

India-UK FTA negotiators sweat it out in Delhi for breakthroughs in tough areas

Amiti Sen
New Delhi

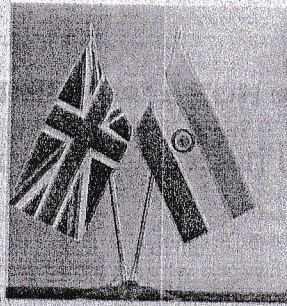
Negotiators from India and the UK returned to the negotiating table this week trying to work out compromises on difficult issues, including rules of origin, market access for vehicles (including EVs) and Scotch, easier work visas and liberalisation of financial services, but some areas remain tough to crack, sources said.

"Negotiators from both countries tried their best this week to look for breakthroughs in tough areas. Undeterred by the passing of two Diwalis without a pact in place, the two sides

focussed on speeding up talks. There is concern that once attention shifts to the general elections in India in early 2024, things may get indefinitely deferred," sources said.

Last year, former Prime Minister of UK Boris Johnson had set a Diwali deadline for conclusion of the India-UK FTA talks but it could not be met. Due to continuing differences in a handful of areas, efforts made by the Rishi Sunak-led government to complete the negotiations by October-end also did not materialise.

"In the 14th negotiating round in New Delhi this week, differences were narrowed in some areas. This



has to be built upon in subsequent meetings," the source said.

Major differences that have held back the proposed India-UK FTA so far include provisions under rules of origin (ROO) that prescribe the minimum processing which needs to happen in a FTA partner

country for a good to qualify for duty cuts. The UK is not happy with the "strict" ROO proposed by India as many of its companies, especially in the area of automobiles, that source a lot of raw materials from the EU, may not be eligible for tax cuts. "India is careful about ROO as it does not want its domestic market to be flooded with goods from third countries at preferential duties agreed to under the FTA," the source said.

IP RIGHTS

In the area of Intellectual Property Rights, the UK wants India to agree to measures going beyond the WTO's TRIPS Agreement, but New Delhi wants to pro-

tect its generic producers and is wary of any commitment that could result in extension of patents beyond their regular periods, the source added.

To further interest of its workers, India has been insisting on liberal visa rules for IT and health professionals and a social security agreement that would protect contributions of short-term workers, but the UK is not "very enthusiastic" about it.

The UK, on the other hand, wants more access for its financial services industry, including banks and insurance, that India is not very confident about extending because of the need to protect domestic players.