

India likely to slash duty on UK cars, whiskey under trade pact

Bloomberg

India and the UK have softened positions on most of their points of contention, as both nations try to wrap up trade talks ahead of expected national polls next year, according to people with the knowledge of the matter.

While New Delhi has agreed to slash tariffs on British cars and scotch whiskey, the UK is willing to relax some visa rules for Indian professionals, said Indian officials, asking not be identified as the discussions are private.

Nevertheless, with immigration a politically sensitive subject in the UK, a British official indicated any visa relaxations are

likely to be limited. Prime Minister Narendra Modi and his British counterpart Rishi Sunak are pushing to double bilateral trade by 2030 through a pact that slashes tariffs and increases market access. The two governments hope to wind up the trade talks before year-end, Indian and British officials said.

LABOUR ISSUES

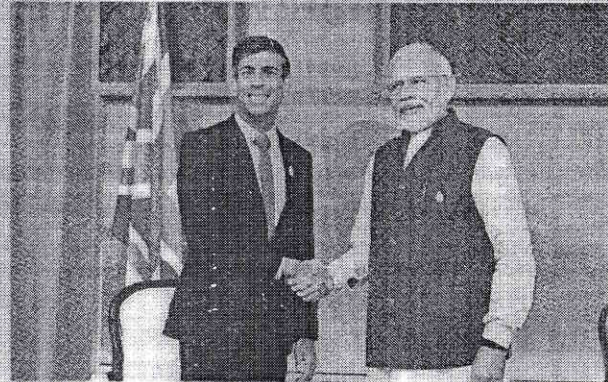
Britain is willing to accept New Delhi's standards on environment protections and labour — a key Indian demand, given the differences in economic development and sensitivities involved for its micro-, small- and medium-sized firms, the officials added.

Striking a trade accord is critical for India's ambition to become a manufacturing

powerhouse, while the UK is seeking to clinch new deals to highlight the benefits of Brexit. Sunak and Modi will have an opportunity to discuss the matter face-to-face at a Group of 20 summit in New Delhi next month. India's Trade Ministry didn't respond to an e-mailed request for comment.

A spokesperson for the UK trade department said its made "good progress" in closing chapters and both countries are now "laser-focused" on goods, services and investment.

The negotiations on visas are likely to be particularly sensitive. India has long demanded increased access for its citizens, but the UK's vote for Brexit in 2016 was fuelled in part by calls for greater control over the



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numbers of people coming into the country, and immigration remains a hot-button topic ahead of the next general election.

Underscoring the difficulties Sunak's government faces, net migration to the

UK reached a record 606,000 people last year, while separate visa data has shown one in three residence visas were granted to Indian workers. A UK official said talks are centering on time-limited business

visas for highly skilled workers. The deal, if it materialises, will be India's biggest and most ambitious free trade agreement to date. This comes at a time when many western economies are pinning their hopes on the South Asian nation to become a bulwark against China's growing economic and military clout.

GOOD PROGRESS

Even as the two nations have been reluctant to set a date for completing the talks after missing a deadline last year, negotiations have been progressing well, the people said. Indian Commerce Minister Piyush Goyal's decision to visit Britain last month put political momentum behind talks, one UK official said.