

India-UK FTA: Differences on 5 chapters yet to be ironed out

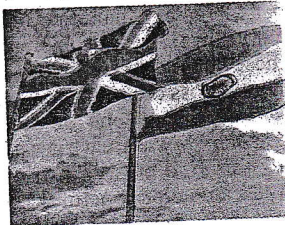
Amiti Sen
new Delhi

The India-UK Free Trade Agreement (FTA) negotiations, which missed an earlier deadline of Diwali 2022, are likely to continue well past this year's festivities as five chapters of a total of 26, covering sensitive areas such as intellectual property rights, rules of origin, financial services, work visas and tariff cuts on key items, are yet to be ironed out, sources have said.

"Despite best efforts made by negotiators from both countries to conclude the FTA negotiations by October-end, tricky issues are continuing to hold up the pact. A total of 21 chapters of a total of 26 chapters have been agreed to till date. There are hopes that progress in the other chapters would be made by November-end, but the situation is tough," a person close to the development told *businessline*.

The two countries are optimistic about bilateral trade doubling to \$100 billion by 2030 if the FTA is implemented soon.

Officials from both sides had indicated last month that Prime Minister Narendra Modi and his UK counterpart Rishi Sunak may take some political calls on the tough areas that negotiators were finding difficult to deal with. "At that time Sunak had plans of visiting India (in October-end), though it was not announced officially, and negoti-



ators were burning the midnight oil to try and close the gaps. However, Sunak's visit did not materialise and neither did all the knotty areas in the talks get straightened out," the source said.

ELECTION MODE

The negotiating teams from the two countries will stay engaged through November to see if they could manage a breakthrough by the month-end. "It is important to advance the India-UK FTA negotiations before the Christmas break because the new year will bring in uncertainties as both countries are expected to get into the election mode," the source said.

Difficult areas in the negotiations include rules of origin

(ROO) that prescribe the minimum processing which needs to happen in an FTA partner country for a good to qualify for duty cuts. India has apprehensions that liberal ROO may lead to items from EU countries, including automobiles, processed food and engineering goods, getting exported to India at preferential duties couched as UK products. The UK, which has supply chains integrated with the EU, wants liberal rules.

In the area of IPR, the UK wants India to take on commitments beyond the WTO's TRIPS agreement to tighten its laws in favour of patent holders. India, however, is resisting the move as it wants to protect its generic industry and consumers and is against evergreening of patents.

ON CRITICAL PRODUCTS

Final duty cuts on critical products such as Scotch Whisky and automobiles, including the scheduling of the cuts, also have been difficult to agree to, the source added.

With inputs from Prabhudatta Mishra