

Sunak govt to resume FTA talks with India in December



ON FAST TRACK. India, UK hope to double bilateral trade to \$100 billion by 2023 through the FTA

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With the political storm in the UK subsiding for now, free trade talks between India and the UK are set to resume in December with both sides brushing up their negotiating positions on key issues of contention such as market access for automobiles and Scotch whisky, rules for intellectual property rights, digital trade and government procurement, and terms of business and work visas, an official tracking the development has said.

"The sixth round of India-UK FTA negotiations is likely to take place next month and India is expected to host it. Hectic preparations are already on in the Commerce Ministry to brush up the country's stance in areas that still need to be ironed out and take stock of the negotiating space," the official told *businessline*.

BILATERAL TRADE

India and the UK hope to double bilateral trade to \$100 billion by 2030 through the FTA. For India, especially, there is a lot of scope for growth as it accounts for barely 2 per cent of the UK's total trade in goods and ser-

Sixth round of India-UK FTA negotiations to focus on contentious areas of auto and whisky tariffs, IPR, digital trade, visas

vices. The Diwali-deadline for concluding the FTA talks set by former UK Prime Minister Boris Johnson and his Indian counterpart Narendra Modi earlier this year has lapsed but the Rishi Sunak government seems keen to keep things on track and conclude the negotiations in the first half of 2023.

"The Prime Minister hoped the UK and India could continue to make good progress in negotiations to finalise a comprehensive Free Trade Agreement," per a Downing Street readout of the call between Sunak and Modi on October 27.

After Johnson resigned as PM of the UK in July this year, his successor Liz Truss, too, tried to give the FTA talks a push and the fifth round of negotiations took place that month.

However, as Truss got entangled in her domestic political crisis, the FTA talks could

not move towards conclusion. "On the positive side, India and UK trade negotiators have reportedly completed discussions on 20 of the 26 chapters. Although the six remaining chapters are tricky, the negotiators can fully focus on these," the official said.

One of the major areas that still needs to be ironed out is the duty cuts that India will commit to in the areas of automobiles and parts and wines & liquor, mainly Scotch whisky. Both sectors are highly protected in India with steep tariffs. Although India has agreed to bring down tariffs in a phased manner, wrangling is still on the level of cuts.

OTHER FOCUS AREAS

Government procurement is another area where both sides are yet to come to an agreement on enforceable commitments. Similarly in the area of IP (going beyond WTO's TRIPS Agreement) and digital trade, which includes e-commerce and data transfer, India is not keen to take on additional commitments while the UK is insistent.

Apart from duty elimination on labour intensive goods, India is pressing for more work visas and longer-term business visas, which could be a difficult political call for the UK.