



## India-U.K. Free-Trade Pact Talks Focus On Dairy, Liquor, Visas

India-U.K. trade pact discussions are centered around the entry of dairy products, tariff on liquor and easier visa access, according to two government officials.

Indian dairy industry wants to export to the U.K. But cow produce is subsidised there, and that makes the market competitive, one of the officials quoted above told BloombergQuint. Also, India exports buffalo produce, while the U.K. banks on cow produce. There have been extensive discussions with the dairy industry along with the U.K. representatives on this issue, the official said on the condition of anonymity.

The Commerce Ministry's estimates showed India's annual milk production approximates to 206 million tonnes compared with the U.K.'s 15 million tonnes.

According to a February 2022 U.K. Parliamentary report reviewed by BloombergQuint, "the Indian dairy sector is not currently permitted to export dairy products to the UK". The report cited standardisation issues as the reason. "There is considerable concern over the uncontrolled use of antibiotics by Indian dairy farmers... Aside from product quality issues, the failure to manage antibiotic usage has major implications on the global development of anti-microbial resistance."

Another difficulty in respect of standards is that currently no organic dairy equivalence exists between India and the U.K., the same official quoted above said.

This comes after U.K. Prime Minister Boris Johnson last month **visited India**, starting with Gujarat—considered a hub of the domestic dairy industry that has been demanding a greater access to the U.K. market.

BloombergQuint's emailed queries to the Ministry of Commerce remained unanswered.

### Tariff on Liquor

The U.K.'s Scotch whisky industry has been demanding a gradual reduction in tariff to allow better access to the Indian market. Currently, India imposes 150% import tariff on spirits. There have been discussions around reaching a zero tariff policy in the next five years depending on how the markets react to initial deductions, the second government official quoted above said.

India imported U.K. spirits worth Rs 1,266.43 crore in the last financial year, up to February 2022, according to the commerce ministry's website. Surveys by consumer data firms, Statista and YouGuv, showed that India tops the list of countries by alcohol consumption.

India is a very lucrative market for whiskies due to the volume consumed. But imported liquor accounts for a small percentage due to high pricing, the official said.

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### Other Issues

There have also been discussions around relaxing the U.K.'s immigration rules by offering cheaper and easier visas for Indian tourists, students and professionals, much like India's trade pact with the UAE and Australia.

The deal will also see specific focus on the pharmaceuticals and automobile sector. Discussions around this will be taken up soon, the official said.

India and the U.K. had formally launched negotiations for the free-trade agreement in January this year. Three rounds of negotiations have been held. Future rounds will take place about every five weeks.

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