

BORIS JOHNSON RESIGNS AFTER WAVE OF RESIGNATIONS

PHOTO: REUTERS



Johnson will serve as the caretaker prime minister till October

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UK politics may push back FTA talks beyond Diwali

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The political storm in the UK is likely to delay the talks for an ambitious free trade agreement (FTA) with India, according to a senior government official. With UK Prime Minister Boris Johnson's resignation on Thursday following a spree of exits by ministers and other lawmakers, the Diwali deadline to conclude the bilateral FTA talks could be derailed, the official said.

"However, given the cordial relationship between the two countries, we don't see any major hurdle in finalizing an FTA," the official explained.

Jayant Krishna, former group CEO at

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- Trade talks between the two sides began in January
- Four rounds of talks have been completed
- Both sides have concluded 11 out of 26 chapters so far
- Fifth round of talks were scheduled for this month

UK-India Business Council, said Johnson's resignation would be a setback for the FTA talks as he was at the forefront of pushing deeper bilateral trade ties between the two countries. "Since the



change in political leadership may also bring in a new trade secretary in the UK, it may slow down talks," he added.

Keen to set its own economic course after Brexit, the UK was eager to quickly finalise a trade deal with India. While the negotiations started in January, the fifth round of trade talks between officials from both sides were expected to happen this month in New Delhi.

After the fourth round of talks in June, UK's Department of International Trade said in a statement that for this round of negotiations, detailed draft treaty text was advanced across the majority of chapters. Turn to Page 6 ▶

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"Technical experts from both sides came together for discussions in 71 separate sessions covering 20 policy areas. Negotiation officials undertook these technical talks in a hybrid fashion – with some of the teams meeting in London and the majority of officials joining virtually," it added.

David Henig, UK director at the European Centre For International Political Economy, indicated a delay in the bilateral talks. He said in a Twitter message: "A new PM might also want to take a close look at the UK-India trade deal and ask if something concluded at speed will really meet the needs of UK businesses, given the known difficult operating conditions."

Before Johnson's resignation, trade minister Piyush Goyal had told Financial Times that New Delhi was on track to conclude a full-trade agreement with the UK by October, adding negotiators had already finalized 11 out of 26 chapters.

Official sources said that some of the sticking points pertaining to the deal include the UK's ask for lower steep tariffs for automobile components and scotch whiskey. While the issue is still being negotiated, India has already ruled out giving market access to dairy products, keeping it in its negative list. Similarly, India has been pushing for reducing duty on textiles, rice as well as green exports such as solar, onshore, and offshore wind.

Arpita Mukerjee, professor at Indian Council for Research on International Economic Relations (ICRIER), said while the current political turmoil in the UK has caused uncertainty, however, the larger issue is that both nations need to agree on

the contentious issues in order to finalise a trade deal that will be a win-win for both nations.

"Irrespective of whoever becomes the head of the nation, and how the political scenario pans out, the UK industry will not be happy with the trade agreement if tariffs on certain areas of their trade interest such as automobile, whiskey are not reduced," Mukherjee added.