

EU - India Free Trade Agreement: a new gear for Europe's automotive suppliers

CLEPA welcomes the political agreement reached between the European Union and India on the conclusion of a Free Trade Agreement (FTA). While key technical details are still pending, the agreement represents a highly positive development for the European automotive supply industry, particularly for automotive components, which are expected to be largely liberalised.

This agreement comes at a crucial moment marked by heightened geopolitical tensions and growing trade uncertainty. European automotive suppliers depend strongly on export markets to remain globally competitive. With the EU's trade surplus with China having turned into a deficit for the first time this year, and with increasing restrictions on access to the US market, improved access to India's rapidly growing market offers significant strategic and economic benefits for the sector.

Lower tariffs to unlock growth for automotive components exports

European automotive suppliers currently export close to €10 billion worth of products to India when considering a broader product scope covering nearly 990 tariff lines. Today, tariffs on certain automotive components range between 15% and 28%. Under the FTA, many of these duties could be reduced progressively to zero, creating substantial new opportunities for EU exports and strengthening industrial ties between the two partners.

Implementation will determine the agreement's real impact

Looking ahead, the full benefits of the agreement will depend on its detailed implementation and content. CLEPA underlines the importance of ensuring smooth execution, with clear parameters and the effective removal of remaining trade barriers that could hinder trade flows. A predictable and transparent framework will be key to translating this political agreement into tangible gains for European suppliers and for EU–India economic relations more broadly.