

Trade agreement with EAEU to skip services sector

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The proposed trade agreement between India and Eurasian Economic Union (EAEU) will exclude chapters on services and investment, with the deal primarily focusing on tariff reduction in goods as well as some other areas, according to a person aware of the matter.

This is because EAEU does not negotiate services under its free trade agreements (FTAs). Diverse domestic regulations among member nations of the bloc limits their ability to market access in services, a person aware of the matter told *Business Standard*. India, however, has an option to have pacts on services with member nations on a bilateral basis.

Similarly, in the case of areas such as investment, India generally negotiates a separate investment agreement, instead of making it a part of an FTA.

The EAEU is an international organisation for regional economic integration. It comprises five countries — the Russian Federation, Kazakhstan, Belarus, Armenia and Kyrgyzstan. Russia is not only the largest country but also the largest trade partner in the bloc, with a share of more than 90 per cent.

“India can do a separate pact on services with Russia, or any other country. The countries that are a part of the customs union have different laws. For instance, Belarus is not even a member of the WTO (World Trade Organization),” the person

cited above said.

Apart from goods, the FTA with EAEU will focus on areas such as technical barriers to trade, sanitary and phytosanitary measures — to regulate products’ standards and safety, customs procedures, intellectual property rights, government procurement, among others.

India’s attempt to sign a trade agreement with the bloc came against the backdrop of tariff related uncertainties due to the United States (US) tariff policies and a part of New Delhi’s strategy to diversify export destinations.

India and the EAEU signed the terms of reference (ToR) to launch free trade agreement (FTA) talks in August. The first round of negotiation took place during November 26-28. The next round of negotiation will take place in February 2026 in Moscow.

Government officials said that the first round of negotiation was fruitful, with most of the focus on the scope of the agreement.

With Russia being the largest trade partner in the bloc, the trade deal, when finalised, will help address India’s high trade deficit with Russia. India is also looking to fix the non-tariff barriers that Indian exporters face in the Russian market in sectors such as agriculture and marine products. India is also looking forward to tariff concessions on traditional sectors of export interest such as footwear and leather, textiles, engineering goods.

India exported goods worth \$5.52 billion to EAEU in FY25 and imported goods worth \$64 billion.

