

EU–India Trade Deal is not economics alone. Is power, alignment, and strategic geography.

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When the European Union and India concluded their long-awaited trade agreement a week ago, headlines focused on percentages: 97 percent of EU exports liberalized, 99 percent of Indian goods granted preferential access. European Commission President Ursula von der Leyen called it the “mother of all trade deals.” Yet to view this agreement primarily through the lens of tariffs is to misunderstand its true significance.

This deal is not merely commercial. It is strategic. It is geopolitical. And it reflects a world in which economic connectivity has become a substitute for eroding security guarantees and a hedge against great-power coercion.

Trade as Strategy in a Fragmenting World

The EU–India agreement must be understood in the context of accelerating fragmentation in the international system. The return of Donald Trump to the White House, and the renewed weaponization of tariffs, sanctions, and unilateral trade pressure, has shattered lingering illusions that globalization would remain rules-based and predictable.

Trade is no longer about efficiency alone; it is about alignment, resilience, and leverage.

In this environment, the deal between the world's largest trading bloc and the world's most populous democracy represents a conscious effort by two "middle powers" to anchor themselves to one another rather than remain exposed to the gravitational pull of the United States or China. This is not non-alignment in the Cold War sense. It is **strategic diversification**.

India, by closing trade agreements with the EU, the UK, Oman, and New Zealand in quick succession, is systematically locking in access to advanced markets, capital, and technology, while keeping strategic autonomy integral. India has now secured trade relationships with nearly all major economic centers except China and the United States. This is not accidental. It is deliberate hedging.

Europe's Quiet Strategic Pivot

For the European Union, the deal signals something equally important: a delicate but unmistakable recalibration away from excessive reliance on the transatlantic relationship.

This is not anti-Americanism. It is realism.

The EU is an aging, growth-constrained polity facing structural economic headwinds. Its future prosperity depends on access to emerging demand centers, not merely on defending existing markets. India, with its expanding middle class, industrial ambitions, and demographic momentum, is precisely such a center.

As I estimate in previous papers, this agreement "buys the EU a seat at the table of tomorrow's economy." But it also does something more: it positions Europe as a credible, stable, and predictable partner in contrast to an increasingly transactional United States.

From a strategic standpoint, Europe's willingness to soften its insistence on non-trade conditionalities, such labor, sustainability, governance, was not a retreat from values, but an acknowledgment of reality. In an era of geopolitical competition,

insisting on maximalist norms risks strategic irrelevance. Influence requires engagement.

India's Strategic Calculus: Beyond Non-Alignment

India's participation in this agreement reflects a quiet evolution in its foreign policy doctrine. For decades, New Delhi practiced non-alignment, later reframed as "strategic autonomy." Yet autonomy today does not mean equidistance; it means optionality.

Foreign Minister S. Jaishankar's recent remarks about the growing role of middle powers are telling. India recognizes that relations with both Washington and Beijing have become more unpredictable. Trade agreements with Europe, and deeper economic interdependence, offer insulation against coercion from either side.

Moreover, the deal strengthens India's manufacturing base, particularly in textiles, pharmaceuticals, and industrial goods, while opening the door to European investment in infrastructure, energy, and high technology. This dovetails with India's broader ambition to position itself as a manufacturing and logistics hub within global value chains.

Maritime Geography and Strategic Connectivity

From a naval and strategic-geographic perspective, the EU–India trade deal also reinforces emerging connectivity frameworks linking the Indo-Pacific to Europe, most notably the India–Middle East–Europe Corridor (IMEC).

Trade agreements give corridors political ballast. They turn infrastructure into strategy.

As Europe deepens its economic integration with India, it gains a vested interest in securing maritime routes across the Indian Ocean, the Red Sea, and the Eastern Mediterranean. This inevitably elevates the strategic importance of sea lines of communication, ports, and energy hubs, from the Arabian Sea to the Aegean.

For countries like Greece, this convergence is particularly significant. As Europe seeks reliable gateways to Indo-Pacific trade, the Eastern Mediterranean's

maritime infrastructure and geopolitical stability become assets of continental importance. Trade policy, in this sense, reshapes strategic geography.

The Trump Factor: Catalyst, Not Cause

There is little doubt that the Trump administration's aggressive use of tariffs accelerated the EU-India deal. Fifty-percent duties on Indian exports and punitive measures against European goods created a shared sense of vulnerability. But Trump did not create the underlying shift; he merely exposed it.

The United States' turn toward reshoring, unilateralism, and conditional economic engagement has compelled others to act. In this sense, Washington's behavior unintentionally strengthened Europe's standing as a dependable trade partner—and pushed India toward diversification.

History offers a lesson here: when dominant powers turn inward, secondary powers cooperate outward.

What This Deal Signals About the Future

The EU-India trade agreement is not the end of globalization. It is the end of globalization as we knew it.

In its place is a world of selective integration, regional corridors, and partnerships among states that seek influence without domination. Middle powers are no longer passive rule-takers; they are rule-shapers, constructing parallel frameworks of trade, infrastructure, and finance.

For Europe, this agreement is a strategic investment in relevance. For India, it is a hedge against uncertainty. For the international system, it is evidence that cooperation is still possible, but increasingly exclusive and interest-driven.

As a naval officer, I am trained to think in terms of sea lanes, chokepoints, and balance of power. From that perspective, this trade deal is best understood as a **strategic maneuver**, a recalibration of course in rough waters.

Tariffs will fall. Goods will flow. But the deeper consequence is this: Europe and India have chosen to bind their futures together in a world where certainty is

scarce and power is once again measured by who connects whom, and on whose terms.

In the decades ahead, historians may judge this agreement not by trade volumes, but by the signal it sent. That in an age of disruption, cooperation among like-minded powers remains the strongest form of strategic defense.