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COUNTRY DOSSIER

United Kingdom

September 2022

Country Dossier - UK

India has remained one of UK's closest and long-term economic allies for the last 75 years. The trade between the two countries is likely to double to USD 100 billion by 2030 on the back of the proposed free trade pact, investment in technology, diversification of global supply chains, and ease of doing business. The future of the India-UK economic relationship hinges on the quick implementation of the free trade agreement (FTA) that both nations are negotiating to boost overall trade. The FTA will increase UK's exports to India, expand Britain's entire business by about £28 billion a year by 2035, and hike wages across regions in the UK by £3 billion.

Additionally, both UK and India have negotiated a free trade deal to boost Indian exports in labour-intensive sectors such as leather, textile, jewellery, processed agri-products and marine products, education, pharma, and health care. The UK is also likely to reduce tariffs on products such as apples, UK-manufactured medical devices, and machinery. The trade between the two nations in goods and services with the UK increased to USD 31.34 billion in 2022 from USD 19.51 billion in 2015. The UK also remains the sixth-largest investor in India, with a cumulative investment of USD 31.92 billion in 2000-22.

G2G visits

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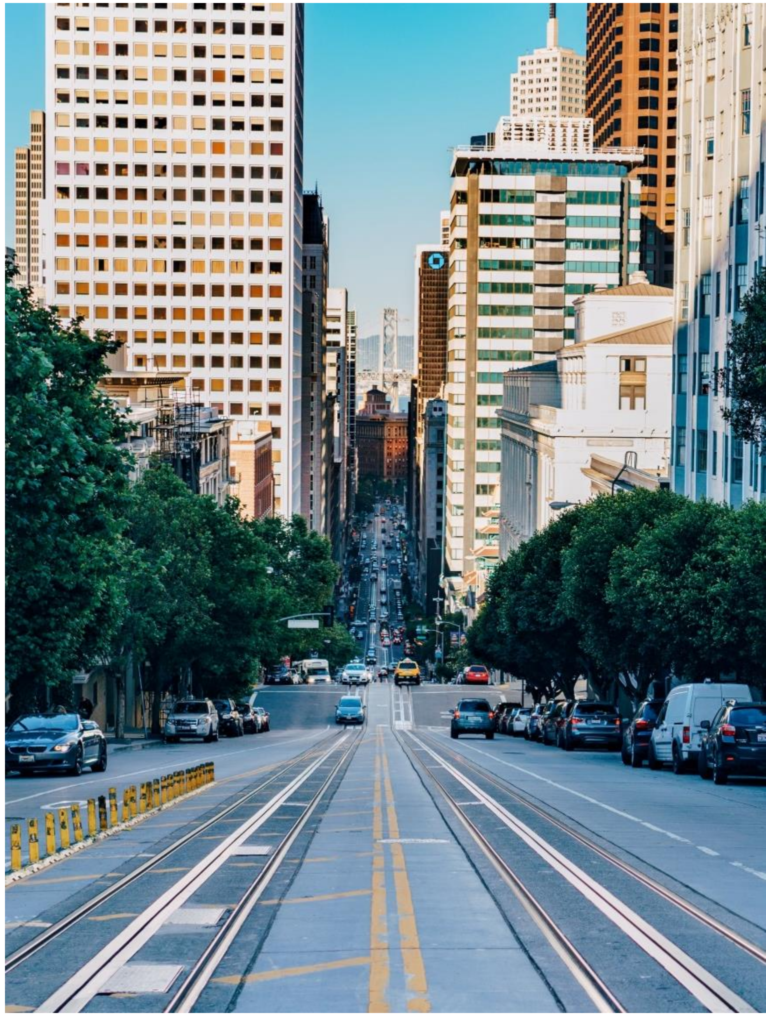
- India and UK have concluded the fifth round of talks for the FTA. UK Permanent Secretary Trade, James Bowler, met with Commerce Secretary BVR Subrahmanyam before the fifth round began in early August 2022. They signed three agreements, including recognising each other's higher education standards. India and the UK aim to conclude the FTA by October 2022.

- Apart from reducing tariffs, the FTA also looks at lowering non-tariff barriers, particularly technical barriers to trade around rules of origin, investor protection and IPR. MoUs on joint recognition of certain educational qualifications and an outline pact on the healthcare workforce have already been signed. Additionally, both UK and India have set up panels for a totalisation deal being advocated by India and permitting Indian legal services for the UK.

- The UK is also creating an India-specific open general export license, reducing bureaucracy and cutting delivery times for defence procurement. Both countries are also in the process of finalising an arrangement for the joint production of advanced defence technology and systems in areas such as modern fighter aircraft and jet engine advanced core technology.



Sectoral Synergies

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Infrastructure/ Real Estate

- Actis has acquired a portfolio of six operating highway toll road projects in India from Welspun Enterprises Limited, part of the Welspun Group, for an aggregate enterprise value of USD 775 million. The portfolio benefits from a stable mix of annuity and toll cash flow from the projects located strategically across India, including in the most prominent North-South highway corridor.
- Actis acquired Hyderabad-based real estate platform, Rx Propellant for an undisclosed amount. Actis, in a statement, said it is eyeing an initial investment of up to USD 200 million into a buy-and-build programme, targeting both green and brownfield assets with a focus on sustainability.

Pharma

Indian drug makers and healthcare providers are exploring opportunities in the UK. Some of the prominent ones are listed below.

- Accord Healthcare, an arm of Ahmedabad-based Intas Pharmaceuticals Limited, is planning expansions in the UK. Accord Healthcare operates in the UK with over 1,200 employees. It claims to be the biggest supplier of pharmaceuticals in the UK.
- Mumbai-based Jupiter Lifeline Hospitals Limited plans to set up a state-of-the-art neuro-rehabilitation centre with 100 inpatient beds in the UK for patients with stroke, traumatic brain injury and neurological disorders.
- Brinton Pharmaceuticals has committed to setting up a global research and development hub in the UK with an investment of £30 million, creating around 300 jobs.
- Microlabs has committed an investment of £10 million to expand in the UK, besides Qure AI Technologies's investment of £6 million.

Energy

- Actis LLP has received the bid to purchase Kolkata-based Atha Group's 400 megawatts (MW) solar energy assets worth of around USD 100 million, and the sale purchase settlement has additionally been signed.
- Actis has agreed to sell Solenergi Power Private Limited, the flagship company for its Sprng Energy platforms, one of India's largest renewable energy companies, to Shell Overseas Investments B.V. for USD 1.55 billion.

Sectoral Synergies

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Retail

- Reliance Retail is in talks with London-based luxury gourmet, gifting and hospitality retail chain Fortnum & Mason for an exclusive partnership in India. The British luxury department store has a close association with the British royal family.
- Tata Consultancy Services will digitise the human resource functions of Marks & Spencer.

EV's/ 2wheelers

- UK's development finance institution British International Investment (BII), will invest INR 19.25 billion into a new dedicated, four-wheeler electric passenger vehicle arm, which Mahindra and Mahindra will incorporate. M&M and BII will invest USD 250 million each into the new entity called EV Co at a valuation of USD 9 billion.
- TVS Motor Company, which makes two-and three-wheelers, will additionally invest £100 million in Norton Motorcycles, the iconic UK brand it acquired in April 2020.

Consumer Beverages

- India has the largest whiskey market in the world and the second largest export market for Scotch whiskey by volume. Reducing the tariff currently slapped on basic customs duty (BCD) on Scotch exports to India could generate as many as 1,300 Scottish jobs as well as an additional £1.2 billion in Scotch sales. Despite the BCD being reduced from its former 300% levels, Scotch producers say it is still not viable for business to flourish.
- British premium consumer electronics giant Dyson will make new investments in India as the company saw strong growth during the pandemic, when there was a surge in demand for home care products such as vacuum cleaners, air purifiers and hair stylers.

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