

Strengthening India-UK partnership

British Foreign Secretary Mr. Dominic Raab expressed confidence that India and the UK would enter into an 'Enhanced Trade Partnership' next year and this will be a precursor for a comprehensive free trade agreement in future. Mr. Raab said this during his four-day (December 14-17) visit to India to discuss a '10-year roadmap' to script a new era in the bilateral relationship of both the countries. Trade and investment is one of the focus areas on the agenda of his visit to strengthen bilateral ties, apart from defence, security, health and climate change

In order to bolster bilateral relations, British Prime Minister Mr. Boris Johnson has agreed to India's request to be the Chief Guest at the Republic Day Celebration in 2021. Mr. Johnson invited Indian Prime Minister to the G7 Summit, to be hosted by Britain next year.

India has the potential to be a major trade partner of the UK as it exits European Union, one of the largest trading blocs of the world. UK formally left European Union in January 2020 and both the sides agreed to a 11-month transition period for negotiating terms of trade, investment and other relations. The 11-month transition period is ending on December 31, 2020 and so far both the sides have not clinched a trade deal. In the absence of a trade deal, UK's exports to the EU will be subject to tariffs as applicable to other exporters of EU. Also, with the exit of UK from the EU, the former will not be able to take benefits of the trade deals of the EU with other countries or economic blocs.

In order to minimize trade disruption after December 31, 2020, UK is negotiating trade agreements with non-EU countries, with which UK exporters have so far enjoyed preferential market access under EU's trade agreement. European Union has trade agreements with advanced countries such as Canada, South Korea and Japan, besides many developing countries such as Mexico, South Africa and Vietnam. Since leaving European Union, UK has clinched trade deals with Japan, Canada, Singapore, Switzerland, Mexico and a host of developing countries.

In this backdrop, UK is planning to forge greater economic ties with India and is building foundation for a free trade agreement. As part of this effort, the India-UK Joint Economic and Trade Committee (JETCO) held its 14th meeting in July 2020 to discuss market access barriers in both the countries. UK has agreed to relax market access barriers for Indian exporters from sectors such as food and drink, information communications technology (ICT), life sciences, chemicals and services.

Currently, UK is the 14th largest trade partner of India, with trade in India's favor as it exports USD 8.7 billion worth goods, while importing USD 6.7 billion worth goods. However, bilateral trade has remained steady around USD 15-16 billion since 2011-12, which signifies the need to identify new growth areas of trade.

Apart from trade, UK also has sizeable partnership in investment and technology exchange. It is learnt that in the last ten years, the UK has emerged as the second-fastest growing G20 investor in India with total investment of £21.48 billion. UK was said to be the second largest research partner of India until before the COVID outbreak.

Through its Innovation Challenge Fund, Government of UK is providing research grants for innovative projects in Artificial Intelligence or Data Science in Karnataka and Future Mobility projects in Maharashtra. These projects are offshoots of the UK-India Tech Partnership, which was announced by leaders of both the countries in April 2018.

In future, both the countries can strengthen this partnership through exchange of business delegation and expediting negotiation on free trade agreement.

Notifications

PIB

India's Foreign Trade in November 2020

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1680830>

APEDA organizes workshop on export of organic basmati rice

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1680808>

Minister invites foreign investors to be part of India's growth story

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1680751>

CBIC

Amendment in notification on anti-dumping duty on imports of Dimethylacetamide

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd47-2020.pdf>

Tariff fixation for certain commodities

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt112-2020.pdf>