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Scrutiny of international agreements: UK- India Comprehensive Economic and Trade Agreement

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International Agreements Committee

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Evidence is published online at <https://committees.parliament.uk/work/9341/ukindia-free-trade-agreement/publications/>.

Q in footnotes refers to a question in oral evidence.

SUMMARY

The UK's Free Trade Agreement (FTA) with India, signed in July 2025, is a significant achievement. Only a few years ago, the prospect of concluding an FTA was considered remote; India sits behind high tariff and non-tariff barriers to trade, and is a formidable negotiating partner. In view of these challenges, we congratulate the Government on its achievement in reaching an Agreement with India, though our report highlights shortcomings that should be addressed.

Our inquiry, and the preparation of this report, took place before the EU and India concluded their own FTA negotiations on 27 January 2026. We recognise that the EU-India FTA may have implications for UK-India trade, but in the time available, we have not been able to analyse the implications, or compare the provisions to those India agreed with the UK, in any detail.

The UK-India negotiations took place from 2022–2025, against a challenging geopolitical backdrop to the negotiations. Over this period, growing protectionism and global instability contributed to an increasingly uncertain environment for international commerce. Supply chain fragility, US-China relations and conflict with Russia have meant that trade has become increasingly embedded in geopolitical strategy. We conclude that an FTA in this context is as much about providing stability for businesses and a platform for continued strategic cooperation as it is about offering new market access. India is an important partner for the UK in this respect. We also welcome that the UK and India have concluded an agreement that is compliant with World Trade Organisation (WTO) rules, in light of the current challenges to the rules-based international trade order.

We also examined the provisions of the Agreement for trade in goods (Chapter 3 of this report) and services (Chapter 4). Although many of these represent good outcomes for the UK, particularly on goods, we highlight three key shortcomings of the Agreement for the UK and recommend that the Government continue to work, including by engaging with India, to address these.

Firstly, the benefits for UK goods exporters will take some time to materialise. Under the staging and quotas set out in the Agreement, India will only lower barriers to trade in increments over the first 15 years after entry into force. By contrast, many Indian exporters will gain immediate access to the UK market, with associated implications for other developing countries' exports to the UK. While this imbalance reflects the relative openness of the Parties' respective economies prior to the Agreement, it does render the Agreement a longer-term strategic investment for the UK, rather than a quick win. We heard some concerns that the UK could be subject to high volumes of Indian exports previously destined for the US, as a result of recent tariff measures imposed on India by the US. Some UK industries, such as dairy, will be exposed to additional competition without the benefits of improved access to a new market. We also raise the concern about the risk that India's use of non-tariff barriers, in particular reports about unilaterally imposed 'quality control orders', could undermine the objectives of the Agreement and exacerbate asymmetries in market access.

To address these concerns, we ask the Government to set out what measures it is taking to support adversely affected industries. We also ask the Government to publish an impact assessment of the cumulative impact of successive trade

agreements on the UK agricultural sector, and to ensure that future trade agreements take account of these sensitivities. We call on the Government to monitor the risk of trade displacement both of Indian products diverted from the US to the UK and of other developing countries' exports to the UK. Finally, we call upon the Government not to hesitate to engage with India to address any ongoing barriers to trade.

Secondly, we highlight that in order to get the Agreement over the line, a number of notable UK interests were omitted. For example, the Government did not conclude a bilateral investment treaty, or, as discussed below, arrangements in relation to legal services, new market access for financial services, or final arrangements for mutual recognition of professional qualifications.

Thirdly, the text of the Agreement is also heavily goods focused and does not liberalise trade in services significantly, beyond current WTO commitments. The provisions for financial services do little beyond locking in existing market access, and firms remain concerned about the lack of commitment to free cross-border data flows. Legal services, meanwhile, were entirely omitted, which we consider a missed opportunity. There is considerable scope for further developing the provisions for trade in services and investment facilitation, and the Government should continue to engage with India on these issues.

As such, we highlight the need for the UK-India trade agreement to be a living instrument, rather than a static one. It is clear that there would be mutual benefit to both parties in further strengthening the relationship, particularly in areas not included in the Agreement. The Government should utilise the range of existing dialogue mechanisms and networks to further enhance the relationship in substantive and symbolic terms. Given the size and significance of India, we recommend that the Government give a high priority to this.

Finally, as one witness suggested, reflecting a view held by others, an FTA itself is “not a panacea”. In order to realise the benefits of an FTA, businesses must be able to use it. As such, we recommend that the Government undertake a number of measures to support businesses in using the Agreement. We ask that they ensure particular attention is paid to supporting small and medium sized enterprises to take full advantage of the FTA. This should include issuing accessible sector-specific guidance in clear and straightforward language. We also ask the Government to set out what increased supporting services will be provided by the Department, and through the High Commission in India and its regional offices.

The UK-India Agreement is a noteworthy achievement. The Government should capitalise on this achievement by addressing its shortcomings, including by supporting exposed industries and helping businesses to use the Agreement. It should also continue to engage with India to develop the relationship and address barriers to trade. It is clear that there would be mutual benefit to both parties in further strengthening the relationship, particularly in areas not covered by the Agreement. Given the size and significance of India, the Government should prioritise that objective.

Scrutiny of international agreements: UK-India Comprehensive Economic and Trade Agreement

CHAPTER 1: INTRODUCTION

1. The Comprehensive Economic and Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India (“the Agreement”) was signed on 24 July 2025.¹ It was laid before Parliament under the Constitutional Reform and Governance Act 2010 on 21 January 2026. The Parliamentary scrutiny period under that Act expires on 5 March 2026.
2. Negotiations for a Free Trade Agreement (FTA) with India were first launched under the previous Government, which published its Strategic Approach to the negotiations in January 2022.² We published a report on the Government’s Negotiating Objectives in July 2022.
3. In our previous report, we concluded that the potential economic gains from a comprehensive trade agreement with India were projected to be more significant than those from the trade agreements with other partners, such as Australia, New Zealand or Japan. However, we also noted that there were significant barriers to reaching a comprehensive trade agreement, including India’s “history of relatively thin FTAs, historically protectionist policies and different regulatory approaches”.³
4. The UK and India held 14 rounds of negotiations between January 2022 and March 2024. The negotiations were then paused in the context of the Indian general election of June 2024 and, subsequently, the UK general election of July 2024.⁴
5. In November 2024, the current Government announced that the negotiations with India would be relaunched.⁵ After a further round of negotiations, the parties announced that negotiations had concluded on 6 May 2025, and the Agreement was signed on 24 July 2025.⁶
6. These negotiations, particularly their final stages, took place against a challenging geopolitical backdrop for trade, including the tariff policies pursued by the US Administration and the ongoing Russian invasion of Ukraine. As we note in Chapter 2, this geopolitical context may have influenced the trajectory of the negotiations and the shape of the final deal.

1 Department for Business and Trade, *Collection: UK-India Trade Deal*, 24 July 2025

2 Department for International Trade, *UK-India Free Trade Agreement: The UK’s Strategic Approach*, 13 January 2022

3 International Agreements Committee, *UK-India free trade agreement: Scrutiny of the Government’s Negotiating Objectives* (6th Report, Session 2022–23, HL Paper 53), p 20, para 21

4 The Guardian, *UK and India put free trade deal talks on ice until later this year*, 15 March 2024

5 Prime Minister’s Office, 10 Downing Street, *Press release: Prime Minister announces relaunch of UK-India free trade talks*, 18 November 2024

6 Department for Business and Trade, *Press release: UK concludes trade deal with India*, 6 May 2025

7. This inquiry was launched in September 2025. We held five oral evidence sessions with 15 witnesses, culminating on 9 December 2025 with a session with Sir Chris Bryant MP, Minister of State (Minister for Trade) at the Department for Business and Trade (DBT), and Kate Thornley, Chief Negotiator for UK-India negotiations at DBT. We received 38 written evidence submissions. Finally, we held a roundtable with business representatives on 18 November 2025, a summary note of which has been published on the Committee's website. We are grateful to all our witnesses for their contributions to our inquiry. The Committee is also grateful for the ongoing support from its Specialist Adviser for trade policy, Professor Sarah Hall.
8. In this report, we examine the strategic value and geopolitical context of the Agreement (Chapter 2), before assessing its provisions for trade in goods (Chapter 3) and trade in services (Chapter 4). Finally, in Chapter 5, we examine the impact of the Agreement within the wider UK-India relationship, as well as its implementation and future development. The Members of the Committee, and their declared interests, are set out in Appendix 1 of this report. A full list of witnesses is set out in Appendix 2, and our call for written evidence is reproduced in Appendix 3.
9. Our inquiry, and the preparation of this report, took place before the EU and India concluded their own FTA negotiations on 27 January 2026. We recognise that the EU-India FTA may have implications for UK-India trade, but in the time available, we have not been able to analyse the implications, or compare the provisions to those India agreed with the UK, in any detail.
10. Overall, this report welcomes the successful conclusion of a historic agreement with an important partner, which we view as a considerable achievement given India's trade policy history and context. We also note that the Agreement is goods focussed and that UK goods sectors are poised to gain from reduced tariffs and better market access. However, there are other areas, particularly in trade in services, where we identify shortcomings, and where continued engagement with India will be needed to advance UK interests. We also emphasise the importance of effective implementation and monitoring to support utilisation of the Agreement.
11. **We welcome the conclusion of the Comprehensive Economic and Trade Agreement between the UK and India. We congratulate the Government on their significant achievement in reaching this Agreement, and we thank them for engaging constructively with us during the negotiations from 2022–25.**
12. **We draw the Comprehensive Economic and Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India to the special attention of the House, on the grounds that it is politically important and gives rise to issues of public policy. We make this report to the House for debate.**

CHAPTER 2: STRATEGIC VALUE AND GEOPOLITICAL CONTEXT

Strategic value of India as a partner

13. India is currently the UK's 10th-largest trading partner, and accounted for 2.5% of the UK's total trade in the four quarters to the end of Q2 2025.⁷ Professor Sangeeta Khorana, Professor of International Trade at Aston University, described India as “a very significant trading partner”,⁸ while Dr Ganeshan Wignaraja, Visiting Senior Fellow at the ODI think-tank, characterised the relationship as “a good bilateral relationship with the potential to grow in the future”.⁹
14. The UK has a trade deficit¹⁰ with India of around £9.7 billion (as of Q2 2025). This comprises a goods deficit of £4.6 billion, and a services deficit of £5.1 billion.¹¹
15. Professor Ingo Borchert, Professor of Economics at the University of Sussex and Deputy Director at the UK Trade Policy Observatory, explained that much of the UK's services imports from India are “producer input services”, meaning that they play a valuable role in the UK's overall production and are often embedded in UK exports. He described India's exports to the UK as “valuable inputs” given that they “clearly strengthen the [UK's] productive competitiveness and the export competitiveness”.¹²
16. We heard that an Agreement with India is particularly beneficial to the UK given India's historically protectionist policies. India levies high tariffs on imports, averaging around 12% to 15%.¹³ In our 2022 report on the Government's negotiating objectives, we observed that India had a “high and frequently amended tariff regime, with the highest average applied tariff of any G20 country¹⁴ and some of the highest bound tariff rates¹⁵ among WTO [World Trade Organization] members”.¹⁶ We further observed that, by contrast, the average tariff on Indian goods imported into the UK remains stable and predictable, at around 4.2%.¹⁷

7 Department for Business and Trade, *India - UK Trade and Investment Factsheet*, 31 October 2025

8 [Q 12](#) (Prof Sangeeta Khorana)

9 [Q 22](#) (Dr Ganeshan Wignaraja)

10 A trade deficit is when a country imports more goods and services from another country than it exports over a given period. The opposite is a trade surplus.

11 Department for Business and Trade, *India - UK Trade and Investment Factsheet*, 31 October 2025

12 [Q 40](#) (Prof Ingo Borchert)

13 [Q 12](#) (Prof Sangeeta Khorana). See also: World Trade Organisation Tariff and Trade Data, *Member Profile - India* [accessed on 13 January 2026].

14 Note: these figures were from 2021. As of 2026, however, some studies suggest that, under the Trump administration, the US now has higher average applied tariffs than India. Official WTO data for 2025 is not yet available, but a study by the Tax Foundation, a US think-tank, suggested that as of November 2025, the average trade-weighted applied tariff by the US was 15.8%. This is higher than the latest WTO data for India's trade-weighted applied tariff (12.0%). Tax Foundation, *Trump Tariffs: Tracking the Economic Impact of the Trump Trade War*, 9 January 2026 [accessed on 20 January 2026]; World Trade Organisation, *Latest Average Tariffs of WTO Members* [accessed on 20 January 2026]

15 Bound tariff rates are the maximum rates as listed in a country's WTO commitments, whereas applied tariff rates are the rates WTO members currently charge in practice, which may be lower than the bound rates.

16 International Agreements Committee, *UK-India free trade agreement: Scrutiny of the Government's Negotiating Objectives* (6th Report, Session 2022–23, HL Paper 53), p 11, para 30

17 *Ibid.*, p11, para 31

17. The Government, along with other witnesses, stressed the long-standing relationship between the two countries, underpinned by a ‘living bridge’ of “at least 1.9 million people with Indian heritage living in the UK”.¹⁸ The UK-India Business Council similarly highlighted the symbolic nature of an agreement between two knowledge economies “that share a strong people-to-people connection” and noted that in addition to people of Indian heritage living in the UK, “tens of thousands of students, professionals and entrepreneurs move between the two countries each year”.¹⁹
18. Witnesses differed on the potential for growth in the relationship. William Bain, Head of Trade Policy at the British Chambers of Commerce (BCC), highlighted that by 2050, India is forecast to have 250 million middle-class consumers, with an annual capacity for imports of £2.8 trillion per year.²⁰ The Government assessment has suggested that the Agreement has the potential to boost exports to India by 60% by 2040.²¹ Dr Wignaraja, however, expressed some reservations about these numbers, and described Government modelling as a little optimistic in the short run, taking into account the global economic slowdown, rising protectionism and financial market instability brought about by “rising geopolitical rivalries”.²²

Challenging global environment

19. In evaluating the Agreement, witnesses discussed the developing geopolitical environment, and particularly the implications of recent trade measures on the part of the US. These developments can be broadly summarised under three related headings:
 - (a) Growing protectionism and global instability;
 - (b) Counterbalancing China and the need for supply chain diversification; and,
 - (c) Strategic realignment.

Growing protectionism and global instability

20. Witnesses stressed that the global environment, particularly over the past year, has been increasingly characterised by “extreme pressures, political and practical in nature” on account of the growing tendency towards protectionism.²³ In particular, we heard that recent US trade measures, notably high tariffs have fuelled “growing uncertainty”,²⁴ triggered a global economic slowdown, fuelled protectionism,²⁵ reshaped global incentives, and precipitated rising geopolitical rivalries.²⁶ These include a 50% US tariff on goods from India,²⁷ projected to affect India’s GDP growth by -0.5%, according to Dr Wignaraja.²⁸

18 Written evidence from Department for Business and Trade ([UIA0033](#))

19 Written evidence from the UK India Business Council (UKIBC) ([UIA0020](#))

20 [Q 12](#) (William Bain)

21 Department for Business and Trade, *Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India*, 24 July 2025, p 3

22 [Q 22](#) (Dr Ganeshan Wignaraja)

23 Written evidence from Alex Mills ([UIA0024](#))

24 [Q 23](#) (Dr Chietigj Bajpae)

25 [Q 22](#) (Dr Ganeshan Wignaraja)

26 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

27 BBC, *India’s exports to US plunge as Trump’s 50% tariffs bite*, 16 October 2025

28 [Q 24](#) (Dr Ganeshan Wignaraja)

21. We heard that “trade is increasingly embedded in geopolitical strategy” and “shaped by shifting alliances and strategic calculus”, meaning that an FTA in this environment is “a platform for long-term strategic engagement” as much as it is about market access.²⁹
22. We were told that tensions, for example those arising from US tariffs on China, may have the effect of benefitting UK-India trade. Dr Kwok Tong Soo, Senior Lecturer in Economics at Lancaster University, identified India as a possible destination of choice for firms seeking to move operations out of China, and suggested that the Agreement may make it easier for UK firms to benefit from this displacement. An FTA in this context also offers “much desired stability” for businesses.³⁰
23. We also heard that other global events, particularly Russia’s invasion of Ukraine, and the economic and supply chain challenges presented by the COVID-19 pandemic, formed an important backdrop to the negotiations, prompting some strategic shifts, or “course corrections”, in favour of trade diversification.³¹ Witnesses such as Professor Kate Sullivan de Estrada, Associate Professor in the International Relations of South Asia at the Oxford School of Global and Area Studies, Oxford University highlighted that both parties are seeking out “reliability, resilience, ownership and security” in their economic relationships.³² The Chief Negotiator observed that discussions about the negotiations “started in the middle of the pandemic when supply-chain resilience and diversification were the main issues ... in terms of our external trade policy”.³³
24. Witnesses also stressed the concern for the rules-based international order in the current climate, and the symbolism of cooperation on the international stage on key issues.³⁴ The Minister told us that “the situation in the United States of America, with a completely different attitude towards the World Trade Organisation and reciprocal tariffs ... undoubtedly played some role [in concluding an agreement]”. The Minister also stressed that “striking a really good deal with one of the growing nations of the world” demonstrated “that the rules-based order is worth adhering to and supporting.”³⁵
25. We heard that the Agreement is compliant with the threshold set out in Article XXIV of the General Agreement on Tariffs and Trade (GATT) that a Free Trade Agreement must cover “substantially all trade” to ensure compliance with WTO principles.³⁶ **We welcome that the Agreement is compliant with Article XXIV of the General Agreement on Tariffs and Trade, as we would generally expect as standard for free trade agreements negotiated by the UK.**

Counterbalancing China and the need for supply chain diversification

26. Related to the challenges outlined above, we heard that a key set of strategic issues are:

29 Written evidence from Dr Nicolette Butler & Dr Jasem Tarawneh ([UIA0019](#))

30 Written evidence from Dr Kwok Tong Soo ([UIA0021](#))

31 [Q 27](#) (Prof Kate Sullivan de Estrada); [Q 3](#) (Dr Mattia di Ubaldo)

32 *Ibid.*

33 [Q 47](#) (Kate Thornley)

34 Written evidence from Dr Nicolette Butler & Dr Jasem Tarawneh ([UIA0019](#))

35 [Q 47](#) (Minister for Trade); see also [QQ 23, 31](#) (Prof Kate Sullivan de Estrada) and [Q 24](#) (Dr Chietig Bajpae)

36 [Q 26](#) (Dr Ganeshan Wignaraja)

- (1) the UK and India's respective relationships with China and the need to cooperate in counterbalancing China's influence in the region, and
 - (2) the need to diversify supply chains and build resilience into their respective foreign and trade policies.
27. Academic experts highlighted to us that the UK and India share similar concerns about China. Professor Muhammad Ali Nasir, Professor of Economics at the University of Leeds, Professor Kausik Chaudhuri, Professor of Economics at the University of Leeds and Miss Xinxin Wei, Researcher at the University of Leeds, told us that India "is a pivotal player in maintaining Indo-Pacific stability, counterbalancing Chinese assertiveness".³⁷
 28. Both countries' relationships with China are also heavily influenced by external events. Witnesses differed in their emphasis. Dr Mattia di Ubaldo, Senior Research Fellow in the University of Sussex Business School and a Deputy Director of the UK Trade Policy Observatory (UKTPO), noted that the UK is "currently trying to seek closer relations" with both the US and China on account of global developments, notably the "pressures imposed on the system" by high US tariffs and the Russian war in Ukraine.³⁸ Prof Kate Sullivan de Estrada noted that both the UK and India are among the "democratic countries sharing similar concerns *vis-à-vis* China", and further noted that on account of these concerns, India has a growing interest in beginning to influence standards and rule-making in the wider economic architecture of the Indo-Pacific.³⁹
 29. Both the UK and India are seeking to diversify their supply chains in this context, thereby strengthening their long-term economic resilience. China remains "dominant in the context of the global supply chain trade globally", comprising about 20% of global supply chain trade.⁴⁰ However, we heard that this picture is changing somewhat as supply chains diversify and foreign direct investment starts to move elsewhere on account of rising costs and global tariff turbulence.⁴¹
 30. Prof Ali Nasir, Prof Chaudhuri and Miss Wei noted that for the UK, cooperating with India on critical supply diversification, procurement and digital infrastructure would "mitigate exposure to US-China tensions" as well as "EU protectionist spillovers".⁴² Prof Sullivan de Estrada confirmed that "the UK and India share a de-risking agenda when it comes to their engagement with global trade",⁴³ while the UK-India Business Council stressed that the Agreement supports the UK's long-term goals of "diversification and global engagement" in its supply chains.⁴⁴
 31. Prof Sullivan de Estrada suggested that in this environment, India is seeking to project itself as "a credible alternative to China on trade", at the same time

37 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#)); see also written evidence from Prof David Collins ([UIA002](#))

38 [QQ 3, 5](#) (Dr Mattia di Ubaldo)

39 [Q 23](#) (Prof Kate Sullivan de Estrada)

40 [Q 24](#) (Dr Ganeshan Wignaraja)

Ibid.

41 *Ibid.*

42 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

43 [Q 23](#) (Prof Kate Sullivan de Estrada)

44 Written evidence from the UK India Business Council (UKIBC) ([UIA0020](#)); see also written evidence from Dr Nicolette Butler & Dr Jasem Tarawneh ([UIA0019](#)).

as the UK is seeking to reduce its dependence on single countries such as China for certain goods.⁴⁵

Strategic realignment

32. We heard that, as a result of the factors set out above, both countries are undergoing a process of strategic realignment.
33. For the UK, deeper engagement in India forms part of the so-called ‘Indo-Pacific tilt’, a policy originally outlined in the 2021 ‘Strategic Approach’ foreign policy document. As Prof Ali Nasir, Prof Chaudhuri and Miss Wei wrote: “For the UK, deepening trade ties with India aligns with its post-Brexit ‘Global Britain’ strategy, which seeks to diversify economic partnerships beyond the EU and strengthen ties with Indo-Pacific economies”.⁴⁶ Dr Chietigj Bajpae, Senior Research Fellow for South Asia in Chatham House, told us that India represents an important trade partner for the UK because of its “democratic credentials”, as well as its “status as the world’s fastest growing economy, its large market and demographic dividend, its large IT-educated workforce and strong digital ecosystem”.⁴⁷
34. Equally, we heard from Dr Bajpae that India is reorientating its own trade away from the Indo-Pacific and towards the West. He noted that India’s “renewed appetite for concluding free trade agreements” has been “fuelled by efforts to diversify its export markets to create a more attractive investment destination”. He added that India’s share of exports to the EU, US and the West is “broadly increasing” while exports to the Asia-Pacific region have declined.⁴⁸ The recent conclusion of the EU-India FTA, which took place at the end of our inquiry, may be seen in this context.
35. Prof Sullivan de Estrada highlighted India’s concern about “narrow and fragile supply chains, the attendant risks of overexposure, (specifically pointing to China, as the largest manufacturing country in the world), worries about overdependence, and about new kinds of financial sanctions”.⁴⁹ Prof Sullivan de Estrada said that there had “definitely been a shift in tone and ambition” from India, referred to as a “course correction” by the Indian External Affairs Minister in a speech in October 2025.⁵⁰

Implications of the global environment for the negotiations

36. Witnesses largely credited the challenging global environment described above with providing an impetus to “precipitate the deal in the last moments”.⁵¹ Dr di Ubaldo stressed that the pressures imposed by the US tariffs, as well as the “huge uncertainty about any of the deals that countries have made with the US in recent months”, created a clear incentive for India and the UK to

45 [Q 23](#) (Prof Kate Sullivan de Estrada); written evidence from Prof Suresh Renukappa, Mrs Caroline Dixey, Prof Subashini Suresh, Mr Chandrashekar Subbarao, Prof Vikram Patil, Dr Rajeev Krishnadas Rajeev and Prof Tonny Veenith ([UIA0017](#))

46 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#)); see also written evidence from the Chartered Institute of Export and International Trade ([UIA0023](#))

47 [Q 24](#) (Dr Chietigj Bajpae)

48 [Q 25](#) (Dr Chietigj Bajpae)

49 [Q 27](#) (Prof Kate Sullivan de Estrada)

50 *Ibid.*

51 [Q 5](#) (Dr Mattia di Ubaldo)

“finalise a deal that was on the line for about three years”.⁵² He suggested that this was the “right moment to show a political win on both sides”.⁵³

37. Similarly, Dr Bajpae told us that “the geopolitical context clearly matters” in offering incentives to both sides to successfully conclude an agreement.⁵⁴ For the UK, this environment incentivised closer relations with “big partners such as the US and resource-rich countries such as China, but also growing markets like India”.⁵⁵ For India meanwhile, the challenging global landscape for trade made an agreement with the UK a useful way of demonstrating that India “remained open for business despite ... the downturn in India-US relations”.⁵⁶ It also “helped reaffirm India’s commitment to strategic autonomy in its foreign policy” by diversifying its trade relationships and associated supply chains.⁵⁷
38. We heard that the Agreement carries significant commercial and economic benefits, in view of the turbulent international environment. Prof Khorana pointed to the value of having a deal for businesses “navigating a highly uncertain geopolitical landscape”.⁵⁸ She stressed that an agreement “will enable businesses to have much more resilient and robust supply chains”.⁵⁹
39. Similarly, Prof Ali Nasir, Prof Chaudhuri and Miss Wei wrote that in view of the above context, “the UK-India FTA offers a stabilising, rules-based platform for bilateral trade through 2026–2035, cushioning external shocks and reinforcing predictable market access”.⁶⁰
40. **Beyond the strategic benefits of deepening bilateral cooperation and integration, an FTA between the UK and India offers stability to businesses at a particularly challenging time for international commerce and rules-based trade.**

Developments over the course of negotiations

41. As described, the context for trade developed significantly over the course of negotiations, which began in January 2022 and concluded in summer 2025.
42. William Bain characterised this as a negotiation of two stages. The first stage was the period from 2022–2024 under the previous Government in the UK, in which the UK more actively pursued its key priorities for new market access, particularly in securing a more favourable environment for services exports.⁶¹
43. William Bain told us that the second stage followed the introduction of US tariffs, when “a new dynamic entered the negotiations”, and the attraction of an agreement became more orientated around “future proofing our bilateral trade”.⁶² He added that some issues that had featured prominently

52 *Ibid.*

53 *Ibid.*

54 [Q 24](#) (Dr Chietigj Bajpae)

55 [Q 3](#) (Dr Mattia di Ubaldo)

56 [Q 24](#) (Dr Chietigj Bajpae)

57 *Ibid.*

58 [Q 12](#) (Prof Sangeeta Khorana)

59 *Ibid.*

60 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

61 [Q 17](#) (William Bain)

62 *Ibid.*

at early stages such as additional services market access, particularly for legal services, were less prominent towards the end of the negotiations.⁶³ He noted that these concessions came about as the imperative of reaching a deal with some benefits overtook the interests of stakeholders in professional and legal services, “particularly given the global tariff environment”.⁶⁴

44. Dr Bajpae noted that progress was achieved by “moving some of the more contentious issues out of the FTA negotiations”. This included:

- A commitment to negotiate a double taxation treaty to coordinate social security payments (referred to in a side letter published alongside the Agreement as the “Double Contributions Convention” (DCC));
- A bilateral investment treaty (discussions on which “remain live” according to the Government); and,
- An exemption to the UK’s proposed carbon border adjustment mechanism (CBAM).⁶⁵

As we discuss in Chapter 4, certain issues related to trade in services were also moved out of the FTA negotiations.

The Agreement: overall assessment in context

45. The consensus among witnesses was that the Agreement is a significant and very welcome achievement, given the challenging geopolitical environment discussed above and India’s historic protectionism. We heard that it offers valued stability to businesses and confidence to firms.⁶⁶ Alex Mills, an independent consultant on trade policy, told us in written evidence that the Agreement offers “a basis for collaboration between the two countries”, opening market access while “creating a sense of familiarity, trust and connection between policy makers on both sides”.⁶⁷
46. Other witnesses also observed the symbolic importance of the agreement. Prof Sullivan de Estrada pointed to what she termed “the transformation” in the relationship in previous years—in 2018, for example, no FTA was on the horizon. She credited the shared “derisking agenda” in terms of global trade, and India’s ability to project itself as an alternative to China on trade.⁶⁸
47. From a commercial point of view, Dr di Ubaldo referred to it as a “fairly good and balanced deal”, particularly taking into account India as a “highly protected” market that is “hard to negotiate with” and has the highest tariffs in the G20.⁶⁹ Sophie Hale, Chief Economist at the Resolution Foundation, noted that overall the Agreement delivers “broad and extensive tariff liberalisation”, with some of the chapters representing new concessions by India and offering new opportunities for UK companies, for example in procurement.⁷⁰ TheCityUK noted that this liberalisation “should lead to a corresponding increase in trade, bringing with it enhanced demand for

63 *Ibid.*

64 *Ibid.*

65 [Q 24](#) (Dr Chietigj Bajpae)

66 Written evidence from Alex Mills ([UIA0024](#))

67 *Ibid.*

68 [Q 23](#) (Prof Kate Sullivan de Estrada)

69 [Q 2](#) (Dr Mattia di Ubaldo)

70 [Q 1](#) (Sophie Hale)

services such as shipping, trade finance, and other services which support and facilitate merchandise trade”.⁷¹

48. In general, witnesses observed that while “UK goods sectors are poised to gain from greater access to the Indian market”, benefitting from “reduced tariffs and better market access”,⁷² overall the Agreement is “incredibly goods focused”, with minimal additional market access for services.⁷³ To put this in context, goods represented approximately 41.1% of the UK’s total exports in the 12 months to the end of September 2025, and 64% of the UK’s total imports.⁷⁴
49. We heard that the benefits of the Agreement are likely to materialise gradually, with early gains realised on products whose access will be liberalised immediately, while other sectors, for example the automotive industry, will be subject to staging and quotas and as such are likely to experience benefits over the longer term.⁷⁵ Prof Ali Nasir, Prof Chaudhuri and Miss Wei predicted that “the full gains will be shown in expansion of trade flows, investment reallocation and productivity spillovers over a decade to two decades”.⁷⁶
50. **We welcome the historic Agreement reached with a key partner and growing market in the Indo-Pacific, which is particularly important given the geopolitical challenges. We recognise that this context may have both precipitated and shaped the final outcome. Overall, the Agreement will be helpful to UK businesses as they seek to diversify and derisk their supply chains.**
51. **We note that the benefits for UK exporters may take some time to materialise, on account of the phasing and quotas set out in the Agreement. In contrast, many of the benefits for Indian exporters materialise immediately, reflecting the relative openness of the Parties’ respective economies prior to the Agreement.**

71 Written evidence from TheCityUK ([UIA0034](#))

72 Written evidence from Prof David Collins([UIA002](#))

73 Written evidence from Alex Mills ([UIA0024](#)), City of London Corporation ([UIA0012](#))

74 Department for Business and Trade, [UK Trade in numbers](#), 19 December 2025 [accessed 13 January 2026]

75 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#)), the Food and Drink Federation ([UIA0009](#)), British Chambers of Commerce ([UIA0013](#)), TheCityUK ([UIA0034](#))

76 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

CHAPTER 3: TRADE IN GOODS

Overall assessment

52. The Government's 2022 'Strategic Approach' document, which sets out the UK's objectives in the negotiations, states the following aims in relation to trade in goods:

“secure broad liberalisation on tariffs on a mutually beneficial basis, considering UK product sensitivities, secure comprehensive access for UK industrial and agricultural goods into the Indian market through the reduction or elimination of tariffs, and to develop simple rules of origin that reflect UK industrial requirements and consider existing, as well as future, supply chains supported by predictable and low cost administrative arrangements.”⁷⁷
53. The Government document particularly identified transport equipment, vehicles, chemicals, pharmaceuticals and whisky as UK products which could benefit from liberalisation. It also confirmed that the UK textiles industry, as well as certain agriculture and food sectors, could be subject to additional competition.⁷⁸
54. In our 2022 report on the negotiating objectives (set out in the Government's 'Strategic Approach' document), we commented that while UK businesses would benefit from tariff liberalisation, non-tariff barriers such as arduous customs administration processes also represent a significant barrier to businesses seeking to export.⁷⁹
55. Our report concluded that the trade agreement should “include the substantial reduction of Indian tariffs and other charges on UK goods”.⁸⁰ It further stressed that an agreement should lower “at and behind the border” barriers, to address concerns about the challenging business environment in India. Finally, it concluded that the Government should not agree regulatory equivalence that would result in reduced regulatory standards or lower consumer protection.⁸¹
56. Overall, witnesses to our 2025–26 inquiry viewed the Agreement positively in terms of the liberalisation of goods trade. It delivers tariff reductions on 90% of Indian tariff lines, while the UK will eliminate tariffs on 99% of Indian exports.⁸² India's trade weighted average tariff will drop from 15% to 3% for UK goods, based on trade in 2022, as a result of the Agreement, with most liberalisation set to occur within 5–7 years and some extending up to ten years. This represents a drop in tariff duties on British exports worth around £400 million at entry into force, which will rise to £900 million after staging, based on Government estimates.⁸³

77 Department for International Trade, *UK-India Free Trade Agreement: The UK's Strategic Approach, January 2022*, 13 January 2022, p 22

78 *Ibid.*

79 International Agreements Committee, *UK-India free trade agreement: Scrutiny of the Government's Negotiating Objectives* (6th Report, Session 2022–23, HL Paper 53), p 12, para 31

80 *Ibid.*, p 13, para 42

81 Department for Business and Trade, *Policy paper: UK-India trade deal: conclusion agreement summary*, 24 July 2025

82 Written evidence from the Department for Business and Trade (UIA0033), TheCityUK (UIA0034)

83 Written evidence from the Department for Business and Trade (UIA0033)

57. The BCC told the Committee that the Agreement represents “a substantial liberalisation in import costs in key sectors in both markets from when it comes into operation, and growing throughout the next decade”.⁸⁴ William Bain of the BCC said that bilateral trade in goods could rise by 60% to £17.5 billion by 2040, and that the Agreement will make it easier for UK-based companies to access the Indian market at a time when the Indian economy and desire for imports are growing.⁸⁵ Industry groups told us that addressing these barriers would support market access under the Agreement.⁸⁶ Non-tariff barriers will be further addressed at greater length below.
58. The key sectors liberalised in the Agreement for the UK were highlighted by a variety of industry and expert witnesses. In particular, and as anticipated in the Government’s Strategic Approach, the deal will benefit exporters of alcoholic beverages, cars, agri-food, medical equipment, cosmetics and toiletries. Access to the Indian market for key products such as cars will be staged, and is also less deep and less extensive than what the UK has offered.⁸⁷ The Government’s impact assessment expects that the largest estimated increases in exports will accrue to the manufacturing sector, specifically of machinery and equipment not elsewhere classified (products such as pumps and engines, as well as chemical, metal and plastic products, including cosmetics and pharmaceuticals).⁸⁸
59. Dr di Ubaldo of Sussex University and UKTPO commented that overall, India “gains probably less”, comparatively, than the UK. Dr di Ubaldo explained that the UK’s tariffs were low to begin with and that India also currently benefits from the UK developing countries trading scheme, whereas India operates a high external tariff.⁸⁹
60. UK exports of motor manufacturing, and certain food and drink products are also likely to increase according to the impact assessment, for example Scotch whisky and Welsh lamb.⁹⁰ Tariffs on Scotch whisky will fall from 150% to 75% initially and to 40% by year 10 after the agreement is implemented. Tariffs on automobiles will be cut significantly (subject to certain quotas and staging over a 15-year period).⁹¹ William Bain told us that “all this liberalisation makes it significantly easier for British companies to penetrate the Indian market at a time when India’s prosperity is growing.”⁹²
61. Similarly, we heard of benefits to UK consumers as a result of the opening up of the UK market to Indian goods. We heard from industry, academic and Government witnesses that UK consumers may see lower prices on

84 Written evidence from the British Chambers of Commerce ([UIA0013](#))

85 [Q 12](#) (William Bain)

86 Written evidence from UK India Business Council ([UIA0020](#)); [Q 19](#) (Alessandro Marongiu); written evidence from British Chambers of Commerce ([UIA0013](#))

87 [Q 4](#) (Dr Mattia di Ubaldo)

88 Department for Business and Trade, *Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India*, 24 July 2025, p 30

89 [Q 2](#) (Dr Mattia di Ubaldo)

90 Department for Business and Trade, *Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India*, 24 July 2025, p 100, p 14

91 [Q 12](#) (William Bain); Department for Business and Trade, *Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India*, 24 July 2025 p 2

92 [Q 12](#) (William Bain)

imported Indian products, and greater choice, for example on a range of household items including textiles and food items.⁹³

62. **We welcome the evidence we heard that the Agreement secures improved market access for UK exporters. The new preferential access, if accompanied by measures to address non-tariff barriers, offers considerable benefits to the UK, although the extent to which UK products will remain competitive as India opens its market remains to be seen. UK consumers can expect to benefit from improved choice and lower prices.**

Sectoral impacts

Autos

63. The Agreement partially liberalises India’s market for finished vehicles, parts and components.⁹⁴ We heard that at present, just 0.1% of all exports of UK-assembled cars are destined for India.⁹⁵ The UK imports about £100 million-worth of typical automotive parts and components from India annually, and exports about £73 million-worth of typical parts to India.⁹⁶
64. Alessandro Marongiu, Head of Trade Policy at the Society for Motor Manufacturers and Traders (SMMT), described the relationship as holding “huge potential that is currently untapped” and welcomed the Agreement as a “landmark deal” for the UK automotive sector.⁹⁷ He outlined the existing situation under which UK-originating vehicles, parts and components face “very significant tariff and non-tariff barriers”, resulting in “a systemic underperformance of our bilateral trade relations”.⁹⁸ In written evidence, SMMT confirmed that “India has historically been a closed market with some of the highest tariff rates globally and major non-tariff barriers hampering access.”⁹⁹
65. The SMMT’s written evidence stated that while its terms are complex and contain some concessions, the Agreement will provide “commercial opportunities for UK manufacturers who will be able to benefit from the progressive elimination of tariffs from day one, and on electrified cars over the longer term”.¹⁰⁰ The SMMT added that if the current quotas are fully utilised, India could become the UK’s fourth largest destination for automotive trade (using today’s export figures).¹⁰¹
66. From entry into force, a “vast range” of UK-made goods will be eligible for reduced tariff rates. For internal combustion engine passenger cars and commercial vehicles, two tariff rate quotas will come into effect from day one.

93 [Q 61](#) (Kate Thornley); written evidence from Prof David Collins ([UIA002](#)), Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#)), the Chartered Institute of Export & International Trade ([UIA0023](#)), the Department for Business and Trade ([UIA0033](#))

94 In this section, we use the term “vehicles” to refer to all vehicles covered by the Agreement. A range of vehicles are covered, including internal combustion engine (ICE) commercial vehicles, ICE passenger cars and electrified (EV) passenger cars. Electrified commercial vehicles and buses were not covered in the Agreement. Each category is subject to different terms. The Agreement also covers automotive parts and components, separately to finished vehicles.

95 [Q 12](#) (Alessandro Marongiu)

96 *Ibid.*

97 [Q 12](#) (Alessandro Marongiu)

98 *Ibid.*

99 Written evidence from The Society of Motor Manufacturers and Traders ([UIA0016](#))

100 *Ibid.*

101 *Ibid.*

Both in-quota and out-of-quota exports to India from the UK will benefit from tariff reductions. A tariff rate quota for electrified vehicles (EVs) will be introduced from year six following entry into force (this includes both hybrid and electrified cars), a concession SMMT described as “a major achievement” given India’s initial request to entirely exclude EVs from the scope of the Agreement.¹⁰²

67. We heard that businesses may also benefit from better access to Indian parts and components, given the UK’s elimination of tariffs on this from entry into force. The SMMT noted that this dimension carries particular benefits for UK-based manufacturers who had already been buying from the Indian market, or had been planning to source products from the Indian market in the near future. However, SMMT also noted that UK suppliers of similar parts and components may come under pressure from additional competition “without benefitting from major export opportunities from the moment the FTA takes effect”.¹⁰³
68. On several points, however, the SMMT suggested that the Agreement fell somewhat short of industry’s expectations. For example, they noted that the final text of the Agreement sets a smaller quota for internal combustion engine (ICE) passenger cars than had been hoped for in the first four years following entry into force. SMMT also noted that the industry had been expecting a lower in-quota tariff for ICE passenger cars in the first four years after entry into force, particularly for mid- and small-size ICE cars. Similarly, it expressed disappointment with the slower liberalisation of tariffs on parts and components, and the exclusion of UK-made electrified commercial vehicles and buses from India’s schedule of concessions.¹⁰⁴
69. We took our evidence in mid-2025, prior to the announcement of a concluded agreement between India and the EU. As such, we did not receive any evidence on the extent to which the EU-India agreement in relation to autos may impact the benefits offered to UK auto manufacturers.
70. **Despite some limitations, we welcome the liberalisation of the Indian auto market for UK manufactured goods. UK consumers also stand to gain from the new access to Indian-made vehicles. It remains to be seen how far UK car manufacturers will retain their competitive advantage in India as it liberalises its market to other partners, including the EU.**

Food and drink

71. Overall, the access to the Indian food and drink market provided for in the Agreement was described by the Food and Drink Federation (FDF) as “cautious and phased”.¹⁰⁵ Tariff reductions or eliminations are subject to staging over a 5–10 year period, to reflect India’s high existing barriers to imports. Many UK food products are excluded entirely and those that are not will be subject to staging. The National Farmers’ Union (NFU) highlighted that traditionally there have been limited opportunities to export to India for UK agri-food due to the “prohibitive” tariff and non-tariff barriers.¹⁰⁶ As such, the FDF characterised the Agreement as “a long-term

¹⁰² *Ibid.*

¹⁰³ *Ibid.*

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*

¹⁰⁶ Written evidence from the National Farmers’ Union of England and Wales (UIA0010)

strategic investment”, rather than one offering immediate commercial gains for UK industry.¹⁰⁷ They also told us that there are advantages over the long term for UK exporters, given the expanding middle class in India, which will support demand for “higher quality, value-added products”.¹⁰⁸

72. We heard that the Indian market holds some value for UK food and drink producers as both an import and export market. The FDF wrote that the Indian market is a valuable export market for high-quality, value-added products, with UK food and drink exports to India valued at £294 million in 2024.¹⁰⁹ On the import side, India is a “vital” source of ingredients and raw materials not produced domestically, with imports totalling £792 million in 2024.¹¹⁰ Trade volumes with India have grown significantly over the last decade, with UK food and drink exports increasing by 156% over the past 10 years.¹¹¹ India is also particularly significant for specific UK supply chains. It is the UK’s largest supplier of basmati rice (accounting for 29% of total imports) and spices (21%), and the second-largest supplier of black tea (17%).¹¹²
73. Some UK exports of certain food and drink products are likely to grow on account of the Agreement, for example Scotch whisky and Welsh lamb. Tariffs on Scotch whisky will fall from 150% to 75% initially and to 40% by year 10 after the agreement is implemented. The Scotch Whisky Association (SWA) told us that India is currently the world’s largest whisky market.¹¹³ However, at present, despite exports totalling £248 million in 2024, Scotch Whisky accounts for just 3% of the Indian whisky market. As such the SWA praised the “significant tariff reductions” delivered by the Agreement and told us that this offers “long term growth opportunities for the industry over the next decade”.¹¹⁴
74. That said, the SWA did note that the staging in the Agreement means that the full benefits of the Agreement are unlikely to be realised for “at least another decade”, and that effective implementation of the Agreement will be “vital to its long-term success”.¹¹⁵
75. Similarly, while the FDF highlighted the benefits which the Agreement offers to UK producers of products like chocolate, soft drinks, biscuits and crackers, they pointed out that the “relatively long staging periods and high existing tariffs many UK exporters are not likely to experience the full benefits of the FTA until well into the next decade”. It further noted the “missed opportunity” in not securing access for products such as oats, ice cream and sauces.¹¹⁶
76. The NFU likewise welcomed the additional market access for key UK products such as lamb and infant formula, adding that the principal opportunity for UK agrifood arising out of the deal is for British lamb exports.¹¹⁷ The deal reduces a 33% tariff on lamb and sheep exports to 0%.

107 *Ibid.*

108 *Ibid.*

109 *Ibid.*

110 *Ibid.*

111 *Ibid.*

112 *Ibid.*

113 Written evidence from the Scotch Whisky Association ([UIA0008](#))

114 *Ibid.*

115 *Ibid.*

116 Written evidence from the Food and Drink Federation ([UIA0009](#))

117 Written evidence from the Scotch Whisky Association ([UIA0008](#))

However, the NFU noted that in practice, trade in lamb is inhibited by the UK's current Export Health Certificate.¹¹⁸ To export lamb and sheep meat from the UK to India, an exporter must prove that the animal originates in the UK, and that the originating farm is free from 15 specified diseases for two years prior to slaughter, in order to meet India's health standards. This involves quarterly veterinary declarations confirming disease freedom, owner declarations, as well as veterinary inspections of individual consignments.¹¹⁹ This imposes regulatory barriers which render UK exports of lamb to India "not commercially viable", according to the NFU.¹²⁰

77. The FDF told us that for food and drink products, the Agreement is "weighted heavily in favour of Indian suppliers", given that the UK has eliminated tariffs from entry into force for nearly all product lines in agri-food and drink, protecting only a small number of UK products (poultry, sugar, eggs, oats and milled rice).¹²¹ The liberalisation granted to Indian exports provides immediate advantages for Indian food and drink products, including those described as India's "most competitive" products, such as brown husked rice, crustaceans, and bakery products, which will enter the UK market at zero tariffs from day one.¹²² These benefits significantly build on existing preferential access afforded to Indian producers via the UK's developing country trading scheme. The FDF noted that no staging, quotas or quantitative limits were introduced to help UK domestic industry adjust to new competition.¹²³
78. Both the FDF and the NFU welcomed the protections offered for a small number of UK products. The Agreement shields sensitive UK sectors such as sugar, chicken, eggs and pork. The FDF considered "existing tariff protection is vital in maintaining competitiveness and growth of these sectors in the UK".¹²⁴ However, it noted that other forms of poultry meat have been liberalised, and highlighted that in the UK such meats are produced to higher standards than in India, further disadvantaging UK producers.¹²⁵
79. The FDF also noted that the approach taken to sectoral protections is narrow, limited to existing domestic supply chains, and does not consider possible future changes. The NFU and DairyUK (the trade association for the UK dairy supply chain) raised concerns about the additional exposure of the UK dairy market to "the world's largest dairy producing nation", without reciprocal access to a new dairy market for UK producers.¹²⁶ DairyUK said that the Agreement "poses a serious competitive challenge to the UK dairy sector in the medium term" without providing any countervailing benefits, while the NFU highlighted in particular the "cumulative impact" of FTAs

118 An Export Health Certificate is an official document that confirms that an agrifood export meets the health requirements of the destination country.

119 Animal and Plant Health Agency, *Export Of Lamb Meat To India – 7866ehc Notes For The Guidance Of Official Veterinarians And Exporters*, 18 December 2018

120 Written evidence from the National Farmers' Union of England and Wales ([UIA0010](#))

121 Written evidence from the Food and Drink Federation ([UIA0009](#))

122 *Ibid.*

123 *Ibid.*

124 *Ibid.*

125 *Ibid.*

126 Written evidence from the National Farmers' Union of England and Wales ([UIA0010](#)), Dairy UK ([UIA0011](#))

on the dairy sector.¹²⁷ The NFU was clear that a precedent must not be set for the treatment of UK dairy in future trade negotiations.¹²⁸

80. The impact of additional competition for the dairy industry will be disproportionately felt by Wales, the NFU told the Committee, on account of the significance of dairy farming to the rural Welsh economy.¹²⁹ The NFU told us that the sector employs 5,200 people directly in Welsh dairy farms and supports a further 1,625 jobs beyond farming (e.g. in milk processing and retailing). It further supports other roles, e.g. artificial insemination technicians, veterinarians, feed mills and merchants.¹³⁰
81. The NFU said that overall, the Agreement “secures few new opportunities for British agrifood” though it acknowledged that the agreement accounts for UK’s agricultural sensitivities to a greater degree than previous agreements.¹³¹ It highlighted that UK apples remain subject to a 50% tariff, a result it felt was “disappointing”.¹³² The FDF suggests that tariff reviews in the future offer an opportunity to improve on existing access.¹³³
82. The FDF warned that the Government should continue to be cognisant of the precedent set in trade agreements and “be guided by consistent principles and a clearly defined strategy”.¹³⁴ They note that trade partners “will look to the level of liberalisation offered to India and expect similar outcomes in the future”.¹³⁵
83. The Minister for Trade, Sir Chris Bryant, told us that in negotiations both the UK and India were keen to protect certain sensitive sectors from competition. While the UK wished to protect milled rice from liberalisation, India was keen to shield its dairy sector, particularly cheese. The Minister stressed that while the UK dairy market has been liberalised, the UK’s external tariff on cheese was already low. Furthermore, Indian exporters need the appropriate licenses and to comply with UK food standards. He told us that the Government is “not aware of a single cheese manufacturer in India that has a licence that would enable it to export to the UK at the moment.”¹³⁶
84. **While we welcome the additional access secured in a growing market for some UK food and drink products over the longer term, we note that these benefits will only be realised over the longer term. In contrast, Indian exporters will have full access to the UK market immediately. That said, improved access to Indian goods may help certain UK-based firms and industries to secure ingredients and inputs for their supply chains.**
85. **We note the concerns raised by domestic industries about the additional competition that domestic agrifood, food and drink producers will face as a result of the immediate liberalisation of the**

127 *Ibid.*

128 Written evidence from the National Farmers’ Union of England and Wales ([UIA0010](#))

129 *Ibid.*

130 *Ibid.*

131 *Ibid.*

132 *Ibid.*

133 Written evidence from the Food and Drink Federation ([UIA0009](#))

134 *Ibid.*

135 *Ibid.*

136 [Q 43](#) (Minister for Trade)

UK markets for the vast majority of product lines. The safeguards maintained for a small number of sensitive UK industries offer a welcome relief for those industries. We note the concerns of the dairy industry in particular about the cumulative impact of successive trade agreements.

86. *We recommend that the Government sets out its assessment of the impact on the food and drink industries of competition from the Indian market and details of any measures it intends to put in place to support these industries. Close liaison with the devolved governments, in particular, on the impact on dairy farmers is clearly required.*
87. *We recommend that the Government assess the cumulative impact of successive trade agreements on the UK agricultural sector, and ensure that future trade agreements take account of these sensitivities. We call on the Government to confirm that the terms of this Agreement will not set a precedent for future negotiations.*
88. *We call on the Government to address the market access barrier highlighted by the NFU in the form of the currently “commercially unviable” Export Health Certificate for lamb.*

Textiles

89. Tariffs on footwear, leather, clothing and textiles imports from India will largely be eliminated immediately under the terms of the Agreement. Specifically, imports of Indian manufactured goods for the domestic market, including clothing (currently subject to a 12% tariff) and textiles (currently subject to an 8% tariff), will be eligible for tariff-free access to the UK market from day one.¹³⁷
90. While the BCC told us that this tariff elimination may result in greater choice and lower costs for UK-based consumers, UK Fashion and Textiles (UKFT) noted that this outcome would depend on the extent to which these savings are passed onto the consumer.¹³⁸
91. The BCC and UKFT told us that the Agreement would create additional incentives for UK businesses to source materials from India due to the lowered costs, as well as accelerating the current pattern of UK fashion designers moving manufacturing bases to India in order to be able to compete in that market.¹³⁹ Paul Alger, Director of International Business at UKFT, noted that UK producers in the “ready to wear” sector had increasingly been moving their operations from China to India, and that the Agreement will make that process “easier and a lot cheaper”.¹⁴⁰
92. Academic and industry experts expected that clothing and other textiles manufacturing sectors in the UK will face additional competition, which could “shrink the UK industry”.¹⁴¹ Prof Ali Nasir, Prof Chaudhuri and Miss Wei, from Leeds University, note that modelling suggests that Indian exports

137 Written evidence from the UK Fashion and Textile Association ([UIA0030](#))

138 Written evidence from the British Chambers of Commerce ([UIA0013](#)), UK Fashion and Textile Association ([UIA0030](#))

139 *Ibid.*

140 [Q 14](#) (Paul Alger)

141 [Q 4](#) (Mattia di Ubaldo, Sophie Hale)

to the UK are likely to “jump by 1,573%”.¹⁴² Paul Alger highlighted specific challenges, including potential threats to jobs, for wool manufacturers in Yorkshire, Lancashire and Scotland, which “are likely to face more competition because Indian business will be able to compete even more competitively than they have done”—meaning a likely threat to British jobs in those sectors.¹⁴³

93. Professor David Collins, Professor of Economics at City University, offered some further examples of specific UK companies that may face exposure to competition from lower-cost Indian producers, such as Coats Group, a leading global thread and textile products supplier, and Church & Co., a UK-based manufacturer of leather goods and footwear.¹⁴⁴
94. Paul Alger added that the Agreement is “of limited use” to exporting fashion and textiles companies, given that the Indian market works on very low margins, meaning that the UK exports to India less than 2% of the value of fashion and textile goods that it imports from India.¹⁴⁵ Prices in India for garments tend to be around 70% of world prices, according to Paul Alger. There are also various non-tariff barriers shielding the Indian market from textiles imports, Paul Alger reported, meaning that many fashion and textiles businesses manufacture in India.
95. However, UKFT told us that as India increases its imports to the UK, this may come at the expense of similar imports from Bangladesh and Pakistan, as well as the EU and Turkey.¹⁴⁶ The Government’s impact assessment suggests big increases in imports of textiles from India (of about 40%). However, according to the impact assessment, this is projected to result in an overall net decline of 0.7% in UK-based output across textiles, apparel and leather sectors through “falling import volumes from other exporting partners”, in particular Bangladesh, Sri Lanka and Pakistan. Paul Alger further commented on this risk, and told us:

“[The] UK-India agreement undermines in some ways the UK’s developing countries trading scheme relationships with countries like Pakistan and Bangladesh, with which the UK is trying to encourage better working standards ... The agreement by no means precludes us from doing other agreements with other countries, but we should recognise that our GSP [General Scheme of Preferences] and DCTS [Developing Trading Countries Scheme] arrangements are going to be put under some pressure.”¹⁴⁷
96. The Minister told us that the Government has recently announced changes to the rules of origin scheme for countries participating in the Developing Countries Trading Scheme (DCTS) to make it “more liberal for garments”¹⁴⁸

142 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei (UJA0006)

143 Q 15 (Paul Alger)

144 Written evidence from Prof David Collins (UJA002)

145 Q 14 (Paul Alger); written evidence from the UK Fashion and Textile Association (UJA0030)

146 Written evidence from the UK Fashion and Textile Association (UJA0030)

147 Q 21 (Paul Alger); written evidence from The Society of Motor Manufacturers and Traders (UJA0016)

148 Q 51 (Minister for Trade)

in order to help exporters in the affected countries.¹⁴⁹ When asked about the implications for countries such as Bangladesh and Pakistan, as set out in the impact assessment, he told us that “all those countries already have low to no tariffs in the key sectors that we are talking about”, due to being members of the DCTS. He told us that the DCTS along with the rules of origin changes shows that “we are determined to do whatever we can to minimise the problems there might be”.¹⁵⁰ He also told us that engagement with countries such as Vietnam and Indonesia may continue through the medium of CPTPP.¹⁵¹ Vietnam will hold the CPTPP chair from January 2026, and the UK is “eager” to support Indonesia’s candidacy to join CPTPP.¹⁵²

97. **While it is welcome news that the impact on domestic producers may be limited, it is somewhat concerning to learn that the third country effects may further disadvantage countries trading under the UK’s developing countries trading scheme. We recommend that the Government undertake an assessment of the extent of this trade displacement and what the consequences might be.**

Rules of origin

98. Chapter 3 of the Agreement sets out the provisions governing rules of origin. These are the rules which determine where the country of origin of a particular good is, particularly if that good has undergone some processing.
99. The Agreement sets out the criteria for establishing the origin of a good, including the formula to apply for a “qualifying value content test” to calculate the origin of a good in more complex cases. This involves expressing the value of the non-originating materials used to manufacture the good as a percentage of the value of the final product.¹⁵³
100. On this basis, the Agreement establishes a ‘tolerance’ of up to 12.5% of non-qualifying input values or net weight to be permitted for goods in many chapters of the harmonized system. For other specified goods, a tolerance up to 7.5% is permitted.¹⁵⁴ The Agreement allows for bilateral cumulation, allowing products using inputs from both countries to benefit from tariff liberalisation under the Agreement.¹⁵⁵
101. In general, the rules of origin in the Agreement were regarded by witnesses as detailed, but also facilitative, and sufficiently liberal to take account of industry’s varied supply chains while maintaining the integrity of the Agreement and each country’s import regime. Paul Alger described the rules

149 The Trade Strategy published in July announced that the Government would create a new regional cumulation group in Africa and merge and expand existing groups in Asia, so that businesses can source more easily within their regions and export duty free to the UK. For garments, the Government announced that it would enable certain DCTS countries to source a greater percentage of raw materials from other countries. See: Department for Business and Trade, *The UK’s Trade Strategy*, [CP1339](#), June 2025

150 [Q 51](#) (Minister for Trade)

151 The Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a multilateral trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the UK and Vietnam. The UK acceded to the Agreement, the first country to do so, in 2024.

152 [Q 51](#) (Minister for Trade)

153 Department for Business and Trade, *UK-India CETA, Chapter 3, Rules of Origin*, 24 July 2025

154 Written evidence from the British Chambers of Commerce ([UIA0013](#)); Department for Business and Trade, *UK-India CETA, Chapter 3, Rules of Origin*, 24 July 2025

155 Department for Business and Trade, *UK-India CETA, Chapter 3, Rules of Origin*, 24 July 2025

of origin as “among the most liberal we have ever seen”.¹⁵⁶ The BCC told us that the rules of origin in the agreement “should work for key exports across the whole of the UK”, although automotive exporters will need to pay close attention to content requirements. To qualify for reduced tariffs, a product must either be wholly obtained or significantly transformed by processing in either the UK or India. BCC noted that there are “robust mechanisms for compliance to be checked”.¹⁵⁷

102. Prof Collins told us that the bilateral cumulation provisions in the Agreement “facilitate greater use of Indian inputs without losing preferential access to the Indian market, lowering production costs and encouraging integrated supply chains”. These rules are particularly important for products “with complex supply chains that rely on cross-border inputs between the two countries”. This includes products such as automotives and automotive parts, textiles, pharmaceuticals, medical devices, electronics and electronic machinery, leather goods and footwear.¹⁵⁸ Prof Ali Nasir, Prof Chaudhuri and Miss Wei also commented that the bilateral cumulation provisions mean firms have “sourcing flexibility and can switch to the lowest-cost bill of materials without losing preferences”.¹⁵⁹
103. For the automotive sector, the rules of origin were regarded very positively. Alessandro Marongiu told us that the Agreement contains “some of the most liberal rules of origin ever agreed by the UK, with the exception of the deals with Australia and New Zealand”.¹⁶⁰
104. The qualifying value content for autos is set at 35%, meaning that passenger cars qualify for preferential tariff treatment if they have added British or Indian value of this level or above—a threshold far lower than agreed in other similar trade agreements.¹⁶¹ Alessandro Marongiu expected that for most manufacturers of traditional internal combustion engine vehicles, “it is highly likely that this threshold could be attainable”, though he noted that for electrified vehicles, “this threshold might be slightly more challenging”. However, given that tariff liberalisations for EVs will not be introduced for five years in any case, this “could give some time for domestic manufacturers to build a supply chain ... that could help us meet these origin requirements and unlock preferential treatment for electrified vehicles on both sides”.¹⁶²
105. Other finished vehicles are subject to more demanding rules of origin. Some face a higher threshold of 45% added UK-Indian content, which is “not easy for commercial vehicles, buses and others” to meet. We heard that this rendered the rules of origin picture “a mixed bag” overall.¹⁶³
106. The agri-food industry regarded robust product-specific rules of origin positively. The NFU supported rules of origin which support production “within territories”, and in this context said that “it is positive that this FTA features robust Product Specific Rules for agricultural products requiring most to be either wholly obtained, or to undergo a HS [Harmonised System]

156 [Q 15](#) (Paul Alger)

157 Written evidence from the British Chambers of Commerce ([UIA0013](#))

158 Written evidence from Prof David Collins ([UIA002](#))

159 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

160 [Q 15](#) (Alessandro Marongiu)

161 *Ibid.*

162 *Ibid.*

163 *Ibid.*

chapter change¹⁶⁴ in order to confer origin”.¹⁶⁵ Meanwhile, for manufactured food products, the FDF were positive about the “facilitative product specific rules” which they told us enable “global sourcing for ingredients in UK manufactured products where necessary”.¹⁶⁶

107. Paul Alger told us that under the product-specific rules of origin in the Agreement, Indian businesses are expected to qualify for 90% of their production, while businesses from the UK will qualify for a lower percentage. UKFT in written evidence observed that this is largely a reflection of the fact that rules of origin “generally benefit developing manufacturing-based countries such as India, whose manufactured goods will meet even the narrowest [rules of origin], at the expense of developed countries, such as the UK, with complex global supply chains”.¹⁶⁷
108. The Agreement includes “robust compliance procedures”. Our evidence highlighted the administrative and procedural challenges which compliance with the rules of origin bring. We heard some concerns that the complexity of the rules of origin in the agreement “means we might see quite low utilisation rates” if UK suppliers cannot meet the rules of origin set out.¹⁶⁸ These are particularly pertinent to Small and Medium Sized Enterprises (SMEs), who are limited in their capacity to process additional paperwork and compliance burdens. We heard in our roundtable with businesses that SMEs face particular barriers in understanding and utilising rules of origin. We also heard that the authentication requirements set out in the Agreement are more complex than in other agreements, which could increase burdens for businesses.¹⁶⁹
109. The Agreement contains a dedicated annex which sets out “complex authentication processes” that go “well beyond traditional authorisation mechanisms” in previous FTAs.¹⁷⁰ Many details of this process have not been agreed, but they must be in place before it enters into force, or it will “not be possible for UK-made products to benefit from preferential treatment at all”.¹⁷¹ This process happens in several stages. Firstly, UK exporters and producers notify UK customs of their intention to produce an origin declaration to trade with India and receive a unique reference number. UK customs must then share relevant information with the Indian customs authority to allow authorities to identify the UK exporter. An origin declaration must then be sent to the customs authority and the Indian importer. The Indian importer can claim preferential treatment only after being notified by Indian customs that the record of the UK exporter matches the record on the Indian database.¹⁷²
110. Witnesses highlighted the need for the UK and Indian Governments to co-ordinate to ensure that adequate systems are in place to ease this process. Alessandro Marongiu said that this would require coordination between

164 HS refers to the Harmonized System of tariff classification. This refers to the process of substantially transforming a product to qualify as originating under the FTA.

165 Written evidence from the National Farmers’ Union of England and Wales ([UIA0010](#))

166 Written evidence from the Food and Drink Federation ([UIA0009](#))

167 Written evidence from the UK Fashion and Textile Association ([UIA0030](#))

168 [Q 1](#) (Sophie Hale)

169 International Agreements Committee, *Summary of the roundtable engagement event with businesses: UK-India CETA*, 18 November 2025; see also [Q 1](#) (Sophie Hale).

170 Written evidence from The Society of Motor Manufacturers and Traders ([UIA0016](#))

171 *Ibid.*

172 [Q 20](#) (Dr Mattia di Ubaldo)

HMRC and the Indian customs authorities to make sure that exporters have appropriate reference numbers, and that records match in the customs authorities of each country.¹⁷³ Alessandro Marongiu emphasised to us that if such a system is not in place, it will not be possible for UK exporters to claim preferential tariffs on imports into India.¹⁷⁴

111. The Minister told us that HMRC has not yet completed that process, but “we have made good progress” and he expects the system to be “fully completed by the time of entry into force”.¹⁷⁵ In written evidence, the Government told us that it engaged “closely with business stakeholders” during the negotiations “to ensure the product specific rules on cumulation are tailored to the specific industry’s requirements”. It argues that the measures in the Agreement “increase supply chain resilience” and “enable British producers to remain competitive”.¹⁷⁶
112. *We call on the Government to take steps to support industry, particularly SMEs, in utilising the rules of origin chapter, including by helping to issue accessible sector-specific guidance in clear and straightforward language. This should include clear guidance on the authentication processes for an origin declaration, which will be vital if UK products are to benefit from preferential access.*
113. *We urge the Government to prioritise establishing robust and efficient systems between HMRC and the Indian customs authorities to ensure that automotive and other relevant manufacturers can comply with the rules of origin. We welcome evidence from the Minister suggesting that this process is underway and will be ready for entry into force. The Government should update Parliament regularly on its progress.*

Non-tariff barriers

114. Chapter 7 of the Agreement addresses non-tariff barriers to trade. It sets out a range of measures covering compliance with international standards, the process for recognising the other’s technical regulations, and ensuring that processes and standards such as conformity assessment and marketing and labelling do not pose “unnecessary barriers to trade” while securing the right to maintain domestic standards. It also includes provisions on transparency, requiring both parties to make the relevant regulations and conformity assessment procedures available in English. It sets out that both sides will continue to cooperate on trade facilitation and addressing non-tariff barriers to trade.¹⁷⁷
115. Our 2022 report concluded that an Agreement should lower “at and behind the border” barriers to trade, in view of India’s challenging business environment. Witnesses were broadly positive about the customs facilitation and non-tariff barriers addressed in the Agreement. Prof Sangeeta Khorana noted that the Agreement set out simplified and digitised customs processes, which would lower regulatory barriers and costs for businesses, particularly SMEs which previously had to navigate a complex regulatory environment

173 Q 15 (Alessandro Marongiu)

174 *Ibid.*

175 Q 52 (Minister for Trade)

176 Written evidence from the Department for Business and Trade (UIA0033)

177 Department for Business and Trade, *UK-India CETA, Chapter 7, Technical Barriers to Trade*, 24 July 2025

in India.¹⁷⁸ The UK-India Business Council noted that the provisions on trade facilitation, customs cooperation and regulatory transparency “will be essential” to addressing this challenging environment, and could have the effect of “improving the predictability of cross-border commerce.”¹⁷⁹ Similarly, the SMMT and SWA commented on the transparency, good regulatory practice and customs facilitation provisions in the Agreement, which they report will support market access under the Agreement.¹⁸⁰

116. Alessandro Marongiu said that non-tariff barriers “can be very significant” for the automotive industry. The UK-India FTA does not contain an automotive annex addressing regulatory barriers—but Alessandro Marongiu stressed that focusing on dealing with non-tariff barriers is “absolutely crucial to making sure that businesses can actually utilise the agreement”. He pointed to the recently announced Ricardo fund,¹⁸¹ which he suggested could be utilised to support businesses in tackling non-tariff barriers.¹⁸² Other industries, such as the Scotch Whisky Association, similarly highlighted the need for Government support in “utilising the FTA fully, from the tariff reductions and customs processes to broader market access.”¹⁸³ In written evidence, the SMMT also noted that the divergence in state regulations within India could create “complex challenges” for UK businesses.¹⁸⁴
117. ***We recommend that the Government ensure that industry has sufficient support to navigate and tackle non-tariff barriers, particularly the complex regulatory environment in India and divergences between different Indian states. This could include extending funds such as the Ricardo fund to support businesses. In parallel, the Government should continue to engage with India on non-tariff barriers. It should also update Parliament regularly on its progress in dealing with non-tariff barriers.***
118. While the Agreement addresses some non-tariff barriers to trade, the overall assessment we heard from our witnesses suggests that non-tariff barriers to trade remain a significant challenge for exporters. Prof Khorana told us that non-tariff barriers are “the elephant in the room that really needs to be addressed”,¹⁸⁵ while industry representatives also warned of significant non-tariff barriers, particularly in view of India’s historically high barriers to trade.¹⁸⁶
119. We heard reports that, alongside traditional tariff barriers to trade such as SPS licensing, price control and other technical barriers, India has started rapidly introducing ‘quality control orders’ (QCOs). These are regulatory measures being introduced unilaterally by India at the border to regulate the quality and safety of goods entering the country. Prof Khorana termed QCOs “a form of non-tariff measure” and stressed the need to address such

178 [Q 12](#) (Prof Sangeeta Khorana); see also Kwok Tong Soo ([UIA0021](#))

179 Written evidence from the UK India Business Council ([UIA0020](#))

180 Written evidence from the Scotch Whisky Association ([UIA0008](#)), the Society of Motor Manufacturers and Traders ([UIA0016](#))

181 The Ricardo Fund was announced in the UK trade strategy. It was launched to “provide increased support to UK regulators and overseas trade teams to remove regulatory barriers for UK businesses trading abroad”. See Department for Business and Trade, *The UK’s Trade Strategy*, [CPI339](#), June 2025

182 [Q 19](#) (Alessandro Marongiu)

183 Written evidence from the Scotch Whisky Association ([UIA0008](#))

184 Written evidence from The Society of Motor Manufacturers and Traders ([UIA0016](#))

185 [Q 14](#) (Prof Sangeeta Khorana)

186 [Q 19](#) (Alessandro Marongiu)

measures, which she argued “are increasingly being used by the Indian Government on grounds of quality and consumer standards”.¹⁸⁷ The rate at which these have been utilised is evident in the volume of QCOs introduced. Prof Khorana indicated that in 2010, 14 QCOs were introduced but by 2020–2021, 978 tariff lines were covered by QCOs. She indicated that “a lot of British businesses are likely to be impacted as a result”.¹⁸⁸

120. UKFT told the Committee that India halted the use of QCOs during the negotiations with the UK and EU, but that implementation is expected to resume.¹⁸⁹ UKFT noted that the EU has a monitoring system in place to track non-tariff barriers and QCOs, whereas the UK does not.¹⁹⁰
121. In evidence, the Minister acknowledged the risk that QCOs, along with other non-tariff barriers, risk “undermining the FTA”. He told us that while “there are a lot” of QCOs, the Government is “hopeful” that India will rely less on QCOs in the future. He told us that India has started to withdraw and suspend such orders, highlighting that 14 QCOs have been recently withdrawn, and 55 have been suspended in the steel sector. He suggested that the Government intends to use the structures established in the FTA to engage with the Indian Government on such issues.
122. **We welcome the Government’s recognition of the barriers to business caused by the unilateral introduction by the Indian government of a substantial number of quality control orders, which could undermine the objective of the FTA to achieve better access to Indian markets for UK exporters. The Government should not hesitate to engage with India on any of those orders which can be shown to operate as a barrier to trade.**

Procurement

123. Chapter 15 of the Agreement sets out the terms under which both parties can access the other’s procurement market. Only central Government contracts are covered, meaning the Agreement does not extend to federal ministries, state-owned enterprises, or sub-central government entities in India. TheCityUK told us that sub-central government entities account for “a large proportion of each party’s public procurement opportunities”.¹⁹¹ Chapter 15 sets out the thresholds (the value of contracts) covered by the Agreement. The UK’s threshold values for covered contracts are lower than India’s thresholds, meaning that India has somewhat better access to the UK’s procurement market than vice versa. This structure is designed to account for India’s development status.¹⁹²
124. The Chapter also sets out the procedures and principles which apply to the procurement process. The Agreement states that the UK will have access to the ‘Make in India’ policy, which currently provides preferential treatment for Indian federal government procurement to businesses which manufacture or produce in India. UK companies will be treated as a “class 2” suppliers

187 [Q 14](#) (Prof Sangeeta Khorana)

188 *Ibid.*

189 Written evidence from the UK Fashion and Textile Association ([UIA0030](#))

190 *Ibid.*

191 Written evidence from TheCityUK ([UIA0034](#))

192 Department for Business and Trade, [UK-India CETA, Chapter 15, Government Procurement](#), 15 July 2025; written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei ([UIA0006](#))

if at least 20% of their product or service is from the UK. This grants UK companies the same status that only Indian firms currently enjoy (the Make in India preference will still apply for approved ‘class 1’ suppliers offering 50% or more of their goods or services from India).¹⁹³

125. These measures may be seen as particularly significant because India is not a party to the WTO’s plurilateral Government Procurement Agreement (GPA). This means that the Agreement secures bilateral access to the Indian procurement market where no multilateral obligations exist.
126. We heard that the provisions represent “a substantial institutional innovation in India’s trade architecture”.¹⁹⁴ The covered entities publish around 40,000 tenders per year at a value of £38 billion, according to the Government’s evidence.¹⁹⁵ Procuring entities publish electronic tender notices free of charge, through India’s single website portal.
127. However, we heard some concerns from TheCityUK that although the Agreement requires procuring entities to publish electronic notices, not all of the covered entities in India are currently using India’s e-procurement dashboard. They warned that “if upcoming procurements are not ascertainable, UK suppliers will be unable to participate, rendering the access rights afforded to them by the Agreement redundant”.¹⁹⁶ Therefore, while the coverage included in the Agreement appears favourable, “it remains to be seen how such services will be treated in practice”.¹⁹⁷
128. The Government’s written evidence also confirmed that the relevant portal is “not exhaustively used” by all Indian federal Government agencies.¹⁹⁸
129. **We welcome the liberal public procurement provisions included in the Agreement, which partially open up the Indian procurement market for the first time. This is a welcome and commercially meaningful chapter of the Agreement. However, we note that limiting the Agreement to central Government entities does exclude a large proportion of both countries’ procurement markets. We recommend that the Government should continue to work, after the Agreement’s entry into force, to reduce these exclusions.**
130. **We were also concerned to hear that several covered entities do not use India’s e-procurement dashboard, posing a challenge to UK companies seeking to access tenders. We recommend that the Government carefully monitor compliance with the requirement in the UK-India Agreement for covered entities to publish electronic notices.**

Trade displacement

131. We heard some concerns that recent US trade measures could have an impact on the flow of goods previously destined for the US market. Goods could be redirected toward markets such as the UK, affecting the competitive

193 Department for Business and Trade, *UK-India CETA, Chapter 15, Government Procurement*, 15 July 2025

194 Written evidence from Prof Kausik Chaudhuri, Prof Muhammad Ali Nasir and Miss Xinxin Wei (UIA0006)

195 Written evidence from the Department for Business and Trade (UIA0033)

196 Written evidence from TheCityUK (UIA0034)

197 Written evidence from the Chartered Institute of Export & International Trade (UIA0023)

198 Written evidence from the Department for Business and Trade (UIA0033)

landscape and trade flows between the UK and India.¹⁹⁹ This may have advantages for UK consumers who could benefit from a greater range of products and lower prices, but could carry some risks to domestic industry if not monitored.²⁰⁰ For example, we heard that US-imposed 50% tariffs on Indian goods are causing a contraction of the Indian export market, for example in the gem and jewellery industry, leading India to diversify its export markets.²⁰¹ The FDF similarly highlighted the particular issue of product displacement in the context of US tariffs on Indian food exports.²⁰²

132. Relatedly, we heard concerns that US content rules may prohibit the use of Indian materials in UK products destined for the US market, rendering it difficult for UK exporters using Indian components or ingredients to access the US market.²⁰³ The FDF raised the prospect of Indian exporters diversifying away from the US market towards destinations such as the UK.²⁰⁴ They stressed the risk that the US applies strict non-preferential origin rulings on UK produce made with Indian content, which may render UK exports to the US non-competitive or unviable if they are deemed to not have been “substantially transformed” and remain of Indian origin.²⁰⁵
133. Finally, we heard that Chinese exports to the US may also be redirected to other countries to circumvent US tariffs. Many of these products may be in direct competition with UK products in India or vice versa. It remains to be seen if the benefits of the UK-India FTA offset the price advantages from Chinese suppliers if they flood the Indian market.²⁰⁶
134. ***We call on the Government to monitor the risk of trade displacement on account of high US tariffs on Indian goods and develop appropriate responses. Such responses might include supporting businesses to remain aware of any new content rules which come into force, and monitoring trade flows to consider whether domestic safeguards may be appropriate. As discussed above, we also recommend that the Government undertake an assessment of the extent of trade displacement from other developing countries, as a result of the Agreement with India.***

199 Written evidence from the Chartered Institute of Export & International Trade ([UIA0023](#))

200 Written evidence from the British Chambers of Commerce ([UIA0013](#)), the Chartered Institute of Export & International Trade ([UIA0023](#))

201 Written evidence from the Food and Drink Federation ([UIA0009](#))

202 *Ibid.*

203 *Ibid.*

204 *Ibid.*

205 *Ibid.*

206 *Ibid.*

CHAPTER 4: SERVICES, MOBILITY AND PROFESSIONAL QUALIFICATIONS

135. The services sector represents a particularly significant part of the UK's trade relationship with India, with considerable prospects for future growth. The Committee heard evidence from William Bain of the BCC that the Agreement can be understood as "highly significant for the UK economy as part of a wider economic shift towards the Indo-Pacific Region."²⁰⁷ Professor Ingo Borchert of the University of Sussex noted that "the trade relationship between the UK and India is dominated by services. Both partners trade with each other to the tune of 50% more services than goods".²⁰⁸ He went on to note that the UK currently runs a services trade deficit with India which is made up "overwhelmingly of 'other business services'".²⁰⁹
136. The strongest UK service export sectors to India are currently travel and 'other business services', followed by telecommunications, computer and information services, intellectual property and transportation. The most significant service imports from India are other business services, telecommunications, computer and information services, followed by travel, financial and transportation services.²¹⁰
137. The importance of services within UK-India trade was reflected in the Government's negotiating objectives, published in 2022. The Government's stated objectives in relation to services are set out below:
- "Seek ambitious commitments from India on market access and fair competition for UK services exporters;
 - Agree ambitious rules for all services sectors, as well as sector-specific rules;
 - Support our world-leading services industry, including key UK export sectors, such as financial services, professional and business services, and transport services;
 - Increase opportunities for UK business people to operate in India by enhancing opportunities for business travel;
 - Continue to preserve the integrity of the UK's domestic immigration system;
 - Ensure certainty for UK services exporters in their continuing access to the Indian market and transparency on Indian services regulation."²¹¹
138. The Committee received evidence that the Government met its objectives in ensuring certainty and continuity for UK service exporters to India. For example, Mickaël Laurans, Head of International at the Law Society, noted that one of the advantages of concluding the Agreement is that it brings "certainty so that rules cannot be reversed in the future" which he

207 Q 12 (William Bain)

208 Q 40 (Prof Ingo Borchert)

209 *Ibid.*

210 Department for Business and Trade, *India - UK Trade and Investment Factsheet*, 31 October 2025

211 Department for International Trade, *UK-India Free Trade Agreement: The UK's Strategic Approach*, January 2022, p 12

said “would be of great interest in the UK-India relationship”.²¹² Similarly, Prof Borchert told us in written evidence that it is “not uncommon” for a trade agreement to enshrine existing services trade commitments, rather than providing “genuinely new liberalisation”.²¹³ However, he also told us that research suggests that simply locking in existing market access can have “a positive impact on services exports, even in the absence of new market access, because it removes uncertainty, and instead provides businesses with predictability”.²¹⁴

139. The Agreement arguably delivers this certainty by locking in market access for existing trade for many service sectors. This means that UK businesses will not be subject to restrictions such as limits on the number of businesses able to supply a particular service. UK businesses will also not be required to establish a presence in India in order to supply services to the Indian market. Both parties have committed to according services and service suppliers of the other Party no less favourable treatment than domestic suppliers (subject to certain listed exceptions). This means that UK businesses benefit from the same treatment as Indian businesses. It provides for greater transparency and simplified processes, e.g. for licence applications, and commits parties to make information available on the outcomes of such processes.²¹⁵
140. However, we received evidence that beyond protecting existing market access arrangements, the Agreement represents a modest advance in terms of further services trade liberalisation between the two parties and did not match the liberalisation provided for goods. For example, Prof Borchert told us that the Agreement “provides for very little incremental market access in sectors that are covered”.²¹⁶ The BCC also observed that overall, the Agreement “provides little additional market access” for most services sectors, beyond current WTO commitments.²¹⁷
141. TheCityUK similarly wrote that the agreement “provides for relatively little new market access for services generally” and that the effects “will likely be slow burn” and implementation should be monitored.²¹⁸ They note that many of the commitments contained in the FTA grant no new market access, and highlight the “relative weakness” of the Agreement for financial and professional services.²¹⁹ Prof Borchert highlighted the digital provisions as “unambitious”, with little to offer key services sectors such as financial services, professional business services and creative industries (which are named as three of the eight potential high-growth sectors within the Government’s recently published Industrial Strategy).²²⁰
142. The relatively limited provisions for services in the Agreement contrast with the ongoing strength of bilateral services trade; according to the latest factsheet published by the Department for Business and Trade, 61.1% of UK

212 [Q 37](#) (Mickaël Laurans)

213 Written evidence from Prof Ingo Borchert ([UIA0037](#))

214 *Ibid.*

215 Department for Business and Trade, [UK-India CETA, Chapter 9, Financial Services](#), 24 July 2025

216 Written evidence from Prof Ingo Borchert ([UIA0037](#))

217 Written evidence from Prof Muhammad Ali Nasir, Prof Kausik Chaudhuri and Miss Xinxin Wei ([UIA006](#))

218 Written evidence from TheCityUK ([UIA0034](#))

219 Written evidence from TheCityUK ([UIA0034](#)); see also Department for Business and Trade, [India - UK Trade and Investment Factsheet](#), 31 October 2025.

220 [QQ 39–40](#) (Prof Borchert)

exports to India in the four quarters to the end of 2025 were in services.²²¹ This reflects a value of £10.7 billion in services exports. Meanwhile in the same period, the UK imported services worth £15.3 billion from India, 57.5% of total imports from India for that period.²²² This trade in services deficit of £4.6 billion with India has risen since the same period last year, which saw a services deficit of £3.2 billion in the four quarters to the end of Q1 2024.²²³

143. Prof Ali Nasir, Prof Chaudhuri and Miss Wei from Leeds University anticipated that any expansion is likely to be most obvious in sectors such as IT and IT-enabled services, engineering consultancy, education, environmental management and construction services. This is particularly the case, they argue, because the commitments on licensing transparency and recognition of e-signatures will create a “more predictable regulatory environment conducive to contract execution and digital delivery”.²²⁴
144. The Minister told us in evidence that services “is always one of the more difficult bits to arrange”, particularly if a country has protectionist policies. However, he said that the Agreement had made “significant advances”, for example in telecoms, investment, construction services, and the guarantee of national treatment described above. He characterised these provisions as “a very significant advance” in spite of the omitted sectors such as legal services, which “we would have liked to get over the line”.²²⁵
145. **We note the significance of concluding an Agreement with India, and that it includes some elements in relation to UK-India services trade. However, the Agreement does not liberalise services trade significantly or to the same extent as goods trade. There is relatively little new market access for services generally and for most service sectors beyond current WTO commitments. The lack of new market access for financial services and legal services access is particularly disappointing, given their importance for the UK.**
146. *Given the significance of services trade with India and its potential to contribute to UK economic growth, we ask the Government, in its response, to set out how it intends to ensure that the Agreement, and any further liberalisation it intends to pursue with India, in order to provide the maximum benefits for the UK services sector.*

Financial services

147. Chapter 9 of the Agreement covers financial services, with a schedule of commitments set out in two Annexes. This is the first such chapter that India has agreed with any trading partner. The chapter covers national treatment (under which India must treat UK investors, or financial service suppliers, no less favourably than domestic institutions), transparency, delegation, regulatory co-operation and a dispute settlement mechanism. It also contains provisions in relation to market access for financial services including equity caps for UK-owned financial services businesses’ operation in India and

221 Department for Business and Trade, *India - UK Trade and Investment Factsheet*, 31 October 2025

222 *Ibid.*

223 *Ibid.*

224 Written evidence from Prof Muhammad Ali Nasir, Prof Kausik Chaudhuri and Miss Xinxin Wei (UIA006)

225 [Q 55](#) (Minister for Trade)

a commitment that for financial services supplied via cross-border supply, India will not impose a local commercial presence requirement.²²⁶

148. Prof Borchert told us that the greater certainty provided by the Agreement in relation to market access conditions was likely to be very helpful for some services sectors, including financial services.²²⁷
149. However, we also heard that whilst these commitments are helpful insofar as they confirm the existing market access regime, there are areas where further liberalisation would be helpful. These might include a data localisation agreement for financial services (discussed further below in relation to digital trade and data localisation), liberalisation in relation to delegation for portfolio management,²²⁸ and removal of the residency requirement for senior managers and/or directors of UK-owned financial firms incorporated in India.
150. John Cooke, Co-Chair, Liberalisation of Trade in Services (LOTIS) Expert Advisory Group, TheCityUK noted that in some instances:

“[The] Indian applied regime is actually already better than the Indian committed regime. For instance, for insurance companies, the applied equity cap is now 100%: that is, a UK company can take over or establish an insurance company without it being a joint venture, but the Indian commitment under the agreement still says 74%. So really, very little, if any, new market access for financial services was introduced by the Agreement.”²²⁹
151. The Committee also received evidence noting that the ability of financial services firms to fully benefit from the Agreement was also related to other provisions, notably in relation to data localisation and the mobility of financiers. These areas are discussed further below.
152. **We note the inclusion of a dedicated chapter on financial services in the Agreement, which is the first such chapter that India has agreed in an FTA. We welcome the security that this provides UK firms, though note that it does not offer meaningful additional market access.**

Digital trade and data localisation

153. Chapter 12 of the Agreement covers digital trade. It establishes measures to improve digitised trade, including providing for e-contracts, e-authentication, paperless trading and e-invoicing. It also includes articles on consumer protection, unsolicited messages and cybersecurity. The Chapter contains a provision banning the forced disclosure of source code, apart from in specific circumstances. Digital trade is important in reducing the administrative burden and costs associated with cross border trade across a range of sectors.²³⁰
154. The Committee heard that the Agreement’s provisions on Open Government Data (Article 12.12) are a novel aspect which go further to liberalise digital trade than is typical of other FTAs. The provisions mean that some sources

226 Department for Business and Trade, *India - UK Trade and Investment Factsheet*, 31 October 2025

227 Written evidence from Prof Ingo Borchert (UIA0037)

228 Referring to the ability of financial institutions to delegate or outsource management of investment portfolios to other firms of jurisdictions.

229 Q 38 (John Cooke)

230 Department for Business and Trade, *UK-India CETA, Chapter 12 Digital trade*, 24 July 2025

of data such as weather and harvesting patterns, electricity grid usage and aspects of financial participation could be made publicly accessible, which was described as potentially of “considerable value” by Prof Borchert.²³¹ These provisions follow similar provisions set out in the UK-EU Trade and Cooperation Agreement (TCA).

155. However, the Agreement does not contain provisions prohibiting data localisation.²³² Instead, Article 12.20 contains a forward review clause.²³³ The effect of this is that if India is to offer more favourable provisions to another partner on data flows, it will also offer them to the UK. We heard that the lack of prohibition of data localisation meant that there was uncertainty for businesses, because future data localisation could create additional costs. The evidence also noted that any such additional costs would be easier to bear for larger multinational companies.²³⁴
156. The Committee received evidence that businesses were particularly concerned about the lack of a commitment to free cross-border data flows.²³⁵ Without such a commitment, the movement of data can be restricted, with negative implications for data-heavy industries such as financial services. Prof Borchert said it was important for the UK to develop a “consistent position” on data flows and digital trade because several of the UK’s other main trading partners, including the US, China and the EU, each have their own approaches to data flow governance. Prof Borchert added that it was currently unclear how the UK will negotiate across these different regulatory regimes in ways that prevent “conflicting promises”, including with respect to the CPTPP.²³⁶
157. The recent UK-Singapore Digital Economy Agreement (DEA) was cited as offering an approach to data flows “to be emulated”. The DEA innovations, we heard, include “sharing policy approaches to data trusts” and “policies for consumer data portability [...] that could offer more balanced and equitable solutions to the holding of personal data in the future”.²³⁷ Prof Borchert described the data provisions in the DEA as “visionary” and proposed that the UK and India could use it as a potential model to further develop the Agreement as and when the opportunity arises.²³⁸
158. **We note that the Agreement represents one of the most significant commitments India has made in relation to the liberalisation of digital trade to date. But businesses remain concerned about the lack of commitment to free cross border data flows. *Given that uncertainty remains, particularly in relation to the governance of data flows and data localisation, we recommend that the Government develops a clear strategy to counter restrictions and build on the digital provisions in the Agreement in ways that promote the UK’s policy goals and are consistent with its digital commitments with other major trading partners, both now and in the future.***

231 Written evidence from Prof Ingo Borchert ([UIA0037](#))

232 Data localisation refers to the practice of restricting flows of data across borders, and keeping certain types of personal data on servers within national borders.

233 Department for Business and Trade, [UK-India CETA, Chapter 12 Digital trade](#), 24 July 2025

234 Written evidence from Prof Ingo Borchert ([UIA0037](#))

235 *Ibid.*

236 *Ibid.*

237 *Ibid.*

238 *Ibid.*

Omissions

Legal Services

159. Legal services represent an area of considerable competitive advantage for the UK. The Law Society of England and Wales wrote that the UK is “the world’s second largest legal services market globally” and is a sector that is increasing its exports.²³⁹ They also noted that between 2021 and 2023, the value of UK legal services exports increased by nearly 40%, growing from £6.7bn in 2020 to more than £7.4 billion in 2024.²⁴⁰
160. Reflecting on the importance of legal services trade between the two parties, the Law Society told the Committee it had recommended that the Agreement include provisions to permit UK lawyers to:
 - advise clients on home-country laws to the extent they are entitled to practise in their home jurisdiction;
 - provide advice through commercial presence for firms, fly-in fly-out practice, establishment rights for individuals and digital provision;
 - represent and advise their clients in arbitration;
 - partner with, employ and be employed by Indian lawyers; and,
 - provide a clear route for requalification in the host state profession.²⁴¹
161. However, despite these requests and the importance of trade between the two parties, legal services are notably absent from the Agreement. The Law Society noted that this “is a missed opportunity for a significant breakthrough in terms of market access for lawyers in both India and the UK”. Their evidence went on to note that liberalising legal services trade also had the potential to support further growth through trade liberalisation because legal services is an “enabling sector” that supports “further trade and investment in other sectors”.²⁴²
162. Written evidence from the Bar Council noted that the extent to which English and Welsh barristers are able to practise as advocates in India has changed over time. Prior to a 2019 Supreme Court of India Case, *Bar Council of India v A.K. Balaji and Ords*, “English and Welsh barristers [...] were generally welcome to practise as advocates in India seated commercial arbitrations, though not in Indian courts”. Following a legal challenge the Supreme Court “determined that the Bar Council of India (BCI) had the role of regulating foreign lawyers’ provision of services in India”.²⁴³
163. This situation changed in 2023 when the BCI amended these rules, although evidence received from the Bar Council noted that this still did not deliver “meaningful access for barristers seeking to work on an occasional or ‘fly-in, fly-out’ basis as they previously had”.²⁴⁴
164. The Bar Council described the exclusion of legal services from the Agreement as “disappointing” noting that, as a result, limitations remain

239 Written evidence from the Law Society of England and Wales ([UIA0015](#))

240 *Ibid.*

241 *Ibid.*

242 *Ibid.*

243 Written evidence from the Bar Council of England and Wales ([UIA0027](#))

244 *Ibid.*

for both parties including “India’s ambition to become a global arbitration hub, and the UK’s to expand its professional-services exports”. They went on to note possible longer-term benefits of including legal services within the Agreement, in terms of “renewed participation in India-seated arbitration and deeper professional cooperation”.²⁴⁵

165. Barbara Mills, Chair of the Bar Council, told the Committee about some of the practical difficulties and challenges that the rules currently pose to barristers from England and Wales who wish to practise in India. For example, she noted that “the fees to participate in India-based arbitrations remain high. There is a deposit of \$10,000, a registration fee of \$15,000 and if you fly in and fly out a fee of \$3,000”.²⁴⁶
166. The scope of legal matters that UK lawyers are permitted to practice under the new BCI rules is also currently unclear. The BCI announced amended rules in May 2025 intended to enable foreign lawyers and foreign law firms to practise foreign law, international law, and international arbitration matters in India. However, issues around temporary practices have arisen, and the Law Society told us that clarification is still required.²⁴⁷
167. The omission of legal services runs counter to some other policy announcements in relation to UK-India services trade. For example, the India-UK Vision 2035 sets out the main elements of the UK-India Comprehensive Strategic Partnership through which a high-level commitment was given to deepen ties between the Indian and UK legal professions through closer bilateral co-operation.²⁴⁸
168. We heard evidence that set out what would be most beneficial to the legal services sector in terms of building on the Agreement. For example, Barbara Mills noted that “the big ask is the establishment of firms”, alongside a more “modest” ask “to be able to fly in and fly out to give advice and act in arbitration”.²⁴⁹
169. The Chief Negotiator described a “principled fundamental challenge” in discussing legal services in the context of the FTA negotiations with India, because “India does not consider legal services a tradeable service”. She told us that the negotiations had facilitated ongoing dialogue between the Bar Councils of both countries, and that via the negotiation process, “we have been able to bring professionals together to talk about the opportunities, the openings and what the UK is looking for: the ability to practice foreign and international law in India”. She told us that she hoped that bilateral engagement would continue, and felt that “small steps forward” had been made in the process.²⁵⁰
170. **We note the absence of legal services from the Agreement. We view this as a missed opportunity given that legal services comprise a strategically important and growing sector of trade, both in their own terms and in relation to supporting trade in other sectors.**

245 *Ibid.*

246 [Q 35](#) (Barbara Mills)

247 Written evidence from the Law Society of England and Wales ([UIA0015](#))

248 Foreign, Commonwealth and Development Office, [India-UK Vision 35](#), 25 July 2025

249 [Q 35](#) (Barbara Mills)

250 [Q 55](#) (Kate Thornley)

171. *We recommend that the Government takes further steps in this area, noting that legal services have been identified in the wider UK-India relationship as being of strategic importance to both parties. As initial steps, the Government should clarify the fly-in, fly-out rules and engage with India on lower, more proportionate arbitration fees.*

Mutual Recognition of Professional Qualifications (MRPQ)

172. Binding MRPQ agreements can be important in facilitating cross border trade in professional services such as legal services. The Agreement does not contain such provisions. However, Annex 8a, on professional services, states that the UK and India will “identify and encourage mutually interested UK and Indian relevant bodies to enter into negotiations on mutual agreements or arrangements for recognition of professional qualifications”. The Agreement sets out expectations that specific mutual recognition agreements will be concluded within 36 months of the Agreement entering into force.²⁵¹
173. The aspiration to facilitate MRPQs was welcomed by the BCC, which noted that any subsequent mutual recognition agreements could “streamline processes of UK professionals seeking to have professional qualifications recognised in India and vice versa”. They suggested that “benefits could include reduced administration time, and costs, and greater certainty for businesses seeking to operate in the Indian market.”²⁵²
174. However, we heard concerns from John Cooke that the ambition to conclude MRPQ agreements within 36 months was “quite an ambitious target”.²⁵³ He went on to note that the Government could assist professional bodies in concluding MRPQ arrangements by “ensuring that best and successful practice in a successful negotiation is shared with a professional body that is embarking on a negotiation from scratch”.²⁵⁴
175. The Committee heard that the need for Government assistance in this area is particularly important because similar negotiations have “proved remarkably unsuccessful”, such as when the UK has sought similar types of agreements with the EU under the terms of the UK-EU TCA (the MRPQ provisions of which were themselves based on the provisions the EU previously agreed with Canada).²⁵⁵
176. **We welcome the plans put forward to secure agreements between the UK and India on mutual recognition of professional qualifications (MRPQ). We recommend that the Government brings forward plans to support professional associations in securing such agreements based on best practice of successful negotiations, in order to ensure that any MRPQ agreement with India delivers as much benefit as possible to businesses.**

251 Department for Business and Trade, *UK-India CETA, Chapter 8, Annex 8A, Professional Services*, 24 July 2025

252 Written evidence from the British Chambers of Commerce ([UIA0013](#))

253 [Q 36](#) (John Cooke)

254 *Ibid.*

255 [Q 37](#) (John Cooke)

Mobility and a Double Contributions Convention (DCC)

177. The Agreement contains a dedicated chapter on business mobility which seeks to facilitate the temporary movement of professionals between the two countries. This includes business visitors, contractual service suppliers, intra-corporate transferees and independent professionals.²⁵⁶
178. Evidence provided to the Committee noted that facilitating such mobility is central to delivering competitive international business, especially in skilled services.²⁵⁷ These commitments ensure continuity of existing market access that go beyond WTO baseline commitments. However, the Committee also heard that India did not get “as much on the mobility issues as it would have liked, but this is what helped to get the agreement over the line.”²⁵⁸
179. For example, the business visa expansion included in the UK-India Agreement is limited to 1,800 people per year in specific professions. The Committee heard that whilst this provides “future predictability of Indian business visitors into the UK”,²⁵⁹ it was unlikely to impact UK-India migration patterns “significantly”.²⁶⁰
180. When the Agreement was published, it was accompanied by a side letter stating that the Parties had agreed to enter negotiations on the text of a Double Contributions Convention (DCC).²⁶¹ This would entail an agreement whereby temporary workers in one country would make social security contributions only in their country of origin rather than in both, for a period of up to three years.
181. In the absence of a DCC, when UK nationals work in India, they contribute 24% of their gross salary to India’s national insurance equivalent, the Employee’s Provident Fund (EPF). They may receive a refund if they leave India after the age of 58. Under the DCC, UK workers will be exempt from these contributions for a period of up to three years. UK nationals continue contributing to UK National Insurance Contributions for this time, and are covered by UK social security benefits.
182. The EPF scheme in India currently allows international workers in India covered by a DCC to claim full withdrawal of their contributed funds after entry into force of the agreement. It is not yet clear whether UK workers who have contributed to the EPF will be eligible for a refund under the scheme. Indian workers in the UK currently make contributions to UK National Insurance Contributions (NICs) but may not receive social security benefits if they live in the UK for less than 10 years. Under the proposed DCC, Indian nationals temporarily in the UK will continue their contributions to the EPF in India and enjoy social security benefits under that scheme. They, and their employers, would be exempt from paying UK NICs for a period of three years.²⁶² In our previous report on the Government’s negotiation objectives, we recommended that the Government should conduct an

256 Department for Business and Trade, *UK-India CETA, Chapter 10, Temporary Movement of Natural Persons*, 24 July 2025

257 Written evidence from TheCityUK ([UIA0034](#))

258 [Q 24](#) (Dr Chietigj Bajpae)

259 [Q 10](#) (Sophie Hale)

260 [Q 10](#) (Dr Mattia di Ubaldo)

261 The UK has previously agreed such conventions with 47 other countries, including Canada, Chile, Japan, Mauritius, New Zealand, South Korea, and the US.

262 Department for Business and Trade, *UK-India trade deal, Double Contributions Convention Explainer*, 23 July 2025

impact assessment on the likely consequences of such exemptions.²⁶³ The then Government's response made no commitment to this.²⁶⁴

183. We heard that given the relatively large net migration from India to the UK, the proposed DCC was likely to mean that “there will probably be more people not paying national insurance contributions in the UK rather than the other way round, but how the values compare obviously depends on how large those contributions are”.²⁶⁵
184. The BCC emphasised that they consider the proposed provisions for such an agreement with India to be “appropriately reciprocal” and would offer the opportunities to make the most out of “key and highly skilled workers to boost economic growth”.²⁶⁶
185. Prof Borchert told us that the provisions will benefit “outbound UK workers [such] as, for instance, intra-corporate transferees, but also facilitating imports of Indian services to the UK, which provide valuable inputs into UK manufacturing and exports”.²⁶⁷ He also noted a “less obvious benefit” in that UK customers may benefit because whilst “there is evidently some foregone revenue for the UK Treasury ... it is likely that the savings will to some extent be passed on to UK firms that solicit the services of Indian professionals”. “These savings”, he said, “will likely manifest in lower prices of UK client firms”.²⁶⁸
186. **We welcome the mobility provisions within the Agreement, and the side letter committing to negotiate a Double Contributions Convention (DCC). We note that this could ease administrative burdens with potential benefits for businesses and consumers in terms of lower costs. If it successfully negotiates a DCC agreement with India, the Government should clarify whether and in what circumstances UK workers who have contributed to India's national insurance scheme will be eligible for a refund. At that stage, it should also conduct an impact assessment on the consequences of exempting certain temporary Indian workers from UK National Insurance Contributions, in line with our previous report's recommendation.**

The Bilateral Investment Treaty (BIT)

187. Negotiations for a bilateral investment treaty (BIT)²⁶⁹ that was planned to be agreed at the same time as the Agreement have not concluded. The UK and India had previously agreed a UK-India Investment Protection and Promotion Agreement (1994) which sought to encourage bilateral investment by offering legal protections to investors in the UK and India, but this was revoked by India in 2016.

263 International Agreements Committee, *UK-India free trade agreement: Scrutiny of the Government's Negotiating Objectives* (6th Report, Session 2022–23, HL Paper 53), p 16, para 56

264 Department for International Trade, *Government response to International Agreements Committee's report, UK-India free trade agreement: Scrutiny of the Government's Negotiating Objectives*

265 *Q 10* (Sophie Hale)

266 Written evidence from the British Chambers of Commerce (*UIA0013*)

267 Written evidence from Prof Ingo Borchert (*UIA0037*)

268 *Ibid.*

269 A bilateral investment treaty is an agreement between two countries for the promotion and protection of investments by investors of one state in the territory of the other. They offer legal protection to committing capital abroad. See Marc Jacob, *Investments, Bilateral Treaties*, Max Planck Encyclopedias of International Law (June 2014).

188. We heard in evidence that there are two main potential benefits of making progress on a bilateral investment treaty. Firstly, on outward FDI to India, we heard that the establishment of commercial presence abroad “is in general the most prevalent mode of service supply by wide margin” and is both “an important economic channel for services trade in its own right” and something that “will typically facilitate further cross-border trade in services”.²⁷⁰ Second, “the desirability of attracting inward FDI should be seen against the backdrop of the UK’s stated objective to attract investment, and the fact that too little investment is widely regarded as a major reason for the UK’s perennial underperformance in productivity growth”.²⁷¹ In this context, the additional investor certainty and confidence which a BIT would provide can be seen as important in supporting the wider trade relationship between the UK and India.
189. We also received evidence on the importance of investment protections underpinned by “appropriate dispute resolution mechanisms” including investor-state dispute settlement (ISDS).²⁷² We heard that ISDS has historically been controversial for India; the 1994 BIT between India and the UK contained “broad investment protections and open possibilities depending on consent to investment-state dispute settlement through international arbitration”.²⁷³ High profile arbitration following the entry into force of the BIT “exposed a degree of tension between India’s regulatory autonomy and its obligations under earlier-generation BITs”.²⁷⁴
190. As a result, India undertook an extensive review of its bilateral investment treaty framework, resulting in a systematic termination of all its bilateral investment treaties, including, as discussed above, its BIT with the UK. It introduced a model BIT that “substantially recalibrates” the balance between investor protection and state sovereignty, including a redesigned dispute settlement mechanism, which limits automatic access to arbitration for firms.²⁷⁵ We heard that this model BIT is “designed to be more protectionist towards Host State policies than traditional models” and thus would offer less protection for UK investments in India.²⁷⁶
191. We heard that negotiations on investment protection, including dispute resolution, remain “open”, but not active.²⁷⁷ The Chief Negotiator told us that “if India wants to return to the table, we will happily do that, but we are not actively negotiating at the moment”.²⁷⁸
192. Similarly, the Minister told us that the Government is “very keen to make sure that any UK investments made in India have protection attached to them, just as we would with nearly any other country in the world. We do not want other countries to capriciously expropriate UK investment. You need to have some form of dispute resolution system in that.”²⁷⁹

270 Written evidence from Prof Ingo Borchert ([UIA0037](#))

271 *Ibid.*

272 Written evidence from IntLaw Consortium LLP ([UIA0036](#))

273 *Ibid.*

274 *Ibid.*

275 *Ibid.*

276 *Ibid.*

277 [Q 57](#) (Kate Thornley)

278 *Ibid.*

279 [Q 57](#) (Minister for Trade)

193. **The geopolitical imperative to deliver an FTA was a contributing factor to the fact that some key strategic interests for the UK, notably in relation to trade in legal services and a bilateral investment treaty, were not included in the final FTA. While these concessions were made in this context, this does not preclude future engagement on these issues, which represent an important opportunity for building on the existing Agreement. *We call on the Government to adopt a clear policy to protect British businesses abroad through appropriate investment protection.***

CHAPTER 5: FUTURE RELATIONSHIP

194. The Agreement represents a significant milestone in the ongoing wider relationship between the UK and India. We heard that the UK-India bilateral relationship is best understood as a strong relationship with trade growing between the two partners. For example, Dr Ganeshan Wignaraja of the ODI summarised it as a “good bilateral relationship with the potential to grow in the future”.²⁸⁰ Dr Chietigj Bajpae of Chatham House similarly noted that “the India-UK relationship has clearly gone from strength to strength over the last few years”. He said that it has “matured beyond long-standing linkages for a common language and legal system, and the diaspora linkages”.²⁸¹
195. Witnesses also noted that until comparatively recently, it seemed unlikely that the relationship would benefit from a bilateral FTA. Prof Sullivan de Estrada of Oxford University noted: “We have a time capsule, in a way, of what the bilateral relationship looked like when we go back to the Commons Foreign Affairs Committee inquiry in 2018, when we had a relationship that was not realising its full potential. There was no chance of an FTA on the horizon.”²⁸² Indeed, in our own report on the Government’s Negotiating Objectives in 2022, we concluded—based on the available evidence at the time—that “India’s record and context raises questions over whether ... a comprehensive trade agreement is achievable in the short term”.²⁸³
196. **We welcome the role played by the Agreement in further deepening the UK-India bilateral relationship, particularly given that this had seemed unlikely until relatively recently.**

Utilisation, implementation and monitoring

197. We heard that an FTA in itself is not a “panacea”.²⁸⁴ In order to maximise its benefits, witnesses stressed the importance of monitoring and implementing the deal to maximise its utilisation. For example, the UK India Business Council noted that “the agreement will require robust monitoring of utilisation levels to ensure that its full potential is realised”.²⁸⁵ It went on to recommend the establishment of joint monitoring mechanisms “to track utilisation rates and address emerging trade barriers in real time”.²⁸⁶
198. On a similar point, William Bain of the BCC welcomed the establishment of a utilisation unit within DBT, which “pulls together data on how FTAs are being used and on how many companies which could be using them to expand their exports are in fact using the preferences”.²⁸⁷ He noted the need to ensure that the unit was adequately resourced such that it could monitor the implementation of the Agreement effectively.²⁸⁸
199. In written evidence, the UKFT noted that the EU has proactively established monitoring to track non-tariff barriers, which the UKFT believes has not

280 Q 22 (Dr Ganesh Wignaraja)

281 Q 22 (Dr Chietigj Bajpae)

282 Q 23 (Prof Kate Sullivan de Estrada)

283 International Agreements Committee, *UK-India free trade agreement: Scrutiny of the Government’s Negotiating Objectives* (6th Report, Session 2022–23, HL Paper 53), p 3, para 2

284 Q 24 (Dr Ganeshan Wignaraja)

285 Written evidence from the UK India Business Council (U1A0020)

286 *Ibid.*

287 Q 18 (William Bain)

288 *Ibid.*

been undertaken by the UK. This, they argued, could serve as a useful model for the UK with regards to India.²⁸⁹

200. The importance of monitoring, implementation and utilisation is noted in the Government's impact assessment, and DBT will monitor the implementation of the Agreement. The Government notes that this should also include follow up evaluation, for instance around 10 years after the Agreement has come into force.²⁹⁰ Such an evaluation may enhance understanding of the longer-term impacts of the Agreement, and help to ensure that policies are developed that respond effectively to the operation of the deal in practice.
201. Concerns surrounding the full utilisation of the Agreement were most acute for small and medium sized enterprises (SMEs). This is common across FTAs and was widely reflected in evidence the Committee received. For example, the UK India Business Council noted that monitoring and implementation will be especially critical to ensure that SMEs can access the benefits of the Agreement.²⁹¹
202. SMEs are often less able to take full advantage of trade agreements because they have fewer resources and time to invest in the necessary training and adoption of new business processes needed to comply with and benefit from trade agreements. The Agreement seeks to address this by committing to establish bespoke support for SMEs including "dedicated contact points" to assist them as they seek to enter the Indian market.²⁹²
203. The Government has noted the importance of facilitating the full utilisation of trade agreements by SMEs through the relationship between its Trade Strategy (published in June 2025) and the UK's Small Business Strategy (published in July 2025). Trade is framed as a mechanism through which productive businesses, including SMEs, can grow further and scale up. Stakeholder engagement in the development of the Trade Strategy identified a need amongst SMEs for simplified support to take advantage of trade agreements and other business growth opportunities through a single "business growth" hub. They also, in common with larger firms, highlighted the need for more comprehensive and easier to find material online, noting that other countries provide more easily accessible information for businesses seeking to grow through scaling up their export business.²⁹³
204. The UK's trade strategy notes that the Government's export support services are targeted primarily at British SMEs, operating in the UK and internationally, with a significant amount of support available digitally including enquiry services and the Export Academy. The trade strategy notes that the Government is seeking to develop clearer online resources for exporters which are more customer focused. As part of efforts to support opportunities for growth through increased exporting activity and allowing SMEs to scale up, the Trade Strategy notes that later in 2025, SMEs will be integrated into the new Business Growth Service which is aimed at allowing

289 Written evidence from the UK Fashion and Textile Association ([UIA0030](#))

290 Department for Business and Trade, *UK-India Free Trade Agreement, Impact Assessment of the Free Trade Agreement between the UK and India*, 24 July 2025

291 Written evidence from the UK India Business Council ([UIA0020](#))

292 Department for Business and Trade, *UK-India CETA, Chapter 19, Small and Medium Enterprises*, 24 July 2025

293 Department for Business and Trade, *The UK's Trade Strategy*, [CP1339](#), June 2025

businesses to start, scale and grow, including encouraging more SMEs to take advantage of exporting opportunities.²⁹⁴

205. During the inquiry, we hosted a roundtable of businesses and business organisations to learn more about their views on the practical utilisation of the Agreement. Evidence that emerged during this session suggested that the Government could benefit from engaging with the private sector to issue commercially meaningful advice to businesses in utilising free trade agreements, particularly in relation to SMEs.²⁹⁵
206. **It will be vital to ensure that British businesses, in particular small and medium sized enterprises, are assisted to take full advantage of the increased opportunities offered by the Agreement. We therefore welcome the establishment of the Utilisation Unit in the Department for Business and Trade. *In its response to this report, we ask the Government to set out what increased supporting services will be provided by the Department, and through the High Commission in India and its regional offices.***
207. *We recommend that the Government publish data on tariff preference utilisation rates in trade with India, as it already does for a number of countries. This would require coordination with the Indian authorities.*
208. *We call on the Government to ensure that particular attention is paid to supporting SMEs in being able to take full advantage of the FTA. This is likely to include drawing on measures set out in the Government's Trade Strategy and the UK's Small Business Strategy.*
209. *We call on the Government to keep Parliament informed, via the relevant Committees, as to how it is supporting UK businesses to take advantage of the Agreement, and the extent to which this is translating into improved uptake and utilisation.*

Engagement with industry

210. We heard in evidence that there were lessons to be learned from the engagement exercises undertaken by Government throughout the negotiations.²⁹⁶
211. The Committee heard mixed evidence from industry about the level and quality of engagement throughout the negotiations. The BCC reported “extensive” discussions with Government over the three-year period of negotiations, some on a general basis, others under non-disclosure agreements (NDAs).²⁹⁷ William Bain said that the engagement work of DBT throughout was extensive. The BCC was given access to draft text of the agreement under NDA, which William Bain noted was “useful for looking at the implications” and making comments.²⁹⁸
212. The SWA similarly reported constructive collaboration with the Government over the course of negotiations, as did the UKFT who said that they had

294 *Ibid.*

295 International Agreements Committee, *Summary of the Roundtable Engagement Event with businesses: UK-India CETA*, 18 November 2025

296 [Q 17](#) (William Bain)

297 A non-disclosure agreement is a legally binding contract designed to protect sensitive information from disclosure to third parties.

298 [Q 17](#) (William Bain)

“enjoyed very good engagement on this and other trade policy issues from the Department”.²⁹⁹

213. William Bain expressed a hope that the Government would ensure that business has “the equivalent of room-next-door access” in future negotiations. He stressed that industry has “the insights, the data and the contacts on the ground that can show the best place for the UK to go in adopting positions on rules of origin or tariffs”.³⁰⁰
214. However, we heard more tempered views from other representatives of industry. Alessandro Marongiu drew a distinction between the Government’s engagement with those who held NDAs and those without. He noted that individuals who had signed confidentiality agreements were regularly consulted and had direct access to negotiations. However, he suggested that such access did not go as far as seeing the draft text of the deal. He knew of many NDA signatories who were only shown chapters that had already been closed, without much chance to influence the draft itself. He said that industry to his knowledge was included at pivotal moments in the negotiations and he could identify “at least two distinct moments” where “there was the need to intervene at the last minute to change the trajectory of the negotiations”.³⁰¹
215. Similarly, we heard evidence from the civil society organisation Transform Trade that they welcomed the engagement they received after signing NDAs, but felt that dialogue beyond briefings from officials and ministers was limited.³⁰²
216. The FDF highlighted that companies and associations provided statements on the terms of the Agreement before its publication, “without informed of the details in the agreement”, and stressed that this scenario should be avoided in future. It recommended that stakeholders who have signed NDAs should be kept abreast of key developments particularly towards end game negotiations.³⁰³
217. The Government told us in written evidence that the final terms of the Agreement were the result of “careful deliberation and active engagement with stakeholders”.³⁰⁴ This began with a call for input at the outset of negotiations which informed the Government’s negotiating objectives. The Government reported that it engaged with a range of business and industry representatives throughout the negotiations to ensure that “concerns were addressed and benefits were maximised where possible, especially when navigating areas where India was unlikely to offer concessions”.³⁰⁵ For example, the Government told us that it engaged closely with industry to ensure that product-specific rules on cumulation were tailored to the specific industry’s requirements.³⁰⁶

299 Written evidence from the Scotch Whisky Association ([UIA0008](#)); UK Fashion and Textiles ([UIA0030](#))

300 [Q 17](#) (William Bain)

301 [Q 17](#) (Alessandro Marongiu)

302 Written evidence from Transform Trade ([UIA0025](#))

303 Written evidence from the Food and Drink Federation ([UIA0009](#))

304 Written evidence from Department for Business and Trade ([UIA0033](#))

305 *Ibid.*

306 *Ibid.*

218. The Minister told us in evidence that although there is a need for a level of confidentiality in negotiations, “the number of people we have brought into the process has grown steadily through all the FTAs that we have done in the past few years” and that he felt that this would “continue to happen”.³⁰⁷
219. **We note that the ‘room next door’ access afforded under non-disclosure agreements to certain industry stakeholders was welcomed by industry, and we welcome the Minister’s confirmation that the number of stakeholders consulted has grown. *The Government may wish to consider broadening this access in future trade negotiations, and in relation to the future relationship between India and the UK.***

The Agreement and the future UK-India relationship

220. As discussed in Chapter 2, the UK-India trade agreement comes at a critical time for both countries as they seek to build domestic resilience and secure supply chains in a more protectionist global trade environment. This is particularly true in the context of the UK-India FTA, due to the impact of US tariffs on India, and the strategies of “de-risking” and economic diversification being pursued by both parties.³⁰⁸
221. As we noted above, the future relationship should be understood in the context of a possible slowdown in global economic growth. The evidence we received suggests that trade uncertainty, protectionism and the possibility of financial market instability associated with growing geopolitical competition were an important impetus to both parties to conclude the negotiations and reach an Agreement. For example, Prof Sullivan de Estrada noted that both parties were looking for ways to diversify their trade relationships.³⁰⁹
222. As such, the UK-India Agreement can be understood as having both substantive trade and symbolic significance as both parties seek to mitigate the risks associated with a more protectionist international trading environment. For example, Dr Bajpae told the Committee that the symbolism of the Agreement was “equally important by again demonstrating this renewed commitment by both countries to deepening the bilateral relationship ... It is a jumping-off point to further deepen the bilateral relationship”.³¹⁰
223. The Agreement also needs to be understood within the wider set of evolving UK-India economic and geopolitical relationships. For example, the Government’s 2021 Integrated Review of Security, Defence, Development and Foreign Policy promised to “seek transformation in [UK-India] cooperation across the full range of our shared interests”. It acknowledged India as “an international actor of growing importance” and pointed to the Commonwealth links and strong cultural ties, as well as “broad collaboration across the education sector”.³¹¹
224. The UK’s National Security Strategy, published in June 2025, stated that the UK is seeking a “genuine strategic partnership” with India, to reflect its

307 Q 50 (Minister for Trade)

308 Q 23 (Prof Kate Sullivan de Estrada)

309 Q 27 (Prof Kate Sullivan de Estrada)

310 Q 22 (Dr Chietigj Bajpae)

311 Cabinet Office, *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy*, CP 403, 2 July 2021

“growing importance in the international system”.³¹² The Strategy notes that the Agreement is a “landmark deal with one of the fastest growing economies in the world, increasing interaction between our markets and reducing trade barriers”.³¹³

225. The 2030 Roadmap for UK-India relations sought closer collaboration between the two countries in the spheres of trade, defence, climate and health. Upon the signature of the FTA in July 2025, the Prime Ministers of the UK and India endorsed the India UK Vision 2035, which committed to build on and renew cooperation commitments made under the previous 2030 roadmap.³¹⁴
226. The refreshed roadmap “reaffirms their shared commitment to unlocking the full potential of the revitalised partnership”. The new 2035 vision set out five key objectives:
- (1) growth and jobs, based on the FTA;
 - (2) an education and skills partnership, including by establishing campuses of leading universities in each other’s countries;
 - (3) a technology and research partnership, focused on telecoms, AI and critical minerals;
 - (4) a climate partnership focused on accelerating green energy and mobilising climate finance; and
 - (5) a defence and security partnership focused on peace and security in the Indo-Pacific region.

Similarly to the previous 2030 vision, the partnership is to be underpinned by regular meetings of the prime ministers of both countries, while annual meetings of the External Affairs Minister of India and Foreign Secretary of the UK will review progress annually.³¹⁵

227. The India-UK Vision 2035 has particular significance for some sectors, notably legal services. For example, the India-UK Vision notes that the UK and India agreed at a high level to “deepen ties between the Indian and UK legal professions by affirming commitment to closer bilateral co-operation via the established UK India Legal Profession Committee”. It also notes the importance of building on the India-UK Financial Partnership (IUKFP) “by including new areas for cooperation such as Innovation and Artificial Intelligence (AI) in financial services, green finance and asset management” alongside building on the UK-India Infrastructure Financing Bridge to, amongst other issues, increase infrastructure investment in India.³¹⁶
228. The importance of the UK-India relationship is also set out in the Government’s Trade Strategy, which repeatedly held up the Agreement as a positive illustration of “a pragmatic way forward to allow traders ... to survive and thrive in a new world” shaped by growing protectionism.³¹⁷

312 Cabinet Office, *National Security Strategy 2025: Security for the British People in a Dangerous World*, [CP1338](#), 29 August 2025

313 *Ibid.*

314 Foreign, Commonwealth and Development Office, *India-UK Vision 2035*, 24 July 2025

315 *Ibid.*

316 *Ibid.*

317 Department for Business and Trade, *The UK’s Trade Strategy*, [CP1339](#), June 2025

In its categorisation of trade partners (into ‘global pillars’, ‘regional hubs’, ‘established and growing importers’, and ‘emerging markets’) the Trade Strategy classified India as a ‘global pillar’, ranking alongside the EU, US and China as a key market for the UK, one for which “detailed, bespoke and sustained policy attention is a must”.³¹⁸

229. The Committee heard evidence that the momentum these initiatives have provided to the UK-India bilateral relationship reflects wider ambitions that other partners have with India. For example, Dr Wignaraja noted that “there is some talk in India about [CPTPP]”.³¹⁹ Dr Bajpae also noted the extent to which the bilateral relationship between India and the UK needed to be located within the evolving forms of multilateralism and what he dubbed “minilateralism”, defined here as “the UK and India working with third countries and strengthening trilateral engagement—whether it be the UK, India and the US, or the UK, India and France, or the UK, India and Australia. There are various mechanisms through which that can be done, for instance, the UK inviting India to participate in the second pillar of AUKUS”.³²⁰ ³²¹
230. **There are a range of existing dialogue mechanisms and networks for further enhancing the UK-India bilateral relationship in both substantive and symbolic terms. *The Committee recommends that the Government works to ensure that the full benefits of the Agreement are delivered by putting in place measures to implement and utilise the Agreement as comprehensively as possible, in ways which recognise the wider, dynamic geopolitical environment in which the Agreement sits. This is likely to include drawing on initiatives set out by the Government in its Trade and Industrial Strategies.***
231. **Our inquiry has highlighted the need for the UK-India trade agreement to be a living instrument and not a static one. It is clear that there would be mutual benefit to both parties in further strengthening the relationship, particularly in areas not included in the Agreement. *Given the size and significance of India, we recommend that the Government give a high priority to that objective.***

318 *Ibid.*

319 [Q 29](#) (Dr Ganeshan Wignaraja)

320 The trilateral security partnership between Australia, the UK and the US.

321 [Q 31](#) (Dr Chietig Bajpae)

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Introduction

1. We welcome the conclusion of the Comprehensive Economic and Trade Agreement between the UK and India. We congratulate the Government on their significant achievement in reaching this Agreement, and we thank them for engaging constructively with us during the negotiations from 2022–25. (Paragraph 11)
2. We draw the Comprehensive Economic and Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and India to the special attention of the House, on the grounds that it is politically important and gives rise to issues of public policy. We make this report to the House for debate. (Paragraph 12)

Strategic value and geopolitical context

3. We welcome that the Agreement is compliant with Article XXIV of the General Agreement on Tariffs and Trade, as we would generally expect as standard for free trade agreements negotiated by the UK. (Paragraph 25)
4. Beyond the strategic benefits of deepening bilateral cooperation and integration, an FTA between the UK and India offers stability to businesses at a particularly challenging time for international commerce and rules-based trade. (Paragraph 40)
5. We welcome the historic Agreement reached with a key partner and growing market in the Indo-Pacific, which is particularly important given the geopolitical challenges. We recognise that this context may have both precipitated and shaped the final outcome. Overall, the Agreement will be helpful to UK businesses as they seek to diversify and derisk their supply chains. (Paragraph 50)
6. We note that the benefits for UK exporters may take some time to materialise, on account of the phasing and quotas set out in the Agreement. In contrast, many of the benefits for Indian exporters materialise immediately, reflecting the relative openness of the Parties' respective economies prior to the Agreement. (Paragraph 51)

Trade in goods

7. We welcome the evidence we heard that the Agreement secures improved market access for UK exporters. The new preferential access, if accompanied by measures to address non-tariff barriers, offers considerable benefits to the UK, although the extent to which UK products will remain competitive as India opens its market remains to be seen. UK consumers can expect to benefit from improved choice and lower prices. (Paragraph 62)
8. Despite some limitations, we welcome the liberalisation of the Indian auto market for UK manufactured goods. UK consumers also stand to gain from the new access to Indian-made vehicles. It remains to be seen how far UK car manufacturers will retain their competitive advantage in India as it liberalises its market to other partners, including the EU. (Paragraph 70)
9. While we welcome the additional access secured in a growing market for some UK food and drink products over the longer term, we note that these benefits

will only be realised over the longer term. In contrast, Indian exporters will have full access to the UK market immediately. That said, improved access to Indian goods may help certain UK-based firms and industries to secure ingredients and inputs for their supply chains. (Paragraph 84)

10. We note the concerns raised by domestic industries about the additional competition that domestic agrifood, food and drink producers will face as a result of the immediate liberalisation of the UK markets for the vast majority of product lines. The safeguards maintained for a small number of sensitive UK industries offer a welcome relief for those industries. We note the concerns of the dairy industry in particular about the cumulative impact of successive trade agreements. (Paragraph 85)
11. *We recommend that the Government sets out its assessment of the impact on the food and drink industries of competition from the Indian market and details of any measures it intends to put in place to support these industries. Close liaison with the devolved governments, in particular, on the impact on dairy farmers is clearly required.* (Paragraph 86)
12. *We recommend that the Government assess the cumulative impact of successive trade agreements on the UK agricultural sector, and ensure that future trade agreements take account of these sensitivities. We call on the Government to confirm that the terms of this Agreement will not set a precedent for future negotiations.* (Paragraph 87)
13. *We call on the Government to address the market access barrier highlighted by the NFU in the form of the currently “commercially unviable” Export Health Certificate for lamb.* (Paragraph 88)
14. While it is welcome news that the impact on domestic producers may be limited, it is somewhat concerning to learn that the third country effects may further disadvantage countries trading under the UK’s developing countries trading scheme. *We recommend that the Government undertake an assessment of the extent of this trade displacement and what the consequences might be.* (Paragraph 97)
15. *We call on the Government to take steps to support industry, particularly SMEs, in utilising the rules of origin chapter, including by helping to issue accessible sector-specific guidance in clear and straightforward language. This should include clear guidance on the authentication processes for an origin declaration, which will be vital if UK products are to benefit from preferential access.* (Paragraph 112)
16. *We urge the Government to prioritise establishing robust and efficient systems between HMRC and the Indian customs authorities to ensure that automotive and other relevant manufacturers can comply with the rules of origin. We welcome evidence from the Minister suggesting that this process is underway and will be ready for entry into force. The Government should update Parliament regularly on its progress.* (Paragraph 113)
17. *We recommend that the Government ensure that industry has sufficient support to navigate and tackle non-tariff barriers, particularly the complex regulatory environment in India and divergences between different Indian states. This could include extending funds such as the Ricardo fund to support businesses. In parallel, the Government should continue to engage with India on non-tariff barriers. It should also update Parliament regularly on its progress in dealing with non-tariff barriers.* (Paragraph 117)

18. We welcome the Government's recognition of the barriers to business caused by the unilateral introduction by the Indian government of a substantial number of quality control orders, which could undermine the objective of the FTA to achieve better access to Indian markets for UK exporters. *The Government should not hesitate to engage with India on any of those orders which can be shown to operate as a barrier to trade.* (Paragraph 122)
19. We welcome the liberal public procurement provisions included in the Agreement, which partially open up the Indian procurement market for the first time. This is a welcome and commercially meaningful chapter of the Agreement. However, we note that limiting the Agreement to central Government entities does exclude a large proportion of both countries' procurement markets. *We recommend that the Government should continue to work, after the Agreement's entry into force, to reduce these exclusions.* (Paragraph 129)
20. We were also concerned to hear that several covered entities do not use India's e-procurement dashboard, posing a challenge to UK companies seeking to access tenders. *We recommend that the Government carefully monitor compliance with the requirement in the UK-India Agreement for covered entities to publish electronic notices.* (Paragraph 130)
21. *We call on the Government to monitor the risk of trade displacement on account of high US tariffs on Indian goods and develop appropriate responses. Such responses might include supporting businesses to remain aware of any new content rules which come into force, and monitoring trade flows to consider whether domestic safeguards may be appropriate. As discussed above, we also recommend that the Government undertake an assessment of the extent of trade displacement from other developing countries, as a result of the Agreement with India.* (Paragraph 134)

Services, mobility and professional qualifications

22. We note the significance of concluding an Agreement with India, and that it includes some elements in relation to UK-India services trade. However, the Agreement does not liberalise services trade significantly or to the same extent as goods trade. There is relatively little new market access for services generally and for most service sectors beyond current WTO commitments. The lack of new market access for financial services and legal services access is particularly disappointing, given their importance for the UK. (Paragraph 145)
23. *Given the significance of services trade with India and its potential to contribute to UK economic growth, we ask the Government, in its response, to set out how it intends to ensure that the Agreement, and any further liberalisation it intends to pursue with India, in order to provide the maximum benefits for the UK services sector.* (Paragraph 146)
24. We note the inclusion of a dedicated chapter on financial services in the Agreement, which is the first such chapter that India has agreed in an FTA. We welcome the security that this provides UK firms, though note that it does not offer meaningful additional market access. (Paragraph 152)
25. We note that the Agreement represents one of the most significant commitments India has made in relation to the liberalisation of digital trade to date. But businesses remain concerned about the lack of commitment to free cross border data flows. *Given that uncertainty remains, particularly in*

relation to the governance of data flows and data localisation, we recommend that the Government develops a clear strategy to counter restrictions and build on the digital provisions in the Agreement in ways that promote the UK's policy goals and are consistent with its digital commitments with other major trading partners, both now and in the future. (Paragraph 158)

26. We note the absence of legal services from the Agreement. We view this as a missed opportunity given that legal services comprise a strategically important and growing sector of trade, both in their own terms and in relation to supporting trade in other sectors. (Paragraph 170)
27. *We recommend that the Government takes further steps in this area, noting that legal services have been identified in the wider UK-India relationship as being of strategic importance to both parties. As initial steps, the Government should clarify the fly-in, fly-out rules and engage with India on lower, more proportionate arbitration fees. (Paragraph 171)*
28. We welcome the plans put forward to secure agreements between the UK and India on mutual recognition of professional qualifications (MRPQ). *We recommend that the Government brings forward plans to support professional associations in securing such agreements based on best practice of successful negotiations, in order to ensure that any MRPQ agreement with India delivers as much benefit as possible to businesses. (Paragraph 176)*
29. We welcome the mobility provisions within the Agreement, and the side letter committing to negotiate a Double Contributions Convention (DCC). We note that this could ease administrative burdens with potential benefits for businesses and consumers in terms of lower costs. *If it successfully negotiates a DCC agreement with India, the Government should clarify whether and in what circumstances UK workers who have contributed to India's national insurance scheme will be eligible for a refund. At that stage, it should also conduct an impact assessment on the consequences of exempting certain temporary Indian workers from UK National Insurance Contributions, in line with our previous report's recommendation. (Paragraph 186)*
30. The geopolitical imperative to deliver an FTA was a contributing factor to the fact that some key strategic interests for the UK, notably in relation to trade in legal services and a bilateral investment treaty, were not included in the final FTA. While these concessions were made in this context, this does not preclude future engagement on these issues, which represent an important opportunity for building on the existing Agreement. *We call on the Government to adopt a clear policy to protect British businesses abroad through appropriate investment protection. (Paragraph 193)*

Future relationship

31. We welcome the role played by the Agreement in further deepening the UK-India bilateral relationship, particularly given that this had seemed unlikely until relatively recently. (Paragraph 196)
32. It will be vital to ensure that British businesses, in particular small and medium sized enterprises, are assisted to take full advantage of the increased opportunities offered by the Agreement. We therefore welcome the establishment of the Utilisation Unit in the Department for Business and Trade. *In its response to this report, we ask the Government to set out what*

increased supporting services will be provided by the Department, and through the High Commission in India and its regional offices. (Paragraph 206)

33. *We recommend that the Government publish data on tariff preference utilisation rates in trade with India, as it already does for a number of countries. This would require coordination with the Indian authorities. (Paragraph 207)*
34. *We call on the Government to ensure that particular attention is paid to supporting SMEs in being able to take full advantage of the FTA. This is likely to include drawing on measures set out in the Government's Trade Strategy and the UK's Small Business Strategy. (Paragraph 208)*
35. *We call on the Government to keep Parliament informed, via the relevant Committees, as to how it is supporting UK businesses to take advantage of the Agreement, and the extent to which this is translating into improved uptake and utilisation. (Paragraph 209)*
36. *We note that the 'room next door' access afforded under non-disclosure agreements to certain industry stakeholders was welcomed by industry, and we welcome the Minister's confirmation that the number of stakeholders consulted has grown. The Government may wish to consider broadening this access in future trade negotiations, and in relation to the future relationship between India and the UK. (Paragraph 219)*
37. *There are a range of existing dialogue mechanisms and networks for further enhancing the UK-India bilateral relationship in both substantive and symbolic terms. The Committee recommends that the Government works to ensure that the full benefits of the Agreement are delivered by putting in place measures to implement and utilise the Agreement as comprehensively as possible, in ways which recognise the wider, dynamic geopolitical environment in which the Agreement sits. This is likely to include drawing on initiatives set out by the Government in its Trade and Industrial Strategies. (Paragraph 230)*
38. *Our inquiry has highlighted the need for the UK-India trade agreement to be a living instrument and not a static one. It is clear that there would be mutual benefit to both parties in further strengthening the relationship, particularly in areas not included in the Agreement. Given the size and significance of India, we recommend that the Government give a high priority to that objective. (Paragraph 231)*

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Lord Anderson of Swansea
 Lord Boateng
 Lord Fox
 Lord German
 Lord Goldsmith KC (Chair)
 Lord Hannay of Chiswick
 Lord Howell of Guildford
 Baroness Lawlor
 Lord Marland
 Lord McDonald of Salford
 Lord Stevenson of Balmacara
 Baroness Verma

Declarations of Interest

Lord Anderson of Swansea
No relevant interests to declare
 Lord Boateng
No relevant interests to declare
 Lord Fox
No relevant interests to declare
 Lord German
No relevant interests to declare
 Lord Goldsmith
Co-Managing Partner, Debevoise & Plimpton LLP London (international law firm) until December 2025; counsel and arbitrator from January 2026. International legal work, including in India.
 Lord Hannay of Chiswick
No relevant interests to declare
 Lord Howell of Guildford
No relevant interests to declare
 Baroness Lawlor
No relevant interests to declare
 Lord Marland
Chair of the Commonwealth Enterprise and Investment Council
 Lord McDonald of Salford
No relevant interests to declare
 Lord Stevenson of Balmacara
No relevant interests to declare
 Baroness Verma
Global Chairperson, Advisory Council, Institute of Directors India (not remunerated)
Support for business-to-business between UK and India, in the interests of developing stronger ties (not remunerated)

A full list of Members' interests can be found in the Register of Lords' Interests:
<http://www.parliament.uk/hregister>.

Specialist Adviser

Professor Sarah Hall

No relevant interests to declare

APPENDIX 2: LIST OF EVIDENCE AND COMMITTEE ACTIVITY

Evidence is published online at <https://committees.parliament.uk/work/9341/ukindia-free-trade-agreement/publications/>.

Evidence received by the committee is listed below in alphabetical order.

Alphabetical list of witnesses

Dr Chietigj Bajpae, Senior Research Fellow, Chatham House		QQ 22–34
Dr Karishma Banga and Dr Christopher Foster	UIA0005	
The Bar Council of England and Wales	UIA0027	QQ 35–41 , Barbara Mills KC, Chair, The Bar Council
Amit Bhagwat	UIA0035	
Professor Ingo Borchert, Professor of Economics, University of Sussex Business School		QQ 35–41
British Chambers of Commerce	UIA0013	QQ 12–21
Dr Nicolette Butler and Dr Jasem Tarawneh	UIA0019	
Mr Hleb Buziuk	UIA0001	
Chartered Institute of Export & International Trade	UIA0023	
City of London Corporation	UIA0012	
Professor David Collins	UIA0002	
Dairy UK	UIA0011	
Department for Business and Trade	UIA0033	QQ 42–62
Professor Kate Sullivan De Estrada, Associate Professor in the International Relations of South Asia, Oxford School of Global and Area Studies, Oxford University		QQ 22–34
Food and Drink Federation	UIA0009	

IntLaw Consortium LLP	<u>UIA0036</u>	
IP Federation	<u>UIA0029</u>	
ISC2	<u>UIA0007</u>	
Professor Sangeeta Khorana, Professor of International Trade, Aston University		<u>QQ 12–21</u>
The Law Society of England and Wales	<u>UIA0015</u>	<u>QQ 35–41</u> , Mickaël Laurans, Head of International
The Law Society of Scotland	<u>UIA0031</u>	
Alex Mills	<u>UIA0024</u>	
Professor Muhammad Ali Nasir, Professor Kausik Chaudhuri, and Miss Xinxin Wei	<u>UIA0006</u>	
National Farmers’ Union of England and Wales	<u>UIA0010</u>	
PAN UK	<u>UIA0018</u>	
REDRESS	<u>UIA0004</u>	
Professor Suresh Renukappa, Mrs Caroline Dixey, Professor Subashini Suresh, Mr Chandrashekar Subbarao, Professor Vikram Patil, Dr Rajeev Krishnadas Rajeev Krishnadas, and Professor Tonny Veenith	<u>UIA0017</u>	
Resolution Foundation		<u>QQ 1–11</u> , Sophie Hale, Chief Economist
Rights Lab, University of Nottingham	<u>UIA0026</u>	
Dr Michail Risvas	<u>UIA0028</u>	
RSPCA	<u>UIA0014</u>	
Scotch Whisky Association	<u>UIA0008</u>	
The Society of Motor Manufacturers & Traders Limited	<u>UIA0016</u>	<u>QQ 12–21</u> , Alessandro Marongiu, Head of Trade Policy

Dr Kwok Tong Soo	UIA0021	
Stone Federation Great Britain	UIA0038	
techUK	UIA0032	
TheCityUK	UIA0034	QQ 35–41 , John Cooke, Co-Chair Liberalisation of Trade in Services Expert Advisory Group
Trade & Animal Welfare Coalition (TAWC)	UIA0022	
Trade Justice Movement	UIA0003	
Transform Trade	UIA0025	
Dr. Mattia di Ubaldo, Principal Research Fellow, Department of Economics at University of Sussex, and Deputy Director, UK Trade Policy Observatory		QQ 1–11
UK Fashion and Textile Association	UIA0030	QQ 12–21 , Paul Alger, Director of International Business
UK India Business Council	UIA0020	
University of Sussex Business School and UK Trade Policy Observatory (UKTPO)	UIA0037	
Dr Ganeshan Wignaraja, Visiting Senior Fellow, Overseas Development Institute		QQ 22–34

Published engagement notes

[UK-India FTA: roundtable summary note](#)

APPENDIX 3: CALL FOR EVIDENCE

Aim of the Inquiry

The House of Lords Select Committee on International Agreements was appointed in 2021. It is chaired by Lord Goldsmith and will report on all treaties that are laid before Parliament under the terms of the Constitutional Reform and Governance Act.

This inquiry will consider the UK-India Free Trade Agreement (FTA), exploring the impacts and implications of the FTA for the UK. We will be undertaking a new programme of evidence gathering, covering the terms of the FTA, its potential benefits and disadvantages, and provisions for key UK sectors, among other issues

This is a public call for written evidence to be submitted to the Committee. The deadline is 16:00 on 4 November 2025. The Committee is keen to hear from a diverse range of individuals and organisations.

Questions

The Committee is happy to receive submissions on any issues related to the subject of the inquiry but would particularly welcome submissions on the questions listed below. You do not need to address every question. Respondents may interpret the questions broadly and provide as much information as possible. Some questions are followed with supplementary bullet points; you only need to cover these supplementary points if you have relevant views on them.

Introductory question

1. How important is India as a trading and geopolitical partner for the UK?
2. What are the potential benefits, opportunities or risks of the India FTA for the UK, and why? When do you anticipate such benefits being realised?

Trade in goods

3. Which UK sectors stand to benefit from greater access to the Indian market in particular? What will the value be to those sectors?
4. Which sectors will be exposed as vulnerable as a result of the deal? What are the trade-offs for UK industry and consumers?
5. How might UK manufacturers gain or lose from the provisions on cumulation of origin? How, if at all, are UK consumers likely to benefit?
6. Has the Government adequately shielded sensitive sectors from competition?

Services

7. To what extent do you think the Agreement provides UK services firms with new market access? What has been left out, and what are the implications? Are there other benefits?
8. How do you see the future of services trade with India on the basis of this Agreement?
9. The deal was concluded without reference to legal services. Could you comment on the implications of this, and offer reflections on possible avenues for improving access?

10. What is your view of the business mobility provisions and Double Contributions Convention (DCC)? What is the value of these provisions for UK firms and workers?

Digital trade

11. What is your assessment of the digital trade and data provisions in the FTA?
 - (a) Do you think that the data provisions are sufficient to allow smooth flow of goods and services?
 - (b) What is your view of the provisions in the Agreement governing source code transfers?

Procurement

12. What is your evaluation of the procurement provisions contained in the Agreement? To what extent do you think that UK firms will be able to take advantage of the additional opportunities provided in the Agreement?

Investment

13. The bilateral investment treaty promised alongside the FTA has not yet been concluded. Do you consider it desirable to pursue an agreement containing Investor State Dispute Settlement, and if so, what model should be adopted?

Labour and environmental standards and human rights

14. What is your assessment of the labour and environmental provisions in the UK-India FTA? Do these provisions offer sufficient safeguards to uphold workers' rights and environmental protections, and do they ensure a level playing field for UK and Indian firms?
15. What are the potential environmental and climate impacts of the UK-India trade deal? Is there a risk of carbon leakage, and if so, how effectively is this risk addressed in the agreement's text or accompanying mechanisms?
16. What are the human rights implications of entering into a free trade agreement with India? How are these risks acknowledged and mitigated within the agreement, particularly in relation to supply chains and business operations?

Devolution

17. What is the potential impact of the agreement on the devolved administrations and their responsibilities?
 - (a) Has the accession agreement struck the right balance between supporting the Windsor Framework and extending the benefits of the UK-India FTA to Northern Ireland?

Concluding questions

18. Are there any other aspects of the UK-India FTA that could be of concern for UK manufacturers, producers and consumers, and for UK interests in general?
19. How might the current geopolitical climate, including recent US trade measures, affect the UK-India trading relationship? Do you anticipate an

impact on UK-India trade flows as a result of a more turbulent trading environment?