

# **GS Paper 2**

## **INTERNATIONAL RELATIONS**

**India and its relations with other countries**

# **India and UK**

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The **United Kingdom of Great Britain and Northern Ireland**, commonly known as the **United Kingdom (UK)** or **Britain** comprises England, Scotland, Wales and Northern Island.

Recent News:

-> Do look for India-UK FTA.



## Trajectory of Indo UK relations

**1950:** India became part of **commonwealth of nations** after becoming a republic.

**2004:** The India-UK partnership turned to a strategic one.

**2010:** The relations were upgraded to 'Enhanced Partnership for the Future.

**2021:** Conclusion of India UK Comprehensive Strategic Partnership.

The agreement also established a 2030 Roadmap for India- UK relations.

**The “Roadmap 2030” for India-UK future relations** was launched during India-UK Virtual Summit for-

- revitalized and dynamic connections between people;
- re-energised trade, investment and technological collaboration that improves the lives and livelihoods of the citizens;
- enhanced defence and security cooperation that brings a more secure Indian Ocean Region and Indo-Pacific and
- India-UK leadership in climate, clean energy and health that acts as a global force for good.

## **Recent Developments:**

**1)October 2022--- Rishi Sunak became the 57th Prime Minister of the UK — the first person of Indian origin and the youngest British prime minister in 200 years.**

Sunak's win came days after Liz Truss's resignation, after her tax cut plans and policy U-turns which created controversy in the markets.

PM Sunak said he wants to change the UK India relationship to make it a more “two-way exchange” that opens up easy access to UK students and companies in India.

**“We are all very aware of the opportunity for the UK to sell things and do things in India, but actually we need to look at that relationship differently because there is an enormous amount that we here in the UK can learn from India,” he said.**

**“I want to make sure that it’s easy for our students to also travel to India and learn, that it’s also easy for our companies and Indian companies to work together, because it’s not just a one-way relationship, it’s a two-way relationship, and that’s the type of change I want to bring to that relationship,”** he added.

At a diplomatic level, one example of the “**living bridge**” between the two countries could be PM Sunak.

Around 1.8 million Indians, or **2-3 % of Indian diaspora**, contribute six percent to United Kingdom’s (UK) economy, which is recognized as a huge contribution.

**2)April 2022-----**

**The then Prime Minister of the UK Boris Johnson visited India on April 21-22, 2022.**

In the bilateral talks, the Prime Ministers of India and the UK appreciated the progress made on the Roadmap 2030 launched at the Virtual Summit in May 2021.

**What are the key outcomes of the bilateral meeting?**

- The PMs appreciated the progress in ongoing FTA negotiations and implementation of the **Enhanced Trade Partnership**.
- Both leaders agreed to transform **defence and security cooperation** as a key element of India-UK Comprehensive Strategic Partnership and discussed opportunities for defence collaboration including on co-development and co-production for meeting the needs of Armed Forces of both the countries.

- Cyber Cooperation: in the areas of
  - ✓ cyber governance,
  - ✓ cyber deterrence and
  - ✓ safeguarding critical national infrastructure.
- They also agreed to closely cooperate on countering the persistent threat of terrorism and radical extremism.
- Both Prime Ministers also exchanged views on regional and global issues of mutual interest including cooperation in the Indo-Pacific, Afghanistan, UNSC, G20 and Commonwealth. India welcomed the UK joining Indo-Pacific Ocean's Initiative under Maritime Security pillar and agreed to enhance engagements in the Indo-Pacific region.
- The two leaders also discussed the ongoing Ukraine-Russia conflict. Prime Minister Modi expressed deep concern at the mounting humanitarian crisis and reiterated his call for immediate cessation of violence and return to direct dialogue and diplomacy as the only way forward.



- MOUs: The visit resulted in signing of several MOUs:
  - (a) MoU on Implementation of Global Innovation Partnership;
  - (b) MoU on Cooperation on Global Centre for Nuclear Energy Partnership;
- PM Modi congratulated Prime Minister Johnson for successful organization of COP26 last year. They reiterated commitment to ambitious climate action to achieve the goals of the Paris Agreement and in implementing the Glasgow Climate Pact. They agreed to enhance cooperation on rapid deployment of clean energy including off-shore wind energy and green hydrogen and work closely for early operationalisation of the Global Green Grids-One Sun One World One Grid Initiative (OSOWOG) under ISA and the IRIS platform under CDRI which were jointly launched by India and UK at COP26.

- **Strategic Technology Dialogue:** Ministerial-level dialogue on new and emerging communication technologies such as 5G, AI etc.
- **Collaboration on Integrated Electric Propulsion:** Co-development of technology between the two Navies.

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## **(2) Proposed India UK FTA**

Both India and the UK realises great potential in expanding bilateral economic exchanges. They have set an ambitious target to double this by 2030 from the current level of US\$31.4 billion (2022). In 2015, this was US\$19.4 billion.

This is driven by this proposed India UK FTA.

British Prime Minister Mr. Rishi Sunak had indicated that both countries were aiming for a “truly ambitious trade deal.” The FTA which has been in the works for some years now is expected to be a comprehensive pact covering not only goods and services trade but also in investments.

India is the second largest investor in the UK, having set up 120 new projects and created 5,429 new jobs in 2019-20. Over 800 Indian companies in the UK, with consolidated revenues of £41 billion, employ nearly 1,10,000 people. This is a major contribution by a Commonwealth partner to the UK economy, with further opportunities for investment.

## The proposed FTA:

- Will help double bilateral trade by 2030.
- Will give major fillip to Indian exports in labor intensive sectors like Leather, Textile, Jewellery and processed Agri-products
- Aims to provide certainty, predictability and transparency, creating a more liberal, facilitative and competitive services regime.
- Aims to enhance sectoral cooperation by addressing market access issues and removing trade restrictions
- Will give a big boost to employment generation
- Expect India to strengthen data piracy and enforce contracts.

**December 2022---**The sixth round of negotiations between India and the UK to finalise a free trade agreement (FTA) concluded on 16<sup>th</sup> December 2022.

**Feb 2023---**The seventh round of India-UK FTA discussions took place in London.

**March 2023---**Negotiations continue on a “forward-facing trade deal with India”, with the eighth round of India-UK FTA discussions in New Delhi [on hybrid mode].

India and the UK recorded trade “worth £34 billion to year end September 2022”.

Discussions have closed on 13 chapters of the trade agreement.

There are 26 chapters in the proposed FTA deal, which include goods, services, investments, and intellectual property rights.

**June 5-9, 2023---The 10th round of negotiations of India-UK FTA got commenced.**

## **Key Issues in FTA talks**

### **Issues regarding UK:**

1) The UK demand for tariff reductions on British whisky and automobile exports to India.

2) Besides tariffs, the UK government is also pushing India to agree on a strong investment protection treaty. British businesses seek early arbitration in case of disputes rather than get stuck in Indian courts. As far as investment protection is concerned, India's position is being well-noted in the UK that there are existing protocols and laws that do protect investments in India.

## **Issues regarding India:**

The Indian government has reportedly established certain ‘red lines’ – areas where it will not compromise.

### **1) Non-negotiable stance on clinical drug trial data**

Regarding Intellectual Property Rights (IPR), India is actively engaged in discussions with the UK. However, India will not yield to demands for data exclusivity and patent term extensions, as these would hinder the production of affordable life-saving generic drugs within the country. Data exclusivity grants exclusive rights to companies over their drugs’ clinical data and can prevent other manufacturers from introducing cheaper generic versions, even in the absence of patent protection. Effectively, data exclusivity could be exploited to extend the patent life of a drug beyond its original term by making minor adjustments to its formulation and securing rights over the clinical data.

Patent term extension involves granting a longer period of patent protection to compensate for the time spent awaiting regulatory approvals.

## **2) Data protection**

India also refuses to undertake any commitments in the realm of data protection and related areas, such as data localization. The absence of a digital policy in India necessitates the inclusion of a provision specifically addressing this concern within the proposed Free Trade Agreement (FTA).

## **3) Government procurement**

Government procurement is another area where India is open to negotiations but its public procurement policy is designed to support and foster small and medium enterprises, and any compromise in this regard is not acceptable

## **4) Issue of temporary mobility of Indian workers and Student visas.**



**July 2023**--India, UK concludes 11th round of FTA talks

**August 2023**---12<sup>th</sup> round of FTA talks.

**September 2023**---13<sup>th</sup> Round of FTA talks.

**October 2023**---14<sup>th</sup> round of FTA talks. India has been pushing for the inclusion of a social security agreement. Five chapters out of the 26 remain to be concluded. India stated that it is important to get a social security agreement as it will help Indian professionals working in the UK, especially those who go on a short-term work visit, and have to make social security contributions that they cannot derive any benefit from eventually.

**Ques/-There are areas of divergence, but an India UK trade deal will be a win-win for both countries. Analyse**

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### 3) Strategic cooperation between India and UK

- The armed forces of two countries are also deeply engaged in joint war games. Naval exercise Konkan is the flagship annual event between the Indian and UK naval forces.
- UK's Integrated review of security, defence, development and foreign policy, says "Britain recognises the vital security role that India plays in the region".
- The Roadmap 2030 commits the two nations to collaborating on tackling cyber space, crime and terrorist threats with the aim of developing a "free, open and secure Indo-pacific region" and counter the threats posed by a rising China.
- Roadmap 2030 has set the stage PM Sunak, to show his political genius to implement this ambitious strategic agenda.

# Key Challenges

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# Way Forward

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