

'India-UK FTA will unlock growth for both nations'

WHAT THE DEAL HOLDS. The UK's Trade Commissioner for South Asia opens up on his experience leading the free trade agreement negotiations with India

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Harjinder Kang, who led the UK's negotiations on the India free trade agreement during its crucial first two years, believes the deal has the potential to unlock significant economic growth for both countries. Kang, who now serves as the UK's Trade Commissioner for South Asia and Deputy High Commissioner for Western India, reflects on the early challenges, what makes the India-UK trade relationship unique, and why mutual benefit was always central to the talks.

Edited excerpts:

Despite the mutual celebration of the FTA, do you believe the UK has secured a more favourable deal than India?

Absolutely not. It's literally 50:50. One thing was always clear that unless it's a win-win, neither side was going to sign. That's why it took longer than one would have

expected. To ensure there is enough there on both sides. Otherwise it's just nice to have a deal which means nothing to no one.

It took over four years... Was there any point when negotiations were difficult?

These are long-term, multi-year deals. It's a government-to-government discussion. Each and every point had to be discussed. The way this works for us is we do a consultation process with stakeholders to get a complete wishlist. From there, we consolidated, and then we came to talk to India. During these discussions, at no point did it look like it was going to collapse. There is a natural fit between the UK and India. We hardly compete head-to-head on anything.

Our economies are symbiotic. So there was always a deal to be done. Yes, there was a bit of, shall I say, pause during elections in both countries, but the fortunate part is that even before elections, the current UK government had recognised the importance of building a re-

lationship with India. Since the elections, every meeting between the ministers and the senior leadership of the two countries has been superb.

My advice has always been that India is different to the US, Australia, and the EU. It was key to understand the importance of building relationships here, and our ministers understood that. This is one of the key reasons that helped us to get the deal done; also important for our future relationship.

In the context of what's happening between India and the US, can the India-UK deal propel UK to become the top trading partner for India?

The deal will help enhance India-UK two-way trade by £25.5 billion, adding to the existing £43 billion... already a big jump. Will the current situation between India and US make any difference? I can't comment on that. My view is that the opportunity for India-UK trade is big enough by itself. It does not need any global change to accelerate that; 99 per cent of

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UK's Trade Commissioner for South Asia & Deputy High Commissioner for Western India

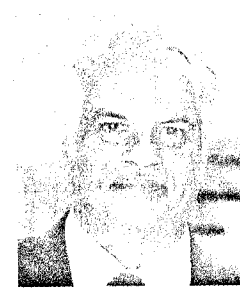
UK tariffs and 90 per cent of Indian tariffs have been liberalised through this deal.

There is still the issue of Carbon Border Adjustment Mechanism (CBAM). Do you see this derailing the gains from the FTA?

CBAM has no connection to the FTA. What India does to retaliate against CBAM is for India to decide.

What are the next steps to operationalise the FTA?

It is relatively easier on the Indian side; it just requires a cabinet approval. On our side, it has to go through ratification and scrutiny in the



British Parliament. But I am relatively confident that it will go through effectively.

Which aspects of the FTA could be contested in the UK?

There was some initial misunderstanding over the double contributions convention. When you look at what it is, it's all about business mobility, not about immigration.

It is for temporary labour movement, who could work in UK for 2-3 years and then come back to India. This is something we do with 30 other countries so it's not unique to India, and the British media is now understanding it.

How was the mood during negotiations?

There was hearsay that India is a difficult country to negotiate with but that's categorically untrue. Being of Indian heritage, I can say that. Not that the UK government decided to put an Indian to lead the negotiations, but it did help. The first thing I knew I had to do was to establish an honest, cordial relationship with my counterpart on the Indian side. We have become best friends now.

The first 2-3 months were all about building an honest relationship, getting to know each other, and drawing out a plan on what the FTA should include. The official rounds started after that. You get to a point where you start helping each other to get it through your respective systems. One key aspect was to respect the red lines on both sides. This is important for any deal because you get to a red line and you know you can't cross it, that's when things go wrong.

Any disappointments?

In the first two years, we were looking at opening up

legal services in India. I was hoping that could be part of the FTA but new rules were notified by India recently, outside the FTA. It's worked out in the end.

How can businesses leverage the deal?

Over the next 9 to 12 months, it is up to my team and the Indian side to explain to businesses on both sides about things they can do which they could not before the FTA. Education is one of our key tasks ahead. India and UK economies are very well set to grow together.

Does this deal change the narrative about India being a high tariff country?

We need to correct it now that we know where we are. That is why there is euphoria. Businesses need to know what that means. You may have low tariffs but do you still have regulatory hurdles. Those have been looked at very very hard. We will look to bring this deal into force as quickly as possible so it can deliver growth across both countries.