

Next meet looks to build consensus on rules of origin, IPR

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New Delhi, 28 July

With the 12th round of negotiation a few days away, India and the United Kingdom (UK) hope to build consensus on three key issues — rules of origin (ROO), intellectual property rights (IPR), and investment treaty — in the proposed free trade agreement (FTA) between both nations.

The negotiations are currently at a crucial stage, with the next round of negotiation expected in the second week of August. In the case of rules of origin chapter, the principles have been agreed upon. However, the modalities are still being worked out, a person aware of the matter said on Friday. “In rules of origin, we are doing things at the international level for the first time. We are going for product specific rules... Every product will have a specific rule, whether it is value addition or change in tariff heading,” the person said.

In any FTA, rules of origin determine the criteria for which goods are eligible for free imports, with the larger idea to avoid routing of products manufactured in third countries to India.

There has also been a ‘broad consensus’ on the sticky issues in the goods chapter—automobiles and whiskey. Significant cuts in tariffs on whiskey and automobiles have been some of the key demands from the UK. The person, however, said that despite the broad consensus on these goods,



NEGOTIATIONS ON

- 12th round of negotiations in the second week of August
- Aim to sign the deal before the end of the year
- 19 of 26 chapters closed
- Broad consensus between both countries on automobile and whiskey

“nothing is agreed till everything is agreed”.

Of the 26 policy areas or chapters, 19 have been substantially closed for negotiations. Both sides are ‘very close’ to concluding the trade deal and both sides hope to sign much before the year ends. “We are very close and are trying to conclude the talks as early as possible,” the person said.

The uptick in the momentum of negotiation comes in the backdrop of Commerce and Industry Minister Piyush Goyal and commerce secretary’s visit to London amid hectic negotiations earlier this month to discuss the progress of the proposed pact. Both countries are also looking to sign an investment treaty as a separate agreement (Bilateral Investment Treaty) and conclude it simultaneously with the

trade agreement. One of the contentious issues that the UK is uncomfortable with is the exhaustion of ‘local remedies’ clause under India’s model bilateral investment treaty (BIT) that India adopted seven years ago.

Another issue that bothers foreign investors is the narrowed down the definition of ‘investment’ needed to qualify for BIT protection from an ‘asset’ based to an ‘enterprise’ based one. Both the nations had kick-started formal negotiations in January 2022 and had set an ambitious Diwali/October-end deadline for the trade pact. The deadline was missed as both sides were not able to iron out the differences in providing greater market access for certain goods and services. The UK is India’s 15th largest trade partner, with total trade at \$20.36 billion in FY23.