



Overview

On 6 May 2025, the Prime Ministers of India and the UK finalized a landmark Comprehensive Economic and Trade Agreement (CETA), described by the Government of India as “a historic and ambitious deal to boost jobs, exports, and national growth.” The agreement was formally signed on 24 July 2025, with official documents covering 29 chapters released to the public (available at <https://www.commerce.gov.in/international-trade/trade-agreements/india-united-kingdom-comprehensive-economic-and-trade-agreement>).

The CETA eliminates or reduces tariffs on a vast majority of Indian and UK tariff lines, covering nearly all trade value, with reductions phased in over time.

Key benefits

Enhanced market access

- **UK exports:** India is expected to remove or reduce tariffs on 90% of UK tariff lines, covering 92% of goods imports from the UK, starting with 64% when the agreement comes into force and 85% over a 10-year period boosting sectors like (Chapter 2, Annex 2A-a):
 - **Beverages:** Tariffs on whisky, gin, and other alcoholic beverages to be significantly reduced, with phased implementation (Annex 2A).
 - **Automotive:** Tariffs on UK cars expected to be reduced from over 100% to 10% under a tariff rate quota system, enhancing competitiveness (Annex 2B).
 - **Advanced Manufacturing:** Lower barriers for electrical machinery, optical products, and aerospace components.
 - **Life Sciences:** Medical device firms may benefit from tariff reductions and simplified rules of origin (Chapter 4).
 - **Clean Energy:** Improved access to India's renewable energy market supports UK firms.
- **Indian exports:** The UK is set to eliminate tariffs on 99% of its tariff lines over seven years, covering nearly 100% of the trade value, benefiting sectors such as (Chapter 2, Annex 2A-b):
 - **Textiles and Apparel:** Duty-free access for shirts, trousers, dresses, and bed linen.
 - **Leather and Footwear:** Tariff elimination could drive export growth.
 - **Agriculture and Marine Products:** Grapes, mangoes, and marine products may gain a competitive edge.
 - **Sports goods and Toys:** Duty-free access opens new opportunities.
 - **Gems and Jewellery:** Strengthened global position likely with duty-free access.
 - **Engineering and Auto Parts:** Increased exports likely of engineering goods, auto parts, and engines.
 - **Organic Chemicals:** Tariff concessions can enhance competitiveness.



Economic growth and jobs

The CETA is expected to support economic growth and job creation in both nations, particularly in India's labor-intensive sectors like textiles, leather, and footwear, aligning with India's employment generation goals, and in the UK's high-growth sectors like manufacturing and clean energy (Chapters 19-20).

Services and Professional Mobility

- **Indian Services:** The CETA includes ambitious commitments for Indian service providers in IT/ITeS, financial services, professional services (e.g., architecture, engineering), and educational services, facilitating enhanced access to the UK market (Chapter 8).
- **Professional Mobility:** Eased mobility for contractual service suppliers, business visitors, investors, intra-corporate transferees, and independent professionals (e.g., yoga instructors, musicians, chefs), supporting India's demand for global mobility (Chapter 10).
- **Double Contribution Convention (DCC):** Exempts Indian workers and their employers in the UK from social security contributions for three years, similar to UK agreements with other nations (Chapter 10). The DCC does not affect benefit access or the UK immigration health surcharge.
- **UK Services:** Financial and legal services set to gain market certainty in India's growing economy (Chapter 8).
- **Additional commitments:** Side letters address extending service commitments to UK Crown Dependencies, enhancing the agreement's scope (Annex 8A).

Consumer benefits

- **UK consumers:** Lower prices likely on Indian apparel, shoes, and food items like marine products.
- **Indian consumers:** Reduced costs expected on UK goods such as whisky, cosmetics, and medical equipment.
- **Customs and Digital Trade:** Streamlined customs procedures (Chapter 5) and commitments expected on digitally delivered services (Chapter 12) improve trade efficiency.

Geographical Indications (GIs)

The agreement protects GIs, such as Scotch whisky for the UK and Darjeeling tea for India, with side letters outlining commitments for wines, spirits, agricultural products, and handicrafts (Chapter 13, Annexes 13A-C).

Government procurement

The CETA includes provisions for transparent and fair government procurement processes, enhancing opportunities for businesses in both nations (Chapter 15). India has granted access to UK suppliers for high-value contracts in sectors like transport and green energy.

Intellectual Property and Copyright

Side letters address the terms of protection for copyright and related rights, ensuring balanced intellectual property commitments (Chapter 13).



Key sectors impacted

Sectors in the UK

- **Beverages:** Tariff reductions can boost Scotch whisky and other beverage exports to India, the world's largest whisky market by volume.
- **Automotive:** Enhanced competitiveness for UK cars and parts.
- **Advanced Manufacturing:** Reduced barriers expected for electrical machinery, optical products, and aerospace components.
- **Life Sciences:** Benefit for medical device firms from lower tariffs.
- **Clean Energy:** Access to India's renewable energy market.
- **Services:** Increased market access likely for financial, professional, and business services.

Sectors in India

- **Textiles and Apparel:** Zero duty boost for exports and jobs.
- **Leather and Footwear:** Tariff elimination can drive growth.
- **Agriculture and Marine Products:** Competitive edge in UK markets.
- **Drugs and Pharma:** Increased exports.
- **Sports Goods and Toys:** New market opportunities.
- **Gems and Jewelry:** Strengthened global position.
- **Engineering and Auto Parts:** Increased exports.
- **Organic Chemicals:** Improved competitiveness.
- **IT and Services:** Job creation in IT/ITeS, financial, and professional services.

Cross-sector impact

- **Employment:** Significant job growth opportunities in India's labor-intensive sectors and UK's high-growth sectors like manufacturing and clean energy.
- **Supply chains:** Non-tariff barriers addressed (Chapter 7) to ensure resilient supply chains.

Agreement structure

The India-UK CETA includes 29 chapters and multiple annexes, covering:

- Trade in Goods, Rules of Origin, Customs and Trade Facilitation, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade (Chapters 2-7).
- Trade in Services, Financial Services, and Temporary Movement of Natural Persons (Chapters 8-10).
- Digital Trade, Intellectual Property Rights (including GIs), and Government Procurement (Chapters 12-15).
- Competition, SMEs, Labour, Environment, Trade and Gender Equality, and Anti-Corruption (Chapters 16, 19-20, 23, 26).
- Dispute Settlement and Final Provisions (Chapter 29).

Implementation note

Customs duty relaxations in India will be effective only upon issuance of corresponding Customs notifications by the Central Board of Indirect Taxes and Customs (CBIC), following ratification of the India-UK CETA. Stakeholders should verify specific tariff commitments, rules of origin, and services schedules from the formal signed documents available on the Ministry of Commerce website.



Conclusion

The India-UK CETA is a transformative agreement, integrating trade in goods, services, social security, intellectual property, and investment. It addresses modern trade priorities, including gender equality, environmental sustainability, and anti-corruption. Stakeholders should consult the detailed schedules (tariffs, rules of origin, import quotas, services commitments) in the official 29-chapter document to leverage opportunities as the agreement moves toward implementation.

Note

This Alert is based on information from the Governments of India and the UK, and the Department of Commerce, Government of India (<https://www.commerce.gov.in/international-trade/trade-agreements/india-united-kingdom-comprehensive-economic-and-trade-agreement>). All claims, including tariff reductions, sector benefits, and commitments, should be verified against the official CETA documents, including the 29 chapters and annexes, for accuracy. This publication contains information in summary form and is intended for general guidance only. It is not a substitute for detailed research or professional judgment. On any specific matter, reference should be made to the appropriate advisor.

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