

## **PM should make Trade envoy appointments if he is serious about a FTA with India**

**By Lord Waverley**

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*Every community in both countries stands to benefit from an accord that will stand the test of time and be mutually advantageous.*

**Free, independent, and democratic, India is a powerhouse that will play a pivotal role in world affairs, and it commands attention and respect.**

A UK-India Free Trade Agreement would be a first for both countries: the UK's first such alliance with any South Asian country, and India's with a Western economy and G7 member.

India is the UK's 15th-largest trading partner — 1.7 percent of total UK trade — and the potential gains from a comprehensive agreement could be more significant than those with Australia, New Zealand, or Japan.

The UK has lost market-share with every country in the G7. It needs to play catch-up on a Global Britain, working hard and fast on relationships. Much is to be gained in strengthening a historical relationship, but it should never be taken as a given.

Former prime minister Boris Johnson's recent visit to Delhi and Gujarat (half of British Indians are of Gujarati descent) was a helpful bilateral exercise across energy and health sectors, the green economy, and security and defence. It built on India's desire to move on from Russian weaponry procurement. The need for effective new technology and hardware to respond to threats in the Indian Ocean as part of the Quad Grouping's alliance with the US, Japan, and Australia is geo-imperative. Our over-dependency on China as a supply-chain provider presents India as a competitive global alternative.

***"Indian financial centres are not large enough to serve the national economy."***

The UK should expect canny and challenging negotiation, however, and the emphases placed on trade agreements will differ. The UK's relentless pursuit of FTAs contrasts with India's scepticism.

India's political class questions the merits of expanding trade links with the UK. In the colonial era of unfettered imports from Britain, the Indian economy suffered. Indian businesses are keen to safeguard their interests with a slower pace of trade and investment liberalisation. I have little doubt that the Rajya Sabha (Council of States) and the Lok Sabha (House of the People) will seek assurance that the differing interests of the regions are properly covered.

India has a record of pulling out of substantive negotiations, but there are indications of a fundamental change of approach. Delhi is unlikely to acquiesce on reduction of tariffs unless progress is made on mobility. This key demand will be access into Britain for skilled workers. Tariff removals on India's agricultural sector are crucial to protect employment and its ability to produce its own food supply. Then there are divergences in the services, market access, digital, investment and dispute-settlement mechanisms.

The UK could consider the production of defence equipment in India. It would welcome British shipbuilding experience to lower manufacturing costs in its shipyards. Dual-use technologies are considered important with cross-border data flows, data protection and cybersecurity. These are important areas on which India and the UK could usefully collaborate, as is green hydrogen production.

Advancing financial services is a key ask. The UK would benefit from better financial and legal services' access to the Indian market. The Indian financial sector is emerging as a dynamic area of growth, but it ranks only 30th as an export destination. Figures suggest that Britain exported services worth just £3.8bn of to India, with financial services making up less than 10 percent of that. Indian financial centres are not large enough to serve the national economy.

Five rounds of negotiation have been concluded with a raft of matters still to be discussed. India is keen to tackle smuggling, counterfeiting and loss of tax revenue, improvising customs arrangements to reduce bureaucratic delays. Red tape is considered crucial for small businesses in India. The UK government has listed intellectual property as important; a trade deal could enable low-cost vaccines to be produced by countries such as India.

Concerns of toxic pesticides being allowed into the UK are a potential stumbling block. Some Indian wheat exports to Britain contained chlorpyrifos — an organophosphate pesticide — which was banned in 2019. International labour standards with low pay and exploitative conditions should be a factor of an agreement. An Investor Dispute Settlement scheme must be put into place to allow foreign investors to sue when profits are threatened.

If the UK is to be serious about this, the prime minister should allocate a trade envoy to India — or four, better yet, to accommodate India's size and diversity.

The details must be correct. Deals of this size could typically take years to complete. It is questionable, given the challenges, whether the setting of an ambitious but arbitrary deadline for the conclusion of the negotiations is the right approach.

Every community in India and the United Kingdom should benefit — with a draft that will stand the test of time and be mutually advantageous.