

FTA with Britain

What is the issue?

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Recent sector-specific analysis conducted by the Commonwealth provides an initial picture of what could happen, estimating that bilateral trade between Indian and U.K. could rise by up to 26% a year under an FTA.

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What did the report say?

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- While much of the growth would come from a reduction on tariffs on the Indian side (Indian tariffs are higher on average than the other way round), it estimates that **Indian exports to the U.K. could rise by as much as 12%**, with sectors such as clothing, industrial and mechanical appliances seeing strong growth.

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- The report also highlighted the opportunity for **increasing the exports of services** as well as new exports such as non-industrial diamonds, and specific mechanical devices.

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- While the figures are likely to be on the optimistic side (envisaging a zero-tariff scenario, and the diversion of trade from E.U.), they provide a snapshot of the beneficial impact a FTA could have on stimulating a trade and investment relationship that has faltered in recent years.

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- While India has been negotiating a broad-based trade and investment agreement with the EU since 2007, it has remained inconclusive.

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- Thus, India was also unable to build and expand on its trade ties with the U.K. as it was part of the EU.

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- But with Brexit, Britain offers a fresh start for India to engage on a whole and exciting new level on sectors which have been largely dormant due to EU regulations.

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Source: The Hindu

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