


[Home](#) > [China.Table](#) > [Interview](#) > [Free trade agreement](#)

Security expert Panda: “Democracies can negotiate ambitious agreements”

India views the free trade agreement with the EU as a strategic economic realignment. But what does it mean for the triangular relationship between India, China and the EU?

 Angela Köckritz

27. January 2026

Aa



Dr. Jagannath Panda is Head of the Centre for South Asian and Indo-Pacific Affairs at the Institute for Security and Development Policy in Sweden.

India's Commerce Minister Piyush Goyal has described the EU-India free trade agreement as “the mother of all agreements”. How do the Indian government and business community view the EU-India FTA?

In India, the EU-India FTA is viewed less as a routine trade agreement and more as a strategic economic reset. The government sees it as a way to anchor India more deeply into European value chains at a time of global fragmentation

Politically, the FTA is framed as a confidence signal. Europe is betting on India's long-term growth story, not just short-term arbitrage. This explains why leaders in New Delhi have described the deal in ambitious terms. It is not simply about tariffs; it is about institutional trust, technology access, and India's emergence as a reliable economic partner in a divided global economy.

What are the geopolitical implications of the deal for India?

Geopolitically, the EU-India FTA strengthens India's position as a flexible power with options, not dependencies. For New Delhi, the agreement reduces vulnerability to coercive trade practices and enhances strategic autonomy. At a time when global trade is increasingly weaponised, deeper economic ties with Europe provide India with diversification, credibility and resilience.

The FTA also elevates India's status within European strategic thinking, from a regional actor to a systemic partner. At a broader level, the deal reinforces a multipolar economic order. It demonstrates that major democracies can still negotiate ambitious agreements without ideological convergence on every issue. For India, that is geopolitically valuable: It aligns economic growth with diplomatic flexibility rather than alliance entrapment.

What could the FTA mean for India-China-EU triangular relations?

The EU-India FTA subtly reshapes the triangle by rebalancing Europe's Asia strategy. It offers the EU a credible alternative partner to China in key sectors such as manufacturing, digital services, and green technologies – without forcing a binary choice. For India, the deal strengthens its leverage vis-à-vis China. While New Delhi does not seek economic decoupling from Beijing, it wants to reduce asymmetric dependence.

China, in turn, is likely to view the agreement pragmatically rather than confrontationally. It may increase competitive pressure on Chinese exporters in Europe, but it does not exclude China from EU markets. Overall, the FTA encourages a triangular balance rather than confrontation, where Europe diversifies, India consolidates, and China adapts. These dynamic fits India's preference for a multipolar order rather than bloc politics.

How does India assess China's gains from Trump's policies and current India-China ties?

India recognises that China has benefited indirectly from US–India trade tensions by consolidating its role in global supply chains. However, New Delhi does not see this as inevitable or irreversible. Relations between India and China have stabilised somewhat after high-level engagements, but they remain structurally competitive. Economic rapprochement has limits because strategic mistrust persists, especially on borders, technology, and regional influence. India's approach and response are not confrontation, but selective engagement combined with diversification. The EU-India FTA fits into this logic: reducing China's relative advantage without provoking escalation.

How might India-EU relations evolve given India's ties with Russia?

India's relationship with Russia will remain a managed divergence with Europe, not a deal-breaker. New Delhi views Moscow primarily through the lens of defence legacy, energy security, and strategic autonomy, not entirely in terms of ideological alignment. The EU increasingly recognises that pressuring India to choose sides would be counterproductive. Instead, future engagement will likely focus on risk management rather than alignment enforcement.

What do you expect from the defense and security partnership besides the FTA?

The security partnership will focus less on alliances and more on capability building. Expect cooperation in defense manufacturing, maritime security, cyber resilience, space and emerging technologies. Crucially, this partnership will be functional, not ideological, focused on interoperability, resilience, and shared interests rather than bloc politics.

Dr. Jagannath Panda is the Head of the Stockholm Center for South Asian and Indo-Pacific Affairs at the Institute for Security and Development Policy, Sweden, and a Senior Fellow at The Hague Center for Strategic Studies, The Netherlands.

Last updated: 27. January 2026

IndiaEuropean UnionChina

Share article: 