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## The “Mother of All Agreements”

India and the European Union signed their comprehensive free trade agreement on 27 January 2026, which is intended to be the beginning of a new era in relations between Europe and the South Asian country. The opinion as the agreement is a strategically important response to American trade policy could not be left out of the commentaries of journalists and experts. However, it is worth adding a few more aspects to this simplistic view.

First of all, negotiations on the agreement began in 2007 and stalled in 2013 due to wide-ranging disagreements between the two parties. They were finally restarted in 2022 – years before the start of Donald Trump’s second presidential term. This negotiation process led to a result by 2026.

Second, the European–Indian rapprochement did have strategic motivations, but these were initially shared by the United States. The latter was strongly motivated by the desire to link New Delhi more closely to Western economies and to gain support for its policy of limiting the great power aspirations of the People’s Republic of China. It is worth remembering that in September 2023, the India–Middle East–Europe Economic Corridor project was also established with American support, which was described by analysts at the time as a rival to China’s Belt and Road Initiative.

Third, India’s foreign trade with China and Russia has been in a strong deficit in recent years. Indian decision-makers are particularly worried about the foreign trade deficit with Beijing. In contrast, bilateral trade with the United States and the European Union has resulted in significant surpluses. After the U.S. tariff policy cast doubt on the dynamic growth in the value of bilateral trade that New Delhi and Washington had previously set as a goal, it was a logical effort on the part of India to strengthen its cooperation with the other major Western economic centrum.

And finally, there are only estimates of the real effects of the free trade agreement today, but it is worth noting that the document establishes a fairly diverse cooperation, going far beyond the regulation of tariffs. It therefore does not seem an exaggeration to emphasise its historical significance. In addition, the agreement could provide India and the European Union with significant strategic room for manoeuvre in an era when trade can become a tool for political pressure.

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