EMPOWER GREEN

Market Intelligence Paper 04 · November 2026

UK–India and EU–India trade agreements: what changes for clean-tech

Britain and the EU already charged no tariff on solar modules before their trade deals with India, so the deals change little for module exporters at the border. They change more elsewhere: the rules on where a product counts as made, tariffs on machinery going into India, services, moving staff, and carbon charges on steel and aluminium. This paper explains what the UK–India agreement, in force since 15 July 2026, and the EU–India agreement, due to be signed in December 2026, mean for clean-tech.

Version 2.0 · General information, not legal, tax or investment advice

In brief

Who it is for

Clean-energy manufacturers, developers and equipment makers in India, the UK and Europe; their investors; and anyone briefing a board on the two agreements.

What's in it

1. The deals
Where the two agreements stand

2. Tariffs
Tariffs on solar modules

3. What changes
Machinery and parts going into India, Who can claim the lower tariffs, Services, Moving people, How carbon border charges work, Who carbon border charges hit, Programmes and finance

4. The outcome
What the two agreements mean for each type of business

5. The plan
What to do next

Where the deals stand

- The UK–India deal has been in force since 15 July 2026.
- The EU–India deal is due to be signed in December and to take effect in 2027.

What does not change

- Solar modules already entered the UK and EU tariff-free.
- Certification, provenance and bankability still decide sales.

What changes

- Indian tariffs on machinery of up to 44% fall, mostly in stages.
- Posted staff pay social security once, and carbon charges hit steel and aluminium.

What to do now

- Check your product codes and build the origin model.
- Re-price equipment and plan staff moves and carbon data.

The UK deal is in force; the EU deal should be signed in December

- **UK–India.** In force since 15 July 2026. The UK removed tariffs on 99% of lines for Indian goods. India cuts 90% of its lines, 64% to zero on day one and 85% after ten years.
- **Social security.** A separate agreement, also in force since 15 July, stops staff posted between the two countries for up to five years from paying social security in both.
- **EU–India.** Concluded in January. India cuts tariffs on goods worth 96.6% of EU exports to it. Signing in Brussels is expected in December 2026.
- **Still open.** The EU deal needs the European Parliament's consent before it takes effect, and the investment-protection agreement is unfinished.

Key dates

24 July 2025
UK–India deal signed.

27 January 2026
EU–India deal concluded.

15 July 2026
UK deal and social security pact in force.

December 2026
EU deal to be signed in Brussels.

2027
EU deal expected to take effect.

What it means
UK terms apply now. EU terms are expected to apply during 2027 and must be checked against the final text.

What to do
Use the UK deal now, and build the EU deal into 2027 plans and prices.

Neither deal changes the tariff on solar modules, which was already zero

- **Modules.** The UK and the EU already charged no tariff on solar modules from any country, so Indian modules gain nothing at the border.
- **Batteries.** The EU's standard tariff on lithium-ion batteries is up to 2.7%. Check the final EU–India schedule for Indian batteries.
- **What wins sales.** Certification, proof of where the module and its parts were made, bankability and price. A trade deal settles none of these.
- **The pitch to avoid.** "The trade deal makes Indian solar cheaper in Europe" is wrong, and a buyer who knows the tariff will notice.

Tariff at the border

Solar modules into the UK and EU. 0% before the deals and 0% after.

Lithium-ion batteries into the EU. Up to 2.7% today. Check the final EU–India schedule.

Who gains. None for modules. Indian battery makers may gain over Chinese rivals in the EU if the 2.7% goes.

What it means

For module exporters, the deals change little at the border. The selling points are elsewhere.

What to do

Lead with certification, provenance and bankability, not tariffs.

What changes

The real tariff cuts are on machinery going into India

- **UK deal.** Most Indian tariffs on electrical machinery, up to 22% today, fall to zero or are halved. Most test and measuring instruments became duty-free on day one.
- **EU deal.** Tariffs of up to 44% on machinery and electrical equipment fall to zero for almost all products, mostly over five to seven years.
- **Examples.** Production-line machinery, robots, pumps, compressors, motors, transformers, switchgear and test equipment. Check each product's line.
- **Into the UK.** Indian engineering goods that faced UK tariffs of up to 18% now enter duty-free, across 1,659 tariff lines.

Highest Indian tariffs being cut (%)



Who gains. UK and EU machinery makers, and the Indian factories and grid firms buying from them.

Who loses out. Suppliers from countries with no trade deal with India, such as China.

What it means

Equipment for Indian factories and grids gets cheaper, mostly in stages over the next five to ten years.

What to do

Re-price capital plans and equipment quotes against India's new tariff schedules, year by year.

What changes

Only goods that count as Indian or British get the lower tariffs

- **Why it matters.** The cuts on the previous slide apply only to goods that pass the origin test. Goods that fail pay the full tariff.
- **The test.** Value from qualifying materials and work must reach 40% of the factory-gate price (45% of the shipping price), or qualifying materials 35%.
- **Product rules.** Many products have their own rule in the agreement's annex. Check the rule for your product code.
- **Beyond tariffs.** UK and EU buyers and auditors increasingly ask where parts were made. The same calculation answers them.

Worked example (build-down)

Example. ₹100 price, ₹65 of imported parts: 35%, below 40%, so no lower tariff this way.

Who gains. Makers that add most of the value in India or the UK.

Who loses out. Assemblers of imported kits, and traders re-exporting machines made elsewhere.

What it means

Origin decides who can use the tariff cuts, so it is worth calculating before you quote.

What to do

Build the origin model for your bill of materials once, and use it for tariff claims, buyers and auditors.

What changes

Both deals open services, from engineering and IT to cable-laying

- **UK to India.** The UK opened 137 service sub-sectors to Indian providers, including IT, engineering and management consultancy.
- **India to the UK.** India opened services such as telecoms, construction and environmental services to UK providers.
- **EU and India.** The EU opens 144 sub-sectors to India and India 102 to the EU, including maritime cable-laying and dredging for the first time.
- **Why it matters.** Cable-laying and dredging are needed for offshore wind farms and undersea power links.

Who gains. Indian IT and engineering firms with UK and EU clients, UK and EU engineering and construction firms in India, and marine contractors for offshore wind.

137

UK service sub-sectors open to Indian providers
UK–India CETA

What it means

Engineering, IT and marine services can be sold across the corridor on firmer terms.

What to do

Check the services schedule for your sector before bidding for work across the border.

What changes

Posted staff between India and the UK now pay social security only once

- **Before.** Indian staff posted to the UK paid UK National Insurance, about 25% of salary, on top of 24% to India's provident fund, Indian officials said.
- **Now.** For postings of up to five years, staff pay only into their home scheme, with a certificate of coverage. UK staff in India are spared the provident fund.
- **Business visitors.** Up to 90 days in any six months in the UK, without a work permit. A visa may still be needed.
- **Transferred staff.** Managers and specialists can stay up to three years, which the UK may extend. Contract staff up to 12 months in any 24.

Who gains. Indian manufacturers and IT firms with teams in the UK, UK and EU engineering firms with staff at Indian plants, and advisory firms working in both.

25%

Of salary paid in UK National Insurance by posted Indian staff before the agreement
Indian officials, Jul 2026

What it means

Placing staff in the other country costs far less than before.

What to do

Apply for the certificate of coverage before anyone moves, and check the visa rules for each role.

What changes

Carbon border charges make importers pay for the carbon in their goods

- **What it is.** The EU and UK charge importers for the carbon emitted making certain goods, so imports carry a carbon cost like local producers.
- **How it is worked out.** Tonnes imported × (emissions per tonne − an allowance that shrinks each year) × the EU carbon price, minus carbon price paid at home.
- **The price.** €82.32 a tonne of CO_2 in the third quarter of 2026. Importers buy certificates for 2026 imports from February 2027.
- **The allowance.** 97.5% of the EU benchmark in 2026, 51.5% in 2030 and nothing by 2034. Without verified data, high default values apply.

Illustration: a tonne of Indian steel

2026. About 2.5 t CO_2 against an allowance of about 1.3 t, so it pays for 1.2 t: roughly €100.

2034. No allowance left, so it pays for all 2.5 t: about €210 at today's price.

Illustrative. The benchmark depends on the product and how it was made.

What it means

High-carbon steel and aluminium become more expensive to sell into Europe every year to 2034.

What to do

Get verified emissions data from your steel and aluminium suppliers, and price the charge into EU and UK quotes.

Carbon charges hit the steel and aluminium in clean-tech, not the modules

- **Covered now (EU).** Iron and steel, aluminium, cement, fertilisers, electricity and hydrogen, including frames, trackers and wind towers.
- **Not covered.** Solar modules and batteries.
- **The UK.** From 1 January 2027, only on aluminium, cement, fertiliser, hydrogen, and iron and steel. Importers register once these reach £50,000 in 12 months.
- **Next (EU).** A proposal would add about 180 goods from 2028, including electric motors and transformers. The EU–India deal gives no exemption.

Who gains. Low-carbon producers, such as steel from electric-arc furnaces and aluminium smelted with renewable power.

Who loses out. Exporters using coal-heavy steel and aluminium. Indian steel averages about 2.5 t CO_2 a tonne, against a global 1.9.

What it means

Frames, trackers and towers made with high-carbon steel will carry a growing carbon cost in Europe and the UK.

What to do

Compare suppliers on carbon as well as price, and favour low-carbon steel and aluminium for EU and UK orders.

What changes

The deals brought new taskforces and finance, a source of partners

- **Vision 2035.** Agreed with the UK deal: a Technology Security Initiative, an infrastructure financing bridge with the City of London and a climate-finance initiative.
- **Offshore wind.** An India–UK offshore wind taskforce was launched in February 2026.
- **UK capital.** British International Investment and Copenhagen Infrastructure Partners launched North Star in May 2026, a US$300m platform for Indian renewables and storage.
- **EU support.** The Commission plans €500m of support over two years alongside the agreement.

Who gains. Developers raising money for Indian solar, wind and storage projects, and offshore wind suppliers looking for Indian partners.

US$300m

North Star platform for Indian renewables, from BII and CIP
May 2026

What it means

The new programmes are where partners, finance and introductions come from.

What to do

Map the taskforces and funds that fit your business, and get in front of them early.

The outcome

The gains are in machinery, people and origin proof, not module tariffs

Indian manufacturers exporting

- Module tariffs do not change, so compete on certification and provenance.
- Use the origin model for buyers and auditors as well as tariff claims.

Indian manufacturers buying equipment

- Machinery from the UK and EU gets cheaper in stages over five to ten years.
- Re-price capital plans against the new schedules.

UK and European equipment makers

- Lower Indian tariffs help, but local-content rules still decide access to public tenders.
- Making in India with a partner may still be needed.

Companies working in both markets

- Posting staff is cheaper and simpler.
- Plan for carbon charges on steel and aluminium parts.

Five steps to take before the EU deal takes effect

1	**Check your product codes**	Find each product’s tariff line in the UK and EU schedules, and the product-specific origin rule.
2	**Build the origin model**	Work it out once from your bill of materials, for tariff claims, buyers and auditors.
3	**Re-price equipment**	Update capital plans and quotes for India’s staged tariff cuts on machinery.
4	**Plan staff moves**	Apply for the certificate of coverage and check visa rules for each role before anyone moves.
5	**Get carbon data**	Ask steel and aluminium suppliers for verified emissions data, and price the carbon charge into EU and UK quotes.

Words used in this paper

CETA
The Comprehensive Economic and Trade Agreement, the UK–India trade agreement.

FTA
Free Trade Agreement, the name used here for the EU–India agreement.

Tariff line
One product code in a country's tariff schedule, with its own rate of import duty.

Most-favoured-nation (MFN) tariff
The standard tariff charged when no trade agreement gives a lower rate.

Rules of origin
The tests a product must pass to count as made in a country and get the lower tariff.

Ex-works and FOB
The price at the factory gate, and the price once loaded for shipping.

Double Contribution Convention
The UK–India agreement that spares posted staff from paying social security in both countries.

CBAM
Carbon border adjustment mechanism: a carbon charge on certain imports such as steel and aluminium.

Intra-company transferee
An employee moved by their own company to work in its office abroad.

BII
British International Investment, the UK's development finance institution.

Certificate of coverage
A document from the home country showing a posted worker stays in its social security scheme.

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Figures and the state of the rules were checked on 9 November 2026. The EU–India tariff schedules and origin rules are not yet published in final form, so check each tariff line at source before you quote it. This is general information, not legal, tax or investment advice.

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Talk to us

We can work out which tariff lines matter for your product and what origin rules mean for your supply chain.

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