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India-EU FTA: Redefining the Pharma Growth Equation

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On January 27, 2026, after years of negotiations, India and the European Union announced a landmark Free Trade Agreement. The move comes as both sides look to avoid deeper geopolitical friction by strengthening economic ties. More than 20 years in the making, the deal is widely seen as opening new doors for India's pharmaceutical and medical device sectors. Let's take a closer look at how it could impact these industries.



India and the European Union (EU) have announced the conclusion of negotiations for a Free Trade Agreement (FTA), marking a milestone in one of India's most strategic economic partnerships. Dubbed the 'mother of all deals,' the agreement is structured as a modern, rules-based trade framework designed to address current global trade challenges while enabling deeper market integration between the world's fourth and second largest economies.

The FTA unlocks access to the \$572.3 billion EU pharmaceuticals and medical devices market, providing new opportunities for Indian manufacturers. The agreement is expected to support scaling of pharmaceutical production, employment generation, stronger MSME participation, and deeper integration into global supply chains. It reinforces India's position as a major supplier of medicines and medical technologies.

Key Highlights for Pharmaceuticals and Medical Devices

- Preferential market access to support growth in high-value segments
- Liberalised tariffs for key 'Made in India' medical devices
- Growth opportunities across inorganic and organic chemicals, fertilisers, pharmaceuticals, cosmetics, soaps, and detergents
- Capacity expansion and MSME cluster development
- Expansion across manufacturing hubs in Gujarat, Maharashtra, Karnataka, and Andhra Pradesh
- Strengthening of coastal export hubs to support export-led growth and employment

The FTA is also expected to support Indian traditional medicine services. In EU Member States where regulations do not exist, AYUSH practitioners will be able to provide services based on qualifications obtained in India. The agreement provides certainty for establishment of AYUSH wellness centres and clinics and envisages greater exchange to facilitate trade in Indian traditional medicine services.

India and the EU first initiated trade negotiations in 2007, but discussions stalled in 2013 over issues including patent protection, data security, and mobility of professionals. Negotiations were relaunched in 2022. In recent years, geopolitical pressures and the need to diversify export markets have accelerated the process, as both India and the EU seek to broaden trade partnerships, according to a World Economic Forum report.

Industry Reacts

Much of the industry has responded positively to the conclusion of the India–EU Free Trade Agreement, viewing it as a structural shift in trade and market access. “The conclusion of the India–EU Free Trade Agreement marks a watershed moment for India's pharmaceutical exports and its long-term partnership with Europe—one of the world's most regulation-intensive healthcare markets. For the pharmaceutical sector, the FTA delivers structural competitiveness. Near-zero tariff access significantly strengthens the position of Indian formulations, APIs, and value-added medicines in the EU, a development that is particularly consequential for India's pharma MSMEs, many of whom possess strong quality capabilities but face cost and access barriers in highly regulated markets. Reduced tariffs and smoother market entry will directly enhance their ability to scale exports, invest in compliance, and integrate into European supply chains. The India–EU FTA is not a short-term export stimulus; it is a long-term competitiveness framework that empowers MSMEs and positions Indian pharma for resilient, quality-led growth,” said **Namit Joshi, Chairman, Pharmaceutical Export Promotion Council of India (Pharmexcil)**.

Hailing the developments **Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance (IPA)** said, “IPA welcomes the conclusion of the India–EU Free Trade Agreement, which marks an important milestone in strengthening bilateral trade. India and the European Union are long-standing and trusted partners in the pharmaceutical sector. Indian companies play a critical role in supplying quality-assured, affordable medicines to Europe. The expected removal of EU tariffs of up to 11 per cent on pharmaceuticals will enhance trade and support greater access to innovative medicines for Indian patients. The agreement reinforces the intellectual property framework under the TRIPS Agreement and the Doha Declaration. This will further strengthen trade opportunities and collaboration between India and the EU.”

Industry experts have expressed similar views for the medical devices sector, noting that Indian healthcare delivery remains dependent on high-end medical, surgical, and diagnostic equipment imported from Europe. The elimination of tariffs under the India–EU trade agreement is expected to reduce input costs for hospitals and improve access to advanced technologies.

“For the MedTech, medical devices, and diagnostics ecosystem, the FTA is particularly consequential—unlocking deeper market access, rationalised tariffs, and stronger regulatory cooperation between two of the world's most innovation-driven healthcare markets. Importantly, reduced bilateral duties will make advanced medical equipment and devices more affordable

in India while simultaneously catalysing local manufacturing scale and providing a strong export impetus for Indian-made medical devices and equipment into Europe. The agreement also enables regulatory convergence and predictability, a critical enabler for long-cycle MedTech investments and global quality certifications. By improving access to advanced diagnostics and precision technologies, it strengthens healthcare delivery outcomes while lowering system-wide costs. Beyond trade volumes, the agreement creates a platform for sustained investments, technology partnerships, and collaborative innovation, strengthening healthcare resilience across both economies,” said **Dr GSK Velu, Chairman & Managing Director- Trivitron Healthcare, Neuberg Diagnostics and Maxivision Super Speciality Eye Hospitals**

Experts also feel that the agreement has strategic importance in elevating India's global manufacturing position. “The conclusion of the India–EU Free Trade Agreement is a consequential step in positioning India as a credible, long-term partner in global manufacturing and innovation. For the medical technology sector, the combination of tariff rationalisation and more predictable market access materially improves the competitiveness of Indian-manufactured devices in Europe, one of the world's most regulated healthcare markets. Equally important, the agreement reinforces higher expectations around quality systems, regulatory discipline, and product performance, encouraging Indian MedTech companies to invest with a longer horizon in advanced manufacturing and R&D. In the context of evolving global healthcare supply chains, the FTA supports deeper integration of Indian manufacturers into European value chains and strengthens trust in India as a reliable source of critical medical technologies. This development aligns closely with the ‘Make in India for the World’ vision and creates a sustainable pathway for Indian MedTech companies to scale globally while contributing to a resilient, patient-centric healthcare ecosystem,” said **Dr Shravan Subramanyam, Managing Director, BPL Medical Technologies**

While challenges around regulation and execution remain, the India–EU FTA may well redefine the trajectory of India's pharma and MedTech sectors in the years ahead.

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