Journal of Contemporary Politics

ORIGINAL ARTICLE

India-UK Free Trade Agreement: An assessment

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ARTICLE INFO

Article history:
Received 11-08-2025
Accepted 01-09-2025
Published 25-10-2025

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https://doi.org/10.53989/jcp.v4i3.25.72

ABSTRACT

The India-UK Free Trade Agreement (FTA), officially known as "Comprehensive Economic and Trade Agreement" (CETA), was signed on July 24, 2025, in the backdrop of global tensions and increasing protectionist policies. The CETA represents the UK's new preference to strengthen relations with countries of the Asia-Pacific region in the post-Brexit era; and, for India, it was both strengthening historical and cultural ties with the UK in a new format of economic relations and evolving a yardstick for FTA with new partners. Going beyond the traditional pattern of trade, the CETA involves services, investment and movement of persons besides goods, with reduced tariffs covering 92% of trade between them. But at the same time, both have taken precautions to safeguard the interests of their sensitive products, particularly in the agricultural sector. Apprehensions are expressed by the concerned industry and experts on the effect of the agreement on India, as well as the future policies by both that will nullify the benefits. Once implemented, the agreement will have a significant impact on the economic activities of both countries, boosting both the trade volume and value, and accruing benefits from comparative costs. So, the benefits are likely to outweigh the problems in the long run, and both could benefit in different ways with the coupling of their economies. The agreement also signifies the preference of both countries for an open, rules-based international order and to forge deeper relations with new like-minded countries in the context of global uncertainties, and to serve as a template for future economic and commercial treaties with others.

Keywords: Free Trade Agreement; CETA; Tariff; Bilateral trade; India-UK Trade

INTRODUCTION

The relationship between India and the UK, rooted in historical ties, has evolved over the years into a mutually beneficial partnership that spans several areas. This bond is manifest in the conclusion of the "Comprehensive Strategic Partnership" in 2021, along with a blueprint to strengthen India-UK cooperation in the next decade in diverse sectors. A significant offshoot of these is the conclusion of a Free Trade Agreement (FTA) on May 6, 2025, and the signing of the agreement, officially known as the "Comprehensive Economic and Trade Agreement" (CETA), by the two countries on July 24, 2025. The CETA was signed against the backdrop of increasing global protectionist policies, best represented by the new US regime's tariff policies and increased geopolitical conflicts, embodies both the countries' global outlook, an aspiration to go beyond the present mode and circle of international economic engagement, deepen economic ties with trade partners and reinforce commitment to a rule-based international order.

To the UK, the pact characterises its revamped trade strategy in the post-Brexit era to reduce its over-reliance on traditional partners and its new preference for deeper engagement with the Indo-Pacific region. Quite naturally, India was a chosen country for the most comprehensive trade deals done to date in the post-Brexit period, and the pact sets a yardstick for its future international trade agreements. To India, which was keen on widening and deepening its network of reliable partners, this agreement validates its diversification bid with optimism that this would advance the restructuring of the economic dynamics in its surrounding Indo-Pacific region and serve as a substitute for the economic integration initiatives led by the dominant countries like China in the region. For both, it provides a leverage to navigate in a fragmented world economy with shared perspectives on open trade, transparency and stability. The new partnership signifies not merely mutuality of commercial interests but also a geopolitical statement of political willingness to forge deeper relations with like-minded countries across continents.

CORE PROVISIONS

The negotiation for an agreement started in January 2022, advancing from a mutually agreed "Enhanced Trade Partnership" (ETP) in May 2021 was spread over 3 years with a total of 15 rounds of negotiations.[1] The strenuous negotiations, witnessing roadblocks over the sensitivities in several sectors, were concluded on 6 May 2025 alongside a separate Double Contribution Convention Pact. The agreement will be implemented after ratification by both sides. The agreement, structured across 30 chapters and sub-units, encompasses wide-ranging economic and operational issues and goes further than the mere reduction of tariffs. In CETA, both countries aim to increase annual bilateral trade by £25.5 billion (US$34.5 billion) and are convinced that it would double the trade to US$120 billion by 2030, and by 2040, an additional US$40 billion.[2]

The agreement has certain chapters that seek to drive economic growth by ensuring continuity and business standards while at the same time stressing and incorporating the values and concerns of justice and equity. The agreement, among others, creatively includes[3]–

- The constitution of a Joint Committee to assess, review, and monitor the overall execution of CETA, and resolve differences on the interpretation of the clauses, thereby providing space for change without necessarily calling for the review of the entire treaty.
- The simplification of Rules of Origin (ROO) norms by offering flexibility for producers to continue with global value chains and allowing exporters to self-certify the origin of products and reducing paperwork. For exports under £1000, no origin documentation is required, which particularly benefits online and smaller business enterprises.
- The chapter on Anti-corruption adds strength to FTA by including obligations to maintain a range of measures to "prevent and combat bribery and corruption in matters affecting international trade or investment' and 'criminalisation of bribery,' indicating the desire of both to plug loopholes that may affect the performance of the treaty.
- The chapter on Labour recognises the necessity of eliminating forced labour for inclusive and sustainable economic growth and provides for non-discrimination and gender equity in the workplace, as well as labour laws and policies for labour protection, among others.
- The chapter on Environment, affirming the commitment to the Paris Agreement, calls the parties to strive to realise the aim of transition to clean energy, reduce air pollution, protect biological diversity and the marine environment, sustainable resource use and the circular economy.
- The chapter on Trade and Gender Equality underscores the significance of inclusive trade policies and the elimination of all forms of discrimination against women, stresses gender equality and women's access to business and economic opportunities.
- The treaty scope includes E-procurement, and India, for the first time, has opened up its e-procurement market, estimated at £38 billion annually, to the UK business on a non-discriminatory basis. This would well encourage joint ventures and hybrid supply chain models between the Indian and UK businesses.[2]
- To facilitate trade, the agreement provides separate chapters on Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade (TBS), and Good Regulatory Practices (GRP), all of which focus on transparency and non-discrimination in the approval process and regulations, acknowledgement of each other's regional conditions, product safety and effective governance principles. These provisions suggest that, beyond immediate tariff reduction, the CETA is keen to put in place an effective governance mechanism and reduce Non-Tariff Barriers (NTBs) to promote a conducive business atmosphere and best business practices for long-term alignment and benefits of cross-border trade.

Adoption of these measures and mechanisms reflects the aspiration to sustain cooperation on a continuous basis. The underscoring of social values and international trade practices that link economic progress with equity and sustainability is equally important as it indicates the willingness of both parties to go beyond the narrow market logic and to promote social welfare, making the agreement acceptable to all. Nonetheless, in the fitness of things, the key provisions of CETA need to be examined.

TRADE IN GOODS

With the focus on liberalisation of customs duties, the CETA seek to eliminate/ reduce customs duties. As far as the UK's exports to India are concerned, India will open 89.5 per cent of its tariff lines, which covers 91 percent of the UK's exports, and within a decade, 85 percent of these will become entirely duty-free in India, although only 24.5 percent of the UK's exports will enjoy immediate duty-free market access.[4,5] Under the deal, the UK will have an average tariff reduction from 15 percent to 3 percent for UK goods entering the Indian market.[6] It means there are considerable savings for the Indian consumers and business groups. However, not wanting to open up everything, India has shielded sensitive products such as dairy, pulses, cereals, millet, apples, gold and jewellery, and has excluded fuels, marine vessels, smartphones, optic-fibres, among others, from the scope of the agreement. In its preferred areas where domestic capacity is built, for instance under 'Make in India' and Production Linked Incentive (PIL) scheme, India will reduce tariffs gradually over 5, 7 or 10 years.[4]

Consequent upon the agreement, the UK exports are expected to witness a tariff cut by over £400 million in the beginning, raising the savings to £900 billion in ten years.[7] The reduction of tariff duties is likely to boost UK exports in high-growth sectors like automobiles, electrical circuits and medical devices. Specifically, the reduction will benefit certain categories, like Whisky and Gin, where the earlier tariff of 150 percent will be immediately brought down to 75 percent, and to 40 percent over ten years. Similarly, Tariffs on cars above 100 percent will now be brought down to 10 percent under a quota system, benefitting the high-end car brands. On Lamb and certain specified meat items, there will be a complete elimination of tariffs (from 33 percent to 0 percent). Further, in Soft drinks, duties will be reduced from 33 percent to zero over seven years. In Cosmetics and Toiletries, the tariff duty ranging from 10-20percent will be further reduced, including a halving of duties on perfumes and cologne.[7–11] As a result of the CETA, the UK business entities and buyers will have tariff-free products from India, which could provide better choice, quality and affordability of a variety of Indian products, including textiles.

On the other side, the agreement on 99 percent of India's exports to the UK will witness the elimination of tariffs, nearly covering India's entire range of exports, including important labour-oriented export items such as textiles, marine products, leather, gems and jewellery and toys, and also crucial items like engineering goods, auto components and chemicals. This will enable employment opportunities, empower skilled workers like artisans, enable MSMEs led by women, and give a competitive advantage over rivals like Vietnam and Indonesia.[3,12] Likewise, Indian machinery, tools, and vehicle parts will also witness the abolition of tariffs, enabling India to integrate more deeply into the UK and EU automotive and precision engineering supply chains. Barring certain products, Indian agricultural items like mangoes, grapes and spices will also now enter the high-value UK market duty-free and enjoy the same treatment accorded to major primary commodity exporters to the UK like the EU, Canada, South Africa, Turkey, Peru and Vietnam, which currently enjoy zero/concessional duty access.[12] This would benefit some states like Maharashtra (in grapes and onions), Gujarat (in groundnuts and cotton), Kerala (in spices) and North-Eastern States (in horticulture). The UK will abolish tariffs on Indian processed foods, basmati rice, shrimp, spices, and tea, boosting exports from regions such as Kerala, Assam, Gujarat, and West Bengal, and will ensure equal opportunities to compete with other European suppliers, especially in the Plantation sector (Tea, coffee, spices).[12]

With duty-free entry, the Electronics - in particular TVs, Monitors, Telecommunication gadgets, smartphones and inverters- and Software exports are estimated to register high growth and benefit states like Karnataka, Tamil Nadu, UP, Maharashtra and Gujarat. Moreover, Indian pharmaceutical companies could hope to secure faster approval with the easing of regulatory mechanisms, especially on generic medicines, and the UK's NHS system will become open to affordable Indian generics. Medical equipment will have duty-free access to the UK market, helping manufacturers to export and compete with China, Brazil and others. With the CETA, Indian steel, plastic manufacturers in films, pipes, packaging materials, sheets, and kitchenware will also be the beneficiaries.

Notably, the agreement excludes certain items like sugar, chicken and eggs, milled rice, and pork from duty exemptions in the UK since the cheaper Indian items were perceived to affect the sensitive British industry on these items.[13–15] On its side, India has also excluded several industrial products—such as smartphones, diamonds, silver, and optical fibers—from tariff concessions. Furthermore, duty relief on Indian imports of diesel and petrol vehicles will be restricted to a fixed quota, while EV (Electric Vehicles) concessions will be restricted to a few thousand units. Key items placed on the exclusion list include plastics, base stations, television, camera tubes, and related components, indicating India's strategic protection of certain industries.[16] Therefore, it is clear that both were keen on entry into such areas where they had a comparative advantage, but without impacting their sensitive sectors.

SERVICES, INVESTMENTS AND MOBILITY

The service sector exports of the UK to India amounted to £3.3 billion in 2020, and India has a steadily expanding services sector, which constitutes about 54 percent of its economy.[17] As the world's second-largest services exporter, the UK is interested in tapping India's fast-growing services sector. The CETA allows the UK financial, professional business, and digital services, except the legal services, to have access to the Indian market with a non-discriminatory treatment (national treatment) clause without the necessity of setting up a company in India or being required to be a resident in India for service delivery.[7,13,17,18] In particular, this provision will benefit the UK telecommunications services, environment-related services and construction services industries. The Budget 2025-26 in India has proposed the abolition of the 74 percent cap on FDI limit in the insurance sector, and the UK, which is already India's 6th-largest foreign investor with $36 billion invested so far, will utilise the opportunity to its best.[19,20]

The agreement under chapters 10 and 10A provides for 'temporary movement of natural persons' (citizen movement for rendering services in another country) that would benefit India. Indians can now travel to Britain for a temporary period for business purposes and provide services under contract. The agreement covers service providers in the fields of architecture, engineering, computers and education, etc. It also includes visits for business purposes, investment, 'intra-corporate transferees' (managers, specialists, and graduate trainees), of executives, yoga instructors, musicians, and chefs, offering greater global mobility for aspirational young Indians, which was a key demand from India.[21] Facilitating this process is the parallel and complementary Double Contribution Convention (DCC), which gives relief to Indians on temporary work assignments in the UK from payment to UK social security for a period of 3 years, with a similar benefit extended to UK employees in India.[7,13,16,21–23] This would reduce the expenditure and administrative burdens of both employers and employees. It is estimated that, besides mutual recognition of professional qualifications, the visa relaxation and social security waivers will help save US$462.88 million (INR 40 billion) and the UK services sector gains 60,000 Indian professionals, filling skill gaps in engineering and finance.[2]

Given the growing importance of e-commerce in the contemporary period, the agreement incorporates forward-looking provisions on digital trade for streamlining digital commerce. The agreement provides for the development of digital trading systems, permitting electronic signatures and trust services and transactions, avoidance of 'overly burdensome regulation of electronic transactions', online consumer protection, and support for cyber security measures and digital inclusion.[24] Much of these measures, including the non-requirement of transfer or access to the source code of software disclosure, is taken as measures for the UK trade to expand to India with greater confidence.[13,24]

IMPLICATIONS AND CONCERNS

Notwithstanding liberalisation in goods and services, investment/ capital and labour/professional mobility and enthusiasm in political and certain business circles, there are apprehensions about the implications of CETA on the economy. For instance, in accordance with the CETA, the UK will remove tariffs on 99 percent of product lines. But a closer look suggests that not all products would benefit from this. In 2024, Indian goods exports to UK was about $ 13.5 billion. Of this, only about $6 billion or 44 percent of India's goods exports, which earlier faced import duties of 4–16 percent, such as textiles, footwear, carpets, cars, seafood, and fruits like grapes and mangoes, will now have duty-free access. The remaining exports valued at $ 7.5 billion, such as petroleum, medicines, diamonds, and aircraft, already have duty-free access, so they will not be the beneficiaries of the deal.[25]

Again, India has liberalised its government procurement market, one of the biggest in the world, with a value of around $ 600 billion annually or nearly 15 percent of the country's GDP. India has long protected this area from foreign bidders as it strengthened local manufacturing through initiatives like Make in India and Atmanirbhar Bharat, and reserving contracts for MSMEs, handlooms, and underprivileged groups under the General Financial Rules (GFRs)."[25] Now UK will have not only entry into India's large government procurement but also tenders under the Make in India framework, as the UK bidders will now become eligible for the tenders, if there is a minimum "local content" in UK value-addition.[26] This provision is likely to grant British companies entry into the Rs. 4 trillion (US$46.288 billion) Indian market. The concerning factor is that this allows UK companies with 'minimum (20 percent) local content' to become eligible, notwithstanding the remaining 80 percent of their input might be sourced from other countries, such as China or the EU, benefiting the latter, and still be accorded equal treatment with that of Indian firms under procurement rules. The access does not mean to cover all tenders, and some precautionary restrictions like a 25 percent MSME procurement mandate exist, but this is a clear shift compared to the earlier Indian position on FTA agreement, and the move could create a precedent for claims in all future FTAs with other larger partners like the EU and the US.[15]

Hope for the duty cuts on specific industries again is not high. For instance, India's decision to remove tariffs on car imports, even with quotas, could affect the domestic producers. Especially when India is all set to make a transition to green energy and the electric and hybrid cars in India are just on the takeoff stage, the inflow of British high-end cars could adversely affect the Indian car manufacturers, apart from a possible rise in demand in future FTAs from others for similar tariff reduction. More importantly, the investment in the automobile sector getting affected cannot be ruled out, undermining the Make in India initiative, since the market entry for manufactured cars is assured with low tariffs without the need for production in India, and the argument that investment will be made in India to secure the advantage of cheaper labour and inputs is not always sustainable.

Similarly, the FTA's beneficial claims may be offset by other factors which the FTA claims tend to ignore. For instance, the UK Scotch Whisky Association (SWA) estimates that the "transformational" agreement is capable of increasing Scotch whisky exports to India by £1billion over the next 5 years and creates 1200 jobs across the UK.[27] But from the Indian side, besides impacting the domestic producers, the import tariff cut on Scotch whiskey may not actually bring down the prices for the customers as claimed. This is because in India, the customs duty as a percentage of the total product price is less than 25 percent in most states, and the excise duty imposed in the states and other taxes have a real effect on the prices.[28] Likewise, it is hoped that the reduction in tariffs on textiles will promote India's exports and increase competitiveness. But the UK regulations on Certificate of Origin may not in reality permit imports, especially if material is sourced from outside and if limited value addition (less than 35percent or 40percent) takes place in India. Besides, there are issues related to meeting the requirements of textile labelling and fibre composition, typical SPS norms and specific UK market demands.[29]

Further, under the FTA, the UK will exempt medical devices imported from India from the import duties. But under the regulatory mechanism in the UK, a product can just be labelled as Made in UK even if it is packaged or sold in the UK without being locally manufactured, and other parties from China or other European countries may take advantage of this by routing their products through the UK[15]. Even on India's demand for data localisation, enabling India to store data within its borders, the decision is not conclusive.[30]

On the movement of professionals bringing two countries closer, the legal service that could have benefited the UK's legal community is kept out. On the other hand, a rise in the number of visas is kept out of the framework, creating its own uncertainties for India. Likewise, the UK has agreed to provide 1,800 visas annually for yoga instructors, classical musicians, chefs, among others, but it has avoided any assurance on the number of duration of business visitor visas, which is important for the growing IT and professional services sector.[31] The post-study stay in the UK is also not accepted for students, dampening the hope of Indian students to have work experience in the UK after their studies. The UK is clear that the agreement will not affect the UK's immigration rules that are based on a points system (education, salary, job offer, etc.), and Indian citizens will still need to meet the normal visa and work permit requirements, as there is no automatic right to work or live in the UK under the FTA.[15]

All these indicate that even in the most desired FTA negotiations, the result may not tally with the claim, and there could be volatility in the days to come. These aspects, including the existing capabilities of the Indian industry and qualitative requirements/NTBs derailing the process, are not taken into consideration while the industry and media applaud the FTA. However, expectations of volatility in the long run cannot be a check on the conclusion of FTA, and it can be deduced that the realisation that there can be no zero-sum game advantage in bilateral trade has driven both countries towards the adoption of CETA.

CONTINUING ISSUES

The prolonged negotiations have witnessed meticulous cost-benefit calculations before finally arriving at a mutually advantageous agreement. However, in the process, many of the ticklish issues remained unresolved, which could impact the long-term and effective full implementation of CETA. One of such issues related to the negotiation is the Bilateral Investment Treaty (BIT), which was presumed will be finalised along with the FTA. Both endorsed BIT in March 1994, but New Delhi unilaterally denounced it in March 2017, citing Investor-State Dispute Settlement (ISDS) concerns. India is remodelling all its BITs to be in a better negotiating position. [*The Investor-State Dispute Settlement (ISDS) mechanism is aimed at protecting companies against possible unfair treatment under local laws, and ISDS mechanism allows companies to sue either government if they believe policy changes unfairly harm their investment or profits. Earlier, FTAs often used to include a separate chapter on BIT, which was sometimes used as a negotiating card. But it was realised that trade matters are often different from issues pertaining to BITs. For example, investment protection treaties could be in conflict with sovereign functions such as taxation. So, India unilaterally terminated BITs with a significant number of countries, including 58 out of 87 BIT partners initially, and the number grew to 68 by 2019*].[32–35] The UK was concerned about the protection of its investors, and for India, the structure of BIT was important given its experiences where the Indian government had lost to foreign firms like Cairn Energy, Vodafone and Devas Mauritius when the international arbitration upheld the business interest of these companies after India slapped retrospective tax demands.

The CETA, for the time being, has avoided the clause on investment protection and investor-state dispute resolution regime by stating that both sides are committed to working towards early conclusion of a Bilateral Investment Treaty and The agreed Free Trade Agreement is only the start for our joint ambitious partnership for growth in their new "India-UK Vision 2035". [*The Prime Ministers of India and the United Kingdom, during their meeting on 24 July 2025 in London endorsed the new "India-UK Vision 2035" that reaffirms their shared commitment to unlocking the full potential of a revitalised partnership.*][36] But given the importance and sensitivities on the issue, India's final position on ISDS in BITs affecting the pace of FTA, especially on investment areas, cannot be ruled out.

Another major concern is the UK's Carbon Border Adjustment Mechanism (CBAM), scheduled to be implemented from 1st January 2027. CBAM targets imports from those countries that have lower or no carbon pricing and aims to impose a carbon price on some of the most emissions-intensive industrial goods imported to the UK from the aluminium, cement, fertiliser, hydrogen and iron & steel sectors that are at risk of carbon leakage.[37] While the proposal targets those likely emissions of greenhouse gases, the concern is about the impact of CBAM on Indian exports. However, the CETA does not include a provision on CBAM on the grounds that Britain has not yet notified the tax, and if implemented, India will have the right to take counterbalance measures.[38] But the nature and impact of CBAM, proposed to be introduced from 2027, are a matter of concern. For instance, the Economic Think tank, Global Trade Research Initiative (GTRI), estimates that India's exports to the UK, worth US$775 million, may be impacted because of Britain's decision, and 'by not securing a carve-out or exemption clause on CBAM, India lost a vital opportunity to protect its carbon-intensive exports'.[15,38]

PROSPECTS

The agreement aims at boosting bilateral trade and their respective GDPs and also bringing the two together in a network of economic relations. The progress of translating the objectives into reality may get affected by the imminent domestic regulations on FTA and the global political developments, especially involving Iran, Russia, China, and Israel, towards whom the Western perspectives, in particular the US, are changing. India's priority for 'strategic autonomy' and the inclination to maintain its relations with all may also impact its economic linkage with the Western country (the UK) that has stringent norms on technology transfer and end-user requirements.

Barring uncertain political developments impacting the treaty implementation, the CELTA is set to have a positive impact on both economic advantages and external postures of both by linking of two economies. By 2030, the CETA is expected to raise the bilateral trade to $ 120 billion, compared with around $20.5 billion in 2024.[39] By 2040, the UK's Department for Business and Trade, in its 'impact assessment,' estimates that the UK's GDP by 2040 will increase at the rate of 0.13 percent per annum, equivalent to £4.8 billion (or 0.1percent), whereas India's GDP will raise by 0.06 percent, equivalent to £5.1 billion.[15] When CETA is implemented, there will be a cut in the import duties on UK exports to the tune of around £400 million. India will remove or reduce tariffs, or retain pre-existing zero tariffs, on 90 percent of tariff lines, which will cover 92 percent of existing goods imports from the UK. Based on this trade alone, this amounts to about £400 million tariff cut, and after 10 years' staging is over, this will double-up to about £900 million. Further, India will gain by about £220 million in duty reduction on its products in the UK.[15]

Consequent upon CETA, by 2040, Indian imports from the UK are anticipated to rise by about 60 percent, which is equivalent to an additional £15.7 billion. On the other hand, exports from India to the UK will rise by about 25 percent by 2040, equivalent to £9.8 billion additional Indian exports. In effect, cheaper and variety of goods and services are going to be available from India to British customers. Compared to the pre-CETA period, even the real wages of the British workers are anticipated to go up by 0.19 percent, which is about £2.2 billion a year.[15]

India, on the other hand, could benefit by its 99 percent of the exports to the UK gaining duty-free access. The share of the UK in India's global trade value is only about 2 percent at present, and the trade balance is slightly in favour of India with its exports of about $ 12.9 billion to the UK and imports of about $ 8.4 billion in 2023-24.[40] India hopes to benefit further by the CETA as the overall bilateral trade is projected to rise by 39 percent or £25.5 billion (US$34.5 billion) annually by 2040.[2] The value of the trade by 2030 is further expected to rise by approximately 15 percent, and further progress is hoped to rise depending on the nature of the implementation of the CETA. India will also benefit from the exemption of the social security contribution, providing a great relief to Indian workers and employers in the UK. This, in turn, could facilitate greater mobility of Indian experts and higher returns.

The savings from reduced tariffs would have a spill-over effect on a rise in trade volumes and also on GDP and contribute significantly to the Indian aspiration of becoming the world's largest economy soon. Positively, the tariff cuts from 150 percent to 40 percent in whiskey, over 100 percent to 10 percent for end-end cars and 8-12 percent to zero percent for textiles not only reduce the cost of the importers but also would have performance pressure on Indian producers and prompt them to improve their competitiveness and efficiency to compete with global products eventually pushing up Indian exports. For instance, in textiles, meeting the UK labelling and product standards along with valid ROO certification will increase the efficiency of the Indian textile industry and prompt it to adopt global best practices, positively impacting India's production and export capabilities. In other words, there will be a welfare gain to both in their respective area of strength by cost reduction as the tariff cuts will stimulate greater economic activity and result in noticeable benefits for export items and their supporting sectors/mechanisms across the economy. By incorporating mutually beneficial components/areas of each other's economy, the supply chain could also be integrated, leading to the specialisation and better final product supply and, more integrated bilateral economy.

CONCLUDING REMARKS

The novel CETA represents the willingness of both parties to go beyond the existing level of economic interaction and to cover services, movement of capital and persons besides goods. The sensitivities have led to the exclusion of certain areas in the treaty framework, but the treaty reflects the desire of both to accrue benefits from economic linkages and reduced tariffs, which will yield dividends in the long run and also serve as a yardstick for their future FTAs with others. The treaty incorporates both perspectives of comparative cost benefits and political messaging against the protectionist arrangements prompted by US President Trump's tariff measures, even on political grounds, like the import of oil from Russia. This treaty will have an accelerated impact on those like-minded countries willing to deepen their relations between them for mutual benefit. For India, this will also be a touchstone to finalise long-pending FTA treaties with the EU and the US, and fresh with others. Therefore, the treaty is important not only from the economic angle, but as India's External Affairs Minister, S. Jaishankar, put it in a different context, to meet India's search for 'growth markets, technology partners, connectivity partners and strategic partners."[41] In its Asia-Pacific tilt in external posture, in the emerging Global South, India was a choice for the UK, and for India, the historical linkages deepened by language, democracy, diaspora and now shared global vision and economic linkages has made the UK is an ideal partner, and the treaty is slated to strengthen the relation between the two at different levels further in the days to come.

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