

Deal may become model for other FTAs

Pact's approach could influence negotiations with EU, say experts

SHREYA NANDI
New Delhi, 7 May

The conclusion of an ambitious trade deal between India and the UK could serve as a model for New Delhi's ongoing free trade agreement (FTA) talks with major trade partners, including the US and EU. The long-pending deal with the UK was finalised on Tuesday.

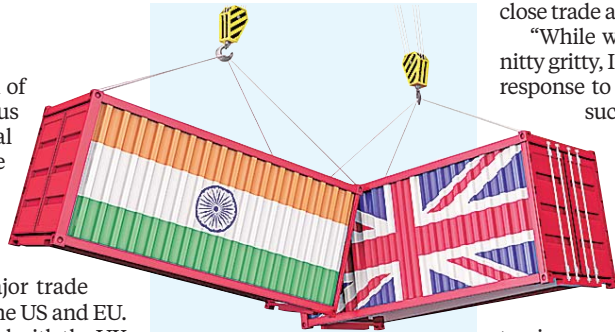
While the specifics of the agreement with the UK is not yet known, the fact that India has agreed to slash import tariffs on automobiles from 100 per cent coupled with a cap on imports, is a clear signal that New Delhi is gradually shedding its protectionist stance.

In the case of items such as automobiles, the India-UK agreement's approach could set a precedent and influence negotiations with the EU, as New Delhi may use a similar formula to make an offer. To be sure, the EU has time and again reiterated that its key offensive interests include cars.

Biswajit Dhar, distinguished professor at Council for Social Development, said there's distinct possibility that in the case of the FTA with the EU, a tariff cut along with quota will be adopted, although it is important to know how large the quota will be and the pace at which it will be enhanced over a period of time.

"The government has been under tremendous pressure to open up the market. The transition period and the quotas are enabling kind provisions that have been given to the industry. Such phased entry will ensure Indian markets don't get flooded with imported cars, while giving time to the industry to become competitive," Dhar said.

In the deal with the UK, India has also excluded sensitive items such as dairy products, apples, and cheese from any duty concession to



TRADE TALKS

■ India's decision to slash import tariffs on automobiles from 100% to 10% signals a shedding of the country's protectionist stance

■ India-UK agreement's approach could set a precedent and influence negotiations with the EU

■ EU has reiterated that its key offensive interests include cars

■ India has been under immense pressure from the EU, US, New Zealand, and Australia to lower agricultural tariffs

protect its farmers, suggesting that New Delhi is unlikely to give in to the pressure to allow greater market access for agricultural products. India has been under immense pressure from the US, EU, New Zealand, and Australia to lower agricultural tariffs, especially on dairy products.

Arpita Mukherjee, a professor at the Indian Council for Research on International Economic Relations (Icrier), said that this is likely to be the most comprehensive FTA that India has signed to date. India is also sending a strong signal that it is ready to liberalise, negotiate, and

close trade agreements.

"While we need to wait for the nitty gritty, India has shown a good response to liberalisation in areas such as automobiles and alcohol, which can set the stage for India quickly signing other trade deals," she said.

Under the India-UK trade deal, New Delhi has committed to give access to its large government procurement market. This will allow UK businesses access to around 40,000 tenders, with a value of at least 38 billion pounds a year.

"Apart from agriculture, till now, government procurement was being treated as a sensitive area (by India). India has been cautious about offering concessions as it wanted to protect small enterprises and jobs. In the case of the EU and the US, government procurement has been a sticking point. Depending on the details, it is a green light even for the EU that it will also gain access to the government market in India," Dhar said.

New Delhi and Britain have also concluded a double-contribution convention, or a social security agreement, that will give Indian employees working in that country a three-year exemption from social security payments. This has been India's longstanding demand, which will not only protect cross-border workers, but also lead to significant financial gains for Indian service providers.

The finalisation of the social security agreement with Britain may also give more bargaining power to New Delhi to have a dialogue with the US for such an agreement, which has been pending for two decades now.

Mukherjee cautioned that it is important to keep in mind that each of the trading partner's demands are different. For instance, one has to see what are the real demands of the Americans.

Meat, shrimp exports

SANJEEB MUKHERJEE
New Delhi, 7 May

India's animal products and processed food exporters expect a surge in demand from the South-East Asian diaspora in the United Kingdom (UK) following the signing of free trade agreement (FTA).

When it comes to agricultural imports, traders expect an uninterrupted flow of scotch, lamb, sweet products, and salmon, coming into India.

Though, when it comes to frozen buffalo meat and processed meat products of which India is a major exporter globally, non-tariff barriers such as stringent phytosanitary norms mean India, at present, export negligible quantities of meat products to the UK. But traders feel abolition of the duties could mean opening up of the new markets.

"As of now, we don't export meat from India to the UK due to non-tariff barriers but we see good potential in the UK for our frozen as well as ready to eat products," said Fauzan Alavi of the All India Meat and Livestock Exporters Association.

India, in the financial year

FRESH AVE



■ Animal products and processed food exporters expect a surge in demand from the South-East Asian diaspora in UK

2023-2024 (FY) around ₹32,000 crore of buffalo meat, of which a quantity was to the UK.

Meanwhile, traders who were staring at a future due to the retaliatory tariffs on new lease of life up of the UK market.

Over the past decade, shrimp imports to India were relatively stable, between 11,000 and 12,000 tonnes annually.

Double contribution spike in Indian IT

SHIVANI SHINDE & AVIK DAS
Mumbai/Bengaluru, 7 May

A day after the free trade agreement (FTA) was signed between India and the UK, the double contribution convention that exempts employees posted in either country from national social security deductions, has emerged as a contentious issue in the UK spurring worries about job losses.

While Indian IT firms send thousands of skilled Indian employees to execute projects in the UK, sector analysts in India feel that the new convention may not lead to a significant increase in the number of Indian employees being sent to the UK. The Indian IT services industry has a large presence in the UK, as the region is the second largest revenue driver for them along with Europe.

According to the Ministry of Commerce, the social security deal with the UK, will lead to sav-

ings of... posted... 60,000... in the... these a... choice... and... just be... Howev... send t... interna... anonym... for a li... to the c... would... return... Tat... largest... 24,000... not be a... ed from