



House of Commons  
International Trade Committee

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# UK trade negotiations: Agreement with India

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**Eighth Report of Session 2022–23**

*Report, together with formal minutes relating  
to the Report*

*Ordered by the House of Commons  
to be printed 19 April 2023*

## The International Trade Committee

The International Trade Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for International Trade and its associated public bodies.

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# 1 Introduction

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1. In January 2022, the Government published its *Strategic Approach* to negotiating a free trade agreement (FTA) with India<sup>1</sup> and negotiations began immediately thereafter.<sup>2</sup> At the same time, we launched an inquiry to consider the Government's approach and objectives, the progress of the negotiations and, in the event of the talks succeeding, the text of any agreement in principle and the final signed treaty. We received 25 submissions of written evidence, for which we are grateful. We have twice (in October 2022 and March 2023) been given private and confidential briefings by senior UK negotiators, whom we thank.

2. **The information provided to us by the Government, on the strict condition that it is not for publication in any form, has been extremely limited in scope. At the same time, though, reports have been appearing in the Indian media, often citing unnamed Indian government officials, which contain more details of the negotiations than the UK Government has been prepared to give us. We must also note that our requests to the Government for such basic information as chapter headings have met with less than helpful responses. *The Government must provide Parliament with more detailed information on trade agreement negotiations while they are in progress, particularly bearing in mind the scope for utilising the scrutiny process as a means of exercising leverage in such negotiations.***

3. In April 2022, the UK and Indian Prime Ministers agreed to “set a target to conclude the majority of talks on a comprehensive and balanced Free Trade Agreement by the end of October 2022”.<sup>3</sup> This deadline, which was referred to by the then Prime Minister, Boris Johnson, as meaning an agreement would be “done by Diwali” (which began on 24 October),<sup>4</sup> was not achieved, though. In November, the Secretary of State for International Trade, Rt Hon Kemi Badenoch MP, told us that she had not agreed with the previous Prime Minister, Liz Truss, about how to approach the negotiations with India. While Ms Badenoch “definitely wanted a lot more time looking at it”, Ms Truss “had a different view”. However, in relation to Prime Minister Rishi Sunak, Ms Badenoch said: “I have spoken to him about deadlines, and he agrees with me on that: he says it is about the quality, not the speed, of the deal”.<sup>5</sup> Negotiating rounds restarted in December<sup>6</sup> and are continuing.<sup>7</sup>

4. **We welcome the fact that the Government is no longer putting arbitrary deadlines on trade negotiations. While the Diwali date was unrealistic it is positive that Government has adopted an approach that evaluates the benefit of the trade deal before finalising any agreement. *In all its trade agreement negotiations, the Government must take the necessary time to get an agreement that works for the UK, maintaining strong “red lines” on non-negotiable defensive interests and adhering to a minimum core of offensive interests that must be fulfilled.***

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1 Department for International Trade, [UK-India Free Trade Agreement: The UK's Strategic Approach](#), January 2022

2 HC Deb, 31 January 2022, [cols 4–6WS](#)

3 Prime Minister's Office, [“UK-India joint statement April 2022: Towards shared security and prosperity through national resilience”](#), 22 April 2022

4 [“Boris Johnson in India: PM wants deal by Diwali”](#), *The Times*, 23 April 2022

5 Oral evidence taken on 30 November 2022, HC (2022–23) 16, [Q362](#)

6 Rt Hon Kemi Badenoch MP to Angus Brendan MacNeil MP, [9 January 2023](#)

7 Rt Hon Kemi Badenoch MP to Angus Brendan MacNeil MP, [7 March 2023](#)

## 2 Questions arising from the inquiry

5. Due to the decision of the House to dissolve the International Trade Committee on 26 April 2023, we have had to terminate our inquiry without having the opportunity to take oral evidence from experts and stakeholders, or from the Government in public. Consequently, we are unable to publish a full Report. However, we do wish to place on record, for the Government and our successor committee, the questions listed in this chapter, along with the analysis underpinning them (which is contained in the annex). The Government response to this Report should be sent to our successor Committee, the Business and Trade Committee.

### Liberalising trade in goods

6. Both the UK and India have offensive interests regarding the reduction or removal of tariffs; but India is, by far, the more protectionist of the two countries. The possible liberalisation of UK-India trade in goods raises the following issues:

- (1) **How will the Government address the concerns raised by the UK rice-milling industry about the possible removal of the tariff on milled rice?**
- (2) **What will be done to ensure that liberalisation of trade with India does not lead to “preference erosion”, to the detriment of developing countries?**
- (3) **Will any liberalisation of trade with India be accompanied by rules of origin that allow key UK export sectors (notably automotives and whisky) to take full advantage of preferences granted?**
- (4) **What safeguards will there be to avoid or minimise potential adverse effects of trade liberalisation on Micro, Small and Medium Enterprises, and rural communities, in India?**

### Quality and safety of goods

7. The UK’s sanitary and phytosanitary (SPS) standards are significantly more stringent, and more effectively enforced, than India’s. Regarding technical barriers to trade, India has a low level of harmonization with international standards. The following issues arise in the context of a possible trade agreement:

- (1) **Will liberalisation of trade with India in agri-food products be accompanied by commensurate reinforcement of capacity for checking quality and safety at the UK border?**
- (2) **In negotiations with India, will the Government adhere to the protection of UK sanitary and phytosanitary standards as an inviolable “red line”?**
- (3) **How will the UK maintain, and enforce through adequate checks on imports, current UK standards on the use of pesticides and the presence of pesticide residues in food?**
- (4) **Will the Government insist on India’s standards catalogue being more closely harmonized with international standards?**

- (5) **What will be done to address the non-tariff barriers faced by UK automotive exports to India?**
- (6) **Will the Government maintain an inviolable “red line” that any easing of UK technical barriers to trade in respect of drugs and medical goods cannot be at the expense of quality and safety?**

## Trade in services

8. Market access for services industries is far more restricted in India than it is in the UK. India has offensive interests as regards the granting of temporary visas allowing businesspeople to work in the UK. There are currently no UK-India arrangements regarding the mutual recognition of professional qualifications. We wish to highlight the following matters in relation to trade in services and a possible trade agreement:

- (1) **How far will the Government insist on India adopting formal and binding commitments on liberalising market access in respect of services?**
- (2) **What will the Government do to ensure that it speaks with a single voice on migration and mobility in relation to a UK-India trade agreement, to allow the negotiators to work without disruptive political off-stage noises?**
- (3) **What provisions on the mutual recognition of professional qualifications will the Government pursue in a trade agreement with India?**

## Other provisions

9. Other provisions in a UK-India trade agreement that will require close scrutiny include those concerning: digital and data; intellectual property; investment; government procurement; human rights, labour standards and gender equality; environment and climate; and animal welfare. We would like to draw attention to the following questions regarding these areas:

- (1) **How far will India’s draft Digital Data Protection Bill allow fulfilment of the UK’s offensive interests on digital and data provisions in a trade agreement?**
- (2) **In negotiations with India, how will the Government reconcile its wish to champion the intellectual property interests of the UK pharmaceutical industry with maintaining its clear commitments on keeping down NHS drug costs and ensuring access to medicines? An approach which would be advantageous to both parties would be one which facilitated the research and development of pharmaceuticals in the UK and enabled their production in India.**
- (3) **What are the Government’s aims regarding the inclusion of investor-state dispute settlement (ISDS) in an agreement with India; and how do these aims relate to the UK’s broader approach to investor protection? The UK Government has still not identified the advantages of adding ISDS provisions to an agreement.**

- (4) **What will be done to ensure that any liberalisation of India's rules on government procurement do not inhibit its ability to use those rules as a development tool?**
- (5) **Will the Government make it a "red line" that liberalisation of trade is conditional on the mutual ratification and effective implementation of core UN and International Labour Organization human rights conventions?**
- (6) **Will the Government consider pressing for provisions whereby liberalisation of trade in environmentally sensitive goods is conditional on those goods being shown to meet sustainability requirements?**
- (7) **Will the Government consider seeking provisions under which liberalisation of trade in animal products is conditional on the production of those goods being shown to meet animal welfare standards?**

## Annex: Analysis of issues

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### Tariffs and rules of origin

10. Which? notes that “Sixty per cent of Indian exports to the UK are already tariff-free, but only 3% of UK exports to India are”. It warns that the UK may consequently “be under pressure to give ground on non-tariff barriers and standards in order to secure market access for UK businesses”.<sup>8</sup>

11. India has a notable offensive interest as regards removing the UK’s tariff on milled rice.<sup>9</sup> The UK Rice Association, which represents the processing industry, has argued that removing this tariff will not necessarily reduce retail prices (which are already low) but will undermine a sector worth £900 million per year that provides employment in several English regions.<sup>10</sup> The Association, in concert with the Food and Drink Federation, has argued that the UK should instead extend the list of varieties of unmilled (brown) basmati rice allowed to enter tariff-free and grant tariff rate quotas for other types of brown rice.<sup>11</sup> The trade commentator Sam Lowe has noted that if more milled rice is imported, quality and safety checks that are currently undertaken by the milling industry will need to be done at the border, with an attendant cost.<sup>12</sup> Campaign groups have noted “significant issues around [pesticide] residues in [Indian] rice” and suggested “it is unlikely that the UK has the infrastructure and resources required to adequately test produce imported from India for pesticide residues”.<sup>13</sup>

12. According to the Indian media, “labour intensive sectors like textiles, leather, and gems and jewellery” could also benefit from reduction or elimination of UK tariffs.<sup>14</sup> Civil society groups warn that increased UK market access for India in respect of sectors such as textiles/clothing, footwear and horticultural products (including cut flowers) could have an adverse impact on some developing countries in South Asia, South-East Asia and East Africa. These countries currently benefit from preferential access to the UK market, but the value of this access could be eroded by the granting of tariff cuts to India.<sup>15</sup>

13. The UK has a key offensive interest regarding the reduction of India’s tariffs on automotive products, which average 59% and can be as high as 125% (in respect of electric vehicles).<sup>16</sup> The Society of Motor Manufacturers and Traders (SMMT) states that “automotive cannot benefit from a UK-India FTA without significant tariff cuts. Existing tariffs price out UK manufactures from exporting to India and pose, to many,

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8 Which? ([TIN0014](#))

9 “Boris Johnson in India: PM wants deal by Diwali”, *The Times*, 23 April 2022; Sam Lowe, “Most Favoured Nation: Rice, Rice, Rice!”, 14 October 2022

10 “UK rice processors say proposed tariff cuts could be counter-productive”, *The Grocer*, 6 July 2022; “Map of UK rice mills”, UK Rice Association

11 POLITICO Pro Morning Trade UK, 24 March 2023

12 Sam Lowe, “Rice, Rice, Rice!”, *Most Favoured Nation* blog, 14 October 2022

13 Pesticide Action Network UK, Sustain, Dr Emily Lydgate, *Toxic Trade: How a trade deal with India threatens UK pesticide standards and farming*, August 2022, p 4

14 “India Looking At Greater Market Access For Pharma Products In UK Under Proposed FTA: Official”, *Outlook*, 4 November 2022

15 Trade Justice Movement ([TIN0001](#)), Fairtrade Foundation ([TIN0002](#)), Business and Human Rights Resource Centre ([TIN0025](#))

16 Department for International Trade, *UK-India Free Trade Agreement: The UK’s Strategic Approach*, January 2022, pp 7, 46, 60, 81



an insurmountable barrier”.<sup>17</sup> The Society of Indian Automobile Manufacturers has reportedly told the Indian government that it will accept phased tariff reductions to 30% over five years, following a grace period of five years with no tariff cuts.<sup>18</sup> The SMMT notes that “a limited tariff reduction would greatly benefit Indian exporters and imports of Indian parts, whilst UK exporters would face tariff barriers that could close the market, even if the UK were able to benefit from slightly more favourable terms than our main competitors”. The Society also points out that, even with deeper tariff cuts, “trade liberalisation alone would not provide tariff gains if the FTA’s origin requirements are unattainable for UK automotive exporters”.<sup>19</sup> This stems from the fact that UK automotive products typically have high levels of non-UK inputs.

14. Another significant UK offensive interest is in respect of removing India’s 150% tariff on alcoholic beverages (made up of 50% basic customs duty and 100% agriculture infrastructure development cess [earmarked/hypothecated tax]).<sup>20</sup> The Indian media reported in October 2022 that “consensus over Scotch whisky tariff appears elusive” in the negotiations. The UK was reportedly “seeking a sharp cut in tariff to 30% over three years in the proposed deal and 75% when the pact comes into effect”, whereas “New Delhi has proposed a tariff reduction to 100% in the first year and then cut to 50% in 10 years”. India had also reportedly “proposed a minimum threshold of \$5 per 750ml on cost, insurance and freight (cif) basis” for tariff cuts, continuing protection for cheaper domestic spirits. Furthermore, “the UK is also seeking relaxation in the rules of origin for alcoholic beverages while India insists on 40% value addition norms to avail concessional tariff”.<sup>21</sup> Liberal rules of origin or cumulation provisions are important for the whiskey industry in Northern Ireland, since, as the Irish Whiskey Association points out, Irish whiskey production is carried out on a “highly-integrated, all-island basis”.<sup>22</sup>

15. Other UK offensive interests include reducing India’s dairy tariffs (or securing generous tariff rate quotas).<sup>23</sup> Traidcraft Exchange argues that liberalisation of Indian tariffs could adversely affect Micro, Small and Medium Enterprises across a wide range of sectors, including agri-food, and advocates safeguards, appropriate liberalisation timeframes and potential designation of affected sectors as “sensitive”.<sup>24</sup>

## Sanitary and phytosanitary standards

16. Pesticide Action Network UK notes that India’s pesticide protections are significantly weaker than the UK’s and that there are shortcomings in the observance and enforcement of India’s rules. Consequently, India would “have much to gain by negotiating to weaken UK standards on pesticide residues so that Indian growers are able to access the UK market and export produce that wouldn’t currently be permitted”.<sup>25</sup> However, changes to the UK SPS standards/rules can only be achieved through legislation. It is therefore

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17 Society of Motor Manufacturers and Traders (TIN0011)

18 “Exclusive: Indian car makers propose tax cut on imports in trade deal with Britain”, Reuters, 7 October 2022

19 Society of Motor Manufacturers and Traders (TIN0011)

20 Irish Whiskey Association (TIN0003), Scotch Whisky Association (TIN0013), Pernod Ricard (TIN0018)

21 “UK pushes for sharp tariff cuts on Scotch whisky under FTA”, *Mint*, 28 October 2022

22 Irish Whiskey Association (TIN0003)

23 Dairy UK (TIN0012)

24 Traidcraft Exchange (TIN0019). See also Trade Justice Movement (TIN0001).

25 Pesticide Action Network UK (TIN0004). See also Trade Justice Movement (TIN0001), Friends of the Earth England, Wales and Northern Ireland (TIN0015).

unlikely that any negotiated agreement would see a reduction in UK SPS standards. Meat and dairy producers indicate that the UK has offensive interests regarding India's sanitary and phytosanitary checks, which these sectors regard as overly burdensome.<sup>26</sup>

## Technical barriers to trade

17. The British Standards Institution says that, regarding technical barriers to trade (TBT), the priority for a UK-India FTA is “to begin the process of bringing the two regulatory environments more into convergence”. It is “important that any TBT provisions agreed with India do not impact the UK's successful model of standards shaped by stakeholders including the very strong influence of consumers”. This means “avoiding granting the equivalence of technical regulation as part of FTA implementation or recognising Indian standards for regulatory compliance in the UK, on the same basis of British Standards”. Instead, the UK should be supporting India to increase its level of harmonization with international standards, given that “only 30% of India's entire standards catalogue is harmonized with international standards”.<sup>27</sup>

18. Regarding the auto sector, the SMMT argues that “without addressing burdensome non-tariff barriers, such as the lack of conformity with internationally recognised standards and additional marking requirements, the added time and cost of trade with India will still act as a deterrent to some UK traders”. This will be so even if India concedes “ambitious tariff cuts and liberal origin rules”.<sup>28</sup>

19. According to the Indian media, the country has a strong offensive interest regarding the speeding up and streamlining of UK processes for the approval of pharmaceutical products and medical goods, as well as quality assessment and the inspection of manufacturing facilities.<sup>29</sup>

20. The Confederation of Indian Alcoholic Beverage Companies has reportedly argued that, in exchange for tariff concessions on UK whisky that is imported in bulk and bottled in India, the UK must remove technical barriers to Indian whisky imports. The Confederation has said the UK “must remove its condition that spirit must be matured for a minimum of three years to be called a whisky because that effectively rules out the bulk of exports from India”.<sup>30</sup>

## Services market access

21. India's services schedules under the World Trade Organization (WTO) do not cover legal, accounting and audit services. The Professional and Business Services Council states that “although in practice, market access can go beyond these formal commitments, there is value for the UK services sector to have legal certainty by binding and formalising the current situation ‘on the ground’ and reducing the flexibility in India's services schedules”.<sup>31</sup>

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26 Dairy UK ([TIN0012](#)), Hybu Cig Cymru - Meat Promotion Wales ([TIN0020](#))

27 British Standards Institution ([TIN0022](#))

28 Society of Motor Manufacturers and Traders ([TIN0011](#))

29 [“India Looking At Greater Market Access For Pharma Products In UK Under Proposed FTA: Official”](#), *Outlook*, 4 November 2022

30 [“UK pushes for sharp tariff cuts on Scotch whisky under FTA”](#), *Mint*, 28 October 2022

31 Professional and Business Services Council ([TIN0008](#))

A recent decision by the Bar Council of India to allow foreign lawyers and law firms to practice foreign law in India on a reciprocity basis may open the way to a liberalising offer by the Indian government in the negotiations with the UK.<sup>32</sup>

## Mobility of persons

22. India has significant offensive interests regarding mobility of persons, that is the granting of temporary visas to make it easier for Indian businesspeople to work in the UK.<sup>33</sup> In 2021, the UK and India signed a Memorandum of Understanding on migration and mobility, which falls within the remit of the Home Office.<sup>34</sup> In October 2022, the Home Secretary spoke in an interview about the possibility of a trade agreement leading to “an open borders migration policy with India”.<sup>35</sup> When negotiations restarted in December 2022, the Secretary of State for International Trade emphasised that student visas were not part of the trade negotiations with India<sup>36</sup> and nor were youth mobility provisions of the sort granted to Australia.<sup>37</sup> India’s Commerce and Industry Minister, Piyush Goyal, has stated that “India is not seeking permanent immigration visas from any country under a Free Trade Agreement (FTA) and is only looking to engage with trading partners on mobility like temporary visas for students”.<sup>38</sup> According to the Indian media, “India is hoping to persuade the UK to weave in provisions of the bilateral migration and mobility agreement, that allows enhanced opportunity for young professionals to live and work in each other’s countries, into the free trade agreement (FTA) being negotiated to make mobility concessions ‘institutionalised’ and permanent”. The Indian government is also reportedly “keen that a social security agreement with the UK gets included in the pact so that Indian professionals working in the country for a short period don’t lose money in social security contributions they cannot benefit from”.<sup>39</sup>

## Mutual recognition of professional qualifications

23. The NHS Confederation notes that “India continues to be a major source of international recruitment for NHS clinical staff” and calls for “the negotiated [FTA] text to allow for regulator-to-regulator mutual recognition agreements where desired”.<sup>40</sup>

## Digital and data

24. techUK states that “from the perspective of the tech sector, the UK’s strategic approach to these negotiations [with India] reflects the keys asks of our industry”. These demands encompass: free and trusted cross-border data flows; a ban on data localisation requirements; preventing the mandatory transfer of source codes, algorithms and

32 [“Bar Council of India Rules for Registration and Regulation of Foreign Lawyers and Foreign Law Firms in India, 2022”, \*The Gazette of India\*, 13 March 2023](#)

33 This is referred to in the General Agreement on Trade in Services as Mode 4 trade in services (“Movement of natural persons”).

34 Home Office, [MoU on the migration and mobility partnership between India and the United Kingdom](#), May 2021

35 [“Suella Braverman: ‘Brexit isn’t a revolution – it’s a restoration’”, \*Spectator\*, 8 October 2022](#)

36 [“Kemi Badenoch will not discuss student visas in Indian trade deal talks”, \*Daily Telegraph\*, 12 December 2022](#)

37 [“Kemi Badenoch: ‘My negotiations in Peru were interrupted by an attempted coup’”, \*The Times\*, 21 January 2023](#)

38 [“India is not seeking permanent immigration visas from any country in FTAs: Goyal”, \*The Hindu\*, 13 April 2023](#)

39 [“India-UK FTA. India pushing for mobility commitment, social security pact in FTA with UK”, \*The Hindu\*, 30 March 2023](#)

40 NHS Confederation ([TIN0006](#))

encryption keys; a ban on digital tariffs and discrimination against digital formats; collaboration on emerging tech; and recognising e-signatures and electronic contracts.<sup>41</sup> However, the UK and India appear to be very far apart on these issues. A major potential stumbling block in this regard has been the Indian government's pursuit of legislation that could have the effect of requiring data localisation. It remains to be seen how far the latest iteration of draft Indian data legislation, the Digital Data Protection Bill, will prove an obstacle to fulfilling the UK's offensive interests in this regard.

## Intellectual property

25. As a major innovator and manufacturer in the field of pharmaceuticals, the UK has strong offensive interests as regards tightening India's intellectual property (IP) regime, which has helped to make that country a leading exporter of generic (non-branded/off-patent) medicines.<sup>42</sup> At the same time, though, the NHS, like other healthcare providers around the world, draws significant financial benefit from making extensive use of cheaper generic drugs manufactured in India. A strengthening of Indian laws on obtaining and maintaining drug patents could prove very costly for the NHS.<sup>43</sup> The *Strategic Approach* stated that "we will not accept any provisions that would increase the cost of medicines for the NHS", emphasising that "our commitment to this will not change during our negotiations with India".<sup>44</sup> At the same time, the document said the Government would seek to "secure patent provisions which achieve an effective balance between rewarding research and innovation, whilst reflecting wider public interests such as ensuring access to medicines".<sup>45</sup> The publication, in November 2022, of what purported to be a leaked UK draft of the IP chapter for a UK-India FTA prompted a group of civil society organisations to accuse the Government of failing to uphold its commitment not to accept provisions that would increase the cost of medicines for the NHS.<sup>46</sup>

## Investment

26. In 2017, India unilaterally withdrew from its bilateral investment treaty (BIT) with the UK, which included investor-state dispute settlement (ISDS) provisions (existing investments remain covered by the agreement's 15-year "sunset clause"). The *Strategic Approach* left it unclear whether the UK would seek to include ISDS in the investment chapter of an FTA with India. Opposition to the inclusion of ISDS has been voiced by civil society groups, which argue that it excessively constrains governments' right to regulate in key policy areas, such as the environment.<sup>47</sup> In October 2022, the Indian media reported that the UK was seeking "sufficient protections for British investors and a guarantee that

41 techUK ([TIN0023](#)). See also NHS Confederation ([TIN0006](#)), Professional and Business Services Council ([TIN0008](#)), Federation of Small Businesses ([TIN0009](#)), Which? ([TIN0014](#)).

42 AstraZeneca ([TIN0005](#)), Association of the British Pharmaceutical Industry ([TIN0007](#)), Chartered Institute of Patent Attorneys ([TIN0010](#)). The UK audio-visual (television, film and digital media production) sector also has an interest in strengthening IP protection — Pact ([TIN0024](#)).

43 Trade Justice Movement ([TIN0001](#)), NHS Confederation ([TIN0006](#)), Global Britain Centre ([TIN0017](#)), Traidcraft Exchange ([TIN0019](#)), Business and Human Rights Resource Centre ([TIN0025](#))

44 Department for International Trade, *UK-India Free Trade Agreement: The UK's Strategic Approach*, January 2022, p 10

45 Department for International Trade, *UK-India Free Trade Agreement: The UK's Strategic Approach*, January 2022, p 14

46 Missing Medicines Coalition to Rt Hon Kemi Badenoch MP, [2 November 2022](#)

47 Trade Justice Movement ([TIN0001](#)), Fairtrade Foundation ([TIN0002](#)), NHS Confederation ([TIN0006](#)), Friends of the Earth England, Wales and Northern Ireland ([TIN0015](#)), Traidcraft Exchange ([TIN0019](#)), Business and Human Rights Resource Centre ([TIN0025](#))

they receive fair and non-discriminatory treatment, ensuring access to adequate remedies in the event that these obligations are breached”.<sup>48</sup> In November 2022, the Indian media reported that the Managing Director of the UK India Business Council was advocating the inclusion of ISDS in a UK-India FTA. He reportedly rejected India’s model BIT, which would permit recourse to international arbitration “only after exhausting all options under the Indian legal system”.<sup>49</sup> ISDS has not been included in any of the post-Brexit FTAs that the UK has signed. However, the UK-Japan Comprehensive Economic Partnership Agreement does stipulate that the agreement’s investment chapter can be revisited if ISDS is agreed by either of the parties with a third party.<sup>50</sup>

## Government procurement

27. India is not a party to the plurilateral Agreement on Government Procurement.<sup>51</sup> AstraZeneca and the NHS Confederation see opportunities for UK exports in the life sciences and healthcare sectors if Indian rules on public procurement are liberalised.<sup>52</sup> The Trade Justice Movement (TJM) and Traidcraft Exchange, however, warn against limiting India’s ability to use procurement rules as a development tool, for instance to support domestic Micro, Small and Medium Enterprises and women-owned businesses.<sup>53</sup>

28. Since October 2020, a ban has been imposed on the sale of any imported products at the 4,000 outlets of the Indian Canteen Stores Department, the retail organisation of the Indian armed forces. The ban, which appears to contravene WTO rules, has had a particular impact on UK whisky exporters.<sup>54</sup>

29. Whether there is a need for UK primary implementing legislation regarding government procurement will depend on what procurement provisions (if any) there are in the final FTA text.

## Human rights, labour standards and gender equality

30. The Business and Human Rights Resource Centre draws attention to “ongoing violations of human rights and labour rights in India”. These include “wage theft in the garment sector and labour abuses in tea supply chains that include forced labour, failure to pay the minimum wage, gender discrimination and suppression of freedom of association”. The Centre makes a case for trade liberalisation under an FTA being “conditional on

48 [“Data flow, whisky among key UK demands in free trade pact”, \*Mint\*, 20 October 2022](#)

49 [“Not speed but substance important in India-UK FTA: UKIBC”, \*The Hindu\*, 23 November 2022](#)

50 Agreement between the United Kingdom of Great Britain and Northern Ireland and Japan for a Comprehensive Economic Partnership, 2020, [Article 8.5.3](#). The Department for Business and Trade states that: “The UK-Japan [Comprehensive Economic Partnership Agreement] (CEPA) includes a review clause that would allow a party to request a review of the investment obligations should the other party conclude a subsequent agreement that contains investment protection obligations and/or an investor-state dispute settlement procedure. Therefore, if the UK agrees such provisions in an agreement with India (or any other partner), Japan may request that the UK agree to review the investment obligations in CEPA. If the UK accepts the invitation to review those provisions, the review shall be undertaken by the UK and Japan with a view to the possible inclusion of provisions that could improve the investment environment, but it does not oblige either party to agree to the inclusion of such provisions in CEPA. In addition, either party may decline an invitation from the other party to review the provisions [...] [The most favoured nation] provision in UK-Japan expressly prohibits the importation of dispute-settlement provisions that the UK may become party to into the CEPA” (e-mail, 11 April 2023).

51 [“Agreement on Government Procurement: Parties, observers and accessions”, World Trade Organization](#)

52 AstraZeneca ([TIN0005](#)), NHS Confederation ([TIN0006](#))

53 Trade Justice Movement ([TIN0001](#)), Traidcraft Exchange ([TIN0019](#))

54 Scotch Whisky Association ([TIN0013](#)), Pernod Ricard ([TIN0018](#))

the mutual ratification and effective implementation of core UN and ILO [International Labour Organization] human rights conventions”, noting that “India has not ratified the core ILO conventions on Freedom of Association and Collective Bargaining. Neither has it signed the UN Convention Against Torture”.<sup>55</sup> The TJM notes stark gender inequality in India and the potential for an FTA to affect “the rights and well-being of women in their diversity of roles as workers, producers, traders, consumers (including of public services) and taxpayers and carers”. The Movement calls for “gender-responsive impact assessment process” and enforceable gender provisions.<sup>56</sup>

## Environment and climate

31. Civil society groups draw attention to the issue of increased emissions and potential “carbon leakage” resulting from an FTA. They note that the Indian textile and apparel industry, which is likely to be a main beneficiary of liberalised trade with the UK, is a key contributor to air pollution, poor water quality and water stress.<sup>57</sup> Traidcraft Exchange calls for a stronger climate chapter than that in the UK-Australia FTA. It also calls for such a chapter to be subject to the agreement’s dispute settlement process and include provisions targeting the development of “agro-ecology” (“as opposed to industrialised agriculture”) and strengthening climate co-operation between the parties.<sup>58</sup>

## Animal welfare

32. The RSPCA states that animal welfare standards in India are lower than those in the UK. It welcomes the UK Government’s commitment to maintain UK standards and to include reference to animal welfare in a UK-India FTA. However, the Society regrets the lack of a commitment to make any liberalisation of trade in animal products conditional on the production of such goods meeting animal welfare standards. In the absence of such conditionality, the RSPCA sees potential for UK producers to be undercut by imports of leather, egg products and chicken produced in India using lower welfare standards than those permitted in the UK.<sup>59</sup>

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55 Business and Human Rights Resource Centre ([TIN0025](#)). See also Trade Justice Movement ([TIN0001](#)), Fairtrade Foundation ([TIN0002](#)).

56 Trade Justice Movement ([TIN0001](#))

57 Fairtrade Foundation ([TIN0002](#)), Friends of the Earth England, Wales and Northern Ireland ([TIN0015](#)), Traidcraft Exchange ([TIN0019](#))

58 Traidcraft Exchange ([TIN0019](#))

59 RSPCA ([TIN0021](#)). See also Trade & Animal Welfare Coalition ([TIN0016](#)).

# Formal minutes

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**Wednesday 19 April 2023**

## **Members present**

Angus MacNeil (Chair)

Mark Garnier

Mick Whitley

Lloyd Russell-Moyle

Martin Vickers

Anthony Mangnall

Draft Report (UK trade negotiations: Agreement with India) proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 32 read and agreed to.

Summary agreed to.

Annex agreed to.

*Resolved*, That the Report be the Eighth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

## **Adjournment**

Committee adjourned.

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

TIN numbers are generated by the evidence processing system and so may not be complete.

- 1 AstraZeneca ([TIN0005](#))
- 2 British Standards Institution (BSI) ([TIN0022](#))
- 3 Business and Human Rights Resource Centre ([TIN0025](#))
- 4 Chartered Institute of Patent Attorneys ([TIN0010](#))
- 5 Dairy UK ([TIN0012](#))
- 6 Fairtrade Foundation ([TIN0002](#))
- 7 Federation of Small Businesses ([TIN0009](#))
- 8 Friends of the Earth England, Wales and Northern Ireland ([TIN0015](#))
- 9 Global Britain Centre ([TIN0017](#))
- 10 Hybu Cig Cymru - Meat Promotion Wales (HCC) ([TIN0020](#))
- 11 Irish Whiskey Association ([TIN0003](#))
- 12 NHS Confederation ([TIN0006](#))
- 13 PAN UK ([TIN0004](#))
- 14 Pact ([TIN0024](#))
- 15 Pernod Ricard ([TIN0018](#))
- 16 Professional and Business Services Council ([TIN0008](#))
- 17 ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (RSPCA) ([TIN0021](#))
- 18 Scotch Whisky Association ([TIN0013](#))
- 19 The Association of the British Pharmaceutical Industry ([TIN0007](#))
- 20 The Society of Motor Manufacturers and Traders (SMMT) ([TIN0011](#))
- 21 Trade & Animal Welfare Coalition ([TIN0016](#))
- 22 Trade Justice Movement ([TIN0001](#))
- 23 Traidcraft Exchange ([TIN0019](#))
- 24 Which? ([TIN0014](#))
- 25 techUK ([TIN0023](#))



## List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the publications page of the Committee's website.

### Session 2022–23

Number	Title	Reference
1st Report	UK trade negotiations: Scrutiny of Agreement with Australia	HC 444
2nd Report	UK trade negotiations: Agreement with Australia	HC 117
1st Special Report	UK trade negotiations: Scrutiny of Agreement with Australia and Agreement with Australia: Government Response to the Committee's First and Second Reports	HC 704
1st Joint Report	Developments in UK Strategic Export Controls	HC 282
3rd Report	UK trade negotiations: Agreement with New Zealand	HC 78
2nd Special Report	UK trade negotiations: Agreement with New Zealand: Government Response to the Committee's Third Report	HC 1033
4th Report	UK trade negotiations: Parliamentary scrutiny of free trade agreements	HC 815
3rd Special Report	UK trade negotiations: Parliamentary scrutiny of free trade agreements: Government Response to the Committee's Fourth Report	HC 1034

### Session 2021–22

Number	Title	Reference
1st Report	Digital trade and data	HC 123
2nd Report	UK Export Finance	HC 126
3rd Report	Inward Foreign Direct Investment	HC 124
1st Special Report	UK trade remedies policy: Government Response to the Committee's Third Report of Session 2019–21	HC 269
2nd Special Report	UK Freeports: Government Response to the Committee's Fourth Report of Session 2019–21	HC 453
3rd Special Report	UK trade remedies policy: Trade Remedies Authority's Response to the Committee's Third Report of Session 2019–21	HC 707

<b>Number</b>	<b>Title</b>	<b>Reference</b>
4th Special Report	Digital trade and data: Government Response to the Committee's First Report	HC 831
5th Special Report	Inward Foreign Direct Investment: Government Response to the Committee's Third Report	HC 921
6th Special Report	UK Export Finance: Government Response to the Committee's Second Report	HC 965

### Session 2019–21

<b>Number</b>	<b>Title</b>	<b>Reference</b>
1st Report	The COVID-19 pandemic and international trade	HC 286
2nd Report	UK-Japan Comprehensive Economic Partnership Agreement	HC 914
3rd Report	UK trade remedies policy	HC 701
4th Report	UK freeports	HC 258
1st Special Report	The COVID-19 pandemic and international trade: Government Response to the Committee's First Report of Session 2019–21	HC 815
2nd Special Report	UK-Japan Comprehensive Economic Partnership Agreement: Government Response to the Committee's Second Report of Session 2019–21	HC 1163