

# Three-pronged trade talks with UK begin

FTA, BIT, social-security agreement on the table



Union Minister Piyush Goyal (right) with UK Secretary of State for Business and Trade Jonathan Reynolds in New Delhi on Monday

PHOTO: PTI

SHREYA NANDI

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After a year's pause in talks, India and the United Kingdom (UK) on Monday formally launched three-track negotiations for a free-trade agreement (FTA), bilateral investment treaty (BIT), and double-contribution convention or social-security agreement.

While launching the two-day discussions, Commerce Minister Piyush Goyal and his UK counterpart Jonathan Reynolds, who is visiting India, did not say when the negotiations would conclude. While Goyal said the trade deal would be done with "speed" and not in "haste", Reynolds pointed out it was a priority for the UK and such agreements were long-term.

FTA talks were launched nearly three years ago, under the Conservative government headed by Boris Johnson, with the target of sealing the deal in nine months.

**India had requested the UK to consider a social-security agreement two years ago, but talks were launched only on Monday**

However, political instability in the UK, unresolved differences on various issues, and general elections in both countries during April-July further delayed the fruition of the deal. The deal is expected to double or even triple bilateral trade from the current \$20 billion in the next 10 years.

According to a joint statement, both sides said negotiators had been asked to work together to resolve the "outstanding issues".

Apart from an FTA, both countries are keen to sign an investment and social-security agreement. Negotiating a BIT has been a contentious issue for both sides but is a priority for London. The Ministry of Finance is negotiating the BIT. In the case of

New Delhi, officials said a social-security agreement (SSA) was non-negotiable — another thorny issue between both sides. India had requested the UK to consider an SSA two years ago, but talks were launched only on Monday.

Turn to Page 6 ▶

▶ FROM PAGE 1

## India for more liberal visa regime with UK

SSAs are bilateral agreements signed among countries to protect the interests of skilled cross-border workers and they aim to ensure social security-related contributions such as pensions and insurance for workers are not made in both countries.

A social-security pact between both nations has been one of the key asks for India, considering that the UK is the largest market for India's services export after the US. The announcement came against the backdrop of an escalating trade war and reciprocal tariff threats from United States (US) President Donald Trump. This may result in advanced economies like the UK expediting trade talks with India. Goyal said India was entering into more and more FTAs with developed countries with which it had complementarities.

"In order to bring a balance in opportunities and benefits for both countries, India had flagged the issues of attractive services offered in return for attractive social security or a totalisation agreement from the UK. Particularly, since it is a much smaller set of people there — 70 million against 1.4 billion in India," Goyal said.

Among other thorny issues, the UK has

been seeking more opportunities in telecommunications, and legal and financial services in Indian markets as part of the deal, while India's focus has been on a liberalised migration policy for its skilled workers. Other contentious issues include the UK's demands for lower tariffs on whiskey and automobiles, and chapters on rules of origin and intellectual property rights (IPR).

On repeatedly being called a high-tariff nation, Goyal defended India's tariff policy and said the country had to protect itself from non-market and non-transparent economies and predatory pricing followed by certain countries. He also said India and the UK could significantly reduce tariffs to make business competitive. Goyal also pitched for a more liberal visa regime for businesses and professionals, while emphasising that India had never ever discussed immigration in any FTA negotiations.

Under the pact, he said the two countries were opening up services in a "big way" and also keeping the door open for more investment.

Reynolds said business mobility was an issue separate from immigration.