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India and European Union Set Stage for Historic Free Trade Agreement

Deal promises to lower tariffs on European wines, challenging Australia’s dominance in India’s rapidly growing but still limited wine market

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India imported 5.65 million liters of wine between December 2024 and November 2025, an increase of 26% in volume compared to the previous year. The value of these imports reached €24.9 million, up 9%. These figures, while showing growth, remain small in the context of global wine trade. The Indian wine market is still developing, driven by the rise of an urban middle class, increasing purchasing power, and a gradual openness to wine consumption, which remains limited.

Access to the Indian market has traditionally been restricted by high tariffs and a complex regulatory and fiscal framework. These barriers have made foreign wines expensive and limited their presence in India. However, on January 27, 2026, the European Union and India announced the foundations of a new free trade agreement described as “historic.” This agreement could allow European exporters to save up to €4 billion annually in tariffs. For the wine sector, this could mark a turning point by reducing existing obstacles and improving access and competitiveness for European wines in India.

Australia is currently the leading supplier of wine to India. In the twelve months ending November 2025, Australia exported €6.9 million worth of wine to India, a jump of 84%, with volumes reaching 2.2 million liters, up 93.5%. This represents 28% of the value and 39% of the total volume of wine imported by India during this period. Australia’s strong position is linked to a bilateral agreement with India signed in April 2022, which has given Australian wines a significant advantage.

Singapore follows Australia in terms of value, with €4.1 million in exports to India, although this figure is down nearly 25% from the previous year. Italy is second in volume with 0.6 million liters exported, up 9.3%. France ranks third in value at €4 million (up 4.2%) and fourth in volume at 0.5 million liters (up 4.7%). Within the European Union, Italy is second in volume and fourth in value; France is third in value and fourth in volume.

Spain remains a minor player in the Indian market but has shown some progress over time. In the latest period, Spain was the ninth largest supplier by value (€0.5 million, down 13%) and eighth by volume (0.2 million liters, up 5.6%). Since 2000, Spain’s share has grown from just 0.2% of value and 0.1% of volume to 1.9% and 3.4%,

respectively.

The evolution of market shares among suppliers highlights significant changes over the past two decades. Australia’s share has risen sharply from just over 1% in both value and volume in 2000 to nearly 28% of value and almost 40% of volume today. In contrast, France’s share has dropped from dominating more than half the market at the start of the century to just 16% by value and less than 9% by volume.

A notable development is Bhutan’s emergence as a significant supplier over the past two years, ranking fifth by value and third by volume as of November 2025. This is not due to domestic production—Bhutan does not produce wine—but rather to geographic proximity and favorable fiscal or commercial arrangements.

The new EU-India free trade agreement could further change these dynamics if it leads to lower tariffs for European wines. For now, Australia continues to benefit from its earlier bilateral deal with India, while European producers await improved conditions that could help them compete more effectively in this growing but still small market for imported wine.