

# 'Should not rush FTA talks with artificial deadline'

The free trade agreement (FTA) between India and the UK will see the light of day sometime next year due to the pace of the negotiations, the positive mind-set, political will and pragmatism of the two sides, UK India Business Council Managing Director **KEVIN MCCOLE** tells **Indivjal Dhasmana**. After that, India may start negotiations on an FTA with the European Union, he says. Edited excerpts:

**With the Diwali deadline missed, when do you think the negotiations between India and the UK over the FTA would conclude?** There were a lot of discussions around Diwali with the expectations that the deal could turn by then. But the two governments, in a joint statement, formally committed that they would aim to conclude the talks on a majority of areas by October-end.

This has provisionally been accomplished with 14 of the 26 chapters closed. The UK government has been saying that it does not want to sacrifice the quality of the deal. The UK businesses like that approach. The trade deal is a once-in-a-generation opportunity. So, it is important to take the right kind of time to conclude the deal comprehensively rather than rush through it with an artificial deadline.

**With the UK facing recession, is there a greater need for the country to conclude the deal or will this delay the agreements on the deal?**

I don't think the fact that the UK fears recession will affect the negotiations. The

FTA is really there for medium- and long-term benefits, so negotiators working on the mandates set by the governments will continue working with urgency to try and get the deal.

**There are various contentious issues in the deal such as those revealed in the leaked chapter regarding patents over drugs. Do you think this could derail the deal with India, which focuses on its interests relating to generic drugs?**

I saw the leaked document a few weeks ago. I was not at all surprised when some Indian specialist dismissed (it) and did not recognise that document as one that was being discussed. I don't think that anything decided on intellectual property will look like what was leaked.

**Tariff on whiskey is another bone of contention between the two parties. Does it have the potential to mar the deal?**

Tariffs on scotch whiskey is one of the range of tariffs being discussed. (Commerce and industry minister Piyush) Goyal last year expressed openness to reducing tariffs on

scotch whiskey. This is important to recognise that the UK has a lot more to offer than scotch whisky and India has a lot more to offer than skilled workers. They are an important but small part of the overall bilateral investment treaty relationship.

**The Indian side, it seems, is not committing to labour and environment in the negotiations. Can this harm the deal?**

I think there will be a deal, and there are four "Ps" why that will happen. The first two are "pace and positivity", because negotiators have been working quickly with a positive mind-set right from the beginning. The third is "political will" – both the governments are clear that the deal has to happen. (British prime minister) Rishi Sunak and (Indian prime minister Narendra) Modi met last week in Bali and reconfirmed their commitment to making it happen. The fourth "P" is "pragmatism". Both the governments

want to focus on clearing the agreements and not focus on the ones that can't be.

**In India, there are central as well as state taxes that are outside the goods and services tax (GST). Say, those on alcohol. Do you think this adds complexity to the negotiations?**

Central relationships are easier for businesses in India. We have released our eighth annual report on "Doing Business in India". As many as 61 per cent of respondents said that it is getting easier to do business in India. Every year, there is a similar answer. It is quite remarkable. We also look at states where the real business activities lie. There, too, businesses are reflecting positively as to how state governments are responding.

**With the India-European Union FTA talks stuck on many contentious issues, what gives you hope that the India-UK deal will conclude faster?**

I am very confident that there would be an India-UK FTA by some time next year. Then the Indian government will start negotiating with the EU as well.



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