# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Trade Negotiations with India** |
| **DATE** | **13 January 2022** |
| **BY** | **Vaughan Gething MS, Economy Minister** |

On 13 January 2022 the UK Government announced its intention to launch trade negotiations with India. The announcement was supported by the UK Government’s publication on its key negotiating priorities and a scoping assessment of the long-term impacts on the UK economy should a trade agreement be secured.

A full and comprehensive Free Trade Agreement (FTA) would potentially strengthen the two countries relationship and increase trade and investment. The UK Government’s scoping assessment indicates that an FTA with India, based on the most optimistic scenario, could potentially contribute to 0.22% growth in UK Gross Domestic Product (GDP), equivalent to £6.2bn, by 2035. This equates to a potential growth of 0.19% in Gross Value Added (GVA) for Wales, equivalent to approximately £126m.

Wales and India share a strong relationship with the value of goods trade between India and Wales valued at around £278m in the year ending June 2021. India is the 27th largest export market for Wales accounting for around 0.6% of Welsh goods exports and the 18th largest import market with around 1.4% of Wales’ total goods imports coming from India. In the last 5 years, Wales has benefited from regular investment by Indian-headquartered companies, with a number of these companies re-investing on multiple occasions.

We welcome the start of trade negotiations with India, which could bring benefits to the Welsh economy. However, as with all FTAs, there is also the potential risk that our domestic industries could be adversely affected should the UK Government fail to take into account Welsh market sensitivities in the negotiations. There are also differences in standards between the UK and India, and a trade deal could increase competition for domestic manufacturers. Therefore, the UK Government must provide assurances that the final agreement would result in an appropriate level playing field for both UK and Indian businesses and allow us to protect our high standards in Wales

The Welsh Government is committed to tackling climate change and currently has a national plan to achieve a target of net-zero carbon by 2050. The UK Government also have similar goals for the environment and tackling climate change. Setting ambitious goals within trade agreements can be a key tool to align with our international commitments. Therefore, any FTA secured with our trading partners must always be reflective of our, and the wider UK’s, ambitions and commitments on critical international issues. Whilst recognising that India have different domestic commitments to the UK, an FTA with India should not reduce the UK’s global status and reputation on environment and climate change issues, place the UK in a disadvantageous position for future FTA negotiations, or impact on our ability to deliver our goals domestically.

To date our relationship with the UK Government on FTA negotiations has been predominately positive. We expect to build on this going forward so that we can ensure that Welsh interests are taken into account, and the UK Government is able to negotiate a deal that works for all parts of the UK.