

Wait for India-UK FTA may extend until mid next yr

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The free-trade agreement (FTA) discussions between India and the United Kingdom (UK) may spill over to mid-next year as both nations are yet to iron out their differences over providing greater market access for certain goods and services, people aware of the matter said.

Also, the brewing political tensions in the UK, coupled with the fear of a recession due to slower-than-expected economic growth, may defer the timeline for the finalisation of the pact.

Both nations kick-started formal negotiations earlier January this year, and set an ambitious Diwali deadline for the finalisation of the trade pact. While India is yet to officially comment on any change in the deadline, Commerce and Industry Minister Piyush Goyal earlier this month pointed out that India will sign FTAs after thorough consultation with industry, and the government would not diverge from this approach for the sake of deadlines.

Besides, UK Trade Secretary Kemi Badenoch on Friday said the negotiations were progressing well, but the two sides are no longer working on the Diwali deadline.

“India is taking a more cautious stance now. The deal may be signed early-mid 2023, although the negotiations team is going on with the discussions as usual,” one of the persons aware of the developments told Business Standard.

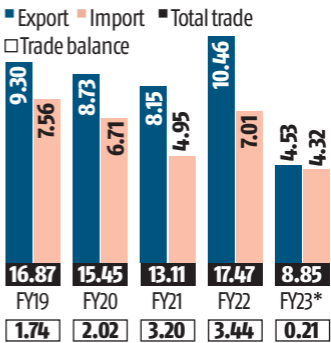
E-mailed queries sent to the commerce and industry

minister and the British High Commission remained unanswered. Biswajit Dhar, professor of economics at the Jawaharlal Nehru University, said that there is little appetite for free-trade agreements during a downturn, and it is difficult to finalise a trade agreement within a stiff deadline.

“Trade deals happen when economies do/grow reasonably well, and not in times of an economic downturn. That’s been the track record. It is very



INDIA-UK TRADE (in \$billion)



*Apr-Aug

Source: Department of Commerce

difficult to perceive a situation where the British economy will be able to accommodate their partner nation’s (India) interest. Normal tendencies for all countries during a downturn — and we saw that during Covid-19, as well — is that they become protectionist,” said Dhar, adding that it will be difficult for the UK economy to open up at this point.

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