

## Srushti Hode

### The potential benefits :

- There will be an increase in wages as the early harvest agreement includes the SMEs. Industries such as agri-food, beverage, and distillers require the labor market. This can ultimately change the people's perception of Brexit failure. According to recent statistics, 48% of Great Britain people think that it was wrong to leave the European Union (Statista, n.d.). This is due to many reasons but the important factor was The UK labor market was directly affected due to the break-in free movement of labor. EU being the UK's largest trading partner and losing this single market resulted in inevitable damage to UK's economy. Hence, a start of FTA with a booming economy of India can definitely restore the people's faith in government because according to International Trade Secretary Anne-Marie Trevelyan there will be an increase in wages across the UK by up to 3 billion by the year 2035 (GOV.UK, n.d.). According to the latest data, in 2021 Indian companies operating in the UK employed 116,046 people and there are in total 850 companies in the UK ( India meets Britain tracker).
- Considering the current rate of unemployment in the UK according to labor market strategy which is 4.1% (Office for national statistics), FTA with India can create around 6000 jobs due to investment from India in the UK. This investment deal will create 1000 UK jobs each at health and tech firm Infosys. Creating opportunities has been working in both ways. As the British businesses will secure the export deals with India it has the potential to create around 400 British jobs ( (£1bn UK-India trade deals will create 6,000 UK jobs, says PM, 2021) UK reported a total trade deficit of 6.1 billion with India compared to a trade deficit of 5.2 billion in the 4 quarter to the end of Q3 2020 (Department of International Trade, UK). • A reduced tariff rate on the UK export goods can decrease the trade deficit. In June 2021, the scotch Whisky association commissioned the Fraser of Allander Institute to estimate the impact on the UK economy of whiskey exports to India that could result from the reduction in tariffs. The tariff rate was set at 150% on scotch whiskey by India which significantly raised prices for Indian consumers but if this rate is decreased from 150% to 30% it can uplift exports worth between 15m and 80m. This increase in export will create 240-1300 jobs in the UK. Based on academic literature values the research states that each additional 1m of scotch whisky export can support 16 full-time equivalent jobs in the UK (Black et al., n.d.) UK firms currently face a 19% tariff which is higher, securing an FTA with India will create more scope for trade liberalization and it will also give a first-mover advantage to the UK exporting firms.

## Indo-Pacific Interest

- India is a faster-growing economy. In 2020 India's trade surplus with 8 countries from the western shore of the American continent to the eastern coast of Africa. An FTA with this growing economy will increase the chances of the UK being the first European nation to join the CPTPP (Suneja, n.d.). Indo-Pacific is a new geopolitical center and this trade agreement will be a boon for the UK to enter into the biggest maritime democracy. The postBrexit UK will prove the highest jump from a single market fish tank to the biggest trading ocean.
- In 2022, the Indian government plan to invest USD 15 billion as the government focuses on electric vehicles, green hydrogen, manufacturing of solar equipment, and introduction of Sovereign Green bonds in public sector projects (www.investindia.gov.in, n.d.). This decision can definitely increase the opportunities for British energy firms. Energy Industry Contributes to the 6.0% of industrial employment.

## Potential Downsides

- The potential risk is the failure of the Early Harvest Agreement. It encourages the removal of tariffs on certain goods but this bilateral trade can sometimes result in a profit of one country and the loss of another. Proper planning is necessary and correct paperwork is essential to carry out a successful trade deal. UK export to the EU fell 14% in the seven months following the introduction of a UK-EU free trade agreement (Review, 2021).
- A trade deal with India has the potential to significantly increase UK service exports, but the analysis warns that Britain must prevent a disruption comparable to the "China shock." (GOV.UK, n.d.) that afflicted American manufacturers when they were confronted with a trading partner with low labor costs They stated that if British and enterprises were undercut, service employment in London and the southeast would be particularly threatened.
- Russia is a key supplier of commodities such as palladium and titanium, which are essential in high-tech engineering, so cutting Russia off from global markets would be another hit to the supply chain. This might have an impact on the renewable energy agreement with India. Another issue is that the WTO specifies that there should be no favoritism among nations unless there is an FTA. As a result, the UK's neighbors can complain to the World Trade Organization that the UK is discriminating them. This may have a negative impact on future trade negotiations with other nations.

## Relaxed Visa Rules and Risk Management associated with it -

- One year's intake of incoming international students is worth 28.8 billion pounds to the UK economy, with India among the most "prolific" as an overseas education market, according to the latest analysis. The

statistics show that Indian students are a major contributor to the British economy's annual net revenue, bringing both direct and indirect benefits.

- Making skilled worker immigration easier can boost the UK's IT, pharmaceutical, and the general economy. The research and development sector may be strengthened, particularly following the covid pandemic epidemic. The possibility of fewer work options for UK-born citizens should be reduced. The more liberal visa restrictions are, the more opportunities for foreigners to obtain jobs, which may have a negative influence on the nation's people's interest.
- In 2020, the employment rate of working-age migrant males (82%) was greater than that of UK-born men (78%). (Figure 2). Except for those born in East and Southeast Asia (74%), MENA, and Central Asia, most region-of-origin groupings had greater employment rates than UK-born men ( 67%) (The Migration Observatory, 2018)
- India's requirements may go beyond simply lowering visa prices. India may request a decrease in NHS health insurance. India is working to make a social security agreement to stop these payments as part of negotiations to reach a trade deal. In any given year, as many as 50,000 skilled work visas are granted to Indian nationals coming to work in the U.K., Home Office immigration statistics indicate. The point asserted is that skilled workers who come to the UK on tier 2 British visas do not use many of the national health services and are not here long enough to benefit from the pension system. Indian companies are eager to reach an agreement that would allow Indian employees to claim exemption from U.K. social security obligations by presenting a "certificate of coverage"

(CoC) from the Indian Provident Fund office (POLITICO, 2022)

- This Key conflict sensitivity risk and related adjustment (mitigation) should be included in risk management frameworks and registers. These can provide an entry point for regular discussions within program teams on the status of current risks ( Conflict Sensitivity Tools and Guidance )

### Benefits for Scotland, Wales, and Northern Island

- According to the Department for International Trade, securing an FTA could increase exports to the country by £71 million per year. Currently, India imposes steep import duties on essential UK goods, such as whisky, which is taxed at a rate of 150 percent. An FTA that removes costly trade restrictions will assist distilleries throughout Northern Ireland in reaching clients in India's large and increasingly middle class. Export sales have the potential to increase in a variety of industries, including agri-food, medicines, manufacturing textiles, and engineering.

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