

UK launches India negotiations to kick off 5-star year of trade

- International Trade Secretary visits New Delhi to officially launch negotiations on a new ambitious free trade deal with the world's biggest democracy.
- Agreement will create huge benefits for both countries and could boost our total trade by up to £28 billion a year by 2035 and increase wages by up to £3 billion across the UK.
- Visit demonstrates the UK's tilt to Indo-Pacific and kicks off '5-star year of trade', with plans to launch negotiations with Canada, Mexico and the Gulf and secure accession to the £8.4 trillion CPTPP trade bloc.

The UK and India will today (Thursday 13 January) launch negotiations on an ambitious Free Trade Agreement at an event in New Delhi.

International Trade Secretary Anne-Marie Trevelyan will meet with her counterpart, Indian minister of Commerce and Industry Piyush Goyal, to formally start talks on a deal that could create huge benefits for both countries.

India is one of the world's biggest and fastest-growing economies and a bold new deal would put UK businesses at the front of the queue to supply India's growing middle class, forecast to increase to a quarter of a billion consumers by 2050. India is set to become the world's third biggest economy by 2050, with a bigger population than the US and EU combined.

A deal has the potential to almost double UK exports to India, boost our total trade by as much as £28 billion a year by 2035, and increase wages across the UK by up to £3 billion. Investment from Indian companies already supports 95,000 jobs across the UK.

The UK wants an agreement that slashes barriers to doing business and trading with India's £2 trillion economy and market of 1.4 billion consumers, including cutting tariffs on exports of British-made cars and Scotch whisky.

A deal with India would be a big step forward in the UK's strategy to refocus trade on the Indo-Pacific, home to half of the world's population and 50% of global economic growth. A new economic partnership with India, alongside UK membership of the massive Asia-Pacific trading bloc, CPTPP, will create a pillar in the region supporting free and fair trade.

Prime Minister Boris Johnson said:

A trade deal with India's booming economy offers huge benefits for British businesses, workers and consumers. As we take our historic partnership with India to the next level, the UK's independent trade policy is creating jobs, increasing wages and driving innovation across the country.

The UK has world-class businesses and expertise we can rightly be proud of, from Scotch whisky distillers to financial services and cutting-edge renewable technology. We are seizing the opportunities offered in growing economies of the Indo-Pacific to cement our place on the global stage and deliver jobs and growth at home.

International Trade Secretary Anne-Marie Trevelyan said:

A deal with India is a golden opportunity to put UK businesses at the front of the queue as the Indian economy continues to grow rapidly. By 2050 India will be the world's third largest economy with a middle class of almost 250 million shoppers. We want to unlock this huge new market for our great British producers and manufacturers across numerous industries from food and drink to services and automotive.

As an independent, deal-making nation the UK is broadening our economic horizons and forging stronger partnerships with the fastest-growing economies of the world. India marks the start of our ambitious 5-star year of UK trade and will show how the deals we negotiate will boost the economies across all nations and help level up all regions of the UK.

A UK-India FTA would bring multiple benefits including:

- Playing a key role in our ambition to double trade with India by 2030 – supercharging the growth of our trading relationship which totalled over £23bn in 2019.
- Slashing barriers on UK exports – Removing duties alone would increase exports to India by up to £6.8 billion, supporting tens of thousands of jobs across the UK. Important UK exports like Scotch whisky and cars currently face enormous duties of 150% and 125% respectively.
- Levelling up the UK – DIT analysis shows a trade agreement with India could boost the economies of all nations and regions of the UK. Almost 30,000 people in the West Midlands, for example, were employed via Indian investment in 2019, and the region could see a massive boost of up to £300m with opportunities for manufacturers of motor vehicles and parts.
- Investment in UK jobs – International investment from Indian companies already supports 95,000 jobs across the UK and could grow with a new trade deal.
- Boost UK's green industries – The Indian government plans to install 175 GW of renewable energy capacity by 2022 and much more in the coming decades. UK's world-leading renewables industry looks set to benefit from a deal that slashes barriers – such as import tariffs as high as 15% on wind turbine parts from the UK.

Lord Karan Bilimoria, CBI President, said:

The CBI is delighted to see FTA negotiations launch between the UK and India. With India, a rapidly advancing global economic superpower, this trade deal can unlock a new era of partnership and pave the way for significant trade and investment opportunities for UK and Indian businesses. To fully realise the growth possibilities, the UK must focus on the areas which will drive our future economic success, such as collaborative innovation and stronger regulatory alignment. Above all trade is a key instrument for economic growth and prosperity across all regions and nations.

Mike Hawes, Society of Motor Manufacturers and Traders (SMMT) Chief Executive, said:

The automotive industry supports fair and balanced trade deals with both new and established markets. India is one of the fastest growing global markets with increasing demand for personal mobility and long-term plans to transition to electric vehicles. This presents major opportunities for UK automotive companies which, due to their global competitiveness, diversity and expertise, have already proved attractive for Indian investment. Key to any future trading relationship will be the progressive removal of tariffs, enhanced trade facilitation and reducing other barriers to trade, which can be highly complex and burdensome.

Richard Heald OBE, UK-India Business Council Group Chair, said:

The UKIBC warmly welcomes the launch of these important negotiations. Particularly the breadth and ambition outlined, covering goods and services, particularly the IP-rich, digitally-driven services where the UK and India already excel. It matters – for businesses and consumers – when the world's 5th and 6th largest economies negotiate an FTA. India is an increasingly attractive destination and as the India opportunity grows, an FTA will make it easier for UK businesses to trade and invest there.

The first round of negotiations is expected to start next week – making it the UK's quickest start of formal talks between negotiating teams following a launch.

During her visit to India the International Trade Secretary will also co-chair a meeting of the UK-India Joint Economic and Trade Committee to review how businesses in both countries are benefiting from existing market access commitments under the UK-India Enhanced Trade Partnership agreed last May by the Prime Minister Boris Johnson and Indian PM Narendra Modi.

She is also expected to meet with Indian Foreign Minister Subrahmanyam Jaishankar, Finance Minister Nirmala Sitharaman, and Environment Minister Bhupender Yadav to discuss wider bilateral cooperation.

Notes to Editors:

- Computable General Equilibrium (CGE) modelling by the Department for International Trade shows that real wages (wages in today's prices) could increase by up to 0.34% as a result of a UK-India FTA, equivalent to around £3.0 billion annually when compared to 2019 levels, as workers benefit from higher productivity in the economy.