

India and Eurasian Economic Union (EAEU) sign Terms of Reference (ToR) to begin FTA negotiations

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India and the Eurasian Economic Union (EAEU), comprising Armenia, Belarus, Kazakhstan, Kyrgyz Republic, and the Russian Federation, have signed the Terms of Reference (ToR) in Moscow on 20 August 2025 to formally initiate negotiations for a Free Trade Agreement (FTA).

This milestone marks the beginning of structured negotiations, with both sides reaffirming their commitment to early conclusion of the FTA and to building a long-term institutional framework for trade cooperation.

The heads of negotiation groups discussed organisational aspects of the negotiation process and reaffirmed commitment to strengthening bilateral economic ties.

Key highlights:

- **Trade engagement:** The India–EAEU trade turnover reached USD 69 billion in 2024, reflecting a 7% growth over 2023. The EAEU bloc, with a combined GDP of USD 6.5 trillion, represents a significant opportunity for Indian exporters.
- **Proposed FTA objectives:** The agreement is expected to expand market access for Indian goods and services, support diversification into new sectors and geographies, enhance competitiveness against non-market economies, and deliver benefits particularly to MSMEs.
- **Strategic scope:** The ToR provides the framework for negotiations, aimed at unlocking untapped trade potential, boosting investments, and establishing a durable economic partnership.

Our comments

The signing of the Terms of Reference to launch the FTA negotiations between India and the Eurasian Economic Union is a welcome development, especially at a time when Indian exports are facing steep pressure from the U.S., with tariffs on India being raised to as high as 50% — the highest among all countries. This development underscores the critical need for Indian businesses to diversify export destinations, reduce overdependence on any single market, and leverage India's expanding FTA network to de-risk supply chains and sustain long-term export momentum.

With bilateral trade already standing at USD 69 billion, the proposed FTA opens opportunities for Indian exporters to tap into new sectors while enhancing resilience amid global trade realignments. Particularly noteworthy is the emphasis on MSME participation and addressing non-market competitive disadvantages, which can significantly broaden the base of beneficiaries.

That said, the negotiations will need to carefully navigate sensitive areas, such as tariff schedules, rules of origin, and regulatory harmonisation, to ensure balanced outcomes. If concluded expeditiously, this FTA can act as a long-term anchor for India's economic engagement in the Eurasian region, complementing the existing trade agreements and strengthening India's broader export promotion strategy.

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