), streamline Custom Procedures, and harmonize Certification Systems with the EU requirements to create a seamless path of access to the markets for marine exports on 'Day One' following the implementation of the India-EU Free Trade Agreement (FTA), which will be legally ratified and implemented prior to 1st January 2027 according to the current timeframe.

## Conclusion

The India-EU Free Trade Agreement positions the Indian marine fisheries sector at a critical crossroads between opportunity and responsibility. Beyond immediate trade gains, the agreement signals a structural shift in how India engages with global seafood markets-moving toward deeper integration with stringent, quality-driven supply chains. For the marine sector, this creates scope to transition from dependence on a narrow product mix and volatile markets to a more resilient, standards-led export framework anchored in Europe.

At the same time, the agreement underscores the need for forward-looking governance in marine fisheries. Without parallel investments in resource sustainability, monitoring systems, and institutional capacity, trade liberalisation alone cannot deliver lasting benefits. The true impact of the FTA will therefore be determined not merely by export volumes, but by India's ability to align trade ambitions with ecological stewardship and inclusive coastal development, ensuring that the marine fisheries sector evolves as a stable pillar of the country's blue economy.

It is also significant to note that the renewed momentum behind the India-EU FTA emerged against the backdrop of shifting global trade dynamics, particularly developments in the United States. In August



2025, the U.S. increased tariffs on several seafood imports as part of broader trade adjustments, directly affecting the price competitiveness of Indian shrimp and other marine exports in what had been one of India's largest markets. This sudden tariff escalation created uncertainty for exporters heavily dependent on the U.S., prompting Indian shrimp exporters to actively pursue alternative and more stable destinations. The European Union consequently emerged as a strategic priority, leading to intensified trade engagement and negotiations. This accelerated outreach culminated in the signing and expedited advancement of the India-EU FTA, which provides for the elimination of duties on most Indian exports, including marine products, thereby significantly expanding India's access to a large, premium consumer base.

Subsequently, trade dynamics shifted once again when India and the United States reached a new trade understanding under which reciprocal tariffs were reduced

to approximately 18%, easing the earlier tariff burden on Indian exports, including seafood. This reduction restored a degree of price competitiveness for Indian marine products in the U.S. market. Viewed sequentially, the August tariff increase pushed India to diversify and fast-track engagement with the EU; the successful conclusion of the India - EU FTA then secured preferential access to Europe; and the later reduction in U.S. tariffs reopened improved conditions in the American market. Together, these developments have widened India's export canvas rather than returning it to single-market dependence. With strengthened access to Europe and renewed competitiveness in the United States, India's marine sector now operates across multiple high-value destinations, enhancing bargaining power, reducing vulnerability to geopolitical shocks, and creating a more balanced and resilient long-term export structure within an evolving global trade environment.

