



India - UK Relations

For Prelims: India's UK Relations, Indo-UK Comprehensive Strategic Partnership in 2021, 2030 Roadmap for India-UK Relations, India's Indo-Pacific Oceans Initiative, India-UK FTA

For Mains: India's Bilateral Relations with UK, India-UK FTA and its significance

Why in News?

Trade between [India and the UK](#) is expected to double by 2030 driven by the proposed [free trade pact](#), investment in technology, diversification of [global supply chains](#) and ease of doing business, according to Britain Meets India (BMI) Report by Grant Thornton Bharat in partnership with [The Confederation of Indian Industry \(CII\)](#).

- **Business services** is the **top sector being eyed by the UK companies** in India, with **Maharashtra the leading investment destination** followed by **National Capital Region and Karnataka**.

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What do we know about the Proposed Free Trade Agreement?

▪ About:

- The proposed FTA is expected to **boost Indian exports in labour-intensive sectors** such as leather, textile, jewellery, processed agri-products and marine products, education, pharma, and health care.
- **The UK is likely to look at reducing tariffs on products** such as apples, UK-manufactured medical devices and machinery.
 - UK companies also expect **India to take measures** to strengthen [data privacy](#) and **enforce contracts**.

▪ India's Trade with UK:

- The UK remained the **sixth largest investor in India**, with a cumulative investment of approximately **USD 31.92 billion during FY 2000-22**.
 - This constituted around **5.4% of the total [Foreign Direct Investment \(FDI\)](#)** into India.
- India's **trade in goods and services** with the UK amounted to **USD 31.34 billion in FY 2022**, as against USD 19.51 billion in 2015.
- 618 UK Companies have been identified in India, they together employ approximately **4.66 lakh people** and have a combined **turnover of Rs 3,634.9 billion**.

What are the Recent Developments on India's Relations with the UK?

- Despite the challenge posed by the [Ukraine crisis](#), the India-UK relationship has been on an **upward trajectory**, exemplified by the conclusion of a [Comprehensive Strategic Partnership](#)

in 2021.

- The agreement also established a [2030 Roadmap for India-UK relations](#), which primarily outlines the **partnership plans for the bilateral relationship**.
- Both the countries held talks on **defence-related trade** and deepening [cyber security](#) and **defence cooperation** between the two countries.
 - A new **joint cyber security programme** is set to be announced to protect **online infrastructure in India and the UK**.
 - India and the UK also plan to hold the first **Strategic Tech Dialogue**, a ministerial-level summit on emerging technologies.
- Additionally, the UK and India have agreed to strengthen their cooperation in the **maritime domain** as the UK will join [India's Indo-Pacific Oceans Initiative](#) and become a **major partner on maritime security issues in Southeast Asia**.
- In January 2022, India and the UK concluded the first round of talks for an [India-UK Free Trade Agreement](#).
 - The negotiations reflected shared ambitions to secure a **comprehensive deal between the fifth (UK) and sixth (India) largest economies** in the world.

What is a Free Trade Agreement?

- **About:**
 - It is a **pact between two or more nations to reduce barriers** to imports and exports among them.
 - Under a free trade policy, goods and services can be bought and sold across international borders **with little or no government tariffs, quotas, subsidies, or prohibitions** to inhibit their exchange.
 - The concept of free trade is the **opposite of trade protectionism or economic isolationism**.
- **India and FTAs:**
 - [India - Australia ECTA:](#)
 - India will benefit from **preferential market access** provided by Australia on 100% of its tariff lines.
 - India will be **offering preferential access to Australia on over 70%** of its tariff lines.
 - [South Asian Free Trade Area \(SAFTA\):](#)
 - A Free Trade Agreement confined to goods, but **excluding all services** like [information technology](#).
 - This agreement was signed to reduce customs duties of all traded goods to zero by the year 2016.

What are other Trade Agreements signed by India?

- [India-UAE CEPA:](#)
 - **The Comprehensive Economic Partnership Agreement (CEPA)** provides for an **institutional mechanism** to encourage and improve trade between the two countries.
- [Comprehensive Economic Cooperation and Partnership Agreement \(CECPA\)](#) between India and Mauritius.
 - It is a **kind of free trade pact** that aims to provide an **institutional mechanism** to encourage and improve trade between the two countries.
 - Under this agreement, **countries reduce or eliminate the duties on the products**. The countries also **relax** in the norms to promote the services trade.
- **South Asia Preferential Trading Agreement (SAPTA):**
 - It is for **promoting trade amongst the member countries** which came into effect in 1995.
- [Asia Pacific Trade Agreement \(APTA\):](#)
 - Previously the **Bangkok Agreement**, it's a preferential tariff arrangement that aimed at **promoting intra-regional trade through the exchange of mutually agreed concessions** by member countries.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. Consider the following countries: (2018)

1. Australia
2. Canada
3. China
4. India
5. Japan
6. USA

Which of the above are among the 'free-trade partners' of ASEAN?

- (a) 1, 2, 4 and 5
(b) 3, 4, 5 and 6
(c) 1, 3, 4 and 5
(d) 2, 3, 4 and 6

Ans: (c)

Explanation:

- The Association of Southeast Asian Nations (ASEAN) has free trade agreements with six partners, namely the **People's Republic of China, Republic of Korea, Japan, India as well as Australia and New Zealand**. Hence, 1, 3, 4 and 5 are correct.
- ASEAN was established on 8 August 1967 in Bangkok, Thailand, with the signing of the ASEAN Declaration (Bangkok Declaration) by the founding fathers of ASEAN, namely Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei Darussalam joined on 7 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999, making up what is today the ten member states of ASEAN.
- **Therefore, option (c) is the correct answer.**

Q. The term 'Regional Comprehensive Economic Partnership' often appears in the news in the context of the affairs of a group of countries known as (2016)

- (a) G20
(b) ASEAN
(c) SCO
(d) SAARC

Ans: (b)

Explanation:

- Regional Comprehensive Economic Partnership (RCEP) is a Free Trade Agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) and the five countries (Australia, China, Japan, South Korea and New Zealand) with which ASEAN has existing FTAs.
- Therefore, option (b) is the correct answer.

Source: BS

