

The UK-India FTA deal

India and the United Kingdom are in talks about landing some favourable deals on both sides of the spectrum. Factors such as China's dominance in Asia and Europe's new attempts to find a reliable trade partner excluding the Chinese have left the arena wide open for a new range of proposed deals. India has burnt its fingers by incurring massive trade deficits with its Japanese, South Korean, and ASEAN partners. Hence, opening up negotiations with the West and African nations would significantly help in gaining strategic markets.

China, Vietnam, and Bangladesh dominate the area of textile exports while Thailand and Myanmar hold large shares in gem exports. This appears at a time when India has witnessed lower production rates in apparel, gems, and jewellery since the post-pandemic period. Indian exporters face around 12% in tariffs and the British Parliament is highly reluctant in engaging towards an FTA deal with India as it could hurt the exports from Bangladesh which makes use of the Least Developed Countries facility. Moreover, the British exporters would like to improve their position by cutting down the high tariffs between 115%-150% for its products such as Scotch whisky, cars, and wines.

Currently, the import tariffs (on average) stand at 4.19% for goods imported by the UK from India while India places roughly 15% for goods imported from the UK to India. This time, negotiations will be made towards easing the non-trade barriers between both nations in terms of pre-shipment inspections, testing, and certifications which leads to a lot of Indian products failing to meet the required standards. India is looking forward to a delayed implementation of levies on metal imports (similar to the EU's CBAM policy) by the UK as part of carbon taxes which could hamper the trade done for India's steel exports to the UK.

