

The Rt Hon Liam Byrne MP
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Dear Liam,

The UK-India Free Trade Agreement

I am pleased to inform you that, pending final completion of all internal procedures, the Government will sign the UK-India Free Trade Agreement, formally titled the Comprehensive Economic and Trade Agreement (CETA), on Thursday 24 July.

I am immensely proud of this deal. It will unlock economic growth in every corner of the UK, boosting UK GDP by an estimated £4.8bn and bilateral trade with India by £25.5bn in the long term. This deal will put money back into working people's pockets, increasing wages by £2.2bn annually in the long run.

Our Plan for Change is about economic growth that raises living standards across the UK. Every region and nation will benefit from increased trade, investment, and the high-quality jobs this deal will support, including an estimated £190m boost for both the West Midlands and Scotland and over £210m for the North West.

India's trade weighted average tariff will drop from 15% to 3% as a result of this deal, which on existing trade alone is immediately worth up to an estimated £400 million in year one, which could increase to around £900 million by year 10 after staging. Advanced manufacturing will benefit from tariff reductions on automobiles (from up to 110% to 10% under a quota), aerospace (as high as 11% to 0%), and most electrical machinery (22% to 0%). Reduced tariffs for medical devices such as x-rays (as high as 13.75% to 0%) and supportive rules that account for the UK's complex supply chains will unleash new opportunities for the life sciences sector. Indian imports of whiskies, worth over £200 million in 2022 and currently facing tariffs of 150%, will see duties cut to 75% on day one and staged to 40% from year 10 onwards. Gin, which is growing in popularity with Indian consumers, will benefit from the same tariff reductions. Tariff reductions on 99% of Indian products could mean cheaper imports of clothes, shoes and food and drink.

The deal will also benefit the UK's services sector. UK services exports to India could rise by an additional £1.6 billion. Our world leading creative sector will benefit from enhanced copyright protections as companies expand into a growing higher income market.

The UK exported approximately £1.2bn of business services to India in 2023 and locked in access for firms will offer the certainty they need to expand in India's growing market. Measures such as ensuring UK financial services companies are treated on an equal footing with domestic suppliers, and encouraging the recognition of professional qualifications will all support growth.

This deal aligns with our Industrial Strategy, supporting the UK's IS-8 high-growth sectors. It gives UK businesses a competitive edge as they expand into India which, by 2050, will be home to over a quarter of a billion high income consumers and demand for imports is on course to top £2.8 trillion. I am also proud to say we have championed our trading values in this deal and strengthened our bilateral partnership with India - showing the world that both countries stand for free, fair, and open trade.

The agreement will be signed on Thursday when Prime Minister Modi visits the UK, which is during parliamentary recess. We will update the House at the earliest opportunity once the deal has been signed and I have enclosed materials relating to the agreement which I am sharing with the Committee in advance of signature, and in confidence.

After signing the agreement, we will prepare for it to be scrutinised by Parliament. The Secretary of State will commission the Trade and Agriculture Committee to advise on the agreement, and they will begin their work straight away. We will then lay a finalised Section 42 report in Parliament in advance of providing the opportunity for Parliament to scrutinise the treaty in line with the Constitutional Reform and Governance Act 2010. Any necessary legislation to implement the agreement will be scrutinised by Parliament in the usual way.

I would like to take this opportunity formally to express my gratitude for the constructive relationship we have with your Committee. My Chief Negotiator Kate Thornley has welcomed opportunities to brief the Committee privately and we will of course be happy to engage further on this agreement once Parliament resumes; I have asked my officials to be in touch with your clerks to make the necessary arrangements. The Department will also continue to engage with the Committee's inquiry on UK trade with the US, India and the EU.

Best wishes,



THE RT HON JONATHAN REYNOLDS MP
Secretary of State for Business & Trade and President of the Board of Trade