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# What Labour's win could mean for India-UK FTA

The agreement could result in a mutual tariff relaxation on a range of goods such as cars, clothes, alcoholic beverages, and medical instruments.

Written by [Ravi Dutta Mishra](#)  
New Delhi | July 4, 2024 08:35 IST





A landslide victory for the Labour Party in the UK elections could lead to a change in the dynamic of the FTA negotiations.

New Delhi and London have been negotiating a proposed free trade agreement (FTA) for more than two years to boost trade between the two nations. The agreement could result in a mutual tariff relaxation on a range of goods such as cars, clothes, alcoholic beverages, and medical instruments.

However, a landslide victory for the Labour Party in the UK elections could lead to a change in the dynamic of the FTA negotiations.

### **Political certainty a plus**

Since the UK unexpectedly voted in a referendum to leave the European Union (EU), London has not seen the kind of political stability needed for a deal with India that has a high tariff regime.

But if Labour wins comfortably, there might finally be enough political legroom to sign a deal with India. Since Brexit, the majority of the trade deals signed by the UK have been rollover agreements, that resemble deals that London previously had when it was an EU member.

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## Not an 'anti-India' Labour Party

Under Keir Starmer, Labour has changed. It is not the same party as that he his predecessor, Jeremy Corbyn, who called for international intervention in Kashmir.

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Starmer has recognised the growing political clout of the UK's Indian origin population — the largest immigrant group in the country — and has tried to stamp out 'anti-India sentiments' within his party. In an event on Friday, Labour Party Chair Anneliese Dodds claimed that the party, under Starmer, is confident of having cleansed its ranks of any members with "extremist views" on India.

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In fact, under Starmer's leadership, Labour has even raised questions regarding the Tories' delay in signing the FTA with India.

### Visas a likely sticking point

That said, immigration remains among the most heated issues in British politics. While the Tories and Labour disagree on how to restrict immigration into the UK, there is a bipartisan consensus on the fact that it must be restricted. This could be a sticking point for a trade deal with India.

New Delhi is seeking temporary visas for its service sector workforce under the FTA — this is where it expects to gain the most in the deal. With the UK being a powerhouse in the IT and financial services segment, India's service sector could

benefit from the integration. But given the UK's political climate, Labour is likely to negotiate hard on the visa issue.

### Tougher negotiations on climate

India will also likely face tougher negotiations on climate from a Labour government, which has repeatedly cornered the Tories for deviating from the UK's 2030 net zero goals.

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India has sought a relaxation on the carbon tax that the UK is expected to implement along the lines of the EU. New Delhi argued during the FTA negotiations that the proposed carbon border adjustment mechanism could take away much of the tariff concessions agreed during the FTA.

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