

Speech: The UK and India's future trading relationship

Good evening.

It is a pleasure to be here tonight to mark the start of UK-India Week 2018.

In the past 3 decades, India has undergone a truly remarkable transformation.

Through free trade and economic openness, the country has been transformed into one of the most dynamic and fast-growing economies on earth.

This week is an excellent example of the commercial power of modern India – representatives of many of the world's leading companies, gathered to exchange ideas and best practice, and to build the personal relationships that so often translate into business success.

India and the UK are countries that are looking to our respective and joint futures with optimism, and a willingness to embrace the opportunities of globalisation.

This week is, if you like, a symbol of the friendship that exists between the world's oldest democracy, and the largest.

Yet before we set out our ambitions for a mutually prosperous future, it is worth reflecting on the existing strength of the UK-India trading relationship.

India and the UK are, in PM Modi's own words, an "unbeatable combination."

Both countries have a shared interest in each other's prosperity, generating jobs, developing skills, and enhancing the competitiveness of the 2 economies.

Our vibrant business communities are instrumental in maintaining and strengthening the partnership between our 2 countries, building upon strong ties encompassing trade and culture.

Bilateral trade between the 2 countries has grown rapidly over the last 10 years, and reached some £18 billion in 2017.

The rate of growth reached a remarkable 15% in the first 3 quarters of 2017, compared to the same period in 2016. It is a trend we should work to continue.

Our commercial links span a wide variety of sectors, from life sciences and medical technology, to food and drink, energy, defence and culture.

Our trade in services includes not only IT and professional services – but significant trade in financial services, with the City of London playing a

key role in raising capital to support India's infrastructure growth.

I was delighted to open the London Stock Exchange last year with Finance Minister Jaitley. Over 80% of masala bond issuances to date have taken place in London, to a value of more than \$3.9 billion.

We also have exceptionally strong investment links. The UK has been the largest G20 investor in India over the last ten years, more than any other EU country. There are over 270 British companies operating there, employing nearly 800,000 people.

The CBI estimates that UK companies are creating one in every 20 jobs in India's organised private sector. This includes well known investors such as Vodafone, BP, HSBC, Standard Chartered, G4S and Unilever – but also new entrants such as Dyson, who plan to launch their products in India in 2018.

Earlier this year I welcomed the steps taken by Prime Minister Modi to further liberalise FDI policy, especially for single brand retailers.

The UK also welcomes the steps that Minister Prabhu and his team are taking to improve the ease of doing business in India – leading to a 30 point jump in the World Bank's index this year. The UK is proud of its partnership with India on the ease of doing business, including co-hosting a national conference in 2016.

With a vote of confidence in the unshakeable strength of the UK economy, India is also the source of significant investment and jobs in the UK.

In 2016, approximately 800 Indian companies were operating in the UK, accounting for around 110,000 jobs and recording combined revenues of £47.5 billion.

In the same year India established 127 new investment projects in the UK, adding 4,000 new jobs and safeguarding more jobs than any other country.

What is particularly pleasing is the size and range of Indian investors who already consider the UK their home.

This includes well-known companies such as Tata Sons, owners of TCS and Jaguar Land Rover, Wipro, Infosys and Genpact alongside many others.

This government is putting its money where its mouth is in response to India's technology investment demands.

In 2016, I was delighted to attend the UK-India Tech Summit in Delhi, along with the Prime Minister.

And last November, with the support of the Indian High Commission and UKIBC, DIT ran the India-UK 'Future Tech month' where more than 60 of India's most innovative tech companies and buyers criss-crossed the UK's regional tech and manufacturing centres of excellence set out in the [Industrial Strategy](#).

This was followed in February by the UK-India Createch Summit in Mumbai, an

event which produced £58 million worth of new commercial deals.

And, later this year, I look forward to travelling to India for the next UK-India Joint Economic Trade Committee and taking further steps to deliver the bilateral trade liberalisation that our businesses require.

Clearly, the commercial relationship between India and the UK is going from strength to strength.

We are of course here at the Taj Hotel this evening to celebrate the strength of this partnership.

But we are also here to look to the future and lay out our ambitions for a trading partnership that has the potential to shape the global economy.

In particular, as we leave the European Union, there is the opportunity for both countries to enhance this partnership – opening up new sectors for business and minimising barriers to trade.

For the first time in more than 4 decades, the United Kingdom will be able to fully determine its own economic destiny, through an independent trade policy.

In practice, this will mean championing global free trade, and strengthening the commercial relationships that already flourish between the UK and our allies and significant trading partners.

India, of course, is foremost among these.

That is why we plan to increase our engagement with India.

In particular, we aim to strengthen our partnerships in the areas of energy, smart cities and financial services, whilst at the same time addressing the critical issue of skills.

And it is to help achieve this joint prosperity, that – at the 11th meeting of the India-UK JETCO in Delhi at the end of 2016 – we agreed to set up a new Joint Working Group on Trade.

We tasked this working group with identifying practical ways to broaden and deepen the trade relationship between both countries, both now and as we leave the EU.

Key to this has been the UK-India Joint Trade Review, announced in January.

Officials from both countries are in the process of agreeing a sectoral roadmap, focusing on 3 sectors – life sciences, information technology, and food and drink – where there is real progress to be made on removing non-tariff barriers to trade.

These are, of course, only 3 industries. But they are only the start of the liberalisation of UK-India trade, which will create vast opportunities across each and every industry. It is hugely encouraging the way that the Indian

government and especially Minister Prabhu have supported and encouraged this initiative.

But to achieve a step-change in our trading relationship, your role – the role of business – will continue to be crucial.

I would like to issue a call to you, as those businesses who already have a lot invested in the UK-India relationship, to get in touch with the Department for International Trade.

We want to understand not only the challenges that you face in increasing trade and investment – but also to work with you to overcome them. More importantly we want to know the opportunities you identify so that we can help you maximise the possibilities.

Your ideas today can become our policy tomorrow so take this chance to let us know what you believe the challenges and opportunities to be.

And by working together to meet these challenges, as governments, as business communities, and as people, we can build a brighter, more prosperous future for India, the UK and the world.

Thank you.