

CUTS-Bridge India webinar

India-UK Trade and Economic Cooperation in the Context of Developments in the Indo-Pacific Region

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Speaking Note for PSM

- Linked by common democratic values and principles, India and the UK are two potential partners who can collaborate with each other for a mutually benefitting and exciting future.
- India was the second largest source of FDI in the UK in 2019 and India-UK investment relationship supports over half a million jobs in each other's economies.
- Despite having the history of being the second largest trading partner of India in 1998-99, UK is 16th in the list of India's trading partners in 2018-19, which indicates the need to revamp the bilateral relations between India and UK in multiple domains.
- Being a major source of investment and employment generation, along with sharing a similar vision of free and open Indo-Pacific based on rules based international order; India can be a reliable economic partner for the UK in its post-Brexit strategy in the Indo-Pacific region.
- With the UK and India benefitting from stable governments enjoying strong political mandates following elections in 2019, there is an opportunity to significantly advance the bilateral relationship. India has invited PM Boris Johnson as the chief guest for Republic Day 2021, which shows the positive direction of the bilateral relationship. It was in 1993, the last time when the U.K PM John Major was chief guest for Republic Day.
- At a time when the European countries including Germany and France are returning to the Indo-Pacific, cooperation with India in the Indo-

Pacific will not only help the UK economically, but also position itself as a key player in the dynamic geopolitical and security environment.

- Moreover, as the UK government is expected to launch its Indo-Pacific vision, India and the UK can fruitfully explore and accelerate mutual and multi-country partnerships in areas of financial and supply chain resilience, maritime security, trade and investment, addressing climate change and building telecommunication infrastructure.
- India has also invited the UK to have an initial limited trade deal that can potentially go for a full stretched bilateral free trade agreement.
- Furthermore, when India initiates an alternative dialogue on Resilient Supply Chain Initiative (RSCI) together with Australia and Japan, U.K can be an important partner.
- However, three key factors that hold back India-UK trade and investment are: trade barriers; challenges in India's business environment; and UK restrictions on the movement of Indian nationals¹.

¹ <https://publications.parliament.uk/pa/cm201719/cmselect/cmfaff/1465/1465.pdf>