

‘US-UK pact big opportunity for Indian firms’

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The latest comprehensive trade agreement inked between the US and the UK also opens a window of opportunity for Indian companies which can use it as another launching pad to enter the American market, said Dammu Ravi, Secretary (Economic Relations) at the Ministry of External Affairs.

While the market size of the UK is small, the US-UK FTA offers Indian-owned automakers and others operating in Britain a big opportunity, Ravi said on Friday. He was speaking at the annual general meeting of the Public Affairs Forum of India.

One of the firms expected to reap benefit from this treaty is UK-based luxury car maker Jaguar Land Rover (JLR), an arm of India's Tata Motors. The US-UK trade deal would allow UK-



Dammu Ravi, secretary (Economic Relations) at MEA, called the India-UK trade pact one of the most ambitious deals so far

based manufacturers to export 100,000 cars to the US that would attract only 10 per cent duty. It was 25 per cent earlier. This pact is also expected to set a clear template for the Donald Trump administration for a long list of deals it is currently planning with other nations, he said.

“But the US-India FTA will have more than the tariff adjustments, and easing of regulatory mechanisms. They will have other issues in this case, including taxation, standards. We have to be mindful of where it's heading,” he said. Referring to another recent trade pact, the one signed between India and the UK, Ravi said this was one of the most ambitious free trade agreements (FTA) to have been signed by India so far.

Ravi said the government recognises the need to ramp up India's trade in its neighbourhood considering that only 5 per cent of the global trade conducted by South Asian nations take place with each other.

Ravi suggested that under-construction industrial corridors should be extended beyond India's borders and include hubs in neighbouring nations so that Indian manufacturing footprint can expand in those places. “India doesn't have its own supply chains. China alone controls 70 per cent of the critical earth mineral supply, and 90 per cent of its processing,” Ravi said.

However, pulling out the supply chains for disparate categories of goods won't be easy, he warned.

The China+1 strategy, whereby foreign firms diversify their operations and supply chains by adding locations outside of China while still maintaining a presence in the country, won't automatically benefit India unless key infrastructure bottlenecks are removed, the Secretary said.