

UK-India FTA talks to resume under Labour government

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The proposed relaunch of the UK-India Free Trade Agreement talks by the new Labour-led government in the UK early next year could witness a toughening of stance by the country in areas such as immigration, labour, environment and climate, sources said.

The talks are likely to restart in January 2025 or soon after and could be prolonged as UK Prime Minister Keir Starmer's regime may not necessarily fall in line with everything agreed to by the previous Conservative government, a source close to the development told *businessline*. There may be additional exchanges needed even in areas seen as settled.

NEGOTIATION TERMS

"There is no doubt that the Starmer government wants an FTA with India but the terms of negotiations may be different than before, especially in particular areas, and it is likely to affect the negotiating positions of both sides on important issues, such as work visas and the proposed Carbon Border Adjustment Mechanism (CBAM)," the source said.

Given the tough stand of the Labour government on immigration, India's demand for easier work visas for its professionals may see more resistance from the UK now. "The Conservative government may have been careful on work visa issues when it was negotiating the FTA with India but the Labour government is going to be much tougher. Checking immigration and ensuring jobs for the UK people is a top priority and Starmer would not want to be seen as giving away job opportunities," the source pointed out.



UK Prime Minister Keir Starmer with Prime Minister Narendra Modi

While facilitating work visas for highly skilled jobs may be easier than for low-skill jobs, there may be onus on employers to demonstrate that they are doing enough to impart skills to the local population so that they could also be eligible for such jobs. "A new trade deal with India will support jobs and prosperity in the UK — and represent a step forward in our mission to deliver growth and opportunity across our country," Starmer said in a statement issued after bilateral talks with Modi at the recent G20 summit.

BILATERAL TRADE

By successfully implementing the FTA, which will cover both goods and services, the two sides hoped to double bilateral trade in goods and services to an estimated \$100 billion by 2030.

Issues related to environment and climate will also be given more primacy by the Labour government and India's hopes of pushing back on the proposed CBAM may see a setback. "India was hoping to convince the UK government to offer it flexibilities on CBAM as part of the FTA negotiations. The argument was that carbon taxes could negate the tariff concessions extended through the trade pact. The Labour government is expected to be stricter on the matter," the official said.