House of Commons

Business and Trade Committee

Oral evidence: UK trade with the US, India and EU, HC 996

Tuesday 2 December 2025

Ordered by the House of Commons to be published on 2 December 2025.

Watch the meeting

Business and Trade Committee members present: Liam Byrne (Chair); Dan Aldridge; Antonia Bance; John Cooper; Sarah Edwards; Alison Griffiths; Sonia Kumar; Justin Madders; Charlie Maynard; Mr Joshua Reynolds; Matt Western.

Foreign Affairs Committee members present: Alex Ballinger.

Questions 70 - 88

Witnesses

- Rachel Timmins, Policy Manager, Ceramics UK; and
- Tom Wills, Director, Trade Justice Movement.

Examination of witnesses

Witnesses: Rachel Timmins and Tom Wills.

Q70 **Chair:** Welcome to this third panel in today's hearings on the India free trade agreement. Thank you very much indeed, Rachel and Tom, for joining us. We invited you along because we were concerned about some of the evidence that we received on some of the challenges with this free trade agreement. Rachel, perhaps I could start with you, because we were worried about the impact on ceramics in particular. It looks like this is pretty bad news for the UK ceramics industry. Do you want to paint us a picture of what is about to happen?

Rachel Timmins: Thank you so much for inviting me along today. We have had some very long-standing concerns about imports from India. It is now the biggest importer by weight of ceramics into this country. That has rocketed up in the last five years. Unfortunately, it is not just the numbers. We also have some very long-standing concerns about bricks particularly and the way that bricks are made in India by a type of modern slavery called bonded labour. The ILO estimates that that affects about 70% of all workers in the brick trade in India, and that about 20% of workers in the brick trade in India are children under 14.

Q71 **Chair:** Can you set the stage for some of the challenges that the ceramics industry is facing today? It has been an industry that has been in some difficulty for some time because of the extraordinary energy costs that we have in this country and the lack of Government support for, in particular, gas-powered facilities in your industry.

Rachel Timmins: We are an energy-intensive sector. We have to heat the ceramics up very high to make sure that they can withstand what we put them through. A lot of the things that the Government have put in are on electricity prices, and we do use a lot of electricity. We certainly would appreciate having involvement in, for example, a supercharger scheme. That has been promised and has never been forthcoming—any support on the gas side for our industry. There have been closures, which have been in the news. We had two tableware companies closed—Moorcroft and Royal Stafford—and the one remaining large tile manufacturer in this country ceased manufacturing in the UK last year.

Chair: You have firms closing left, right and centre in the sector already.

Rachel Timmins: Yes.

Q72 **Chair:** What do you fear will happen once the free trade agreement with India is in force?

Rachel Timmins: It is a bit of a complex situation because unfortunately, under the developing country trading scheme, most tariffs on ceramics are zero already from India. There are only a few tariffs, which are on more sensitive sectors—tableware, and sanitaryware, which is bathroom products like toilets, sinks and baths—but they will go. We can only imagine that there will be an increase of imports. Exports have remained very steady over many years.

When I put out to members that this agreement had been agreed, although we are still not sure when it will come into force, it was the tableware members who contacted me because they thought that this may be an opportunity to increase exports. Unfortunately, the export tariffs will not be zero straight away. About 50% of the industry will be zero, but for 50% the tariffs will be staged over 10 years, a staged reduction down to zero over 10 years, and for tableware the tariffs are up to 35%.

Q73 **Chair:** Do you fear that more firms in the ceramics sector will close as a result of this treaty?

Rachel Timmins: The concerns of the industry are broader than just this India free trade agreement. As you rightly said, it is energy prices and other things, for example the change to NI. I spoke to one of the members yesterday and they said that change had put £250,000 on the cost of their business. There are lots of other areas, but it is not good news. We had a conversation when Kemi Badenoch was the Minister in charge, and she said that ceramics would be excluded from the agreement, based on our concerns, but that has not happened.

Chair: No, it definitely has not.

Q74 **Justin Madders:** A question for you, Tom, on the upholding of international labour standards. Will this agreement be helpful in that?

Tom Wills: No. There is a labour chapter in the agreement, as Members will be aware, which includes a lot of quite encouraging—on the face of it—language on forced labour and on adhering to ILO conventions. However, when you read that chapter in totality, you get to the final clause, which says that neither party shall have recourse to dispute settlement for any matter arising under this chapter. Essentially that means that commitments made on labour rights are unenforceable, they are voluntary, and failure to meet those commitments will not result in any reprisals.

There are no tools available to either party to strengthen or enforce progress against these commitments. You could read that none the less as language that has symbolic significance, and perhaps that has broader significance on a diplomatic or geopolitical stage, but in terms of providing any tools through which either India or the UK could hold the other to account for good labour practices, this agreement does not have anything like that.

Justin Madders: It is warm words with no real teeth; is that a fair description?

Tom Wills: That would be our analysis, yes.

Q75 **Chair:** Could you give us the analysis of what you are aware of about labour standards in some of the sectors that Rachel highlighted for us?

Tom Wills: It is not my area of expertise in terms of what is going on in India, but everyone in this room will be aware that forced labour is an issue. Freedom of association and collective bargaining are not necessarily respected in some areas of India.

Chair: I want to underline this. Your analysis is that forced labour is an issue in India?

Tom Wills: Yes, including in the brick sector, which Rachel has already mentioned.

Q76 **Chair:** Will the provisions that the UK Government have negotiated into this free trade agreement do anything to help eliminate forced labour?

Tom Wills: I do not see how they can, based on the text of the agreement.

Chair: What would a good agreement or a better agreement have looked like?

Tom Wills: There is precedent for this. The UK-EU trade and co-operation agreement does include enforceable labour standards within the rebalancing mechanism. That is what we tend to point to when talking about the potential for free trade agreements to include decent binding standards on things like labour rights.

Q77 **Chair:** Have we basically operated a two-tier standard when it comes to labour in this FTA compared to other FTAs that we have signed?

Tom Wills: Yes, and to us it is additionally discouraging because this is the first agreement that we have signed from scratch with a developing country and it is also the first agreement that has been signed after the launch of the trade strategy. The trade strategy does have some encouraging language around labour rights. It says that the UK's international agenda will be expressed through its trade policy, and that agenda includes global advocacy for human rights. We see this as a missed opportunity.

Q78 **Chair:** Has this agreement fallen short, then, of that stated ambition?

Tom Wills: Yes, that is absolutely right, not only in the area of labour rights, but also on things like climate and development as well.

Q79 **Chair:** The Department is slowly developing a responsible business charter to help shape its views about how it helps to raise labour standards in all sorts of places. Could that be one of the ways in which it comes back to this question, or do you think that basically the path has been sold now?

Tom Wills: That could well help. It will very much depend on the extent to which the recommendations of that consultation point towards decent binding standards for businesses to respect human rights and labour rights within their supply chains.

Q80 **Chair:** Rachel, what more do you know about labour standards in the sectors that you are especially worried about?

Rachel Timmins: The main focus for us has been on bricks. It is very wide-ranging, the number of people who are interested in India and are concerned about the brick trade. It is very prevalent. This is despite the fact that bonded labour was outlawed in India in the 1970s. In the agreement it specifically says that both sides will adhere to the ILO standards, but I do not think that it will have any impact. It has no teeth to do something about it.

Q81 **Chair:** What will be the impact of that on UK brickmakers?

Rachel Timmins: To see increasing imports from India. Knowing this, it is twofold. It is a very difficult time for our brick companies and we need the Government to start building those houses that they have promised. To see them increasing and know how they are produced is a double whammy.

Q82 **Chair:** The Government have some quite punchy targets for building stuff in this country, not least a million new homes. Are you telling us that there is a risk that British bricks will be undercut by the import of bricks from India, made with terrible labour standards?

Rachel Timmins: Yes, it is a possibility. We need assurances that UK bricks will be made and will be used for these houses, definitely.

Q83 **Mr Joshua Reynolds:** Tom, Mr Madders said that when it comes to labour rights, it was warm words but with no real teeth. We could argue that that is the same when it comes to environmental protections, where there is lots of aspiration, but there is nothing enforceable within the agreement. In your view, does the FTA align with our wider climate ambitions or does it fall short?

Tom Wills: Thanks for that question. It will not surprise you to hear that I very much feel that the FTA falls short of our ambitions. It also falls short of the commitments made under the trade strategy, which again says that we are committing to ensuring that our international trade and environmental objectives are mutually supportive. We have, as you have said, an environment chapter where there is no recourse to dispute settlement, and therefore it lacks teeth. We also have the Department for Business and Trade's own analysis that this FTA will lead to higher UK greenhouse gas emissions of 0.2%.

Q84 **Mr Joshua Reynolds:** DBT has said that this agreement delivers India's first stand-alone chapter on the environment and that it aligns with our global commitments, including the Paris agreement. Would you disagree with that?

Tom Wills: Whatever the UK Government are doing in other policy areas to deliver on their Paris commitments, I do not see how an agreement that adds to UK greenhouse gas emissions can be consistent with that claim. The Regulatory Policy Committee noted that the rise in UK greenhouse gas emissions of 0.2% is higher than the projected rise in UK GDP. That suggests that this is not just growth-driven emissions, these are particularly dirty growth-driven emissions. It is questionable that in 2025 the UK should be signing any deal that risks undermining our transition to a modern green economy.

Q85 **Mr Joshua Reynolds:** The FTA with New Zealand does have binding climate agreements, but India's does not. Why do you think it does for one but not the other?

Tom Wills: That is a very good question, one on which we would love to have had greater transparency from negotiators in the UK. We would love to have a situation in which MPs are more able to scrutinise this deal by asking these questions of Ministers. I imagine that it is due to the dynamics of that particular negotiation and what each party was able to push. However, it is remarkable to me that the UK can, on one side, say that it is important to have binding commitments and we will sign an environment chapter with binding commitments, and in a different negotiation decide that somehow the climate is less crucial in that forum. That feels to me like you are throwing something as important as climate change into the sausage mixture of a trade agreement rather than holding it as a core principle over which you will not negotiate.

Chair: We have clear evidence that the agreement does not do what perhaps it should do on labour standards, or on climate standards either. Is that the conclusion?

Q86 **John Cooper:** There have been suggestions from the Indian side that it was apparently reluctant to include anything at all about labour and environmental standards. We do have two chapters in there. There are suggestions that on the Indian side that is seen as quite a win for the UK. Would you agree with that? Can you square that with what you are telling us today? You do not seem to agree with that.

Tom Wills: It may well be that the Indian side has agreed something that goes beyond its previous precedents, and it may well be that behind the closed doors of the negotiating room the UK was pushing quite hard on that point. However, all of that is less important than noting that what there is in the deal on labour, environment and climate is not likely to be an effective tool to see progress in those areas. In terms of the language of it, I am not party to the individual negotiations. It could well be that was something that UK negotiators were pleased to be able to get over the line. As I say, if that has value, it is purely symbolic, in my view.

Q87 **John Cooper:** You do not think that there is any leverage there, and there is nothing that we can do to influence Indian behaviour, based on this?

Tom Wills: That is correct.

Q88 **Chair:** As the treaty comes to Parliament for debate next year, is there anything else that you want to flag with parliamentarians?

Rachel Timmins: There is one other thing on the trade remedy side and Tom has touched on it. I was interested to read about the bilateral safeguards that are in the agreement. It is new trade remedies if the industry has been badly affected. I have to be honest that some of our members may want to look at doing that straight away when this comes into force.

Our industry has faced significant difficulty with the current Trade Remedies Authority and the investigations and the complexity, because we have trade remedies for our industry against tiles and tableware from China. It has been very difficult for members to engage. Seventy-five per cent. of our members are SMEs and the bilateral safeguard needs to be a lot simpler for companies. From the wording, I think that it will be, but it needs to be a lot simpler for badly affected industries to be able to get in place.

Tom Wills: Two points, if I may. One is on the bilateral investment treaty. We heard in the last panel that the bilateral investment treaty is under negotiation. Reportedly, it is fairly close to signature and it is apparently scheduled to include the investor-state dispute settlement chapter. That is the mechanism through which states can be sued by investors for decisions that cut into the profits of those companies, even if those UK policies are on supporting the environment, human rights or indeed national security.

Members might be aware that in the last couple of months it has come to light that the UK is currently subject to two different ISDS claims, one from the investors behind the Whitehaven coal mine in Cumbria and the other from the billionaire Russian oligarch, Mikhail Fridman. These are examples of UK investment treaties being used to directly obstruct UK climate action and to directly obstruct UK national security policy. It seems therefore completely beyond credence that the UK would be actively trying to increase its exposure to being sued under this mechanism by Indian companies, at the same time as fighting off these two cases.

The text of this FTA is sorted, and we can scrutinise it and discuss it all we like, but there is nothing that can change. However, there is a very big opportunity to scrutinise what is going to be in this bilateral investment treaty and to ask if these investment treaties are necessary for attracting investment. Of the 10 biggest investors in the UK, only Japan has a relationship covered by an investment treaty like that, so I would contend that they are not.

A final point about the overall scrutiny mechanisms. The fact that there will potentially be a debate, but there is no other mechanism through which MPs and peers can influence this treaty, is something that has been brought up again and again by five separate parliamentary Committees. It is something that was highlighted by Labour Ministers when they were in Opposition as deficient, yet the trade strategy was completely silent on how Parliament was going to be brought closer to the process of treaty-making. We have heard this afternoon about the potentially significant impacts of this treaty on a number of different sectors and on a number of different issues. The fact that Parliament has so little input—and that the input that does exist is based on conventions that are more than 100 years old—seems to me quite democratically outrageous.

Chair: Thank you very much. It has been a short panel, but we wanted to make sure that we have your evidence down so that we could reflect on it in our report. That has been much appreciated today. Thank you very much indeed. That concludes this panel.