Federation of European Business in India (FEBI)

EU- India Agri-Food and Alcoholic Beverages Tariffs

28th September 2026

EU-India Agri-Food and Alcohol Beverages Tariffs: Roadmap for European Businesses

The EU-India Free Trade Agreement creates a phased pathway for greater market access for European agri-food and alco-beverages products in India. Through TRQs, progressive tariff reductions and differentiated treatment across product categories, the Agreement provides European businesses with improved and more predictable access to the Indian market.

I) Key Changes for European Agri-Food and Alco- Beverages Business

The agricultural commitments provide European businesses with **phased and differentiated routes into the Indian market**, rather than a single tariff reduction applicable across all goods. The principal opportunities are:

Key Segment Opportunities	Core Strategic Implications
• **Tariff Eliminations & Reductions**: Complete tariff removals apply to processed foods (coffee, tea, chocolate, potatoes) and virgin olive oil. Progressive reductions benefit mid-to-high-end wines and spirits. • **Managed Quotas:** Apples receive preferential access under a growing annual quota, provided they meet minimum import pricing (MIP) thresholds. • **Segment Exclusions**: The FTA provides tariff concessions for wine valued at **€2.50 or above per 750 ml**, with preferential treatment increasing across the applicable value categories.	• **Phased Cost Modeling**: Gradual duty reductions (such as annual cuts over a 6-year period for specific processed lines) allow importers to accurately project landed costs and negotiate long-term supplier contracts. • **Premium Positioning**: Entry-level prices for wines, spriirits and apples stay protected; businesses are directed toward mid-range and premium products. • **Regulatory Compliance**: Access to preferential duties requires strict documentation. Importers must verify EU origin through official Certificates of Origin to avoid defaulting to standard Most-Favored-Nation (MFN) tax rates.

For European businesses and Indian import partners, **quota planning and compliance will therefore be as important as the headline tariff reductions**. The relevant requirements include timely applications, quota allocation, and effective utilisation of the allocation.

II) The EU-India FTA: Regulatory Cooperation, Food Safety & Sustainability

i. **Rules of Origin for Food and Agricultural Products:** Under the trade agreement's rules of origin chapter 3, food and agricultural items are subject to specific weight tolerances and processing limitations to qualify for preferential tariffs, some of the relevant sections of the chapter are as follows-

- **De Minimis Weight Tolerances (Article 3.4):**
  - **Up to 5% weight tolerance** applies to non-originating materials used in HS Chapters 1-8 (live animals, meat, fish, dairy, eggs) and Chapters 10 and 13 (cereals, starches).
  - **Up to 10% weight tolerance** is permitted for Chapters 9, 11, 12, and 14 - 24 (coffee, tea, spices, sugars, beverages, tobacco, and processed animal or vegetable products).

- **Minimal Operations Exclusions (Article 3.5):** Simple, routine food preparation steps such as drying, freezing, peeling, nut shelling, cereal milling, sugar flavoring, or animal slaughter cannot confer origin on their own if performed using non-originating materials.
- Agri-food and beverage products qualify for preferential tariffs either by being **Wholly Obtained (WO)** meaning they are entirely grown, raised, or caught locally (such as fresh produce, meat, and dairy) or through **Value Addition and Processing (CTH/CTSH + VA)**, which requires imported ingredients to undergo substantial manufacturing transformation alongside a minimum local value addition (typically 40%).

Sector / Product Category	Key Chapters & HS Codes	Product-Specific Rule (PSR)
Live Animals, Meat & Dairy	Chapters 1, 2, 4	WO[2]
Fish & Seafood	Chapter 3, 0306-0308	WO / VA 35%[3]
Plants, Vegetables & Fruit	Chapters 6, 7, 8, 10	WO
Coffee, Tea & Spices	Chapter 9	CTSH + VA 40%[4]
Milling, Starches & Grains	Chapter 11	CTH + VA 40%
Processed Foods & Sweets	Chapters 16, 17, 19, 20	CTH / CC + VA 40%
Beverages & Vinegar	Chapter 22	WO / CTH + VA 40%

ii. The agreement leaves the EU's own requirements in terms of sustainable standards in place. As such, EU **SPS and food-safety standards remain fully protected**, while the agreement strengthens cooperation and predictability around **food safety, audits, certification, approvals and animal/plant health requirements**.

III) Understanding Tariff Commitments - Agri- Food & Alco- Beverage Sector

1. The TRQ Framework

A **tariff-rate quota (TRQ)** allows a fixed quantity of products to enter India at a preferential customs duty. Once the quota is exhausted, imports may be subject to a higher **out-of-quota duty.** For European agri-food and alcoholic beverages businesses, quota access will therefore be an important part of securing preferential tariff treatment. The agreement requires India's quota administration to be transparent, objective and non-discriminatory.

For agri-food TRQs:

- The government should publish the quota details- available quantity, eligibility, documents needed, and application dates at least three months before the year starts.
- Eligible importers should receive their quota allocation before the year starts. If more importers apply than the quantity available, the quota is divided proportionately to what each importer requested.

[2] Wholly Obtained (must be born, raised, or slaughtered entirely within the Party)
[3] Wholly obtained for live/fresh/chilled; 35% value addition for processed items
[4] Change in Tariff Sub-Heading plus a minimum of 40% value addition

- If dividing the quota proportionally would give importers quantities that are too small to use commercially, the government should adjust the process for example, by limiting how much any one importer can request.

2. Managing Quota Access

Quota allocation remains **valid until the end of the relevant year or until fully utilised.** Significant underutilization may affect subsequent allocations, while unused quantities below the specified threshold are excluded. Importers may also return unused licences before the deadline to enable reallocation within the same year.

3. CIF Value and MIP: Eligibility Threshold

For European agri-food and alcoholic beverages businesses, **CIF value and MIP are central to determining the applicable tariff treatment**. CIF means **Cost, Insurance and Freight** and comprises:

CIF value = Cost + Insurance + Freight

The tariff schedule uses CIF value to determine the relevant price band, concession, and quota. In the context of wine and spirits, it is measured per 750ml bottle and determines which duty-reduction tier a shipment falls into. This makes accurate determination of the CIF value particularly important when assessing eligibility for preferential treatment

Similarly, both wine and apples utilize a Minimum Import Price (MIP) framework, INR 80/kg for apples and EUR-based bottle tiers for wine [(CIF) value of a standard 750 ml bottle of wine], to shield local Indian farmers and producers from cheap imports while providing a predictable, quota-managed path for premium European goods to enter at lower tax rates.

4. Market Access for Select Agricultural Products to which TRQs apply

Fresh fruit access is governed by TRQs, and treatment varies significantly by product. As such, the aggregate annual quantity increases apples and kiwifruit, whereas it stays static for pears and peaches. Moreover, the in-quota duty decreases for kiwifruits and pears. Apples possess a second, price-based condition on top of the quota: goods priced below a Minimum Import Price (MIP) of INR 80/kg face a 50% out-of-quota duty with no expiry, while only goods priced at or above the MIP can access the 20% in-quota rate.

For pork meat, the schedule establishes an annual in-quota import limit of 2,000 metric tonnes, with the customs duty starting at 31.82% in Year 1. The duty progressively decreases each year until it reaches a permanent rate of 20% by Year 11 and beyond.

Product	Aggregate Annual Quantity	Aggregate Annual Quantity Final Level	In-Quota Customs Duty – Year 1	In-Quota Customs Duty – Final Level
Apples (CIF[5] ≥ MIP[6])	50000 MT[7]	100000 MT (Year 11+)	20%	20%
Kiwifruit	12000 MT	15000 MT (Year 11+)	16.50%	10% (Year 6+)
Pears	2250 MT	2250 MT	29.17%	10% (Year 6+)
Peaches	20 MT	20 MT	26.40%	26.40%
Pork Meat	20 MT	20 MT	31.82%	20%

6. <u>Wines & Spirits</u>

Wines	Products other than Wine	Spirits
Currently, wine is subject to a 150% base rate and is liberalised according to the CIF value per 750ml bottle, not by volume quota. Wine priced below CIF < EUR 2.50 receives no concession at any point and remains at 150% throughout the agreement. Mid-priced wine (EUR 2.50 ≤ CIF < EUR 10) falls from 75% in Year 1 to 30% from Year 8 onward. Premium wine (CIF €10 and above) falls further and faster, from 75% in Year 1 to 20% from Year 8 onward. *This structure indicates that India is protecting its domestic production for affordable wine, whereas an incentive is given towards European businesses to export mid-range and premium-bottled wine to India.*	Products classified as "**Other than Wine"** entail other fermented beverages, such as cider, perry, mead, or sake,follow the same pricing logic as wine. It is applied per 750ml, but measured in CIF USD rather than EUR, and liberalized more slowly. The base rate of the customs duty is also 150%. • CIF < USD 5 means no concession at any point and the rate remains locked at 150% • CIF ≥ USD 5: reduction to 100% in Year 1, then decreases annually by 5 percent points, reaching a final floor of 50% from Year 11 and onwards. *In comparison to the liberalization of wine, the "Other than Wine" products protection remains higher, still hovering at 50% in year 11 and beyond.*	Unlike wine, spirits are listed individually rather than under a broad category. While they all share a 150% base rate, they are split into two different timeline categories (AB 7 and AB 10) • **Staging Category AB 7:** Brandy, Bourbon Whisky, Blended Whisky, Rum, Geneva, Vodka, Liqueurs, Cordials, and Tequila • **Staging Category AB 10:** Scotch and Gin. Spirits currently face duties of up to **150%**. Under the FTA, the applicable duty is reduced to **75% in Year 1**, followed by phased reductions to a **final rate of 40%**. The concession covers major categories such as **whisky, gin, vodka and rum**. *Gradual tariff cuts over 7 to 10 years (like AB 7 and AB 10 categories) give businesses a clear, predictable timeline to plan their pricing, distribution, and investments.*

[5] CIF = Cost of Goods + Insurance Cost + Freight Charges
[6] MIP = Minimum Import Price
[7] MT = Metric tonnes

7. Alco-Beverage Sector Tariff Matrix

Tariff Description	HS Code	Base Rate	Staging Category
Different types of Wines	22041000- 22059000	150%	Wine[8]
Other fermented beverages, mixtures of fermented beverages and not-alcoholic beverages, not elsewhere specified or included	22060000	150%	Other than Wine[9]
Concentrates of alcoholic beverages- rectified spirits	22071011	150%	Other than Wine
Brandy	22082011- 22082099	150%	AB 7[10]
Bourbon Whisky	22083011, 22083091	150%	AB 7
Scotch	22083012, 22083092	150%	AB 10[11]
Blended Whisky	22083013, 22083093	150%	AB 7
Rum	22084011, 22084091	150%	AB 7
Gin	22085011, 22085091	150%	AB 10
Geneva	22085012, 22085092	150%	AB 7
Vodka	22086000	150%	AB 7
Liqueurs	22087011, 22087091	150%	AB 7
Cordials	22087012, 22087092	150%	AB 7
Tequila	22089011, 22089091	150%	AB 7
Beer made from malt	22030000	110%	R10 to 50 %[12]

Key Benefits

Lower import duties on European alcoholic beverages over time.
Improved market access for European wine, spirits and other beverages in India.
Greater opportunities for premium and mid-range products in the Indian market.
More predictable trading conditions through a clear tariff-reduction pathway.
Increased competitiveness of European products compared with current import conditions

[8] Under the new tariff reduction schedule, wine imports facing a base customs duty of 150% are granted progressive concessions depending on their CIF value per 750 ml. While low-end wines valued under EUR 2.5 receive no concessions and remain at the 150% rate, mid-range wines (EUR 2.5 to under EUR 10) see their duties slashed from 75% in Year 1 down to 30% by Year 8. High-end wines (valued at EUR 10 or more) receive the most favorable treatment, with tariffs dropping from 75% in Year 1 to just 20% by Year 8 and onwards.

[9] For residual fermented beverages (per 750 ml), the 150% base customs duty is adjusted based on CIF value and a longer timeline. Products valued under USD 5 receive no tariff concessions. For beverages with a CIF value of USD 5 or more, the duty starts at 100% in Year 1 and progressively decreases by 5 percentage points annually, reaching 55% in Year 10 and settling at a final rate of 50% by Year 11 and onwards.

[10] *Staging Category AB 7*: Duties drop to 75% upon entry into force (EIF), then reduce to 40% by year 8 across seven equal annual reductions.

[11] *Staging Category AB 10*: Functions similarly with an initial drop to 75% at EIF but uses ten equal annual reductions to reach the 40% target by year 11.

[12] R10 to 50%: Rates stay frozen for the first 5 years, then step down yearly to reach 50% by Year 11.

8. Agri-Food Sector Tariff Matrix

Tariff Description	HS Code	Base Rate	Staging Category[13]
Extra virgin olive oil	15092000	38.5%	E5
Virgin olive oil & Other virgin olive oils	15093000 - 15094000	38.5%	EIF
Olive oil edible grade	15099010	40%	E5
Processed food	19041010 - 19049000, 19053100 - 19054000, 19059020 - 19059040	33%	E5
Coffee & Tea	21011110 - 21013090	33%	E5
Chocolate and chocolate products	18069010	33%	E5
Sugar confectionary containing cocoa	18069020	33%	E5
Spreads containing cocoa	18069030	33%	E5
Potatoes prepared/ preserved, frozen	20041000	38.5%	E7
Potatoes prepared/ preserved, not frozen	20052000	33%	E5
Apples	08081000	50%	TRQ – Apples[14]
Pears	08083000	33%	TRQ – Pears[15]
Kiwifruit	08105000	33%	TRQ – Kiwifruit[16]
Peaches	08093000	33%	TRQ – Peaches[17]

9. Olive Oil, margarine and other vegetable oils

The current tariff on olive oil, margarine, and other vegetable oils is up to 45%. The EU-India FTA tariff schedule is planning the continuous reduction to 0% in the future. Hereby, it must be differentiated between products:

[13] The staging category of E7 and E5 means customs duty on the product will be **eliminated in 8 and 6 equal annual instalments** and **EIF is Entry into Force, TRQs potentially combine changes in aggregate annual quantities with quota custom-duty reductions, or different tariffs dependent on product CIF**

Base Rate: Starts at 150% across the board, after EIF it sits at 100% and is continuously reduced by 5% annually until it reaches 50% in year 11 and onwards, if CIF ≥ USD 5, otherwise it stays at 150%

[14] Imports priced below INR 80 per kg face a 50% tax, while imports at or above that price enjoy a lower 20% tax under a quota that grows from 50000 to 100000 metric tons over 11 years.

[15] Over a 6-year schedule, imports get a lower in-quota tax that drops from 29.17% down to 10% under a fixed annual quota of 2250 metric tons.

[16] Over an 11-year schedule, imports get a lower in-quota tax that drops from 16.50% down to 10% under a quota that grows from 12,000 to 15000 metric tons.

[17] Under a fixed annual quota of 20 metric tons starting from day one, these goods enter India subject to a 26.4% in-quota customs duty.

- **Virgin Olive Oil** and other virgin olive oils belong to the staging category EIF. Hence, these products will be **tariff-free** immediately following the entry into force of the EU-India FTA, from a 38.5% base rate.
- **Extra virgin olive oil** follows the staging category **E5** and has a base rate of 38.5%. This base rate will be eliminated in six equal annual stages and will be **duty-free from Year 6.**
- **Olive oil, edible grade** also follows the staging category **E5** at a base rate of 40%.

10. Processed food, Coffee, Tea & Chocolate

Trade barriers will also be reduced for processed foods, including breads, pastries and biscuits, as well as coffee and tea, chocolate and cocoa-based products, sugar confectionery and cocoa-containing spreads. These products, which previously attracted tariffs of up to 50%, are covered under **staging category E5**, with the **33% base rate** being phased out through six equal annual reductions, resulting in **duty-free access from Year 6**.

11. Potatoes

Potato tariffs are largely restricted, treating raw products differently from processed items:

- **Raw & Sweet Potatoes (Exclusion List - EL):** Kept at a 33% base rate with **no tariff relief** (fully excluded from liberalization).
- **Processed Potatoes:** Granted tariff elimination down to zero, though timelines vary:
  - **Non-frozen (Category E5):** Starts at a 33% base rate and reaches zero by **Year 6**.
  - **Frozen (Category E7):** Starts at a 38.5% base rate and reaches zero by **Year 8**.

Key Benefits

Immediate Duty-Free Access: Virgin olive oils become tax-free instantly upon agreement entry.
Gradual Tariff Elimination: Duties on processed foods, chocolates, coffee, tea, and potatoes drop to zero over 6 to 8 years.
Managed Import Quotas: Fresh produce like apples, pears, and kiwifruits enter under controlled quotas and reduced taxes.
Value Protection: Uses quotas and minimum price floors (TRQs and MIPs) to safeguard local producers while rewarding premium European exports.

Key Takeaways

- **Quota-based access for sensitive products:** Quota-based access applies to sensitive fruits: apples, pears, kiwifruit, and peaches. Limited quantities enter with lower duties to protect domestic producers.
- **Value-focused market access:** Premium goods such as apples priced above minimum thresholds, along with mid-range and luxury wines and beverages receive significant tariff relief and preferential access. Conversely, lower-priced and bulk goods are largely excluded from concessions, making high-value products the key focus for market entry.

- **Significant improvement in alcohol market access:** The FTA provides substantial and phased tariff reductions for wine, other alcoholic beverages and spirits, creating significantly improved market access for EU products. Tariffs on spirits, for instance, are reduced to 40% by the end of the transition period, while wine benefit up to 20% from progressive reductions across defined value categories.
- **Liberalisation for packaged and processed goods:** Products such as olive oil, processed foods, coffee, tea, chocolate, and potatoes benefit from streamlined, phased tariff elimination (EIF/E5/E7) free of quotas or price thresholds, representing strong, immediate opportunities for market entry and trade growth in this sector.

For businesses planning their India strategy, practical access will depend on the staging category, price positioning relative to the relevant threshold, and - for fresh fruit - securing and using quota allocation.

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