

Labour Party victory renews hope for India-UK trade deal

SHREYA NANDI & ASIT RANJAN MISHRA
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India is optimistic that its delayed trade deal with the United Kingdom (UK) could gain momentum with a stable Labour government.

Keir Starmer became Britain's Prime Minister on Friday after his Labour Party's landslide electoral victory against Rishi Sunak-led Conservatives.

Prime Minister Narendra Modi congratulated Starmer on the "remarkable" victory. "I look forward to our positive and constructive collaboration to further strengthen the India-UK Comprehensive Strategic Partnership in all areas, fostering mutual growth and prosperity," Modi said in a post on X.

A senior government official in New Delhi who did not wish to be named said India's relations with the UK were unlikely to change with the new government. "We are confident that the trade deal, which is at an advanced stage of negotiations, can be closed after accommodating sensitivities of both sides," the official said.



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India within the first month of office if his party was elected to power. Referring to the missed Diwali 2022 deadline set by former prime minister Boris Johnson for the India-UK FTA, he pointed out that "many Diwalis have come and gone without a trade deal and too many businesses have been left waiting".

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British Prime Minister Keir Starmer and his wife, Victoria Starmer, outside Downing Street 10, following the results of the election, in London on Friday

PHOTO: X/@KEIR_STARMER

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Let's get our free trade deal done: UK foreign secy

“My message to (Finance) Minister (Nirmala) Sitharaman and (Trade) Minister (Piyush) Goyal is that Labour is ready to go. Let's finally get our free trade deal done and move on,” he said.

Last week, Commerce and Industry Minister Piyush Goyal had said India hoped to make progress with respect to the FTA with the UK.

“With the UK, irrespective of the election result, we hope to make progress after the new government comes in... We already had discussions with the shadow trade and foreign minister of the Labour Party a few months ago when they

visited Delhi. They have committed to us that they are equally interested in pursuing the FTA expeditiously,” Goyal had said. Experts anticipate continuity in Britain's foreign policy.

Biswajit Dhar, distinguished professor at the Council for Social Development, expects the Keir Starmer-led government to foster a stable relationship between India and the UK in the coming years.

“Britain needs to engage with India even more now since it has political stability. Britain is really going to push for its economic revival. When a country is so dependent on

the global economy, it actually needs large markets like India to facilitate its recovery process,” Dhar said.

According to Dhar, FTA talks will be expedited and the deal will be done this time, despite a few pending issues. “There are issues like immigration, where the Labour Party has a tough stance. At the end of the day, there will be a certain amount of give and take because India is also in a difficult space as far as environmental issues are concerned, and the UK's position is in sync with the EU and it is hawkish about emission cuts.”

Delhi-based think tank

Global Trade Research Initiative (GTRI) said the Labour Party might give its approval to the India-UK FTA with minor adjustments and the deal could be signed as early as October.

“The Labour Party in the UK is expected to recognise the substantial benefits of the FTA, as it opens access to a large and growing Indian market, bypassing high tariff barriers,” the GTRI said in a report on Friday. “The FTA is nearly finalised, and with a few minor adjustments like curtailment of the number of visas for Indian professionals, the Labour Party may likely give

its approval,” the report said.

While both sides have made substantial progress under Sunak, issues like a bilateral investment treaty, a bilateral social security agreement, and India's demand for a resolution on the carbon border tax by the UK are yet to be fully resolved.

FTA deliberations on the outstanding issues were held in May in virtual mode. During the same month, the UK Trade Commissioner for South Asia also met the chief negotiator of the India-UK FTA to discuss trade relations, including FTA negotiations, in New Delhi.