

UK-INDIA FTA

Regional Opportunities for Exporters &
Sourcing Strategies

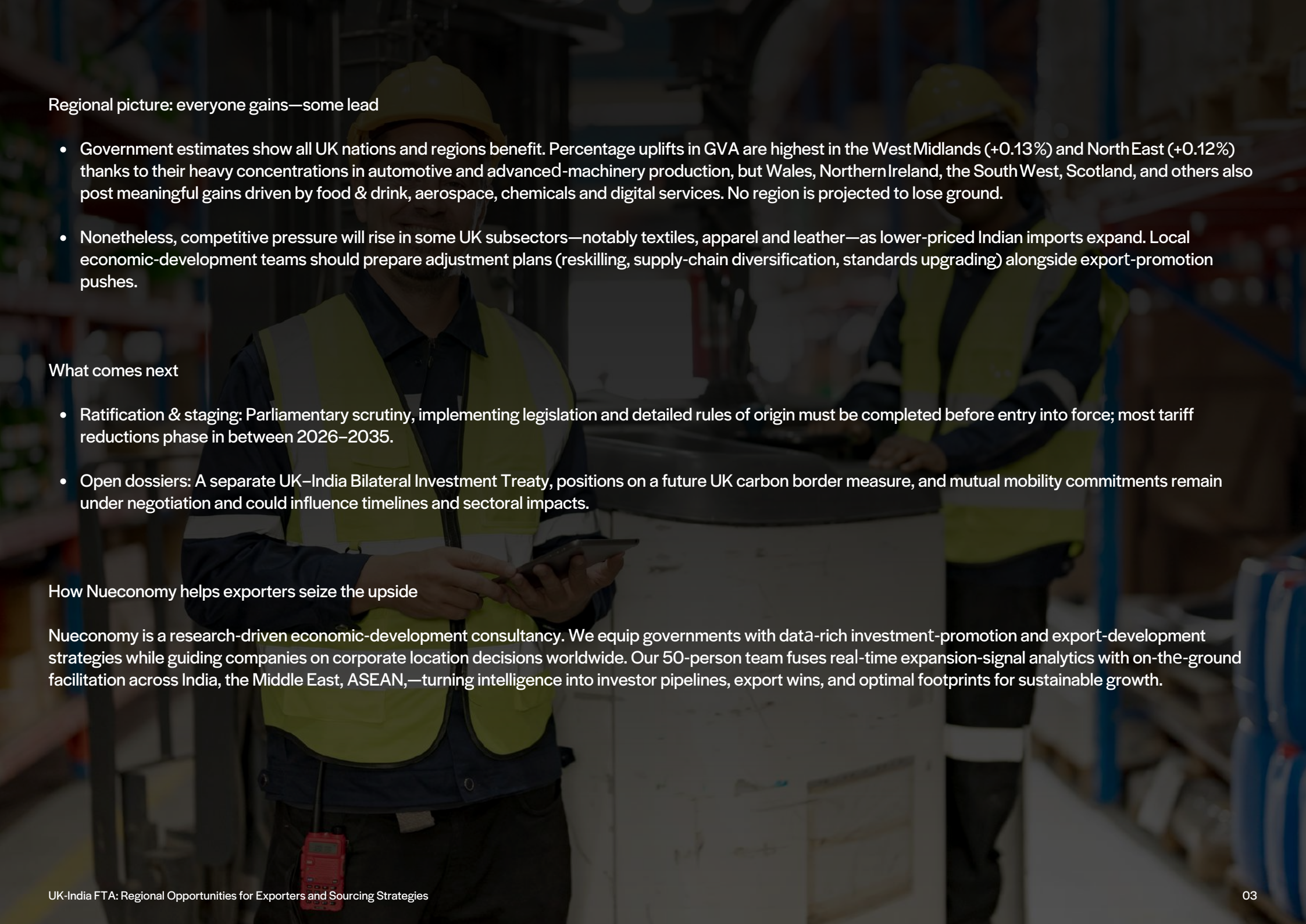


Executive Summary

On 24 July 2025, United Kingdom and India signed their long-awaited Free Trade Agreement (FTA), hailed by Prime Minister Keir Starmer as the “biggest and most economically significant bilateral trade deal the UK has struck since leaving the EU.” The accord concludes fifteen negotiation rounds over more than three years and now proceeds through each country’s ratification process, with most tariff cuts phasing in over up to ten years.

What the deal does

Tariff liberalisation	Duties are eliminated or reduced on 90% of tariff lines, eventually covering 92% of India’s imports from the UK; about 85% of those lines become fully duty-free within a decade. Signature reductions include Indian tariffs on whisky (150%→40%) and cars (110%→10% within a quota).
Regulatory & services gains	Streamlined customs procedures, sector-specific mutual-recognition commitments, and new digital-trade rules lay groundwork for smoother cross-border services and data flows.
Long-run macro impact (UK Government modelling to 2040)	○ UK exports to India+59% (+£15.7bn) ○ UK imports from India+25% (+£9.8bn) ○ Total bilateral trade+£25.5bn (+39% overall) ○ UK GDP+0.13%; India GDP+0.06%



Regional picture: everyone gains—some lead

- Government estimates show all UK nations and regions benefit. Percentage uplifts in GVA are highest in the West Midlands (+0.13%) and North East (+0.12%) thanks to their heavy concentrations in automotive and advanced-machinery production, but Wales, Northern Ireland, the South West, Scotland, and others also post meaningful gains driven by food & drink, aerospace, chemicals and digital services. No region is projected to lose ground.
- Nonetheless, competitive pressure will rise in some UK subsectors—notably textiles, apparel and leather—as lower-priced Indian imports expand. Local economic-development teams should prepare adjustment plans (reskilling, supply-chain diversification, standards upgrading) alongside export-promotion pushes.

What comes next

- Ratification & staging: Parliamentary scrutiny, implementing legislation and detailed rules of origin must be completed before entry into force; most tariff reductions phase in between 2026–2035.
- Open dossiers: A separate UK–India Bilateral Investment Treaty, positions on a future UK carbon border measure, and mutual mobility commitments remain under negotiation and could influence timelines and sectoral impacts.

How Nueconomy helps exporters seize the upside

Nueconomy is a research-driven economic-development consultancy. We equip governments with data-rich investment-promotion and export-development strategies while guiding companies on corporate location decisions worldwide. Our 50-person team fuses real-time expansion-signal analytics with on-the-ground facilitation across India, the Middle East, ASEAN,—turning intelligence into investor pipelines, export wins, and optimal footprints for sustainable growth.

UK-India FTA: Key Provisions and Implementation

Deal Status and Timeline

- Agreement signed following fifteen rounds of negotiations since January 2022
- Legal text being finalized with ratification expected to take approximately 12 months
- Implementation to begin late 2025/early 2026 with phased tariff reductions
- Businesses should begin preparation now to maximize early advantages

Key Provisions Under Negotiation

- Goods Market Access: Phased tariff elimination on 65-90% of current trade
- Services Trade: Enhanced market access for financial, legal, and education sectors
- Digital Trade: Framework for cross-border data flows and e-commerce
- Intellectual Property: Strengthened protections for innovations and brands
- Government Procurement: Access to public contracts currently restricted to domestic suppliers
- Sustainability: Environmental standards and clean technology cooperation

Economic Impact

- Projected to boost UK GDP by £3.3 billion
- Increase in bilateral trade by £28 billion by 2035
- Creation of up to 600,000 jobs across both economies
- Strategic positioning of UK businesses in one of world's fastest-growing major economies



High-Potential Export Sectors

Scotch Whisky & Premium Spirits	Current Landscape	• UK global exports: \$7.8 billion (2023), India global imports: \$410 million (2023) • Current UK exports to India: \$21 million (2023) • Tariff barrier: 150% making UK spirits prohibitively expensive
	FTA Impact	• Phased reduction of 150% tariff to potentially below 50% within 5-10 years • Potential market growth of 5-8x within five years post-implementation • Positioning of premium spirits for India's expanding middle and upper class • Enhanced geographical indication (GI) protection for Scotch Whisky
	Strategic Considerations	• Complex state-level regulations will remain despite central tariff reductions • Need for distribution partnerships navigating state-level excise policies • Premium positioning to differentiate from local alternatives • Growing competition from other international spirits
Automotive & Transport Equipment	Current Landscape	• UK global exports: \$32.4 billion (2023), India global imports: \$11.2 billion (2023) • Current UK exports to India: \$295 million (2023) • Tariff barriers: 60-125% on vehicles; 10-15% on components
	FTA Impact	• Phased reduction on passenger vehicles from 125% to 50-75% in medium term • More substantial reductions for electric vehicles supporting India's EV transition • Greater reductions on components supporting "Make in India" while enabling UK exports • Regulatory alignment on safety and emissions standards
	Strategic Considerations	• Premium positioning for vehicles competing with German, Japanese brands • Component supply opportunities for India's growing auto manufacturing sector • Electric vehicle technologies aligned with India's transport electrification goals • Engineering services opportunities in design and development

Pharmaceuticals & Healthcare	Current Landscape	• UK global exports: \$29.7 billion (2023), India global imports: \$8.9 billion (2023) • Current UK exports to India: \$335 million (2023) • Tariff barriers: 10% with significant non-tariff barriers in approvals
	FTA Impact	• Tariff elimination and streamlined regulatory approval processes • Enhanced intellectual property protections for innovative medicines • Mutual recognition of GMP (Good Manufacturing Practice) standards • Framework for research collaboration and clinical trials
	Strategic Considerations	• Focus on specialized therapies complementing rather than competing with India's generics • Collaboration opportunities with India's pharmaceutical manufacturing capabilities • Digital health technologies for India's rapidly evolving healthcare system • Medical education and training partnerships
Financial & Professional Services	Current Landscape	• UK global exports: \$190+ billion (2023), India market size: \$500+ billion with 9.5% CAGR • Current UK market access: Limited by equity caps and licensing restrictions • Barriers: Foreign equity limitations (74% in insurance), licensing requirements, data localization
	FTA Impact	• Increased foreign equity allowances in insurance and other financial sectors • Improved regulatory transparency and licensing procedures • Legal services access for foreign/international law advice • Financial data provisions facilitating cross-border operations
	Strategic Considerations	• Fintech solutions for India's rapidly digitalizing financial landscape • Specialized insurance products for underserved segments • Asset management capabilities for India's growing investment market • Legal services supporting increased UK-India business activity

Education & Skill Development	Current Landscape	• UK global education exports: \$32.5 billion (2023), India outbound student market: \$5+ billion annually • India currently sends 120,000+ students abroad for higher education • Barriers: Qualification recognition, campus establishment restrictions
	FTA Impact	• Mutual recognition of qualifications and professional certifications • Framework for transnational education (TNE) provision and joint degrees • Expanded opportunities for UK educational institutions in India • Enhanced mobility for students and academic professionals
	Strategic Considerations	• Transnational education partnerships with Indian institutions • Digital/hybrid delivery models reaching broader Indian audience • Professional certification programs aligned with India's skill gaps • Research collaborations leveraging complementary strengths
Green Technology & Renewables	Current Landscape	• UK global exports: \$22.7 billion (2023), India renewable energy targets: 500GW by 2030 • India global imports of renewable tech: \$7.4 billion (2023) • Tariff barriers: 7.5-15% with local content requirements
	FTA Impact	• Reduced tariffs on clean energy equipment and technologies • Technical cooperation framework for renewable energy development • Green financing mechanisms facilitating project development • Skills and knowledge transfer provisions
	Strategic Considerations	• Offshore wind expertise matching India's substantial coastline potential • Grid integration technologies for India's renewable expansion • Energy storage solutions addressing intermittency challenges • Green hydrogen technologies aligning with India's emerging focus



Support Resources for Regional Businesses

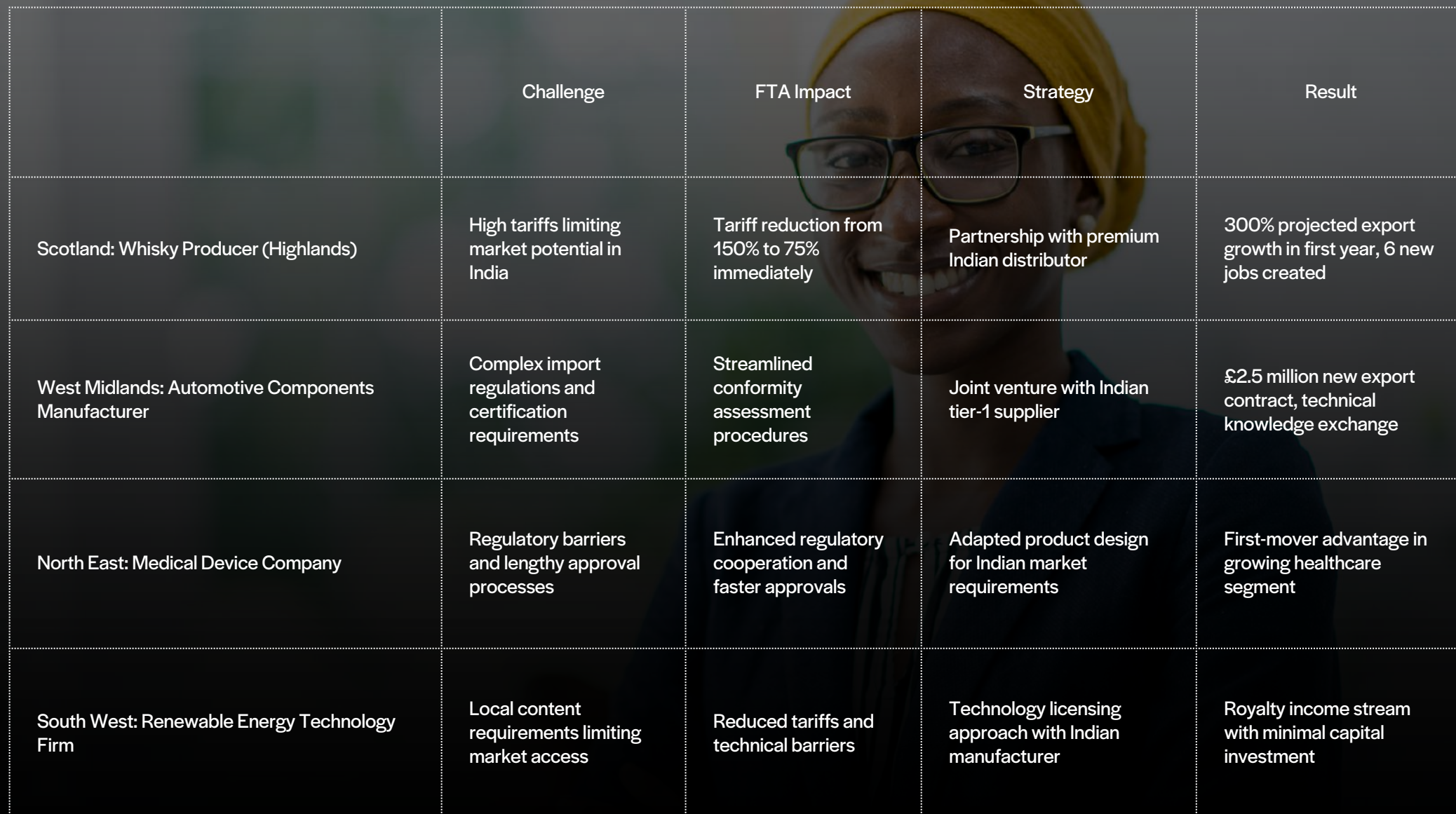
Government Support Programs

Department for Business and Trade (DBT)	• UK Export Finance: Financing support for UK exporters to India • New Market Entry Advisors: Specialized India market expertise • Export Academy: Training for new-to-export companies • International Trade Advisors: Regional support teams with sector expertise
Regional International Trade Offices	• Tailored local support for businesses • Connection to region-specific opportunities in India • Coordination with Chambers of Commerce
UK India Business Council	• Advisory services for market entry • Matchmaking with Indian partners • Regulatory guidance and business setup support • State-level market intelligence

Practical Tools for Businesses

Market Assessment Resources	• India Digital Trade Tool: Online database of tariff reductions by product code • State-by-State Market Guides: Regional opportunities across India • Sector Opportunity Reports: Detailed analysis of priority sectors
Exporter Development Programs	• FTA Masterclass Series: Regular webinars on maximizing FTA benefits • Export Champion Network: Peer learning from successful exporters to India • Trade Mission Calendar: Upcoming opportunities to visit key Indian markets
Strategic Consulting Support	• Market Entry Strategy Development • Partner Identification and Due Diligence • Regulatory Navigation Assistance • Cultural and Business Practice Guidance

Case Studies: Regional Success Stories



	Challenge	FTA Impact	Strategy	Result
Scotland: Whisky Producer (Highlands)	High tariffs limiting market potential in India	Tariff reduction from 150% to 75% immediately	Partnership with premium Indian distributor	300% projected export growth in first year, 6 new jobs created
West Midlands: Automotive Components Manufacturer	Complex import regulations and certification requirements	Streamlined conformity assessment procedures	Joint venture with Indian tier-1 supplier	£2.5 million new export contract, technical knowledge exchange
North East: Medical Device Company	Regulatory barriers and lengthy approval processes	Enhanced regulatory cooperation and faster approvals	Adapted product design for Indian market requirements	First-mover advantage in growing healthcare segment
South West: Renewable Energy Technology Firm	Local content requirements limiting market access	Reduced tariffs and technical barriers	Technology licensing approach with Indian manufacturer	Royalty income stream with minimal capital investment

Conclusion: Strategic Positioning for the FTA Era

The UK-India FTA represents a historic opportunity to reshape bilateral trade and investment relations. UK businesses that act strategically—before and during implementation—can establish advantageous positions in one of the world's most promising economies.

Success in the Indian market will require specific approaches:

- **Sector-Specific Strategies:** Each sector faces unique opportunities and barriers requiring tailored approaches rather than generic market entry plans.
- **Value-Based Positioning:** UK businesses should emphasize total value proposition beyond price—including quality, reliability, innovation, and sustainability credentials.
- **Partnership Models:** Collaboration with Indian entities can accelerate market penetration, navigate regulatory complexity, and address cultural differences.
- **Digital Transformation:** Leveraging technology for market assessment, customer engagement, and service delivery can overcome physical market entry barriers.
- **Long-Term Commitment:** The Indian market rewards patience and relationship building over short-term commercial tactics.

For UK businesses, the scale of opportunity is matched by the complexity of execution. However, the FTA creates a framework that systematically addresses long-standing barriers, providing unprecedented opportunities for UK exporters with the right capabilities and commitment to succeed in India's dynamic market landscape.

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Nueconomy Solutions:

Investment & Trade Success



Investment Attraction

Nueconomy's investment promotion services address your most pressing challenges and maximize your potential for economic growth, building a long-term, sustainable flow of investments through our expertise in corporate location strategy, investment research, and global trade across all industries and geographies.



Export Development

Nueconomy's export development services empower companies to embrace change, capitalize on new opportunities, and craft agile strategies that maximize competitiveness in the dynamic global marketplace.



Location Assessment & Facilitation

Nueconomy's location assessment and facilitation services help companies navigate location decisions with data-driven analysis, tailored recommendations, and stakeholder connections, delivering clear, unbiased insights for impactful investments.



Economic Development Research

Nueconomy's cutting-edge economic development research equips clients with data-driven intelligence, market trends, and investment opportunities, enabling strategic decision-making for sustainable growth and prosperity.

About Nueconomy

Nueconomy is a trusted advisor to governments and public sector institutions, providing innovative and effective solutions to build strong and sustainable economies. Our expertise in investment attraction and trade consulting makes us a leading strategic thought leader in economic development for over a decade. Our research capabilities and talented team enable us to deliver unparalleled value to our clients in every partnership.

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Years of Industry Leadership

400+

Investment Attraction &
Export Development Projects Delivered

1200+

Jobs Created &
USD 250m+ Investment Mobilized



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