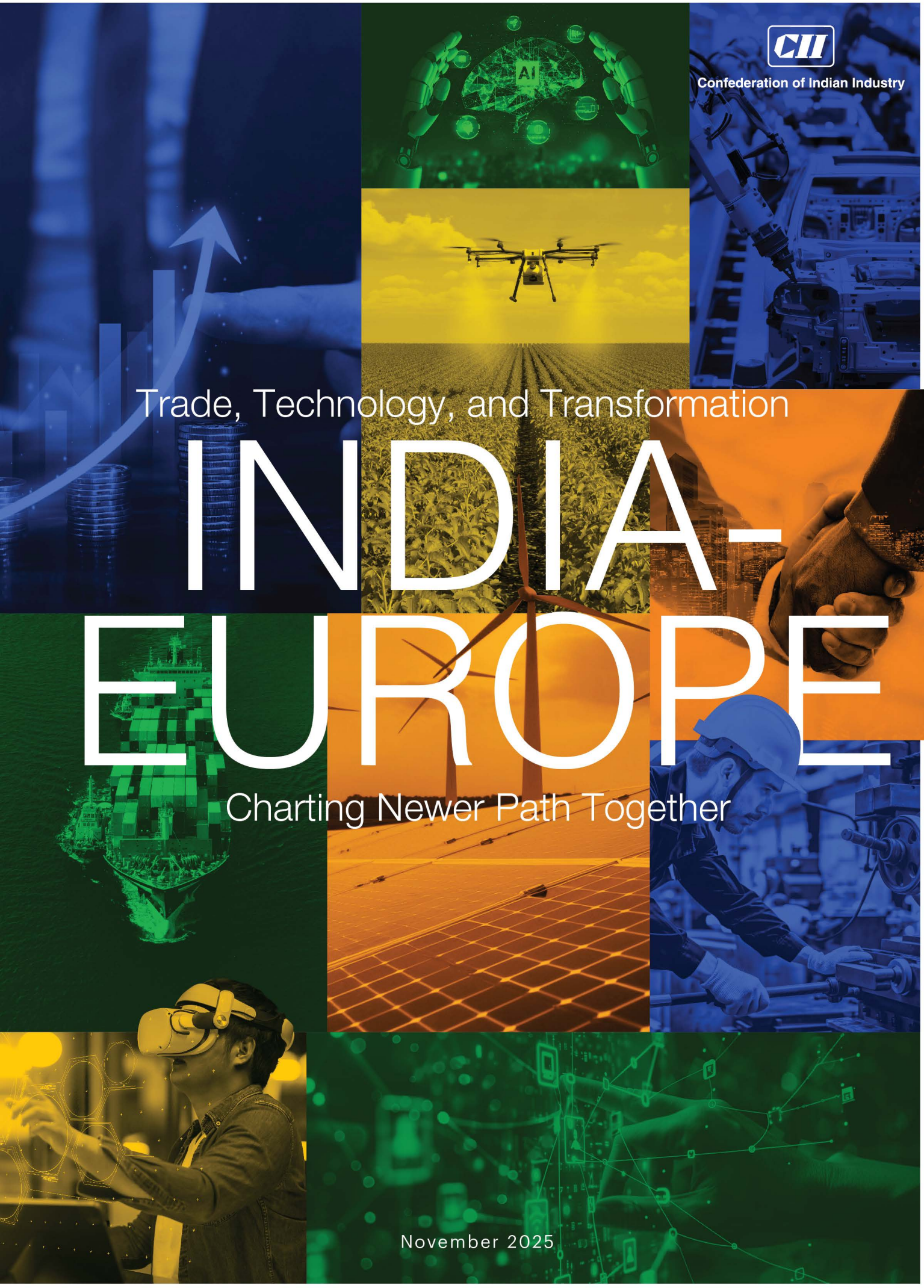

Confederation of Indian Industry

Trade, Technology, and Transformation

INDIA-EUROPE

Charting Newer Path Together

November 2025

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Executive Summary

India–Europe relations are entering a pivotal phase shaped by global geopolitical realignments and renewed momentum in trade and strategic engagement. Against the backdrop of shifting power balances, supply chain reconfigurations, and the pursuit of resilient economic partnerships, India and the European Union (EU) are working to redefine their relationship beyond traditional trade and investment frameworks.

The ongoing negotiations for the India–EU Free Trade Agreement (FTA)—revived after nearly a decade-long hiatus—stand at the centre of this evolving partnership. The FTA aims to unlock the vast potential of two complementary economies by facilitating greater market access, reducing trade barriers, and fostering sustainable growth. Alongside parallel discussions on Investment Protection and Geographical Indications (GIs), the pact underscores a shared commitment to rules-based trade, green transition, and digital innovation.

Geopolitical developments, including the war in Ukraine, supply chain disruptions, and the strategic contest in the Indo-Pacific, have accelerated Europe's outreach to trusted democratic partners like India. The EU's Global Gateway initiative and India's Act East and Make in India policies converge in their focus on connectivity, infrastructure, and technology-driven growth. Both partners are also cooperating closely on critical areas such as renewable energy, digital transformation, resilient supply chains, and emerging technologies like AI and semiconductors.

> As both sides seek to shape a multipolar, stable, and sustainable global economy, the India–EU relationship is poised to emerge as a defining axis in the 21st century.

European investments continue to play a key role in India's manufacturing, services, and renewable energy sectors. However, challenges persist in areas such as regulatory alignment, labour mobility, and carbon border measures, which require careful negotiation to ensure mutual benefit.

The evolving global order presents both opportunities and imperatives for deeper India–Europe cooperation. A successful FTA could serve as a cornerstone of a broader strategic partnership anchored in shared values, economic interdependence, and collective security. As both sides seek to shape a multipolar, stable, and sustainable global economy, the India–EU relationship is poised to emerge as a defining axis in the 21st century.

While India-EU FTA negotiations are still ongoing, on 10 March 2024, India and the Member States of the European Free Trade Association (EFTA)—comprising Iceland, Liechtenstein, Norway, and Switzerland—signed a landmark Trade and Economic Partnership Agreement (TEPA). The pact marks a significant step towards deepening India's engagement with Europe beyond the European Union and the United Kingdom.

EFTA, a key regional grouping, plays an increasingly important role in facilitating international trade in goods and services. Among the EFTA members, Switzerland stands as India's largest trading partner, followed by Norway, reflecting strong complementarities in sectors such as pharmaceuticals, machinery, renewable energy, and financial services. The TEPA is expected to unlock new opportunities for investment, innovation, and sustainable economic growth between India and the EFTA nations.

India and the United Kingdom have signed the Comprehensive Economic and Trade Agreement (CETA), a landmark bilateral free trade pact that marks a new chapter in their enduring partnership. This milestone follows the successful conclusion of negotiations announced on May 6, 2025, underscoring the shared vision of both nations to strengthen and modernise their economic engagement.

Bilateral trade between India and the UK currently stands at USD 56 billion[1], with a joint ambition to double this figure by 2030. Under CETA, 99 per cent of India's exports to the UK—accounting for almost the entire trade basket—will receive duty-free access, offering a major boost to sectors such as textiles, leather, marine products, gems and jewellery, and toys. It also extends significant advantages to high-growth industries, including engineering goods, chemicals, and auto components, paving the way for enhanced competitiveness and large-scale job creation.

Beyond goods, the agreement encompasses a comprehensive services package covering Information Technology (IT) and IT-enabled services, financial and professional services, business consulting, education, telecom, architecture, and engineering. This broad-based framework is designed to foster innovation, facilitate talent mobility, and generate high-value employment.

By aligning with India's goal of inclusive and sustainable growth, CETA is set to empower MSMEs, women-led enterprises, and skilled professionals, while reinforcing the India–UK partnership as a model for equitable and future-ready trade cooperation.

This report delves into all these aspects and many more. It also depicts the top exported-imported items between India and European countries.

The paper explores potential areas of collaboration between India and Europe with key recommendations.

Advanced Manufacturing

Advanced manufacturing transforms raw materials and inputs into high-value final products through the integration of modern and emerging technologies. This approach enhances both efficiency and sustainability, often facilitated by bilateral business collaborations that enable the transfer and alignment of manufacturing processes. It combines the adoption of advanced technology with the use of clean and circular production methods, supporting sustainability goals. The transition to advanced manufacturing is vital to achieving Sustainable Development Goal 9, making it essential to map and harmonize manufacturing technologies between India and Europe for innovation-led growth

Sustainability & Renewable Energy

Economic development extends beyond real GDP growth to encompass improvements in living standards, aligned with the 17 Sustainable Development Goals (SDGs). A nation's progress on these goals reflects its commitment to inclusive, outcome-oriented policymaking. Expanding international trade—especially in green and sustainable commodities—drives inclusive growth and fosters global development. However, cross-border spillovers can create both opportunities and challenges for SDG achievement. In this context, India and the European Union can collaborate to strengthen renewable energy infrastructure and design strategies that internalize environmental costs. India has achieved 66.95% of SDG progress, while the EU stands at 72.80%, offering valuable policy insights and shared learning.

Technology, AI & Digital Infrastructure

India is rapidly emerging as a digitally empowered economy, integrating Artificial Intelligence (AI) across agriculture, healthcare, education, and urban systems. Through the IndiaAI Mission and Centres of Excellence, access to computing power, research, and innovation is expanding nationwide. With over 6 million professionals and 1,800 Global Capability Centres, India's tech sector is projected to generate USD 280 billion in 2025, supported by Digital Public Infrastructure like Aadhaar and UPI. Europe, meanwhile, champions ethical and high-performance AI through its European AI Strategy, backed by USD 425 billion in venture capital and over 280 high-growth companies driving innovation and economic expansion.

Financial Services and Investments

India's financial services sector has become a key driver of economic transformation, propelled by digitalization, inclusion, and regulatory reforms. The ecosystem spans banks, NBFCs, insurance, pensions, mutual funds, and fintech, with banks holding over 64% of system assets. Reforms such as payment banks, the Credit Guarantee Fund Scheme for MSMEs, and MUDRA have expanded credit access. Europe's mature financial system is recalibrating to blend traditional banking with market-based growth. Through the Banking Union and Capital Markets Union, the EU seeks deeper integration, innovation financing, and stronger cross-border capital flows to support SMEs and enhance financial resilience.

Semiconductors & Electronics

India has rapidly advanced in the semiconductor and electronics sector, building a strong ecosystem through domestic and foreign investments, expanding production, and robust government initiatives such as Production Linked Incentives (PLI), Phased Manufacturing Programme (PMP), and the India Semiconductor Mission. Valued at USD 38 billion in 2023, India's semiconductor market is projected to reach USD 100–110 billion by 2030, making it the world's second-largest mobile manufacturer. Europe, supported by the European Chips Act, is strengthening its semiconductor base with major investments in Germany, France, and the Netherlands, targeting electric vehicles, renewables, and advanced electronics to achieve technological sovereignty.

Agri and Food Processing

India's agricultural sector has shown strong resilience, recording 3.5% growth in Q2 FY 2024–25, driven by policy support, diversification, and productivity gains. It remains vital to inclusive and sustainable growth. The food processing industry is expanding rapidly, leveraging India's vast agricultural base and growing demand, positioning the country as a global leader. Meanwhile, Europe's agriculture sector contributes about USD 275 billion to the EU's economy and supports 44 million jobs. Despite its strengths, it faces challenges in reducing environmental impact, ensuring food security, and meeting the Green Deal goal of 25% organic farming by 2030.

Blue Economy and Maritime Trade

With a 7,500 km coastline, 9 coastal states, 1,382 islands, and a 2.3 million sq km EEZ, India is a key player in the global blue economy. Encompassing fisheries, maritime transport, marine energy, and biotechnology, the sector contributes about 4% to India's GDP and supports major trade and employment. Over 95% of India's trade by volume moves through sea routes, supported by 13 major and 200 minor ports. Similarly, the EU's blue economy, generating EUR 250 billion and 4.8 million jobs in 2022, anchors its sustainable growth agenda, emphasizing innovation, resilience, and green transition in maritime industries.

Talent and Skill Mobility

India's workforce is rapidly evolving to meet global demands, with over half of graduates now employable—up from 33% a decade ago—reflecting strong progress in skilling and technology adoption. Focus areas include AI, cloud computing, renewable energy, healthcare, and education, helping bridge global skill gaps and foster innovation. Europe remains a preferred destination for Indian professionals, especially in France, Germany, Sweden, and the Netherlands. However, Europe faces an ageing population and skill shortages across sectors like healthcare, IT, finance, and construction, creating new opportunities for skilled Indian talent amid its green and digital transitions.

Logistics and Connectivity

India, the world's fourth-largest economy, is projected to grow 6.5% in 2024–25, driven by a dynamic logistics sector. Valued at USD 107.16 billion in FY23 and expected to reach USD 159.54 billion by FY28, logistics underpins manufacturing, retail, e-commerce, and services by ensuring efficient transport, warehousing, and distribution. Europe's logistics market, similarly crucial, is projected to grow from USD 782.8 billion in 2024 to USD 1,192 billion by 2030, fueled by e-commerce, AI, IoT, and sustainability initiatives. Both regions face challenges such as labour shortages, economic volatility, and structural constraints, highlighting the need for technology adoption and resilient supply chains.

02

Introduction

India, currently the world's fourth-largest economy, is on course to become the third-largest by 2030, with its GDP projected to reach USD 7.3 trillion. This trajectory is underpinned by decisive governance, forward-looking reforms, and proactive global engagement. Economic growth is gaining momentum, with real GDP forecasted to expand by 7.8% in Q1 of FY 2025–26, a notable increase from 6.5% during the same period the previous year.[2]

India's economic ascent is being driven by robust domestic demand and transformative policy reforms, firmly establishing the country as an attractive destination for global capital. With inflation easing, employment rising, and consumer sentiment remaining strong, private consumption is expected to accelerate further, fuelling continued GDP growth in the coming months. As a vital trade and investment partner for many European nations, India presents substantial opportunities for deeper economic collaboration, particularly in sectors like technology, clean energy, manufacturing, and digital services.

India and Europe share a long-standing relationship shaped by centuries of trade, cultural exchange, and migration. European historical accounts consistently recognise India's past economic strength and civilizational influence, underscoring a legacy of mutual engagement. Today, this shared history provides a strong foundation for expanding strategic and economic cooperation, particularly in areas such as trade, investment, technology, and sustainable development.

> Economic growth is gaining momentum, with real GDP forecasted to expand by 7.8% in Q1 of FY 2025–26, a notable increase from 6.5% during the same period the previous year.

Building on a strong foundation of shared democratic values and multilateralism, India and Europe are deepening cooperation across key sectors. The EU remains one of India's largest trading and investment partners, with ongoing FTA negotiations set to unlock further potential. Beyond trade, collaboration is expanding in clean energy, green hydrogen, and sustainable infrastructure. The India–EU Trade and Technology Council is also advancing joint efforts in digital governance, semiconductors, and cybersecurity, reinforcing a future-ready partnership in a multipolar global landscape.

Strategic alignment on maritime security and connectivity initiatives, notably the India-Middle East-Europe Economic Corridor, is set to strengthen trade routes and enhance regional stability. Both India and Europe recognise the mutual value of a deeper partnership in addressing global challenges and capitalising on emerging opportunities in the 21st century.

Now the world's fourth-largest economy, India offers substantial opportunities for trade and investment, making it an increasingly attractive partner for European countries. Its large and growing consumer base, reform-driven policy environment, and strong focus on infrastructure development and digital innovation continue to enhance its global economic appeal.

Europe remains a key market and investment destination for Indian enterprises. In the post-COVID-19 era, bilateral engagement has gained fresh momentum, with India pursuing broader global economic partnerships. Indian companies are increasingly tapping into European markets for expansion, technology collaboration, and supply chain diversification.

Together, these trends signal a deepening of India-Europe economic engagement—driven by mutual interests, complementary strengths, and a shared vision for sustainable and inclusive growth.

India's economic resilience is underpinned by a broad-based and rapidly expanding sectoral landscape. A dynamic services industry, a fast-growing digital and technology ecosystem, and well-established agriculture and manufacturing sectors collectively contribute to the country's robust growth.

India's economic momentum is underpinned by a large, youthful labour force, a rapidly expanding middle class driving domestic demand, and the considerable scale of its internal market. Strategic government policies, coupled with sustained public and private sector investments, have reinforced this growth trajectory, positioning India among the fastest-growing major economies globally.

The India-Europe economic partnership has evolved beyond traditional trade to encompass a broad spectrum of high-growth, future-focused sectors. Cooperation is increasingly centred on technology and innovation, sustainability, green energy, and eco-mobility, reflecting shared priorities and growth opportunities.

Both sides have significantly intensified collaboration in critical and emerging technologies, healthcare, space exploration, and scientific research. These joint efforts reflect a shared commitment to addressing global challenges and fostering long-term, sustainable development through innovation and strategic alignment.

India and Europe collaborate closely across key economic sectors such as digital technology and AI, clean energy and climate action, sustainable infrastructure and the circular economy, telecommunications and fintech, and pharmaceuticals. This partnership is supported by initiatives like the India-EU Trade and Technology Council (TTC), which promotes innovation and regulatory cooperation; the Global Gateway Strategy, focusing on sustainable infrastructure and connectivity; and the ongoing development of the Trade and

Economic Partnership Agreement (TEPA) with the European Free Trade Association (EFTA), aimed at enhancing trade and economic integration beyond the EU.

To further strengthen their partnership, India and Europe have identified several key focus areas that will drive mutual growth and deepen collaboration. Central to this is the facilitation of trade through the reduction of barriers, aiming to enable a smoother and more efficient exchange of goods and services between the two regions. Alongside this, technology and innovation remain a cornerstone, with both sides committed to advancing cooperation in emerging technologies, digital transformation, and joint research initiatives to boost competitiveness and tackle global challenges together.

Security and defence cooperation also play a critical role in enhancing strategic stability and addressing shared threats. Improving connectivity—both physical infrastructure and secure digital networks—is prioritised to support seamless business operations and cultural exchanges. Additionally, efforts in skill development and professional mobility seek to equip the workforce with future-ready capabilities, encourage knowledge sharing, and facilitate easier movement of professionals, further cementing the comprehensive partnership between India and Europe.

India has significantly accelerated its clean energy progress by achieving its NDC commitments by reaching 50% non-fossil fuel-based power capacity five years ahead of its 2030 target, as of June 2025.[3] India ranks among the top nations globally for renewable energy capacity, holding the fourth position in total installed capacity and third in solar power.[4]

Even though aligning policies and regulations presents unique challenges due to the different economic and social contexts of India and the EU, it must be acknowledged that the potential benefits are significant, and a collaborative approach based on mutual understanding and respect can pave the way for a successful and sustainable future for both regions.

Further, India has the scale, and Europe has the skills for accelerating cooperation in the field of energy. With India's burgeoning energy demand and Europe's advanced tech expertise and experience in renewable energy, the collaboration between the two regions could be transformative. Recognising the vital role of the private sector in ensuring the success of the green transition, it becomes imperative for the India-EU connectivity partnership. Synergies have become apparent in various sectors such as solar and wind energy, green hydrogen, smart grids, emphasising the centrality of clean energy and the green transition in fostering connectivity between India and the EU.

The India-Europe partnership is a vital and evolving relationship grounded in shared priorities such as trade facilitation, technological innovation, security cooperation, and sustainable development. By focusing on these key areas, both regions can enhance economic integration and address global challenges more effectively. Strengthening connectivity and promoting skill development will further support this collaborative framework, ensuring long-term mutual benefit.

The India-Europe partnership is well-positioned to drive growth and innovation through focused collaboration in key areas such as advanced manufacturing, technology, sustainable development, and talent mobility. By building on these strengths, both regions can deepen economic ties, enhance connectivity, and foster a resilient, forward-looking partnership that delivers lasting mutual benefits.

03

India's Initiatives with Europe

India and Europe share a multifaceted partnership rooted in shared democratic values, global governance goals, and mutual interests. Over recent years, this relationship has deepened through bilateral agreements, strategic dialogues, and increased cooperation across various sectors.

India-Europe partnership has evolved dynamically over the years with stronger strategic ties built in several sectors, including technology, pharmaceuticals, defence, machinery and appliances, services and more. This has culminated in Europe's trade with India reaching USD 98.44 billion in 2024–25 with European Union (EU) representing USD 75.85 billion of the share[5]. As a result, EU has become India's fourth largest trading partner and conversely India is EU's 9th largest trading partner.

The unequivocal growth in bilateral trade has been supported by the India-Europe wide ranging initiatives. The multitiered institutional architecture of cooperation, originally established in 2004 as the India-EU Strategic Partnership, was reinvigorated with the adoption of India-EU Strategic Partnership: A Roadmap for 2025 during the 2020 India-EU Summit.

Over the past five years, the partnership has seen notable progress across diverse sectors, including trade, climate action, connectivity, digital partnership and security.

India-Europe partnership has evolved dynamically over the years with stronger strategic ties built in several sectors, including technology, pharmaceuticals, defence, machinery and appliances, services and more. This has culminated in Europe's trade with India reaching USD 98.44 billion in 2024–25 with European Union (EU) representing USD 75.85 billion of the share.

The EU's strategy and roadmap for India aims to strengthen its partnership for sustainable modernisation, collaborate with India to uphold a rules-based global order grounded in multilateralism with the United Nations (UN) and the World Trade Organization (WTO) at its centre and promote a joint approach at the multilateral level to tackle global challenges. India has managed to utilise the roadmap to advance trade relations, attract investment and diversify strategic partnerships, a necessity in an era of shifting geopolitical alignments.

A critical push from the established Roadmap was the revival of the India-EU Free Trade Agreement talks along with Investment Protection Agreement (IPA), and a Geographical Indications (GI) Agreement talks in 2022. The India-EU FTA has the potential to offer wide-ranging benefits going beyond not only economic advantages but also reinforcing the broader strategic and political links between the EU and India. India offers the EU benefits, including access to a vast and growing consumer market, a diverse pool of skilled labour and talent, a strategic geopolitical partner in the Indo-Pacific region, a supplier of key goods like textiles and chemicals, and potential for investment in areas like digital technologies, green energy, and raw materials. The India-EU FTA would prove to be a game-changer. By positioning itself as a reliable and stable partner post-COVID and amidst global supply chain realignments, India has sought to increase market access to the EU and reduce trade dependency on a few countries.

India and EU relations marked a turning point during the visit of EU President Ursula von der Leyen along with 27 College of Commissioners to New Delhi, India in February 2025. This one-of-a-kind visit laid the groundwork for the 'New Strategic EU–India Agenda' for 2024 to 2029 launched in September 2025. The new Strategic Agenda focuses on five pillars, including:

1	2	3	4	5
Prosperity and Sustainability, which encompasses trade, investment, supply chains, and sustainability	Technology and Innovation, including critical and emerging technologies, digital infrastructure, and research cooperation	Security and Defence, including new agreements, regional security, and countering traditional and hybrid threats	Connectivity and Global Issues, such as cooperation in third countries and global governance	Enablers Across Pillars, which includes expanding skills mobility, promoting mutual understanding and research, involving business communities, and reinforcing the institutional architecture of EU-India relations.[6]

Technology and Digital Cooperation

As both India and the EU navigate a rapidly changing global landscape, technology and digital cooperation have become strategic priorities. The launch of the Trade and Technology Council (TTC) in 2022 marked a major step in institutionalising this partnership. Through this high-level platform, India and the EU collaborate on a wide range

of areas, including artificial intelligence, wireless networks such as 6G, semiconductors, quantum computing, cybersecurity, and digital public infrastructure. The first of its kind for India and the second such for the EU (first was with the US), the TTC comprises three working groups addressing strategic technologies, digital governance and connectivity; green and clean energy technologies; and trade, investment, and resilient value chains.

India has developed a healthy digital ecosystem supported by friendly industrial policies and financial and intellectual support. This is evident as India established the third-largest tech start-up ecosystem globally, with more than 31,000 start-ups in the past decade, 18% of which are women-led. By January 2024, India boasted 111 unicorns valued at over USD 350 billion.[7] Europe can benefit from adapting India's large-scale digital ecosystem such as the Digital Public Infrastructure (DPI) or India stack by adopting its core principles of interoperability, scalability, and inclusivity to enhance its own financial inclusion, delivery of citizen services and develop its own Eurostack. The use of Unified Payments Interface (UPI) at the Eiffel Tower, France, in February 2024 marked a milestone for the internationalization of DPI and paved the way for adoption of UPI across Europe.

Furthermore, in the semiconductor sector, the existing MoU from 2023 signed as part of the EU-India TTC framework is contributing to boosting the semiconductor supply chains, leveraging complementary strengths, facilitating talent exchanges and fostering necessary skills among students and young professionals. This MoU builds on India's Semicon Mission with an outlay of USD 10 billion and the EU's Chip Act, allowing opportunities for investments and collaboration in chip design centres, semiconductor fabrication plants (fabs), and advanced packaging and testing facilities.

Clean Energy and Green Transition Partnership

India and the EU have developed a robust and growing partnership focused on green energy, climate transition, and sustainable development, underpinned by strategic and financial cooperation. Central to this collaboration is the India–EU Clean Energy and Climate Partnership (CECP), which was established in 2016 to achieve common goals related to the Paris Agreement.[8] This partnership emphasizes key areas such as offshore wind energy, electricity market integration, smart grids, and energy efficiency. Both sides are also cooperating closely on regulatory frameworks, joint research initiatives, and supply chain development, especially for emerging technologies like green hydrogen and biofuels.

The India EU Energy Panel guided by CECP acts as a key institutional mechanism for cooperation between the two on climate and energy matters. At the 10th India EU Energy Panel meeting held in Brussels in 2024, both sides adopted a formal "work plan" for the third phase of the India-EU Clean Energy and Climate Partnership (2025–2028) outlining deep cooperation on Green hydrogen, including infrastructure, technology, and supply chains, Offshore wind energy, regional connectivity and smart grids, energy efficiency, energy and climate diplomacy[9].

India has evolved as an important partner of the Europe in terms of climate and energy action. India aims for net-zero emissions by 2070, with key targets of 500 GW renewable energy in India by 2030 and a 45% reduction in GHG emissions intensity.[10] With pro-business policies such as the Green Energy Corridor scheme, Production Linked Incentive (PLI) schemes, National Solar Mission and the National Green Hydrogen Mission, India has showcased its capacity and capability to achieve the set objectives.

These investment-friendly schemes offer European investors, technology providers and financial institutions a perfect gateway to partner and explore the growing renewable energy market in India, as India and Europe seek to strengthen their supply chain, diversify their energy supply and decarbonize heavy industries. To fully unlock the potential of this partnership would also include aligning with regulatory frameworks and developing stronger public-private partnerships.

Connectivity and Infrastructure Cooperation

India and Europe are increasingly working together to enhance their connectivity to build a sustainable, secure and rule based global infrastructure network. This partnership aims to not only deepen the India EU bilateral ties across sectors but also enhance its engagement in third countries, particularly in regions like Africa and the Indo-Pacific. In this regard, the India EU Connectivity Partnership was launched in 2021, marking a strategic collaboration between India and Europe, deepening its cooperation in key sectors including infrastructure, transport, digital, energy and people-to-people ties.

A major milestone in this collaboration is the India-Middle East-Europe Economic Corridor (IMEC), launched during the 2023 G20 Summit in New Delhi. IMEC envisions a multimodal transport network comprising rail, ports, digital and green energy corridors that link India to Europe via the Middle East. The IMEC is set to open investment opportunities and enhance market access for India and its trade partners. For India alone, IMEC could generate an overall increase of between 5-8 % in Indian export valuation, returning USD 21.85 billion of additional Indian exports annually.[11] European investors could align on accelerating the green fuel corridors linking Indian production hubs to European ports. Similarly, in the agriculture and food sectors, developing cold chains processing units and mega food parks is gaining traction among companies in Italy and France. As connectivity deepens, the India–Europe corridor is poised to become a major engine of economic opportunity and investments.

These initiatives are further supported by the EU's Global Gateway strategy launched in 2021, which seeks to mobilise 300 billion globally for infrastructure development by 2027, with India as a key partner.[12] These frameworks present strong investment opportunities for the private sector in renewable energy, digital technology, and urban development, while also reinforcing resilient supply chains and economic integration. Under the initiative, 120 projects in the northeast of India have been identified to promote smart, sustainable and secure infrastructure development. Other key areas include healthcare, education, and skilling, where PPP can help improve capacity and access.

Defence and Security Partnership

India and Europe hold a long-standing partnership in the area of security and defence characterised by principles of democratic values, multilateralism and international law. With changing geopolitical dynamics, India and Europe are revisiting their security partnership and are expanding their cooperation, going beyond traditional security. Their vision for defence cooperation is driven by shared concerns over rising geopolitical tensions, maritime threats, cyber vulnerabilities, and global terrorism. A key platform for this collaboration has been the India-EU Security and Defence Dialogue, which supports joint efforts in areas such as maritime security, counter terrorism, cybersecurity, and defence technology.

India's defence manufacturing industry has become a cornerstone of the country's strategic and economic ambitions. With the steady rise of India's defence budget reaching INR 6.81 lakh crore in 2025-26[13] and rising private sector participation, the industry is fast becoming a key driver of national security, innovation, and global competitiveness. The vision of 'Atmanirbhar, Agrani, and Atulya Bharat' embodies India's aspirations to emerge as a leading global power in defence manufacturing, clearly delineating strategic vectors that translate it into tangible objectives. India's exported arms and ammunition to Europe, worth USD 67.4 million in 2023-24 is indicative of the growing capacity of India's defence sector while also highlighting the greater collaboration between the two regions.

Both sides are increasingly aligned in preserving a free and open Indo-Pacific, with the EU enhancing its naval presence in the Indian Ocean through its Coordinated Maritime Presence (CMP) initiative and regular naval engagements with India. These developments open up investment opportunities in port security systems, maritime surveillance technologies, naval infrastructure, and logistics. In the cyber domain, India and the EU conduct regular Cybersecurity Dialogue, with the 8th and most recent one held in New Delhi in March 2025, focused on the protection of critical infrastructure, cross-border data governance, cyber threat landscape analysis and capacity building. As a result, this creates demand for cybersecurity services, secure digital infrastructure, AI governance tools, and digital forensics solutions, a sector India has gained expertise.

India maintains strong bilateral defence ties with European nations such as France, Germany, Italy, and the UK, which are increasingly focused on joint R&D, co-manufacturing, and technology transfer in sectors like aerospace, naval systems, and unmanned platforms. These growing strategic ties open opportunities for European defence firms and investors to participate in India's expanding defence production and innovation ecosystem, especially under the Make in India and Atmanirbhar Bharat initiatives. In addition, areas like space security, non-proliferation, and disaster response coordination present niche opportunities with high return on investment.

India and Europe stand at a pivotal juncture in their partnership, with the forthcoming India–EU Free Trade Agreement (FTA) expected to serve as a cornerstone for deeper economic integration. As negotiations advance, a growing number of sectors — including manufacturing, renewable energy, digital technologies, pharmaceuticals, and services — are becoming increasingly attractive for bilateral investments. The FTA promises to unlock new avenues for trade, innovation, and value chain collaboration, building upon existing institutional frameworks. With India's dynamic market and Europe's technological prowess, the partnership is well-positioned to achieve inclusive, sustainable, and mutually beneficial growth.

04

India-Europe Trade Relations

India's trade engagement with Europe has witnessed steady expansion in recent years, underscoring the growing depth and resilience of the bilateral economic partnership. In FY 2024-25, the total value of India - Europe trade stood at USD 193.18 billion, marking a robust increase over the past five years. Between FY 2020-21 and FY 2024-25, trade between the two regions grew at a compound annual growth rate (CAGR) of 12.56%, reflecting sustained momentum and a broadening trade base.

India's exports to Europe have shown particularly strong performance, rising from USD 55.26 billion in FY 2020-21 to USD 98.44 billion in FY 2024-25, at a CAGR of 15.53%. This growth highlights Europe's importance as a key destination for Indian goods and services, supported by increasing competitiveness and diversification of India's export basket.

On the other hand, India's imports from Europe have also grown steadily, albeit at a slightly slower pace recording a CAGR of 9.85%, from USD 65.07 billion in FY 2020-21 to USD 94.74 billion in FY 2024-25.

In FY 2024-25, Europe accounted for 22.49% of India's total exports, reaffirming its position as one of India's largest trading partners. While India had recorded a trade deficit of USD 9.81 billion with Europe in FY 2020-21, the trade balance has since improved significantly. From FY 2021-22 onwards, India has been maintaining a marginal trade surplus, which stood at USD 3.70 billion in FY 2024-25.

Although modest, this shift from deficit to surplus indicates a positive structural trend in India's trade composition and competitiveness vis-a-vis Europe. It also points to substantial untapped potential for expanding exports further.

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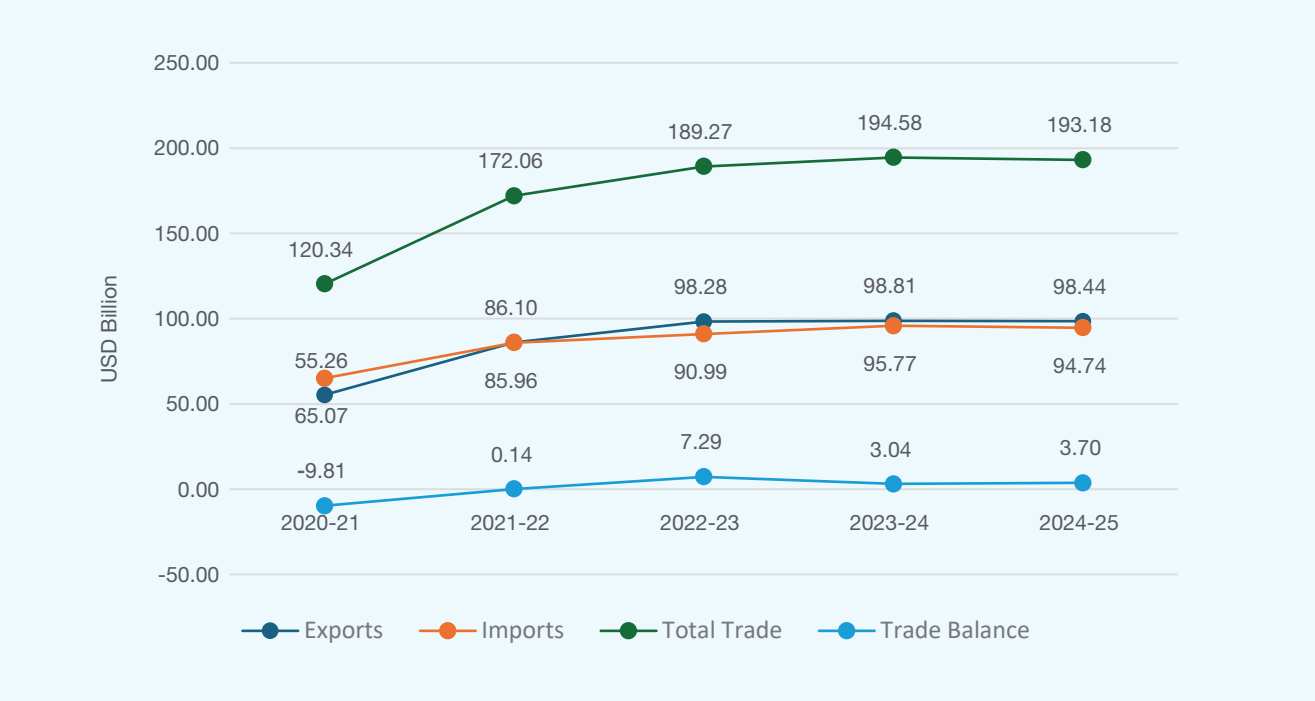
Figure 1: India Europe Bilateral Trade in USD Billion



Source: Ministry of Commerce

India's exports to Europe are diversified across three major country groupings - the European Union (EU), the European Free Trade Association (EFTA), and other European nations outside these blocs. Each of these segments has shown positive growth over the last five years, reflecting India's deepening trade linkages and expanding market presence across the continent.

The EU continues to be one of the India's largest export destinations within Europe, accounting for the bulk of total trade. Exports to EU member countries reached USD 75.85 billion in FY 2024-25, rising sharply from USD 41.36 billion in FY 2020-21. This represents a strong CAGR of 16.37%, underlining the EU's pivotal role in driving India's export growth to Europe. The growth trajectory reflects both stronger demand across EU economies and India's increasing integration into European value chains.

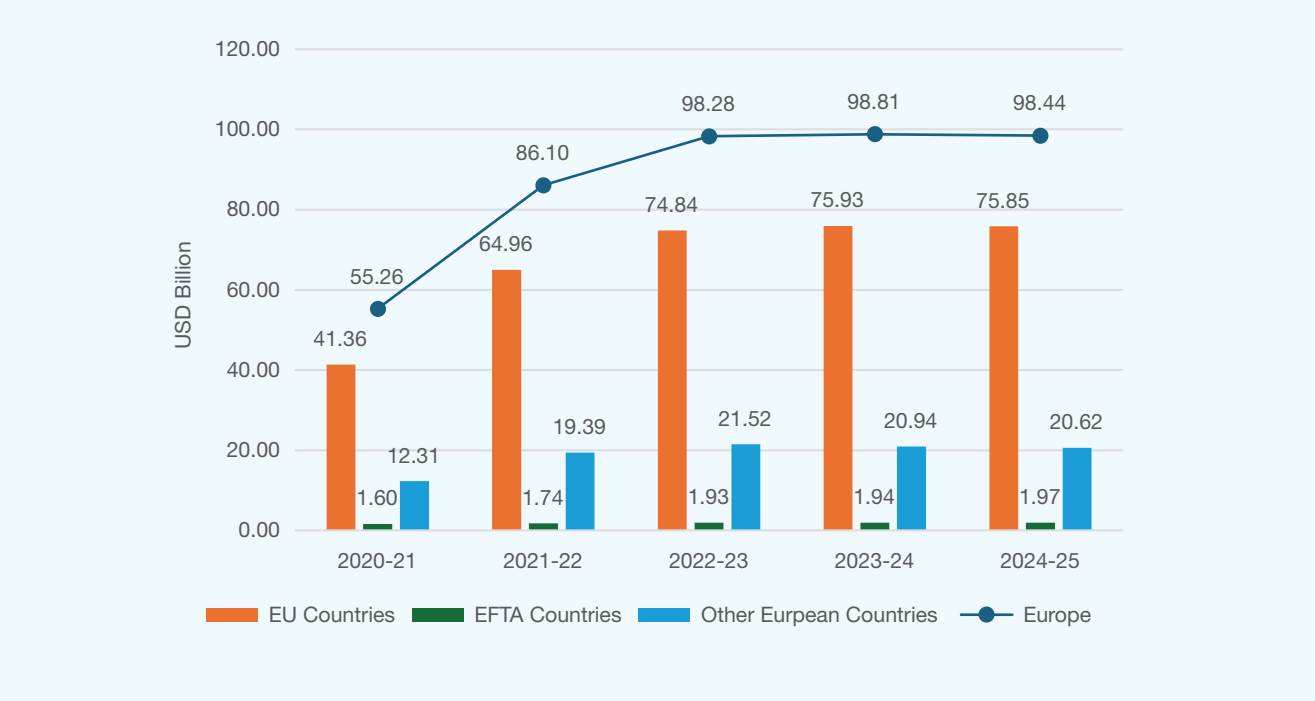
Exports to EFTA countries which include Switzerland, Norway, Iceland, and Liechtenstein also recorded an upward trend, though at a relatively moderate pace.

Between FY 2020-21 and FY 2024-25, India's exports to EFTA nations grew from USD 1.60 billion to USD 1.97 billion, registering a CAGR of 5.32%. Switzerland remains the largest export destination within EFTA, consistently accounting for the majority of India's exports valued at USD 1.48 billion in FY 2024-25. Norway has emerged as a significant export market, accounting for 21.61% of India's total exports to EFTA. Exports to Iceland and Liechtenstein remain relatively small. The total growth indicates steady, though gradual, expansion in India's trade with these high-income, niche markets.

Meanwhile, India's exports to other European countries outside the EU and EFTA have also demonstrated robust growth. Exports to this group rose from USD 12.31 billion in FY 2020-21 to USD 20.62 billion in FY 2024-25, recording a CAGR of 13.77%.

Overall, the steady rise in exports across all European subregions highlights India's strengthening economic engagement with Europe and the potential for deeper cooperation under ongoing trade negotiations and market access initiatives.

Figure 2: India's Exports to Europe comprises of EU countries, EFTA countries and Other European countries (USD Billion)



Source: Ministry of Commerce

On the import front, India's trade with Europe is similarly distributed across the EU, EFTA, and other European countries. In FY 2024-25, India's imports from EU countries stood at USD 60.68 billion, reaffirming the EU's position as India's principal import partner within Europe.

Imports from EFTA countries were valued at USD 22.44 billion in FY 2024-25. Switzerland stands out as the primary source for imports from EFTA, consistently dominating India's import market which stood at USD 21.80 billion in FY 2024-25. Imports from Norway also demonstrate a notable increase, rising from USD 366.47 million in 2018-19 to USD 938.06 million in 2022-23, then decreasing back to USD 632 million in 2024-25. Imports from Iceland and Liechtenstein remain quite low as compared to Switzerland and Norway.

Meanwhile, imports from other European countries outside the EU and EFTA amounted to USD 11.62 billion in FY 2024-25.

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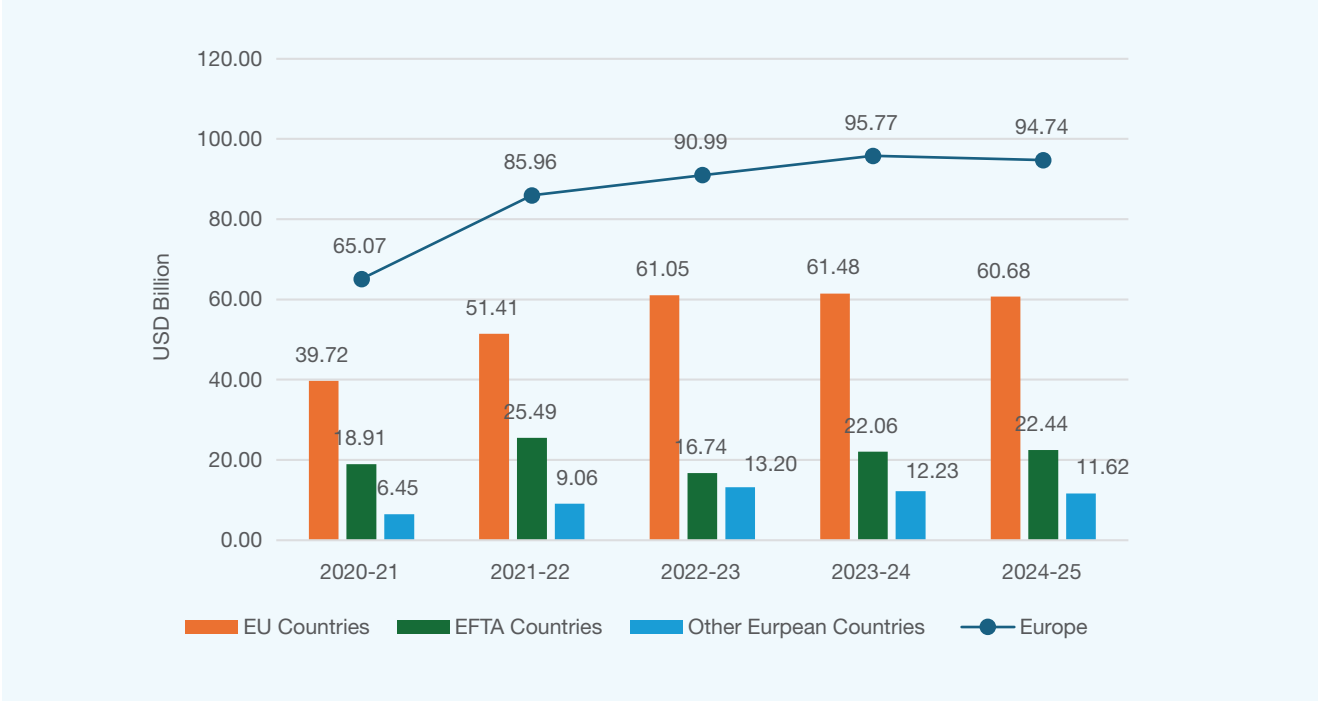
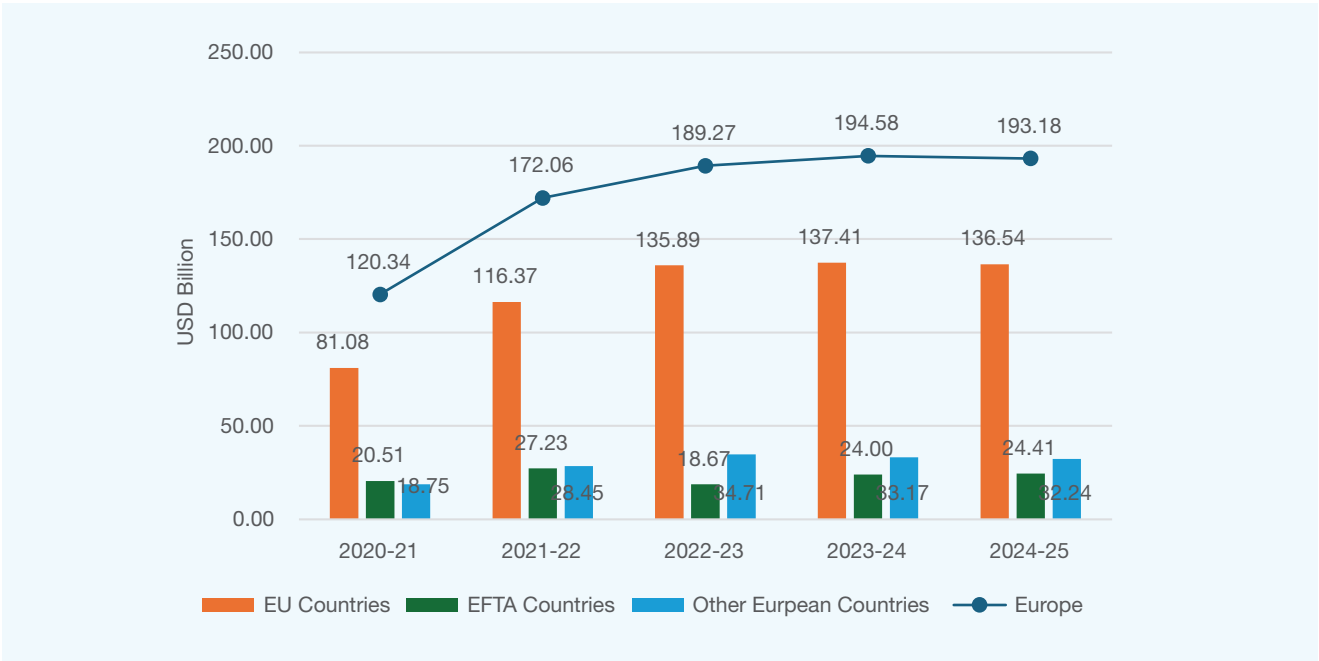
Figure 3: India's Imports from Europe comprises of EU countries, EFTA countries and Other European countries (USD Billion)



Source: Ministry of Commerce

India's total trade with Europe has shown steady growth over the past five years. Trade with EU countries rose from USD 81.08 billion in FY 2020-21 to USD 136.54 billion in FY 2024-25 at a CAGR of 13.92%, while trade with EFTA countries increased from USD 20.51 billion to USD 24.41 billion at a CAGR of 4.45%. Meanwhile, trade with other European countries grew from USD 18.75 billion to USD 32.24 billion, recording a CAGR of 14.50%.

Figure 4: India's Total trade with Europe comprises of EU countries, EFTA countries and Other European countries (USD Billion)



Source: Ministry of Commerce

In FY 2024-25, India's trade balance with Europe presents a mixed picture, marked by surpluses with certain regions and deficits with others. India registered a trade surplus of USD 15.71 billion with EU countries and USD 9 billion with other European countries, highlighting the strength of India's export performance and growing market presence across much of the continent. However, India continues to experience a significant trade deficit with EFTA countries, which stood at USD 20.47 billion in FY 2024-25. This deficit has widened from USD 17.31 billion in FY 2020–21.

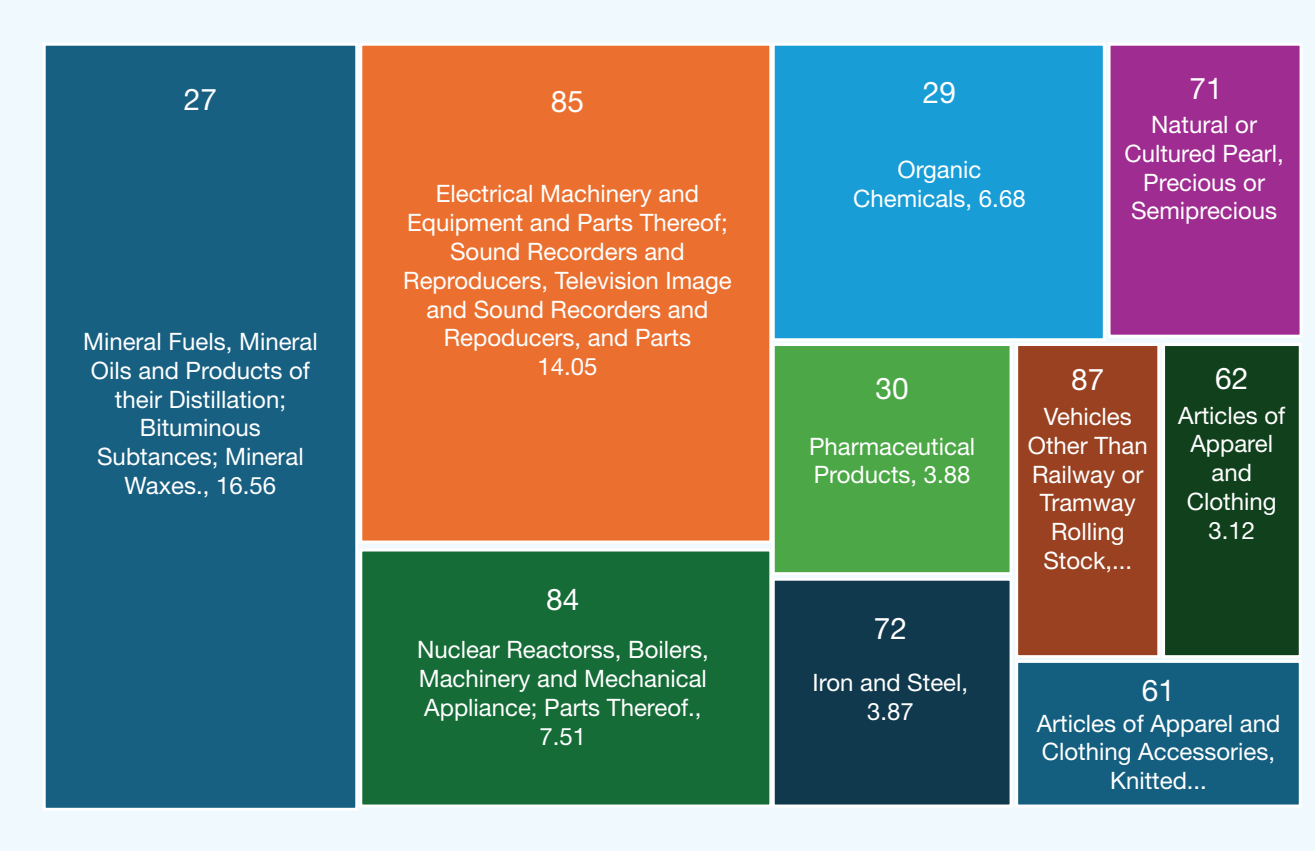
India's Exports and Imports with Europe

India's trade with Europe features a diverse mix of high-value goods across multiple sectors. India's major exports to Europe include petroleum products, nuclear reactors and machinery, organic chemicals, iron and steel, pearls and precious or semi-precious stones, pharmaceutical products, and articles of apparel and clothing accessories, among others.

On the other hand, India's key imports from Europe primarily consist of gold, pearls and precious or semi-precious stones, mineral fuels and oils, electrical machinery, iron and steel, and other high-end industrial goods etc.

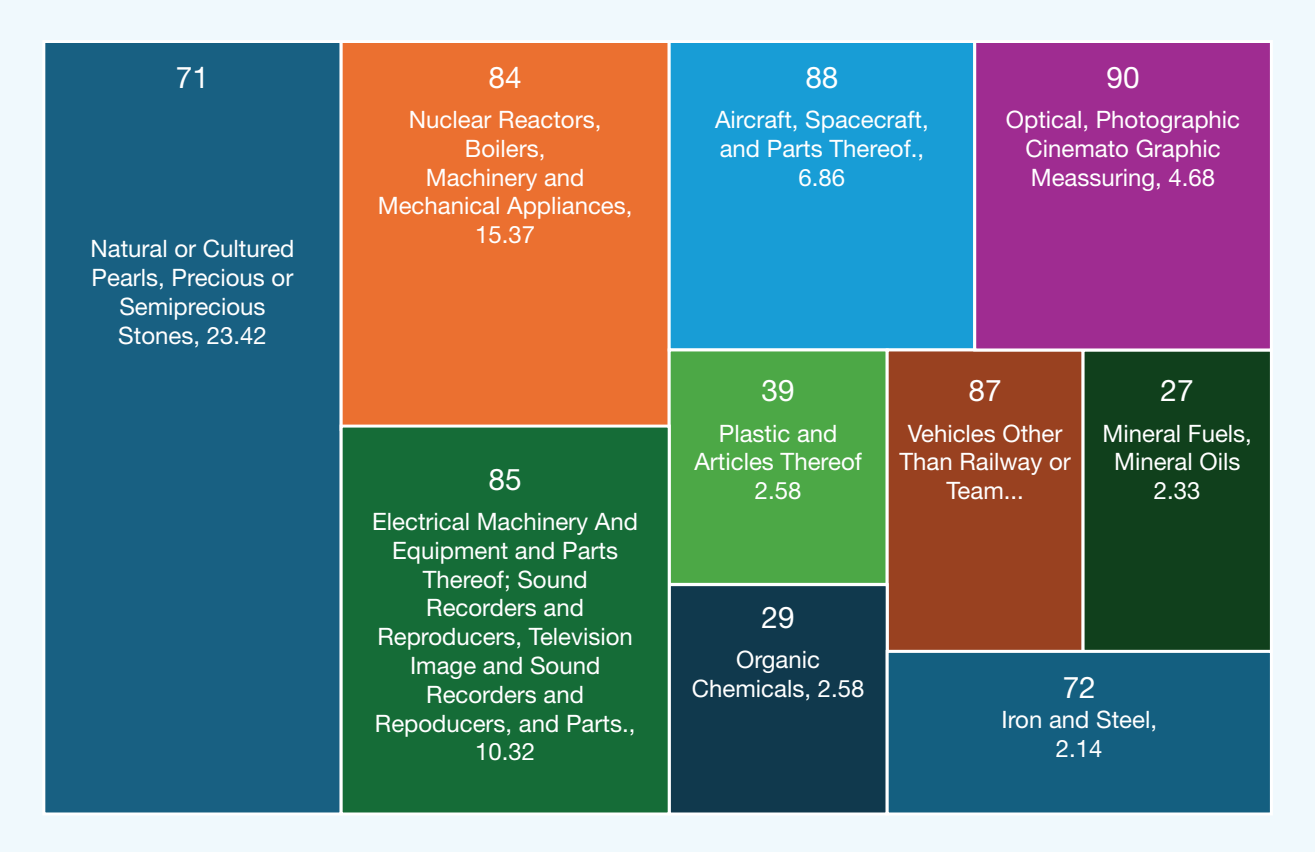
> India registered a trade surplus of USD 15.71 billion with EU countries and USD 9 billion with other European countries, highlighting the strength of India's export performance and growing market presence across much of the continent.

Figure 5: India's top 10 exports to Europe (USD Billion)



Source: Ministry of Commerce

Figure 6: India's top 10 Imports from Europe (USD Billion)



Source: Ministry of Commerce

05

India's Economy

1. Global Growth Projections by the IMF – October 2025

Updating the growth forecasts of the World Economic Outlook in October, the International Monetary Fund (IMF) has projected the world economy to grow by 3.2 per cent and 3.1 per cent for 2025 and 2026, respectively. The updated figure for 2025 is higher than the July forecast of 3.0 per cent, even as the forecast for 2026 remains unchanged. Key reasons for the upward revision for 2025 include smaller impact of trade frictions than was earlier anticipated, in part due to multiple trade deals between forged between leading global economies. India's 2025 forecast has been revised upwards to 6.6 per cent in October from 6.4 per cent in July, even as 2026 forecast is revised down to 6.2 per cent (vs 6.4 per cent). Overall, despite offsetting factors, the near-term growth outlook for the global economy remains tilted to the downside in the backdrop of persistently high policy uncertainty.

	2024	2025 Projection	2026 Projection
World	3.3	3.2	3.1
Advanced Economies	1.8	1.6	1.6
United States	2.8	2.0	2.1
Euro Area	0.9	1.2	1.1
Japan	0.2	1.1	0.6
Emerging Market and Developing Economies	4.3	4.2	4.0
China	5.0	4.8	4.2
Russia	4.3	0.6	1.0
Brazil	3.4	2.4	1.9
India	6.5	6.6	6.2

Source: IMF WEO, October 2025

2. India's GDP Growth

India's growth for Q1FY26 accelerates to 7.8%

As per quarterly estimates, real GDP grew at 7.8 per cent in Q1FY26, higher than 6.5 per cent in Q1FY25 and 7.4 per cent in the previous quarter. This was mainly driven by a jump in investment demand and growth in government consumption. Gross fixed capital formation witnessed 7.8 per cent growth in Q1FY26 as compared to previous year's 6.7 per cent, while government spending grew by 7.4 per cent, in a reversal of trend last year (-0.3 per cent growth) and the preceding quarter (-1.8 per cent growth). On the supply side, growth accelerated to 3.7 per cent in agriculture and 9.0 per cent in services, buoyed by an above-normal monsoon season and acceleration in finance, real estate & professional services (9.5 per cent) and trade, hotels, transport (8.6 per cent), respectively. Further, manufacturing posted a strong growth (7.7 per cent) supported by low interest rates and export demand. The robustness in domestic activity is likely to offset headwinds emanating from high tariff rates imposed by the US.

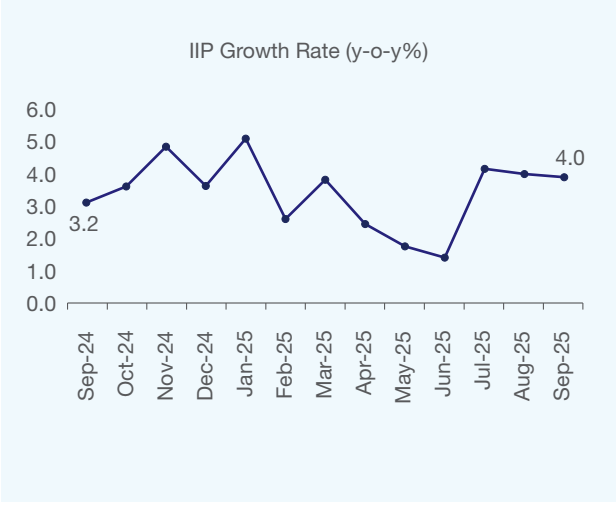
Source: MoSPI

3. Industrial Production

3.1 Industrial sector growth held steady at 4.0% in September

Growth in industrial sector output, as measured by IIP, stood at 4.0 per cent (quick estimates) year-on-year in September 2025, unchanged from August, but printing higher than 3.2 per cent witnessed in the corresponding period last year. Component wise, there was a healthy uptick of 4.8 per cent in manufacturing, supported by 3.1 per cent growth in electricity. However, mining activity contracted by 0.4 per cent. In terms of use base classification, infra & construction goods, and consumer durables growth remained resilient at 10.5 per cent and 10.2 per cent, respectively, during the month. Continued contraction in consumer non-durables (-2.9 per cent) output, however, has remained an area of concern.

In the coming months, GST rate cuts on items such as consumer durables and construction-based cement is likely to further boost demand, potentially accelerating momentum in industrial sector.

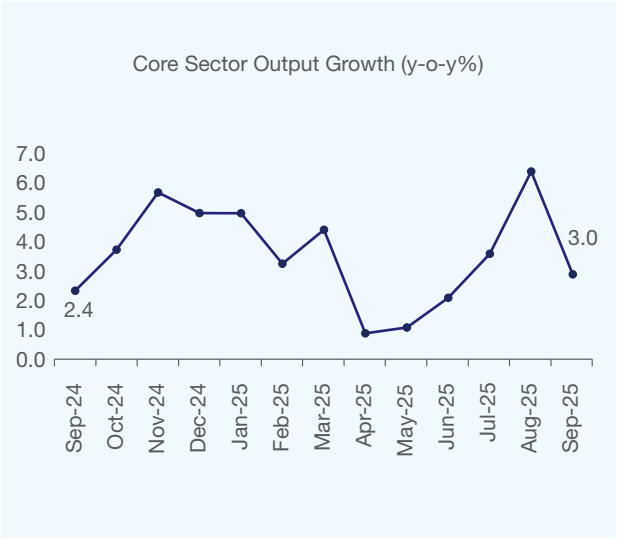


Source: MoSPI

3.2 Core sector output growth moderates to 3-month low in September

The index of eight core industries grew by 3.0 per cent year-on-year in September 2025, moderating from the revised estimate of 6.5 per cent in August, as output in key energy segments i.e. natural gas (-3.8 per cent), refinery products (-3.7 per cent), crude oil (-1.3 per cent), and coal (-1.2 per cent) contracted significantly from the levels seen last year. Despite the overall slowdown, growth in steel production stood at a robust 14.1 per cent, its third consecutive month of double-digit growth, driven by strong construction demand. Other sectors like cement (5.3 per cent), electricity (2.1 per cent), and fertilizers (1.6 per cent) supported monthly growth, albeit at a slower pace than previous month, with growth in cement output at its weakest since October 2024.

In the coming months, the still-unfolding impact of GST rate rationalization and monetary easing is likely to boost core sector growth through higher demand.



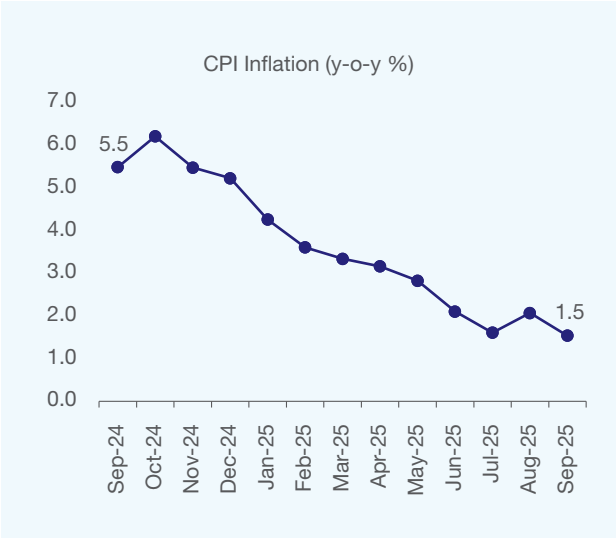
Source: MoSPI

4. Inflation

CPI headline inflation prints at 8-year low in September

The CPI headline inflation for September 2025 stood at 1.5 per cent, down from 2.1 per cent in August and significantly lower than 5.5 per cent last year. This marks the lowest print in the last 8 years, on account of continued contraction in food prices and a high-base effect. In line with the trend observed in previous four months, food prices contracted by 2.3 per cent in September on the back of above-average monsoons, the pace of deflation quickening from -0.64 per cent observed last month. Region wise, headline inflation in both rural and urban areas moderated, standing at 1.07 (vs 1.7 per cent in August) per cent and 2.04 per cent (vs 2.5 per cent) in the reporting month.

Going forward, consistently subdued inflation levels may provide space to RBI to affect further rate cuts in the remainder of the year to counteract the headwinds from tariff tensions and help accelerate growth momentum.



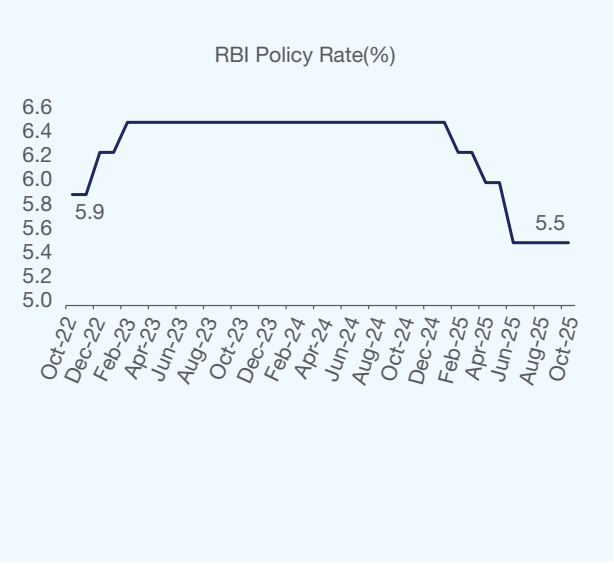
Source: MoSPI

5. Monetary Policy

RBI maintains repo rate at 5.5% in October 2025 review

In the October 2025 policy statement, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) announced its decision to keep the key policy repo rate unchanged at 5.5 per cent from the August 2025 level. The decision to hold the rate is underpinned by several factors, including the ongoing transmission of the 100 basis points (bps) rate cut from February-June 2025, and the staggered implementation of the 100 bps cut in CRR through FY26.

The Central Bank also decided to maintain its stance at 'neutral', indicating a close watch on key macroeconomic developments, including the rapidly evolving trade situation and the recent fiscal support measures (e.g. GST rate cuts) and their ensuing impact on growth and inflation. With improved monetary transmission and surplus liquidity, lending costs should continue to fall, likely boosting private investment and near-term consumption demand.



Source: RBI

6. Trade

Merchandise trade deficit at 13-month high in September

Goods trade deficit in September 2025 stood at USD 32.2 billion, widening from USD 26.5 billion in August and USD 24.7 billion last year. This was on account of a strong 16.7 per cent year-on-year growth seen in imports during September 2025 USD 68.5 billion vs USD 58.7 billion in September 2024), driven by a surge in imports of fertilizers (202.3 per cent), project goods (134.7 per cent), and gold (106.9 per cent) among others. Further, goods export during September 2025 (at USD 36.4 billion) grew by a healthy 6.7 per cent year-on-year, as exports of electronics (50.5 per cent), petroleum (15.2 per cent), marine products (23.4 per cent), among others witnessed a sharp rise in demand.

Looking ahead, ongoing efforts of the government towards export diversification beyond the US could help offset the negative impact of high tariffs. Coupled with robust domestic demand, this points to a cautiously optimistic near-term growth outlook.

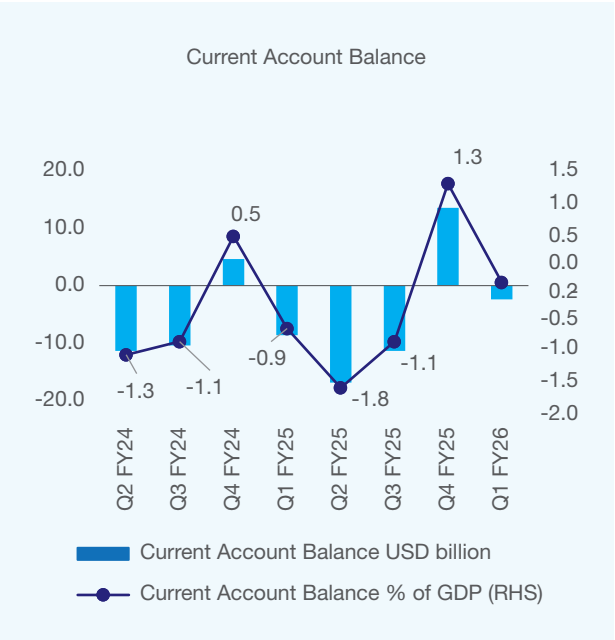
Source: Ministry of Commerce

7. Current Account Balance

Current account posts a USD 2.4 billion deficit in Q1FY26

India's current account recorded a deficit in Q1FY26, standing at USD 2.4 billion (0.2 per cent of GDP) as compared to a surplus of USD 13.5 billion (1.3 per cent of GDP) in the previous quarter (Q4FY25) and deficit of USD 8.6 billion (0.9 per cent of GDP) in Q1FY25. The goods trade deficit for Q1FY26, at USD 68.5 billion, was the major contributor to the current account deficit. However, a surplus in services trade of USD 47.9 billion (driven by net exports of USD 41.5 billion in Telecommunications, computer, and information services) helped mitigate the downward drag on current account.

Going forward, the merchandise trade deficit is expected to come under some pressure this fiscal given the now operational 50 per cent tariff rate on exports to US and slowing global growth. However, healthy remittance flow and service exports will help to plug the deficit from widening significantly.



Source: RBI

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06

Europe's Economy

Europe's post-crisis recovery has been steady but uneven, reflecting both the region's resilience and its structural constraints. While decisive fiscal and monetary responses helped stabilise output and employment in the aftermath of recent crises, the pace of recovery continues to drag Europe's long-term potential. Persistent core inflation, policy uncertainty, and the spillover effects of ongoing geopolitical tensions have contributed to a cautious short-term outlook. Although aggregate growth has returned to pre-pandemic levels, momentum remains fragile across several economies, particularly those facing higher energy costs and tighter credit conditions.

In the near term, concerns surrounding the persistence of inflation and the direction of monetary and fiscal policies are weighing on business confidence and private investment. The European Central Bank's tightening cycle has helped anchor inflation expectations but has also dampened domestic demand. At the same time, fragmented policy responses among member states and uncertainty over the duration of fiscal support are adding complexity to the region's growth path.

Over the longer horizon, Europe continues to grapple with chronically low productivity growth and emerging structural headwinds. Challenges such as industrial fragmentation, demographic pressures, the costs of green and digital transitions, and the economic implications of climate change are constraining potential output. The risk of global trade fragmentation and reconfiguration of supply chains has further complicated Europe's external environment, increasing uncertainty for exporters and investors alike.

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Addressing these structural barriers and reducing policy unpredictability will be crucial to restoring investor confidence and strengthening sustainable growth prospects.

Financial conditions, while currently stable, could tighten further if inflation proves more persistent or if global risk sentiment deteriorates. Europe's banking sector appears broadly resilient, supported by stronger capitalisation and supervisory reforms implemented after past crises.

At the same time, fiscal dynamics are evolving. While some governments are gradually withdrawing emergency support, others are expanding expenditure on defence and strategic autonomy. Lower energy prices may provide temporary fiscal relief, but higher defence and transition-related spending could result in a looser aggregate fiscal stance over the medium term. These mixed signals present both risks and opportunities for Europe's growth outlook beyond 2025.

Reflecting these dynamics, the International Monetary Fund (IMF) has revised its forecast for Europe's real GDP growth to 1.3%[14] in 2025, citing slower global trade, tighter financing conditions, and persistent uncertainty in the policy environment. This moderation follows a year of subdued activity, as rising interest rates and elevated inflation eroded household purchasing power and slowed credit expansion.

Moreover, the escalation of trade frictions, including higher US tariffs on select European goods, and the broader environment of elevated global uncertainty are expected to constrain export performance in the near term. These factors, coupled with weaker investment sentiment and softening manufacturing output, are likely to dampen domestic demand through 2025 and delay the expected rebound in 2026-2027.

GDP Growth

Europe's economic recovery remains gradual but continues to gather pace. Growth strengthened in 2024 to 1% (Figure 7), supported primarily by a moderate increase in private consumption, driven by rising real incomes and sustained high employment levels. While the services sector has retained its strong momentum, the pace of industrial production has remained subdued, reflecting weaker external demand, particularly from China.

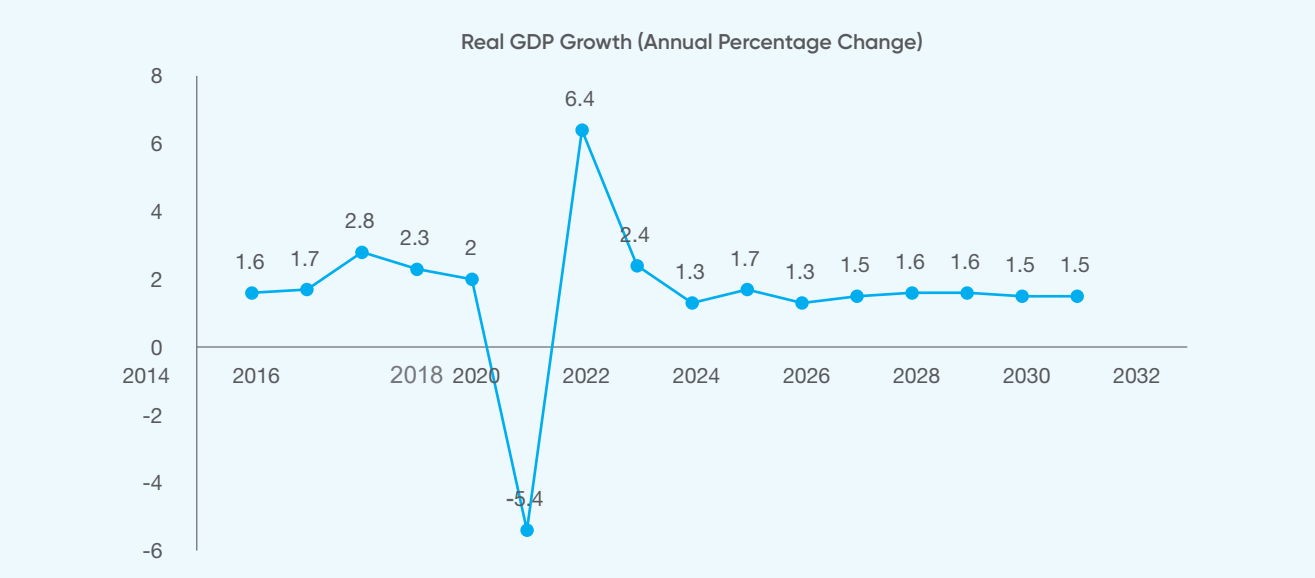
Looking ahead, gradually firming private domestic demand and an expected easing of financial conditions are projected to more than compensate for the drag from ongoing fiscal consolidation. However, the trajectory of recovery remains slower than that observed in earlier crises, and the overall balance of risks continues to tilt to the downside.

Forecasts for Europe's medium-term prospects have become more cautious.

- According to the International Monetary Fund (IMF), real GDP growth for Europe is expected to average 1.5% (Figure 7).
- For the euro area, the IMF's April 2025 forecast projects growth of 0.8% in 2025 and 1.2% in 2026 (Figure 7), representing downward revisions of -0.2 percentage[15] points for both years compared to the January 2025 forecast by IMF. These downgrades are broad-based across member countries.
- Growth expectations for the Central, Eastern, and Southeastern European (CESEE) region have also been reduced more sharply. The IMF now forecasts growth of 2.6%[16] in 2025 and 3.0%[17] in 2026, reflecting the region's relatively higher exposure to trade and manufacturing cycles.

Significant uncertainty persists regarding Europe's ability to implement policies capable of reversing the decade-long decline in productivity and narrowing its income gap with the United States, which remains around 30%[18] on a per-capita basis. Achieving this would require comprehensive and far-reaching structural reforms to strengthen competitiveness and innovation capacity across the continent.

Figure 7: Real GDP Growth in Europe (2015-2030)



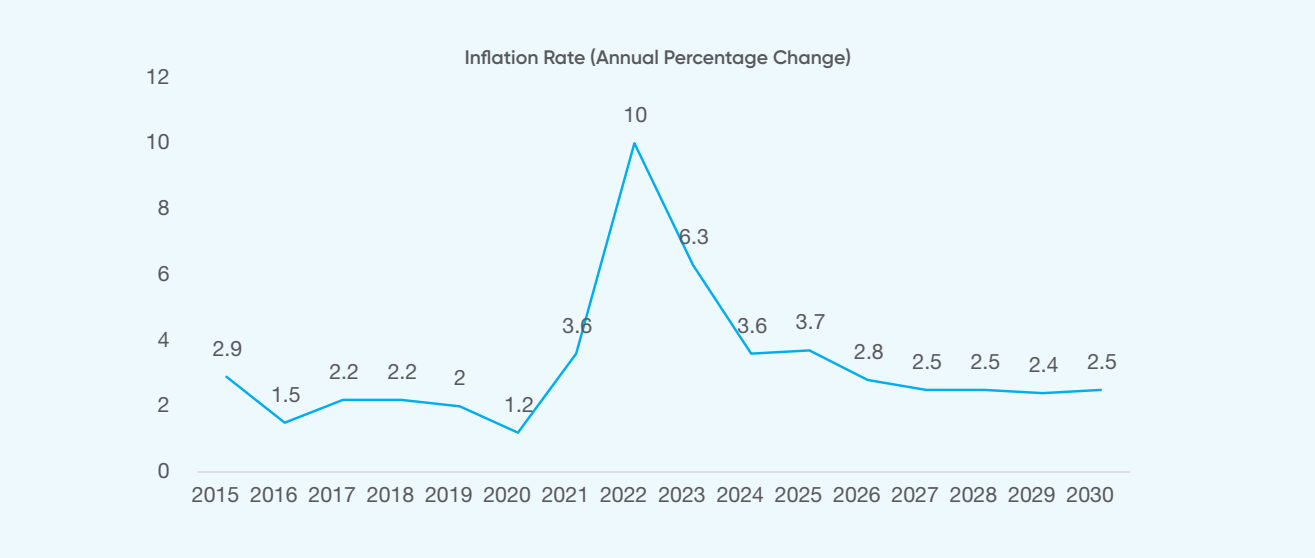
Source: IMF Real GDP Growth Projections, 2015-2030 (Annual Percentage Change)

Inflation

On the inflation front, the International Monetary Fund (IMF) anticipates inflation to reach 3.7 percentage in 2025, largely supported by declining energy prices and subdued demand pressures (Figure 8).

- In the euro area, inflation is expected to return to the target range sustainably during the second half of 2025, a pace slightly faster than earlier projections. This improvement reflects the combined effects of lower energy costs and a moderation in domestic demand.
- In contrast, the Central, Eastern, and Southeastern European (CESEE) region is likely to experience inflation above target levels well into 2026, and in certain economies, even through 2027.
- Countries such as Romania, Hungary, and Poland are expected to see wage growth remain high for a longer period, which could slow the pace of disinflation despite tighter monetary conditions.

Figure 8: Inflation Rate in Europe (2025-2030)



Source: IMF Projection for Inflation Rate, 2015-2030 (Annual Percentage Change at Average Consumer Prices)

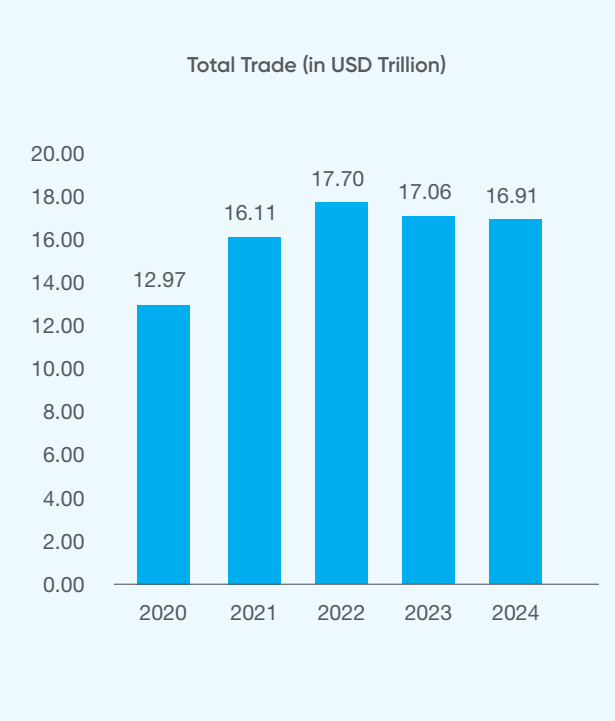
Trade

Maintaining trade openness must remain vital for Europe, given the region's deep integration with global markets. To sustain its competitiveness, Europe should continue to broaden its network of free trade agreements and strengthen economic partnerships.

In responding to external trade shocks, policy interventions should be carefully calibrated and any support extended to viable enterprises to cushion tariff-related disruptions must remain temporary and well-targeted. While it is essential to safeguard livelihoods and mitigate short-term pain, Europe must avoid obstructing the structural adjustments required for long-term competitiveness.

According to recent estimates, Europe's total trade reached USD 16.91 trillion in 2024 (Figure 9), reflecting a marginal decline of USD 0.15 trillion from USD 17.06 trillion in 2023.

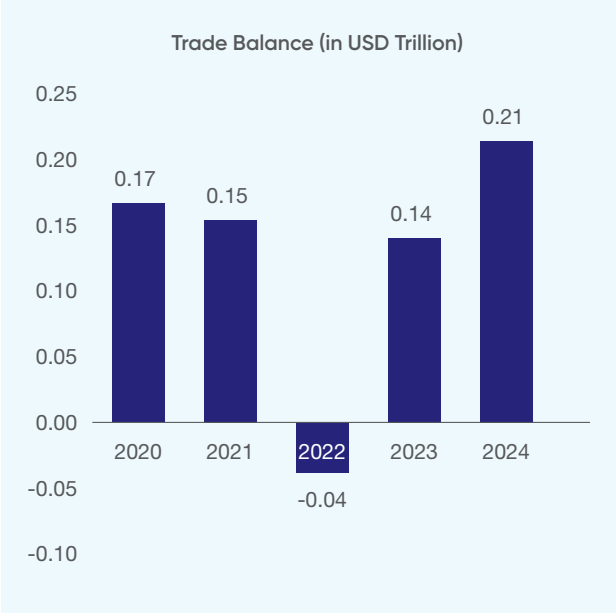
Figure 9: Europe's Total Trade (2020-2024)



Source: ITC Trade Map

Nonetheless, the overall trade balance improved significantly, rising to USD 0.21 trillion in 2024 (Figure 10) from USD 0.14 trillion in the previous year, marking the strongest surplus since 2020.

Figure 10



Source: ITC Trade Map

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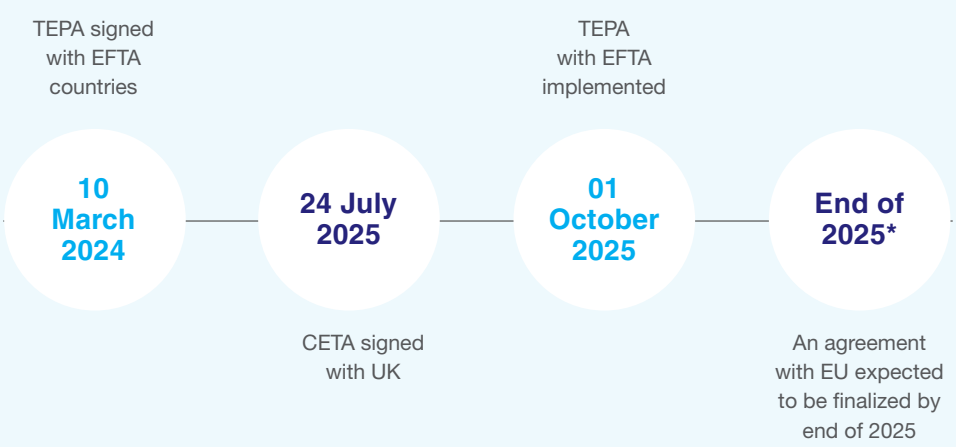
07

Recent Trade Agreements with Europe

The government of India has been focusing on achieving the target of Viksit Bharat@2047. It is India's ambitious vision to transform the nation into a developed country by the 100th year of India's independence in 2047. Trade will be an important component in achieving this goal. The government has also set a target of achieving USD 2 trillion in exports by 2030, with USD 1 trillion each from goods and services. This would require India to seek greater market access in different countries. The majority of India's earlier FTAs were with neighbours and Eastern countries. However, there has been a shift in India's strategy towards the Free Trade Agreements (FTAs). Recently, FTAs have had a greater focus towards Western developed nations.

Timeline of India's trade agreements with Europe



In the current geopolitical scenario, too, it is in India's interest to diversify its exports to different countries. Europe is a major key continent in this context; therefore, the FTAs will be key in the coming time. India has already negotiated the agreement with EFTA and the UK. While UK FTA implementation may require time since it was recently signed, the TEPA with EFTA countries was implemented recently on 1 October 2025, creating new opportunities for the Indian industry. FTA with the EU is under negotiation; however it is expected to be finalised this year.

The India–EFTA Trade and Economic Partnership Agreement (TEPA)

On goods, the agreement opens trade avenues for enterprises on both ends. EFTA has offered concessions on 92.2% of the tariff lines, which covers 99.6% of India's exports to EFTA countries. India, on the other hand, has offered concessions to about 82.7% of its tariff lines - this covers 95.3% of EFTA exports to India. The EFTA market access offer covers 100% of non-agricultural products, with all import duties and equivalent charges eliminated from the date of entry into force. These products account for approx. 92.6% of India's total exports to EFTA. For India, the agreement is expected to provide a significant boost to exports across several key sectors. India's Agriculture and allied products, processed food, spices, tea, coffee, and value-added food products will have significant appeal in these high-income countries. Indian marine products and textiles also stand to strengthen their footprint. Additionally, leather and footwear, sports goods and toys, engineering goods, and gems & jewellery are expected to benefit from duty-free treatment. Opportunities also open up for India's MSMEs in the electronics sector, with particular scope in medical electronics, EV components, and other high-value engineering segments.

Through this agreement, on service, India has secured enhanced market access in 128 sub-sectors from Switzerland, 114 from Norway, 107 from Liechtenstein, and 110 from Iceland. India, on the other hand, has offered 105 sub-sectors to the EFTA. The agreement enhances services trade, especially in sectors such as IT, business services, cultural and recreational services, education, and audio-visual services. The provision for Mutual Recognition Agreements (MRAs) in professional services such as nursing, chartered accountancy, and architecture will create lucrative opportunities for Indian professionals in EFTA markets.

Boost to Inward Investments

The TEPA is unique because of the provision on investment. It lays out the conditions for EFTA countries to increase FDI into India by USD 50 billion within 10 years from the entry into force of this agreement and an additional USD 50 billion in the succeeding 5 years. Beyond traditional areas, new sectors could potentially emerge as investment attractions such as electronics, aerospace, shipbuilding, precision engineering, renewable energy, healthcare, life sciences, and advanced manufacturing.

For this purpose, India–EFTA Desk has been created by the government to act as a dedicated mechanism to translate the investment commitments under TEPA into tangible outcomes. The desk will be a gateway to deeper economic engagement between India and EFTA nations. It will streamline regulations and simplify market access for EFTA businesses in India; serve as a single-window platform for EFTA investors and facilitate connections between investors and key Indian government agencies and address business concerns efficiently and transparently.

The India–UK Comprehensive Economic and Trade Agreement (CETA)

The India-UK CETA significantly enhances market access for goods through progressive liberalisation. Under the agreement, 99% of India's exports to the UK, covering nearly the entire trade value, will enjoy duty-free access from the date of entry into force.

The UK has committed to immediate tariff elimination across key sectors, including electronics, textiles and apparel, engineering goods, mineral fuels, metals, chemicals, petrochemicals, gems and jewellery, pharmaceuticals, leather, and footwear. A few exclusions remain, mainly in agricultural and food products such as sugar, rice, poultry eggs, and fats, together accounting for just 1.4% of India's exports to the UK. In the automobile sector, a Tariff Rate Quota (TRQ) will apply to electric, hybrid, and hydrogen vehicles from Year 6, based on their CIF value.

India's commitments are more calibrated, combining immediate tariff eliminations, phased reductions over 5 to 10 years, and TRQs in sensitive areas. Major gains accrue to sectors such as engineering, electronics, chemicals, petrochemicals, textiles, and pharmaceuticals, which will see substantial or full tariff elimination. Sensitive areas like automobiles, certain food items, and animal products will see more guarded liberalisation through exclusions or TRQs. In the automotive segment, India has provided differentiated TRQs for internal combustion engine (ICE) vehicles and electric/hybrid/hydrogen passenger and goods vehicles. Additionally, out-of-quota duty reductions have been offered for ICE passenger cars.

Services are a core strength of both India's and the British economy. Deeper market access across IT, financial services, education, and healthcare is received. The CETA creates a breakthrough in the mobility of professionals between our two countries.

The agreement provides a predictable and assured regime for temporary entry and stay for business visitors, intra-corporate transferees, investors, and service suppliers across diverse sectors like IT, finance, healthcare, and design. Importantly, there will be no numerical restrictions or Economic Needs Tests, removing a long-standing barrier for Indian professionals. Additionally, negotiations on a reciprocal Double Contribution Convention will exempt Indian employees working temporarily in the UK from paying social security contributions there for up to three years.

Understanding Beyond Traditional Agreement

The agreement establishes a framework for mutual understanding on several emerging regulatory matters and outlines cooperation across multiple sectors. The digital chapter enhances the efficiency of cross-border digital trade by incorporating measures such as paperless transactions, electronic certification and signatures, and digital trade facilitation. Additionally, it addresses consumer protection and cybersecurity concerns to mitigate risks associated with digital commerce.

India did not make firm commitments on topics including data flow, data localization, and data protection. These regulatory matters are reserved for a review mechanism, allowing future consultation if a party makes commitments on these issues to any third party. A key breakthrough is that software source code transfer is not compulsory, except for investigations or enforcement by regulators or judicial bodies.

The agreement also has a dedicated chapter on environment and labour, underscoring the importance both countries give to sustainability. The agreement, however, does not address the issue of proposed UK CBAM, which could potentially reduce the net effective market access of the CBAM-affected sectors.

India reserves its right to take counterbalancing measures if CBAM affects the Indian industry[19]. The CETA also opens each other's lucrative public procurement market, ensuring Indian businesses are treated on par with the UK suppliers in public tenders. The decision to grant UK suppliers 'Class-II' status is a significant policy shift by India, which shows openness to collaborate with trusted partners while maintaining strategic autonomy. At the same time, India has protected its interests by retaining the key provisions procurement mandate for MSMEs. The UK's public procurement market, valued at over £350 billion annually, offers immense opportunities for Indian firms in construction, engineering, ICT, healthcare, utilities, transport, and more, creating new pathways for business collaboration and innovation.

Comparison of India's Trade agreements with EFTA (TEPA) and UK (CETA)

Areas	TEPA	CETA
India's concession on Goods (Overall)	82.7% of its tariff lines which cover 95.3% of EFTA exports	89.5 % of its tariff lines, covering 91 % of UK's exports
Partner's Concession on Goods (Overall)	EFTA is offering 92.2% of its tariff lines, which covers 99.6% of India's exports	Duty-free access to 99% of India's exports to the UK covering nearly 100% of the trade value.
Lines covered in services concession by India	India has offered 105 sub-sectors to the EFTA	India has offered 108 sub sectors to UK
Lines covered in services concession by Partner countries	Offer to India by Switzerland: 128 sub-sectors Norway: 114 sub-sectors Liechtenstein: 107 sub-sectors Iceland: 110 sub-sectors	Offer to India by UK: 137 sub-sectors
Provision for MRA	Professional Services like nursing, accountancy architects among others	
Intellectual Property	Includes articles related to GIs, copyright, trademark, patents, design, enforcement; India safeguarded its policy space as the agreement does not go beyond WTO's TRIPS Agreement on data exclusivity or patent term extension.	The agreement includes provisions on trademarks, geographical indications (GIs), patents, industrial designs, copyright and related rights, and trade secrets. To safeguard public health, the agreement preserves the right to grant compulsory licenses to ensure access to affordable medicines and protect public health interests.
Government Procurement	At present, both parties will focus on understanding each other's GP laws, rules, and agreements. After three years of entry into force, they will review this chapter to see if it should be expanded or improved.	India and the UK open each other's lucrative public procurement markets. UK suppliers will be eligible to participate as "Class-II local suppliers" under the Make in India initiative.
Trade & Sustainable Development	Promote trade while supporting sustainable development. The provisions are largely based on best endeavour to encourage and advance sustainable practices.	Includes separate chapters on environment and labour. Both chapters are cooperative in nature and are not subject to the dispute resolution mechanism.
Digital/ecommerce	Not Covered	A key breakthrough in the digital chapter is that software source code transfer is not mandatory, except for investigations or enforcement by regulators or judicial bodies.

India EU Free Trade Agreement

The EU accounts for 11.8% of total Indian trade with the world. In 2024, India's exports to EU were USD 78.7 billion and imports from EU were USD 56.7 billion.

Through the agreement with EFTA and the UK along with ongoing negotiations with the EU, expected to conclude by the end of this year, Indian industry will have a clear roadmap to deepen partnerships across Europe and scale up exports.

The agreement with the EU is expected to benefit Indian industry across sectors such as textiles, leather, marine products, pharmaceuticals, and engineering goods, which are well-positioned to gain from enhanced market access in the EU. Ensuring duty neutrality and maintaining competitiveness with other global players in the EU market will be crucial for sustaining India's export growth. The services sector, which constitutes the majority of the EU's GDP, will play a pivotal role in the success of this agreement. India is keen to strengthen its position across all modes of services supply, particularly in areas like IT, financial services, education, and healthcare.

The FTA also offers a mechanism to address longstanding regulatory challenges, which have been barriers to smoother trade relations. For example, regulatory complexities such as the dual testing requirement in the pharmaceutical sector and conformity assessment procedures across industries have been longstanding concerns for Indian companies.

Update On the Agreement [20, 21]

Negotiations have been ongoing for several years to establish a comprehensive trade agreement that covers goods, services, and investment between India and the EU. The negotiations were earlier put on hold, which were eventually relaunched on 17 June 2022. Simultaneously, separate negotiations for an Investment Protection Agreement and Agreement on Geographical Indications (GIs) were also initiated. Thirteen rounds of negotiations have taken place for the FTA.

The India-EU trade pact negotiations cover 23 policy areas or chapters, including Trade in Goods, Trade in Services, Investment, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Trade Remedies, Rules of Origin, Customs and Trade Facilitation, Competition, Trade Defence, Government Procurement, Dispute Settlement, Intellectual Property Rights, Geographical Indications, and Sustainable Development.

In February 2025, in a joint statement by Prime Minister Narendra Modi and European Commission President Ursula von der Leyen, both India and EU committed to expediting the conclusion of the FTA by the end of the year.

The India–EU FTA negotiations have made notable progress in recent rounds. The 11th round of negotiations took place in New Delhi from 12-16 May 2025. Several chapters were successfully closed, including Transparency, Good Regulatory Practices, Customs and Trade Facilitation and Intellectual Property Rights, as well as Mutual Administrative Assistance provisions. Furthermore, progress was also achieved in most other areas. The 12th Round was scheduled from 7-11 July 2025 in Brussels. Both sides managed to reach an agreement in principle on the Digital Trade chapter and Anti-Fraud clause, pending some technical consultations.

The 13th round took place in Delhi from 8-12 September 2025, with two additional days of technical sessions on Rules of Origin held on 13-14 September. While some progress was made in certain outstanding areas, in particular on Rules of Origin, SPS and investment, no additional chapter could be closed this time. Still, negotiators managed to reach better clarity on their respective offensive and defensive interests in market access for goods, both in industrial and agricultural sectors, and in-depth discussions were held based on the market access offers for services and investment that had been exchanged in July.

Pending chapters discussed in the 13th round

- Rules of Origin: All remaining HS Chapters for Product Specific Rules of Origin were discussed, and 11 chapters were agreed. But sectors like Agri/PAPs, Chemicals, Machineries, Steel and Cars are yet to be agreed.
- Sanitary and Phytosanitary (SPS): Areas like harmonisation, risk assessment, approval procedures, transparency & exchange of information, emergency measures, among others were discussed. Concrete progress was made in Procedure for Listing Establishment and Adaptation to Regional Conditions.
- Technical Barriers to Trade (TBT): Remaining open provision related to trade facilitation measures that would address QCOs. Potential Automotive and pharma annexes were also discussed, but no concrete solution was reached.
- Trade and Sustainable Development: Extensive discussions resulting in progress on several provisions, but substantial differences remain.
- Services: Negotiators focused on the outstanding issues that could be dealt with at technical level and made good progress in agreeing and finalising several provisions in the Trade in Services text. However, there are still some remaining issues to be resolved.
- Investment: Discussions resulted in substantial progress on text consolidation. A path forward was agreed upon for most outstanding issues. The two sides will intensify discussions to accelerate progress on text consolidation.

08

Key Priority Areas and Recommendations

The EU-India Strategic Partnership is comprehensive, with India engaging in diverse sectoral cooperation across a wide range of areas with multiple EU member states. India was among the first countries to establish bilateral relations with the European Economic Community in 1962. These longstanding ties were elevated to the level of a Strategic Partnership in 2004[22]. The visit of Ms. Ursula von der Leyen, President of the European Commission, along with the EU College of Commissioners, to India in February 2025, marked a significant milestone, with both sides committing to further elevating the Strategic Partnership to a higher level[23].

The New Strategic EU-India Agenda is built around five pillars: Prosperity and Sustainability; Technology and Innovation; Security and Defence; Connectivity and Global Issues; and Enablers Across Pillars. This section provides key recommendations that aim to align "Make in India" with Europe's advanced technology, promoting the transfer of knowledge and key development insights to India, while enhancing Europe's market access to India's vast industrial base and business infrastructure.

Key to enhancing India-EU Strategic Partnership depends on enhancing trade relations through fewer trade barriers, fostering inclusive technological access to small businesses, mapping digital infrastructure to all sections of society, building robust groundwork to actualise India-Middle East-Europe Economic Corridor, and directing initiatives to capacity building programs not only to facilitate exchange of skilled workers but also exchanges of students, academics and researchers. Amidst prevailing geopolitical headwinds and economic insecurities, following priority areas provides groundwork to further deepen and strengthen India-EU relations.

Trade Facilitation and Reduction of Barriers to Trade

While bilateral trade between India and Europe has increased substantially over the last five years, the growth in trade has moderated slightly in recent years, reflecting the need for simplification, modernisation, and harmonisation of trade between the two regions. It is important to recognise that trade involves not only the exchange of goods and services but also facilitates the expansion of Indian businesses in the EU and the reciprocal establishment of EU companies in India.

With the EU's simple MFN applied average tariff at 5% and the trade-weighted MFN average at 2.8%, India enjoys relatively enhanced access to the EU market. In contrast, India's corresponding figures stand at 16.2% and 12%, indicating relatively limited market access for European businesses in India[24]. In 2023, India's services exports to the EU amounted to USD 39.20 billion, while services imports stood at USD 30.16 billion, highlighting the need to bolster trade in services in both regions[25]. For example, the EUs digitally delivered services exports to the world reached USD 1.87 trillion in 2024, accounting for nearly 39% of the global share. In comparison, India imported digitally delivered services worth USD 120 billion, representing just 3.01% of global imports[26]. This indicates that enhanced cooperation could further enhance digital services in India.

Likewise, addressing the current investment imbalance, USD 162.51 billion from Europe to India versus USD 11.94 billion from India to Europe requires targeted outreach to encourage Indian FDI into Europe[27]. It is, therefore, imperative to consider bilateral commercial relations from the perspectives of goods, services, and investment to truly facilitate trade and foster balanced, sustainable economic growth.

India-EU Free Trade Agreement: India-EU Free Trade Agreement promotes improved trade relations through the reduction or complete elimination of trade barriers. The agreement covers 23 chapters, including trade in goods, trade in services, investment, sanitary and phytosanitary measures, technical barriers to trade, trade remedies, and Rules of Origin, among others[28]. Through the agreement, Europe's expertise in advanced manufacturing can be harnessed to significantly scale up India's domestic production capabilities, enabling the country to move up the global value chain and substantially boost its export potential to third-country markets.

Investment Promotion: The swift conclusion of the Investment Protection Agreement (IPA) is strongly recommended, as the fifth round of negotiations provided both sides with a clearer understanding of their areas of convergence and divergence[29]. This will also address the investment imbalance by creating a more secure and transparent framework that encourages greater two-way investments across India and Europe.

Services: Cooperation in digitally delivered services presents significant potential, especially as the EU stands as the world's largest exporter of services, with 48% of them being digital[30]. Notably, Europe exported USD 155.81 billion worth of research and development (R&D) services, highlighting its strength in innovation-driven sectors. In comparison, India exported USD 7.77 billion in R&D services, indicating both growing capabilities and a strong foundation for strategic collaboration in high-value digital and knowledge-based services[31]. Other subsectors of services, such as fintech, education, and professional services, also offer promising avenues for cooperation.

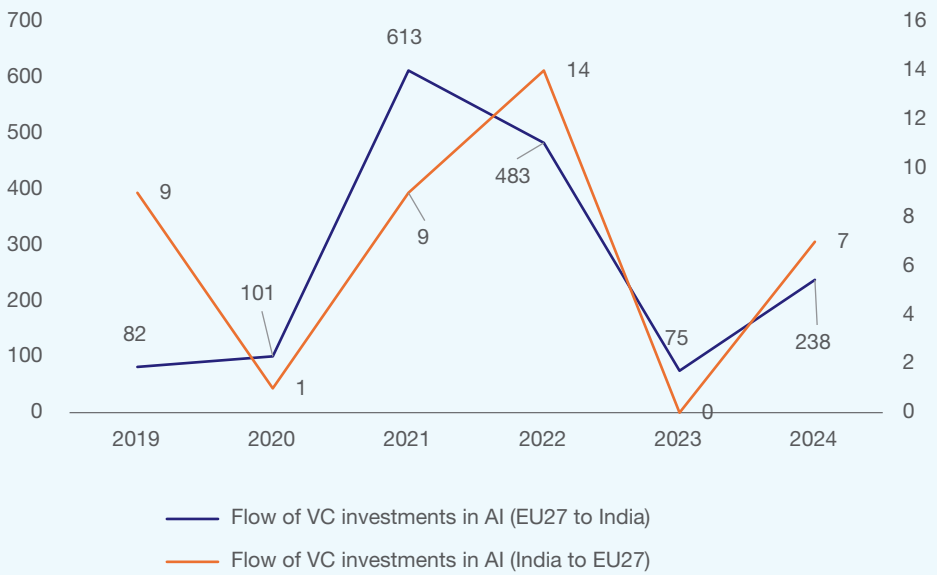
Thus, a comprehensive and holistic approach to trade facilitation involves focused and targeted initiatives across goods, services, and investments, which will strengthen commercial relations between India and Europe across multiple sectors.

Technology and Innovation

Technology and innovation sectors spanning Artificial Intelligence, Semiconductors, Telecom Connectivity, Blockchain Technology, Quantum Computing, Biotechnology and Nanotechnology, Research & Development, and Cybersecurity are driving transformative change across industries and societies. A deeper mapping of Industry 4.0 technologies, coupled with focused re-skilling and up-skilling initiatives, is essential to harness their full potential. In this context, the scope for India-Europe collaboration is immense and is outlined below.

Venture Capital (VC) Investments: Investments are key to realizing the potential of AI across sectors. In an increasingly digital and commercialized world, there is a need for private investors to realize the potential of AI by facilitating greater VC investments to nurture tech startups.

Figure 11: Flow of VC Investments in AI, USD million



Source: OECD.AI (2025), data from Preqin, last updated 2025-10-01, accessed on 2025-10-06, https://oecd.ai/; The chart illustrates the approximate flow of investment in AI in USD millions from country of investor to country of start-ups over time.

India lags behind Europe in VC investments in sectors such as media, social platforms, and marketing; healthcare, drugs and biotechnology; and IT infrastructure and hosting. These gaps highlight untapped potential for growth in India's digital economy and healthcare innovation ecosystem. India shows competitive or stronger investment activity in financial and insurance services, and logistics, wholesale, and retail, indicating a solid base of innovation in these areas. These successes can be leveraged as models for attracting global investments in other underfunded sectors.

Total VC Investments in AI by Select Industry, USD million

Industry	India	EU
Financial and insurance services	306.84	226.56
Media, social platforms, and marketing	119.07	897.31
Logistics, wholesale, and retail	190.85	96.12
Business processes and support services	461.99	1467.90
Healthcare, drugs and biotechnology	169.13	921.27
IT infrastructure and hosting	252.36	2419.13

Source: OECD.AI (2025), data from Preqin, last updated 2025-10-01, accessed on 2025-10-06, https://oecd.ai/; This chart displays the total amount of VC investments in AI by year and country, broken down by industry.

While India received USD 461.99 million in VC funding for business processes and support services, this is still far below Europe's USD 1.47 billion. A renewed focus on AI-driven innovation is recommended in this domain to maintain global competitiveness.

Critical & Emerging Technology: India and the European Union present complementary strengths in technology sectors such as semiconductors, telecommunications, and research and development. India hosts 4 semiconductor fabrication plants, while Germany leads with 22, offering opportunities for collaborative manufacturing and knowledge exchange. In telecommunications, India's 5G population coverage at 69.20% is advancing alongside EU leaders like Denmark, enabling joint efforts in network development and innovation[32]. With the EU's R&D services exports exceeding those of India, there is considerable scope for enhanced collaboration in research, innovation, and technology transfer between the two partners[33]. Strengthened India-EU collaboration can foster mutual growth and global technological advancement.

Therefore, the role of industry is crucial in driving AI innovation and technological advancement through increased VC investments and strategic partnerships. By actively engaging in underfunded sectors and promoting India-EU collaboration, industry leaders can accelerate the digital transformation.

Security and Defence

Amidst prevailing geopolitical headwinds, collaboration in defence and security has become pivotal among countries with shared strategic interests. Such partnerships facilitate technology sharing, access to advanced equipment, and the integration of defence trade, ultimately enhancing collective strategic capabilities and resilience. The EU's White Paper for European Defence-Readiness 2030 addressed defence and security cooperation with India, highlighting plans to explore a comprehensive Security and Defence Partnership. The document emphasises EU's commitment to supporting peace and prosperity in the Indo-Pacific region[34].

India's promotion of the 'Make in India' initiative in the defence sector through the Defence Acquisition Procedure (DAP) 2020 can further strengthen India-EU collaboration in the defence sector. The policy permits up to 74% Foreign Direct Investment (FDI) in defence manufacturing under the automatic route and facilitates technology transfer to the private sector, creating a conducive environment for innovation and partnership[35].

To strengthen India-EU defence industrial collaboration, greater emphasis can be placed on the following key priorities.

Defence Exports: The substantial success of 'Operation Sindoor' showcased India's indigenous defence manufacturing capabilities, with locally produced defence equipment demonstrating reliability, effectiveness, and operational readiness. Therefore, enhanced indigenous defence exports to EU are recommended.

India's exports of arms and ammunition (HS 93) rose from USD 0.35 billion in 2023 to USD 0.50 billion in 2024, marking an increase of nearly 43%. During the same period, India's exports of arms and ammunition to the EU increased nearly threefold, rising from USD 0.05 billion to USD 0.16 billion[36]. This significant growth underscores the potential for deeper defence cooperation between India and the EU. Therefore, enhancing trade integration can play a crucial role in advancing shared strategic interests.

Defence MSME Collaboration: There is a need to navigate the complex regulatory landscape for both Indian and European MSMEs, as cumbersome procedures such as intellectual property protection, technology transfer controls, and stringent quality assurance criteria pose significant challenges. The inclusion of defence MSMEs' interests in FTA negotiations can be explored to address their specific issues and streamline regulatory processes. Furthermore, establishing an India-Europe defence industry corridor could create enhanced opportunities for cooperative ventures and strengthen bilateral defence collaboration[37].

Sharing Intelligence, Greater Investments, and Innovative Financial Instruments: As geopolitical challenges intensified in the Global South and Europe in 2025, both regions can deepen cooperation in intelligence sharing and broaden collaborative initiatives aimed at countering terrorism. In addition to information exchange, greater investments from the EU in defence corridors in Uttar Pradesh and Tamil Nadu can be explored[38]. India and the EU can enhance defence manufacturing cooperation by leveraging financial instruments similar to the EU's SAFE program. Joint funding mechanisms, long-term low-interest loans, and investment guarantees can incentivise European investments in India's defence sector under the 'Make in India' initiative[39].

In conclusion, greater exports, robust MSME collaboration, increased investments, and innovative financial instruments will facilitate sustainable growth, enhanced technology sharing, and stronger strategic ties between India and the EU in the defence manufacturing sector.

Physical and Digital Connectivity

India's infrastructure strategy, anchored in initiatives including the Smart Cities Mission, and the National Industrial Corridor Programme, focuses on multimodal connectivity, urban modernisation, and manufacturing growth. It emphasises data-driven planning, private investment, and integrated logistics to achieve India's vision of Developed India by 2047. The EU's strategy, through Global Gateway[40] and the TEN-T network[41], prioritises smart, sustainable infrastructure across transport, energy, and digital sectors, along with advanced research systems. Integrating these complementary approaches can promote resilient and future-ready infrastructure.

The following priorities are recommended for the development of digital and physical infrastructure in the EU and India.

India-Middle East-Europe Economic Corridor: To realise the full potential of the India-Middle East–Europe Corridor (IMEC), a central coordinating body can be established with ministerial-level oversight, a dedicated secretariat, and technical working groups incorporating private-sector stakeholders. Priority actions include bridging financing gaps, aligning trade, customs, and digital standards, and ensuring interoperability across ports, rail, and logistics hubs. Investment in energy integration, fibre-optic connectivity, and strategic manufacturing zones should be accelerated[42]. Enhanced security cooperation and regional coordination are essential to secure the corridor and maximise economic and strategic benefits[43].

In this context, a robust India–EU partnership can play a pivotal role in addressing key roadblocks and driving forward implementation. The EU's "Team Europe" approach can pool public and private investment while promoting coordinated governance. Connecting IMEC to the EU's Trans-European Transport Network (TEN-T) can improve inland connectivity across Europe[44]. Through strategic coordination, the India-EU collaboration can turn IMEC into a resilient, secure, and competitive trade corridor connecting the Indo-Pacific to Europe's economic heartland.

Digital Connectivity: Under the Second Trade and Technology Council (TTC) Meeting, both sides agreed to enhance cooperation in key areas such as digital public infrastructure, e-signatures, semiconductor supply chains, artificial intelligence (AI), and telecom networks[45]. To maximize the impact of these initiatives, a dedicated strategy can be developed to integrate these advanced technologies across various sectors.

For example, collaboration in telecom networks can significantly improve the efficiency and reliability of logistics operations. Drawing on insights from stakeholder consultations, such a strategy can outline sector-specific pathways for adopting digital technologies, thereby generating positive spillover effects and deepening India-EU technological cooperation. Further, the role of stakeholder communication can be strengthened to effectively address implementation challenges and facilitate smoother digital connectivity across both regions.

Sustainable Urbanisation and Smart Cities: The EU-India Partnership on Smart and Sustainable Urbanization aimed to advance smart and sustainable urban development by encouraging investment in eco-friendly urbanisation, climate resilience, and disaster risk reduction[46]. To enhance India-EU collaboration in sustainable urbanisation and smart cities, several key actions are recommended: scaling up successful pilot projects across more Indian cities; localising solutions through stronger community and municipal engagement; and promoting innovative financing models such as public-private partnerships and blended finance. Together, these steps would deepen cooperation, ensure long-term sustainability, and maximise the impact of India-EU urban development initiatives.

Skill Development and Mobility

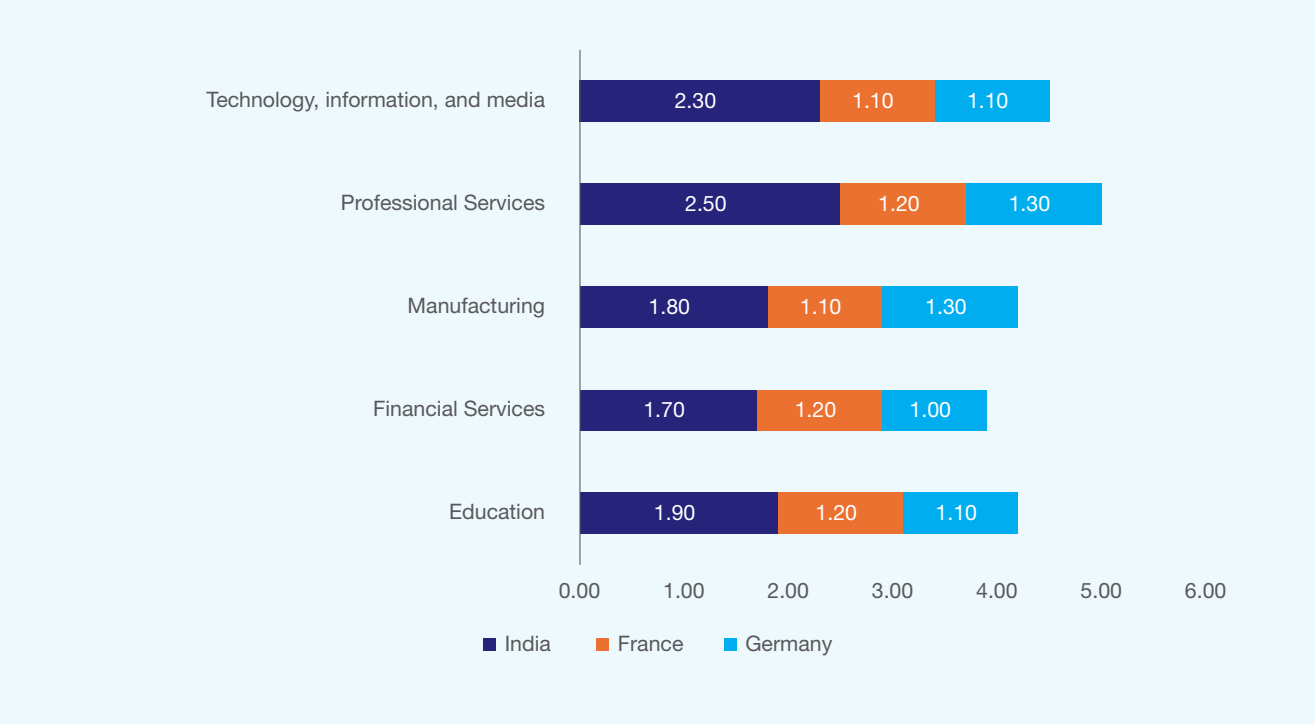
Balanced labour mobility, which manages the development priorities of both India and the EU, should be pursued. Capacity-building programs can be aligned with reskilling and upskilling efforts to enhance workers' skills in advanced and emerging technologies. Europe is home to nearly 5,000 higher education institutions, serving 17.5 million tertiary students, supported by 1.35 million academic staff and 1.17 million researchers, making it a hub of academic excellence and innovation[47]. In contrast, the Indian education system caters to approximately 248 million students across 1.47 million schools, supported by 9.8 million teachers. The National Education Policy (NEP) 2020 sets an ambitious goal of achieving a 100% Gross Enrollment Ratio (GER) by 2030[48].

To deepen cooperation in skill development and mobility, the following priorities can be considered by policymakers to further strengthen bilateral cooperation.

Sector Specific Training Programs: India shows higher AI skills penetration across key industries compared to France and Germany (Figure 12). This highlights India's strong talent pool, which can complement the EU's industrial strengths through strategic collaboration. Sector-specific training programs, particularly in manufacturing, financial services, and professional services, can bridge existing gaps. Joint initiatives like certification courses, workforce exchanges, and co-developed curricula will enhance AI readiness.

By aligning on standards, India-EU partnerships can accelerate digital transformation, boost productivity, and create a future-ready workforce across both regions.

Figure 12: Cross-country AI skills penetration by industry



Source: OECD.AI (2025), data from LinkedIn Economic Graph, last updated 2025-04-07, accessed on 2025-10-08, https://oecd.ai/; Note: This chart shows the prevalence of workers with AI skills – as self-reported by LinkedIn members from 2016-2024 – by country and industry against a global benchmark. A relative penetration rate of 2 means that the average penetration of AI skills in that country is two times the global average[49].

Mutual Recognition of Skills and Qualifications: Establish a structured framework for mutual recognition of vocational training certificates, diplomas, and professional qualifications between India and the EU. This will reduce barriers for skilled workers seeking cross-border opportunities, facilitating smoother labour mobility in key sectors such as healthcare, construction, green technologies, and digital services.

Given that nearly 70% of Indian students studying abroad pursue STEM fields and with the EU emerging as a preferred destination due to affordable education and cultural appeal, leveraging this trend can strengthen collaborative workforce development. Expanding recognition of business and management qualifications will further enhance talent exchange and sectoral growth[50] .

Youth Mobility and Apprenticeship Programs: Launch bilateral mobility schemes, exchange fellowships, and apprenticeship programs to allow students, young professionals, and vocational trainees to gain cross-border experience. This would not only enhance skills through practical exposure but also foster deeper cultural and economic ties, aligning workforce capabilities with global industry demands.

Therefore, boosting AI readiness, mutual recognition of skills and qualifications, and expanding apprenticeship programs can transform the India-EU partnership, maximising productivity and economic output.

09

Potential Sectors for Collaboration

Advanced Manufacturing

Manufacturing remains an integral part of the economy, as it involves the production of goods through the conversion of raw materials and inputs into final products. Advancements in the production process are contingent on the integration of advanced and emerging technology that not only enhances efficiency but also the sustainability of the production process. Bilateral business engagement often involves the transfer of manufacturing processes to fully integrate the manufacturing sectors of both countries. Advanced manufacturing, therefore, can be defined as a combination of the following two ideas.

1. Adoption of modern technology in manufacturing processes
2. Use of clean tech to promote the concept of sustainability and circular economy

The shift to advanced manufacturing will play a key role in achieving Sustainable Development Goal 9, which focuses on developing resilient infrastructure, supporting inclusive and sustainable industrialisation, and encouraging innovation[51]. It is, therefore, pivotal to map underlying manufacturing technologies in India and Europe to develop advanced production methods in a congruent manner.

Table 1 depicts manufacturing indicators for India and Europe, showing India's manufacturing value added as a proportion of GDP at 14.80%, slightly higher than Europe's 14.10%. However, on a per capita basis, Europe far surpasses India, with USD 4184 compared to India's USD 356, highlighting Europe's higher productivity and economic output per person. While India's carbon dioxide emissions from fuel combustion are slightly lower, Europe's share of medium and high-tech industry value slightly exceeds that of India's, which indicates an intense focus of Europe on technologically advanced manufacturing sectors, thereby reflecting the need for collaboration.

Table 1: Indicators of Manufacturing, India and Europe

Indicators	India	Europe
Manufacturing value added as a proportion of GDP (%)	14.80 (2024)	14.10 (2024)
Manufacturing value added per capita (constant USD)	356.00 (2024)	4184.00 (2024)
Manufacturing employment as a proportion of total employment (%)	12.00 (2023)	14.50 (2023)
Carbon dioxide emissions from fuel combustion (millions of tonnes)	598.80 (2022)	634.60 (2022)
Proportion of medium and high-tech industry value added in total value added (%)	43.40 (2024)	46.60 (2022)

Source: United Nations Industrial Development Organization, Progress by Innovation[52]

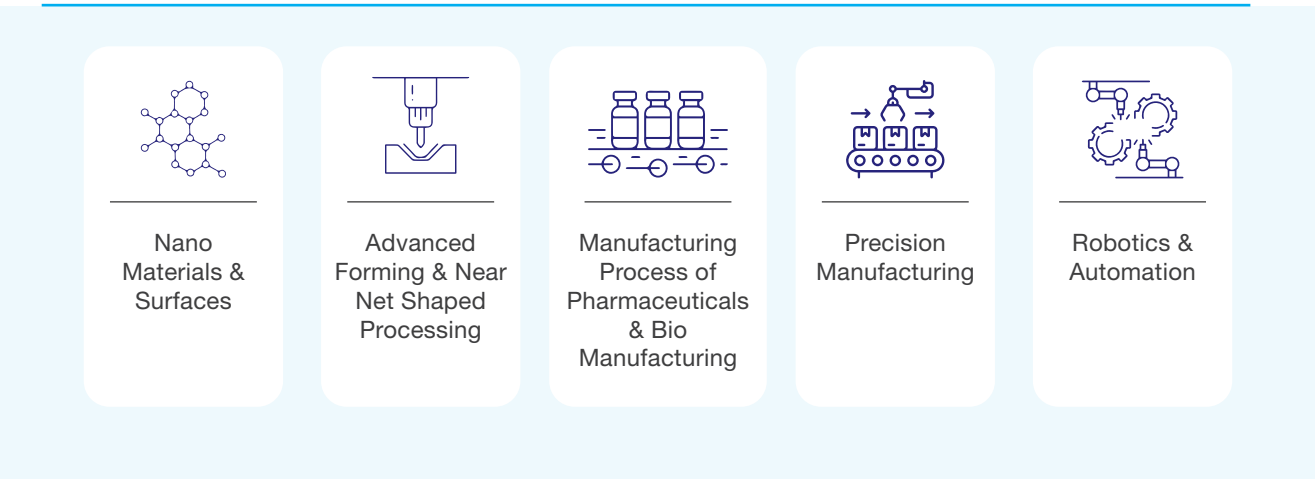
The National Manufacturing Mission of India, with a focus on small, medium and large industries, aims to boost the manufacturing sector of India by emphasising on five key areas: ease and cost of doing business; future-ready workforce for in-demand jobs; a vibrant and dynamic MSME sector; availability of technology; and quality products[53]. The scheme with a budget of INR 1 billion in 2025-26 will further strengthen the electronics, pharmaceuticals, automobiles, and textiles of India[54]. Following table summarises the strengths of India in electronics, pharmaceuticals, automobiles, and textiles sectors.

Table 2: Indicators of Subsectors of Manufacturing, India

Indicators	Electronics	Pharmaceuticals	Automobiles	Textiles
Contribution to GDP (%)	3.40	1.72	6.00	2.30
Exports (2024-25 USD billion)	37.65*	30.46**	20.39***	37.89
FDI Inflows (April 2000-June 2025 USD billion)[55]	7.23	24.62	39.14	4.80
%age out of Total FDI Inflows in India	0.97	3.00	5.00	0.64

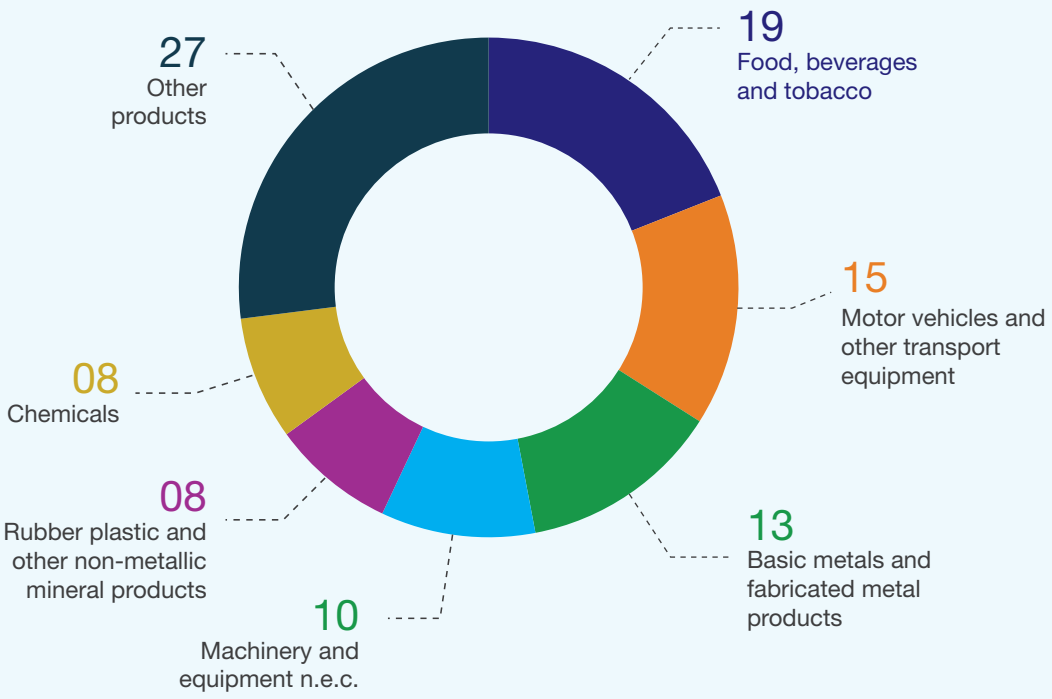
*Source: Ministry of Commerce & Industry, Government of India; Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India; *Electronics & Software Products, **Pharmaceuticals Products, ***Automobile and Parts; Invest India; India Brand Equity Foundation (IBEF).*

In 2015, India's Department of Science and Technology introduced a program to develop Advanced Manufacturing Technology, identifying the following technologies as pivotal for advancing the manufacturing sector. The program seeks to motivate R&D laboratories to shift part of their focus from purely discovery-based research to research and development that holds tangible industrial relevance. It also promotes collaborative innovation through inter-disciplinary projects involving multiple institutions[56].



From Europe's perspective, figure 13 presents diverse manufacturing capabilities in the European region, with six groups of activity accounting for almost 74% of the region's total manufacturing production. Food products, chemicals and chemical products; fabricated metal products, except machinery and equipment; machinery and equipment; motor vehicles, trailers and semi-trailers are the top five manufacturing activities in the EU region[57]. Despite strong manufacturing and industrial capabilities, FDI in Europe fell by 12.27% from USD 217.38 billion in 2023 to USD 190.69 billion in 2024[58].

Figure 13: Value of sold production by group of manufacturing activity, EU, 2024 (% share of total production)



Source: Eurostat DS_056120

Additionally, Horizon Europe, the EU's flagship research and innovation program running from 2021 to 2027, underscores the region's commitment to advancing cutting-edge technologies that will drive the future of European industry. The Made in Europe Partnership (2021-2027) is designed to revolutionise Europe's manufacturing sector by enhancing its global competitiveness, boosting productivity, and driving technological leadership. The initiative aims to build a manufacturing ecosystem that is sustainable, digitally advanced, resilient to disruptions, and centred around human well-being, positioning Europe as a leader in next-generation industrial development[59].

Make in India and the Made in Europe Partnership can be strategically linked to create a powerful framework for collaborative manufacturing, innovation, and technology exchange. While the former focuses on boosting domestic production, attracting global investment, and enhancing India's role in global value chains, the latter emphasises on high-quality, sustainable, and technologically advanced industrial output.

Areas of Cooperation

- India and Europe can partner in collaborative research, technology exchange, and joint development initiatives to advance collaboration in manufacturing techniques. For optimal integration of advanced forming and near-net shape (NNS) processing, application in aerospace, automotive, medical, and energy, among others, will lead to greater material efficiency, reduced post-processing, and sustainable practices. The following table highlights further opportunities for collaboration in various aspects of advanced manufacturing.

Table 3: Top Three EU Countries for Potential Partnerships by Cooperation Indicators

Advanced Manufacturing	Measured By	Top Three EU Countries to Partner With
Manufacturing Process of Pharmaceuticals & Bio Manufacturing	Number of firms active in Biotechnology	France (2335), Spain (1376), Germany (946)
Nano Materials & Surfaces	Number of firms active in Nanotechnology	France (523), Italy (162), Lithuania (153)
Robotics & Automation	Number of Industrial Robots	Germany (28400), Italy (10400), France (6400)

Source: OECD Emerging Technology Indicators[60], The AI Index Report 2025 by Stanford University Human-Centered Artificial Intelligence[61]; Accessed on 1 November 2025

- In the clean-tech manufacturing sector, Germany, Italy, and France emerge as top potential partners for India, with exports of low-carbon technology products valued at USD 184.76 billion, USD 36.66 billion, and USD 29.81 billion respectively, compared to India's exports worth USD 10.37 billion[62]. Greater trade in clean-tech products can create a virtuous cycle of lower carbon emissions and sustainable ecnomic growth. The adoption of advanced manufacturing technologies in India's electronics, pharmaceuticals, automobiles, and textiles sectors will not only enhance productivity and global competitiveness but also support the transition to a low-carbon economy. Streamlining tariff and non-tariff barriers in trade of low-carbon technology in India-EU FTA will further promote technology transfer, investment flows, and the scaling up of clean-tech manufacturing capabilities in India.

- With Germany leading in industrial robots and additive manufacturing[63], India has strong collaboration opportunities in smart manufacturing with EU economies in IoT, Big Data, and advanced analytics. According to the AI Index Report 2025, Europe's organisational AI usage rose from 57% in 2023 to 80%, reflecting rapid technology adoption and a solid foundation for joint smart factory solutions[64]. India can collaborate with the European Commission's Union of Skills[65] to enhance its Skill India Digital Hub by aligning upskilling efforts for digital and green transitions, adopting best practices, and building a skilled talent pool for emerging technologies.

Sustainability & Renewable Energy

Economic development is defined not only by growth in real GDP but also by improvements in the standard of living, as reflected in the 17 Sustainable Development Goals (SDGs). A country's performance in achieving these goals indicates its progress toward holistic and outcome-oriented policymaking. Increased international trade, particularly in green commodities, supports an inclusive growth strategy and generates multiplier effects that promote sustainable development. International spillovers, however, cause both positive and negative effects, which at times destabilise a nation's efforts to achieve the SDGs.

In this context, India and Europe can collaborate to strengthen renewable energy infrastructure, developing strategies to internalise the cost of actions taken by producers and consumers. An overview of progress made by India and the European Union to achieve SDGs target is presented in the following table. India has made significant advancements in achieving 66.95% of the progress needed to achieve all 17 SDGs. The same stands at 72.80% for the European Union, which reflects valuable lessons that India can learn from the European Union. India's high spillover score suggests that the country causes more positive and fewer negative spillover effects.

Table 1: Overview of SGD Indicators, India and European Union

Countries	SDG Index Score	Spillover Score	Status of SDG targets		
			% Worsening	% Limited Progress	% Achieved or on Track
India	66.95	96.07	28.40	38.30	33.30
European Union	72.80	65.20	22.50	18.60	58.80

Source: Sustainable Development Report 2025

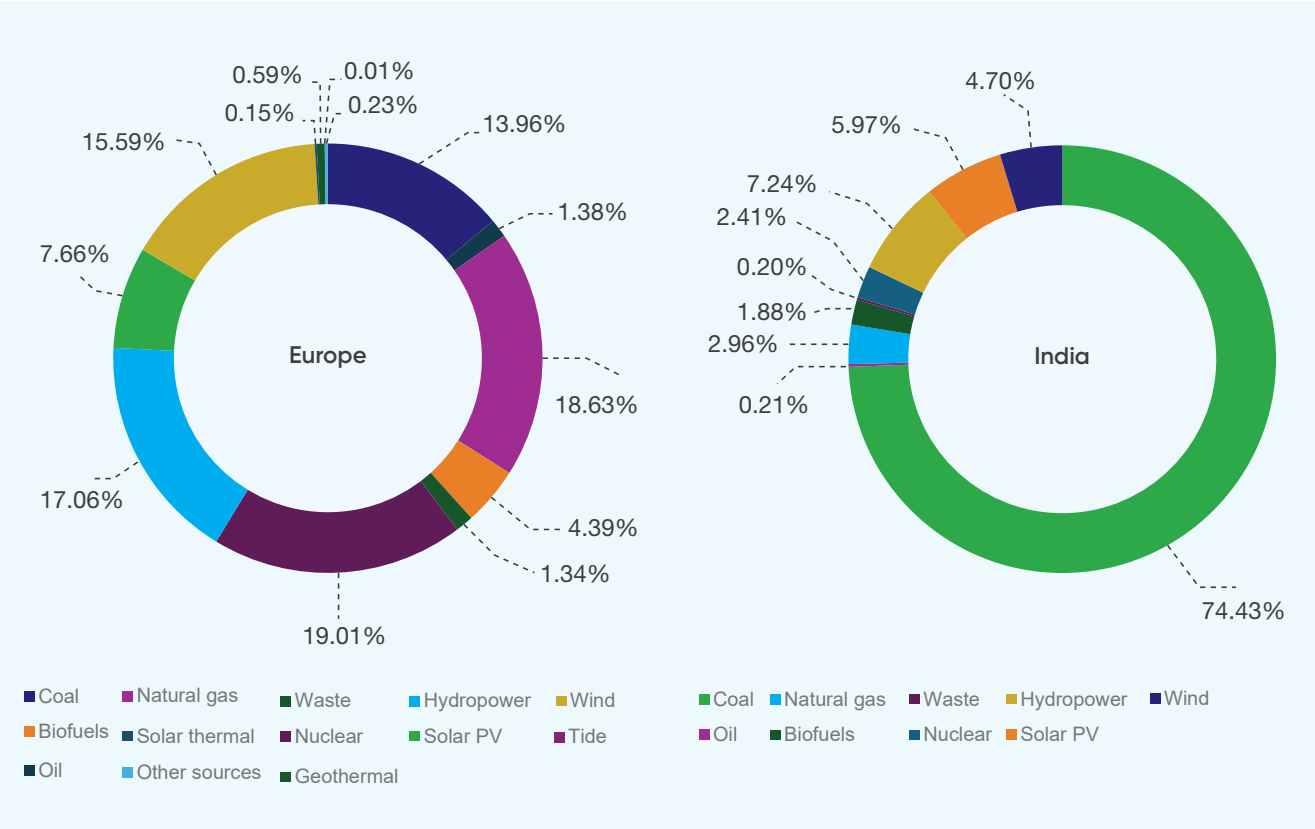
Given Europe's higher percentage of SDG targets achieved or on track, there is strong potential for India and the European Union to collaborate in advancing sustainable development goals. India can benefit from Europe's experience and best practices in policy implementation, technology adoption, and managing social and environmental challenges. Under the first pillar, Prosperity and Sustainability, of the New Strategic EU-India Agenda, both geographies have agreed to collaborate in the following subsectors, thereby advancing clean transition and resilience.

Figure 14: New Strategic EU-India Agenda, Advancing the clean transition and resilience

Source: European Commission, Joint Communication to the European Parliament and the Council on a New Strategic EU-India Agenda[66]

India and Europe have distinctly different electricity generation mixes, with India heavily reliant on coal (74.43%) while Europe has a more diversified portfolio emphasising cleaner sources like nuclear (19.01%), natural gas (18.63%), and renewables such as hydropower (17.06%) and wind (15.59%). Europe's advanced renewable infrastructure offers valuable expertise that can support India's growing renewable sector, especially in solar and wind power. Collaboration between India and Europe could accelerate technology sharing, grid modernisation, and sustainable energy investments, helping India transition away from coal while advancing Europe's leadership in clean energy solutions.

Figure 15: Electricity Generation Sources, Europe and India, 2023



Source: International Energy Agency

From an energy investment perspective, India's energy investments have shifted significantly since 2015. Investments in low-emissions electricity have nearly tripled, rising from USD 14.51 billion to an estimated USD 42.71 billion by 2025, while fossil fuel power investments have declined from USD 15.75 billion to USD 9.73 billion. However, fossil fuel supply investments are expected to rise to USD 39.30 billion. Investments in end-use technologies like energy efficiency and electrification have more than doubled, reflecting a focus on reducing emissions.

EU's investments, on the other hand, demonstrate a strong commitment to clean energy, with low-emissions electricity investments growing from USD 59.57 billion to USD 128.03 billion by 2025. Investments in grids, storage, clean supply, and end-use technologies have also increased significantly, while fossil fuel power investments continue to fall. Given India's rapid renewable growth and EU's advanced clean energy infrastructure, two-way collaboration is the need of the hour.

Figure 16: India's Energy Investment Trends, USD billion

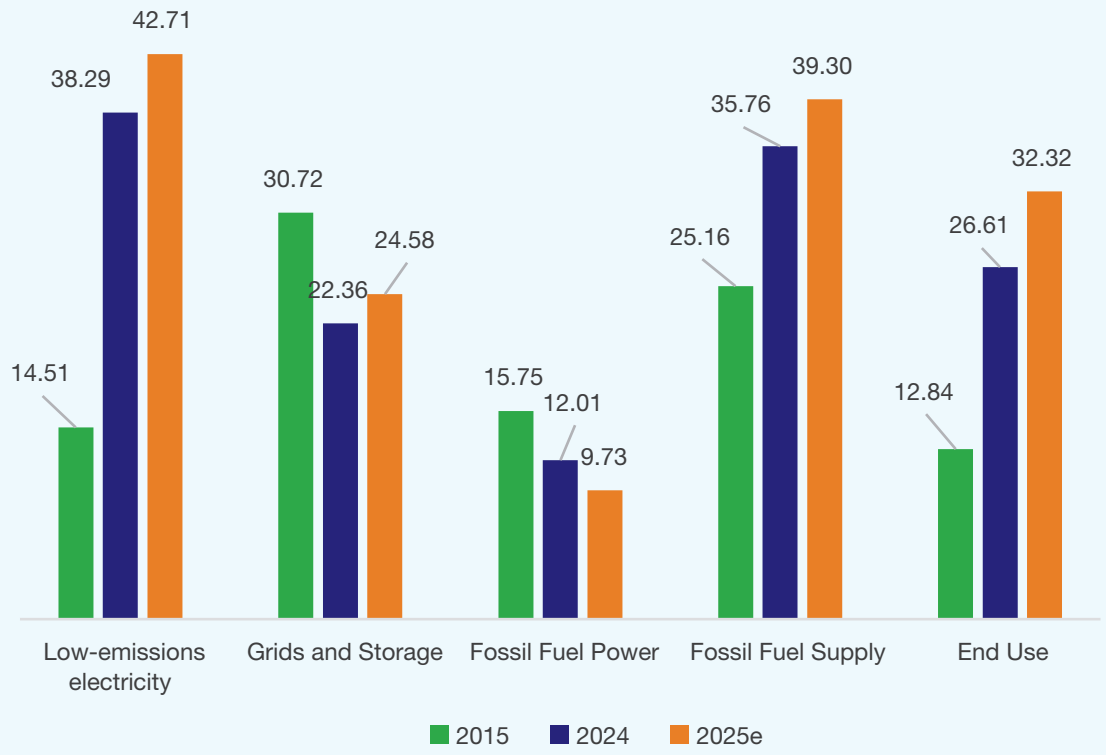
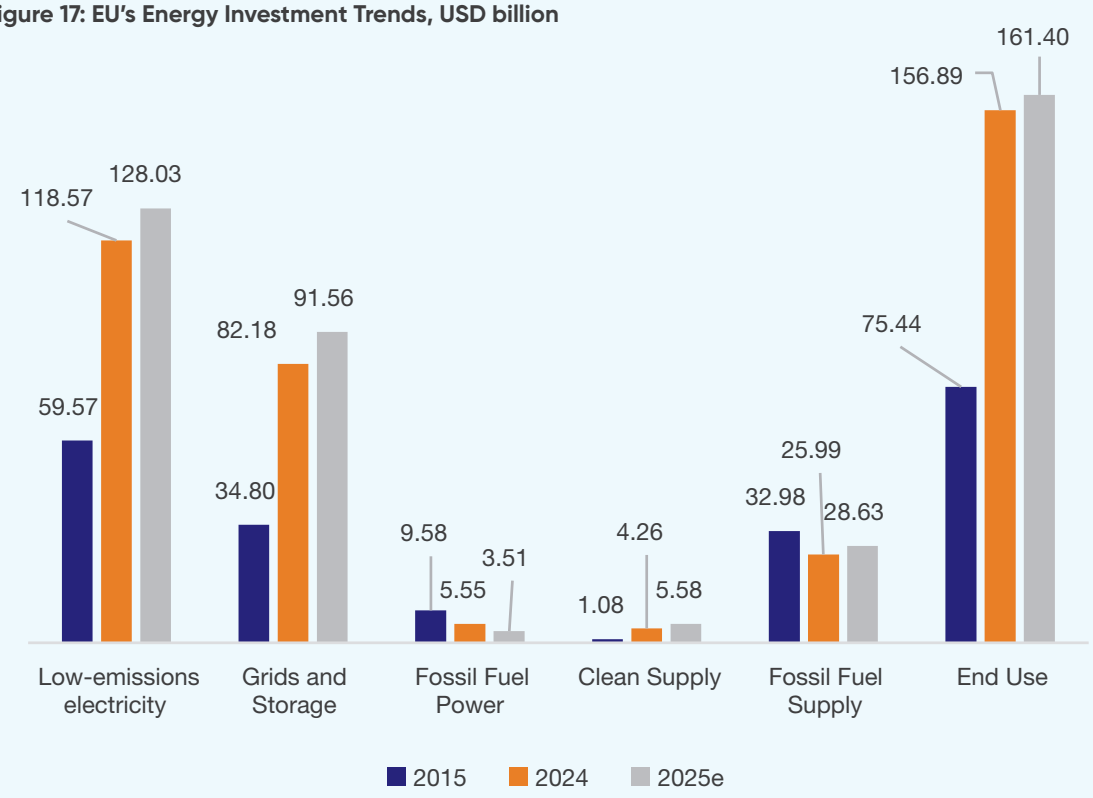


Figure 17: EU's Energy Investment Trends, USD billion



Source: World Energy Investment 2025

However, meaningful India-Europe cooperation in the sustainability and renewable energy sectors depends on resolving certain unilateral measures introduced by the EU, most notably, the Carbon Border Adjustment Mechanism (CBAM). The definitive implementation of CBAM, starting 1 January 2026[67], is likely to disrupt India's exports in sectors such as iron and steel, aluminum, fertilizers, and cement.

India is among the countries most exposed to the EU CBAM, especially its carbon-intensive sectors such as iron & steel and aluminum. The EU accounts for almost a quarter of India's total iron & steel exports as well as a tenth of its aluminum shipments. Fertilizer and cement sectors will also be affected to some extent as India's carbon emission intensity of exports (kg/USD) in these sectors is significantly higher than that of the EU. This will lead to higher costs, affecting the competitiveness of Indian exports in CBAM-covered sectors.

Areas of Cooperation

- Under the EU-India Clean Energy and Climate Partnership (CECP), the European Union has supported multiple offshore wind energy projects in India[70]. With almost 16% of electricity being generated through wind energy, EU's experience can offer valuable insights to help India develop wind energy projects across various states. In this context, the Centre of Excellence for Offshore Wind Energy[71] could undertake a comprehensive study to identify how and where offshore wind projects can be developed across India, aiming to diversify deployment across optimal locations rather than concentrated clusters.

  Although India has achieved 100% village electrification[72], transitioning from thermal power to renewable energy sources should now be prioritized. The EU-India cooperation on green hydrogen and power markets directly addresses key barriers to clean energy deployment. By promoting bankable offtake structures, payment security mechanisms, and data-driven performance monitoring, the partnership helps boost investor confidence, reduce risk premiums for renewable energy projects, and ensure timely payments to clean energy producers.

- The interlinkages between sustainable mobility and sustainable urbanisation can be strengthened. Under sustainable mobility, future collaboration between India and the EU can explore reliability and durability of batteries and super-capacitors, reducing battery weight and volume, safety, cost reduction, and improved hybrid electric powertrains, among others[73].

  Sustainable mobility supports sustainable urbanisation by reducing congestion, emissions, and promoting efficient land use. India can collaborate with the Smart Cities Marketplace to enhance its smart city initiatives by learning from the EU's integrated Explore-Shape-Deal approach. Key areas for collaboration include sustainable urban mobility, integrated infrastructure planning, citizen engagement, and data-driven governance. India can benefit from EU experience in developing bankable smart city projects, leveraging matchmaking for funding, and adopting performance metrics and open data standards[74].

- The simplification regulation on CBAM reduces compliance burdens for small EU importers by exempting companies importing less than 50 tonnes of CBAM goods annually. Moreover, small Indian exporters selling less than 50 tonnes to medium or large EU importers would still be required to undertake quarterly reporting and purchase CBAM certificates. As a result, instead of easing compliance for smaller market participants, this threshold may create a barrier to inclusive and equitable trade[75].

The ongoing India-EU Free Trade Agreement (FTA) negotiations should incorporate targeted measures to support MSMEs in navigating these challenges. The agreement should also ensure that MSMEs are granted adequate time, resources, and transitional support to align with CBAM requirements, without facing disproportionate financial or operational pressure.

Technology, AI & Digital Infrastructure

India is transforming rapidly into a digitally powered economy, where Artificial Intelligence (AI) and digital infrastructure are integral to everyday life. AI has moved beyond research labs or large corporations and is becoming part of sectors such as agriculture (crop forecasting and yield optimization), healthcare (remote diagnostics and telemedicine), education (adaptive learning platforms), urban management (smart traffic systems and predictive maintenance) and many more.

The IndiaAI Mission and Centres of Excellence for AI are ensuring that computing power, research opportunities, and startup support reach broad sections of society. Moreover, foundational models are being developed domestically, and initiatives like Digital ShramSetu are building workforce capacity in AI-related skills.

As per estimates, India's technology sector is expected to generate over USD 280 billion[76] in revenues during 2025, underscoring its scale. Currently, over 6 million individuals[77] are employed in the tech and AI ecosystem. India also hosts more than 1,800 Global Capability Centres[78], with over 500 specifically focused on AI. Moreover, among approximately 180,000 startups[79] operating in India, nearly 89% of those launched in the past year have incorporated AI into their offerings.

On the infrastructure side, India's Digital Public Infrastructure (DPI) serves as a foundation for broad socio-economic transformation. Initiatives such as Aadhaar (digital identity), UPI (real-time payments), and multiple e-governance platforms enable efficient service delivery, financial inclusion, and transparency. The success of DPI in India has inspired many developing countries in Africa and South Asia. For instance, Nigeria, Kenya, Bangladesh, who have adopted Aadhaar-style IDs; Ghana's GhIPSS and Nigeria's eNaira, modeled in part after UPI; and Nepal has begun integrating UPI for cross-border payments.

To further support this ecosystem, India is investing in connectivity by expanding broadband, enhancing rural internet connectivity and fibre networks as well as 5G rollouts, cloud and edge computing infrastructure, and cybersecurity.

Through these combined efforts of large-scale startup ecosystem, strong enterprise adoption of AI, global capability centres, and robust digital public services, India is laying the groundwork to become a global AI leader and achieve its long-term vision for inclusive, technology-driven growth.

Europe, on the other hand, approaches AI and digital infrastructure with a dual emphasis on high performance and ethical standards. The European AI Strategy aims to establish the EU as a global centre of excellence in AI, while also ensuring that technology is developed and deployed in ways that respect privacy, fairness, accountability and human rights.

In recent years, the software and technology startup landscape in Europe has expanded dramatically. The number of European software startups has increased fivefold over the past decade. The aggregate venture capital raised in Europe during the last 10 years exceeds USD 425 billion[80], about ten times the amount from the preceding decade. Moreover, more than 280 companies in Europe now generate in excess of EUR 100 million[81] in annual recurring revenue. A significant subset of these are designated "emergent leaders" or "super performers", and they are disproportionately driving innovation and economic growth.

In addition, innovation hubs and clusters are central to Europe's competitive advantage. Several cities such as Berlin, Paris, Amsterdam, Stockholm, and Dublin have a combination of universities, high-tech firms, venture capital networks, and a rich talent pool. In infrastructure, Europe is pressing forward with the deployment of next-generation broadband and extensive 5G networks, the expansion of cloud computing capabilities, and investment in quantum technology research. To support this, strong regulatory frameworks such as EU's AI Act and GDPR ensure that data protection, algorithmic transparency, user consent, and bias mitigation remain core components of AI deployment.

Also, Europe's public funding mechanisms and initiatives such as Horizon Europe and Digital Europe Programme for digital inclusion further support equitable access to digital services and research talent.

Areas of Cooperation

- As two knowledge-driven economies, India and Europe should establish sector-specific technology platforms, as recommended by the High-Level Digital Partnership, in areas like 5G/6G telecommunications, artificial intelligence, quantum computing, and cybersecurity.

  Europe's strength in regulation, privacy and ethical frameworks, combined with India's large datasets and skilled IT workforce, can produce globally relevant "responsible AI" frameworks.

- Collaboration between European universities and Indian Institutes of Technology (IITs) on cutting-edge research, such as AI-powered healthcare, climate modelling, advanced materials, and the development of foundational AI models, can be encouraged.
  The EU-India Trade and Technology Council (TTC), formed in 2023, provides the institutional mechanism to fast-track this cooperation and could be utilised.

- India and Europe can work on expanding industry-academia linkages. For instance, an EU-India Digital Academy network for student exchanges in STEM fields, mutual recognition of tech qualifications, and co-certification programs in emerging technologies can be explored.
- India and Europe can also partner together on data protection, AI governance, and interoperability standards to influence global norms in line with democratic values, privacy, fairness, and transparency.

Financial Services and Investments

India's financial services sector has emerged as a defining pillar of its economic transformation, marked by rapid digitalisation, deeper inclusion, and strong regulatory reform. The ecosystem today spans across commercial banks, non-banking financial corporations, insurance firms, pension funds, mutual funds, and fintech, with commercial banks continuing to hold over 64%[82] of total system assets, reflecting the centrality of banking to financial intermediation. Over the past decade, India has progressively widened access to finance through structural reforms such as the creation of payment banks to enhance outreach, the Credit Guarantee Fund Scheme for MSMEs to unlock credit flow to small businesses, and the establishment of MUDRA (Micro Units Development and Refinance Agency) to strengthen micro-enterprise lending.

These efforts, combined with sustained policy attention from the Government of India and the Reserve Bank of India, have catalysed one of the world's most dynamic financial ecosystems. Moreover, recent years have seen an expansion in both market depth and digital connectivity, creating a seamless interface between the formal financial system and millions of new participants.
The growth in Unified Payments Interface transactions stands as one of the most compelling indicators of this transformation. Over 17.89 billion[83] UPI transactions worth nearly INR 23.94 trillion[84] were processed in April 2025. This digital infrastructure has positioned India as a global leader in real-time payments, setting new benchmarks for efficiency and scalability.

In parallel, the insurance sector is expected to reach USD 250 billion[85] by 2025, while the mutual fund industry aims to quintuple its assets under management to nearly USD 1.15 trillion[86].

Europe's financial system, though deeply mature, is undergoing a profound recalibration to balance traditional bank-led financing with capital-market-driven growth. While Europe's financial architecture remains diverse, anchored by universal banks, insurance institutions, and large pension funds, the policy efforts across Europe increasingly aim to integrate markets across national boundaries and to ensure a more resilient, innovation-driven ecosystem.

EU's two flagship initiatives define this process of financial integration. The first is the Banking Union, designed to unify banking supervision, resolution, and deposit insurance across euro-area countries. The second is the Capital Markets Union (CMU), intended to create a single, deep, and liquid market for capital. It also supports innovation financing through venture capital and private equity, encouraging investment in small and medium-sized enterprises (SMEs) that drive Europe's industrial competitiveness.

Both these initiatives are part of Europe's broader effort to address structural challenges including sluggish productivity growth, uneven access to credit, and large investment gaps in green and digital transitions.

Areas of Cooperation

- The complementarities between India and Europe in finance are striking. India's fast-growing, technology-driven financial ecosystem aligns with Europe's deep pool of institutional capital and advanced regulatory expertise. The prospect of linking India's rapidly scaling digital payment networks with European platforms offers mutual efficiency gains. France's integration of UPI provides an early model of interoperability that could extend across more EU states. Fintech partnerships can facilitate easier remittances, cross-border payments, and financial inclusion solutions that benefit both regions.

- India and Europe should work on enabling European sovereign wealth funds and pension funds to invest in India's infrastructure and green projects – perhaps through an India-EU Investment Facilitation Mechanism that matches EU capital to Indian project pipelines.

- In the capital markets, listing Indian green bonds in European exchanges or creating joint investment funds for innovation SMEs can be explored. Furthermore, an area to address is regulatory coherence: aligning banking norms, insurance and fintech regulations, and data protection standards to smoothen financial flows.

- India's success in embedding inclusion and digital public infrastructure within its financial system stands as a model of efficiency that resonates globally. On the other hand, Europe's ongoing integration under the Banking and Capital Markets Unions showcases the institutional maturity required for financial stability across heterogeneous economies. Both countries, therefore, have immense potential for further advancing this bilateral collaboration.

Semiconductors & Electronics

India has made significant progress in the electronics and semiconductor industry, establishing a strong foundation for long-term growth. The country is actively building its own electronics ecosystem, attracting substantial domestic and foreign investments, and expanding local production capacities. With robust government support and an expanding base of manufacturing facilities, India is positioning itself as a global hub for electronics manufacturing. Notably, India has already emerged as the world's second-largest mobile manufacturing nation.

The Government has played a pivotal role in this transformation through initiatives such as the Phased Manufacturing Programme (PMP), Production Linked Incentive (PLI) schemes, and targeted measures to develop a competitive semiconductor ecosystem. According to industry estimates, the Indian semiconductor market was valued at approximately USD 38 billion in 2023, is expected to rise to USD 45–50 billion during 2024–25, and further expand to USD 100–110 billion by 2030.[87]

Strategic initiatives such as the inclusion of Electronics Systems Design and Manufacturing (ESDM) under the Make in India programme, the India Semiconductor Mission, and the Semicon India initiative have laid the foundation for a robust and competitive ecosystem to support the industry.

On the other hand, Europe's semiconductor and electronics sector is undergoing significant expansion, underpinned by robust demand from the automotive, industrial, and consumer electronics segments, as well as strong policy support through initiatives such as the European Chips Act. While Europe has traditionally held a smaller share of the global semiconductor market compared to other regions, it has established leadership in critical niches, particularly in semiconductor equipment and design.

The region is now making substantial investments to enhance domestic manufacturing capacity and reinforce its drive towards technological sovereignty. Germany, France, and the Netherlands are at the forefront of this effort, with large-scale investments in new fabrication facilities and pilot lines focused on semiconductors for electric vehicles, renewable energy systems, and other advanced applications. These measures are positioning Europe not only to secure its supply chains but also to strengthen its role in the evolving global semiconductor ecosystem.

The European consumer electronics market generated a revenue of USD 204 billion in 2024 and is expected to grow at a CAGR of 3.3% from 2025 to 2030.[88]
The European semiconductor market is valued at approximately USD 55 billion, supported by the rapid expansion of advanced technologies such as artificial intelligence, 5G, and electric vehicles (EVs). Rising demand from the automotive and consumer electronics sectors is further driving robust industry growth.
In parallel, strategic government initiatives aimed at reducing dependence on non-EU imports of critical components have bolstered this expansion, enabling the development of greater production capacities and strengthening Europe's position in the global semiconductor value chain.

Areas of Cooperation

- India's Production-Linked Incentive (PLI) scheme offers a strong framework for establishing semiconductor fabrication facilities. European firms, with their advanced expertise, can partner with Indian counterparts to develop fabs as well as Assembly, Testing, Marking, and Packaging (ATMP) and Outsourced Semiconductor Assembly and Test (OSAT) facilities, thereby strengthening the overall semiconductor ecosystem.

- India and Europe can collaborate to expand the electronics manufacturing value chain, particularly in the areas of printed circuit board (PCB) manufacturing, sensors, and electronic components. European investment and technology transfer in these domains would complement India's growing industrial base and contribute to greater self-reliance while supporting European firms in accessing a dynamic market.

- With global semiconductor supply chains heavily concentrated in select geographies, there is significant scope for India–Europe cooperation to diversify production networks. By positioning India as a reliable partner, the two regions can work towards building semiconductor value chain corridors linked to the EU Chips Act and India's Semiconductor Mission, enhancing resilience and reducing dependency on single-source geographies.

- There is substantial potential for collaboration in green technologies within the semiconductor and electronics sectors including green fabrication processes, water recycling and e-waste management, green certification and carbon audits, and the integration of clean energy solutions into semiconductor and electronics manufacturing.

- India and Europe should work on enabling European sovereign wealth funds and pension funds to invest in India's infrastructure and green projects – perhaps through an India-EU Investment Facilitation Mechanism that matches EU capital to Indian project pipelines.

- In the capital markets, listing Indian green bonds in European exchanges or creating joint investment funds for innovation SMEs can be explored. Furthermore, an area to address is regulatory coherence: aligning banking norms, insurance and fintech regulations, and data protection standards to smoothen financial flows.[89]

Agri and Food Processing

India's agricultural sector has exhibited remarkable resilience in recent years, underpinned by consistent growth and supported by government interventions aimed at enhancing productivity, promoting crop diversification, and improving farmers' incomes.

In the second quarter of FY 2024–25, the agriculture sector registered a growth rate of 3.5%. Not only does this showcase the sector's resilience but also highlights its critical role in driving inclusive and sustainable economic growth.[90]

India's food processing industry is undergoing rapid transformation, leveraging the country's vast agricultural base, rising domestic demand, and supportive government policies. Positioned on a strong growth trajectory, India is poised to emerge as a global leader in this sector. The agriculture sector provides the backbone for food processing, with India ranking as the world's largest producer of fruits, vegetables, millets, tea, and food grains, as well as milk and livestock.

The European agriculture sector represents a cornerstone of the region's economy. Beyond its role as a major global producer and exporter, the sector is central to ensuring food security, rural development, and socio-economic stability across member states.

The sector, however, faces several pressing challenges. These include the need to reduce environmental impacts, safeguard food security amid rising global demand, enhance farmer incomes, and expand organic farming to align with the European Green Deal's objective of bringing 25% of agricultural land under organic cultivation by 2030.

The Common Agricultural Policy (CAP) remains the EU's principal instrument for supporting the sector. Through its emphasis on sustainability, market competitiveness, and fair incomes for farmers, the CAP seeks to balance productivity with environmental stewardship, while promoting a more resilient and inclusive agri-food system across Europe.[91]

Areas of Cooperation

- Contingency planning for food security and welcomed common efforts on shared research and innovations needs regarding climate-resilient practices, crop diversification and infrastructure improvements as promoted for cooperation through the G20 framework.[92]
- Regarding sustainable and climate-smart agriculture, India and Europe can collaborate on joint R&D on climate-resilient crops, water-efficient farming, and regenerative agriculture practices, along with collaboration on carbon farming and soil health technologies.
- Partnerships in precision farming using IoT, AI, drones, and satellite-based monitoring. Along with the development of digital agriculture platforms for crop advisories, weather prediction, and market linkages.
- In the Food Processing sector, there can be increased collaboration on functional foods, nutraceuticals, and plant-based proteins to cater to global health-conscious consumers.

Furthermore, the two regions can co-develop integrated cold chain solutions (pack-houses, refrigerated transport, cold storage). European companies can invest in food parks, agri-processing zones, and export clusters in India, and promote PPPs in mega food parks and integrated agro-industrial projects.

Blue Economy and Maritime Trade

With over 7,500 km long coastline, 9 coastal states, 1,382 islands and access to an Exclusive Economic Zone (EEZ) of around 2.3 million square km, India plays a pivotal role in the global blue economy.[93] For India, the blue economy encompasses various sectors, including fisheries, aquaculture, maritime transport, offshore renewable energy, marine tourism, seabed mining, and marine biotechnology. It has come to become a key contributor to the national economy, contributing approximately 4% to the national GDP and playing a crucial role in trade and employment.

Maritime trade is equally significant, as over 95% of India's trade by volume and about 70% by value is conducted through sea routes.[94] India has 13 major ports and over 200 minor and intermediate ports that facilitate the export and import of vital commodities, including crude oil, machinery, petroleum products, textiles, and agricultural goods. The major ports, such as Mumbai, Chennai, Visakhapatnam, Kolkata, Cochin, and Kandla, are hubs of trade and industrial activity.

The government's Vision of New India by 2030, presented in the 2019 Interim Budget, recognised the blue economy as one of the 10 core dimensions of growth.[95] Recognising the potential of blue economy and maritime trade, the government of India has integrated it into several national policies and developmental strategies. One such is the flagship Sagarmala Programme, which aims to promote port-led development by improving port infrastructure, connectivity, and industrial clusters around the ports. This initiative seeks to reduce logistics costs, boost exports and investment and create employment opportunities, especially in coastal regions. Furthermore, the Maritime AmritKaal Vision 2047 lays out a comprehensive 25-year roadmap aiming to transform India's maritime sector with a proposed investment of USD 960 billion. It proposes over 300 initiatives to enhance ports, shipping and waterways by 2047.[96] The government has also proposed initiatives to boost maritime industry growth through policies such as permitting 100% FDI for port and harbour projects and giving a 10-year tax holiday to port development enterprises.

Such initiatives and strategic policies highlight India's growing focus on enhancing the development of the sector and thus also provides greater business opportunities to its maritime partners, specifically Europe.

Europe's Sector	Sub Sector	India's Sectors	Sub Sector
Marine living resources	Primary production	Fisheries and aquaculture	Deep sea and Southern Ocean fisheries
	Processing of fish products		Seaweed farming
	Distribution of fish products		Fresh fish exports
Marine non-living resources	Oil and Gas		Cold chain and infrastructure
	Other Minerals	Maritime transport and shipping	Port modernization
	Desalination		Coastal and inland waterways
Marine renewable energy	Offshore wind energy		Green shipping and decarbonization
Port activities	Cargo and warehousing		Digitization and port logistics
	Port and water projects		Maritime financing ecosystem
Shipbuilding and repair	Shipbuilding	Offshore renewable energy	Offshore wind farms
	Equipment and machinery		Floating wind technology
Maritime transport	Passenger transport		Wave and tidal energy pilots
	Freight transport		R&D and marine spatial planning
	Services for transport	Coastal tourism and heritage	Eco-tourism infrastructure
Coastal tourism	Accommodation		Coastal trails and blue corridors
	Transport	Marine biotechnology and innovation	Marine-derived pharmaceuticals
	Other expenditure		Digital platforms for bioinformatics
			Aquaculture health and genomics
		Non-living resources	Deep sea mining systems
			Critical minerals processing

Source: https://www.moes.gov.in/sites/default/files/2025-05/White Paper_Blue_Economy.pdf and https://medblueconomyplatform.org/wp-content/uploads/2025/05/the-eu-blue-economy-report-2025.pdf

The blue economy and maritime trade form a central part of Europe's long-term economic and environmental agenda. As maritime trade grows and in a time of climate crisis, Europe is focused on strengthening its blue economy through innovation, sustainability, and international cooperation, reflecting its broader strategic priorities and leadership in the sector. EU's blue economy is responsible for providing close to 4.8 million jobs and has added Euro250 billion in 2022[97]. These numbers underscore the sector's critical role in the EU's post-pandemic economic recovery and green transition.

With the world's largest collective maritime area, about 70,000 km coastline and 40% of its population living within 50 km of the sea, the EU has a critical interest in maritime matters.[98] This interest is reflected in the policy initiatives around the sectors of the Blue Economy, including the new European Ocean Pact, with an investment capacity of Euro 1 Billion. The pact aims to provide an overarching and consistent policy framework for all policy areas linked to oceans. It is built on 6 priorities:

1. Protecting and restoring ocean health
2. Boosting the competitiveness of the EU sustainable blue economy

3. Supporting coastal and island communities, and outermost regions
4. Advancing ocean research, knowledge, skills and innovation
5. Enhancing maritime security and defence
6. Strengthening EU Ocean diplomacy and international ocean governance

Furthermore, to ensure the proper management and efficient use of ocean and marine resources, 20 out of 22 coastal Member States have adopted National Maritime Spatial Plans, as requested by the Maritime Spatial Planning Directive (MSPD).

Areas of Cooperation

- Developing Smart and Green Ports: India and Europe showcase immense potential to enhance their collaboration for the development of smart and green ports and ship driven by their mutual climate goals, trade ambitions and technological expertise. Collaboration can focus on decarbonization of port operations, shore-power integration, digital logistics platforms, and energy-efficient infrastructure. European logistics companies can explore and invest in the Multi-Modal Logistics Park under the PM Gati Shakti Scheme to enhance trade efficiency, reduce costs and lower carbon emissions. Furthermore, India aims to convert all Indian vessels to green vessels by 2047 thus harmonizing with sustainability standards and commercial progress. European shipyards companies that specialise in high-value segments can aid this transformation through technology transfer of digital and green knowledge, ways to integrate AI and robotics, and the use of alternative fuels like hydrogen and ammonia. Such collaboration also aligns with the European Union's Global Gateway strategy and India's Maritime India Vision 2030, promising green infrastructure investment and shared technological standards.
- Marine Renewable Energy: Europe leads in marine renewable energy, particularly in offshore wind and solar renewable technologies, while India offers vast coastal zones and a growing clean energy market. Countries like Denmark, Germany, the Netherlands, and the UK have made significant strides in developing offshore wind farms in the North Sea. Utilising this knowledge base to develop joint R&D programs, pilot offshore wind farms including floating wind technologies, and technology transfer initiatives could drive this collaboration. India to enhance greater PPP in offshore wind energy in 2024 approved the Viability Capability Fund (VGF) scheme with a USD894 million. European energy companies can utilise the scheme to invest in large-scale offshore wind projects while reducing the overall risk of capital deployment. Furthermore, India and Europe can also collaborate to establish green shipping fuel corridors, primarily focusing on green ammonia and green hydrogen, with an aim to build sustainable supply chains between the two regions. This partnership could transform India's coastal energy landscape and contribute to Europe's diversification of renewable energy investments beyond its borders.

- Enhanced cooperation in Blue Biotechnology: Marine or Blue biotechnology has emerged as a growing field of greater collaboration between India and Europe, given its capacity to generate higher value products, thereby generating economic value. It encompasses the use of marine bio-resources for industrial, pharmaceutical, and environmental applications. European firms could utilise India's rich marine biodiversity, coupled with the large manufacturing capacity to develop marine-based pharmaceuticals, biofuels, and sustainable aquaculture solutions. Research institutes can collaborate by establishing joint innovation programs for students and researchers to enhance the understanding of the marine products application in sustainable manner.

- Coastal sustainable tourism: The coastal sustainable tourism offers a wide range of opportunities for collaboration between India and Europe, given the reliance on it for employment generation and contribution to economic growth for both regions. India and Europe can help establish eco-tourism standards for beach resorts, cruise companies and allied sectors. Furthermore, collaborative training programs for coastal communities for tour guides, hospitality staffs and local communities.

Talent and Skill Mobility

The growing economic shifts, evolving workforce expectations, healthcare crisis, emerging migration regulations and rapid technological advancements are shaping the global economy and labour market dynamics. These mounting shifts highlight the crucial need for skill mobility more than ever. India has long been the leading hub for growing employable talent. For India, which possesses one of the youngest and largest workforces globally, talent mobility is both an opportunity and a necessity. With over 65% of its population under the age of 35[99], India's demographic dividend can support domestic growth and meet global labour shortages, particularly in regions such as Europe, where populations are ageing.

India's workforce is not only vast but also steadily evolving to match the shifting requirements of the global economy. The recent India Skills Report 2025 indicate that more than half of Indian graduates are now considered employable, compared with just 33% ten years ago. This 17% rise demonstrates the country's consistent efforts to nurture a workforce that is future-ready and capable of meeting the demands of a fast-changing international marketplace. This is amplified by the growing focus on emerging technologies such as cloud computing, Artificial Intelligence, renewable energy and also a catered focus on skilling and training professionals in the field of healthcare, education and other sectors. This not only enables the filling of the gap of skilled and unskilled workers in other countries but also bolsters innovation and diversity.

Recognising this potential and given the 600 million youth in India below the age of 25 years, the Government of India has launched several initiatives, data strategies, and schemes to enhance skill development and facilitate structured mobility. Initiatives, including the National Education Policy (NEP) and Digital India, have managed to enhance

gender inclusivity along with strengthening the link between education and industry. Skill India Mission, launched in 2015, has been the umbrella program to bridge the gap between industry demands and skill requirements. Entities like the CII and AICTE have successfully driven widespread industry standard skilling initiatives to prepare India's talent with the technical skills in demand.[100]

Beyond addressing global skill shortages, India's workforce plays a significant role in foreign income transfers. In 2023, India became the world's largest recipient of remittances with USD 119.5 billion.[101] By 2030, this figure is projected to surpass USD 150 billion, with much of it fueled by a growing population of skilled professionals working abroad.

Europe has long been one of the preferred destinations for working professionals and students due to its ecosystem primarily focuses on innovation. For Indians, specifically, European countries including France, Germany, Sweden and the Netherlands have emerged as top destinations for work and education. Further, with the changing policies and global dynamics, this is expected to further increase.

Europe also has historically demonstrated strong progress on social mobility. It is home to 16 of the top 20 countries in the WEF's Global Social Mobility Index (including all of the top ten).[102] However, in recent years, Europe has been experiencing an ageing population and shrinking workforce, which poses a serious challenge to economic productivity and social welfare systems. Furthermore, as new age businesses demand for latest skills, the pool of skilled employees is rapidly becoming insufficient. For instance, the construction sector, valued at USD 2.5 trillion, requires engineers and planners for housing and infrastructure projects, while the financial sector needs 400,000 professionals by 2030 for fintech and green finance roles. Additionally, Europe's healthcare sector faces a 1.6 million-worker deficit, its IT industry needs 20 million digitally skilled professionals, and manufacturing is expanding in green technologies and automation, creating opportunities for engineers and sustainability experts.[103]

The EU, to increase its pool of skilled labour has introduced several schemes such as the EU Blue Card and EU Erasmus+, primarily attracting skilled workers in the field of IT, healthcare and engineering, where Indian professionals are particularly strong. With a view to better organising migration and mobility between India and the EU, as part of the High Level Dialogue on Migration and Mobility, the two sides signed the Common Agenda for Migration and Mobility (CAMM) in 2016. The framework aims to ensure regular migration of skilled workers and foster well-managed mobility.

The EU estimates that by 2050, nearly 30% of its population will be above the age of 65. In contrast, India has one of the youngest populations in the world, with more than 65% of its people under the age of 35. This demographic complementarity creates a natural foundation for cooperation on talent mobility.

At the same time, both India and Europe face evolving labour market demands shaped by digital technologies, artificial intelligence, climate change, and the green transition. New skills are required in fields such as data science, cybersecurity, clean energy, life sciences, and advanced manufacturing. India has a vast pool of science, technology, engineering, and mathematics (STEM) graduates, while Europe has strong research institutions, high standards of vocational training, and advanced industrial ecosystems. Combining these strengths can generate mutual benefits.

Talent and skill mobility between India and Europe is not merely a matter of labour migration, it is a multidimensional framework encompassing education, research collaboration, professional exchanges, innovation ecosystems, and policy alignment.

Areas of Cooperation

- Europe and India should negotiate agreements to formally recognise each other's higher education and vocational qualifications. This could involve aligning India's National Skills Qualifications Framework (NSQF) to the European Qualifications Framework (EQF). By doing so, Indian skilled workers, tradespeople, and graduates will find it easier to gain employment in Europe without undergoing redundant credential verification or bridging courses.

- India has emerged as third-largest hub globally of startups with over 100 unicorns while Europe is emerging as a strong and vibrant startup ecosystem, growing in key areas like early-stage funding and unicorn creation. Through exchange of talent and expertise and access to knowledge sharing platforms, India and EU can build a self-sustaining ecosystem of incubators that will facilitate innovation on both sides and encourage exchange of information and knowledge beyond geographical areas.

- India and Europe to enhance short-term and mid-term assignments can establish joint training initiatives, vocational training opportunities or apprenticeships providing skilled workers with necessary exposure and skills. European firms could collaborate with Indian technical institutions to run dual internships, co-funded labs, or exchange programs that ensure skills are relevant to global markets demands. This would not only ensure skilled workers with better wages and a diverse job market but also help in addressing the acute shortage of labor in Europe.

- Recognising the growing mobility among skilled workers, both for short-term projects and long-term stays, India and the EU should aim to simplify visa procedure. 'Fast Track Corridors' could be established for a visa for workers representing Indian companies registered in one of the EU countries. This would minimise the documentation required and address the issuance of a priority business visa.

Logistics and Connectivity

India, currently the world's fourth-largest economy, continues to maintain its position as the fastest-growing major economy, with a projected real GDP growth rate of 6.5% in 2024–25 at constant prices.[104] The logistics industry plays a vital role in enabling economic growth and international trade, underpinning sectors such as manufacturing, retail, e-commerce, and services through the efficient management of inventory, transportation, storage, warehousing, and distribution. By seamlessly connecting producers with consumers, both within India and across global markets, logistics serves as the backbone of economic activity. In India, the logistics market, valued at USD 107.16 billion in FY23, is poised for substantial expansion, projected to reach USD 159.54 billion by FY28, reflecting a compounded annual growth rate (CAGR) of 8–9%.[105]

Key Government Initiatives in Logistics

- **National Logistics Policy:** The primary objective is to create a more seamless logistics ecosystem by improving efficiency and reducing logistics costs.
- **PM GatiShakti Master Plan:** It symbolises the plan's focus on faster, seamless and ambitious infrastructure and logistics development strategy aimed to transform India's multimodal connectivity.
- **Maritime Amrit Kaal Vision 2047:** The Maritime Amrit Kaal Vision 2047, aligned with blue economy principles, lays out a long-term roadmap to transform India's maritime sector. It focuses on expanding port capacity, operational efficiency through digitisation and automation, and promoting green initiatives like hydrogen hubs.
- **Dedicated Freight Corridors:** The objectives of these specialised railway lines are to ease congestion on existing passenger routes, lower transportation costs, and improve energy efficiency. The corridors are expected to accelerate industrial development and to create significant employment opportunities in logistics and related sectors.
- **Multi-Modal Logistics Park:** With large-scale warehousing and storage facilities, these hubs under the Bharatmala Pariyojana bring together different aspects of logistics in one location.
- **Unified Logistics Interface Platform (ULIP):** ULIP, a digital platform that brings together data from various logistics-related ministries and departments on a single interface, has reached a major milestone by successfully recording 1 billion API transactions in March 2025.

In contrast, the European logistics sector represents a vital and rapidly transforming component of the regional economy. It is projected to expand from approximately USD 782.8 billion in 2024 to USD 1,192.0 billion by 2030, registering a compound annual growth rate (CAGR) of 7.3%. This growth is being driven by the expansion of e-commerce, the adoption of advanced technologies such as artificial intelligence (AI) and the Internet of Things (IoT), and an increasing emphasis on sustainability. However, despite the strong demand for faster deliveries generated by e-commerce, the sector continues to face structural challenges, including economic headwinds, labour shortages, and volatility in global trade. These dynamics underscore the necessity for supply chain diversification, accelerated technology adoption, and a stronger commitment to environmentally sustainable practices to build long-term resilience.[106]

Areas of Cooperation

- Corridors like the India Middle East-Europe Economic Corridor (IMEC) are envisioned as a transformative connectivity initiative, with logistics emerging as one of its primary beneficiaries. By integrating rail, port, road, and digital infrastructure, the corridor will enable faster and more reliable movement of goods between India and Europe through the Middle East. Its multimodal design reduces reliance on a single mode of transport and strengthens overall logistics networks. Building on this model, similar connectivity corridors may be developed to further enhance trade flows and economic integration.[107]

- India and European nations hold significant potential for joint initiatives aimed at the decarbonisation of supply chains. Areas of collaboration could include the adoption of biofuels, hydrogen, and the electrification of transport fleets. Further opportunities lie in the establishment of carbon-neutral shipping corridors, combining Europe's advanced policy frameworks on sustainability with India's growing green port initiatives to accelerate the transition towards environmentally responsible logistics.

- Port modernisation and maritime connectivity present a critical area of partnership. Collaborative opportunities include co-investments in the modernisation of Indian ports under flagship initiatives such as Sagarmala. Partnerships, such as India's engagement with the Port of Antwerp-Bruges International, can be scaled to encompass consultancy projects, technology transfer, and efficiency improvements across port operations, logistics, and supply chains. Additionally, European participation in greenfield port development, advanced cargo handling systems, and maritime services can significantly strengthen India's logistics sector.

There is substantial scope for cooperation in customs facilitation and trade documentation aligned with international best practices. Enhanced exchanges on logistics regulations, safety standards, and emissions norms will create a more predictable and transparent operating environment, thereby ensuring smoother cross-border trade and stronger integration between India and European markets.

10

Conclusion

India and the countries of Europe have a rich history of trade and commercial exchange, which has laid a solid foundation for mutual growth. Today, there is immense scope for expanding collaboration across a wide range of sectors such as technology, manufacturing, energy, and services.

As the global geopolitical environment undergoes significant changes, fostering stronger trade and investment relationships becomes even more essential. By working together, India and Europe can not only boost their economic growth but also enhance strategic partnerships that contribute to regional stability and global progress. This evolving cooperation will be the key to navigating future challenges and unlocking shared opportunities for both sides.

Amidst the complexities of the global environment, it is essential to develop trade and investment agreements that are balanced, forward-looking, and beneficial for all parties involved. To strengthen economic partnerships, both India and European countries must take proactive and strategic steps to stimulate trade and investment flows. This effort should prioritise deeper engagement with regional and local governments, recognising their critical role in driving economic activity on the ground.

Additionally, fostering the growth of small and medium-sized enterprises (SMEs) must be a key focus, as these businesses are vital engines of innovation, employment, and inclusive economic development. By adopting a comprehensive approach that integrates multiple levels of governance and supports diverse business communities, both sides can create a resilient and dynamic framework for sustained economic cooperation.

To strengthen economic partnerships, both India and European countries must take proactive and strategic steps to stimulate trade and investment flows.

India and European nations are actively developing a robust and wide-ranging partnership that extends across economic, technological, and political domains. This multifaceted collaboration not only enhances trade and investment flows but also fosters innovation, research, and policy coordination.

By leveraging their complementary strengths—India's rapidly growing market and technological talent alongside Europe's advanced infrastructure and regulatory frameworks—both sides are positioning themselves to address global challenges more effectively. In an increasingly uncertain and dynamic international landscape, this evolving relationship is emerging as a vital source of stability and resilience, contributing to shared prosperity and sustainable development on both continents.

India and Europe share a strong commitment to tackling climate change and advancing sustainable development goals. Their partnership is increasingly focused on collaborative efforts in critical areas such as renewable energy, clean and green technologies, and environmental preservation. By working together to innovate and implement sustainable solutions, both regions can significantly contribute to reducing carbon emissions and promoting ecological balance.

This cooperation not only supports their individual climate ambitions but also plays a vital role in driving global action against climate change, setting an example for other nations to follow. Through joint investments, knowledge exchange, and policy alignment, India and Europe are paving the way for a greener, more sustainable future for the planet.

The partnership between India and European countries has grown significantly, expanding well beyond traditional trade and investment. It now embraces a broad spectrum of global challenges and priorities, including climate change, sustainability, technological innovation, energy security, education, and healthcare. This comprehensive collaboration reflects a shared vision to address pressing global issues while fostering inclusive growth and development. By working together across these diverse sectors, India and Europe are strengthening their strategic ties and creating a foundation for long-term, multifaceted cooperation that benefits both regions and the world at large.

Negotiations for the India-EU Free Trade Agreement have made significant progress, particularly on critical aspects such as rules of origin, reflecting strong mutual commitment. This landmark deal is poised to unlock substantial opportunities for trade and investment, enhance supply chain resilience, and deepen the strategic partnership between India and Europe in an increasingly interconnected global landscape. Continued high-level dialogue will help overcome remaining challenges and pave the way for a transformative economic alliance.

The partnership between India and European countries is strengthening through collaboration across key sectors that drive innovation and sustainable growth. Focus areas include advanced manufacturing, logistics and connectivity, technology—particularly AI and digital infrastructure—semiconductors, and electronics. Additionally, the blue economy and maritime trade offer new avenues for expanding economic ties, while joint efforts in sustainability and renewable energy underline a shared commitment to combating climate change.

Beyond industry and environment, the collaboration extends to agriculture and food processing, enhancing productivity and food security. Initiatives promoting talent and skill mobility aim to build a future-ready workforce, while financial services and investment cooperation facilitate capital flows to support these ambitions. Together, these diverse yet interconnected areas form a robust foundation for a resilient and forward-looking India-Europe partnership.

India and European nations are strengthening a strategic partnership that spans economic, technological, and political domains. Trade and investment flows between the regions are steadily increasing, with Europe among India's key trading partners and sources of foreign direct investment. Collaboration in technology includes joint ventures and innovation projects in sectors such as clean energy, digital infrastructure, and artificial intelligence.

Both sides maintain ongoing dialogue to address regulatory alignment, trade facilitation, investment protections, and ensure a stable environment for cross-border business and market growth.

This growing partnership creates a stable foundation for business growth and investment, positioning India and Europe as reliable allies in a shifting global economic landscape.

In conclusion, the India-Europe partnership has matured into a strategic alliance focused on innovation, sustainability, and economic integration. By leveraging complementary strengths across technology, manufacturing, energy, and talent mobility, both regions are enhancing competitiveness and resilience. This collaboration positions India and Europe as key players in shaping the global economic and geopolitical landscape, driving long-term growth and shared prosperity.

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Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organisation, with around 9,700 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 318 national and regional sectoral industry bodies.

For 130 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with the Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains, including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2025-26, CII has identified "Accelerating Competitiveness: Globalisation, Inclusivity, Sustainability, Trust" as its theme, prioritising five key pillars. During the year, CII will align its initiatives to drive strategic action aimed at enhancing India's competitiveness by promoting global engagement, inclusive growth, sustainable practices, and a foundation of trust.

With 70 offices, including 12 Centres of Excellence, in India, and 9 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 250 counterpart organisations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

The Mantosh Sondhi Centre
23, Institutional Area, Lodi Road, New Delhi – 110 003 (India)
T: 91 11 45771000
E: info@cii.in • W: www.cii.in

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