DIPLOMACY

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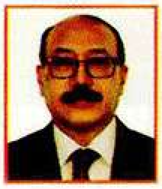


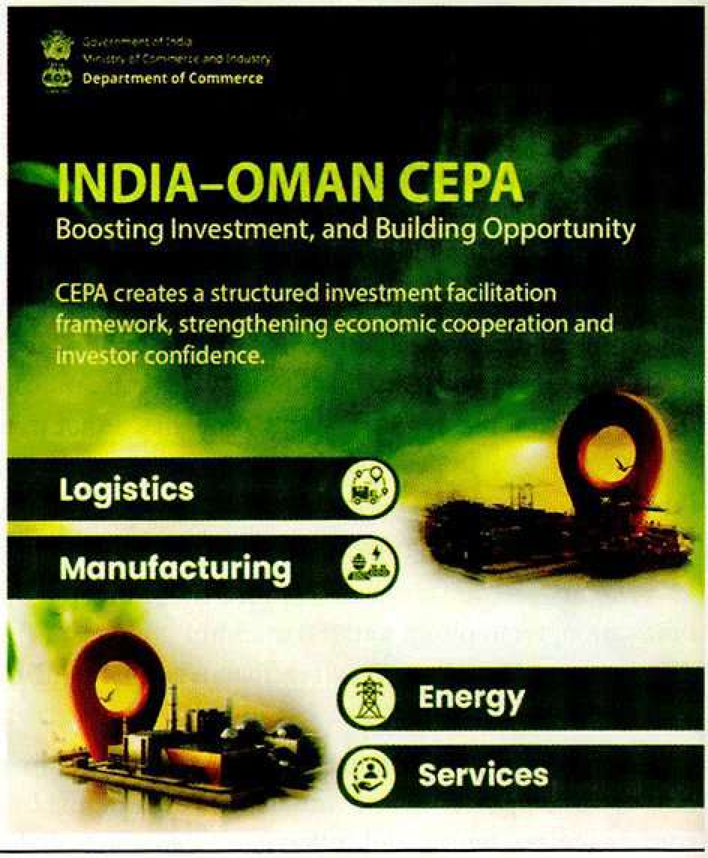
India's Free Trade Agreements: A New Era of Economic Diplomacy

2025 is widely seen as an important year for India's economic diplomacy. As of 2025, India has 13 active free trade agreements. At the same time, the Government is reviewing its investment treaties and preferential trade arrangements to align with today's economic realities, while balancing investor protection with national policy priorities.

India's foreign trade in 2025 was shaped by active negotiations and updates to its trade agreements with key global partners. By the end of 2025, India finalised major trade deals with the United Kingdom, Oman and New Zealand, while also beginning discussions with countries in Africa and Latin America. As a result, 2025 is widely seen as an important year for India's economic diplomacy. As of early 2026, India has 13 active free trade agreements. At the same time, the Government is reviewing its investment treaties and preferential trade arrangements to align with today's economic realities, while balancing investor protection with national policy priorities. Indian exporters increasingly leveraged Free Trade Agreements (FTAs) during FY 2024-25. Under the leadership of Prime Minister Narendra Modi, India has successfully concluded nine major trade pacts with key partners across the world.

The India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), signed in February 2021 and came into force on 1 April 2021, is the first trade agreement that India has signed with an African nation and reflects the longstanding strategic, economic, and people-to-people ties between the two countries. Mauritius has historically been one of India's closest partners in the Indian Ocean region and a key gateway for India's engagement with Africa. Negotiations gained fresh momentum following the revision of the India-Mauritius Double Taxation Avoidance Agreement (DTAA) in 2016, which created space to recalibrate the bilateral economic relationship beyond financial flows toward trade in goods, services, and investment facilitation. The CECPA aligns with India's broader objectives of deepening engagement with Africa, strengthening South-South cooperation, and enhancing its economic footprint in the Western Indian Ocean.

Over 300 products from India will get concessional market access in Mauritius. This broad coverage allows Indian exporters to diversify exports beyond traditional



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sectors and expand into new product categories within the Mauritian market. Apparel exporters from Tamil Nadu, Gujarat, Uttar Pradesh and Maharashtra might see potential growth. India also supplies raw materials such as yarn and fabrics to support Mauritius's textile and clothing industry.

The India-Australia Economic Cooperation and Trade Agreement (ECTA) marked a significant upgrade in bilateral economic relations between two key Indo-Pacific partners. After negotiations stalled in 2015 due to differences over market access and sensitive sectors, talks were revived in 2021 amid shared strategic concerns, supply-chain disruptions and a growing convergence under the Quad framework. The agreement reflects India's broader strategy of deepening economic engagement with trusted partners in the Indo-Pacific while reducing over-dependence on limited markets. For Australia, the Economic Cooperation and Trade Agreement signed in April 2022 and effective from December 2022 provides long-term access to one of the world's fastest-growing major economies. For India, it supports export diversification, services mobility and integration into regional value chains. ECTA has always been considered as an interim step toward a more comprehensive India-Australia Comprehensive Economic Cooperation Agreement (CECA).

The India-UAE Comprehensive Economic Partnership Agreement (CEPA), signed on 18 February 2022 and effective from 1 May 2022, is one of India's most commercially significant and strategically important trade agreements. The UAE is India's largest trading partner in the Middle East, a major energy supplier, a leading source of foreign investment and home to a large Indian diaspora. Bilateral trade had already crossed USD 60 billion prior to the agreement, making the UAE a natural candidate for a comprehensive and early-harvest trade pact. Negotiations were deliberately fast-tracked to capitalise on strong political trust, complement the India-UAE Comprehensive Strategic Partnership and position the UAE as a gateway for Indian trade into the wider Gulf, Africa and Europe. The CEPA aligns with India's post-2020 trade strategy of pursuing deep, high-impact agreements with trusted partners to drive exports, services growth and supply-chain resilience.

The India-Oman CEPA signed on 24 December 2025 is a strategically significant agreement aimed at deepening India's economic engagement with the Gulf and strengthening its presence in the western Indian Ocean. Oman occupies a critical geostrategic location along major global maritime trade routes and has long-standing political, economic and cultural ties with India. The agreement builds on robust bilateral relations, including defence cooperation, energy partnerships and logistics connectivity and complements India's broader West Asia policy. For India, Oman serves both as a stable economic partner and a strategic entry point into Gulf, African and global markets. The CEPA reflects India's strategic approach to Gulf trade agreements following the UAE CEPA, prioritising high trade impact while safeguarding sensitive domestic sectors.

The India-UK Comprehensive Economic & Trade Agreement (CETA), signed in July 2025 is a cornerstone of India's post-Brexit trade strategy and represents one of its most comprehensive bilateral trade agreements with an advanced economy. Following the UK's exit from the European Union, both countries identified a strong mutual interest in building an independent, ambitious trade framework that reflects contemporary economic priorities. For India, the agreement strengthens access to a high-income market with deep historical, economic and people-to-people ties, while supporting export diversification and services growth. For the UK, India is a priority growth market and a key partner in its "Global Britain" trade agenda. The agreement also reinforces the broader India-UK strategic partnership spanning defence, technology, education and innovation.

The India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA), signed on 10 March 2024 and effective from 1 October 2025, is a strategically structured agreement with a small bloc of countries distinguished by high income, capital intensity, advanced manufacturing and innovation. While EFTA countries represent a limited consumer base, they are major sources of foreign direct investment, technology and high-quality capital. A defining feature of the TEPA is its investment-linked market access, with EFTA committing to mobilise USD 100 billion in investments into India over 15 years. The agreement aligns with India's objective of attracting quality capital, promoting manufacturing and integrating into high-value global supply chains, while avoiding excessive exposure to import competition.

The India-New Zealand FTA signed in December 2025 is part of India's calibrated engagement with the Pacific and complements its broader Indo-Pacific strategy. Negotiations were earlier stalled due to sensitivities in agriculture and dairy but were revived with a more balanced and phased approach. For India, the agreement strengthens ties with a trusted Indo-Pacific partner while ensuring protection for sensitive domestic sectors. For New Zealand, it provides access to a large and growing consumer market.

India's trade pact with the EU, signed in December 2025, establishes the bloc as the second-largest trading partner for India, right after China and ahead of the United States, accounting for 11.5% of India's trade in goods. In 2024, EU-India trade in goods was worth over 120 billion euros, with 71.4 billion euros in EU imports and 48.8 billion euros in EU exports. In the last decade, bilateral trade has doubled, with EU imports rising by 140% and EU exports increasing by 58%. The India-EU FTA represents one of India's most ambitious and consequential trade agreements, described as a "modern, rules-based trade partnership" – aligned with India@2047. It has recently been called the "mother of all deals". It concludes nearly two decades of intermittent negotiations and reflects a shared strategic imperative to deepen economic integration amid global supply-chain reconfiguration and geopolitical uncertainty. The agreement delivers unprecedented market access for Indian exports while preserving policy space for sensitive sectors, reinforcing India's developmental priorities. For the EU, it secures deeper access to one of the world's fastest-growing major economies and strengthens its Indo-Pacific economic footprint.

The India-US interim Trade Deal unveiled in February 2026 is a pragmatic arrangement aimed at stabilising bilateral trade relations in the absence of a comprehensive FTA. While both countries are strategic partners across defence, technology and the Indo-Pacific, trade negotiations have faced persistent differences on agriculture, tariffs, digital trade and regulation. The interim deal reflects a shared decision to prioritise confidence-building and incremental progress over prolonged deadlock. It is intended as a stepping stone toward a comprehensive FTA, with further negotiations ongoing.

India's evolving network of trade agreements reflects a clear shift towards a more strategic, diversified and forward-looking trade policy. Rather than focusing solely on market access, India is increasingly negotiating comprehensive partnerships that integrate trade, investment, technology, supplychain resilience, and services, while safeguarding domestic priorities. As the country advances towards the vision of *Viksit Bharat*@2047, these agreements are expected to strengthen export competitiveness, attract quality investment, deepen integration with global value chains and reinforce India's position as a trusted economic partner. The success of this strategy, however, will ultimately depend on effective implementation, greater utilisation of trade agreements by Indian businesses and sustained reforms that enhance the competitiveness of the domestic industry. ❑