



# Europe India Chamber of Commerce

## Newsletter

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### **India has potential to attract USD 475 bn through FDI in five yrs, says CII-EY report**

“Against the backdrop of growth challenges being faced by major economies of the world and new geopolitical issues, it is heartening to note that MNCs consider India an attractive investment destination and are planning expansion.

India has optimistic growth prospects for foreign investments with a potential to attract FDI flows of USD 475 billion in the next 5 years, according to a CII-EY report.

Foreign Direct Investment (FDI) in India has seen a consistent rise in the last decade, with FY2021-22 receiving FDI inflows of USD 84.8 billion, despite the impact of the pandemic and geopolitical developments, it highlighted.

The report revealed that 71 per cent of Multi-National Companies (MNCs) working in India consider the country as an important destination for their global expansion.

A majority of MNCs feel that the Indian economy will perform significantly better in 3-5 years, with 96 per cent of respondents being positive about the country’s overall potential, according to the report titled ‘Vision – Developed India: Opportunities and Expectations of MNCs’.

“Against the backdrop of growth challenges being faced by major economies of the world and new geopolitical issues, it is heartening to note that MNCs consider India an attractive investment destination and are planning expansion.

“We are confident that the continuing reform momentum by the Government will attract increasing volume of investment from MNCs and facilitate their larger integration in domestic supply chain,” said Chandrajit Banerjee, Director General, CII.

According the report, the direction of India’s growth is being determined by the strong momentum in domestic consumption, services, digital economy, and infrastructure.

The estimated real growth in consumption is the third highest behind only the US and China, while the fast-expanding digital economy is expected to reach USD 1 trillion by 2025.

Besides the fact that India is among the fastest-growing large economies in the world, the confidence in its potential stems from strong consumption trends, digitisation and a growing services sector, along with the government’s strong focus on infrastructure and manufacturing, the report shared.

Significantly, over 60 per cent of MNCs stated improvement in the business environment in the last three years. MNCs appreciate the impact of GST, the government's digital push in various spheres, and transparency in taxation, amongst other reforms, it added.

As continuing improvement in business environment, MNCs would like to see enhanced effectiveness of the national single window for approval / clearances; greater tax certainty, and stronger contract enforcement mechanism, among other measures, said the report.

What also makes India an attractive investment destination for MNCs, besides the consistent reform measures, is it being a large and stable democracy. Majority of the respondents also see India as an alternative for their China+1 strategy.

(Press Trust of India, 17/10/2022)

### **India has a \$1.2 trillion plan to snatch factories from China**

#### Synopsis

Under a 100-lakh-crore-rupee (\$1.2 trillion) mega project called PM Gati Shakti -- Hindi for strength of speed -- Modi's administration is creating a digital platform that combines 16 ministries. The portal will offer investors and companies a one-stop solution for design of projects, seamless approvals and easier estimation of costs.

In India, half of all infrastructure projects are delayed, and one in four run over their estimated budget. Prime Minister Narendra Modi believes technology is the solution to these perennial and notorious bottlenecks.

Under a 100-lakh-crore-rupee (\$1.2 trillion) mega project called PM Gati Shakti -- Hindi for strength of speed -- Modi's administration is creating a digital platform that combines 16 ministries. The portal will offer investors and companies a one-stop solution for design of projects, seamless approvals and easier estimation of costs.

"The mission is to implement projects without time overrun and cost overrun," Amrit Lal Meena, special secretary of logistics in the ministry of commerce and industry, said in an interview in New Delhi. "Global companies choosing India as their manufacturing center is the objective."

Fast-tracking projects will give India an advantage, especially with China still largely closed to the outside world and companies increasingly adopting a China-plus-one policy -- finding other countries to expand in or source from -- to diversify their businesses and supply chains. Asia's third-largest economy not only offers cheap labor, but also a talent pool of largely English-speaking workers, even though rickety infrastructure keeps many investors away.

"The only way to compete with China, apart from the fact there are political requirements of countries to move away, is to be as competitive on the cost as you can be," said Anshuman Sinha, a partner at Kearney India who leads transport and infrastructure practices. "Gati Shakti is about making it easier to have a flow of goods and manufactured components across the length and breadth of the country."

The key pillars of the project are identifying new production clusters that don't exist today, and linking those sites seamlessly to the nation's railway network, ports and airports, Sinha said. "If you peel the

layers of Gati Shakti, it's made up of identifying nodes and strengthening the logistics network connecting those nodes."

Reducing red tape through technology is crucial for India to unclog its stalled infrastructure projects. Of the 1,300 projects Gati Shakti's portal currently oversees, almost 40% were delayed due to issues related to land acquisition, forest and environment clearances, resulting in cost overruns, according to Meena. At least 422 projects had some issues and the portal resolved problems in some 200 of those.

Under Gati Shakti, the government, for example, will use technology to ensure that a newly constructed road isn't dug up again to lay out phone cables or gas pipelines, according to a government agency promoting investments in India. The plan envisages modeling infrastructure projects along the lines of what Europe did after the Second World War or what China did between 1980 and 2010 to raise the nation's "competitive index," according to Invest India, the government agency.

"Today's India is committed to investing more and more to develop modern infrastructure and it is taking every step to ensure projects do not face roadblocks and get delayed," Modi said in a speech last year inaugurating the program. "Quality infrastructure is the key to kick-start several economic activities, and create employment on a large scale. Without modern infrastructure, all-round development cannot happen in India."

Indeed, data on the Ministry of Statistics and Programme Implementation's website paints a picture of delayed, over-budget projects, which are hurting the nation's economic recovery in a post-pandemic world. In May, India had a total of 1,568 projects, out of which 721 were delayed, while 423 ran over their original cost of implementation.

Since coming to power in 2014, Modi has been increasing spending on infrastructure to create new jobs and bolster an economy that was hit by an aggressive wave of Covid-19 infections. He has had some early success.

Apple Inc. now plans to begin manufacturing the iPhone 14 in India about two months after the product's initial release out of China, while Samsung Electronics Co. opened the world's largest mobile phone factory in the country in 2018. Home-grown Ola Electric Mobility Pvt has pledged to build the world's biggest electric scooter factory locally.

The government is also using the Gati Shakti portal to spot infrastructure gaps in last- and first-mile connectivity, Meena said.

It's prioritizing 196 projects to plug gaps and increase port connectivity for the movement of coal, steel and food, he said. The road transport ministry is using the portal to design 11 greenfield projects under the government's \$106 billion Bharatmala plan to construct 83,677 kilometers (52,005 miles) of roads by 2022.

"There is further focus on modern warehousing, digitization of process, skilled manpower and reduction in the logistics cost," Meena said. "For any manufacturer, choosing India as a manufacturing destination would be a sought after decision.

(Economic Times, 3/10/2022)

## India-UK free trade pact talks made 'lot of progress': Britain's foreign minister

### Synopsis

"We have made a lot of progress in the negotiations, and we continue to work for an agreement that works for both countries," James Cleverly said in a Times of India interview published Sunday. "We have been very, very explicit that our partnership with India is one that matters to us and one we want to enhance and develop," he was quoted as telling the paper during the two-day visit.

There is "a lot of progress" in negotiations between India and the United Kingdom on a free trade deal, Britain's foreign minister said, even as the post-Brexit deal missed the key Diwali deadline.

"We have made a lot of progress in the negotiations, and we continue to work for an agreement that works for both countries," James Cleverly said in a Times of India interview published Sunday. "We have been very, very explicit that our partnership with India is one that matters to us and one we want to enhance and develop," he was quoted as telling the paper during the two-day visit.

India and its former colonial ruler have been for about 18 months negotiating the pact to boost trade and investments between the countries. The aim was to conclude the talks by Diwali, but no new deadline to conclude the talks has been set, people aware of the developments said.

India's gains in lieu of likely duty cuts for British alcohol and automobiles, and visa flexibilities would be the focus areas. In exchange, India wants more work and study visas for its citizens in line with similar recent deals struck between Britain and Australia and New Zealand.

The prime ministers of both nations are set to resume talks and agreed on the need for early conclusion. Political changes in the UK and British home secretary Suella Braverman's recent remarks on Indians being the largest group of people overstaying in the UK were seen to be major hurdles in concluding a deal, according to officials.

Cleverly told the Times that he saw it "as a very positive thing that so many Indians want to come and study in the UK, that Indian businessmen want to do business in the UK. It's a cause for celebration."

"Of course, it does mean that we must ensure our processes are right."

However, Cleverly refused to be drawn on expectations that the appointment of Rishi Sunak, who is of Indian heritage, as prime minister could help boost ties.

"That said, it's lovely to see how much excitement and enthusiasm there is about the British PM here in India," he told the paper.

(Economic Times, 31/10/2022)

### 'Can't give timeline' – British minister on UK-India trade deal

James Cleverly said after a meeting with his Indian counterpart S. Jaishankar in New Delhi that ties between the two countries would improve further under Rishi Sunak, who this week became Britain's first prime minister with Indian roots.

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Editor: **Secretary General**

Britain is prioritising reaching a free-trade agreement with India, its foreign minister told Reuters on Saturday in his first visit to the country, but declined to give a new deadline after missing one this month.

James Cleverly said after a meeting with his Indian counterpart S. Jaishankar in New Delhi that ties between the two countries would improve further under Rishi Sunak, who this week became Britain's first prime minister with Indian roots.

Exemption-free tax regime option may be scrapped

"I had a fantastic opportunity to talk about some incredibly important global issues, but also to talk about the strength of the bilateral partnership and about our plans to work more closely with India," Cleverly said in an interview at the residence of the British High Commissioner.

He declined to say what was holding up the trade deal, which both of Sunak's predecessors in a turbulent few months in British politics, Boris Johnson and Liz Truss, had hoped would be signed by Monday's festival of Diwali.

Cleverly also declined to say whether it could be finalised this year.

"But this is an important agreement for us and one that we are really prioritising and one that we will continue to ensure that our officials and our ministers speak about regularly and work hard to deliver," he said.

"We've got a lot of work done. And it's incredibly important that we remember that an extensive free trade agreement like the one we're negotiating, it's never going to be simple, but it's an incredibly important vehicle to build on our already strong relationship and to make it really future-focused."

Previous sticking points included a steep import duty on British whiskey for sale in India. New Delhi is also keen on easier British visa for Indians.

Cleverly said "we want to make sure that our visa arrangements are quick and are easy, convenient".

The countries want to double bilateral trade by 2030, from more than \$31 billion now.

Asked about a G7 plan to cap Russian oil prices and its bid to get countries such as India to agree to it, Cleverly said Britain would not set New Delhi's foreign policy. India and Russia have close defence ties and India has become a big buyer of Russian oil since the Ukraine war started. "I don't think it would be right for me as a British politician to dictate policy to another country," he said.

(Financial Express, 30/10/2022)

### **India, UK set to revive FTA talks; no new deadline yet**

#### Synopsis

While no new deadline to conclude the talks has been set after the Diwali target was missed, people aware of the developments said. India's gains in lieu of likely duty cuts for British alcohol and automobiles, and visa flexibilities would be the focus areas.

India and the United Kingdom are set to resume formal talks for a bilateral free trade agreement (FTA) with the prime ministers of the two sides on Thursday agreeing on the need for its early conclusion, officials said.

While no new deadline to conclude the talks has been set after the Diwali target was missed, people aware of the developments said. India's gains in lieu of likely duty cuts for British alcohol and automobiles, and visa flexibilities would be the focus areas.

So far, 16 chapters across 27 policy areas have been agreed to in the negotiations, they said.

Political changes in the UK and British home secretary Suella Braverman's recent remarks on Indians being the largest group of people overstaying in the UK were seen to be major hurdles in concluding a deal, an official said. "The home secretary's factually incorrect remarks and no prime minister there had bothered us and stalled the progress, but now the formal talks will be revived," the person told ET.

(Economic Times, 29/10/2022)

### **Britain working towards best FTA that is beneficial to both UK and 'economic superpower' India: Greg Hands**

#### Synopsis

India and Britain launched negotiations for the FTA in January with an aim to conclude talks by Diwali but the deadline was missed due to a lack of consensus on issues.

Describing India as an "economic superpower", Britain said on Wednesday that it was working towards the "best" Free Trade Agreement (FTA) that is beneficial to both the countries.

India and Britain launched negotiations for the FTA in January with an aim to conclude talks by Diwali but the deadline was missed due to a lack of consensus on issues.

"We have already closed the majority of Chapters and look forward to the next round of talks shortly," Secretary of State for International Trade Greg Hands said while replying to a question from Nick Thomas-Symonds, Shadow international trade secretary.

A "strong FTA can strengthen the economic links between UK and India, boosting the UK economy by more than 3 billion pounds by 2035, helping families and communities," he said.

He said that the FTA can cut red tapes, make it cheaper for UK companies to sell into India's dynamic market , helping drive growth and support jobs across every nation and region.

Greater access could help UK businesses over a billion more consumers including India's growing middle class estimated to reach a quarter of a billion by year 2050 and give them a competitive edge over other countries that don't have a deal with India.

An FTA with India that supports the Government growth strategy by taking advantage of the UK's status as an independent trading nation, championing free trade that benefits the whole of the UK, he said.

"We remain clear that we are working towards the best deal that is beneficial to both sides and won't sign until we have a deal that is fair, reciprocal and ultimately in the best interest of UK people and UK economy," he said.

At the outset, he said India is of course an "economic superpower" projected to be the world's third largest economic power by 2050.

"To improve access to this dynamic market, a huge opportunity for UK businesses, building on a trading relationship worth more than 24 billion pounds in 2021. That is why we are negotiating a trade agreement that works for both the countries," he added.

Symonds also asked Hands to agree home secretary Suella Braverman has "completely undermined the UK government's negotiations" and asked whether she will withdraw those comments - and whether a future target date for the deal has been agreed.

Hands responded by saying the majority of the chapters on the deal - 16 chapters across 26 policy areas - have been agreed so far.

On Braverman's visa comments, he said she was referring to mode 4 arrangements, which relate to business visas not for permanent settlement. "That remains an area of active negotiation", he added.

The India-UK free trade deal, which has missed the Diwali deadline, is likely to get the much-needed impetus with Rishi Sunak taking over as Britain's first Indian-origin Prime Minister as experts see political stability in the UK giving momentum to negotiations.

Sunak, in his previous role as Chancellor of the Exchequer, had expressed support for the FTA as he saw enormous opportunities for both countries in the fintech and insurance sectors.

According to the experts, political stability in the UK now would help fast-track the negotiations for the pact, which could potentially double bilateral trade by 2030.

The total trade between India and the UK stood at USD 17.5 billion in 2021-22.

India has in recent times signed trade deals with the United Arab Emirates and Australia but talks with the UK had hit a snag over easier access to Indian skilled workers.

New Delhi is also seeking to claw back payments made by Indian workers towards Britain's social security system as part of the deal.

In a free trade agreement, two countries either eliminate or significantly reduce customs duties on the maximum number of goods traded between them, besides easing norms for promoting investments and services trade.

The UK is also a key investor in India. New Delhi attracted foreign direct investment of USD 1.64 billion in 2021-22. The figure was about USD 32 billion between April 2000 and March 2022.

(Economic Times, 27/10/2022)

### **UK's political stability may give momentum to ongoing India-Britain trade pact talks**

#### Synopsis

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Editor: **Secretary General**



According to the experts, political stability in the UK now would help fast-track the negotiations for the pact, which would give a boost to the bilateral trade and investments between the countries. Sunak, 42, on Monday won the race to lead the Conservative Party and is now set to become Britain's first prime minister of Indian origin.

With Rishi Sunak becoming the UK's Prime Minister, the country has now achieved political stability and this, in turn, is likely to give much-needed momentum to ongoing negotiations for the proposed free trade agreement between India and Britain, as per the trade experts.

The countries have already missed the Diwali deadline for concluding the negotiations because of political developments in the UK.

According to the experts, the stability (in terms of politics) in the UK now would help fast-track the negotiations for the pact, which would give a boost to the bilateral trade and investments between the countries.

Sunak, 42, on Monday won the race to lead the Conservative Party and is now set to become Britain's first prime minister of Indian origin.

"It is a very positive news for India. The development will definitely help in giving much-needed momentum to the talks," PTI quoted Federation of Indian Export Organisations (FIEO) Vice Chairman Khalid Khan as saying.

However, Biswajit Dhar, Professor in the Jawaharlal Nehru University, said the new UK prime minister would like to first focus on domestic issues and set the economy in order.

"Trade deals do not happen when there is a crisis. They happen when the economy is performing well," Dhar said.

Another trade expert added that both sides should not be in a hurry to conclude the talks.

"Let the things stabilise in the UK, then both the countries should resume the negotiations," the expert said.

Last week, British Prime Minister Liz Truss resigned as the Conservative Party leader saying she can no longer deliver the mandate she was elected on in September.

Commerce Secretary Sunil Barthwal on October 20 said negotiations for the proposed trade pact between India and the UK are moving in the right direction, and both sides are expected to reach an agreement soon.

The countries are negotiating the pact to boost bilateral trade and investments. Both had aimed at concluding the talks by Diwali (October 24), but the negotiators missed the deadline.

In January, both countries formally launched talks for a free trade agreement. In such pacts, two countries either eliminate or significantly reduce customs duties on maximum number of goods traded between them, besides easing norms for promoting investments and services trade.

The UK is also a key investor in India. New Delhi attracted foreign direct investment of USD 1.64 billion in 2021-22. The figure was about USD 32 billion between April 2000 and March 2022. India's main



exports to the UK include ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, transport equipment and parts, spices, metal products, machinery and instruments, pharma and marine items.

Major imports include precious and semi-precious stones, ores and metal scraps, engineering goods, professional instruments, non-ferrous metals, chemicals and machinery.

In the services sector, the UK is one of the largest markets in Europe for Indian IT services. The bilateral trade increased to USD 17.5 billion in 2021-22 compared to USD 13.2 billion in 2020-21. India's exports stood at USD 10.5 billion in 2021-22, while imports were USD 7 billion.

(Economic Times, 26/10/2022)

### **Indian car makers propose tax cut on imports in trade deal with Britain**

#### Synopsis

Lobby group the Society of Indian Automobile Manufacturers (SIAM) has written to the government backing phased cuts to 30% over five years, following a grace period of five years with none, Reuters quoted sources as saying. It is the first time Indian car makers have backed such cuts, caving to pressure from a government that wants them to give up their protectionist position and lower entry barriers.

Indian car makers have proposed cutting to 30% the tax rate on imported cars as part of a trade deal with Britain, sources told Reuters, an unprecedented move that could ease access to one of the world's most protected automobile markets.

It is the first time Indian car makers have backed such cuts, caving to pressure from a government that wants them to give up their protectionist position and lower entry barriers, sources with direct knowledge of the matter said.

Import taxes from 60% to 100% in the world's fourth-largest car market rank among the highest globally, drawing criticism from companies such as Tesla Inc, which shelved entry plans because of the high tariffs.

Lobby group the Society of Indian Automobile Manufacturers (SIAM) has written to the government backing phased cuts to 30% over five years, following a grace period of five years with none, three sources said, speaking on condition of anonymity.

It was not immediately clear if India had presented the offer to Britain in trade talks due to end soon, with the signing of a final deal expected by the end of the month.

SIAM, which groups car makers from India's top-seller Maruti Suzuki, to major companies such as Tata Motors and Mahindra & Mahindra, did not immediately respond to a request for comment.

The commerce ministry, which is leading the trade talks, also did not respond.

For years, Indian car makers have resisted tax cuts so as to protect their turf, while arguing that such a move would dry up investment in domestic manufacturing by making imports cheaper and easier for global automakers.

While Britain has few car factories run by the likes of Nissan, BMW and Tata's Jaguar Land Rover, companies fear the move could set a precedent in negotiating deals with others like the European Union (EU), Japan or South Korea, the sources said.

The shift in stance comes weeks after commerce minister Piyush Goyal firmly told senior executives of companies such as Maruti Suzuki, Tata Motors and Mahindra that India needed to make some kind of offer to Britain on autos.

"The message from Goyal was clear - if companies don't come up with a proposal on lowering taxes, the government will do it for them," said one person who attended an August meeting between the minister and company executives.

Maruti, Tata and Mahindra did not immediately respond to a request for comment.

However, the plan to cut tax rates to 30% over 10 years "is not enough", said a government source, while conceding that not reducing tax rates this time was "not an option".

One of the sources said, "One view is to ease access for luxury cars sooner than other categories. The industry has no issues opening it up and lowering rates earlier."

India's push comes in an effort to boost trade ties globally, that saw deals recently signed with Australia and the United Arab Emirates, so as to attract investment from companies seeking to diversify beyond China.

High tax on imported cars was one of the deal breakers in previous EU trade talks that ended in 2013.

India has resumed talks with the region, home to firms such as Volkswagen AG and Mercedes-Benz that count India as a major growth market, and hopes to finalise a deal by the end of 2023.

Some companies also worry that with large investments going into clean mobility, easy import of electric vehicles runs the risk of hurting local players, they added.

"Everyone is acting on a lot of apprehension and few data points on what impact a duty cut can have," one of the sources said.

(Economic Times, 8/10/2022)

### **Tough value addition norms for liquor a sticky point in UK-India FTA talks**

Greater market access for Scotch and other alcoholic beverages is a key area of interest for the UK.

Tough rules of origin for alcoholic drinks may turn out to be a sticky point in the ongoing negotiations for the India-UK free trade agreement (FTA). While the UK is pushing for relaxed rules of origin for its liquor industry, New Delhi wants 35-40% domestic value addition for any such items to be eligible for concessional duties, sources told FE.

Moreover, India will likely settle for a phased reduction of the hefty 150% import duty on alcoholic beverages, beyond a price threshold, for the UK if it gets attractive counter-offers. Greater market access for Scotch and other alcoholic beverages is a key area of interest for the UK.

“If 40% value addition becomes the benchmark, maybe only Scotch makers will be able to fulfil this condition for concessional access to the Indian market. Many other British liquor items may fail on this front, given the integrated nature of the supply chain where raw materials are sourced from other countries,” said one of the sources. “Such a criteria will also make it tough for the Indian liquor industry to be able to supply their products to the UK as well,” added the source.

With the Diwali deadline for clinching the FTA now out of the question, negotiators will have quality time to ensure they get a win-win deal for both the sides, the sources said. The rules of origin is one of the several sticky points that the negotiators are seeking to overcome. Already, while India wants further relaxation in the stringent British visa norms for its skilled workers and students, the UK is reluctant to do so. Similarly, the UK wants greater and easier access for its companies to bid for Indian government contracts and less tough rules for data localisation—demands that are tough for New Delhi to accede to easily.

Currently, UK is the largest supplier of beverages, spirits and vinegar to India, having accounted for 34% of New Delhi’s total purchases until August this fiscal. In fact, such imports from the UK jumped 132% in the first five months of this fiscal from a year before to \$166 million. Still, the purchases remain way below potential due to the high duty incidence.

Earlier this year, India and Australia signed a trade deal under which New Delhi pledged to allow high-end wine from Australia (beyond a price threshold) at concessional duties. This had raised expectations that similar concessions might be granted to the UK as well. However, senior government functionaries have said every economy is different, so offers for one country may vary from those for another country.

As part of its interim deal with Australia that is yet to be formally ratified by Canberra, New Delhi will allow Australian wine that costs between \$5 and \$15 per 750 ml at a concessional duty of 100% initially from the current 150%. The tariff will be cut by 500 basis points annually for ten years and finally kept at 50%. Similarly, the import duty on wine beyond \$15 per 750 ml will be reduced to 75% immediately; it will then be cut by 500 basis points annually for ten years to be kept at 25%.

Both India and the UK launched formal negotiations in January for the FTA, which could ultimately cover more than 90% of tariff lines. They aim to double bilateral trade of both goods and services to about \$100 billion by 2030. The India-UK trade is dominated by services, which make up about 70% of the overall annual commerce.

(Financial Express, 20/10/2022)

### **Deal more important than date: UK trade minister on India trade pact**

There was much speculation whether UK Home Secretary Suella Braverman’s controversial remarks, casting doubts over the expected Indian visa concessions that an FTA would involve, may have derailed the talks.

The free trade agreement (FTA) talks between India and the UK are “progressing well” and a deal that works for both sides is more important than the date when it is signed, Britain’s Trade Policy Minister Greg Hands said with reference to the now abandoned Diwali deadline for a draft India-UK FTA.

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Editor: **Secretary General**

The minister, who was joined at a Diwali Reception in London on Tuesday by the UK's Chief Negotiator of the FTA Harjinder Kang, said the Department for International Trade (DIT) was committed to build on the Enhanced Trade Partnership between India and the UK.

He said his boss, Trade Secretary Kemi Badenoch, is continuing regular dialogue with Commerce Minister Piyush Goyal to build an "even warmer and more productive relationship" with a focus on quality over speed.

"Talks are progressing well. We have completed five rounds of formal [FTA] negotiations and we are seeing a way forward for a deal that works for both sides," he said. "As my boss, the Trade Secretary [Badenoch], likes to say, it's the deal that's more important than the date when it comes to delivering for businesses and consumers in both our countries," Hands said.

"Given the importance of the free trade agreement to both our nations, our focus must be on quality, not speed. And by concentrating on the deal and not the date, we'll build an agreement that truly serves all of our citizens," he said.

The Diwali timeline for a draft FTA had been announced by former British Prime Minister Boris Johnson during his meeting with Prime Minister Narendra Modi in New Delhi in April.

However, Badenoch – who took charge at DIT under the new Liz Truss government last month – recently confirmed that the negotiators were no longer working towards that timeline "to focus on the quality of the deal rather than the speed of the deal".

There was much speculation whether UK Home Secretary Suella Braverman's controversial remarks, casting doubts over the expected Indian visa concessions that an FTA would involve, may have derailed the talks.

"Naturally, there is an economic imperative for our countries to work together, which is why we are so eager to secure a trade deal," Braverman said at the same Diwali reception, in an apparent attempt to distance herself from being blamed for the delay.

"The contribution of the Indian diaspora to British life is enormous. Our villages, towns and cities have been profoundly enriched by immigration from India," she said.

"There are many, many people of Indian heritage in prominent positions in politics, business, the arts, the police, the armed forces, civil service, sport and other arts and leisure activities, further proof that this is a country at peace with itself and genuinely meritocratic and welcoming," she said.

The event, organised by UK-based India Global Forum (IGF) at London's Taj Hotel, also brought together other UK government ministers including Foreign Office Minister Lord Tariq Ahmad, shadow cabinet members from the Opposition Labour Party, parliamentarians, business leaders and diplomats.

"We in the Labour Party long and hope we will get a trade deal with India, and we hope the visa obstacles will be overcome," said David Lammy, the shadow foreign secretary. The Acting High Commissioner to the UK, Sujit Ghosh, reflected upon the International Monetary Fund (IMF) characterising India as a "bright spot" amid the headwinds currently faced by the global economy.

(Financial Express, 20/10/2022)

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Editor: **Secretary General**

## **India-UK trade pact talks moving in right direction: Commerce Secretary**

### Synopsis

India and the UK are negotiating the pact to boost trade and investments between the countries. Both had aimed at concluding the talks by Diwali (October 24), but the negotiators are missing the deadline.

Negotiations for the proposed trade pact between India and the UK are moving in the right direction, and both sides are expected to reach an agreement soon, a top government official said on Thursday. Commerce Secretary Sunil Barthwal said negotiators have finalised many things and many aspects are yet to be finalised.

"So, we are moving in the right direction...Negotiations are on. We are on track," he told reporters at the sidelines of the CII National Exports Summit.

India and the UK are negotiating the pact to boost trade and investments between the countries. Both had aimed at concluding the talks by Diwali (October 24), but the negotiators are missing the deadline.

When asked about the fresh target, the secretary said that it depends upon the movement of negotiation. "So, we are moving forward very well, and we expect that soon we will be able to reach an agreement," he added.

In January, both countries formally launched talks for a free trade agreement to boost bilateral trade and investments. In such pacts, two countries either eliminate or significantly reduce customs duties on the maximum number of goods traded between them, besides easing norms for promoting investments and services trade.

The UK is also a key investor in India. New Delhi has attracted foreign direct investment of USD 1.64 billion in 2021-22. The figure was about USD 32 billion between April 2000 and March 2022.

India's main exports to the UK include ready-made garments and textiles, gems and jewellery, engineering goods, petroleum and petrochemical products, transport equipment and parts, spices, metal products, machinery and instruments, pharma and marine items.

Major imports include precious and semi-precious stones, ores and metal scraps, engineering goods, professional instruments, non-ferrous metals, chemicals and machinery. In the services sector, the UK is one of the largest markets in Europe for Indian IT services.

The bilateral trade has increased to USD 17.5 billion in 2021-22 compared to USD 13.2 billion in 2020-21. India's exports stood at USD 10.5 billion in 2021-22, while imports were USD 7 billion.

(Economic Times, 21/10/2022)

### **Eager to secure trade deal with India, says UK's Suella Braverman**

Addressing a Diwali event organised by UK-based India Global Forum (IGF) in London on Tuesday evening, the Indian-origin Cabinet minister spoke of being a proud member of the British Indian community and hailed the contribution made by the Indian diaspora to British life.

Home Secretary Suella Braverman has said the UK is eager to secure a trade deal with India to boost both economies and that Brexit has meant that Britain no longer has a Eurocentric mindset towards trade or visas. Addressing a Diwali event organised by UK-based India Global Forum (IGF) in London on Tuesday evening, the Indian-origin Cabinet minister spoke of being a proud member of the British Indian community and hailed the contribution made by the Indian diaspora to British life.

In an apparent effort to override her recent controversial remarks about Indians forming the largest group of visa overstayers, the minister said the UK's villages, towns and cities have been "profoundly enriched by immigration from India". "Naturally, there is an economic imperative for our countries to work together, which is why we are so eager to secure a trade deal," said Braverman.

"But the boost to our economies is not the only virtue in making our friendship even stronger. We have a shared vision that by 2030 we will enjoy an even stronger partnership... As a Home Secretary, I particularly value the cooperation on security matters between our two countries. This is vital, on a domestic level in India and in the UK but also more broadly on an international scale, especially in the Indo-Pacific," she said.

With Diwali no longer the target deadline for a draft free trade agreement (FTA), Braverman sought to reiterate that the Liz Truss-led government remains determined to build on the momentum set by Prime Minister Narendra Modi and former UK Prime Minister Boris Johnson. "Candidly, leaving the European Union (EU) means the United Kingdom is better placed to think outside of the Eurocentric mindset, look to every horizon and cherish and nurture relationships with old friends like India. The points-based immigration system means that we no longer favour people from Europe over people from elsewhere. Meanwhile, around a quarter of all foreign students in the UK are from India," she noted.

Dressed in a lehenga for the Diwali celebrations attended by other senior parliamentarians, business leaders and diplomats, the minister also reflected upon her very personal connect with India and spoke of being struck by how "fresh and vibrant" the India-UK relationship always feels on her travels "from Kerala to Bihar, from Delhi to Calcutta".

"India is in my heart, she's in my soul, she's in my blood. I'm very proud that my father has his roots and his family home in Goa and my mother can trace her ancestral origins to Madras," she said. "India is part of my own heritage, I'm Indian on both sides of my family. My mother came here from Mauritius and my father came here from Kenya. They felt a deep connection and love for Britain even before they came here. It is a love that I share. And, I have never seen any inconsistency in that, for no inconsistency exists," she added.

The minister said she wanted British people to be able to "drink deeply of Indian culture", through visiting, studying and working in India and by throwing themselves into it in the UK, where entry must be based on "merit, not the ability to pay people smugglers, whose wicked lethal trade we have to smash". "We consume food, music, movies and art from each other's countries voraciously. The story of India and the story of the UK are so intimately linked that they are to a great extent the same story," she declared.

(Financial Express, 19/10/2022)

## India, UK carrying out intensive discussions on FTA: MEA

It said India awaits “demonstrable progress” on certain commitments undertaken by the UK government under the MMP that was signed last year.

India and the UK are carrying out intensive discussions for a free trade agreement as both sides are keen to conclude it at the earliest, the Ministry of External Affairs (MEA) said on Friday amid indication that the previously-set Diwali deadline for the ambitious deal could be difficult to meet.

The MEA’s comments came in the backdrop of UK Home Secretary Suella Braverman expressing reservations over the proposed pact on the grounds that it could increase immigration to the UK and go against the goals of Brexit.” As we have said before, there is interest on both sides to conclude the free trade agreement at the earliest... I think Diwali was set as a goal, but that’s only a goal,” MEA spokesperson Arindam Bagchi said at a media briefing.

“I understand that intensive discussions are underway towards this and it’s continuing,” he said. The Diwali deadline for the FTA was set by the then British Prime Minister Boris Johnson and Prime Minister Narendra Modi in April when the former visited India. Asked about the current status of the negotiations or specific deadline for the deal, he referred to negotiators from the commerce ministry. There have been indications that the deadline for concluding the FTA may be pushed to November and that the two sides could aim for an early harvest deal to be followed by a comprehensive one.

Bagchi also chose not to comment on Braverman’s remarks. “I wouldn’t like to get into the comments by the UK home secretary... but just to perhaps mention that all negotiations are a part of give and take and it needs to be a win-win for both sides,” he said. In her interview to The Spectator, Braverman said,

“I have concerns about having an open borders migration policy with India because I don’t think that’s what people voted for with Brexit.” Bagchi said India always strongly encourages legal migration, and if they need to come back, they will come back.

He said there is a process for that. Bagchi said migration and mobility is an important element and there was an understanding between the two sides on it, adding India expects that both sides would honour it. The MEA spokesperson said India is certainly taking action on its part and it expects the UK side to also show “demonstrable actions” on that as mentioned by the Indian High Commission in London in a statement.

The High Commission countered Braverman’s claim that the Migration and Mobility Partnership (MMP) had not “worked very well”. It said India awaits “demonstrable progress” on certain commitments undertaken by the UK government under the MMP that was signed last year.

“As part of our wider discussions under Migration and Mobility, the government of India is committed to working with the government of the UK to facilitate the return of Indian citizens who have overstayed their visa period here in the UK,” the High Commission of India said.

(Financial Express, 8/10/2022)



## India-UK FTA talks face deadlock over data: Report

### Synopsis

'The Daily Telegraph' quoted a source close to the talks to say that data localisation rules that prevent foreign companies taking data out of India and allowing UK firms to bid for public sector contracts are two key "sticking points" to a comprehensive deal.

Data localisation and UK companies being allowed to bid for Indian government contracts are among the issues causing a possible deadlock in the final stages of the India-UK free trade agreement (FTA) negotiations towards a Diwali draft completion deadline, according to a UK media report on Sunday.

'The Daily Telegraph' quoted a source close to the talks to say that data localisation rules that prevent foreign companies taking data out of India and allowing UK firms to bid for public sector contracts are two key "sticking points" to a comprehensive deal.

The likelihood of a so-called "thin" trade deal within the symbolic Diwali or October 24 deadline and further "iterative" deals at a later stage is now looking like a likely outcome.

"The stumbling blocks are absolutely to do with digital. How ambitious and comprehensive this deal is in some way a function of time," the newspaper quoted an "insider" as saying.

It follows UK Trade Secretary Kemi Badenoch indicating earlier this week that just because there may be an FTA struck with India, it did not mean "we can't do even more later".

The Department for International Trade (DIT) also reiterated the government stance that any FTA would be agreed only if it meets the UK's interests.

"We remain clear that we won't sacrifice quality for speed and will only sign when we have a deal that meets the UK's interests," a UK government spokesperson said this week.

It follows a week of controversial interventions that cast a shadow over the prospect of a wide-ranging bilateral trade agreement, with UK Home Secretary Suella Braverman expressing "reservations" over India being offered some sort of "open borders" visa concessions.

While India countered the minister's claims that a Migration and Mobility Partnership (MMP) between the two countries had not "worked very well" in tackling visa overstayers, strategic experts suggested that the wrangles may well end up in a diluted trade pact. The prospect of Prime Minister Narendra Modi's UK visit towards the end of the month to sign off on an FTA draft around Diwali is also seen as shaky at this stage.

"It now appears likely that the prospective UK-India FTA under the Liz Truss government will not be as substantive nor as comprehensive as envisaged by the previous Boris Johnson government, as negotiations on key issues of mobility/migration and tariffs can be expected to continue towards a non-time bound second-phase of the agreement," said Rahul Roy-Chaudhury, Senior Fellow for South Asia at the London-based International Institute for Strategic Studies (IISS) think tank.

"Negotiations on key issues of mobility/migration and tariffs can be expected to continue towards a non-time bound second-phase of the agreement. But, it will still enable both governments to claim political victory, even though its economic impact may be underwhelming for both," he said.

The Diwali timeline for an FTA was announced enthusiastically by former prime minister Johnson during his visit to India in April. The governing Conservative Party in the UK has since been thrown into turmoil and his embattled successor at Downing Street, Liz Truss, is believed to be very keen to score her big win by clinching a trade deal with one of the world's fastest growing economies - a process she had initiated as former trade secretary.

The focus of the FTA negotiations is on reducing the barriers to trade, cutting tariffs, and supporting easier imports and exports into each other's markets.

According to official UK government data, India-UK bilateral trade currently stands at around GBP 24.3 billion a year and the aim is for that to be at least doubled by 2030.

(Economic Times, 10/10/2022)

### **India-UK trade deal on 'verge of collapse' over visa comments**

#### Synopsis

Strategic experts on both sides are now of the view that if the Diwali deadline for the FTA is still met, the result would be a much less comprehensive deal than was expected, leaving key sectors open for future negotiations. UK Trade Secretary Kemi Badenoch seemed to lay the groundwork for this last week, when she said that an FTA with India would not mean that "we can't do even more later".

The India-UK free trade agreement (FTA) is reportedly on the "verge of collapse" after the Indian government was angered by comments made by UK Home Secretary Suella Braverman questioning action over visa overstayers from the country, a UK media report claimed on Wednesday.

'The Times' quoted government sources to say that ministers in New Delhi were "shocked and disappointed" by the "disrespectful" remarks made by Braverman, who said she had concerns of an "open borders" offer to India as part of an FTA. The likelihood of meeting the Diwali deadline for the pact, set by former Prime Minister Boris Johnson, is now believed to be diminishing.

"There's still a lot of goodwill but if certain individuals are still embedded in the [UK] government it will paralyse the talks," the newspaper quoted a source as saying.

A report in 'Politico' claims that any plans of a UK visit by Prime Minister Narendra Modi for Diwali to sign off on an FTA is also now not likely to go ahead.

Last week, the Indian-origin Home Secretary said in an interview that she feared a trade deal with India would increase migration to the UK when Indians already represented the largest group of visa overstayers.

"I have concerns about having an open borders migration policy with India because I don't think that's what people voted for with Brexit," Braverman told 'The Spectator' weekly news magazine.

Asked about visa flexibility for students and entrepreneurs under an India-UK FTA, she said: "But I do have some reservations. Look at migration in this country - the largest group of people who overstay are Indian migrants."

"We even reached an agreement with the Indian government last year to encourage and facilitate better cooperation in this regard. It has not necessarily worked very well."

Braverman was referencing the Migration and Mobility Partnership (MMP) clinched between her predecessor in the Home Office, Indian-origin former Home Secretary Priti Patel, and External Affairs Minister S Jaishankar in May last year. The Indian High Commission in London responded by pointing out that action had been initiated on all cases referred to it under the MMP.

"Mobility has been the key Indian ask and everything else - financial services, banking, education, rules of origin on whisky, etc, hinges on the mobility ask. And Suella has gone and pulled the rug from under that mobility ask," a senior UK government source told 'The Times'.

"They were apoplectic. Mad doesn't even come close to describing how angry they are," noted another.

While the perception is that Braverman is on a collision course with British Prime Minister Liz Truss, who is keen to clinch the FTA by the Diwali deadline, the media report indicates that both are aligned on the issue of migration.

Meanwhile, the Indian High Commissioner to the UK, Vikram Doraiswami, met Truss at an event in London on Tuesday evening after which he tweeted: "Delighted and honoured to greet HE PM Liz Truss @10DowningStreet this evening and to seek her guidance to build the very special India-UK partnership in trade, investment, defence and through the #LivingBridge."

Strategic experts on both sides are now of the view that if the Diwali deadline for the FTA is still met, the result would be a much less comprehensive deal than was expected, leaving key sectors open for future negotiations. UK Trade Secretary Kemi Badenoch seemed to lay the groundwork for this last week, when she said that an FTA with India would not mean that "we can't do even more later".

The Department for International Trade (DIT) reiterated the UK stance that it would not sacrifice quality for speed. It said: "We have a close, positive working relationship with India and a thriving trade partnership worth GBP 24 billion in 2021. We continue to seek improvements to our current trading relationship. This is why we are negotiating a high-ambition free trade agreement.

"We remain clear we won't sacrifice quality for speed, and will only sign when we have a deal that meets both countries' interests."

(Economic Times, 13/10/2022)

### **Biggest India trade deal with the UK stuck on free access to skilled workers**

#### Synopsis

The deal, when clinched, would be India's biggest and most ambitious free trade agreement. New Delhi is also seeking to claw back half a billion pounds in payments made by Indian workers toward Britain's social security system as part of the deal, people familiar with the matter said.

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Editor: **Secretary General**

Talks between India and the UK have hit a snag over easier access to thousands of skilled workers from the South Asian nation that is likely to push finalizing a free trade agreement beyond the October deadline.

New Delhi's position has hardened in the ongoing negotiations amid concerns raised by UK Home Secretary Suella Braverman on migration from India. The comments made last week prompted India to say both the nations should "honor" the "understanding" with regards to migration mobility.

The deal, when clinched, would be India's biggest and most ambitious free trade agreement. New Delhi is also seeking to claw back half a billion pounds in payments made by Indian workers toward Britain's social security system as part of the deal, people familiar with the matter said. Further, UK's offer to restrict movement of skilled workers would skew the proposed trade deal in favor of Britain and wouldn't be a win-win for both nations, the people said.

The UK government will not "sacrifice quality for speed, and will only sign when we have a deal that meets both countries' interests," said a spokesperson for the Department for International Trade.

"We have a close, positive working relationship with India and a thriving trade partnership worth £24 billion in 2021. We continue to seek improvements to our current trading relationship. This is why we are negotiating a high-ambition Free Trade Agreement," the spokesperson added.

India's trade ministry did not respond to an email seeking comment.

Britain and India launched negotiations for a free trade agreement in January with an aim to conclude the talks by end of October this year. But that deadline is set to be missed given the lack of consensus, the people said asking not to be identified as the discussions aren't public.

The deal would also act as a springboard for India -- which recently overtook the UK to become the world's fifth-largest economy -- to seek an FTA with the EU, which along with the US, is a major export destination.

As the deadline for the conclusion of talks nears, India too is yet to agree to issues critical to the UK including lowering import duties on automobiles and Scotch whisky -- one of Britain's major demands -- as Prime Minister Narendra Modi's government awaits headway on the skilled workers' mobility.

Other issues holding up the negotiations include the UK's insistence on getting exemption from rules on data localization which impact sectors such as financial services and greater access to India's government contracts. India has expressed its inability to relax the data localization rules due to domestic laws, the people said. Both the sides envisage the deal to double the trade by 2030. The total trade between India and the UK stood at over \$17 billion in 2021-22, according to Indian government data.

(Economic Times, 13/10/2022)

### **Free trade agreement with India won't be 'free-for-all deal', says UK minister**

India and the UK trade mostly in services which accounts for about 70 per cent of the overall trade.

The free trade agreement (FTA) being negotiated with India won't be a "free for all deal" but something that is good for both countries and not a particular sector, the UK government cautioned on Tuesday as a Diwali deadline set at the prime ministerial level for the pact approaches. UK Secretary of State for International Trade Kemi Badenoch, who is in charge of the FTA negotiations under the Prime Liz Truss led government, was addressing concerns around access for the country's services sector into the Indian market at the Conservative Party annual conference in Birmingham.

The senior Cabinet minister also indicated that the Diwali timeline set by former Prime Minister Boris Johnson was not "arbitrary" and could be met with further aspects covered beyond that deadline. "We want something comprehensive, but it has to be right for both countries," said Badenoch.

"The Prime Minister has a deadline, which the previous Prime Minister had. That was quite a long deadline, so it's not arbitrary, it wasn't set last week. But doing a trade deal is not a simple and easy thing. So, what we want to do is something that lifts both countries. It may not be everything the services sector wants, we may not get everything, we are not doing a unilateral, free-for-all deal," she said.

"But just because we have a free trade agreement, doesn't mean we can't do even more later," she added. Diwali falls on October 24 this year. The minister, who is leading the final round of India-UK FTA negotiations on the British side, pointed out that the intention is to reduce barriers to trade bilaterally and balancing each side's different requirements on product and market access. "What we shouldn't pretend is that we are doing a full universal liberalisation of every single thing that can possibly be done and create a single market and freedom of movement etc with India. That's not what we are doing... with every single trade deal, there is give and take," she said.

"We talk about free trade agreement, but they are not universal, unilateral free trade. I think freer trade is probably a more accurate way of describing what we are doing on all these bilateral deals. I am optimistic that we will get a good deal. But sometimes there are lots of political things that need to be looked at in the round," she noted.

Badenoch, who was participating in a panel discussion organised at the party conference by the Policy Exchange think tank entitled "Trade and the Indo-Pacific", has been in charge at the UK's Department of International Trade (DIT) since early last month and says she is keen to shift the discussion beyond trade deals to wider cooperation. "I am not in a rush to sign trade deals. I want good deals with these countries. We need to make sure that every deal is great for the UK," she said.

Using patent protection as an example, the minister pointed out that the UK needs to remember that India has different needs from other countries. Aileen Keyes, Head of International Public Policy for Diageo, on the panel flagged lowering India's 150 per cent tariffs on Scotch whisky as among the priority areas that would be a "real win-win" for both sides. "It is something we will get from having a great deal with India," Badenoch agreed.

She also agreed with Indian-origin entrepreneur, Lord Karan Bilimoria, that a comprehensive deal with India should cover security cooperation. Commerce and industry minister Piyush Goyal said last month that negotiations for the proposed free trade agreement between India and the UK are progressing at a faster pace. The agreement is aimed at boosting bilateral trade and investments between the two countries.

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Editor: **Secretary General**

India and the UK trade mostly in services which accounts for about 70 per cent of the overall trade. Both countries also aim to increase their bilateral trade to USD 100 billion by the end of this decade.

(Financial Express, 5/10/2022)

### **India deal may not have everything on services: UK trade minister Kemi Badenoch**

#### Synopsis

Before stepping down, former prime minister Boris Johnson set a target with Indian leader Narendra Modi to complete a free trade agreement (FTA) by Diwali on Oct 24. "(The deadline) is not arbitrary ... it was set quite a while ago. But doing a trade deal is not a simple and easy thing. So what we want to do is something that lifts both countries. It may not be everything that the services sector wants," Badenoch said at the Conservative Party's annual conference.

"We want something comprehensive, but it has to be right for both countries," Badenoch said.

A trade deal between Britain and India might not contain everything that the services sector wants, UK trade minister Kemi Badenoch said on Tuesday as a deadline to complete the deal approaches.

Before stepping down, former prime minister Boris Johnson set a target with Indian leader Narendra Modi to complete a free trade agreement (FTA) by Diwali on Oct 24.

"We want something comprehensive, but it has to be right for both countries," Badenoch said at the Conservative Party's annual conference.

"(The deadline) is not arbitrary ... it was set quite a while ago. But doing a trade deal is not a simple and easy thing. So what we want to do is something that lifts both countries. It may not be everything that the services sector wants."

Prime Minister Liz Truss has prioritised a trade deal with India as part of an Indo-Pacific tilt, and Britain has already announced post-Brexit agreements with Australia and New Zealand.

Johnson previously said a deal with India could double trade and investments between the countries by the end of the decade.

Badenoch was appointed trade secretary by Truss last month, and acknowledged that she was still getting up to speed on trade issues but experts in her department had been working hard.

She said any deal that was agreed could also be expanded at a later date.

"Just because we have a free trade agreement, it doesn't mean that we can't do even more later. So that's the message that I would send to the services sector," she said.

"There's a lot of good stuff that I think that we can get, but the focus has to be on a deal that is good for the UK and India, not any specific, particular sector alone."

She also resisted calls for parliament to get more oversight of trade deals, saying that "the job of legislators is to look at legislation, not to negotiate trade deals".

(Economic Times, 5/10/2022)

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Editor: **Secretary General**

### **No longer working to Diwali deadline for India trade pact, says UK trade minister**

The Diwali timeline had been announced by former Prime Minister Boris Johnson during his India visit in April and it was widely expected that it would prove a tight deadline given the political upheaval that followed in the UK.

The free trade agreement (FTA) negotiations with India are no longer working towards a Diwali deadline, UK Trade Secretary Kemi Badenoch has confirmed.

During a visit to a Scotch whisky distillery on Thursday, the Cabinet minister in charge of the FTA negotiations at the Department for International Trade (DIT) said the deal being lined up with India would bring great wins for the industry as the steep tariffs of up to 150 per cent are set to be slashed.

However, while the negotiations are progressing well, signing a draft agreement by October 24 is no longer the goal.

“We are close. We’re still working on a deal. One of the things that has changed is that we are no longer working to the Diwali deadline,” Badenoch told the BBC.

“We’ve closed a lot of chapters (the sections for the negotiating text). The negotiations are progressing well. But we want to focus on the quality of the deal rather than the speed of the deal. Given the changes that have taken place – not just in government but the mourning period (for the Queen) and so on, it makes sense for us to focus on the deal rather than the day,” she said.

This marks the first official confirmation that both sides are no longer considering Diwali as the closing date for the majority of the deal, with the DIT previously only saying that the government “won’t sacrifice quality for speed”.

The Diwali timeline had been announced by former Prime Minister Boris Johnson during his India visit in April and it was widely expected that it would prove a tight deadline given the political upheaval that followed in the UK. Home Secretary Suella Braverman’s recent comments raising concerns over the prospect of visa concessions for India as part of an FTA were also seen as throwing the talks off-track.

“As we line up deals with huge markets around the globe, including India and CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), I can’t wait to celebrate the even greater wins which lie ahead,” said Badenoch, during her visit to the Glenkinchie Distillery in Scotland.

She pointed out that the UK has unlocked export markets worth over GBP 100 million by smashing trade barriers that deterred alcohol sales to multiple countries across South America and Africa. Her department said the FTA being negotiated could lower tariffs and simplify other issues like customs to help Scottish distilleries sell more to India. The UK exported GBP 146 million worth of whisky to India last year from distilleries such as Glenkinchie but faced steep tariffs of up to 150 per cent. With India forecast to become the world’s third-largest economy with a middle class of a quarter of a billion by 2050, any greater access to the market could be hugely significant for UK businesses, DIT noted.

“Securing a deal with India to reduce the 150 per cent tariff on Scotch Whisky is the industry’s top international trade priority,” said Mark Kent, CEO of Scotch Whisky Association.



“We want to see a deal agreed, but not any deal. To deliver for the industry, any agreement must open up the market to more Scotch whisky producers, which will in turn generate hundreds of new jobs across the UK, hundreds of millions of pounds of additional exports, and boost investment and revenue in India,” he said.

“The ongoing negotiations are a once-in-a-generation chance to give more Scottish distillers the opportunity to do business in India. That is the scale of the prize on offer,” he added.

Located near Edinburgh, Glenkinchie is a Victorian distillery which has recently been transformed as part of a GBP 185 million investment in Scotch whisky tourism by leading British distiller Diageo. Glenkinchie is the Lowland Home of Johnnie Walker – the biggest-selling Scotch whisky in the world and also popular in the Indian market.

“The UK-India Free Trade Agreement is a truly once-in-a-generation, transformational opportunity for Scotch Whisky and we hope today’s visit will have given the Secretary of State a real understanding of our industry and the positive impact the India FTA could have on the sector,” noted Ewan Andrew, President of Global Supply Chain and Procurement at Diageo.

(Financial Express, 14/10/2022)

### **Netherlands beats China, becomes India’s third-largest export market**

But what comes as a greater surprise is that Brazil, which occupied the 21st spot in FY22, is now India’s 8th biggest export market.

The export pecking order has changed dramatically this fiscal. The Netherlands has emerged as India’s third-largest export destination, ahead of China and Bangladesh. It has moved up two spots in the list of India’s top ten export destinations since FY22, thanks to a 106% surge in despatches until August this fiscal from a year before to \$7.5 billion.

But what comes as a greater surprise is that Brazil, which occupied the 21st spot in FY22, is now India’s 8th biggest export market.

Similarly, Indonesia has moved up seven notches to grab the 7th position. However, amid a demand slowdown, only two European nations—the Netherlands and the UK—are among India’s top ten markets, against 4 in FY22. Germany and Belgium, which featured in the list last fiscal, are out of it now.

The changes are aimed at ensuring continuity in policy-making at a time when the economy is facing strong external headwinds.

Major bureaucratic reshuffle at Centre ahead of Budget: Malhotra to be new Revenue secy, Giridhar Defence secy, Joshi to head DFS

Meanwhile, the US and the UAE continue to be the largest and second-largest export destinations, respectively, for India. The exports to the US climbed 18.3% until August to \$35.2 billion, while those to the UAE shot up 27.3% to \$13.8 billion.

India's exports to the Netherlands were driven mostly by a 238% jump in despatches of oil products until August this fiscal to \$3.67 billion. Even supplies of chemicals (\$513 million) and pharmaceuticals (\$219 million) remained substantial.

Meanwhile, exports to Indonesia jumped 43% to \$4.8 billion. The supplies to this Asean country were dominated by petroleum products, which jumped 144% on year up to August this fiscal to \$1.8 billion. The other key products were cereals, sugar and chemicals.

The shipment to Brazil swelled 70.9% in the first five months of this fiscal to \$4.7 billion. The exports were driven by a 299% jump in supplies of petroleum products to \$2.3 billion, followed by those of certain chemicals (\$684 million) and automobiles, auto parts and allied products (\$233 million).

While Bangladesh has restricted its imports to mainly essential products to conserve dollars in the wake of a foreign exchange crisis there, China is still battling the pandemic. So, India's exports to China contracted sharply by 35.6% until August this fiscal to \$6.8 billion, while those to Bangladesh rose just 8.7% to \$5.8 billion. In contrast, India's merchandise exports to all destinations grew 19.5% in the first five months of this fiscal to \$196.5 billion.

(Financial Express, 22/10/2022)

### **Women taking driver's seat in EV industry**

#### Synopsis

As women employees have a knack for design and safety, the green sector is offering 35% higher compensation to women than those offered to women across other sectors.

Women professionals are emerging as the preferred choice in India's burgeoning electric vehicle (EV) industry with legacy companies as well as startups seeking better gender balance at workplaces.

For every 10 new hires in the EV sector, six tend to be women skilled in business modelling, design redevelopment, e-mobility and renewable energy management, several recruiting agencies told ET.

As women employees have a knack for design and safety, the green sector is offering 35% higher compensation to women than those offered to women across other sectors, they said.

Hiring of women professionals in the segment went up by 18% last quarter, according to staffing firm Adecco.

Homegrown Tata Motors, which dominates the electric vehicle market with a share of over 80%, and British marque MG are among those driving this trend.

And many of these women are in leadership positions.

#### All-women Assembly Line

"As women leaders are agile, and value safety and quality while leading with empathy, the Indian EV sector has seen massive success with women in the boardroom," said Yeshab Giri, chief commercial officer (staffing and Randstad technologies) at Randstad India.

Tata Motors has more than 3,000 women operating on the shopfloor across all its plants, working on multiple products ranging from passenger (electric and ICE) cars to heavy commercial vehicles. It recently commissioned an all-women assembly line at its manufacturing facility in Pune, with more than 1,500 dedicated women professionals.

The company "strongly believes that a more diverse staff, with more women at the top, will enrich inclusive culture and enable the company to achieve even greater success", said Ravindra Kumar, president and chief human resources officer at Tata Motors.

The company is set to close the ongoing financial year with sales of close to 50,000 electric vehicles. Overall, the company has plans to launch 10 electric vehicles over the next five years.

MG Motor India - which has scheduled for launch an affordable electric vehicle shortly - targets having 50% women employees in its workforce by 2023.

Women already account for 37% of its workforce, managing multiple roles and responsibilities across engineering, manufacturing, field, HR, IT, finance, and other functions.

"We aim to take this number to 50% by end of 2023 and empower women equally from shop floor to leadership positions", said Rajeev Chaba, president at MG Motor India. "From being a 'good to have' aspect for the business, diversity has now become a competitive advantage for organisations. We believe that a heterogeneous workforce brings in a tangible impact on the bottom line through enhanced innovations, diverse ideas, and creates a more sustainable organisation," he added.

MG Motor's new EV targeting customers at the heart of the market will be priced between ₹10-15 lakh. Its existing electric car ZS EV is locally manufactured in Halol, Gujarat. The company is looking at clocking as much as a fourth of its sales from EVs in 2023.

Munira Loliwala, business head at staffing firm TeamLease Digital said the EV segment being less mechanical and more electrical/electronics-oriented is enabling the inclusion of more women across functions.

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