

UK and India agree deeper trading relationship at cabinet level summit

- Both countries agreed to develop a deeper trading relationship. Subject to progress, this could lead to a future Free Trade Agreement.
- The UK's new Global Tariff will bring benefits of up to £40m per year for Indian exporters, assuming all duties are levied.

The UK's International Trade Secretary Liz Truss and Minister Piyush Goyal agreed to explore opportunities for expanding and deepening our trade relationship. This will include an Enhanced Trade Partnership as the first step on a wider roadmap for a deeper trade partnership, and subject to progress could lead to a future Free Trade Agreement.

Trade between the UK and India was worth £24 billion last year alone, and India is now the second-largest investor in the UK economy. The UK's International Trade Minister Ranil Jayawardena also raised the ambition to remove barriers for businesses across a range of sectors including food and drink, healthcare and life sciences, IT and data, chemicals and services.

Work has been underway to reduce barriers to trade since both countries completed a Joint Trade Review in 2018. The UK's new Global Tariff (UKGT) schedule serves as a 'building block' towards an increasingly open trade partnership. Assuming all tariffs are levied, the UKGT could boost trade flows by reducing tariffs on Indian exports by up to £40m per year. Alongside this, UK companies have secured recognition and registration of polyhalite, a multi-nutrient fertiliser mined in the UK, which will enable UK exports and help Indian farmers to increase crop yields while supporting a cleaner, greener and sustainable environment. Increasing investment in each other's markets is more important than ever as both economies seek to recover from the impact of Covid-19.

At today's meeting, the UK and India agreed to work towards removing additional barriers, and to work together to ensure both countries maximise the potential of their digital economies including on data regulation and interoperability.

International Trade Secretary Liz Truss said:

My first JETCO with India has been an opportunity to take stock of progress made so far between our countries and look at barriers preventing our trading relationship from reaching its full potential. India is an incredibly important partner for the UK. As one of the world's largest economies and democracies, it is a powerhouse that will play a major role in shaping the 21st Century.

Today we agreed to look in detail at a framework for a deeper relationship. At this stage we want to keep all options on the table, including the possibility of a free trade agreement as some point in the future.

UK's International Trade Minister Ranil Jayawardena also led a business plenary during the JETCO, organised by the UK India Business Council (UKIBC). Ministers spoke with UK and Indian businesses about our shared ambition to deepen our economic and commercial partnership with India.

International Trade Minister Ranil Jayawardena said:

The United Kingdom and India share a strong and enduring bond, strengthened by a modern trading relationship. It's clear from today that there are huge opportunities to deepen our relationship with India. We want to knock down existing trade barriers, create more good jobs and encourage innovation between two of the greatest democracies in the world. I'm pleased to see our shared ambition in the spotlight today as we boost our trading relationship.

Sir Philip Barton, High Commissioner to India, said:

India and the UK are, in PM Modi's own words, an "unbeatable combination". That's particularly true when it comes to trade and investment, where there is huge potential to unlock existing barriers to trade. I look forward to further strengthening our ambitious partnership in coming years to deliver jobs and prosperity for both economies.

- The UK-Indian JETCO has been meeting for over 15 years, making it the UK's longest standing meeting of its kind.
- British and Indian investments are supporting over half-a-million jobs in each other's economies.
- There are 842 Indian companies in the UK, employing more than 110,000 people, which together raised almost £41 billion in revenue last financial year. The combined revenue of Indian companies in the UK has grown by 87% in the last five years.
- Since 2016 Indian firms have raised £11.5 billion in masala, dollar and green bonds on the London Stock Exchange.
- The UK is the second fastest growing G20 investor in India over the last 10 years, investing over £22 billion and helping create more than 422,000 jobs. In turn, India is now the second-biggest investor in the UK – with 120 new projects and over 5,000 new jobs in 2019-20.

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