ESTIMATED ECONOMIC EFFECTS OF THE EU-INDIA FREE TRADE AGREEMENT

REPORT

seo • amsterdam economics



AUTHORS
JOOST WITTEMAN, HANNA SAKHNO, PEDRO ROMAO & KOEN BERDEN

COMMISSIONED BY
MINISTRY OF FOREIGN AFFAIRS

AMSTERDAM, 12-11-2026

Summary

Gravity model estimates suggest long-run gains from trade of +0.03 per cent of real income for the Netherlands and +0.02 per cent for the EU, and +0.13 per cent for India. The gains come almost entirely from tariff elimination and are concentrated in manufacturing.

This report estimates the economic effects of the negotiated EU-India Free Trade Agreement (FTA) using a gravity model of international trade. The model accounts for both trade creation and trade diversion, using the negotiated tariff schedules and three scenarios for non-tariff measures (NTMs), each anchored to a published assessment. All four sectors, including services, are modelled. Gains from investment or stronger intellectual property protection are not captured.

The agreement removes most of India's high tariffs but few measurable non-tariff barriers. Weighted by bilateral trade, India's tariffs on EU goods fall from 10.3 to 1.2 per cent and EU tariffs on Indian goods from 4.7 to 0.2 per cent. Our central scenario follows the European Commission's 2026 assessment of the negotiated text, which credits virtually no reduction in non-tariff barriers for goods. Our high scenario adopts the more ambitious assumptions of the Commission's 2023 Trade Sustainability Impact Assessment, but even these lower manufacturing trade costs by only a further 0.3 percentage points, against a tariff cut of almost 10 points. Tariff elimination therefore accounts for about 96 per cent of India's welfare gain and almost all of the Dutch and EU gains.

In the central scenario, welfare gains amount to +0.032 per cent for the Netherlands and +0.019 per cent for the EU, and +0.13 per cent for India. These results are in line with the Commission's 2026 estimates. India gains mainly through lower prices, as consumers and firms buy cheaper European manufactured goods, while Indian manufacturers face more competition. In the Netherlands and the EU, producers gain from better access to the Indian market. The gains are asymmetric: India removes its own, much higher tariffs, while India accounts for only a small share of EU external trade. Within-country distributional effects are not formally estimated.

Indian total exports increase by +11.8 per cent and imports by +9.6 per cent in the central scenario. Dutch exports and imports both rise by +0.5 per cent, around EUR +3.0 billion each at 2019 prices. Bilateral increases are much larger: EU exports to India more than double, and Dutch exports to India rise by EUR +6.2 billion from a base of EUR 4.8 billion. Part of this is substitution rather than new trade. European goods replace Indian domestic production and third-country suppliers, notably China, whose sales to India fall by 7 per cent. Only looking at bilateral EU-India flows would therefore overstate the trade impact.

Services make up about half of Dutch trade with India, against about a third for the EU as a whole, but the agreement changes little here. In 2024 the Netherlands exported EUR 2.5 billion in services to India and imported EUR 6.6 billion, almost entirely ICT and other business services. The agreement mainly locks in India's current openness in services, so services trade between the EU and India grows by only 4 to 5 per cent, with hardly any effect on welfare. Dutch firms serve India mainly through local presence (direct investment of EUR 32.4 billion), which falls outside the model; investment protection is left to a separate agreement still under negotiation.

Table of Contents

Summary			2
Table of Contents			3
1	Introduction		4
	1.1	Background and our assignment	4
	1.2	Prior estimates	5
2	Current trade flows		7
	2.1	India country profile	7
	2.2	EU-India trade relations	7
	2.3	Netherlands-India trade relations	9
3	Model estimates		11
	3.1	Model description	11
	3.2	From agreement to trade-cost shock	12
	3.3	Welfare effects	15
	3.4	Trade effects	19
4	Trade in services		25
	4.1	Services trade between the EU, the Netherlands and India	25
	4.2	What the Netherlands trades with India	27
	4.3	The EU and the Netherlands in India's services trade	29
	4.4	Commercial presence and direct investment	30
	4.5	Services in the agreement and their relevance for the Netherlands	31
Appendix A		Additional results	34

1 Introduction

This report estimates the economic effects of the negotiated EU-India Free Trade Agreement (FTA) using a gravity model of international trade.

1.1 Background and our assignment

The Ministry of Foreign Affairs of the Netherlands has asked SEO Amsterdam Economics to estimate the expected effects of the EU-India trade agreement on the Dutch economy. Negotiations on an EU-India trade agreement (FTA) were first launched in 2007 and suspended in 2013. They were relaunched in 2022, together with separate negotiations on an Investment Protection Agreement (IPA) and an agreement on Geographical Indications (GIs). The parties announced the conclusion of the FTA negotiations on 27 January 2026 (European Commission, 2026a). On 11 September 2026, the European Commission presented its proposals for the signature and conclusion of the FTA to the Council (COM (2026) 483). Following approval by the Council and consent by the European Parliament, the agreement can be signed and concluded. India in parallel completes its own ratification procedure. The Investment Protection Agreement and the GI agreement are still under negotiation and are not covered by this report.

The FTA replaces India's unilateral GSP preferences, which India is already partly losing through product graduation, with permanent and reciprocal preferences. India is a beneficiary of the standard GSP, but the EU has progressively suspended its preferences for product sections in which Indian exports have become competitive. Under Commission Implementing Regulation (EU) 2025/1909, GSP preferences for thirteen mostly industrial sections – including mineral products, chemicals, plastics, rubber, textiles, ceramics and glass, precious metals, and iron and steel – are suspended from 1 January 2026 until 31 December 2028, while agricultural lines remain eligible. A large share of Indian exports to the EU therefore already faces full MFN tariffs. For these products, the FTA largely replaces lapsed preferential access rather than adding to it.

The agreement starts from high Indian tariffs. India's average tariff on EU goods is nearly 18 per cent, more than three times the EU's 5.3 per cent on Indian goods (European Commission, 2026c). Tariffs on cars are gradually reduced from 110 per cent to as low as 10 per cent within an annual quota, while car-part tariffs are abolished after up to ten years. Tariffs of up to 22 per cent on chemicals are mostly removed at entry into force, and machinery tariffs are liberalised in part at entry into force and in full within ten years. Tariffs on alcoholic beverages of up to 150 per cent fall over time to 30 per cent for most wines, 40 per cent for spirits and 50 per cent for beer.

Most bilateral trade will be liberalised, but both sides protect sensitive agriculture. The EU eliminates tariffs on 91 per cent of its imports from India by value, and India on 93 per cent of its imports from the EU. Including partial cuts, coverage rises to 99.3 and 96.6 per cent respectively. Cuts are phased in, with full implementation around 2037. The EU excludes sugar, rice, beef, poultry and dairy. India keeps some protection on rice, sugar, dairy and beverages, and on a few industrial goods such as motor vehicles.

The EU-India FTA is a comprehensive agreement. It covers trade in goods and services, digital trade, intellectual property and competition, and includes extensive rules on customs, product standards (SPS and TBT) and trade remedies. It also contains chapters on SMEs, good regulatory practice, sustainable food systems and trade and

sustainable development. Investment protection and geographical indications are being negotiated in separate agreements.

To support the Dutch policy debate, we have been asked by the Dutch Ministry of Foreign Affairs to estimate the expected effects of the EU-India FTA in terms of trade and GDP, with particular attention to trade in services.

1.2 Prior estimates

The European Commission's September 2026 economic assessment, the most recent official estimate of the FTA's economic impact, projects clear gains for both the EU and India, though of different magnitudes. The assessment models the negotiated tariff schedules and the agreement's provisions on technical and sanitary barriers to trade. By 2037, when the tariff commitments are fully implemented, India's GDP is expected to be EUR 44.0 billion higher than it would otherwise have been, equivalent to 0.12 per cent of GDP. The gain for the EU is estimated at EUR 27.3 billion, or roughly 0.02 per cent of GDP. On trade, EU exports to India are projected to rise by EUR 57.8 billion, or 54 per cent, while Indian exports to the EU rise by EUR 24.1 billion, or 17 per cent. These gains are overwhelmingly concentrated in goods: manufacturing accounts for 95 per cent of the increase in EU exports and 92 per cent of the increase in Indian exports. They are led by machinery, chemicals and motor vehicles on the EU side, and by wearing apparel, chemicals and non-ferrous metals on the Indian side.

The modelled effects for services are much smaller, for two reasons. First, the agreement mainly locks in India's current level of openness in services, so it can no longer be reversed, but does little to open the market further. The Commission models this as a 3 per cent reduction in existing services barriers. Second, services are traded in four ways, or modes: cross-border supply (Mode 1), consumption abroad (Mode 2), commercial presence through a local affiliate (Mode 3) and the temporary movement of people (Mode 4). The models capture mainly the first. For example, a Dutch firm can buy ICT services from an Indian company that delivers them from India (Mode 1). The same Indian company could also deliver the same services through an affiliate it has established in the Netherlands (Mode 3), in which case no cross-border trade is recorded. The Commission therefore treats its estimates as a lower bound: the model cannot quantify gains from foreign direct investment, stronger intellectual property protection, greater legal certainty for investors or more resilient supply chains.

The 2023 Trade Sustainability Impact Assessment that accompanied the relaunched negotiations projects considerably larger gains, and also larger gains for India than for the EU. The Trade SIA commissioned by the European Commission (European Commission, 2023) simulated a conservative and an ambitious liberalisation scenario in a computable general equilibrium (CGE) model. By 2030, it projects an increase in EU GDP of 0.1 per cent (conservative) to 0.2 per cent (ambitious), and in Indian GDP of 0.6 to 1.0 per cent. In the ambitious scenario, this corresponds to EUR 47.9 billion for the EU and EUR 69.6 billion for India by 2030. EU merchandise exports to India were projected to roughly double, and Indian merchandise exports to the EU to rise by close to 90 per cent. As in the 2026 assessment, services effects were much smaller: EU services exports to India were projected to rise by around 5 per cent and Indian services exports to the EU by about 0.1 per cent. The SIA notes explicitly that its model does not cover Mode 3, the dominant mode of services trade.

The difference between the two assessments stems mainly from their assumptions. As required by the EU policy cycle, the Trade SIA was carried out alongside the negotiations, in 2021 and 2022, three years before the text was finalised. It therefore had to assume the likely outcome, based on negotiators' expectations at the time. It

modelled tariff liberalisation of 90 (conservative) to 95 per cent (ambitious) on both sides, excluding most agricultural sectors, and reductions in non-tariff barriers on industrial goods of 5 to 10 per cent. For services, it assumed a 3 per cent reduction in existing barriers. This reflected the expectation that the agreement would mainly close the gap between India's formal commitments and its applied regime, plus a small investment effect. It was also needed to offset a general-equilibrium effect: in the model, resources drawn into liberalised manufacturing would otherwise come at the expense of services. The final outcome is less ambitious on all three counts. The negotiated schedules leave residual protection in sectors such as motor vehicles and dairy. The Commission's line-by-line scoring of the final text credits virtually no reduction in non-tariff barriers for manufactured goods. And the separately negotiated Investment Protection Agreement, whose effect the SIA estimated with a separate gravity model, is not part of the 2026 assessment.

Earlier assessments, carried out when negotiations were first launched, also pointed to mutual gains. Before negotiations stalled in 2013, the European Commission commissioned two quantitative studies of a prospective agreement in line with EU policy-making guidelines: the economic assessment and the 2009 Trade SIA. Both simulated liberalisation scenarios based on levels of EU and Indian ambitions, while taking into account sensitive sectors, rather than a negotiated text (as did the 2023 Trade SIA). The liberalisation scenarios developed in 2009 were more general and less detailed than the 2023 Trade SIA and 2026 EC study. Also the use of the CGE model was not nearly as advanced as 14 years later. These two studies nevertheless show the same, consistent pattern: both parties gain, but India's gains are a multiple of the EU's relative to the size of each economy.

To our knowledge, no prior study has estimated the effects of the negotiated EU-India FTA on the Dutch economy specifically (i.e. split out the Netherlands from EU overall analyses), which is the contribution of this report. The closest precedent is a study by LEI Wageningen UR (Achterbosch, Kuiper & Roza, 2008), commissioned by the Ministry of Agriculture, Nature and Food Quality. It modelled the Netherlands separately from the rest of the EU. That study, however, predates the negotiated agreement. It covered tariff reductions on goods trade only, with a particular focus on agriculture, and did not address non-tariff barriers or services. It found the effects for the Netherlands to be broadly similar to those for the EU as a whole. The Dutch effects were somewhat more favourable, which the authors attributed to the role of Dutch transport services in carrying the additional trade.

2 Current trade flows

In 2024, total Dutch exports to India amounted to approximately EUR 4.8 billion and imports to about EUR 13.9 billion. About half of the trade flows are in services.

2.1 India country profile

India is the most populous country in the world, with a population of 1.4 billion people, and has the largest economy in South Asia, ranking sixth globally by nominal GDP, according to the IMF. In 2026, its nominal GDP is projected to be approximately EUR 3.8 trillion. This results in a nominal GDP per capita of about EUR 2,590. Correcting for purchasing power parity (PPP), India's adjusted GDP per capita is approximately EUR 11,130.

The country's economy is diversified, with significant contributions from services and industry. As of 2024, services accounted for around 55 per cent of India's value added, industry for 27 per cent and agriculture for 18 per cent, according to the World Bank figures. Key agricultural products include rice, wheat, sugarcane, cotton and tea, while the industrial sector encompasses textiles, chemicals, pharmaceuticals, steel, machinery and food processing. Services are concentrated in software and IT services and other business services.

In 2025, India's real GDP was projected to grow by 6.6 per cent. This growth was driven by resilient private consumption – particularly in rural areas – and by a goods-and-services tax reform that lowered the effective tax rate and cushioned external pressures. Looking ahead, the International Monetary Fund projects India's real GDP growth will slow down marginally to about 6.2 per cent in 2026, reflecting elevated US tariffs and heightened global trade uncertainties. Inflation stood at around 3 per cent in 2025, within the Reserve Bank of India's 4 ± 2 per cent target band and below its midpoint. The unemployment rate was approximately 4.2 per cent, indicating a relatively stable labour market – although the issue of informal employment is not captured in this statistic. India's economic outlook for 2026 remains the strongest among major economies, supported by robust domestic demand, though external trade tensions pose the principal downside risk.

2.2 EU-India trade relations

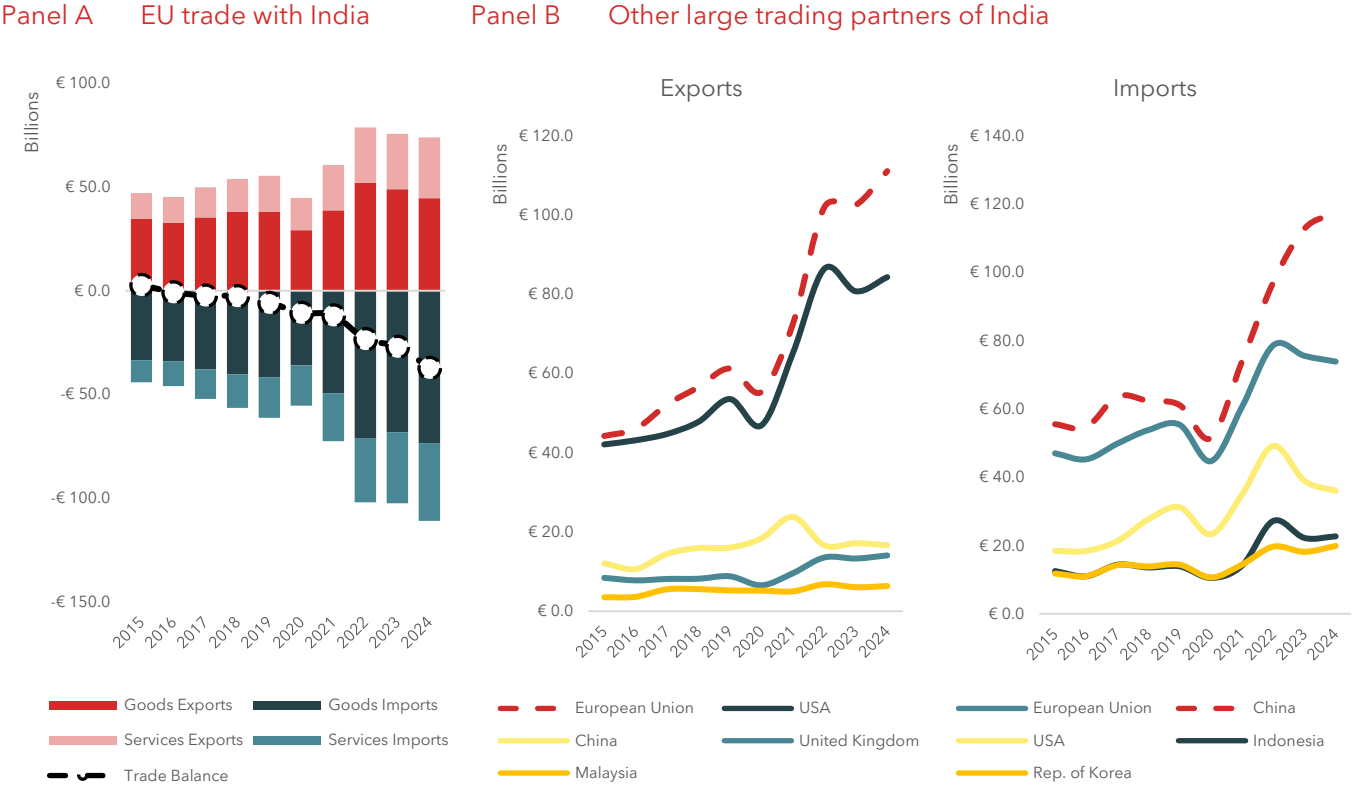
Figure 2.1 below summarises EU-India trade in the context of overall Indian trade relations. In 2024, EU exports to India amounted to approximately EUR 74 billion, while EU imports from India were considerably higher, at around EUR 111 billion.[1] As such, the EU ran an overall trade deficit with India of about EUR 37 billion in 2024 – a marked shift from broadly balanced trade a decade earlier. This reflects the rapid growth of Indian goods and services exports to the EU. The majority of EU exports to India are goods (around 60 per cent, with services making up the

[1] We consistently take the importer's perspective and use import mirror data sourced from UN COMTRADE, i.e. the recorded imports by trade partners, to populate all bilateral export flows. This approach is applied throughout the study to ensure comparability and consistency across countries and flows, particularly in cases where export statistics are incomplete or inconsistent. The use of mirror data is well established in international trade analysis and follows international guidelines (International Monetary Fund, 2023; World Customs Organization, 2015). Consequently, the resulting figures presented in this report may differ from those reported by national statistical agencies, such as CBS in the case of the Netherlands, that compile trade data based on the domestic perspective. Services flows cannot be mirrored, because India publishes no bilateral services statistics; both directions are therefore taken from the EU member states' balance-of-payments statistics as compiled by UNCTAD from Eurostat, the same series as in Chapter 4 and in European Commission (2026), Table 6. This series includes Irish trade and the latest revisions, which the UN COMTRADE services tables do not yet carry.

remaining 40 per cent), while EU imports from India are similarly weighted towards goods (around 66 per cent, services accounting for 34 per cent).

Panel B of Figure 2.1shows that the EU is India's largest export market, while China dominates its imports. On the export side, the EU (EUR 111.0 billion) and the United States (around EUR 84 billion in 2024) are India's two largest destinations, followed at a distance by the United Kingdom and China. On the import side, China is by far India's largest supplier (around EUR 117 billion), with the EU a distant second (EUR 73.9 billion), ahead of the United States, Indonesia and the Republic of Korea.

Figure 2.1 EU trade with India (Panel A) and India's other large trading partners (Panel B).

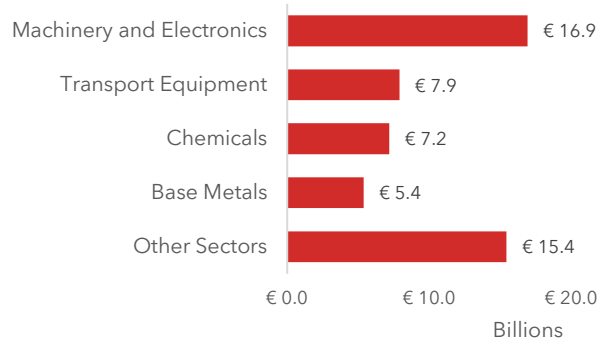


Source: SEO Amsterdam Economics based on UN COMTRADE (goods) and UNCTAD (services). Values in EUR at ECB annual average exchange rates. Panel A shows EU exports to and imports from India (imports as negative values) and the EU trade balance.

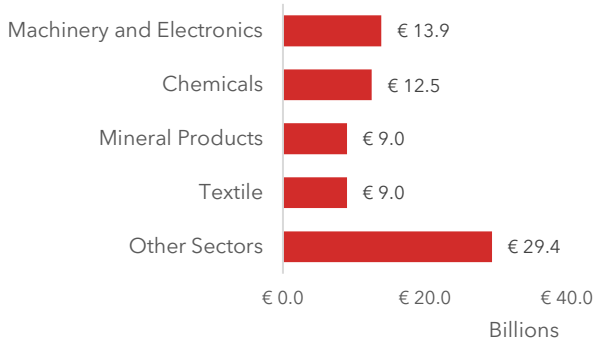
Figure 2.2 below highlights the top EU goods exports to India, as well as the top EU goods imports from India (2023). The top-4 product categories account for about 71 per cent of EU goods exports to India. The most prominent group is Machinery and Electronics (EUR 16.9 billion), followed by Transport Equipment (EUR 7.9 billion), Chemicals (EUR 7.2 billion) and Base Metals (EUR 5.4 billion). On the EU import side, the top-4 categories make up around 60 per cent of goods imports from India: Machinery and Electronics (EUR 13.9 billion), Chemicals (EUR 12.5 billion), Mineral Products (EUR 9.0 billion) and Textiles and Clothing (EUR 9.0 billion).

Figure 2.2 Main EU goods exports (Panel A) to and imports (Panel B) from India in 2023.

Panel A Top EU goods exports to India



Panel B Top EU goods imports from India



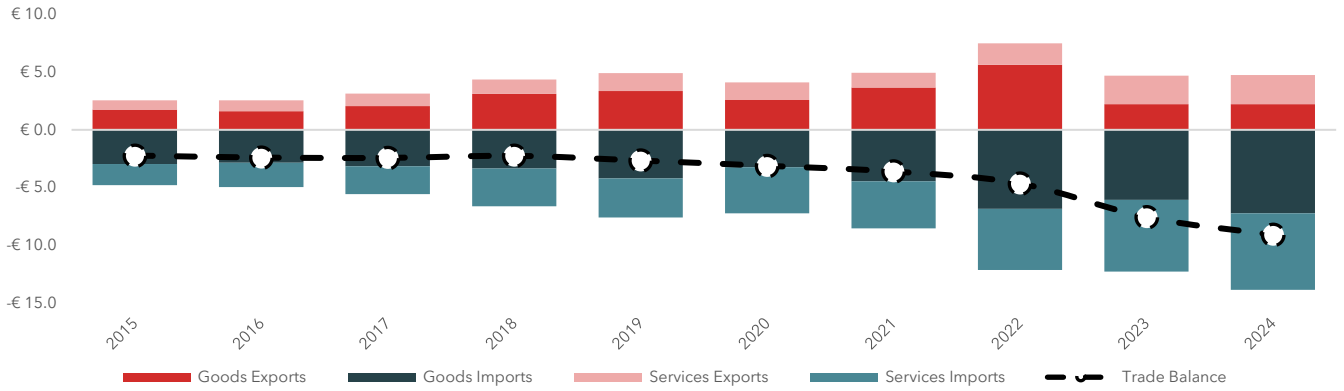
Source: SEO Amsterdam Economics based on UN COMTRADE. The industries shown here are HS2-digit product categories, with names simplified for readability. Machinery and Electronics refers to machinery and mechanical appliances, electrical equipment and parts, and sound and video recorders and reproducers; Chemicals covers products of the chemical or allied industries; Transport Equipment includes vehicles, aircraft, vessels and related transport machinery; Base Metals consists of base metals and their derived articles; Mineral Products includes raw and processed minerals.

2.3 Netherlands-India trade relations

Figure 2.3 below summarises Netherlands-India trade in the context of overall Dutch trade relations. In 2024, total Dutch exports to India amounted to approximately EUR 4.8 billion, around 47 per cent of which were goods. Total Dutch imports from India were considerably larger, at about EUR 13.9 billion, of which roughly 52 per cent were goods. The Netherlands ran a trade deficit with India of about EUR 9 billion in 2024, which has widened over the past decade as Indian exports to the Netherlands grew.

Some of these trade flows are re-exports. As a major European trade hub, the Netherlands generally reports a high share of goods re-exports (up to 50 per cent), goods that are imported, sold by a Dutch entity, and exported again with little or no processing. These flows appear in trade statistics but add limited domestic value. CBS does not publish a readily available re-export estimate for trade with India, but for distant markets this share tends to be lower than for neighbouring EU partners. Comparable figures are not available at the EU level, as most member states do not distinguish re-exports from domestic exports in their trade statistics.

Figure 2.3 Dutch trade with India

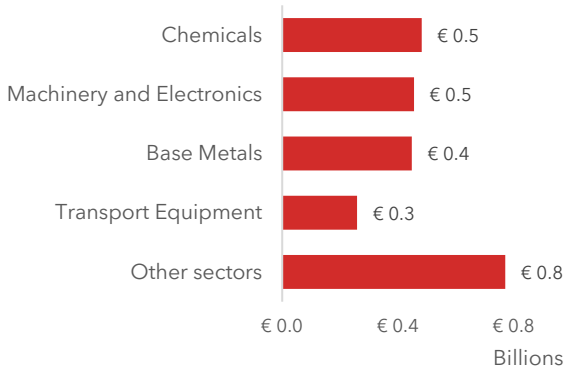


Source: SEO Amsterdam Economics based on UN COMTRADE (goods) and UNCTAD (services). Values in EUR at ECB annual average exchange rates. Shown are Dutch exports to and imports from India (imports as negative values) and the Dutch trade balance.

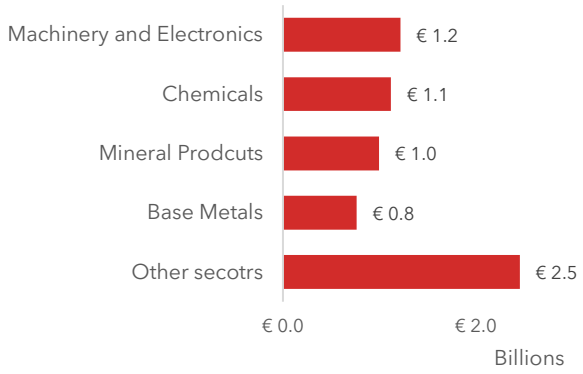
Figure 2.4 below shows the top Dutch goods exports to and imports from India (2023). On the export side, the leading categories are Chemicals (EUR 0.48 billion), Machinery and Electronics (EUR 0.46 billion), Base Metals (EUR 0.45 billion) and Transport Equipment (EUR 0.26 billion); together the top four account for about 68 per cent of Dutch goods exports to India. On the import side, the largest categories are Machinery and Electronics (EUR 1.2 billion), Chemicals (EUR 1.1 billion), Mineral Products (EUR 1.0 billion) and Base Metals (EUR 0.8 billion), together about 63 per cent of Dutch goods imports from India.

Figure 2.4 Main Dutch goods exports (Panel A) to and imports (Panel B) from India in 2023.

Panel A Top Dutch goods exports to India



Panel B Top Dutch goods imports from India



Source: SEO Amsterdam Economics based on UN COMTRADE. The industries shown here are grouped HS2-digit product categories. Due to the chosen data source, level of classification, and the potential 'Rotterdam effect' not accounted for in the data, the most traded product groups might differ from those reported by, for example, CBS. Product group names have been simplified for better readability in visualisations. Machinery and Electronics refers to machinery and mechanical appliances, electrical equipment and parts, and sound and video recorders and reproducers; Chemicals covers products of the chemical or allied industries; Transport Equipment includes vehicles, aircraft, vessels and related transport machinery; Base Metals consists of base metals and their derived articles; Mineral Products includes raw and processed minerals.

3 Model estimates

Gravity model estimates suggest long-run gains from trade of +0.13 per cent of real income for India, +0.03 per cent for the Netherlands, and +0.02 per cent for the EU once the agreement is fully implemented[5]. The quantified gains of the agreement are almost entirely tariff-driven.

3.1 Model description

Our estimates follow from a General Equilibrium (GE) structural sectoral Armington-CES gravity model. This workhorse model of trade economics has been used, by CPB and by us, to assess European integration and trade agreements.[2,3,4] See Anderson (2011), Head & Mayer (2014) or Yotov, Piermartini & Larch (2016) for an exposition. We solve it separately for four broad sectors – agriculture, mining and energy, manufacturing, and services – to capture sector-specific barriers and responses.

The gravity model relates bilateral trade to country-level characteristics ("GDP") and bilateral trade costs ("distance"). Trade rises with the size of either partner's economy and falls with bilateral trade costs: tariffs, non-tariff measures (NTMs) and the frictions for which distance is the usual proxy. We translate the agreement into a trade-cost reduction and estimate the resulting changes in trade and welfare, netting trade creation (more EU-India trade) against trade diversion (part of it replaces third-country trade) in a consistent general equilibrium.

The balance of trade creation and trade diversion implies welfare effects, measured in terms of real income. Standard assumptions apply: no (immediate) reallocation of factors of production, imperfect substitutability of goods, separable industries; the model works with aggregate trade flows by country and sector, so it contains no investment or foreign direct investment, no employment, and no decisions of individual firms on whether or why to export or import. The estimates are therefore structural and typically smaller than those of models that add factor reallocation, capital investment, sectoral spillovers or multi-period dynamics. Importantly, our results should not be read as a deterministic forecast, but as a counterfactual estimate of the agreement's impact. We aim to answer one question: how much larger would trade and real income be, in the medium to long term, if the agreement were applied as in our modelled shock, compared to no agreement?[5]

To consistently estimate trade creation, trade diversion, and welfare effects, the model requires data on both bilateral trade and domestic output. Domestic output is needed because not all output is exported. We use the bilateral and within-country trade flows of the United States International Trade Commission (USITC), ITPD-S

---

2 See e.g., Head, K. & Mayer, T. (2021). *The United States of Europe: A Gravity Model Evaluation of the Four Freedoms*. Journal of Economic Perspectives 35/2, 23-48.

3 See e.g., Freeman, D., Meijerink, G., & Teulings, R. (2022). *Trade Benefits of the EU and the Internal Market*. The Hague: CPB Netherlands Bureau for Economic Policy Analysis.

4 See e.g., Oomes, N., Appelman, R., & Witteman, J. (2017). *Impact of the EU-Ukraine Free Trade Agreement on the Dutch Economy*. SEO Amsterdam Economics.

5 Model results are medium- to long-term structural changes after the agreement is fully implemented and markets have adjusted; the model contains no transition path or adjustment costs. The schedules stage the longest tariff reductions over up to eleven years; the European Commission (2026) reports its results for 2037, the year in which its tariff schedule is fully implemented.

(released December 2024), for the reference year 2019, and its Dynamic Gravity Dataset (DGD) for country and country-pair characteristics.

India's data allow all four sectors, including services, to be modelled. ITPD records India's domestic services activity (around USD 2.2 trillion in 2019), so the model covers the whole economy as it appears in the data. Economy-wide results weight the sector results by 2019 expenditure (for India: services 53 per cent, manufacturing 31 per cent). Services thus enter both as a modelled sector and through their own, small, shock (Section 3.2); their bilateral flows in ITPD are of lower quality, so the services results are less precisely estimated.[6]

Sectoral trade elasticities take central values of 8.5 (agriculture), 15 (mining and energy), 12.6 (manufacturing) and 5 (services). Sector elasticities are trade-weighted aggregates of the product-level (HS6) tariff-based trade elasticities estimated by Fontagné, Guimbard and Orefice (2022), mapped to ITPD industries and then to the four sectors. [7]As a robustness convention we scale all elasticities jointly by ×0.75 and ×1.25 ("the 25 per cent band"). Appendix A reports the band; it is not a confidence interval.

3.2 From agreement to trade-cost shock

The trade-cost shock is constructed directly from the negotiated agreement (as far as possible) rather than estimated from past trade agreements. For each of the 9,744 EU and 12,652 Indian lines in the Annex 2-A schedules[8] we take the listed base rate and the end-state rate after all staged reductions, aggregated to sectors with 2019 bilateral trade weights. The NTM component applies published reductions to ad-valorem equivalents (AVEs) of non-tariff measures. Both enter as iceberg trade-cost reductions; there is no tariff-revenue channel.[9]

Several provisions of the schedules cannot be read directly as a percentage tariff, so our reading stays as close to the text as possible. For 722 EU lines and five Indian lines, part of the duty is set as a fixed amount per quantity (such as euros per 100 kg) rather than as a percentage of value. We count only the percentage part, because converting the fixed amount would require unit values per line, which neither the schedules nor the Commission publish. This understates EU protection on these lines, which carry under 4 per cent of Indian exports to the EU, so India's agricultural export gains are, if anything, slightly conservative. Quota products keep their out-of-quota rate, except cars and trucks, whose out-of-quota duty falls to 35 and 20 per cent; in-quota access (cars, EU steel) is not valued, a lower bound for these products. For 76 EU agri-food lines the agreement locks in India's current Generalised Scheme of Preferences rate, which we approximate;[10] elsewhere the most-favoured-nation base is the right counterfactual as India graduates from the scheme. The Commission (2026) values specific duties and quota

---

6 Most ITPD-S observations of EU-India services trade are flagged as estimated or mirrored from the partner's statistics. Services results are therefore less precisely estimated due to lower data quality, probably underestimating the existing services production and trade.

7 Mining-and-energy value is set at 15, below the product-level aggregate, due to a few fuel lines with extreme estimates being purposefully excluded; services, which carry no tariffs, take the standard literature value of 5.

8 Appendix 2-A-1 (EU schedule) and Appendix 2-A-2 (Indian schedule) to Annex 2-A of the agreement, as published on CIRCABC with the Council proposals of 11 September 2026. The texts are subject to legal revision and become final upon signature, so the shocks in this chapter may change marginally. The schedules were extracted to tariff-line level by Joost Ooms (SEO).

9 Treating tariffs as iceberg costs is standard in structural gravity (Anderson and van Wincoop, 2003; Yotov et al., 2016): the tariff wedge is a resource cost and its removal benefits buyers directly, without an offsetting loss of government revenue. For a country with high initial tariffs this tends to overstate the gain from its own liberalisation relative to models that redistribute tariff revenue. The Commission's GTAP model, which does include tariff revenue, finds a gain for India of the same size (Section 3.3).

10 Article 2.5 and Section C of Annex 2-A. For 76 EU agri-food lines the agreement reduces the duty to the GSP rate applied on 1 January 2025; pending the exact tariff-line rates we use the standard GSP margin for sensitive products (MFN minus 3.5 percentage points). The effect on the EU agricultural average is at most 0.1 point.

lines as tariff equivalents on 2023 weights instead; its end states are within half a point of ours and the cuts as a share of the base agree, so both readings of the schedules give the same tariff shock.

Weighted by bilateral trade, India's tariffs on EU goods fall from 10.3 to 1.2 per cent and EU tariffs on Indian goods from 4.7 to 0.2 per cent at full implementation (Table 3.1). The cut is deepest in manufacturing (10.9 to 1.2 per cent); in agriculture the exclusion list keeps much protection in place (30.1 to 16.4 per cent, trade-weighted). The Commission (2026) arrives at 12.1 to 1.5 and 3.5 to 0.1 per cent. Two timing caveats: the base rates are the 2025 schedules' while the baseline is 2019 trade, and India raised several tariffs between 2018 and 2020; the 2025 United States tariffs on Indian goods are not in the baseline either.[11]

Non-tariff measures are where the agreement's quantifiable content is thin, and the Commission's two assessments of it differ. The 2023 Sustainability Impact Assessment (SIA), written before the negotiations, assumed in its ambitious design that non-agricultural goods NTMs would fall by 10 per cent of their initial levels in both directions and services barriers by 3 per cent.[12] The Commission's 2026 assessment of the negotiated text scores the SPS and TBT chapters line by line and finds cost reductions of at most 0.46 percentage points (agricultural goods entering India, trade-weighted across its sectors) and virtually none in manufacturing (0.01 point); it values the services binding at 3 per cent of the existing barrier, or 1.29 points on EU services entering India and 1.11 points on Indian services entering the EU.[13] The revision is a judgement about what the text is expected to deliver: the agreement eliminates most tariffs but, in the Commission's reading, removes few quantifiable NTMs for goods. Part of the gap is timing: the SIA was written in 2021 and 2022, before a text existed (Section 1.1). The remainder cannot be closed with the information available, because the barrier levels behind the SIA's cuts were never published, and the reasons behind the Commission's two diverging assessments deserve further clarification.

We therefore anchor every scenario on one of these studies rather than on a convention of our own. The 'Tariffs only' scenario implements the new tariff schedules alone. The 'Central' scenario adds NTM easing along the Commission's 2026 line-by-line scoring: trade costs fall by at most half a percentage point in agriculture, around 1.2 points in services and virtually none in manufacturing or mining and energy (Table 3.1). The 'High' scenario borrows mostly from the 2023 SIA's ambitious NTM design: non-agricultural goods NTMs fall by 10 per cent of their level in both directions, services by 3 per cent and, for agriculture, we apply the Commission's cut since the SIA provides no figure of its own. The three scenarios thus run from the schedules alone to the Commission's reading of the text and to the SIA's more ambitious design.

Because the SIA's barrier levels are unpublished, we apply its 10 per cent cut to UNCTAD's AVEs of border measures, which stand at 2.9 per cent on manufacturing in both directions. [14]UNCTAD's border measures exclude technical barriers, whereas the World Bank estimates the SIA refers to include them, so our levels are the lower of the two and 'High' is a conservative reading of the SIA design, not an upper bound on NTM liberalisation.

---

11 The baseline is the observed 2019 economy, so later changes such as the 2025 United States tariffs on Indian goods would require a projected baseline. The Kiel Institute (Hinz et al., 2026) includes them and finds the same pattern of effects for the agreement.

12 Trade Impact B.V. for DG Trade (2023). *Trade Sustainability Impact Assessment in support of Free Trade Agreement and Investment Protection Agreement negotiations between the European Union and the Republic of India – Final Report*, December 2023, and its Annex.

13 The Commission (2026) scores each tariff line of the SPS and TBT chapters for the degree of barrier removal agreed (0/33/66/100 per cent) and applies the score to estimated ad-valorem equivalents of non-tariff measures.

14 UNCTAD TRAINS, ad-valorem equivalents of non-tariff measures, version 11 (border measures: quantitative restrictions, licensing and price controls), estimated with the method of Kee and Nicita (2022) and weighted to our four sectors with UNCTAD's 2017 bilateral trade.

Even so, High cuts manufacturing trade costs by 0.3 percentage points: about fifty times the Commission's 2026 scoring, but a small fraction of the tariff cut.

Services carry the same, small shock in every scenario. The agreement binds existing market access rather than opening new markets, and the SIA, the Commission and this chapter all value that binding at 3 per cent of the existing barrier. Only the Commission's cuts can be recovered in percentage points; they imply barrier levels of about 43 per cent on EU services entering India and 37 per cent on Indian services entering the EU,[15] and the resulting 1.29 and 1.11 points apply in Central and High alike. The services shock is therefore small by design. Higher barrier levels, as the SIA may have used, would scale the shock proportionally, but the SIA's own services results, bilateral exports up 4.7 per cent for the EU and 0.1 per cent for India, suggest that its services shock was no larger than ours.

Table 3.1 translates the schedules and the NTM assumptions into shocks per direction and sector. The total shock compounds both cuts as a percentage change in the cost of delivering goods to the partner market. It is largest for EU agricultural exports to India (−10.8 per cent in Central), followed by EU manufacturing exports (−8.8 per cent), which carry most of the trade affected. Services carry no tariffs; their NTM cost reduction is −0.9 per cent into India and −0.8 per cent into the EU.

Table 3.1 Tariff and NTM shocks by direction and sector: the schedules remove most tariffs, while the NTM cuts are small by comparison

Sector	Base tariff (%)	End-state tariff (%)	Tariff cut (%p)	NTM cut, Central (%p)	NTM cut, High (%p)	Total shock, Tariffs only (Δ%)	Total shock, Central (Δ%)	Total shock, High (Δ%)
Indian import barriers (EU exports to India)								
Agriculture	30.1	16.4	−13.6	−0.46	−0.46	−10.5	−10.8	−10.8
Mining and Energy	5.6	0.3	−5.2	0.00	−0.01	−5.0	−5.0	−5.0
Manufacturing	10.9	1.2	−9.7	−0.01	−0.29	−8.8	−8.8	−9.0
Services	-	-	-	−1.29	−1.29	0.0	−0.9	−0.9
All goods	10.3	1.2	−9.2	-	-	−8.3	−8.3	−8.5
EU import barriers (Indian exports to the EU)								
Agriculture	4.2	1.6	−2.6	−0.15	−0.15	−2.5	−2.6	−2.6
Mining and Energy	0.0	0.0	0.0	0.00	−0.08	0.0	0.0	−0.1
Manufacturing	4.8	0.1	−4.7	−0.01	−0.29	−4.5	−4.5	−4.7
Services	-	-	-	−1.11	−1.11	0.0	−0.8	−0.8
All goods	4.7	0.2	−4.6	-	-	−4.4	−4.4	−4.6

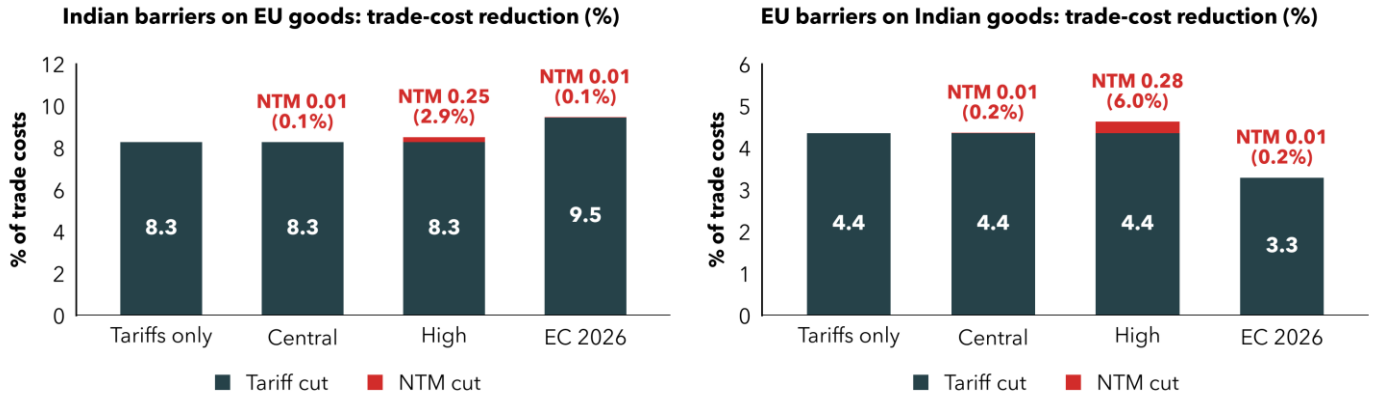
[15] The Commission (2026) applies the 3 per cent cut to services barrier levels 'from the economic literature' without naming the source. We recover the implied levels from its published cuts: about 43 per cent on EU services entering India and 37 per cent on Indian services entering the EU, trade-weighted over transport, finance, insurance, business and public services.

Source: SEO Amsterdam Economics, based on the EU-India FTA tariff schedules (Annex 2-A, CIRCABC version of 11 September 2026), the NTM cost reductions of European Commission (2026), the SIA 2023 ambitious design and UNCTAD TRAINS NTM ad-valorem equivalents (version 11, border measures). Trade-weighted sector means with ITPD-S 2019 weights. Total shock = percentage change in the iceberg trade cost; a negative value is a cost reduction. Services carry no tariffs. Trade elasticities: Section 3.1.

The three scenarios differ little, and this is a finding about the agreement rather than about the scenarios. The negotiated text eliminates most tariffs but, in the Commission's reading, removes few quantifiable non-tariff barriers; even the deeper SIA design adds only 0.3 percentage points to the manufacturing cost reduction. The quantified effects of the EU-India FTA are therefore tariff-driven.

Figure 3.1 shows how little the NTM assumptions add to the tariff cut. Both components are measured in the same unit, the percentage reduction in the cost of delivering goods to the partner market; tariffs enter the model as iceberg costs just as NTMs do (Section 3.1), so a cut of one point has the same effect through either channel. For EU goods entering India the tariff schedules reduce trade costs by 8.3 per cent; the Commission's NTM cuts add 0.01 point and the SIA design 0.25 point, 3 per cent of the total shock. For Indian goods entering the EU the tariff cut is 4.4 per cent and the NTM component at most 0.28 point. The Commission's own shock has the same structure: tariff cuts of 9.5 and 3.3 per cent, measured on its tariff equivalents and 2023 weights, next to NTM cuts of 0.01 point.

Figure 3.1 Reduction in trade costs for goods by component (per cent): tariffs, not NTMs, make the trade-cost shock in every scenario and in the Commission's own assessment



Source: SEO Amsterdam Economics; European Commission (2026), Tables 8 and 9. Trade-weighted over all goods. Tariff component = percentage reduction in the iceberg trade cost implied by the trade-weighted tariff cut; NTM component = cut in percentage points of trade cost. EC 2026 uses the Commission's tariff equivalents of specific duties and quotas on 2023 weights (12.1 to 1.5 and 3.5 to 0.1 per cent) and its NTM cuts weighted on its 2037 baselines; our bars use the ad-valorem schedule rates on 2019 ITPD weights. Services, which carry no tariffs, are in Table 3.1.

3.3 Welfare effects

What do these shocks imply for welfare? Welfare measures how much better or worse off countries are as a result of the agreement, as a percentage of real income, taking price changes and trade effects into account. It nets the producer side – the opening of markets creates competitive opportunities as well as competitive pressures, and their balance determines nominal incomes – against the consumer side, where lower trade costs mean more variety at lower prices. The difference between the changes in nominal incomes and in the price level is, to a close approximation, the welfare effect; sectors that import far more than they export are the exception, discussed below.

Overall, we estimate welfare gains of +0.13 per cent of real income for India in the Central scenario (see above, Section 3.2), +0.032 per cent for the Netherlands and +0.019 per cent for the EU as a whole. Table 3.2 summarises the scenarios and sets them next to the three external studies. As Section 3.2 anticipates, the scenario rows are close: India gains +0.13 per cent with the tariff schedules alone and +0.14 per cent under the deeper SIA design; the Dutch and EU figures move by at most 0.003 point. The asymmetry is intuitive: India gains preferential access to one of the largest and richest markets and removes its own, much higher, tariffs, while India is a small share of the EU's external trade.

Table 3.2 Welfare effects by scenario and in the external studies (Δ%): India gains +0.13 to +0.14 per cent of real income across the scenarios, as the Commission finds; the Netherlands gains +0.03 and the EU +0.02 per cent

	India	Netherlands	EU (27)	Measure and horizon
This chapter (gravity model, signed schedules)				
Tariffs only	+0.13	+0.031	+0.019	Real income, long run, 2019 base
Central	+0.13	+0.032	+0.019	Real income, long run, 2019 base
High	+0.14	+0.034	+0.020	Real income, long run, 2019 base
External studies				
European Commission (2026)	+0.12	–	+0.02	GDP in 2037, dynamic GTAP, negotiated schedules
Kiel Institute (Hinz et al., 2026)	+0.12	–	+0.13	Real value added, long run, stylised design
Trade SIA (2023), ambitious design	+0.8 / +1.0	–	+0.2	Welfare / GDP in 2030, pre-negotiation design

Source: SEO Amsterdam Economics; European Commission (2026); Hinz et al. (2026); Trade SIA (2023). Central trade elasticities; the ×0.75–×1.25 elasticity band is reported in Table A.2. Netherlands and EU (27) shown at three decimals because values are of the order of 0.02–0.03; none of the external studies reports member-state results. Euro amounts are not comparable across the studies: the Commission reports cumulated impacts by 2037, the SIA annual gains in 2030 on its projected baseline; the percentages are the comparable measure. Welfare is comparable across models in order of magnitude; trade responses are not (Section 3.4). ITPD-S 2019.

Our welfare estimates equal those of the two studies of the concluded agreement and are an order of magnitude below the pre-negotiation impact assessment. The European Commission (2026), in a dynamic GTAP model of the negotiated schedules, finds +0.12 per cent of GDP for India (EUR 44.0 billion) and +0.02 per cent for the EU (EUR 27.3 billion) by 2037, our Central values.[16] The Kiel Institute's stylised simulation of the deal (Hinz et al., 2026) gives real value-added gains of +0.12 per cent for India and +0.13 per cent for the EU, with deeper assumed services cuts (8 per cent) than the Commission's 3 per cent.[17] The 2023 SIA reports +0.8 per cent of welfare and +1.0 per cent of GDP for India and +0.2 per cent for the EU, for the ambitious design on unpublished barrier levels

[16] European Commission, DG Trade and Economic Security (2026). *Economic Analysis of the Negotiated Outcome of the EU-India Trade Agreement*. The study uses a recursive-dynamic GTAP model (GTAP-RD-EP) with a 2023 base year and reports results for 2037; it describes its own estimates as a lower bound because investment, intellectual property and the effects of legal certainty are not modelled.

[17] Hinz, J., Langhammer, R., Mahlkow, H., & Thakur, V. (2026). *The EU-India Trade Deal: Strategic Diversification in an Era of Uncertainty*. Kiel Policy Brief No. 202. Scenario S3 models bilateral tariff elimination on most goods, a 50 per cent tariff cut for cars and partial agricultural liberalisation, with non-tariff barrier reductions of 3 per cent (general), 5 per cent (chemicals, pharmaceuticals, machinery) and 8 per cent (IT, professional and financial services).

(Section 3.2). We compare welfare only; trade responses differ by construction (Section 3.4). Our Dutch estimates cannot be benchmarked, as none of the three studies reports member-state detail.

India's gain comes through lower prices, while the Netherlands and the EU gain on the producer side. India's nominal incomes fall by −0.09 per cent as European producers gain much better access to its market, but its price level falls by −0.21 per cent as consumers and firms buy from more efficient suppliers; the price effect dominates, so real incomes rise. This follows from the depth of India's own tariff cuts, which are far larger in percentage points than the EU's (Table 3.1). For the Netherlands and the EU the picture is reversed: nominal incomes rise by +0.045 and +0.031 per cent on additional Indian demand, with price levels almost unchanged (+0.009 and +0.012 per cent), so producers gain; real income, our welfare measure, rises by +0.032 and +0.019 per cent, less than the nominal gain because prices edge up and because the Netherlands, which imports more energy than it exports, pays slightly more for it. Their gain is the better access to the Indian market that India's tariff cuts create. Table 3.3 disaggregates the Central scenario by sector.

India's gain is concentrated in manufacturing. Indian manufacturing gains +0.39 per cent in sector-level welfare, against +0.09 in mining and energy, +0.02 in agriculture and +0.01 in services (Table 3.3). Manufacturing receives the deepest cut: nominal incomes fall by −0.26 per cent and the price level by −0.65 per cent (Table 3.3); agriculture shows a muted version (−0.03 and −0.05 per cent), as the exclusion list keeps much protection in place. Mining and energy is a special case. India imports far more energy than it exports and pays for the difference with income earned elsewhere in the economy; when energy becomes cheaper, that spending buys more energy, which the welfare measure counts as a gain of the sector (+0.09 per cent) even though its real wages barely move (+0.01 per cent), the better guide to how the sector's own producers fare.[18] The economy-wide +0.13 per cent is the expenditure-weighted mean, so services, with over half of the weight, dilute the manufacturing gain.

Table 3.3 Welfare, nominal income and price level effects by sector, Central scenario (Δ%): India's gain comes through lower prices, the Dutch and EU gains through higher nominal incomes

	Total	Agriculture	Mining and Energy	Manufacturing	Services*
Welfare (real income)					
India	+0.13	+0.02	+0.09	+0.39	+0.01
Netherlands	+0.032	+0.02	+0.09	+0.08	0.00
EU (27)	+0.019	+0.01	0.00	+0.06	0.00
Nominal income					
India	−0.09	−0.03	−0.21	−0.26	+0.02
Netherlands	+0.045	+0.01	+0.33	+0.10	0.00
EU (27)	+0.031	+0.02	+0.11	+0.08	0.00
Price level					
India	−0.21	−0.05	−0.22	−0.65	+0.02

[18] The welfare measure holds each sector's nominal trade balance fixed, so a change in the sector price level also revalues that balance in real terms. For an energy importer this term is large: in India's mining and energy sector nominal incomes fall by −0.21 per cent and prices by −0.22 per cent, so real wages are flat (+0.01 per cent) while welfare rises by +0.09 per cent. The same term puts the Dutch welfare gain in mining and energy (+0.09 per cent) below the real-wage gain (+0.19 per cent). Elsewhere the two measures differ by at most 0.02 point.

	Total	Agriculture	Mining and Energy	Manufacturing	Services*
Netherlands	+0.009	−0.01	+0.15	+0.02	−0.01
EU (27)	+0.012	0.00	+0.08	+0.03	0.00

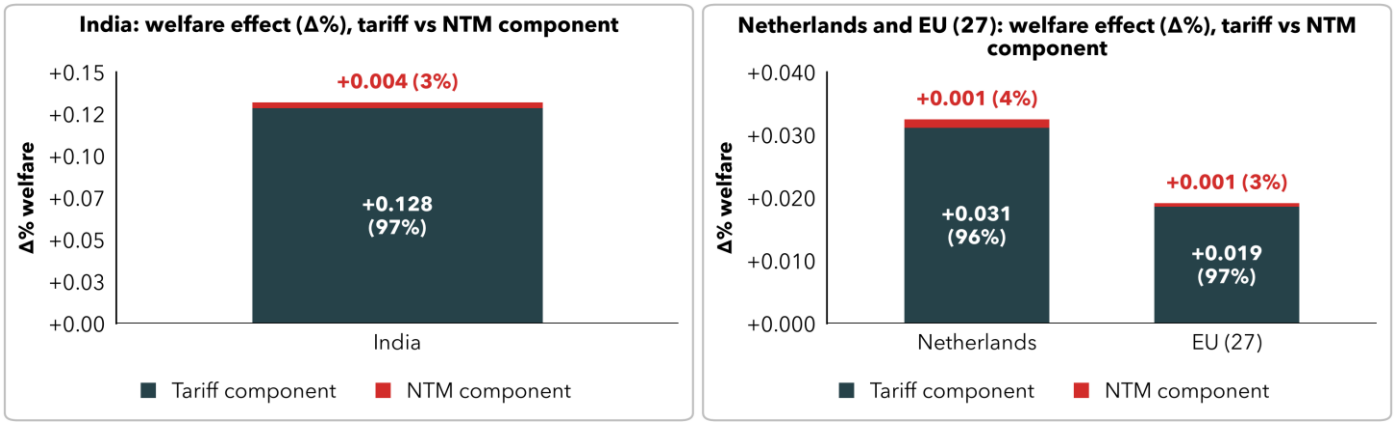
Source: SEO Amsterdam Economics. Total = expenditure-weighted mean over the four sectors; sector columns are sector-level values. Netherlands and EU (27) totals at three decimals. * Services less precisely estimated due to lower data quality. Welfare is not the simple difference between the nominal income and price rows; in sectors with a large trade deficit the two diverge (see the text on mining and energy).

For the Netherlands and the EU, the gains are on the producer side and concentrated in manufacturing and in mining and energy. Dutch and EU (27) manufacturing gain +0.08 and +0.06 per cent as nominal incomes rise (+0.10 and +0.08 per cent) on better access to the Indian market, with hardly any price movement. Dutch nominal incomes in mining and energy rise by +0.33 per cent as India's tariff cut on energy products redirects part of its energy imports to European suppliers, a general-equilibrium effect: Dutch energy exports to India itself barely change, and the gain comes from replacing, within the EU market, energy that other member states now sell to India (Section 3.4). Agricultural effects are small but positive (welfare +0.02 per cent for the Netherlands and +0.01 per cent for the EU (27), Table 3.3). India's tariff cut in agriculture is substantial, from 30.1 to 16.4 per cent on EU goods (Table 3.1), but agricultural trade with India is small and the excluded products keep the remaining tariff in place, so the gains stay small (Section 3.2). The totals are dominated by services, which are large and almost unaffected; hence the small aggregates despite clearly visible sector effects.

Services are part of the model and of the shock, but their contribution is small by construction (Section 3.2), and the model covers cross-border trade only, not sales through local affiliates (Chapter 4). The 1.29 and 1.11 percentage points of Section 3.2 are 3 per cent of a barrier that the agreement binds rather than removes, the valuation that every published assessment applies. The sector-level welfare gain is +0.01 per cent for India and nil for the Netherlands and the EU; Indian services incomes and prices both edge up by +0.02 per cent. These results are indicative: the ITPD services flows are largely estimated or mirrored, and the shock proxies a commitment whose value cannot be read from the text.

About 97 per cent of India's welfare gain is attributable to tariff elimination; for the Netherlands and the EU the shares are 96 and 97 per cent. Figure 3.2 splits the Central welfare effect into a tariff component (Tariffs only) and an NTM component (Central minus Tariffs only). For India the NTM component is +0.004 of the +0.132 total, and +0.001 for the Netherlands and the EU (27). The decomposition is approximate – the components do not add up exactly in general equilibrium – and India's tariff share stays near 97 per cent across the elasticity band.

Figure 3.2 Decomposition of the Central-scenario welfare effect into tariff and NTM components (Δ% of real income): tariff elimination accounts for almost all of the welfare gain



Source: SEO Amsterdam Economics. Approximate decomposition: tariff component = Tariffs only scenario; NTM component = Central minus Tariffs only. General-equilibrium interactions mean the components do not add up exactly. Computed from unrounded results; labels at three decimals. Note the difference in scale between the panels.

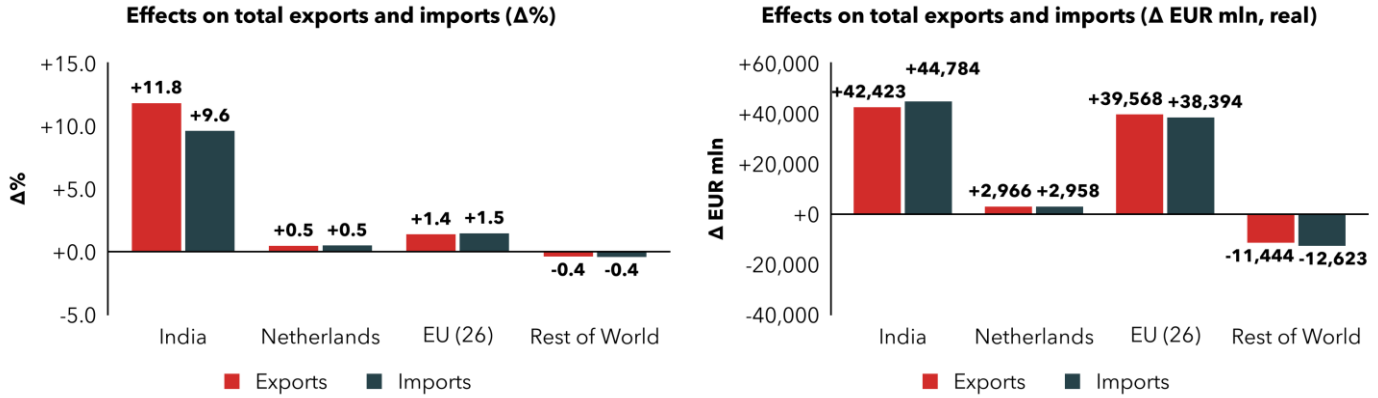
The interpretation of these net welfare gains requires care, because the model operates at the country level and does not capture distributional effects. In India, consumers and firms that buy manufactured goods gain from markedly lower prices as India's own tariffs on them fall from 10.9 to 1.2 per cent (Table 3.1), whereas manufacturing producers face more competitive pressure on their incomes, which the model assumes to be absorbed through gradual adjustment. In the Netherlands and the EU, producers in manufacturing and in energy products can expect to benefit. Dutch and European consumers, by contrast, are expected to see hardly any price change (Table 3.3). This is mostly due to two factors. On the import side, the EU's own tariffs on Indian goods are already low (below 5 per cent in every sector, Table 3.1) and Indian goods carry a small weight in European spending (under one per cent in every sector). As such, removing those tariffs lowers the Dutch and EU price levels by at most a few hundredths of a per cent. On the export side, additional Indian demand slightly raises the prices of Dutch and EU producers, an effect that on balance slightly dominates because these producers supply most of what European households buy. The Commission's finer sector detail places EU output losses in wearing apparel, textiles and leather (European Commission, 2026). These within-country differences are not formally estimated here.

3.4 Trade effects

This section first reports the change in each economy's total exports and imports with all partners, then the bilateral EU-India flows and the substitution between suppliers behind them. Figure 3.3 shows the estimated effects on (real) total exports and imports for India, the Netherlands, the other 26 EU member states, and the rest of the world for the Central scenario. India's total exports increase by +11.8 per cent (EUR +42.4 billion) and its imports by +9.6 per cent (EUR +44.8 billion). The EU effects are far more modest: Dutch exports and imports both rise by +0.5 per cent (around EUR +3.0 billion each), those of the remaining EU (26) by +1.4 and +1.5 per cent (EUR +39.6 billion in exports and EUR +38.4 billion in imports). The rest of the world trades less (−0.4 per cent, or EUR −11.4 billion in exports and EUR −12.6 billion in imports), as trade is diverted towards the new preferential relationship.[19]

[19] The model yields trade changes in nominal terms. To extract the real effects, we re- and deflate the changes in exports and imports to the old price index. Euro values are converted at the 2019 average exchange rate of 0.8931 EUR per USD.

Figure 3.3 Effects on total exports and imports, Central scenario (Δ% left and Δ EUR million right): India's trade grows by around a tenth, EU trade by around one per cent

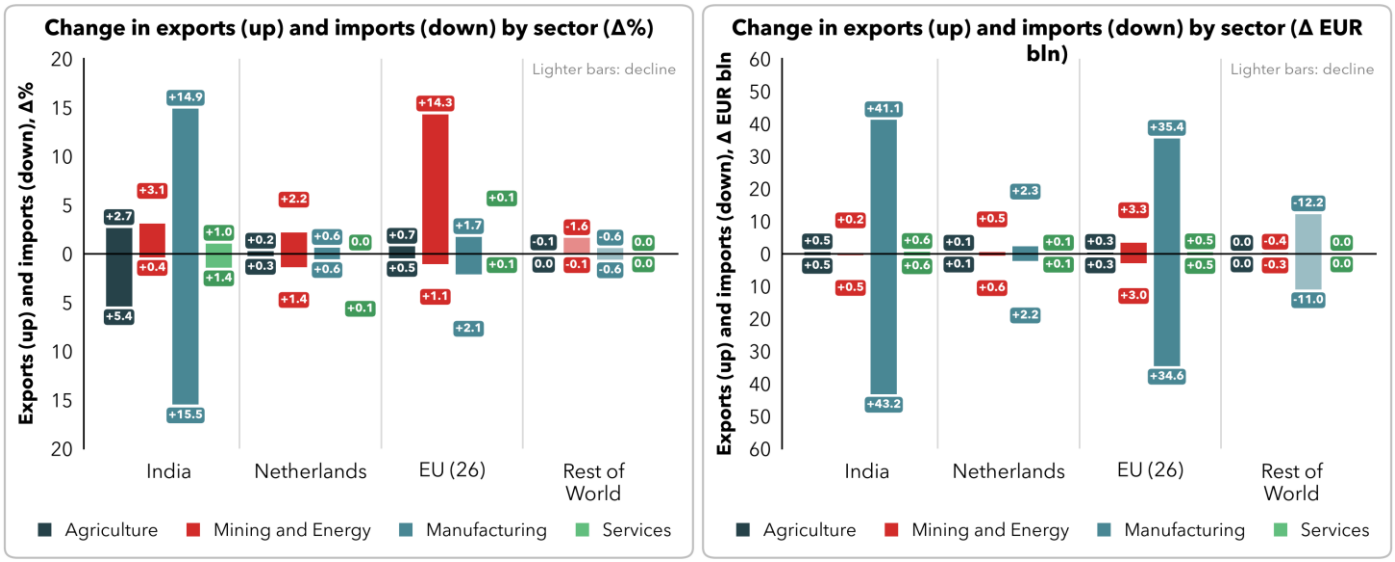


Source: SEO Amsterdam Economics. Totals exclude domestic trade; the EU (26) is treated as one bloc, so intra-EU (26) flows net out of its totals. The rest of the world includes China and the United States. Real changes, converted at 0.8931 EUR per USD (2019 average). ITPD-S 2019.

Figure 3.4 disaggregates the trade effects into the four broad sectors. The changes are concentrated in manufacturing, where most EU-India trade takes place and the cost reductions are deepest: Indian manufacturing exports rise by +14.9 per cent (EUR +41.1 billion) and imports by +15.5 per cent (EUR +43.2 billion), EU (26) manufacturing exports by +1.7 per cent (EUR +35.4 billion) and Dutch ones by +0.6 per cent (EUR +2.3 billion). The Dutch response is smaller than the EU (26)'s not because Dutch exports to India grow less (+131 against +134 per cent) but because India weighs less in Dutch trade: it takes 0.9 per cent of Dutch manufacturing exports against 1.4 per cent of the EU (26)'s. Agricultural trade responds modestly: Indian agricultural exports rise by +2.7 per cent (EUR +466 million) and imports by +5.4 per cent (EUR +471 million); EU (26) agricultural exports rise by +0.7 per cent (EUR +328 million) and Dutch ones by +0.2 per cent (EUR +64 million). Agricultural trade with India is small to begin with, and the exclusion lists keep India's average agricultural tariff at 16.4 per cent and the EU's at 1.6 per cent (Table 3.1), so less is liberalised. Mining and energy shows the largest relative response on the European side: EU (26) exports rise by +14.3 per cent (EUR +3.3 billion), almost entirely through sales to India (EUR +4.0 billion) that displace other suppliers, while India's mining and energy imports rise by only +0.4 per cent. Three things coincide here: India already buys about a fifth of the energy the EU (26) sells outside the Union, it removes a 5.2-point tariff on these products, and energy has the highest trade elasticity of the four sectors. Dutch energy exports to India are negligible, so the Dutch energy gain runs through the EU market instead (Section 3.3).

Services trade responds little, as the shock is small by construction. EU (26) services exports to India rise by +4.7 per cent (EUR +497 million) and Indian services exports to the EU (26) by +4.0 per cent (EUR +525 million); total services exports move by +1.0 per cent for India and +0.1 per cent or less for the Netherlands and the EU (26). These figures reflect the 3 per cent binding proxy of Section 3.2, are less precisely estimated than the goods flows, and agree with the Commission's finding that services are a small share of the bilateral export gains (European Commission, 2026).

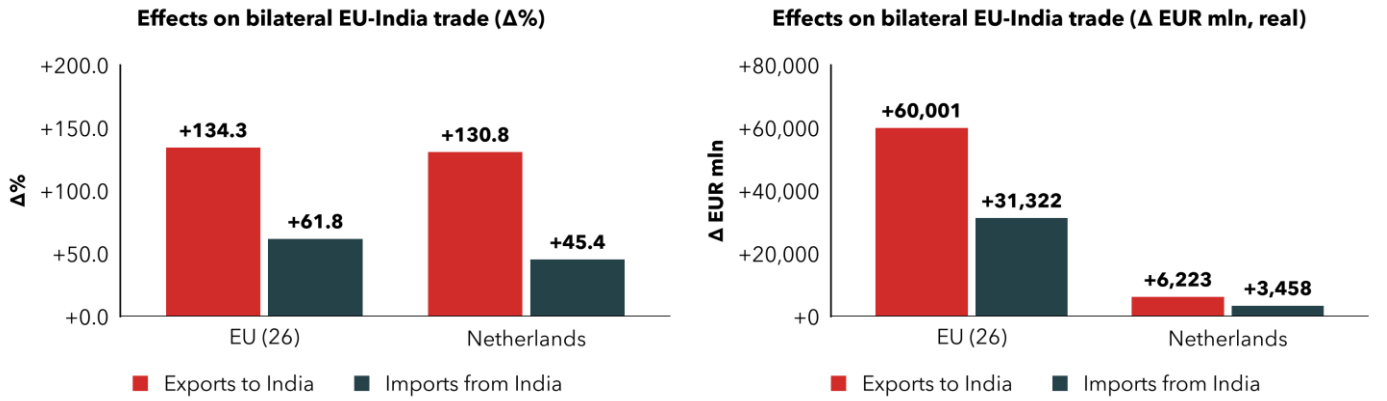
Figure 3.4 Effects on total exports and imports by sector, Central scenario (Δ% left and Δ EUR billion right): manufacturing carries the trade effect and services barely move



Source: SEO Amsterdam Economics. Exports (up) and imports (down) by sector on one shared axis; lighter bars are declines. Δ% (left) and Δ EUR billion (right). Totals exclude domestic trade; the EU (26) is treated as one bloc. The rest of the world includes China and the United States. Real changes, converted at 0.8931 EUR per USD (2019 average). Services are shocked through the NTM channel only and are less precisely estimated due to lower data quality.

The bilateral flows between the parties grow far more than the totals (Figure 3.5). EU (26) exports to India rise by +134 per cent (Figure 3.5 – left) or EUR +60.0 billion (Figure 3.5 – right) at the 2019 base, and EU (26) imports from India by +62 per cent (EUR +31.3 billion). Dutch exports to India rise by +131 per cent (EUR +6.2 billion) and Dutch imports from India by +45 per cent (EUR +3.5 billion). The Dutch export rate is on a small base: Dutch exports to India are EUR 4.8 billion in the 2019 data, so more than doubling them adds EUR +6.2 billion to total Dutch exports of EUR 632 billion, the +0.5 per cent of Figure 3.3. The asymmetry between the directions mirrors the tariff cuts (10.3 against 4.7 per cent on average).

Figure 3.5 Bilateral trade with India, Central scenario (Δ% left and Δ EUR million right): EU exports to India more than double and Indian exports to the EU rise by around 60 per cent



Source: SEO Amsterdam Economics. Group-as-reporter flows; EU (26) = EU (27) minus the Netherlands. Real changes, converted at 0.8931 EUR per USD (2019 average). The Dutch increase is on a 2019 base of EUR 4.8 billion.

These trade responses are larger than those of the Commission and the Kiel Institute, and they are model-specific. The Commission (2026) projects EU exports to India up +54 per cent and Indian exports to the EU up +17 per cent including services, roughly +78 and +28 per cent for goods alone; the Kiel Institute (Hinz et al., 2026) finds +65 and +41 per cent. The 2023 SIA, with deeper assumed tariff cuts, projected EU exports to India roughly doubling and Indian exports to the EU rising by close to 90 per cent. Our Central estimates are two to four times the Commission's headline figures and roughly twice its goods-only figures, because gravity-based estimates imply stronger substitution between suppliers than the Armington elasticities of GTAP-type models. We therefore treat welfare as comparable across models and trade responses as model-specific; the direction and the ranking of the two flows agree across all three studies.

Underlying these totals are substitution effects, which Table 3.4 documents for the Central scenario. Exporters are in rows, importers in columns; the diagonal holds domestic sales. On the Indian side, cheaper European goods displace domestic sales (EUR −39.8 billion) and third-country suppliers – imports from China fall by EUR −4.5 billion, from the United States by EUR −1.9 billion and from the rest of the world by EUR −15.1 billion – while India's own exports rise towards all destinations. On the European side, of the EU (26)'s EUR +60.0 billion in additional sales to India, EUR 20.4 billion comes at the expense of other partners, netting to the EUR +39.6 billion total of Figure 3.3, and a further EUR −34.3 billion is no longer sold within the EU (26). The diagonal of Table 3.4, the change in each economy's sales on its own market, shows where the new trade comes from. India's domestic sales fall by EUR 39.8 billion (−1.2 per cent; −4.4 per cent in manufacturing), intra-EU (26) sales by EUR 34.3 billion and Dutch domestic sales by EUR 2.4 billion (both −0.2 per cent), as output is redirected to the partner market and partner goods replace domestic ones; third countries sell slightly more at home (EUR +7.1 billion for the rest of the world) as their exports to India fall. For the Netherlands, the EUR +6.2 billion of additional sales to India is drawn partly from the home market (EUR 2.4 billion, mostly manufacturing) and partly from other export markets (EUR 3.3 billion), so that total Dutch exports rise by EUR +3.0 billion. Looking only at the bilateral EU-India flows would therefore overstate the trade impact of the agreement.

Table 3.4 Bilateral trade flow adjustments, Central scenario (Δ EUR million): part of the new EU-India trade replaces domestic sales and third-country suppliers

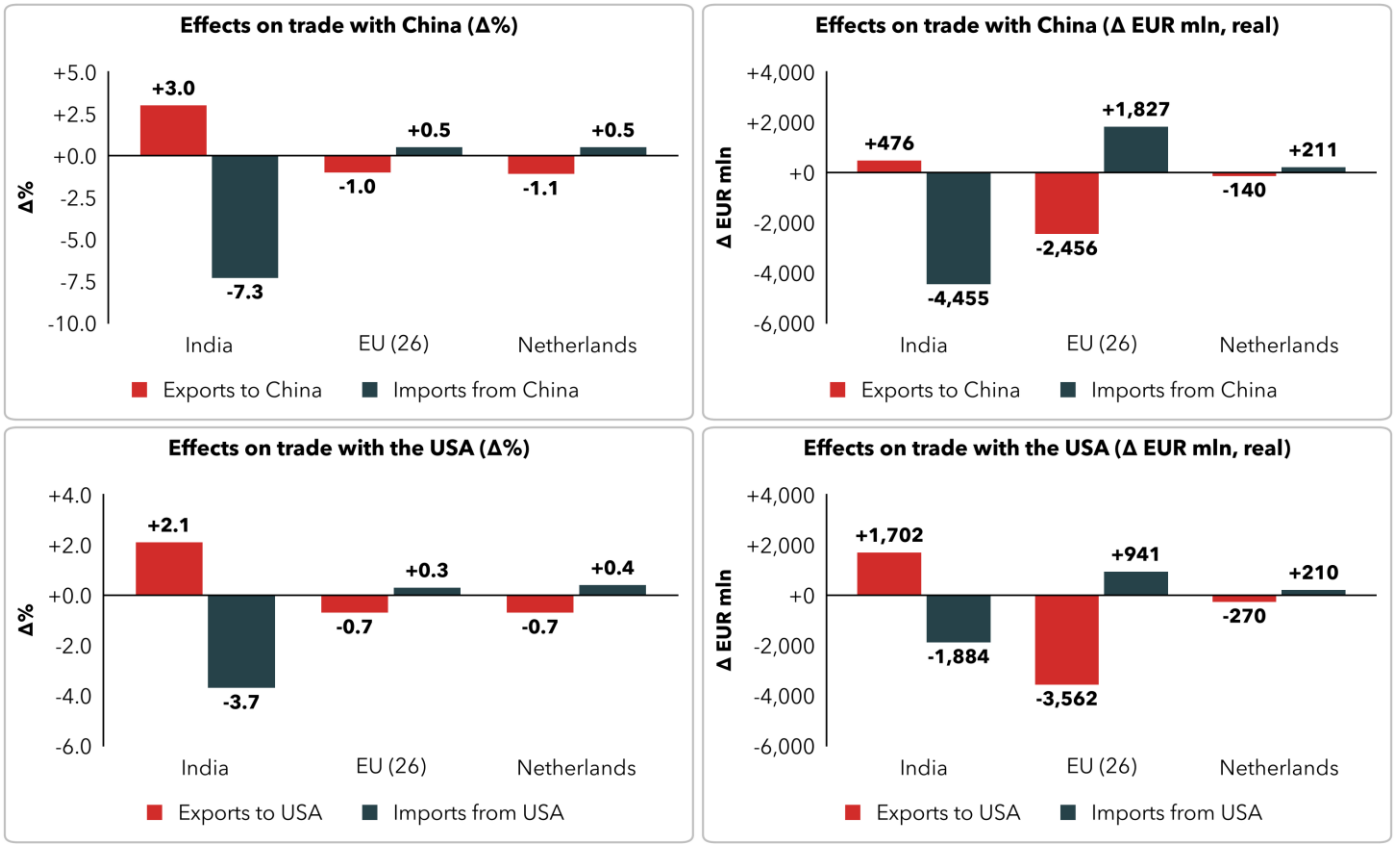
Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
Total							
India	−39,785	+3,458	+31,322	+476	+1,702	+5,465	*+42,423*
Netherlands	+6,223	−2,411	−1,434	−140	−270	−1,413	*+2,966*
EU (26)	+60,001	−1,990	−34,255	−2,456	−3,562	−12,425	*+39,568*
China	−4,455	+211	+1,827	+1,579	+500	+337	*−1,580*
United States	−1,884	+210	+941	−94	+774	+56	*−771*
Rest of the world	−15,101	+1,069	+5,738	+459	+772	+7,069	*−7,063*
Δ imports (excl. domestic)	*+44,784*	*+2,958*	*+38,394*	*−1,755*	*−858*	*−7,980*	
Total Δ (incl. domestic)	*+4,999*	*+547*	*+4,139*	*−176*	*−84*	*−911*	
Services*							
India	−473	+134	+525	0	−33	−19	*+607*
Netherlands	+72	−77	+9	0	+3	+8	*+92*

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
EU (26)	+497	−20	−394	+1	+8	+4	*+490*
China	0	−1	−1	0	+1	+1	*0*
United States	+20	−5	−15	−1	+10	−8	*−9*
Rest of the world	+10	−10	−18	−1	+7	+13	*−12*
Δ imports (excl. domestic)	*+599*	*+98*	*+500*	*−1*	*−14*	*−14*	
Total Δ (incl. domestic)	*+126*	*+21*	*+106*	*−1*	*−4*	*−1*	

Source: SEO Amsterdam Economics. EUR million, real changes converted at 0.8931 EUR per USD (2019 average). Rows are exporters, columns importers; diagonal cells hold domestic sales (for the EU (26), intra-EU (26) trade). The table shows changes, not levels; in the 2019 base, domestic sales are 63.6 per cent of Dutch absorption, against 88.5 per cent for the EU (26) and 87.7 per cent for India. "Δ exports" and "Δ imports" exclude the diagonal and, for India, the Netherlands and the EU (26), equal the totals of Figure 3.3; "Total Δ" sums each column including the diagonal. The rest of the world excludes China and the United States. * Services less precisely estimated due to lower data quality. The Agriculture, Mining and Energy and Manufacturing panels are in Table A.1.

The clearest reorientation in the table is away from China, India's largest supplier (Figure 3.6). The shift follows from the preference margin. China supplied EUR 60 billion of India's manufactured imports in 2019, twice the EU (26)'s EUR 29 billion, and the two compete in the same sector. The agreement lowers the delivered cost of European manufactures in India by close to 9 per cent while Chinese goods continue to pay India's full tariff; with a manufacturing trade elasticity of 12.6, Indian buyers substitute towards European suppliers. The loss is small for China because India takes only 2.5 per cent of its exports, and part of the displaced output finds buyers in Europe, where producers now sell more to India. India's imports from China fall by EUR −4.5 billion (−7.3 per cent) as European goods displace Chinese supply; imports from the United States fall by EUR −1.9 billion (−3.7 per cent). India's exports to China (+3.0 per cent) and to the United States (+2.1 per cent) are barely affected, so the agreement reduces India's import dependence on China while leaving its export side intact. For China itself the effects are negligible: total Chinese exports fall by just −0.06 per cent, as lost sales to India are largely redirected to the EU (EUR +1.8 billion); the Kiel Institute finds the same pattern with a smaller diversion from China (−5.5 per cent; Hinz et al., 2026). EU (26) exports to China (EUR −2.5 billion, −1.0 per cent) and to the United States (EUR −3.6 billion, −0.7 per cent) decline modestly as European supply pivots towards India. The FTA thus also rebalances India's import sourcing away from China and towards Europe without measurable aggregate losses for China.

Figure 3.6 Trade with China and the United States, Central scenario (Δ% left and Δ EUR million right): India's imports from China fall by 7 per cent while China's total exports barely move



Source: SEO Amsterdam Economics. Group-as-reporter flows excluding domestic trade. Real changes, converted at 0.8931 EUR per USD (2019 average). China and the United States are shown separately from the rest of the world.

Appendix A shows that the pattern of substitution is the same in every scenario. Table A.1 reports the bilateral matrices for all three scenarios and sectors, and Table A.2 the welfare results across the elasticity band.

4 Trade in services

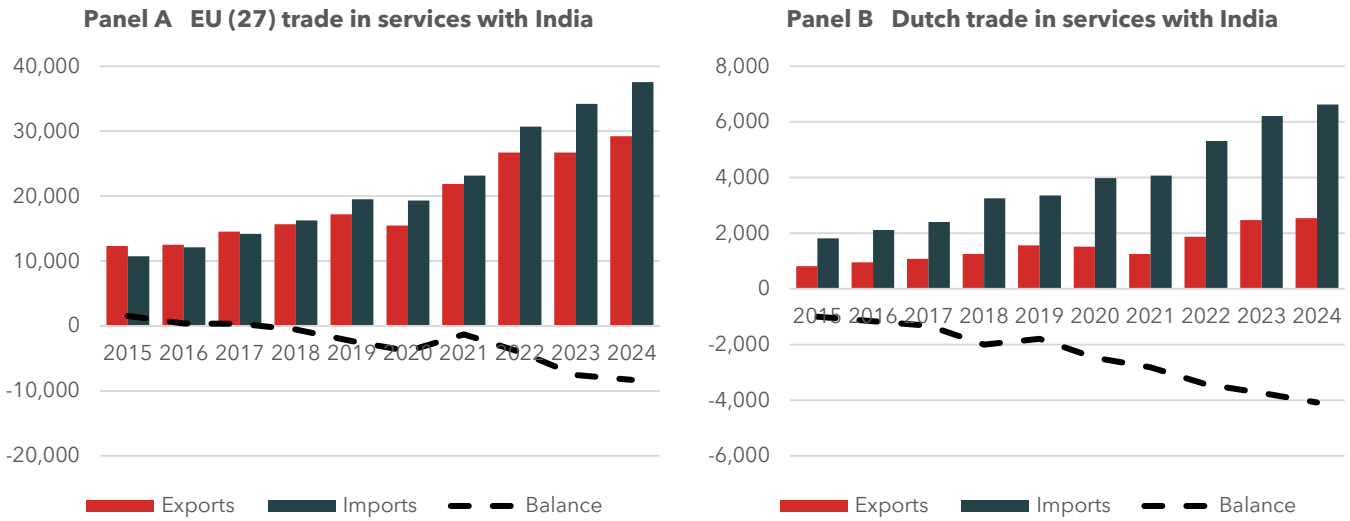
Services account for around half of Dutch trade with India, against about a third for the EU. The Netherlands imports far more services from India than it exports, mainly ICT and business services, while Dutch firms serve the Indian market largely through local presence. The agreement is likely to change this picture only modestly.

4.1 Services trade between the EU, the Netherlands and India

Cross-border services trade between the EU and India has more than doubled since 2015, and India has turned from a net buyer into a net supplier of services to the EU (Figure 4.1). EU services exports to India rose from EUR 12.3 billion in 2015 to EUR 29.2 billion in 2024, while imports from India grew faster, from EUR 10.8 billion to EUR 37.5 billion. A small EU surplus in 2015 has thus become a deficit of about EUR 8.3 billion in 2024. Services form a substantial part of overall EU-India trade: around 39 per cent of EU exports and a third of EU imports. The main reasons for this trend are that India's comparative advantage in IT and business services has increased; European companies have increasingly outsourced services (especially IT services) to India; digitalisation and remote delivery of services have strengthened India's competitive base (low-cost compared to the EU); India has expanded its services ecosystem beyond call centres and basic outsourcing into higher-value services activities (e.g. R&D, data analytics, cybersecurity, digital transformation).

Dutch services trade with India has grown even faster, with an even more pronounced deficit (Figure 4.1, Panel B). Between 2015 and 2024, Dutch services exports to India roughly tripled, from EUR 0.8 billion to EUR 2.5 billion, while imports from India rose from EUR 1.8 billion to EUR 6.6 billion. At about EUR 4.1 billion, the Dutch services deficit with India equals roughly half of the EU-wide deficit. Services are central to the bilateral relationship: services account for around half of total trade in both directions.

Figure 4.1 EU (27) (Panel A) and Dutch (Panel B) trade in services with India, 2015–2024 (EUR million)

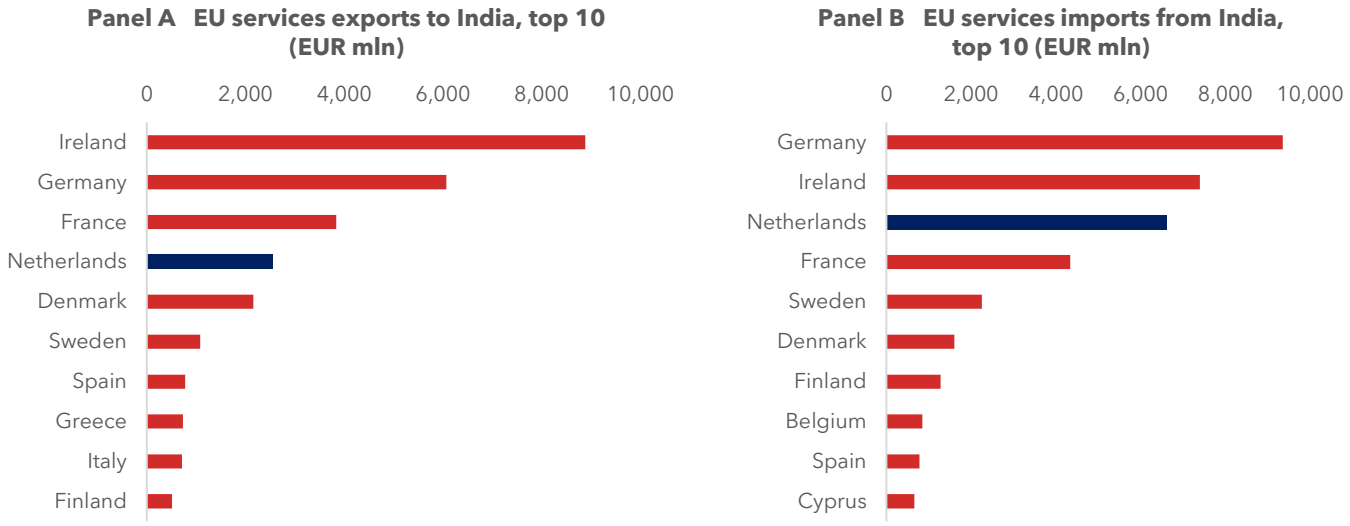


Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6), reported by EU member states. Values converted from USD to EUR at ECB annual average rates. EU (27) is the sum of the 27 member states' reported trade with India. 2025 is excluded (provisional). Bilateral services statistics are survey-based and subject to revision; India reports no bilateral breakdown, so mirror data cannot be used to cross-check. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4. The services totals in Section 2 use the same UNCTAD series.

The Netherlands is the EU's third-largest importer of services from India but only its fourth-largest exporter (Figure 4.2). The Netherlands accounts for 17.7 per cent of EU services imports from India, behind Germany (24.9 per cent) and Ireland (19.7 per cent). On the export side its share is 8.7 per cent, behind Ireland, Germany and France. Relative to its overall trade, India also matters more to Dutch services imports than to the EU average: 2.3 per cent of all Dutch services imports come from India, against 1.4 per cent EU-wide. This pattern is consistent with the Netherlands' role as a European base for Indian IT and business-services firms, and with Dutch companies outsourcing IT and back-office activities to India.

The Dutch position has somewhat strengthened over the past decade. The Netherlands' share of EU (27) services exports to India rose from 6.6 per cent in 2015 to 8.7 per cent in 2024, lifting it from fifth to fourth place among member states. Its share of EU imports from India remained broadly stable at 17–18 per cent; it moved from second to third place only because imports by Ireland grew particularly fast.

Figure 4.2 Services exports to (Panel A) and imports from (Panel B) India by EU member state, top 10, 2024 (EUR million)



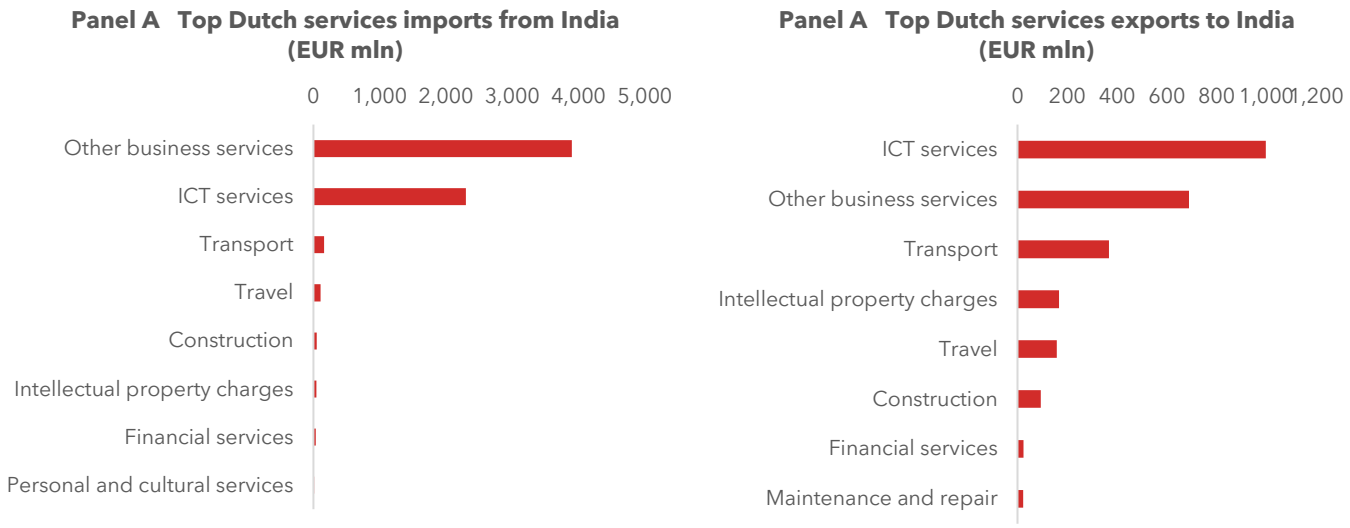
Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6), reported by EU member states. Values converted from USD to EUR at ECB annual average rates. Top 10 exporting member states ranked by 2024 value. Bilateral services statistics are survey-based and subject to revision; India reports no bilateral breakdown, so mirror data cannot be used to cross-check. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4.

4.2 What the Netherlands trades with India

Dutch exports to India are dominated by ICT services (Figure 4.3, Panel A). ICT services account for 39 per cent of Dutch services exports to India (EUR 1.0 billion), compared with 14 per cent for the EU as a whole. Other business services account for 27 per cent and transport for 15 per cent. Charges for the use of intellectual property make up 7 per cent, above the EU average. Transport plays a much smaller role than for the EU as a whole (25 per cent), where shipping and logistics companies based in other member states dominate.

Dutch imports from India consist almost entirely of ICT and other business services (Figure 4.3, Panel B). Other business services, which include consulting, R&D, technical and back-office services, account for 59 per cent of Dutch services imports from India (EUR 3.9 billion). ICT services account for another 35 per cent (EUR 2.3 billion). Together these two categories make up 94 per cent of Dutch imports from India. Part of these flows is likely intra-firm trade within multinational groups: for example, Indian IT and business-services firms with subsidiaries in the Netherlands that deliver work from their delivery centres in India, recorded as Dutch imports. Such trade reflects the commercial presence of firms (Mode 3), which is discussed later in this chapter.

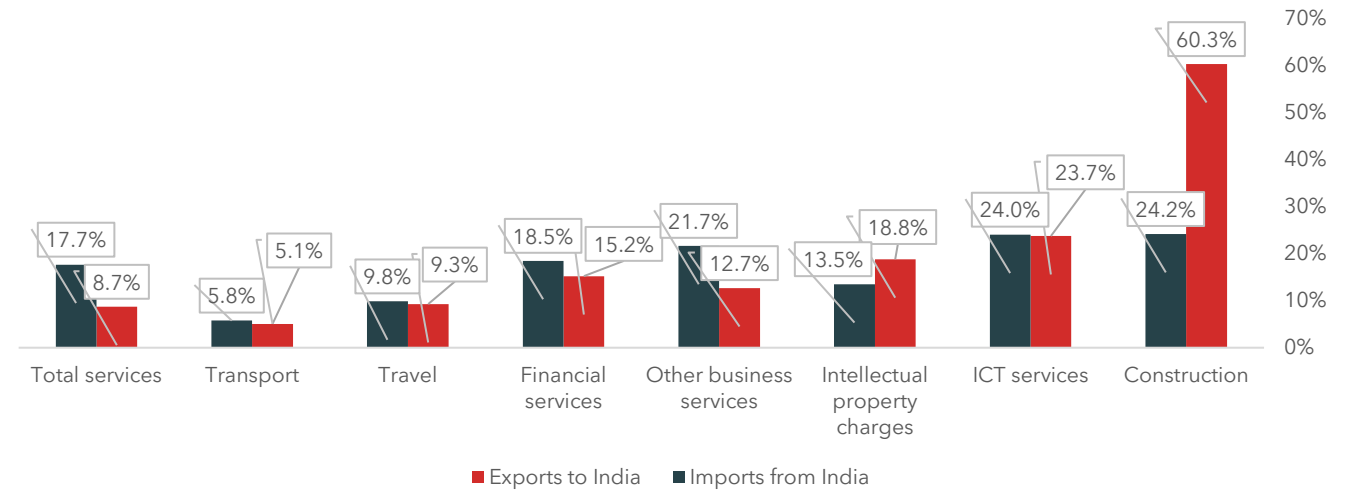
Figure 4.3 Dutch services imports from (Panel A) and exports to (Panel B) India by category, 2024 (EUR million)



Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6), reported by EU member states. Values converted from USD to EUR at ECB annual average rates. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4. BPM6/EBOPS categories are simplified. ICT services include telecommunications, computer and information services; IP charges refer to the use of intellectual property. Construction includes dredging and land reclamation but only captures projects lasting less than one year. Longer projects operate through local branches (Mode 3) and are excluded, making the Dutch construction figure a lower bound.

In construction, which includes dredging, the Netherlands supplies the majority of all EU exports to India (Figure 4.4). Dutch construction exports to India are small in absolute terms (EUR 94 million), yet they account for 60 per cent of the EU total. This most likely reflects the activities of Dutch dredging and marine contractors. The figure is also a lower bound: projects lasting longer than a year are carried out through local branches and are not recorded as trade in services. The Netherlands also has above-average shares of EU exports to India in ICT services (24 per cent) and intellectual property charges (19 per cent).

Figure 4.4 Dutch share of EU (27) services trade with India by category, 2024 (%)



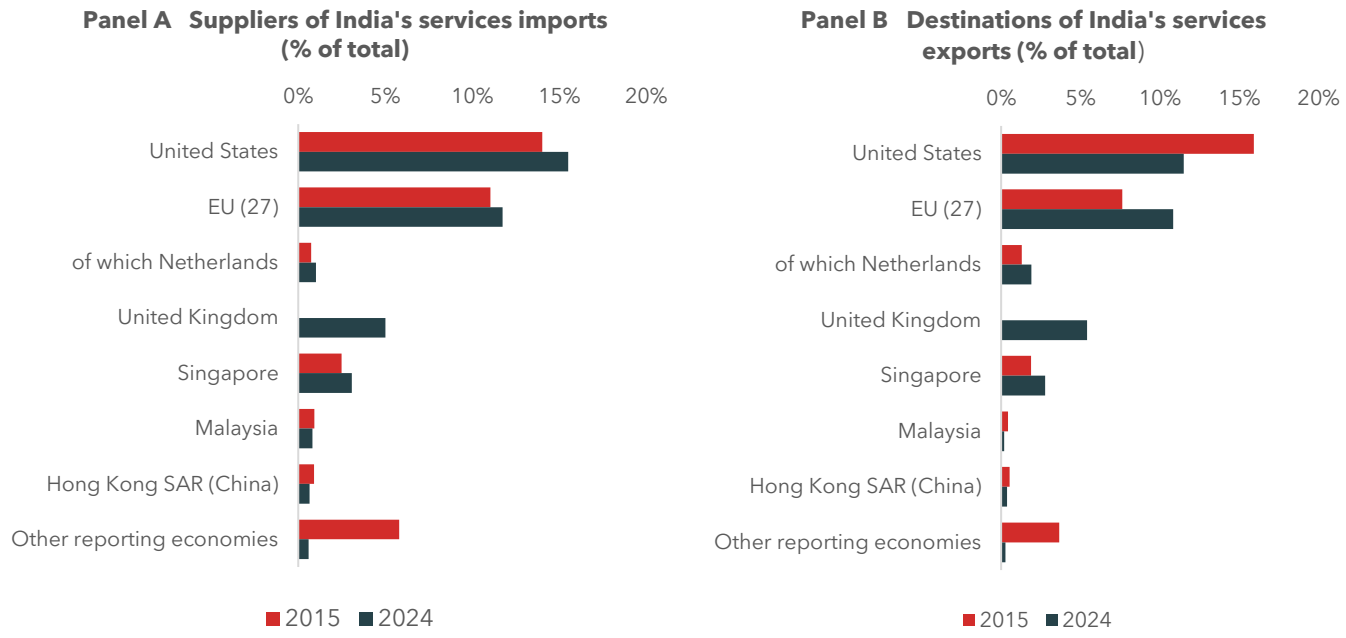
Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6), reported by EU member states. Values converted from USD to EUR at ECB annual average rates. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4. BPM6/EBOPS categories are simplified. ICT services include telecommunications, computer and information services; IP charges refer to the use of intellectual property. Construction includes dredging and land reclamation but only captures projects lasting less than one year. Longer projects operate through local branches (Mode 3) and are excluded, making the Dutch construction figure a lower bound. Dutch value as a share of the EU (27) total for each category (EU (27) includes the Netherlands).

4.3 The EU and the Netherlands in India's services trade

Among the economies that report their services trade with India, the EU is India's second-largest partner, after the United States (Figure 4.5). The EU (27) supplies 11.7 per cent of India's services imports, behind the United States (15.5 per cent) and ahead of the United Kingdom (5.0 per cent) and Singapore (3.1 per cent); its share has hardly changed since 2015 (11.0 per cent). As a destination, the EU has gained weight: it takes 10.8 per cent of India's services exports, up from 7.6 per cent in 2015, close to the United States (11.5 per cent). The EU's position is strongest in ICT services, where it supplies about a fifth of India's imports.

The partner data cover only about a third of India's services trade. The shares above are based on what India's partners themselves report, and these reports account for 37 per cent of India's services imports and 31 per cent of its services exports in 2024. Japan, Australia and Canada have historically accounted for only small shares. The remaining two-thirds cannot be attributed to a partner. Several large partners such as the United Arab Emirates, Switzerland and China do not publish services trade with India. The ranking therefore applies to reporting economies only.

Figure 4.5 Suppliers of India's services imports (Panel A) and destination of India's services exports (Panel B), 2015–2024 (%)

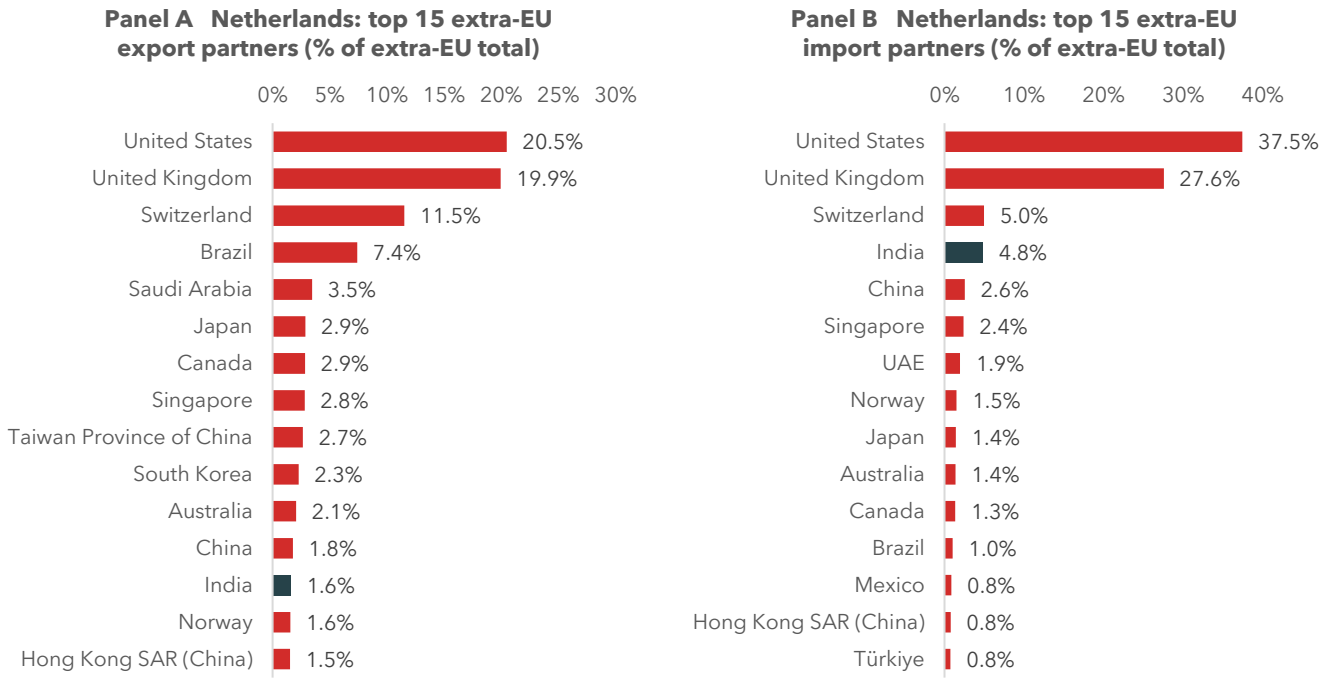


Source:

Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6), reported by EU member states. Values converted from USD to EUR at ECB annual average rates. EU (27) is the sum of the 27 member states' reported trade with India. Several large partners of India do not report their services trade with India. Economies that publish services trade data with India cover about a third of India's services trade; the rest is non-attributable. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4.

For the Netherlands, India matters far more as a supplier of services than as a destination market (Figure 4.6). Among the Netherlands' partners outside the EU, India is only the 13th-largest services export market, accounting for 1.6 per cent of Dutch extra-EU services exports. On the import side, however, India is the fourth-largest extra-EU supplier, after the United States, the United Kingdom and Switzerland. India's share of Dutch extra-EU services imports rose from 1.8 per cent in 2015 to 4.8 per cent in 2024, well above the 2.7 per cent for the EU (26). This increase reflects the strong growth of imports from India, which multiplied 3.6 times over the period against an increase of about a third in total Dutch extra-EU services imports.

Figure 4.6 Top 15 extra-EU services export (Panel A) and import (Panel B) partners of the Netherlands, 2024



Source: SEO Amsterdam Economics based on UNCTAD, trade in services by partner (BPM6). Values converted from USD to EUR at ECB annual average rates. Extra-EU trade flows only. Coverage: balance-of-payments trade in services between residents and non-residents. This covers GATS Mode 1, Mode 2 and partly Mode 4.

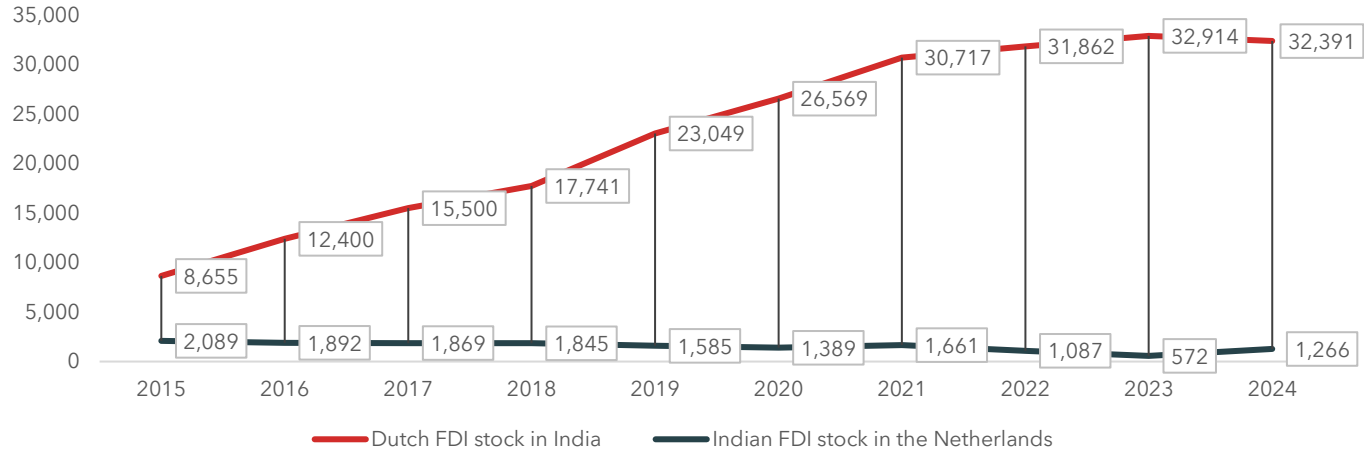
4.4 Commercial presence and direct investment

Trade-in-services statistics capture only part of the services relationship, for two reasons. First, they are much less disaggregated than goods statistics and contain more gaps, with many countries not reporting by partner or by detailed service category. Second, they are based on transactions between residents and non-residents. They therefore cover cross-border supply (Mode 1) and consumption abroad, mainly travel (Mode 2), but only partly cover

the temporary presence of service suppliers (Mode 4). They do not cover, for example, services sold by foreign affiliates (Mode 3), which is briefly discussed below.

Direct investment, the closest available proxy for services supplied through local affiliates (Mode 3), shows the reverse of the cross-border pattern (Figure 4.7). Dutch direct investment in India has almost quadrupled since 2015, to EUR 32.4 billion in 2024. Indian statistics likewise rank the Netherlands as India's fourth-largest source of foreign direct investment, with about 7 per cent of cumulative inflows since 2000.[20] Indian direct investment in the Netherlands, by contrast, amounted to only about EUR 1.3 billion in 2024. Dutch firms thus serve India largely through local presence, whereas Dutch imports from India are supplied mainly cross-border. Both figures cover all sectors, including manufacturing, and attribute investment to the immediate investing country. Part of the Dutch stock may thus belong to third-country groups. Indian investment routed via third countries or Dutch holding companies is not counted as Indian: Indian statistics record USD 29 billion of cumulative investment into the Netherlands since 2000.

Figure 4.7 Dutch-Indian direct investment stocks, 2015–2024 (EUR million)



Source: SEO Amsterdam Economics based on OECD FDI statistics (BMD4, FDI positions by counterpart area): equity incl. reinvested earnings, directional basis, resident SPEs excluded, immediate counterpart. EUR at ECB 31 December rates. FDI positions are a proxy for commercial presence (GATS Mode 3) across all sectors, including manufacturing, not services only. Inward Indian FDI is likely understated: by immediate counterpart, investment routed via the UK, Singapore or Mauritius is attributed to those countries, and investment passing through Dutch SPEs is excluded. Dutch FDI may partly be owned by third-country groups with Dutch holdings.

4.5 Services in the agreement and their relevance for the Netherlands

Several provisions of the EU-India FTA are particularly relevant for Dutch services trade, especially in ICT, business and professional services, financial services and maritime transport. Chapter 8 (Trade in Services) sets legally binding commitments on market access, national treatment and most-favoured-nation treatment (Articles 8.4–8.6), subject to the parties' schedules, including India's commitments in Annex 8-H. This gives Dutch service suppliers greater certainty in India, including through commercial presence (Mode 3), while limits on local-presence

[20] Indian (DPIIT) FDI data are not directly comparable: they measure cumulative gross equity inflows rather than stocks, follow the Indian financial year, and attribute investment to the immediate source country without excluding SPEs. "Dutch" FDI in India therefore also includes third-country and round-tripped Indian capital routed through the Netherlands.

and nationality requirements for senior management ease cross-border supply and establishment. The chapter also improves regulatory transparency and disciplines on licensing and qualifications, with sector-specific annexes on professional services (8-B), financial services (8-C) and telecommunications (8-D). Provisions on the temporary entry of business visitors, intra-corporate transferees and service professionals (Annex 8-A) matter especially for knowledge-intensive services and Dutch multinationals in India, while the maritime transport provisions are important for the Netherlands as a logistics hub. Chapter 9 (Digital Trade), including protection of software source code against forced disclosure, strengthens the framework for digitally delivered services, and Chapter 10 (Intellectual Property) supports knowledge-intensive activities. Overall, these provisions mainly improve the stability and predictability of bilateral services trade rather than opening markets substantially.

The EU-India FTA is expected to have a relatively modest direct impact on Dutch services trade, despite the sector's importance in bilateral economic relations. In the Central scenario, the gravity model estimates that Dutch services exports to India will increase by EUR 72 million and imports from India by EUR 134 million, with a negligible effect on aggregate Dutch services-sector welfare (Chapter 3). These limited effects reflect two things. First, the nature of the negotiated services commitments, which primarily consolidate existing market access conditions rather than introduce substantial new liberalisation. Second, the fact that cross-border services trade is only part of the total services trade occurring (also mainly through Mode 3 – commercial presence). Nevertheless, the agreement is relevant to an already substantial and rapidly growing bilateral services relationship. In 2024, Dutch services exports to India reached EUR 2.5 billion, compared with EUR 6.6 billion in imports, resulting in a deficit of EUR 4.1 billion. This asymmetry reflects differences in specialisation: ICT services account for 39 per cent of Dutch services exports to India, while ICT and other business services together account for 94 per cent of imports from India. The FTA's commitments on cross-border services, together with its provisions on digital trade, can therefore help provide greater regulatory certainty for businesses operating in these sectors, even where they do not substantially reduce existing barriers.

The potential benefits of the FTA for the Netherlands may extend beyond the additional cross-border services trade captured by the model, particularly through commercial presence and the movement of professionals. Dutch direct investment in India reached EUR 32.4 billion in 2024, compared with Indian direct investment of EUR 1.3 billion in the Netherlands, suggesting that commercial presence (Mode 3) is an important channel through which Dutch firms serve the Indian market. The FTA's commitments on establishment and services, alongside provisions facilitating the temporary entry and stay of certain categories of business persons (Mode 4), may strengthen the conditions under which firms operate and supply services across the two markets. However, the practical effects of Mode 4 provisions will also depend on applicable national immigration and labour market rules, while investment protection remains subject to a separate agreement still under negotiation. Moreover, the model does not capture changes in foreign direct investment, affiliate sales or the broader benefits of increased legal certainty. Consequently, although the quantified effects on services trade are small, the agreement may support the further development of Dutch-Indian services value chains, particularly in ICT, professional and business services, and activities linked to Dutch investment in India.

Two external factors may still further influence bilateral trade in goods and services between the EU, the Netherlands and India. First, the EU and India are also still negotiating the EU-India Investment Protection Agreement (IPA). This agreement, if concluded and ratified, is likely to complement the EU-India FTA, further deepening the collaboration between the two. In particular, investment protection provisions may further enhance Mode 3 services trade as they create more legal certainty and predictability for EU and India (two-way) investors. Second, developments in the wider global trade environment may affect the significance of the EU-India FTA. In a period of rising trade tensions and greater uncertainty in international economic relations, free trade agreements

are increasingly seen as a way to diversify trade partners and secure stable, rules-based market access. As a result, the value of the agreement, and the extent to which businesses make use of it, may increase in the years to come.

Appendix A Additional results

This appendix reports additional results underlying Chapter 3. It presents the bilateral trade-flow adjustments by scenario and sector (Table A.1) and the elasticity robustness band around the headline welfare results (Table A.2).

The pattern of trade adjustment is the same in every scenario and its size barely changes, because the scenarios differ only in small NTM cuts. Table A.1 reports the bilateral adjustments for all three scenarios and all four sectors; the Central scenario's Total and Services panels are also shown in Table 3.4. In all three, India and the EU trade more with each other and less with third countries and at home. Three observations stand out. First, the tariff schedules do almost all the work: under Tariffs only, EU (26) exports to India rise by EUR +59.4 billion and Indian exports to the EU (26) by EUR +30.7 billion, against EUR +60.0 billion and EUR +31.3 billion in Central. Second, the High scenario adds EUR 2.8 billion to EU (26) exports to India (EUR +62.8 billion) and EUR 2.3 billion to Indian exports to the EU (26) (EUR +33.7 billion), almost all of it in manufacturing, where the SIA design cuts 0.29 percentage points of NTM cost in both directions. Third, the diversion away from China is the same across the ladder, EUR −4.5 to −4.6 billion, because it is driven by India's tariff cuts and not by the NTM assumptions. Services trade moves only in Central and High, where the services binding is shocked; under Tariffs only the services block is zero by construction.

Table A.1 Bilateral trade flow adjustments by scenario and sector (Δ EUR million)

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
Tariffs only - Total							
India	−39,245	+3,313	+30,738	+476	+1,734	+5,481	*+41,742*
Netherlands	+6,141	−2,329	−1,439	−140	−273	−1,420	*+2,869*
EU (26)	+59,424	−1,967	−33,811	−2,454	−3,567	−12,418	*+39,018*
China	−4,452	+211	+1,828	+1,578	+499	+335	*−1,579*
United States	−1,902	+216	+956	−93	+763	+64	*−759*
Rest of the world	−15,100	+1,080	+5,755	+459	+764	+7,049	*−7,042*
Δ imports (excl. domestic)	*+44,111*	*+2,853*	*+37,838*	*−1,752*	*−843*	*−7,958*	
Total Δ (incl. domestic)	*+4,866*	*+524*	*+4,027*	*−174*	*−80*	*−909*	
Tariffs only - Agriculture							
India	−394	+105	+303	+2	+3	+27	*+440*
Netherlands	+72	−52	−10	0	0	−1	*+61*
EU (26)	+402	−30	−263	−6	−5	−52	*+309*
China	−1	−1	0	+1	0	0	*−2*
United States	−5	−1	+2	0	+2	+2	*−2*
Rest of the world	−23	−10	+13	+2	0	+20	*−18*
Δ imports (excl. domestic)	*+445*	*+63*	*+308*	*−2*	*−2*	*−24*	

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
Total Δ (incl. domestic)	*+51*	*+11*	*+45*	*−1*	*0*	*−4*	
Tariffs only – Mining and Energy							
India	−191	+1	+30	+85	+6	+80	*+202*
Netherlands	+32	−511	+541	−1	−2	−56	*+514*
EU (26)	+3,974	−172	−2,979	−33	−6	−448	*+3,315*
China	−6	+1	+6	−10	+1	+13	*+15*
United States	−193	+91	+167	−8	−37	−20	*+37*
Rest of the world	−3,302	+644	+2,248	+67	+45	+292	*−298*
Δ imports (excl. domestic)	*+505*	*+565*	*+2,992*	*+110*	*+44*	*−431*	
Total Δ (incl. domestic)	*+314*	*+54*	*+13*	*+100*	*+7*	*−139*	
Tariffs only – Manufacturing							
India	−38,661	+3,207	+30,405	+389	+1,725	+5,373	*+41,099*
Netherlands	+6,037	−1,766	−1,970	−139	−270	−1,364	*+2,294*
EU (26)	+55,048	−1,765	−30,569	−2,416	−3,556	−11,917	*+35,394*
China	−4,445	+211	+1,822	+1,586	+498	+322	*−1,592*
United States	−1,704	+126	+787	−84	+798	+81	*−794*
Rest of the world	−11,775	+446	+3,494	+391	+719	+6,736	*−6,725*
Δ imports (excl. domestic)	*+43,161*	*+2,225*	*+34,538*	*−1,859*	*−884*	*−7,505*	
Total Δ (incl. domestic)	*+4,500*	*+459*	*+3,969*	*−273*	*−86*	*−769*	
Tariffs only – Services*							
India	0	0	0	0	0	0	*0*
Netherlands	0	0	0	0	0	0	*0*
EU (26)	0	0	0	0	0	0	*0*
China	0	0	0	0	0	0	*0*
United States	0	0	0	0	0	0	*0*
Rest of the world	0	0	0	0	0	0	*0*
Δ imports (excl. domestic)	*0*	*0*	*0*	*0*	*0*	*0*	
Total Δ (incl. domestic)	*0*	*0*	*0*	*0*	*0*	*0*	
Central – Total							
India	−39,785	+3,458	+31,322	+476	+1,702	+5,465	*+42,423*
Netherlands	+6,223	−2,411	−1,434	−140	−270	−1,413	*+2,966*
EU (26)	+60,001	−1,990	−34,255	−2,456	−3,562	−12,425	*+39,568*
China	−4,455	+211	+1,827	+1,579	+500	+337	*−1,580*

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
United States	−1,884	+210	+941	−94	+774	+56	*−771*
Rest of the world	−15,101	+1,069	+5,738	+459	+772	+7,069	*−7,063*
Δ imports (excl. domestic)	*+44,784*	*+2,958*	*+38,394*	*−1,755*	*−858*	*−7,980*	
Total Δ (incl. domestic)	*+4,999*	*+547*	*+4,139*	*−176*	*−84*	*−911*	
Central – Agriculture							
India	−417	+111	+321	+2	+3	+29	*+466*
Netherlands	+76	−55	−11	0	0	−1	*+64*
EU (26)	+426	−32	−278	−6	−5	−55	*+328*
China	−1	−1	+1	+1	0	0	*−1*
United States	−6	−1	+2	0	+2	+2	*−3*
Rest of the world	−24	−11	+14	+2	0	+22	*−19*
Δ imports (excl. domestic)	*+471*	*+66*	*+327*	*−2*	*−2*	*−25*	
Total Δ (incl. domestic)	*+54*	*+11*	*+49*	*−1*	*0*	*−3*	
Central – Mining and Energy							
India	−191	+1	+30	+85	+6	+80	*+202*
Netherlands	+32	−511	+541	−1	−2	−56	*+514*
EU (26)	+3,974	−172	−2,979	−33	−6	−448	*+3,315*
China	−6	+1	+6	−10	+1	+13	*+15*
United States	−193	+91	+167	−8	−37	−20	*+37*
Rest of the world	−3,302	+644	+2,248	+67	+45	+292	*−298*
Δ imports (excl. domestic)	*+505*	*+565*	*+2,992*	*+110*	*+44*	*−431*	
Total Δ (incl. domestic)	*+314*	*+54*	*+13*	*+100*	*+7*	*−139*	
Central – Manufacturing							
India	−38,704	+3,211	+30,447	+389	+1,725	+5,374	*+41,146*
Netherlands	+6,043	−1,768	−1,972	−139	−271	−1,365	*+2,296*
EU (26)	+55,104	−1,767	−30,605	−2,417	−3,559	−11,926	*+35,435*
China	−4,448	+211	+1,823	+1,588	+499	+323	*−1,592*
United States	−1,705	+126	+787	−85	+799	+82	*−795*
Rest of the world	−11,784	+446	+3,495	+391	+720	+6,743	*−6,732*
Δ imports (excl. domestic)	*+43,210*	*+2,227*	*+34,580*	*−1,861*	*−886*	*−7,512*	
Total Δ (incl. domestic)	*+4,506*	*+459*	*+3,975*	*−273*	*−87*	*−769*	
Central – Services*							
India	−473	+134	+525	0	−33	−19	*+607*

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
Netherlands	+72	−77	+9	0	+3	+8	*+92*
EU (26)	+497	−20	−394	+1	+8	+4	*+490*
China	0	−1	−1	0	+1	+1	*0*
United States	+20	−5	−15	−1	+10	−8	*−9*
Rest of the world	+10	−10	−18	−1	+7	+13	*−12*
Δ imports (excl. domestic)	*+599*	*+98*	*+500*	*−1*	*−14*	*−14*	
Total Δ (incl. domestic)	*+126*	*+21*	*+106*	*−1*	*−4*	*−1*	
High - Total							
India	−42,070	+3,705	+33,665	+470	+1,677	+5,383	*+44,900*
Netherlands	+6,524	−2,514	−1,548	−145	−278	−1,457	*+3,096*
EU (26)	+62,762	−2,094	−36,161	−2,528	−3,659	−12,756	*+41,725*
China	−4,577	+208	+1,811	+1,645	+524	+389	*−1,645*
United States	−1,931	+207	+923	−97	+836	+66	*−832*
Rest of the world	−15,435	+1,062	+5,682	+466	+811	+7,421	*−7,414*
Δ imports (excl. domestic)	*+47,343*	*+3,088*	*+40,533*	*−1,834*	*−925*	*−8,375*	
Total Δ (incl. domestic)	*+5,273*	*+574*	*+4,372*	*−189*	*−89*	*−954*	
High - Agriculture							
India	−417	+111	+321	+2	+3	+29	*+466*
Netherlands	+76	−55	−11	0	0	−1	*+64*
EU (26)	+426	−32	−278	−6	−5	−55	*+328*
China	−1	−1	+1	+1	0	0	*−1*
United States	−6	−1	+2	0	+2	+2	*−3*
Rest of the world	−24	−11	+14	+2	0	+22	*−19*
Δ imports (excl. domestic)	*+471*	*+66*	*+327*	*−2*	*−2*	*−25*	
Total Δ (incl. domestic)	*+54*	*+11*	*+49*	*−1*	*0*	*−3*	
High - Mining and Energy							
India	−195	+1	+33	+85	+6	+81	*+206*
Netherlands	+32	−512	+542	−1	−2	−56	*+515*
EU (26)	+3,987	−172	−2,989	−33	−6	−449	*+3,327*
China	−6	+1	+6	−10	+1	+14	*+16*
United States	−193	+91	+168	−9	−37	−20	*+37*
Rest of the world	−3,310	+646	+2,253	+67	+45	+293	*−299*
Δ imports (excl. domestic)	*+510*	*+567*	*+3,002*	*+109*	*+44*	*−430*	

Exporter \ importer	India	Netherlands	EU (26)	China	United States	Rest of the world	Δ exports (excl. domestic)
Total Δ (incl. domestic)	*+315*	*+55*	*+13*	*+99*	*+7*	*−137*	
High – Manufacturing							
India	−40,986	+3,458	+32,786	+382	+1,701	+5,293	*+43,620*
Netherlands	+6,344	−1,870	−2,088	−143	−279	−1,409	*+2,425*
EU (26)	+57,852	−1,871	−32,500	−2,490	−3,656	−12,255	*+37,580*
China	−4,570	+208	+1,806	+1,654	+523	+375	*−1,658*
United States	−1,752	+122	+769	−88	+861	+92	*−857*
Rest of the world	−12,110	+437	+3,434	+398	+759	+7,094	*−7,082*
Δ imports (excl. domestic)	*+45,764*	*+2,354*	*+36,707*	*−1,941*	*−952*	*−7,904*	
Total Δ (incl. domestic)	*+4,778*	*+484*	*+4,207*	*−287*	*−91*	*−810*	
High – Services*							
India	−473	+134	+525	0	−33	−19	*+607*
Netherlands	+72	−77	+9	0	+3	+8	*+92*
EU (26)	+497	−20	−394	+1	+8	+4	*+490*
China	0	−1	−1	0	+1	+1	*0*
United States	+20	−5	−15	−1	+10	−8	*−9*
Rest of the world	+10	−10	−18	−1	+7	+13	*−12*
Δ imports (excl. domestic)	*+599*	*+98*	*+500*	*−1*	*−14*	*−14*	
Total Δ (incl. domestic)	*+126*	*+21*	*+106*	*−1*	*−4*	*−1*	

Source: SEO Amsterdam Economics. EUR million, real changes converted at 0.8931 EUR per USD (2019 average). Rows are exporters, columns importers; diagonal cells hold domestic sales (for the EU (26), intra-EU (26) trade). "Δ exports" and "Δ imports" exclude the diagonal and, for India, the Netherlands and the EU (26), correspond to the totals of Figure 3.3 for the respective scenario; "Total Δ" sums each column including the diagonal. The rest of the world excludes China and the United States. * Services less precisely estimated due to lower data quality.

We test the robustness of our estimates by varying trade elasticities across sectors. Sectoral trade elasticities take central values of 8.5 (agriculture), 15 (mining and energy), 12.6 (manufacturing) and 5 (services); as a robustness convention we scale all elasticities jointly by ×0.75 and ×1.25. Results scale predictably with the assumed trade elasticities. The scaling moves India's Central-scenario welfare gain between +0.117 and +0.150 per cent of real income, around +0.132 per cent at central values (Table A.2), the Dutch gain between +0.029 and +0.037 per cent and the EU (27) gain between +0.017 and +0.022 per cent. Trade responses react more strongly: the increase in EU (27) exports to India in the Central scenario ranges from +88 per cent (×0.75) to +188 per cent (×1.25), around +133 per cent at central values, and that in Indian exports to the EU (27) from +41 to +83 per cent, around +60 per cent at central values. The band is a robustness convention, not a confidence interval.

Table A.2 Welfare effects by scenario, elasticity robustness band (Δ% of real income)

	Tariffs only	Central	High
India	+0.128 [+0.113 – +0.146]	+0.132 [+0.117 – +0.150]	+0.139 [+0.123 – +0.159]
Netherlands	+0.031 [+0.028 – +0.035]	+0.032 [+0.029 – +0.037]	+0.034 [+0.030 – +0.038]
EU (27)	+0.019 [+0.016 – +0.021]	+0.019 [+0.017 – +0.022]	+0.020 [+0.018 – +0.023]

Source: SEO Amsterdam Economics. Central trade elasticities; brackets show results with all sector elasticities scaled by ×0.75 and ×1.25 (a robustness convention, not a confidence interval). All values at three decimals; the main text rounds India to two decimals. Values rounded from the unrounded model output; the two-decimal figures in Chapter 3 are rounded from the same output, not from this table.



“Research for well-informed policies”

SEO Amsterdam Economics carries out independent applied economic research on behalf of nation-al and international clients – both public institutions and private sector clients. Our research aims to make a major contribution to the decision-making processes of our clients. Originally founded by, and still affiliated with, the University of Amsterdam, SEO Amsterdam Economics is now an independent research group but retains a strong academic component. Operating on a nonprofit basis, SEO continually invests in the intellectual capital of its staff by granting them time to pursue continuing education, publish in academic journals, and participate in academic networks and conferences.

SEO-report nr. 2026-142
ISBN 978-90-5220-726-1

Information & Disclaimer
SEO Amsterdam Economics has not performed any research on the obtained information and data that would constitute an audit or due diligence. SEO is not responsible for errors or omissions in the obtained information and data.

Use of generative AI
SEO may use generative AI to support tasks such as information gathering, data analysis, programming, text processing, transcription or translation. In doing so, SEO takes appropriate measures to protect confidential information and personal data. AI output is assessed and verified by our researchers. SEO remains responsible for the content and quality of the analyses, conclusions and final products.

Copyright © 2026 SEO Amsterdam.
All rights reserved. Data from this report may be used in articles, studies and syllabi, provided that the source is clearly and accurately mentioned. Data in this report may not be used for commercial purposes without prior permission of the author(s). Permission can be obtained by contacting: secretariaat@seo.nl.

Roetersstraat 29
1018 WB, Amsterdam
The Netherlands

+31 20 399 1255
secretariaat@seo.nl
www.seo.nl/en/

seo • amsterdam economics