

New-age trade issues unlikely to be part of FTA with UK

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India is unlikely to make any commitments on new-generation (new-gen) trade issues such as labour and environment, with respect to the free trade agreement (FTA) currently being negotiated with the UK, said people aware of the matter.

India will push to make chapters on these issues 'best endeavour' in nature, one of the persons cited above told *Business Standard*.

This means India will not agree upon any binding commitments on these issues, and discussions could be taken up at a later stage.

Trade experts said it will be interesting to see if the UK will be willing to sign the trade deal, without India offering any commitments on new-age trade issues that have been a priority for most developed nations such as the EU, and the US, as part of trade pacts.

The UK has not signed any FTA without including labour standards and environment.

"Whatever FTAs the UK has signed (for instance with Australia), it has insisted on inclusion of chapters on labour and environment. If India proposes 'best endeavour' for these issues, we don't know how the British government will take it," said Biswajit Dhar, professor of economics at the Jawaharlal Nehru University.

"If there are similar sensitivities, just like in the case of the European Union, it will be difficult for the trade deal to go through. Therefore, we need to wait and watch the UK's stand," said Dhar.

Even in the past, India had expressed discomfort in

making commitments on this front. For instance, last month, India pulled out of trade-related negotiations pertaining to the US-led Indo-Pacific Economic Framework, citing it was unclear what benefits member countries, including India, would derive through negotiations at this stage. Besides, there was no broader consensus on any commitments on areas such as environment, labour, digital trade, and public procurement.

A focus on these new-gen trade issues comes in the backdrop of most developed nations' attempt to develop a sustainable supply chain through FTAs, especially in a post-pandemic era. Moreover, adhering to the United Nations' Sustainable Development Goals, 2030, is also a priority.

Experts also said that India should be open to talk about more relaxed terms of agreements, rather than putting these chapters in the 'best endeavour' list.

"We need to identify the

areas where we have regulation, where we don't make some regulatory commitments or some initiatives to collaborate and share information and best practices. The 'best endeavour' approach may not work," said Arpita Mukherjee, professor, Indian Council for Research on International Economic Relations. Mukherjee further said that there may be areas where the matter is sensitive, and reasons for these sensitivities are identified.

"In India, we are yet to discuss these at the industry/academic level. Therefore, there is a fear of the unknown," she observed.



STRIVING FOR 'BEST ENDEAVOUR'

■ India will push to make chapters on labour, environment 'best endeavour' in nature, in case of an FTA with the UK

■ 'Best endeavour' list will mean not agreeing upon any binding commitments on these issues

■ India has been expressing discomfort in making commitments on these issues