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## Beyond Tariffs: How trade corridors and FTAs are redefining India's global trade strategy

These agreements, while presenting compliance challenges for SMEs, signal a strategic move towards deeper global integration and enhanced market access, promising substantial investment and job creation.



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India's new FTAs with the UK and EFTA offer significant duty-free access to high-value markets, boosting exports in gems, textiles, and pharmaceuticals.

India's recent wave of Free Trade Agreements (FTAs) with the UK and EU mark a pivotal shift in the country's trade architecture. These agreements come at a time when global supply chains are being reconfigured, and businesses are seeking predictable, tariff-friendly environments for diversification. With the United States tightening

tariff measures on a range of imports, Indian exporters face growing pressure to diversify market access. For India, these FTAs offer unprecedented access to some of the world's most high-value economies, while reinforcing the country's ambition to integrate more deeply into global value chains.

## **India UK CETA**

The India-UK Comprehensive Economic and Trade Agreement (CETA), signed on July 24, 2025, provides duty-free access to 99 per cent of Indian exports to the UK, covering nearly 100 per cent of the trade value. For Indian exporters, this means the elimination of tariffs that previously ranged from 8-12 per cent on textiles, 16 per cent on leather products, and up to 20 per cent on marine products, instantly making Indian products more competitive against other global manufacturing hubs like those from China, Bangladesh, and Vietnam.

## **The India-EFTA trade and economic partnership agreement**

The EU is currently India's largest trading partner for goods, with bilateral trade reaching \$136.5 billion in FY 2024-25 and negotiations are currently ongoing for a Free Trade Agreement with talks expected to conclude by the end of 2025. However, the India-European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA), which came into effect on October 1, 2025 is positioned to give a fillip to Indian businesses. Covering Switzerland, Norway, Iceland, and Liechtenstein, TEPA is committed to eliminating tariffs on 99.6 per cent of India's exports, while protecting key sectors such as dairy, soya, coal and agriculture. It also commits to invest \$100 billion in India over 15 years generating an estimated one million direct jobs in the country.

## Compliance and regulatory framework

The CETA and EFTA are indeed great opportunities for India businesses to open relevant export markets. They also came with requirements of compliance such as rules of origin, safety and quality certifications. In order to gain market access and leverage the FTAs, Indian businesses will have to move quickly to ensure the product eligibility, at the same time collect and analyze relevant market information and get export ready.

Indian exporters should also take advantage of the digital infrastructure being developed under these FTAs, including digital certificates of origin, to reduce paperwork and streamline customs processes. Companies must align with these FTAs by focusing on meeting international quality standards and leveraging the enhanced regulatory cooperation frameworks embedded in these agreements.

### Sectoral impact

#### Gems & Jewellery:

India currently exports gems and jewellery worth \$941 million to the UK. With the FTA eliminating the UK's 4 per cent import duty, exports are projected to rise to \$2.5 billion, pushing bilateral trade to an estimated \$7 billion, especially benefitting manufacturing clusters in Mumbai, Jaipur, and Surat. The EFTA is expected to boost gem and jewellery exports to Switzerland, Iceland, Norway and Liechtenstein to \$1 billion in the coming years from the current \$335 million.

## **Textiles:**

India is the 4th largest exporter of textiles to the UK, valued at \$1.4 billion. The CETA removes tariffs ranging from 8–12 per cent on most textile products, with exports expected to double within 5–6 years of implementation. EFTA offers duty-free access making Indian textiles equally competitive against Bangladesh, Vietnam, and China, which already enjoy lower tariffs in Europe. The EFTA will specifically benefit cotton garments, synthetic fibers, and technical textiles, where India has strong production capacity. Switzerland, a luxury textile hub, is expected to drive demand for high-value fabrics and organic cotton.

## **Pharmaceuticals:**

The pharmaceutical sector is among the most strategically important beneficiaries of these FTAs. India's pharma exports to the UK crossed \$914 million in FY24. Medical devices including surgical instruments, diagnostic equipment, ECG machines, and X-ray systems will enter the UK market duty-free, enhancing the competitiveness of Indian med-tech firms. Europe accounts for around 19 per cent of India's pharma exports, the EFTA is expected to boost Swiss investments in India's healthcare and pharma sector, particularly in R&D, biotech, and advanced medical technology.

## **Automotives:**

The EFTA is set to provide deeper market access for Indian companies in European markets, fostering collaborations with leading manufacturers. Meanwhile, the CETA allows UK automobiles to enter India at reduced tariffs, creating reciprocal opportunities for Indian manufacturers to supply components and parts to UK-based production facilities. Investments by EFTA countries can benefit India's EV ecosystem through technology transfer in battery management systems, charging infrastructure, lightweight materials and collaboration on sustainability standards.



## **Services:**

FTA provisions also support professional mobility, enabling easier movement of skilled personnel for project implementation, installation, and maintenance services.

The CETA further opens unprecedented access to the UK's public procurement market. UK firms can now provide telecom, construction, and related services in India without a local presence, while Indian companies can enter 137 UK sub-sectors, unlocking opportunities for strategic partnerships, joint ventures, and technology collaborations in automotive components, engineering goods, and digital services.

## **Navigating compliance and implementation**

Indian SMEs and corporates face substantial challenges in meeting the complex compliance and implementation requirements of these FTAs. The most pressing issue is understanding and adhering to Rules of Origin (RoO), which determine eligibility for preferential tariffs. Small and micro firms often lack the capacity to manage processes involving regional value content (RVC), change in tariff classification (CTC), and product-specific rules (PSR) for each HS code.

Technical Barriers to Trade (TBT) and diverse regulatory standards pose additional hurdles, particularly for SMEs with limited financial resources and technical expertise to adapt products to multiple frameworks. The EU's stringent measures such as the Carbon Border Adjustment Mechanism (CBAM) and Deforestation Regulation are viewed as potential non-tariff barriers. Knowledge gaps around Ethical Trade Imperatives (ETI) further widen the compliance challenge, requiring SMEs to address issues of labor standards, worker safety, wages, and environmental practices.

The India-EFTA TEPA attempts to bridge these gaps by including dedicated chapters on trade and sustainable development with binding commitments on environmental protection and labor standards. Still, limited awareness of FTA benefits, combined with restricted access to market intelligence and networking opportunities, constrains SME participation. A positive step forward is the establishment of the EFTA Desk in February 2025, which serves as a single-window investment facilitation mechanism to support Indian businesses in navigating these requirements.

## **WTCA ecosystem for growth in FTA nations**

With a network in more than 300 major cities of nearly 100 countries/territories, World Trade Centers Association (WTCA) is well-positioned to provide necessary market access assistance to India companies through trade services available across the network such as market intelligence and research, business matchmaking, exhibition and conferences, trade missions and delegations.

WTC businesses across various cities in India are working diligently to get local companies ready to succeed for the FTA opportunities. This extensive domestic network, combined with global reach, creates a unique ecosystem for Indian companies to access international markets systematically and strategically.

The role of WTCA in supporting India's FTA strategy will become increasingly important as the association actively seeks to build partnerships with key multilateral organizations such as the World Trade Organization (WTO), United Nations Conference on Trade and Development (UNCTAD), and the United Nations.

## **The reciprocity system**

The WTCA Reciprocity Desk system provides member companies with unprecedented access to facilities and services at participating WTC locations worldwide, including WTC businesses in FTA partner countries. For Indian companies expanding into UK and EU markets, this means having instant access to local business communities, market intelligence, and trusted partners without the need to establish physical presence or navigate unfamiliar business environments independently. The strategic value of WTCA membership extends to addressing specific compliance and implementation challenges associated with FTAs.

## **Conclusion**

CETA and EFTA mark a decisive shift from tariff reduction to deeper global integration. These agreements unlock duty-free access, investment flows, and sustainability commitments while creating opportunities across key sectors. Success will depend on how effectively Indian businesses especially SMEs can navigate compliance and leverage institutional support. If executed strategically, India's trade corridors and FTAs can redefine its global trade identity for decades to come.