

With zero duty access, India eyes boom in key exports

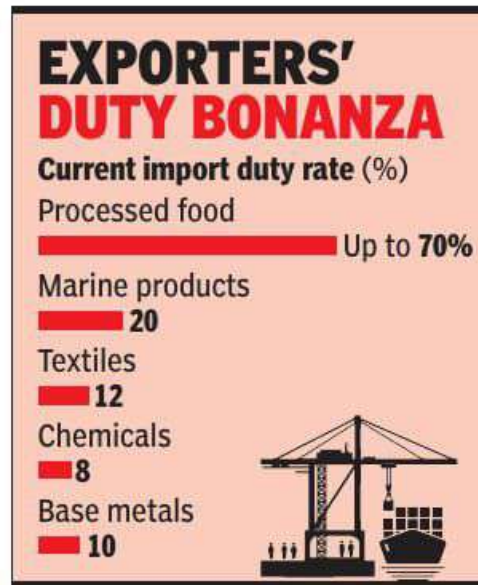
TIMES NEWS NETWORK

New Delhi: Indian negotiators are targeting labour-intensive goods and services to boost India's tiny 1.9% share of UK imports. The new trade pact promises zero- or near-zero tariffs on textiles, leather and footwear, engineering goods, chemicals and pharmaceuticals — relief govt says will make Indian exports far more competitive.

Govt said 99% items of trade (called tariff lines), comprising 100% of India's exports, are covered in the deal.

In textiles, for instance, there are 1,143 items on which zero-duty market access will be provided to Indian goods, blunting the duty advantage that Bangladesh, Cambodia and Pakistan have so far enjoyed. So, readymade garments or home textiles, carpets, handicrafts and traditional items such as pashmina shawls or Kanchipuram or bandhini sarees are expected to gain. India is fourth-largest textile supplier to UK, accounting for over 6% of imports.

Govt officials said India hopes to outperform competitors such as Vietnam, Indonesia, Cambodia, Turkey and



Bangladesh in the footwear market, especially athleisure and sports shoes, in addition to Vellore and Kolhapuri chappals and traditional leather shoes. In recent years, several large sports shoe manufacturers have tied up with Indian producers to make footwear for brands like Puma, Adidas and New Balance for domestic and global markets.

There are sectors where India has a large presence in other markets but a limited share of the British market. Indian exporters hope to replace competitors across a variety of engineering goods, including machinery and components, where zero-duty access will be provided to 1,659 items. With exports of \$4.3 billion, India

holds a small share of the \$194 billion machinery imports by British businesses. Govt is projecting to double the value of exports by March 2030.

India also has a small share in UK's pharma imports — only \$1 billion out of \$30 billion in 2024. The govt is eyeing gains in not just generics but also medical devices such as ECG machines and X-ray systems.

For chemicals, where India's exports to UK were \$570 million last year, govt is betting on a 30-40% jump in the first year itself as over 1,200 chemicals will be given duty-free access. Businesses are eyeing an opportunity in gems and jewellery sector, where exports are now pegged at \$940 million.

Although govt has maintained that it has not opened several critical agricultural sectors such as dairy, apples, edible oil and oats under the Comprehensive Economic & Trade Agreement, it hopes to push Indian grapes, processed food, bakery items and marine products into UK supermarkets.

A lot of the market access in these segments will also depend on the quality standards that the UK puts in place and also other trade deals that it enters into in the coming months.