GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
LOK SABHA
UNSTARRED QUESTION NO. 3717
ANSWERED ON 11/08/2026

INDIA'S TRADE SURPLUS/DEFICIT

3717. SHRI S VENKATESAN:

Will the Minister of **COMMERCE AND INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

(a) the details of the Free Trade Agreements (FTAs) concluded by India with the United Kingdom (UK), the European Union (EU), the United Arab Emirates (UAE) and New Zealand, as on date;
(b) the caution being exercised in negotiating these FTAs justified, considering that India's earlier FTAs with Japan, South Korea and Australia resulted in larger trade deficits with those countries; and
(c) the details of India's trade surplus/deficit with Japan, South Korea and Australia for the periods prior to and after the signing of the respective FTAs?

ANSWER
वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

(a) India has signed a Comprehensive Economic Partnership Agreement (CEPA) with the United Arab Emirates (UAE) on 18th February, 2022 which came into effect on 01st May, 2022 and a Comprehensive Economic and Trade Agreement (CETA) with the United Kingdom (UK) on 24th July, 2025 which came into effect on 15th July, 2026. Also, India – New Zealand Free Trade Agreement (FTA) has been signed on 27th April, 2026 which is under ratification process. Further, negotiations for India-European Union (EU) FTA concluded on 27th January, 2026. The details and salient features of these agreements may be sourced at https://www.commerce.gov.in/#/international-trade/trade-agreements. Brief features of these FTAs are listed below:

- India-EU FTA: Preferential Market Access on 96.8% of tariff lines which covers 99.5% of India’s exports. 90.7% of exports (by trade value) to the EU to become duty-free on entry into force of the Agreement.
- India - UK CETA provides an unprecedented duty-free access to almost 99 per cent of India’s exports to the UK, covering nearly 100% of the trade value. All zero-duty concessions come into effect with entry into force. India’s major exports—from labor-intensive sectors like textiles, gems & jewellery, leather and footwear, organic chemical, artisanal products, and ceramics to high-value goods

like auto parts, machinery, pharmaceuticals, and processed foods get zero-duty access to the UK.

- India–New Zealand FTA: New Zealand will provide 100% duty-free market access on all tariff lines, including agri-processed products, marine products, dairy products and other rural livelihood-based products from the entry into force of the agreement. Before this, Indian exports faced duties upto 10% in labour-intensive sectors.
- India and UAE CEPA: India has secured duty-free and preferential market access on 97% of UAE tariff lines covering 99% of India's exports, with immediate duty elimination on over 80% of tariff lines, creating a transformational opportunity for Indian farmers, MSMEs and other businesses.

These agreements are comprehensive in nature and cover multiple areas of trade and economic engagement, including commitments to investment in India (commitments of US$ 20 billion under India-New Zealand FTA).

(b) Free Trade Agreements (FTAs) are entered into with the concerned trading partner countries primarily with the aim to increase bilateral trade and investment, enhance competitiveness and boost economic growth and jobs. The FTAs provide preferential market access for different sectors, cover measures for addressing technical barriers to trade (TBT), sanitary and phytosanitary (SPS) measures, customs procedures, and regulatory cooperation etc. FTAs also enable a stable and predictable trade ecosystem for Indian exporters in the trading partner countries. FTAs are negotiated with the endeavour to deliver comprehensive, balanced, fair and mutually beneficial outcomes.

Before entering into new FTA negotiations, Government ensures that sector-specific stakeholder consultations are held at all stages of the negotiations. In addition to this structured approach, post-implementation, the Government is continuously engaged with all stakeholders to ensure effective FTA utilization through trade promotion, trade facilitation and addressing challenges if any.

(c) India's trade deficit with South Korea was USD 5.1 Bn (in 2009-10) before implementation of India – South Korea CEPA on 01st January, 2010 and USD 15.3 Bn in 2025-26. Also, India's trade deficit with Japan was USD 3.5 Bn (in 2010-11) before implementation of India – Japan CEPA on 01st August, 2011 and USD 15.4 Bn in 2025-26. India's trade deficit with Australia was USD 8.5 Bn (in 2021-22) before implementation of Economic Cooperation and Trade Agreement (ECTA) on 29th December, 2022 and USD 6.5 Bn in 2025-26. A wide range of global and domestic factors, including economic growth, geopolitical developments, industry demand, energy security for domestic industry, commodity price movements and evolving supply chains, shape trade trends, including for exports and imports.

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