



The India-UK Comprehensive
Economic Trade Agreement:
A strategic pivot in bilateral
trade engagement

July 2025

Executive Summary

Over the past decade, the momentum of trade multilateralism has slowed. This hindrance can be attributed to escalating geopolitical rivalries, institutional paralysis and a marked increase in unilateral trade actions. The 2024 Global Observatory Multilateralism Index by the International Peace Institute highlights a clear decline in both the effectiveness and engagement of states in multilateral trade initiatives. Nations are increasingly moving towards bilateral and regional frameworks over consensus-driven multilateralism.

India, too, has shifted its strategic focus in a similar way. It has accelerated its pursuit of bilateral and regional trade agreements. Ongoing negotiations with key economic entities such as the European Union, the United States of America, Canada, Peru and the Gulf Cooperation Council reflect this recalibration. Within this evolving landscape, the finalisation of the India–UK Comprehensive Economic Trade Agreement (CETA) represents a significant milestone.

As India's first full-spectrum CETA with a major partner from the West, the agreement incorporates cutting-edge provisions, including those related to sustainable trade. This underscores India's readiness to engage with more ambitious, high-standard trade architectures, potentially laying the foundation for a more assertive global trade strategy.



What has the agreement achieved?

The India-UK CETA was concluded in May 2025 after 15 rounds of formal negotiations spread over 3 years. This pact is considered historic because it goes beyond the traditional tariff-focused agreement and emphasizes aspects such as service liberalisation, investment facilitation, intellectual property protection and government procurement.

Some of the notable aspects achieved are as follows



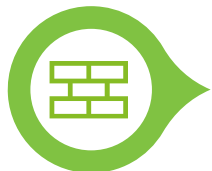
Tariff reductions and sectoral gains : India will eliminate or reduce tariffs on 90 percent of its tariff lines, covering 92 percent of UK imports by value. In return, the UK will remove tariffs on 99 percent of Indian exports.

The following are some of the key Indian sectors expected to benefit from these tariff concessions:

Industry/Sector	Specific impact
Automobiles	<p>Tariffs on import of internal combustion engine (ICE) cars, electric cars, hybrid cars and hydrogen cars will be reduced, limited by quotas. While quotas would ensure that there is no sudden surge in imports, tariff reduction is expected to make high-end vehicles manufactured in UK more accessible.</p> <p>In the case of ICE, the tariff reduction on high-end cars in the first year starts from 110 percent to 30 percent which goes down to 10 percent in the fifth year, subject to quotas. Similarly tariff reduction on high-end electric, hydrogen and hybrid cars starts in the sixth year from 110 percent to 40 percent which further goes down to 10 percent in the tenth year, subject to quotas.</p>
Textiles	<p>Presently, textiles are subjected to tariffs in the range of 8 percent to 12 percent. These rates were significantly higher in compared to some of India's neighbouring countries. Reduction in tariffs gives a boost to the sector and allows a level playing field in the UK market.</p>
Gems and jewellery	<p>Total import of gems and jewellery into UK is worth US\$3 billion annually, of which export from India stands at US\$941 million. With duty exemptions (from existing duty up to 16 percent), the sector is expected to see significant growth in the coming years.</p>
Agriculture/Food	<p>Majority of agricultural products shall enjoy duty exemptions, thereby providing access to the premium UK market, which presently grants benefits to the produces from other European nations. Further, there is a major boost to the blue economy with products such as shrimp and tuna. to enjoy tariff benefits in comparison to existing range of 4.2 percent to 8.5 percent.</p>
Alcoholic beverages	<p>UK-made whisky and gin tariffs, currently at 150 percent, will be reduced to 75 percent immediately, with a staged reduction to 40 percent by the tenth year.</p>
Pharmaceuticals	<p>Presently, India exports less than US\$1 billion of pharma products to the UK. UK's US\$30 billion pharma import market opens up with zero-duty access. India levies about 7.5 percent of import duties on medical devices from the UK, which shall be reduced in phases.</p>



Bilateral safeguard mechanism: The India-UK CETA has established a bilateral safeguard mechanism to address unforeseen surges in imports resulting from tariff liberalisation that may cause or threaten to cause serious injury to domestic industry.



Technical barriers to trade: The India-UK CETA incorporates a dedicated Technical Barriers to Trade Chapter that commits both Parties to enhancing transparency, regulatory predictability and cooperation in the development and application of technical regulations, standards and conformity assessment procedures. The chapter mandates timely publication of proposed technical regulations and provides opportunities for public comment, thereby ensuring stakeholder participation in rulemaking. It also encourages the use of international standards, where appropriate and promotes mutual recognition of conformity assessment bodies. Further, the Parties agree to designate contact points, engage in bilateral regulatory dialogue and facilitate sector-specific cooperation. All of this is geared towards reducing unnecessary trade barriers while safeguarding legitimate policy objectives such as health, safety and environmental protection.



Digital trade: Chapter 12 of the India-UK CETA on digital trade establishes a forward-looking framework that legally recognises electronic transactions, signatures and authentication methods, while fostering cooperation on digital identities, paperless trading, cybersecurity and emerging technologies. It prohibits forced transfer of source code, promotes open internet access, protects online consumers and facilitates electronic invoicing and government data access.

Special emphasis is placed on digital inclusion, enabling Small and Medium Enterprises (SMEs) and underrepresented groups, particularly women, to participate in digital trade. Notably, it includes a forward review mechanism allowing either Party to seek equivalent commitments if stronger digital disciplines are agreed with any third country or more countries.



Dispute settlement: The India-UK CETA establishes a comprehensive and rules-based state-to-state dispute settlement mechanism under Chapter 29. It provides for consultations as the first step, followed by panel proceedings, where necessary, and includes defined time limits to ensure procedural efficiency. The chapter emphasises transparency, requiring public availability of panel reports and, where possible, open hearings, unless otherwise decided by the disputing Parties. Notably, it includes provisions for mediation and conciliation as an alternative pathway for amicable settlement, underscoring the Parties' preference for early resolution.



Intellectual Property (IP): The India-UK CETA includes a forward-leaning IP Chapter that covers streamlined patent procedures, including optional expedited examination and pre-grant opposition safeguards. It advocates enhanced protection of geographical indications (GIs) for UK-made products such as Scotch whisky and Stilton cheese, and a unique forward review mechanism under Article 13.69 (10).



Government procurement : The India-UK CETA features a dedicated chapter on government procurement, providing UK firms with legally assured access as Class II suppliers to both central and state-level public contracts spanning goods, services and construction.

The way forward

The India-UK CETA is a game-changer for industries. It delivers commercially meaningful outcomes across priority sectors. It also introduces enforceable digital trade rules for the first time in India's history, giving tech and Information Technology Enabled Services (ITeS) exporters a strategic edge in future digital economy negotiations.

An elimination/reduction of tariffs on goods exported to the UK is going to provide an advantage to the Indian exporters and an opportunity to explore new markets. At the same time, Indian consumers would be able to enjoy several goods originating in the UK at a comparatively cheaper price.

While the tariff concessions would be effective after the issuance of relevant Notifications, it would be worthwhile for the companies to conduct an impact assessment on the "originating" goods which can enjoy the concessions. Further, it would be important to evaluate strategic shifts that may be appropriate in the supply chain to reap the full benefits of the CETA and mitigate risks, if any.



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