

# INDIA – UK COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

KEY FEATURES, BENEFITS, AND IMPLICATIONS



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## 1. Overview: India-UK Comprehensive Economic Trade Agreement

On July 24, 2025, India and the United Kingdom (UK) embarked on a new era of economic partnership by signing the Comprehensive Economic and Trade Agreement (CETA).<sup>1</sup> This landmark agreement was signed in London, UK by the Indian Prime Minister Mr. Narendra Modi and UK's Prime Minister Mr. Keir Starmer. This is a major milestone and result of culmination of years of detailed negotiations. It is set to redefine trade relationship between the two nations, aiming to double bilateral trade to over \$100 billion by 2030, from the current \$56 billion and is also in line with the India-UK Vision 2035.<sup>2</sup>

## 2. India-UK Trade Relationship Before CETA

India-UK bilateral trade has grown significantly over the last decade. The signing of CETA and an agreement to negotiate a Double Contribution Convention (DCC) can be termed as a milestone in bilateral relations between both the countries. Prior to this historic pact, India's exports to the UK amounted to \$14.5 billion in financial year (FY) 2024-25, which was a 12.6% growth from FY 2023-24, whereas the imports from UK stood at \$8.6 billion with a 2.3% growth from the previous FY 2023-24.<sup>3</sup>

Top 5 commodities imported from and exported to UK in the last two years: *(All values are in US \$ million.)*<sup>4</sup>

Imports	FY 2023-24	FY 2024-25	% Growth
Precious Metals and Gems	2,348.33	2,382.62	1.46
Machinery - Mechanical, Electrical and Optical	2001.64	2634.99	31.6
Metals - Aluminum and Copper	487.03	570.2	17.1
Beverages and Spirits	315.69	357.67	13.3
Vehicles and Aircrafts	289.38	425.82	47.1

<sup>1</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2147805>

<sup>2</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2147956>

<sup>3</sup> [https://tradestat.commerce.gov.in/eidb/country\\_wise\\_ttrade](https://tradestat.commerce.gov.in/eidb/country_wise_ttrade)

<sup>4</sup> Info source- Tradestat, Department of Commerce, Ministry of Commerce and Industry

Exports	FY 2023-24	FY 2024-25	% Growth
Machinery - Mechanical, Electrical and Optical	3,495.01	4,156.74	18.93
Textile and Apparels	1,328.86	1,432.62	7.8
Pharma Products	679.66	780.85	14.89
Precious, Metals and Gems	609.76	982.36	61.11
Chemicals – Organic and Inorganic	425.89	727.96	70.9

### 3. India – UK CETA: A Multi-Year Negotiation

The path to India-UK CETA was a meticulous process marked by extensive dialogues and political commitment from both sides. The groundwork was laid in May 2021, when the then UK Prime Minister - Boris Johnson and Indian Prime Minister - Narendra Modi announced an "Enhanced Trade Partnership," which included a roadmap for a comprehensive Free Trade Agreement (FTA).<sup>5</sup>

Official negotiations for the FTA commenced in January 2022.<sup>6</sup> Over the next three years, 14 rounds of negotiations were held across various formats in New Delhi, London and also virtually. These discussions tackled complex areas including tariffs on goods, market access for services, investment protection, and intellectual property rights, amongst others. The process faced pauses due to general elections in both countries but was revitalized with strong commitments from the newly elected leadership in both India and the UK. After the talks formally resumed, the final hurdles were cleared, leading to the conclusion of negotiations on May 6, 2025<sup>7</sup>, and the formal signing of the CETA on July 24, 2025.

<sup>5</sup> <https://www.gov.uk/government/news/prime-minister-announces-1-billion-of-new-uk-india-trade>

<sup>6</sup> <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=2088048>

<sup>7</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2127311>

#### 4. Unlocking Potential: How Indian Businesses will Benefit?

The CETA is a comprehensive document which is designed to provide substantial benefits to Indian importers and exporters by enhancing market access and reducing trade costs. One of the most significant outcomes is the unprecedented duty-free access for 99% of India's exports to the UK, covering nearly the entire trade basket.<sup>8</sup>

The CETA contains 29 chapters along with annexes and schedules which form an integral part and elaborates on the commitments or set out the market access provided by India and UK.

##### 5.1 Preamble – CETA

Preamble of the CETA captures the strategic and philosophical tone of the treaty. It reflects the desire of both countries to build on their longstanding ties and work together to promote inclusive growth, fair trade, and sustainable development. The two sides acknowledge their different stages of development and commit to a partnership that balances opportunity with responsibility.

At its core, the preamble emphasizes the importance of creating jobs, supporting small businesses, protecting the environment, and promoting innovation and digital cooperation. It also reaffirms the commitment to global standards like those of the WTO Agreements<sup>9</sup>, while setting the tone for a modern agreement that benefits people as much as it does to both the economy



<sup>8</sup> <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2147805>

<sup>9</sup> [https://www.wto.org/english/docs\\_e/legal\\_e/marag\\_e.htm](https://www.wto.org/english/docs_e/legal_e/marag_e.htm)

## 5.2 Trade in Goods

The CETA is dedicated to liberalization of trade in goods between the two countries, with a central focus on the reduction and elimination of tariffs. This chapter lays out the schedule and framework through which both parties commit to lowering import duties, thereby offering substantial savings to businesses on both sides and enhancing market access.

We have elaborated some key gains in major sectors in the table below with respect to India and UK:

Sector	Features
<b>Indian Exports</b>	
Agriculture and related goods	<ul style="list-style-type: none"> <li>• Zero Duty Market Access for the following:               <ul style="list-style-type: none"> <li>➤ 14.8% of Indian tariff lines (approx. 1,437 tariff lines) in the agriculture sector</li> <li>➤ 10.1% of Indian tariff lines (approx. 985 tariff lines) in the food processing sector</li> </ul> </li> <li>• Allow Indian farmers to fetch premium prices for tea, mangoes, grapes, spices, marine products, etc.</li> <li>• India to gain competitive edge for products like grapes, bakery items, preserved vegetables, fruits and nuts, processed food preparations, sauces and prepared sauces</li> <li>• Exports expected to rise by over 50% in this sector in the next 3 years</li> </ul>
Textiles and Leather	<ul style="list-style-type: none"> <li>• 11.7% of Indian tariff lines (approx. 1,143 tariff lines) are set for immediate elimination of duties</li> <li>• Duty on certain sensitive goods will be phased out over the next 5–10 years</li> <li>• Duty on leather products decreased from 16% to 0%</li> <li>• India to gain at least additional 5% market share in the UK within 1 to 2 years<sup>10</sup></li> </ul>

<sup>10</sup> <https://www.pib.gov.in/PressNoteDetails.aspx?id=154945andNotelId=154945andModuleId=3#>

Auto and Engineering Goods	<ul style="list-style-type: none"> <li>• Zero duty market access to 1,659 tariff lines, which is 17.0% of the Indian tariff lines</li> <li>• Phased tariff reduction vide a carefully structured Tariff Rate Quota (TRQ) system for automotive goods, this is referenced specifically in the tariff schedules.</li> <li>• Exports to the UK can reach US\$ 7.5 billion by FY 2029-30</li> </ul>
Pharmaceuticals	<ul style="list-style-type: none"> <li>• 0% duty is expected to significantly enhance the competitiveness of Indian generics and APIs (restricted to 56 tariff lines)</li> <li>• Duty on medical devices to be reduced from the existing 2-6% to 0%</li> </ul>
Tech/Services	<ul style="list-style-type: none"> <li>• The core digital/IT is covered under services, goods-related tech (e.g., telecom equipment, electronics) subject to phased or immediate tariff reductions.</li> <li>• Mobile phones, white goods, and advanced electronics protected for 5–10 years under India’s Production Linked Incentive and Make in India policies</li> </ul>
Government Procurement	<ul style="list-style-type: none"> <li>• Mutual access for the first time in a bilateral FTA: Indian suppliers can bid directly for UK government contracts.</li> <li>• Enhanced transparency, non-discrimination, and e-portal-based bidding</li> </ul>

Sector	Features
<b>UK Exports</b>	
Beverages/Spirits	<ul style="list-style-type: none"> <li>• Steep tariff cuts for premium UK alcoholic beverages (Scotch whisky, gin)</li> <li>• Indian import duties to fall from 150% to 75% immediately, then to 40% in over 10 years.</li> </ul>
Auto and Engineering Goods	<ul style="list-style-type: none"> <li>• UK vehicle imports into India face significant phase-down (from &gt;100% to 10% over a 15-year period) over several years, with quotas for large engine vehicles.</li> </ul>
Tech/Services	<ul style="list-style-type: none"> <li>• UK tech firms have easier access to Indian market without local presence requirements for telecom/construction.</li> </ul>

### Additional safeguards:

- A Goods Sub-Committee will meet every two years post-implementation to monitor chapter execution, tariff compliance, and customs cooperation.<sup>11</sup>
- Either of the countries may unilaterally accelerate the elimination or reduction of customs duties stated in its Schedule of Tariff Commitments at any time.
- Certain sensitive sectors such as sugar, milled rice, pork, chicken, eggs, dairy, apples, and edible oils are excluded or partially excluded from liberalization to protect domestic producers in both countries.

### 5.3 Trade in Services:

CETA's Chapter 8 is equally transformative for services, opening doors for Indian and UK professionals, investors, and companies. Both countries have made commitments for more than 100+ service sectors. These commitments reflect in the schedules and specific market access lists found in the official CETA text, facilitate opportunities for Indian professionals, businesses, and investors to operate, expand, and collaborate more freely within the service economy subject to any listed exceptions or conditions<sup>12</sup>

#### Key Features:

- **Market Access Guarantees:** Both countries grant non-discriminatory ("national treatment") access for nearly all major service sectors, including:
  - IT and digital services
  - Financial and insurance services
  - Healthcare, legal, and educational services
- **Short-Term Business Mobility:** Easier and faster visas for Indian professionals and business travelers, including streamlined intra-corporate transfers, contractual services suppliers, and independent professionals.<sup>13</sup>

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<sup>11</sup> CETA, Chapter 2, Article 2.17, 'Subcommittee on Trade in Goods'

<sup>12</sup> CETA, Annex 8B, 'Schedule of Specific Commitments – Schedule of India' & 'Schedule of Specific Commitments – Schedule of the United Kingdom'

<sup>13</sup> CETA, Chapter 10, 'Temporary Movement of Natural Persons'

- **Recognition of Qualifications:** Frameworks for the reciprocal recognition of professional qualifications (law, accounting, architecture), reducing administrative hassles.<sup>14</sup>
- **E-Commerce and Digital Trade:** Rules for free cross-border data flows (with exceptions for data privacy/security), no customs duties on electronic transmissions, and strong provisions on cyber-security and consumer protection.<sup>15</sup>
- **Investment Facilitation:** Commitments to fair, predictable, and transparent conditions for investors, including protection clauses and streamlined dispute resolution.<sup>16</sup>

## 5.4 Rules of Origin ('RoO')

Chapter 3 of the CETA establishes the RoO, a critical component that determines which goods qualify for the agreement's preferential tariff treatment. These rules are essential to prevent non-party countries from circumventing the system and to ensure that the benefits of the FTA flow to businesses within India and the UK. Furthermore, for small consignments, there is no requirement for origin documentation, which supports e-commerce and small businesses.<sup>17</sup>

### Key features:

- **Origin Criteria:** A product is considered "originating" if it is wholly obtained in one of the countries (e.g., minerals extracted or crops grown there), produced exclusively from originating materials, or produced using non-originating materials but satisfies specific rules outlined in the agreement.<sup>18</sup>
- **Co-equal Rules:** The agreement introduces a flexible "co-equal" approach, allowing producers to choose from various criteria to claim CETA benefits. This is a shift from more rigid, traditional models and is better suited for modern, interconnected global supply chains.

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<sup>14</sup> CETA, Annex 8A, Article 8A.4 'Recognition of Professional Qualifications'

<sup>15</sup> CETA, Chapter 12, 'Digital Trade'

<sup>16</sup> CETA, Chapter 8 and 9

<sup>17</sup> CETA, Chapter 3, Article 3.18, 'Exemptions from Proof of Origin Requirements'

<sup>18</sup> CETA, Chapter 3, Article 3.2, 'Origin Criteria'

- **Value Content Calculation:** The agreement specifies two methods for calculating the qualifying value content (QVC) of a product: the "Build-Down" method (based on the value of non-originating materials) and the "Build-Up" method (based on the value of originating materials).<sup>19</sup>
- **Cumulation:** Materials originating from one party are considered as originating in the other when used in the production of final good. This provision encourages the use of inputs from within the free trade area.
- **Proof of Origin:** To claim preferential tariffs, importers can use an origin declaration completed by the exporter, a certificate of origin issued by a designated authority, or, for UK importers, their own knowledge that the good is originating. The agreement also facilitates the digital exchange of origin certificates.

## 5.5 Navigating Global Standards: Technical Barriers to Trade

To ensure that regulations and standards do not become unnecessary obstacles to commerce, Chapter 7 on Technical Barriers to Trade (TBT) sets out a framework for transparency and cooperation. This chapter aims to make trade easier and fairer while upholding the safety and quality of products in both markets.

For an exporter or importer, the key elements to be aware of are:

- **International Standards:** Both India and the UK have committed to using relevant international standards as a basis for their technical regulations and conformity assessment procedures. This alignment simplifies the process for exporters, as they will not have to meet different standards for each market.<sup>20</sup>
- **Conformity Assessment:** The agreement encourages the mutual acceptance of conformity assessment results. This means a product tested and certified in India could be accepted in the UK without needing to undergo the same procedures again, and vice-versa.<sup>21</sup> The chapter also promotes the use of a supplier's declaration of conformity, which can reduce compliance costs and delays.

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<sup>19</sup> CETA, Chapter 3, Article 3.5, 'Qualifying Value Content'

<sup>20</sup> CETA, Chapter 7, Article 7.6, 'Technical Regulations'

<sup>21</sup> CETA, Chapter 7, Article 7.7, 'Conformity Assessment'

- **Marking and Labelling:** the CETA includes provisions to prevent labelling requirements from becoming a trade barrier.<sup>22</sup> For instance, it allows for supplementary or detachable labels and permits corrections to be made in customs warehouses in the importing country, providing greater flexibility for businesses.
- **Transparency:** The agreement enhances transparency by requiring both countries to publish proposed technical regulations and allow a comment period of normally 60 days.<sup>23</sup> This gives businesses an opportunity to provide feedback on new regulations before they are finalized.

## 5.6 Beyond Tariffs: Addressing Non-Tariff Barriers

While tariff reduction is a central feature of the CETA, India and UK have recognized that non-tariff barriers (NTBs) can be equally significant impediments to trade. The agreement incorporates strong disciplines to tackle these barriers, primarily through its chapters on TBT and Sanitary and Phytosanitary (SPS) measures.<sup>24</sup>

The SPS measures aims to protect human, animal, and plant life and health based on scientific principles without creating unjustified trade barriers. It establishes procedures for recognizing equivalence of measures, adapting to regional conditions (such as disease-free areas), and conducting audits and import checks in a manner that is transparent and minimizes trade disruption.

Together with the provisions in the TBT<sup>25</sup>, these measures address key NTBs related to standards, testing, certification, and licensing, which were identified as crucial areas for creating a truly comprehensive and effective trade deal. By addressing both tariff and non-tariff barriers, the India-UK CETA paves the way for a more seamless and prosperous trade relationship.

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<sup>22</sup> CETA, Chapter 7, Article 7.8, 'Marking and Labelling'

<sup>23</sup> CETA, Chapter 7, Article 7.9, 'Transparency'

<sup>24</sup> CETA, Chapter 6, Article 6.2

<sup>25</sup> CETA, Chapter 7, 'Technical Barriers to Trade'

## 5.7 Dispute Settlement

The CETA incorporates robust grievance redressal and trade remedy frameworks to uphold the integrity of the agreement and support fair competition. The dispute settlement process is comprehensively provided, which establishes clear procedures for state-to-state consultations and, if required, panels. This mechanism ensures that both India and the UK can resolve grievances regarding interpretations or compliance with the agreement in a timely and transparent manner, encouraging early consultations, fact-sharing, and cooperative solutions before escalation. These provisions guarantee that disagreements be it over tariff application, rules of origin, or any other aspect are handled efficiently and within specified timeframes, protecting the interests of all stakeholders and helping maintain trust in the bilateral framework.

On the question of anti-dumping and other trade remedies, CETA allows either country to impose countervailing or safeguard measures in accordance with Chapter 4.<sup>26</sup> This is structured to align fully with WTO disciplines but tailored for bilateral trade realities. If a surge in imports, subsidized goods or dumped products from the other party threatens or injures domestic industry, the affected country may undertake proportionate, transparent remedial actions such as temporary duties or quotas. All such measures must adhere to defined procedures for investigation and notification, ensuring fairness and due process while enabling quick response to unfair trade practices.<sup>27</sup>

Together, these mechanisms create a rules-based environment under the India–UK CETA, combining transparent redressal pathways for disputes with safeguards against dumping and injurious import surges, strengthening bilateral trade confidence and supporting the overall objectives of the agreement.

## 6. Conclusion

Following the ceremonial signing of the CETA, attention now turns to a critical implementation phase. Over the next 12 months, both nations will undertake legislative processes and parliamentary reviews to complete ratification and operationalize the treaty's commitments. Parallel to this, negotiations for an India–UK Bilateral Investment Treaty will

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<sup>26</sup> CETA, Chapter 4, Section B- D

<sup>27</sup> CETA, Chapter 4, Section D, 'Bilateral Safeguard Measures'

continue, as reaffirmed in the India–UK Vision 2035. The bilateral treaty promises to provide greater stability and protection for cross-border investments and will complement CETA’s trade chapters, further deepening economic ties.

The long-term success of this partnership will rest on timely ratification, broad-based stakeholder engagement, adaptive policymaking, and effective industry outreach. As India and UK chart this new course together, CETA stands as a cornerstone of their shared ambition to lead in global trade, investment, and sustainable advanced economies.